

**NEWS RELEASE**

To: Business Editor

4th March 2010

For immediate release

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

**HONGKONG LAND HOLDINGS LIMITED  
2009 PRELIMINARY ANNOUNCEMENT OF RESULTS**
**Highlights**

- Underlying earnings per share up 111% to a record US¢34.55
- Commercial property net rental income up 19%
- Strong contribution from residential completions
- Capital values of completed investment properties up 6% for the year
- Full year dividend increased by 23% to US¢16.00

“Hongkong Land’s earnings in 2010 should continue to benefit from high occupancy levels and steady rentals together with the recognition of profits on the completion of residential developments. Some uncertainty remains, however, over the strength and durability of the economic recovery.”

 Simon Keswick, *Chairman*

4th March 2010

**Results**

	Year ended 31st December		Change %
	2009 US\$m	2008 US\$m	
Underlying profit attributable to shareholders	777	375	+107
Profit/(loss) attributable to shareholders	1,641	(109)	n/m
Shareholders’ funds	12,756	11,313	+13
Adjusted shareholders’ funds*	14,936	13,308	+12
Net debt	2,417	2,601	-7
	US¢	US¢	%
Underlying earnings per share	34.55	16.41	+111
Earnings/(loss) per share	72.96	(4.79)	n/m
Dividends per share	16.00	13.00	+23
	US\$	US\$	%
Net asset value per share	5.67	5.03	+13
Adjusted net asset value per share*	6.64	5.92	+12

\* In preparing the Group’s financial statements under International Financial Reporting Standards (‘IFRS’), the fair value model for investment properties has been adopted. In accordance with this model, the Group’s leasehold investment properties have been included at their open market value as determined by independent valuers. In the territories where the Group has significant leasehold investment properties, no capital gains tax would be payable on the sale of these properties. In relation to leasehold investment properties, however, IFRS require deferred tax on any revaluation amount to be calculated using income tax rates. This is in contrast to the treatment for the revaluation element of freehold properties where IFRS require capital gains tax rates to be used.

As Management considers that the Group’s long leasehold properties have very similar characteristics to freehold property, the adjusted shareholders’ funds and adjusted net asset value per share information is presented on the basis that would be applicable if the leasehold properties were freehold. The adjustments made add back the deferred tax provided in the financial statements that would not be payable if the properties were sold. See note 11.

The final dividend of US¢10.00 per share will be payable on 12th May 2010, subject to approval at the Annual General Meeting to be held on 5th May 2010, to shareholders on the register of members at the close of business on 19th March 2010. The ex-dividend date will be on 17th March 2010, and the share registers will be closed from 22nd to 26th March 2010, inclusive.

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 Issued by: **Hongkong Land Limited**
*Incorporated in Bermuda with limited liability*

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www.hkland.com

## **HONGKONG LAND HOLDINGS LIMITED**

### **PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2009**

#### **OVERVIEW**

Continuing high demand for office and retail space in Hong Kong's Central district, allied to a strong contribution from residential developments, enabled the Group to achieve a record result in 2009.

#### **PERFORMANCE**

Underlying profit for 2009 rose 107% to US\$777 million and underlying earnings per share were 111% higher at US¢34.55. Net rental income grew 19% over the previous year, while the contribution from residential development projects was US\$386 million, compared with a breakeven result in 2008.

The independent valuation of the Group's commercial investment properties at the end of 2009, including the Group's share of completed investment properties in associates and joint ventures, was US\$15.5 billion, an increase of 6%. The adjusted net asset value per share increased by 12% to US\$6.64 over the year.

After taking account of revaluations, the profit attributable to shareholders for 2009 was US\$1,641 million, compared with a loss of US\$109 million in 2008.

The Directors are recommending a final dividend of US¢10.00 per share for 2009, providing a total dividend for the year of US¢16.00 per share, an increase of 23% from 2008.

#### **GROUP REVIEW**

Demand for high quality commercial office space continued to be strong across all business sectors in Hong Kong's Central district despite the negative impact of the global recession in the early part of the year. Market rentals declined sharply in the first half, before stabilising as the year progressed. The luxury retail market also faced difficult trading conditions initially, before recovering well in the second half. Occupancy in the Group's portfolio remained high throughout the year and good growth in net rental income was recorded.

The Group's joint venture development in Macau, One Central, launched its luxury retail mall in December, which quickly established itself as the premier shopping destination on the Macau Peninsula.

Rental levels in the Singapore office market declined in the first nine months of 2009 in response to the poor economic conditions and a projected surplus of supply. Sentiment did, however, improve in the final quarter and some stability has returned to the market. The Group's two completed commercial investment property interests remained fully let. The joint venture development project, Marina Bay Financial Centre, is progressing well with over 68% of the commercial office space pre-committed. Completion is scheduled to take place in two phases in 2010 and 2012, respectively, with the first phase already 81% let.

The residential sector in general benefited in 2009 from Government stimulus packages and low interest rates introduced to counter the effects of the economic downturn. In Hong Kong, The Sail at Victoria was completed in the final quarter of 2009 with 92% of the units having been sold by the year end.

The second residential tower at Marina Bay Financial Centre in Singapore was well received when the first tranche of units was launched for sale towards the end of the year. MCL Land's residential completions in Singapore made a good contribution to the Group's earnings in 2009. A further four of its projects currently under development remain on schedule for completion over the next three years.

The residential units in One Central Macau also made a significant contribution to earnings following completion during 2009. After the cancellation of the en-bloc sale of Tower 4 during the year, the apartments were re-launched in December 2009 and have been substantially sold. Completion will take place during 2010.

In mainland China, the second phase of Bamboo Grove in Chongqing was completed and nearly all the units had been handed over to buyers by the year end. The response to the next phase has been encouraging, and further phases are planned. After increasing its interest in the Beijing luxury residential development, Maple Place, from 35% to 90%, the Group released for sale a quarter of the units in December. These were fully taken up within a short period.

The Group has two residential projects in Shenyang: Park Life, where construction of the second phase has commenced, and One Capitol, where the first phase remains under active planning. In December, Hongkong Land successfully tendered in joint venture for a new development site in Chongqing, strengthening the Group's pipeline of residential projects.

The Group had no major financing requirements during the year and its balance sheet remains strong.

## **PEOPLE**

With particularly difficult financial markets and trading conditions in the first half, 2009 was a demanding year for our business. The Board would like to thank all staff for their hard work and professionalism.

We welcomed James Watkins to the Board in May 2009.

## **OUTLOOK**

Hongkong Land's earnings in 2010 should continue to benefit from high occupancy levels and steady rentals together with the recognition of profits on the completion of residential developments. Some uncertainty remains, however, over the strength and durability of the economic recovery.

Simon Keswick

*Chairman*

4th March 2010

## **CHIEF EXECUTIVE'S REVIEW**

The Group's Hong Kong commercial property portfolio continued to be the largest contributor to earnings in 2009. It enjoyed strong rental income growth of 16% and high occupancy throughout the year in the face of challenging trading conditions, particularly in the first half. There was continuing demand for office and retail space in the Group's buildings, despite the recessionary market sentiment and competition from new supply elsewhere on Hong Kong Island and in Kowloon. This clearly reinforced Central's status as Hong Kong's location of choice for international business and finance, and its leading destination for luxury retail. The Group's residential business also performed well with a substantial profit contribution from completions in Hong Kong, Macau, Singapore and Chongqing. As a result Hongkong Land achieved a record underlying profit in 2009.

The Group continues to pursue a strategy of expanding its commercial property activities throughout the region at a measured pace. In Singapore, construction of the 340,000 sq. m. joint venture development Marina Bay Financial Centre ('MBFC') is on track for phased completion in 2010 and 2012. Hongkong Land's wholly-owned One Raffles Link ('ORL') and joint venture development One Raffles Quay ('ORQ') are both fully let. When MBFC is completed, Hongkong Land's interests in this important regional business centre will extend to some 150,000 sq. m. of the leading commercial office space, for which it will also have overall management responsibility.

Significant progress has been made in establishing Hongkong Land's residential development business as a significant, capital-efficient and sustainable contributor to earnings. In 2009, completions in Hong Kong, Macau, mainland China and, for MCL Land, in Singapore contributed good profits. The current construction programmes continue on track for residential development projects in Hong Kong, Macau, Singapore and Beijing, Chongqing and Shenyang in mainland China. These will ensure a steady stream of completions going forward. At the end of 2009, another large residential development site in Chongqing was acquired in joint venture, thereby adding to the Group's residential property landbank.

## **COMMERCIAL PROPERTY**

### ***Hong Kong Central Portfolio***

Office rents in Hong Kong's Central district fell sharply in the first half of 2009, but stabilised somewhat during the second half. Nevertheless, net rental income for the Group's properties in Hong Kong, which continued to benefit from positive rental reversions during most of the year, rose by 19% to US\$611 million in 2009. Vacancy in the portfolio was 4.4% at the end of 2009, compared with 2.6% at the end of 2008. This was an encouraging result given the market challenges faced and is a testimony to the high quality and enduring reputation of the Group's portfolio.

Demand for prime, centrally-located space remained strong for both the commercial office and retail segments as market sentiment and business confidence recovered. The Group's commercial investment property portfolio was valued at US\$14,228 million at the end of 2009, an increase of 9% from 2008. While no significant increase in vacancy is anticipated in 2010, trading conditions are expected to remain challenging.

The refurbishment of retail areas and elevators at Jardine House was completed at the end of the year. A major renovation of the Prince's Building retail podium will commence in the first half of 2010. These initiatives are in line with the Group's strategy of continually enhancing the quality, performance and reputation of the portfolio.

While sales in the luxury retail sector were weak during the first half of 2009, a recovery in the second half led to full-year sales levels comparable with the previous peak in 2007. Average rents for the Group's luxury retail space in the Central Portfolio rose by 3% during the year, while occupancy remained at 100% at the end of 2009.

### ***Commercial Properties other than in Hong Kong***

The contribution to the Group's results from its properties in Singapore continued to increase in 2009 with both ORL and ORQ fully let at good rental levels. Construction of MBFC is due to complete in two phases, in 2010 and 2012. The two phases, comprising 190,000 sq. m. and 150,000 sq. m. of gross floor area, respectively, are more than 68% pre-committed. The two towers in Phase 1 completing in 2010 are over 81% let.

The shopping mall at One Central in Macau was launched in December 2009 with flagship stores for a number of prestigious retail brands. The hotel and serviced apartments element of the development will open in 2010. When completed, One Central will comprise some 21,000 sq. m. of luxury retail space, together with a Mandarin Oriental hotel, 92 serviced apartments and 137,000 sq. m. of residential apartments.

The Group's other commercial investment properties are located in Hanoi, Jakarta, Bangkok and Bermuda. Our two buildings in Hanoi are fully let at the highest rents in that market. Jakarta Land's portfolio is achieving occupancy levels of over 95%, also at good rents. In Bangkok, however, our 49%-owned luxury retail centre and office development, Gaysorn, is experiencing difficult trading conditions. In Bermuda, Jardine Gibbons Property, in which Hongkong Land has a 40% interest, owns four fully-let commercial buildings in the centre of Hamilton.

## **RESIDENTIAL PROPERTY**

The Group's residential property activities made a contribution to underlying profit of US\$386 million in 2009, a significant improvement on the breakeven result recorded in 2008. Completions of The Sail at Victoria in Hong Kong, One Central Macau, Phase 2 of Bamboo Grove in Chongqing and MCL Land's Tierra Vue, The Fernhill and Hillcrest Villa contributed to the overall result. The Group's residential development in Hong Kong, Serenade in Tai Hang Road, has received pre-sale consent and is scheduled for sale launch in the first half of 2010.

In Singapore, construction of Marina Bay Residences, the residential component of Phase 1 of the MBFC, is on schedule for completion and handover to buyers in 2010. The first batch of units of the second MBFC residential tower were released for sale in the last quarter of 2009, and over 95% had been sold by the year end.

The units in One Central Residences, our joint venture development in the heart of the Macau Peninsula, were completed in 2009, providing a significant contribution to the Group's earnings. After receiving a fee for cancelling the sale of Tower 4 in June 2009, the apartments were re-launched for sale in December 2009 and substantially all were sold by the end of the year.

Phase 2 of Bamboo Grove in Chongqing was completed in the last quarter of 2009, with 97% being sold by the year end. The response to Phase 3A, comprising 261 townhouses for completion in 2010, was very encouraging and 99% had been sold by the end of 2009. This success was instrumental in the decision to commence construction of a new phase of townhouses that is scheduled for completion in 2011. A further high-rise phase is also planned, with pre-sale targeted for 2010.

The Group increased its interest in Maple Place in Beijing, a development of 209 units of mainly villas and townhouses, from 35% to 90% during 2009. All of the first tranche of units released for sale in December were sold and committed by the year end.

The Group has two residential projects in Shenyang. Construction of Phase 2 of Park Life commenced in 2009, while Phase 1 of One Capitol is being planned.

## **MCL LAND**

MCL Land completed The Fernhill and Tierra Vue in Singapore in the first half of 2009, and these were followed by Hillcrest Villa in the second half of the year. These completions enabled MCL Land to announce a record result in 2009. MCL Land has a further four projects under construction, the sales of which have benefited from a resurgence of confidence in the premium property sector. Waterfall Gardens and D’Pavilion, which will complete in 2010, were 100% and 44% sold, respectively, at the end of 2009. The Peak@Balmeg is scheduled for completion in 2011 and was 90% sold, while Parvis is targeting a 2012 completion and was launched for sale in November with 56% sold at the end of 2009.

## **FINANCE AND CORPORATE ACTIVITIES**

The Group’s financial position remains healthy. At the end of 2009, adjusted gearing was 16% with net debt at US\$2.4 billion, down from US\$2.6 billion at the end of 2008. The Group’s liquidity remains strong with no significant re-financing requirements until 2011.

In November 2009, the Group participated as one of the cornerstone investors in the initial public offering of Longfor Properties Co., the Group’s joint venture partner in the Bamboo Grove development in Chongqing. This investment strengthens an existing relationship and will enhance the prospects for the further expansion of the Group’s residential property portfolio in China.

## **OUTLOOK**

We are cautiously optimistic as we enter 2010. Global financial markets have benefited from the measures taken by governments worldwide to restore confidence, although economic conditions are likely to remain volatile for some time.

The financial services institutions that form a significant proportion of our tenants have begun rehiring after significant layoffs in the first half of 2009 and are once again considering expansion in Asian markets. Consumer confidence in the region is also growing as evidenced by the recovery in sales of luxury consumer products, the strong demand in the high-end residential sector and the gains in equity markets.

Y K Pang

*Chief Executive*

4th March 2010

**Hongkong Land Holdings Limited**  
**Consolidated Profit and Loss Account**  
**for the year ended 31st December 2009**

	2009			2008		
	Underlying business performance	Non-trading items	Total	Underlying business performance	Non-trading items	Total
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Revenue ( <i>note 2</i> )	1,322.6	-	1,322.6	1,022.3	-	1,022.3
Net operating costs ( <i>note 3</i> )	(508.1)	-	(508.1)	(626.5)	-	(626.5)
	<b>814.5</b>	-	<b>814.5</b>	395.8	-	395.8
Increase/(decrease) in fair value of investment properties	-	1,000.6	1,000.6	-	(698.9)	(698.9)
Asset impairment provisions, reversals and disposals	-	(8.4)	(8.4)	-	1.8	1.8
Operating profit/(loss) ( <i>note 4</i> )	<b>814.5</b>	<b>992.2</b>	<b>1,806.7</b>	395.8	(697.1)	(301.3)
Financing charges	(110.0)	-	(110.0)	(116.3)	-	(116.3)
Financing income	58.0	-	58.0	71.8	-	71.8
Net financing charges	(52.0)	-	(52.0)	(44.5)	-	(44.5)
Share of results of associates and joint ventures ( <i>note 5</i> )	177.8	44.6	222.4	81.3	(16.4)	64.9
Profit/(loss) before tax	940.3	1,036.8	1,977.1	432.6	(713.5)	(280.9)
Tax ( <i>note 6</i> )	(120.3)	(168.9)	(289.2)	(81.1)	228.6	147.5
Profit/(loss) after tax	<b>820.0</b>	<b>867.9</b>	<b>1,687.9</b>	351.5	(484.9)	(133.4)
Attributable to:						
Shareholders of the Company	777.1	864.0	1,641.1	375.1	(484.5)	(109.4)
Minority interests	42.9	3.9	46.8	(23.6)	(0.4)	(24.0)
	<b>820.0</b>	<b>867.9</b>	<b>1,687.9</b>	351.5	(484.9)	(133.4)
	<b>US¢</b>		<b>US¢</b>	<b>US¢</b>		<b>US¢</b>
Earnings/(loss) per share ( <i>note 8</i> )						
- basic	34.55		72.96	16.41		(4.79)
- diluted	33.90		70.62	16.41		(4.79)

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**Hongkong Land Holdings Limited**  
**Consolidated Statement of Comprehensive Income**  
**for the year ended 31st December 2009**

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	<b>2009</b>	2008
	<b>US\$m</b>	US\$m
Profit/(loss) for the year	<b>1,687.9</b>	(133.4)
Revaluation of properties	<b>83.3</b>	-
Revaluation of other investments		
- gains arising during the year	<b>8.5</b>	-
- transfer to profit and loss	-	(6.1)
	<b>8.5</b>	(6.1)
Actuarial gains/(losses) on employee benefit plans	<b>4.0</b>	(12.1)
Net exchange translation differences	<b>16.1</b>	75.5
Cash flow hedges		
- losses arising during the year	<b>(7.1)</b>	(0.6)
- transfer to profit and loss	<b>(1.4)</b>	(3.6)
	<b>(8.5)</b>	(4.2)
Share of other comprehensive income of associates and joint ventures	<b>6.3</b>	(2.2)
Tax relating to components of other comprehensive income	<b>(14.1)</b>	3.8
Other comprehensive income for the year	<b>95.6</b>	54.7
Total comprehensive income for the year	<b>1,783.5</b>	(78.7)
Attributable to:		
Shareholders of the Company	<b>1,735.0</b>	(55.7)
Minority interests	<b>48.5</b>	(23.0)
	<b>1,783.5</b>	(78.7)

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**Hongkong Land Holdings Limited**  
**Consolidated Balance Sheet**  
**at 31st December 2009**


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	2009 US\$m	2008 US\$m
<b>Net operating assets</b>		
Tangible assets ( <i>note 9</i> )		
Investment properties	14,817.7	13,702.7
Others	3.9	14.8
	<hr/> 14,821.6	<hr/> 13,717.5
Associates and joint ventures	2,305.2	1,797.5
Other investments	46.4	-
Deferred tax assets	3.9	4.5
Pension assets	10.0	6.1
Non-current debtors	56.7	101.9
	<hr/> 17,243.8	<hr/> 15,627.5
Non-current assets		
Properties for sale	787.1	838.9
Current debtors	315.3	289.2
Bank balances	1,226.1	1,119.0
	<hr/> 2,328.5	<hr/> 2,247.1
Current assets		
Current creditors	(687.1)	(668.8)
Current borrowings ( <i>note 10</i> )	(245.9)	(95.4)
Current tax liabilities	(120.6)	(58.2)
	<hr/> (1,053.6)	<hr/> (822.4)
Current liabilities		
Net current assets	1,274.9	1,424.7
Long-term borrowings ( <i>note 10</i> )	(3,397.5)	(3,624.1)
Deferred tax liabilities	(2,179.4)	(1,992.9)
Non-current creditors	(50.5)	(26.8)
	<hr/> 12,891.3	<hr/> 11,408.4
<b>Total equity</b>		
Share capital	224.9	224.9
Revenue and other reserves	12,531.0	11,088.4
	<hr/> 12,755.9	<hr/> 11,313.3
Shareholders' funds		
Minority interests	135.4	95.1
	<hr/> 12,891.3	<hr/> 11,408.4

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**Hongkong Land Holdings Limited**  
**Consolidated Statement of Changes in Equity**  
**for the year ended 31st December 2009**

	Attributable to shareholders of the Company					Total US\$m	Attributable to minority interests US\$m	Total equity US\$m
	Share capital US\$m	Revenue reserves US\$m	Capital reserves US\$m	Hedging reserves US\$m	Exchange reserves US\$m			
<b>2009</b>								
At 1st January	224.9	10,901.9	63.4	1.2	121.9	11,313.3	95.1	11,408.4
Total comprehensive income	-	1,723.0	-	(8.6)	20.6	1,735.0	48.5	1,783.5
Dividends paid by the Company	-	(292.4)	-	-	-	(292.4)	-	(292.4)
Dividends paid to minority shareholders	-	-	-	-	-	-	(6.0)	(6.0)
New subsidiary	-	-	-	-	-	-	(2.2)	(2.2)
At 31st December	224.9	12,332.5	63.4	(7.4)	142.5	12,755.9	135.4	12,891.3
<b>2008</b>								
At 1st January	229.5	11,486.7	63.4	3.8	49.6	11,833.0	124.1	11,957.1
Total comprehensive income	-	(125.4)	-	(2.6)	72.3	(55.7)	(23.0)	(78.7)
Dividends paid by the Company	-	(344.3)	-	-	-	(344.3)	-	(344.3)
Dividends paid to minority shareholders	-	-	-	-	-	-	(6.0)	(6.0)
Repurchase of shares	(4.6)	(115.1)	-	-	-	(119.7)	-	(119.7)
At 31st December	224.9	10,901.9	63.4	1.2	121.9	11,313.3	95.1	11,408.4

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**Hongkong Land Holdings Limited**  
**Consolidated Cash Flow Statement**  
**for the year ended 31st December 2009**


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	<b>2009</b>	2008
	<b>US\$m</b>	US\$m
<b>Operating activities</b>		
Operating profit/(loss)	<b>1,806.7</b>	(301.3)
Depreciation	<b>1.6</b>	1.7
Fixed assets written off	<b>1.5</b>	-
Provision for development properties held for sale	<b>-</b>	180.2
(Increase)/decrease in fair value of investment properties	<b>(1,000.6)</b>	698.9
Asset impairment provisions, reversals and disposals	<b>8.4</b>	(1.8)
Decrease/(increase) in properties for sale	<b>152.4</b>	(159.9)
(Increase)/decrease in debtors, prepayments and others	<b>(34.3)</b>	159.0
Increase in creditors and accruals	<b>41.4</b>	6.6
Interest received	<b>62.3</b>	68.8
Interest and other financing charges paid	<b>(94.6)</b>	(109.3)
Tax paid	<b>(53.1)</b>	(62.3)
Dividends from associates and joint ventures	<b>11.6</b>	50.4
Cash flows from operating activities	<b>903.3</b>	531.0
<b>Investing activities</b>		
Major renovations expenditure	<b>(29.5)</b>	(29.8)
Developments capital expenditure	<b>(4.4)</b>	(15.0)
Purchase of a subsidiary ( <i>note 13</i> )	<b>(42.0)</b>	-
Investments in and loans to associates and joint ventures	<b>(305.2)</b>	(111.5)
Purchase of other investments	<b>(37.9)</b>	-
Cash flows from investing activities	<b>(419.0)</b>	(156.3)
<b>Financing activities</b>		
Drawdown of borrowings	<b>456.3</b>	391.5
Repayment of borrowings	<b>(541.4)</b>	(291.4)
Repurchase of shares	<b>-</b>	(119.7)
Contribution from minority shareholders	<b>3.8</b>	2.0
Dividends paid by the Company	<b>(292.2)</b>	(343.1)
Dividends paid to minority shareholders	<b>(6.0)</b>	(6.3)
Cash flows from financing activities	<b>(379.5)</b>	(367.0)
Effect of exchange rate changes	<b>3.1</b>	6.5
Net increase in cash and cash equivalents	<b>107.9</b>	14.2
Cash and cash equivalents at 1st January	<b>1,117.1</b>	1,102.9
Cash and cash equivalents at 31st December	<b>1,225.0</b>	1,117.1

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**Hongkong Land Holdings Limited**
**Notes**


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

The financial information contained in this announcement has been based on the audited results for the year ended 31st December 2009 which have been prepared in conformity with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board.

In 2009, the Group adopted the following standards, and amendments and interpretations to existing standards which are effective in the current accounting year and relevant to its operations:

IFRS 8	Operating Segments
IAS 1 (revised 2007)	Presentation of Financial Statements
IAS 23 (revised 2007)	Borrowing Costs
Amendments to IFRS 1 and IAS 27	Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to IFRS 2	Vesting Conditions and Cancellations
Amendments to IFRS 7	Improving Disclosures about Financial Instruments
Improvements to IFRSs (2008)	
IFRIC 13	Customer Loyalty Programmes
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation

IFRS 8 ‘Operating Segments’ supersedes IAS 14 ‘Segment Reporting’ and requires the reporting of financial and descriptive information about an entity’s reportable segments on the basis of internal reports that are regularly reviewed by its management. There is no change in the Group’s reportable segments from 2008 as they remain consistent with the internal reporting provided to management. No operating segments have been aggregated to form the reportable segments. The Group has also early adopted an amendment to IFRS 8 (effective from 1st January 2010) included in the 2009 improvement project. The amendment clarifies that a measure of total assets should be disclosed in the financial statements only if that amount is regularly provided to management.

IAS 1 (revised 2007) ‘Presentation of Financial Statements’ replaces IAS 1 (as revised in 2003 and amended in 2005) and sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirement for their content. Two new primary statements, ‘Consolidated Statement of Comprehensive Income’ and ‘Consolidated Statement of Changes in Equity’ have been presented in these financial statements. The former replaces the ‘Consolidated Statement of Recognised Income and Expense’ presented in the 2008 financial statements. This change in presentation has no effect on reported profit or loss, total income and expense or net assets.

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Amendments to IFRS 1 and IAS 27 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate' remove the definition of the cost method from IAS 27 and allow an entity to recognise a dividend from subsidiary, jointly controlled entity or associate in profit and loss in its separate financial statements when its right to receive the dividend is established. There is no impact on the consolidated financial statements as the changes only affect the separate financial statements of the investing entity.

Amendments to IFRS 7 'Improving Disclosures about Financial Instruments' require the disclosure of any change in valuation technique and the reason for that change, introduce a three-level hierarchy for fair value measurement disclosures, and require the disclosure of liquidity risk between non-derivative financial liabilities and derivative financial liabilities.

IAS 36 (Amendment) 'Impairment of Assets' is part of the 2008 improvement project. It provides that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made.

IAS 40 (Amendment) 'Investment Property' is part of the 2008 improvement project. It requires that property that is being constructed or developed for future use as investment property should be classified as investment property. It also requires that such property to be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property with any gain or loss recognised in profit and loss. This is a change in accounting policy as previously such property was carried at cost until the construction was completed.

IFRIC 13 'Customer Loyalty Programmes' addresses the accounting by entities that grant loyalty award credits to customers who buy goods or services. It requires the allocation of consideration receivable from the customer between the separately identifiable components of the sale transaction using fair values. There is no significant impact on the results of the Group on adoption of this interpretation.

The adoption of IAS 23 (revised 2007) 'Borrowing Costs', Amendment to IFRS 2 'Vesting Conditions and Cancellations', amendments to other IFRSs included in the 2008 improvement project, IFRIC 15 'Agreements for the Construction of Real Estate' and IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' does not have a material impact on the Group's accounting policies.

The Group also early adopted the following standard and amendment to an existing standard which are relevant to its operations:

IFRS 3 (revised 2008)	Business Combinations
IAS 27 (amended 2008)	Consolidated and Separate Financial Statements

## 1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

IFRS 3 (revised 2008) 'Business Combinations' and the related amendment to IAS 27 'Consolidated and Separate Financial Statements' (both effective prospectively from 1st July 2009) provide guidance for applying the acquisition method for business combinations. The major changes from the existing standards include: the immediate expensing of all acquisition-related costs, the inclusion in the cost of acquisition of the fair value at acquisition date of any contingent purchase consideration, the remeasurement of previously held equity interest in the acquiree at fair value in a business combination achieved in stages, and accounting for changes in a parent's ownership interest in a subsidiary that do not result in the loss of control as equity transactions. The early adoption of IFRS 3 (revised 2008) and the related amendment to IAS 27 has resulted in changes in the accounting policies for goodwill and change in attributable interests in subsidiaries. Until 31st December 2008, acquisition-related costs were included in the cost of a business combination; contingent purchase consideration was recognised in goodwill as incurred; the cost of each exchange transaction in a business combination achieved in stages was compared with the fair values of the acquiree's identifiable net assets to determine the amount of goodwill associated with that transaction; the difference between the cost of acquisition and the carrying amount of the proportion of minority interest acquired in respect of an increase in attributable interest in a subsidiary was recognised as goodwill or credited to profit and loss as discount on acquisition, where appropriate; and the difference between the proceeds and the carrying amount of the proportion sold in respect of a decrease in attributable interest in a subsidiary was recognised as profit or loss on disposal. The Group continues to measure minority interest in an acquiree in a business combination at the minority interest's proportionate share of the acquiree's identifiable net assets.

Certain comparative figures have been reclassified to conform with the current year presentation.

## 2. REVENUE

	<b>2009</b>	2008
	<b>US\$m</b>	US\$m
Rental income	<b>669.0</b>	574.1
Service income	<b>95.4</b>	104.6
Sales of trading properties	<b>558.2</b>	343.6
	<b><u>1,322.6</u></b>	<u>1,022.3</u>

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

Total contingent rents included in rental income amount to US\$7.5 million (2008: US\$7.8 million).

## 3. NET OPERATING COSTS

	<b>2009</b>	2008
	<b>US\$m</b>	US\$m
Cost of sales	<b>(437.8)</b>	(574.3)
Other income	<b>2.2</b>	0.8
Administrative expenses	<b>(72.5)</b>	(53.0)
	<b>(508.1)</b>	(626.5)

The following charges are included in net operating costs:

Cost of properties for sale recognised as expenses	<b>(318.8)</b>	(258.1)
Direct operating expenses arising from investment properties	<b>(119.0)</b>	(136.0)
Provision for development properties held for sales	<b>-</b>	(180.2)

## 4. OPERATING PROFIT

	<b>2009</b>	2008
	<b>US\$m</b>	US\$m
<i>By business</i>		
Commercial property	<b>642.3</b>	542.0
Residential property	<b>229.6</b>	(102.6)
Corporate	<b>(57.4)</b>	(43.6)
	<b>814.5</b>	395.8
Increase/(decrease) in fair value of investment properties	<b>1,000.6</b>	(698.9)
Asset impairment provisions, reversals and disposals	<b>(8.4)</b>	1.8
	<b>1,806.7</b>	(301.3)

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

	<b>2009</b>	2008
	<b>US\$m</b>	US\$m
<i>By business</i>		
Commercial property	<b>14.6</b>	17.8
Residential property	<b>163.2</b>	63.5
	<b>177.8</b>	81.3
Increase/(decrease) in fair value of investment properties		
- Commercial property	<b>49.4</b>	(9.8)
- Residential property	<b>(0.6)</b>	(6.3)
	<b>48.8</b>	(16.1)
Asset impairment provisions, reversals and disposals	<b>(4.2)</b>	(0.3)
	<b>222.4</b>	64.9

Results are shown after tax and minority interests. The share of revenue of associates and joint ventures was US\$538.8 million (2008: US\$362.3 million).

## 6. TAX

	<b>2009</b>	2008
	<b>US\$m</b>	US\$m
Tax charged to profit and loss is analysed as follows:		
Current tax	<b>(115.0)</b>	(79.7)
Deferred tax		
- changes in fair value of investment properties	<b>(168.9)</b>	228.6
- other temporary differences	<b>(5.3)</b>	(1.4)
	<b>(174.2)</b>	227.2
	<b>(289.2)</b>	147.5
Tax relating to components of other comprehensive income is analysed as follows:		
Revaluation of tangible assets	<b>(13.3)</b>	-
Pension assets	<b>(0.7)</b>	2.1
Cash flow hedges	<b>(0.1)</b>	1.7
	<b>(14.1)</b>	3.8

Tax on profits is provided at the rates of taxation prevailing in the territories in which the Group operates. The Group has no tax payable in the United Kingdom.

## 7. NON-TRADING ITEMS

	<b>2009</b>	2008
	<b>US\$m</b>	US\$m
Revaluation surpluses/(deficits) of investment properties	<b>1,000.6</b>	(698.9)
Deferred tax (charges)/credit on revaluation surpluses/deficits of investment properties	<b>(168.9)</b>	228.6
Share of revaluation surpluses/(deficits) of investment properties of associates and joint ventures (net of deferred tax)	<b>48.8</b>	(16.1)
Asset impairment provisions, reversals and disposals	<b>(8.4)</b>	1.8
Share of asset impairment provisions, reversals and disposals of associates and joint ventures	<b>(4.2)</b>	(0.3)
Minority interests	<b>(3.9)</b>	0.4
	<b>864.0</b>	(484.5)

## 8. EARNINGS PER SHARE

Basic earnings/loss per share are calculated on profit attributable to shareholders of US\$1,641.1 million (2008: loss of US\$109.4 million) and on the weighted average number of 2,249.3 million (2008: 2,285.9 million) shares in issue during the year.

Diluted earnings/loss per share are calculated on profit attributable to shareholders of US\$1,661.8 million (2008: loss of US\$89.3 million), which is after adjusting for the effects of the conversion of convertible bonds, and on the weighted average number of 2,353.2 million (2008: 2,389.8 million) shares in issue during the year.

Earnings per share are additionally calculated based on underlying profit attributable to shareholders. The difference between underlying profit attributable to shareholders and profit/loss attributable to shareholders is reconciled as follows:

	2009			2008		
	US\$m	US¢	US¢	US\$m	Basic earnings per share US¢	Diluted earnings per share US¢
Underlying profit attributable to shareholders	777.1	34.55	33.90	375.1	16.41	16.41
Non-trading items (note 7)	864.0			(484.5)		
Profit/(loss) attributable to shareholders	1,641.1	72.96		(109.4)	(4.79)	
Interest expense on convertible bonds (net of tax)	20.7			20.1		
Profit/(loss) for calculation of diluted earnings per share	1,661.8		70.62	(89.3)		(4.79)

## 9. TANGIBLE ASSETS

	2009 US\$m	2008 US\$m
Net book value at 1st January	13,717.5	14,272.9
Exchange rate adjustments	2.6	96.5
Additions	22.1	48.8
Depreciation	(1.6)	(1.7)
Written off/disposal	(1.5)	(0.1)
Net revaluation surplus/(deficit)	1,083.9	(698.9)
Transfer	(1.4)	-
Net book value at 31st December	14,821.6	13,717.5

## 10. BORROWINGS

	2009 US\$m	2008 US\$m
<i>Current</i>		
Bank overdrafts	1.1	1.9
Bank loans	-	9.0
Current portion of long-term borrowings		
- Bank loans	10.5	84.5
- 3.01% Singapore Dollar notes due 2010	234.3	-
	<b>245.9</b>	95.4
<i>Long-term</i>		
Bank loans	1,405.2	1,587.8
7% United States Dollar bonds due 2011	619.1	629.1
5.5% United States Dollar bonds due 2014	537.0	555.2
3.01% Singapore Dollar notes due 2010	-	229.4
3.65% Singapore Dollar notes due 2015	268.9	264.2
2.75% United States Dollar convertible bonds due 2012	368.1	358.4
Medium term notes	199.2	-
	<b>3,397.5</b>	3,624.1
	<b>3,643.4</b>	3,719.5
Secured	99.7	258.9
Unsecured	3,543.7	3,460.6
	<b>3,643.4</b>	3,719.5

Certain subsidiaries of the Company have mortgaged their development properties for sale as security for bank loans. The carrying value of properties mortgaged as at 31st December 2009 was US\$289.9 million (2008: US\$296.6 million).

## 11. NET ASSET VALUE PER SHARE

Net asset value per share is calculated on shareholders' funds of US\$12,755.9 million (2008: US\$11,313.3 million) and on 2,249.3 million (2008: 2,249.3 million) shares issued at the year end.

Net asset value per share is additionally calculated based on adjusted shareholders' funds. The difference between adjusted shareholders' funds and shareholders' funds is reconciled as follows:

	2009 US\$m	2008 US\$m
Shareholders' funds	12,755.9	11,313.3
Deferred tax on revaluation surpluses of investment properties	2,133.2	1,951.7
Share of deferred tax on revaluation surpluses of investment properties of associates and joint ventures	46.9	43.1
Adjusted shareholders' funds	<b>14,936.0</b>	13,308.1

## 12. DIVIDENDS

	<b>2009</b>	2008
	<b>US\$m</b>	US\$m
Final dividend in respect of 2008 of US¢7.00 (2007: US¢9.00) per share	<b>157.5</b>	206.6
Interim dividend in respect of 2009 of US¢6.00 (2008: US¢6.00) per share	<b>134.9</b>	137.7
	<b>292.4</b>	344.3

A final dividend in respect of 2009 of US¢10.00 (2008: US¢7.00) per share amounting to a total of US\$224.9 million (2008: US\$157.5 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2010.

## 13. PURCHASE OF A SUBSIDIARY

	<b>2009</b>
	<b>Fair value</b>
	<b>US\$m</b>
Current assets	<b>87.2</b>
Current liabilities	<b>(3.9)</b>
Other non-current liabilities	<b>(10.5)</b>
Fair value of net assets	<b>72.8</b>
Adjustment for minority interests	<b>2.2</b>
Net assets acquired	<b>75.0</b>
Adjustment for carrying value of associates and joint ventures	<b>(29.2)</b>
Cash and cash equivalents acquired	<b>(3.8)</b>
Net cash outflow	<b>42.0</b>

During the year, the Group increased its interest in King Kok Investment Limited ('Kingkok') from 35% to 90%. Fair value adjustments were determined based on fair values of Kingkok's identifiable assets and liabilities at the date on which the Group obtained control. Revenue and profit after tax since acquisition amounted to US\$2.5 million and US\$0.8 million respectively. Had the acquisition occurred on 1st January 2009, the Group's consolidated revenue and profit after tax for the year ended 31st December 2009 would have been US\$1,328.7 million and US\$1,678.9 million respectively.

## 14. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	<b>2009</b>	2008
	<b>US\$m</b>	US\$m
Capital commitments	<b>184.0</b>	155.4
Contribution to associates and joint ventures	<b>614.7</b>	744.4

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.

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

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The Board has overall responsibility for risk management and internal control. The process by which the Group identifies and manages risk will be set out in more detail in the Corporate Governance section of the Company's 2009 Annual Report (the 'Report'). The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure and Transparency Rules issued by the Financial Services Authority in the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and Chief Executive's Review.

**Economic Risk**

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

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

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

**Commercial Risk and Financial Risk**

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

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

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

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**Hongkong Land Holdings Limited**  
**Principal Risks and Uncertainties** (continued)

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**Commercial Risk and Financial Risk** (continued)

The steps taken by the Group to manage its exposure to financial risk will be set out in the Financial Review and in a note to the Financial Statements in the Report.

**Regulatory and Political Risk**

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

**Terrorism, Pandemic and Natural Disasters**

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

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

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**Responsibility Statement**

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

- (a) the 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 the Company's 2009 Annual Report, including the Chairman's Statement, Chief Executive's Review and Principal Risks and Uncertainties, which constitute the management report include a fair review of all information required to be disclosed by the Disclosure and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Services Authority of the United Kingdom.

For and on behalf of the Board

A J L Nightingale  
Y K Pang

*Directors*

4th March 2010

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*The final dividend of US\$10.00 per share will be payable on 12th May 2010, subject to approval at the Annual General Meeting to be held on 5th May 2010, to shareholders on the register of members at the close of business on 19th March 2010. The ex-dividend date will be on 17th March 2010, and the share registers will be closed from 22nd to 26th March 2010, inclusive. Shareholders will receive their dividends in United States Dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2009 final dividend by notifying the United Kingdom transfer agent in writing by 23rd April 2010. The sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 28th April 2010. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive United States Dollars unless they elect, through CDP, to receive Singapore Dollars.*

## **Hongkong Land Group**

Hongkong Land is one of Asia's leading property investment, management and development groups. Founded in Hong Kong in 1889, the Group has interests across the region. Hongkong Land's business is built on partnership, integrity and excellence.

In Hong Kong, the Group owns and manages some five million sq. ft of prime commercial space that defines the heart of the Central Business District. In Singapore, it is helping to create the city-state's new Central Business District with the expansion of its joint venture portfolio of new developments. Hongkong Land's properties in these and other Asian centres are recognised as market leaders and house the world's foremost financial, business and luxury retail names.

Hongkong Land also develops premium residential properties in a number of cities in the region, not least in Singapore where its 77%-owned listed affiliate, MCL Land, is a significant developer.

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

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Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2009 can be accessed through the Internet at 'www.hkland.com'.