

**NEWS RELEASE**

To: Business Editor

28th July 2011

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  
 HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2011**
**Highlights**

- Positive commercial leasing conditions
- Lower residential profits due to fewer completions
- Net assets per share up 17% on rising capital values

“Conditions for the Group’s commercial properties in Hong Kong are expected to remain favourable for the remainder of 2011, and the Singapore market should continue to be relatively stable. The contribution from residential developments will be lower in the second half while sales activity may be affected by governmental measures to dampen the sector.”

 Simon Keswick, *Chairman*

28th July 2011

**Results**

	(unaudited)		
	Six months ended 30th June		
	2011	2010	Change
	US\$m	US\$m	%
		(restated <sup>†</sup> )	
Underlying profit attributable to shareholders <sup>#</sup>	<b>365</b>	477	-23
Profit attributable to shareholders	<b>3,805</b>	1,572	+142
Shareholders’ funds	<b>23,425</b>	19,457*	+20
Net debt	<b>2,176</b>	2,358*	-8
	<b>US¢</b>	US¢	%
Underlying earnings per share	<b>15.83</b>	21.20	-25
Earnings per share	<b>164.82</b>	69.90	+136
Interim dividend per share	<b>6.00</b>	6.00	-
	<b>US\$</b>	US\$	%
Net asset value per share	<b>10.08</b>	8.64*	+17
<sup>#</sup> The Group uses ‘underlying profit attributable to shareholders’ in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 8 to the condensed financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group’s underlying business performance.			
<sup>†</sup> The accounts have been restated due to the change in accounting policy on the early adoption of the amendments to IAS 12 as set out in note 1 to the condensed financial statements.			
* At 31st December 2010			

The interim dividend of US¢6.00 per share will be payable on 12th October 2011 to shareholders on the register of members at the close of business on 19th August 2011. The ex-dividend date will be on 17th August 2011, and the share registers will be closed from 22nd to 26th August 2011, inclusive.

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

8th Floor, One Exchange Square, Hong Kong

www.hkland.com

**HONGKONG LAND HOLDINGS LIMITED**  
**HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2011**

**OVERVIEW**

The Group's commercial property portfolio continued to benefit from favourable market conditions in the first half of the year, although underlying earnings were lower as a result of fewer residential completions.

**PERFORMANCE**

The Group's underlying profit in the period was US\$365 million, compared with US\$477 million in the first half of 2010. There was an increased contribution from the Group's commercial properties, partially due to its enlarged portfolio in Singapore, but this was offset by lower profits from residential developments.

Following an independent valuation of the Group's investment properties, including its share of properties in joint ventures, a US\$3.4 billion gain on revaluation was recorded producing a profit attributable to shareholders of US\$3.8 billion for the period. This compares with a profit attributable to shareholders of US\$1.6 billion in the first half of 2010, which included a revaluation gain of US\$1.1 billion. The net asset value per share at 30th June 2011 was US\$10.08, up 17% from 31st December 2010.

The Directors have declared an interim dividend of US¢6.00 per share, unchanged from 2010.

**GROUP REVIEW**

Commercial Property

Market conditions were favourable in Hong Kong as the economy remained strong. Broad-based demand continued for commercial space, while there was no significant increase in overall supply. In the Group's office portfolio, rental reversions were generally positive, and at 30th June 2011 vacancy stood at 2.5%. The retail portfolio continued to enjoy full occupancy. In Macau, the luxury retail centre at the Group's 47%-owned One Central joint venture is trading well.

In Singapore, the office market was stable, and there is no significant vacancy in Hongkong Land's existing portfolio. Following completion of the first two towers of Marina Bay Financial Centre in 2010, the Group is now benefiting from its one-third share of the rental income. The third tower, which is some 60% pre-let, is due to complete next year. In Jakarta, progress continued on the construction of the Group's 50%-owned, 61,000 sq. m. office tower. Completion is also scheduled for next year.

In April, the Group agreed to acquire a property portfolio in Cambodia, principally four sites in Phnom Penh, for some US\$36 million. Completion is expected to take place later this year.

#### Residential Property

The overall contribution from the Group's residential activities declined in the period in comparison to the first six months of 2010 when two significant residential projects were completed.

In Hong Kong, a further 13 units at The Serenade development were handed over to buyers in the first half, making a total of 46 out of 97 units. Sales of The Residences and Apartments at Mandarin Oriental, Macau, the final phase of One Central, are progressing well with 89% of the units sold. Most buyers are expected to take possession later this year.

In Singapore, MCL Land has handed over to buyers the 180 units in the fully pre-sold Peak@Balmeg, the only project that it will complete this year. A new development, Terrasse, due to complete in 2014, was launched successfully by MCL Land in May and 48% of the units had been sold by the end of June. An additional residential development site in Singapore was acquired for US\$200 million in May on which some 600 high-rise apartments will be built. In addition, construction of the final residential tower at the Group's Marina Bay joint venture, which is 63% pre-sold, is progressing well with completion expected in 2013.

In mainland China, sales continued at Maple Place, Beijing. The current phases of the 50%-held Bamboo Grove development in Chongqing are on schedule for completion in the second half, and recent releases are selling well. In Shenyang, the Group's 50%-held joint

venture saw strong interest when it began sales of the second phase of its Park Life project in June. Development activities are ongoing in other residential projects in Chongqing and Chengdu.

## **FINANCE**

The Group's financial position remained strong with net debt of US\$2.2 billion at 30th June 2011, compared with US\$2.4 billion at the end of 2010. The decrease was largely due to the conversion of US\$285 million of convertible bonds during the period. Gearing was 9%, based on total equity.

## **PEOPLE**

R C Kwok retired from the Board in May 2011. We would like to thank him for his significant contribution to the Group.

## **OUTLOOK**

Conditions for the Group's commercial properties in Hong Kong are expected to remain favourable for the remainder of 2011, and the Singapore market should continue to be relatively stable. The contribution from residential developments will be lower in the second half while sales activity may be affected by governmental measures to dampen the sector.

Simon Keswick

*Chairman*

28th July 2011

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

	(unaudited)			(unaudited)			(unaudited)		
	2011			2010			2010		
	Underlying business performance US\$m	Non-trading items US\$m	Total US\$m	Underlying business performance US\$m (restated)	Non-trading items US\$m (restated)	Total US\$m (restated)	Underlying business performance US\$m	Non-trading items US\$m	Total US\$m
Revenue ( <i>note 2</i> )	754.7	-	754.7	765.1	-	765.1	1,340.6	-	1,340.6
Net operating costs ( <i>note 3</i> )	(299.7)	-	(299.7)	(252.9)	-	(252.9)	(459.2)	-	(459.2)
	<b>455.0</b>	<b>-</b>	<b>455.0</b>	512.2	-	512.2	881.4	-	881.4
Change in fair value of investment properties	-	3,301.3	3,301.3	-	726.8	726.8	-	3,197.6	3,197.6
Asset impairment provisions, reversals and disposals	-	-	-	-	-	-	-	0.1	0.1
Operating profit ( <i>note 4</i> )	<b>455.0</b>	<b>3,301.3</b>	<b>3,756.3</b>	512.2	726.8	1,239.0	881.4	3,197.7	4,079.1
Financing charges	(52.4)	-	(52.4)	(49.2)	-	(49.2)	(112.3)	-	(112.3)
Financing income	16.7	-	16.7	18.4	-	18.4	35.2	-	35.2
Net financing charges	(35.7)	-	(35.7)	(30.8)	-	(30.8)	(77.1)	-	(77.1)
Share of results of associates and joint ventures ( <i>note 5</i> )	22.1	138.5	160.6	104.1	369.0	473.1	173.9	731.4	905.3
Profit before tax	<b>441.4</b>	<b>3,439.8</b>	<b>3,881.2</b>	585.5	1,095.8	1,681.3	978.2	3,929.1	4,907.3
Tax ( <i>note 6</i> )	(73.8)	(0.3)	(74.1)	(69.1)	0.1	(69.0)	(122.8)	0.7	(122.1)
Profit after tax	<b>367.6</b>	<b>3,439.5</b>	<b>3,807.1</b>	516.4	1,095.9	1,612.3	855.4	3,929.8	4,785.2
Attributable to:									
Shareholders of the Company	365.3	3,439.2	3,804.5	476.8	1,095.5	1,572.3	810.2	3,929.2	4,739.4
Non-controlling interests	2.3	0.3	2.6	39.6	0.4	40.0	45.2	0.6	45.8
	<b>367.6</b>	<b>3,439.5</b>	<b>3,807.1</b>	516.4	1,095.9	1,612.3	855.4	3,929.8	4,785.2
			US¢			US¢			US¢
Earnings per share ( <i>note 7</i> )									
- basic			164.82			69.90			210.70
- diluted			162.94			67.26			202.30

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


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	(unaudited) Six months ended 30th June <b>2011</b> US\$m	2010 US\$m (restated)	Year ended 31st December 2010 US\$m
Profit for the period	<b>3,807.1</b>	1,612.3	4,785.2
Revaluation of other investments	<b>6.0</b>	(4.6)	11.0
Net actuarial gains on employee benefit plans	-	-	0.2
Net exchange translation differences	<b>64.7</b>	(48.8)	59.1
Cash flow hedges			
- net loss arising during the period	<b>(14.9)</b>	(5.7)	(17.1)
- transfer to profit and loss	<b>2.6</b>	3.5	7.2
	<b>(12.3)</b>	(2.2)	(9.9)
Share of other comprehensive income of associates and joint ventures	<b>65.8</b>	(1.7)	80.8
Tax relating to components of other comprehensive income	<b>1.9</b>	(0.1)	1.1
Other comprehensive income for the period	<b>126.1</b>	(57.4)	142.3
Total comprehensive income for the period	<b>3,933.2</b>	1,554.9	4,927.5
Attributable to:			
Shareholders of the Company	<b>3,930.6</b>	1,514.6	4,870.4
Non-controlling interests	<b>2.6</b>	40.3	57.1
	<b>3,933.2</b>	1,554.9	4,927.5

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

	<b>2011</b>	(unaudited) At 30th June	At 31st December
	<b>US\$m</b>	2010	2010
		US\$m	US\$m
		(restated)	
<b>Net operating assets</b>			
Investment properties ( <i>note 9</i> )	<b>21,380.5</b>	15,496.6	18,036.0
Fixed assets	<b>4.9</b>	4.3	4.2
Associates and joint ventures	<b>3,492.5</b>	2,710.2	3,177.7
Other investments	<b>65.2</b>	41.6	59.2
Deferred tax assets	<b>9.6</b>	5.7	7.1
Pension assets	<b>10.8</b>	10.2	10.6
Non-current debtors	<b>53.7</b>	63.0	51.5
Non-current assets	<b>25,017.2</b>	18,331.6	21,346.3
Properties for sale	<b>1,085.4</b>	676.2	1,184.4
Current debtors	<b>397.5</b>	431.1	245.1
Bank balances	<b>771.4</b>	1,495.6	1,366.7
Current assets	<b>2,254.3</b>	2,602.9	2,796.2
Current creditors	<b>(616.3)</b>	(701.3)	(723.4)
Current borrowings ( <i>note 10</i> )	<b>(285.6)</b>	(847.1)	(859.7)
Current tax liabilities	<b>(101.5)</b>	(116.5)	(69.2)
Current liabilities	<b>(1,003.4)</b>	(1,664.9)	(1,652.3)
Net current assets	<b>1,250.9</b>	938.0	1,143.9
Long-term borrowings ( <i>note 10</i> )	<b>(2,662.1)</b>	(2,785.6)	(2,864.8)
Deferred tax liabilities	<b>(58.1)</b>	(48.2)	(54.8)
Non-current creditors	<b>(99.4)</b>	(41.9)	(93.1)
	<b>23,448.5</b>	16,393.9	19,477.5
<b>Total equity</b>			
Share capital	<b>232.5</b>	224.9	225.1
Revenue and other reserves	<b>23,192.5</b>	16,000.9	19,231.5
Shareholders' funds	<b>23,425.0</b>	16,225.8	19,456.6
Non-controlling interests	<b>23.5</b>	168.1	20.9
	<b>23,448.5</b>	16,393.9	19,477.5

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

	Attributable to shareholders of the Company						Attributable to non-controlling interests		Total equity
	Share capital US\$m	Share premium US\$m	Revenue reserves US\$m	Capital reserves US\$m	Hedging reserves US\$m	Exchange reserves US\$m	Total US\$m	US\$m	US\$m
<b>Six months ended 30th June 2011</b>									
At 1st January 2011	225.1	5.3	18,900.7	62.5	(16.2)	279.2	19,456.6	20.9	19,477.5
Total comprehensive income	-	-	3,810.5	-	(10.4)	130.5	3,930.6	2.6	3,933.2
Dividends paid by the Company	-	-	(232.3)	-	-	-	(232.3)	-	(232.3)
Issue of shares	7.4	262.7	-	-	-	-	270.1	-	270.1
Transfer	-	-	45.2	(45.2)	-	-	-	-	-
At 30th June 2011	<u>232.5</u>	<u>268.0</u>	<u>22,524.1</u>	<u>17.3</u>	<u>(26.6)</u>	<u>409.7</u>	<u>23,425.0</u>	<u>23.5</u>	<u>23,448.5</u>
<b>Six months ended 30th June 2010</b>									
At 1st January 2010									
- as previously reported	224.9	-	12,332.5	63.4	(7.4)	142.5	12,755.9	135.4	12,891.3
- change in accounting policy for adopting amendments to IAS 12	-	-	2,172.1	-	-	8.1	2,180.2	-	2,180.2
- as restated	224.9	-	14,504.6	63.4	(7.4)	150.6	14,936.1	135.4	15,071.5
Total comprehensive income	-	-	1,567.7	-	(2.3)	(50.8)	1,514.6	40.3	1,554.9
Dividends paid by the Company	-	-	(224.9)	-	-	-	(224.9)	-	(224.9)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(7.6)	(7.6)
At 30th June 2010	<u>224.9</u>	<u>-</u>	<u>15,847.4</u>	<u>63.4</u>	<u>(9.7)</u>	<u>99.8</u>	<u>16,225.8</u>	<u>168.1</u>	<u>16,393.9</u>

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

	Attributable to shareholders of the Company						Attributable to non-controlling interests		Total equity US\$m
	Share capital US\$m	Share premium US\$m	Revenue reserves US\$m	Capital reserves US\$m	Hedging reserves US\$m	Exchange reserves US\$m	Total US\$m	US\$m	
<b>Year ended 31st December 2010</b>									
At 1st January 2010									
- as previously reported	224.9	-	12,332.5	63.4	(7.4)	142.5	12,755.9	135.4	12,891.3
- change in accounting policy for adopting amendments to IAS 12	-	-	2,172.1	-	-	8.1	2,180.2	-	2,180.2
- as restated	224.9	-	14,504.6	63.4	(7.4)	150.6	14,936.1	135.4	15,071.5
Total comprehensive income	-	-	4,750.6	-	(8.8)	128.6	4,870.4	57.1	4,927.5
Dividends paid by the Company	-	-	(359.9)	-	-	-	(359.9)	-	(359.9)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(8.1)	(8.1)
Issue of shares	0.2	5.3	-	-	-	-	5.5	-	5.5
Change in interests in subsidiaries	-	-	4.5	-	-	-	4.5	(163.5)	(159.0)
Transfer	-	-	0.9	(0.9)	-	-	-	-	-
At 31st December 2010	225.1	5.3	18,900.7	62.5	(16.2)	279.2	19,456.6	20.9	19,477.5

Total comprehensive income for the six months ended 30th June 2011 included in revenue reserves comprises the profit attributable to shareholders of the Company of US\$3,804.5 million (2010: US\$1,572.3 million) and net fair value gain in other investments of US\$6.0 million (2010: loss of US\$4.6 million).

Total comprehensive income for the year ended 31st December 2010 included in revenue reserves comprises the profit attributable to shareholders of the Company of US\$4,739.4 million, net fair value gain on other investments of US\$11.0 million and net actuarial gain on employee benefit plans of US\$0.2 million.

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

	(unaudited) Six months ended 30th June 2011 US\$m	2010 US\$m	Year ended 31st December 2010 US\$m
<b>Operating activities</b>			
Operating profit	3,756.3	1,239.0	4,079.1
Depreciation	0.7	0.5	1.1
Write back of provision for development properties held for sale	-	(50.9)	(50.9)
Change in fair value of investment properties	(3,301.3)	(726.8)	(3,197.6)
Asset impairment provisions, reversals and disposals	-	-	(0.1)
Decrease/(increase) in properties for sale	134.7	161.3	(296.6)
(Increase)/decrease in debtors, prepayments and others	(149.4)	(115.8)	79.3
(Decrease)/increase in creditors and accruals	(105.3)	27.6	26.1
Interest received	20.5	22.8	38.2
Interest and other financing charges paid	(52.5)	(46.7)	(90.2)
Tax paid	(40.8)	(72.3)	(169.7)
Dividends from associates and joint ventures	23.3	165.9	271.7
Cash flows from operating activities	<b>286.2</b>	604.6	690.4
<b>Investing activities</b>			
Major renovations expenditure	(21.3)	(14.3)	(34.6)
Developments capital expenditure	(1.0)	(0.2)	(0.2)
Investments in and loans to associates and joint ventures	(74.8)	(51.9)	(17.9)
Purchase of other investments	-	-	(2.0)
Cash flows from investing activities	<b>(97.1)</b>	(66.4)	(54.7)
<b>Financing activities</b>			
Drawdown of borrowings	81.8	361.5	1,404.2
Repayment of borrowings	(641.5)	(396.3)	(1,380.6)
Change in interests in subsidiaries	-	-	(159.9)
Repayment to non-controlling interests	(3.8)	(6.7)	(11.1)
Dividends paid by the Company	(231.0)	(222.9)	(358.2)
Dividends paid to non-controlling interests	-	(7.4)	(7.8)
Cash flows from financing activities	<b>(794.5)</b>	(271.8)	(513.4)
Net (decrease)/increase in cash and cash equivalents	<b>(605.4)</b>	266.4	122.3
Cash and cash equivalents at beginning of period	1,365.7	1,225.0	1,225.0
Effect of exchange rate changes	10.5	2.9	18.4
Cash and cash equivalents at end of period	<b>770.8</b>	1,494.3	1,365.7

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

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1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

The following amendments and interpretation to existing standards which are effective in the current accounting period and relevant to the Group's operations are adopted in 2011:

Revised IAS 24	Related Party Disclosures
Amendment to IAS 32	Classification of Rights Issues
Amendment to IFRIC 14	Prepayments of a minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to IFRSs (2010)	

There have been no changes to the accounting policies described in the 2010 annual financial statements upon the adoption of the above amendments and interpretations to existing standards.

Revised IAS 24 'Related Party Disclosures' supersedes IAS 24 (as revised in 2003). It simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party.

Amendment to IAS 32 'Classification of Rights Issues' clarifies that rights issues are equity instruments when they are denominated in a currency other than the issuer's functional currency and are issued pro-rata to an entity's existing shareholders for a fixed amount of currency.

Amendments to IFRIC 14 'Prepayments of a Minimum Funding Requirement' require an entity to recognise an asset for a prepayment that will reduce future minimum funding contributions required by the entity.

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' provides guidance on the application of IAS 39 and IAS 32 when an entity issues its own equity instruments to extinguish all or part of a financial liability.

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

The Improvements to IFRSs (2010) comprise a number of non-urgent but necessary amendments to IFRSs. The amendments which are relevant to the Group's operations include IFRS 3 (amendments) 'Business Combinations', IFRS 7 (amendments) 'Financial Instruments: Disclosures', IAS 1 (amendments) 'Presentation of Financial Statements', IAS 34 (amendments) 'Interim Financial Reporting' and IFRIC 13 (amendment) 'Customer Loyalty Programmes'.

IFRS 3 (amendments) 'Business Combinations' clarify the transition requirements for contingent consideration from business combination that occurred before the effective date of the revised IFRS, the measurement of non-controlling interests and un-replaced and voluntarily replaced share-based payment awards.

IFRS 7 (amendments) 'Financial Instruments: Disclosures' emphasise the interaction between qualitative and quantitative disclosures and the nature and extent of risks associated with financial instruments.

IAS 1 (amendments) 'Presentation of Financial Statements' clarify that entities may present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

IAS 34 (amendments) 'Interim Financial Reporting' provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets.

As a result of the early adoption of the amendments to IAS 12 'Deferred Tax: Recovery of Underlying Assets' at 31st December 2010, certain comparative figures from the interim results of 2010 have been restated.

The effects of adopting amendments to IAS 12 on the consolidated profit and loss account for the six months ended 30th June 2010 were as follows:

	US\$m
Increase in share of results of associates and joint ventures	61.6
Decrease in tax	119.8
Increase in profit after tax	<u>181.4</u>
Attributable to:	
Shareholders of the Company	<u>181.4</u>
Increase in basic earnings per share (US¢)	<u>8.06</u>
Increase in diluted earnings per share (US¢)	<u>7.71</u>

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

The effects of adopting amendments to IAS 12 on the consolidated balance sheet at 1st January 2010 was disclosed in note 1 to the 2010 annual financial statements.

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

## 2. REVENUE

	Six months ended 30th June	
	2011 US\$m	2010 US\$m
Rental income	<b>348.2</b>	339.6
Service income	<b>54.6</b>	49.7
Sales of trading properties	<b>351.9</b>	375.8
	<b>754.7</b>	765.1

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

## 3. NET OPERATING COSTS

	Six months ended 30th June	
	2011 US\$m	2010 US\$m
Cost of sales	<b>(267.9)</b>	(220.7)
Other income	<b>2.3</b>	2.2
Administrative expenses	<b>(34.1)</b>	(34.4)
	<b>(299.7)</b>	(252.9)

## 4. OPERATING PROFIT

	Six months ended 30th June	
	2011 US\$m	2010 US\$m
<i>By business</i>		
Commercial property	<b>342.4</b>	327.7
Residential property	<b>135.0</b>	207.8
Corporate	<b>(22.4)</b>	(23.3)
	<b>455.0</b>	512.2
Change in fair value of investment properties		
- Commercial property	<b>3,287.3</b>	718.4
- Residential property	<b>14.0</b>	8.4
	<b>3,301.3</b>	726.8
	<b>3,756.3</b>	1,239.0

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

	Six months ended 30th June	
	2011	2010
	US\$m	US\$m
<i>By business</i>		
Commercial property		
- Operating profit	38.3	10.7
- Net financing charges	(13.7)	(6.1)
- Tax	(5.3)	(0.9)
- Net profit	19.3	3.7
Residential property		
- Operating profit	6.9	126.8
- Net financing charges	(3.2)	(1.9)
- Tax	(0.9)	(24.4)
- Non-controlling interests	-	(0.1)
- Net profit	2.8	100.4
Underlying business performance	22.1	104.1
Non-trading items:		
Change in fair value of investment properties (net of deferred tax)		
- Commercial property	134.7	365.6
- Residential property	3.8	3.4
	138.5	369.0
	160.6	473.1

## 6. TAX

	Six months ended 30th June	
	2011	2010
	US\$m	US\$m
Tax (charged)/credited to profit and loss is analysed as follows:		
Current tax	(71.3)	(68.5)
Deferred tax		
- changes in fair value of investment properties	(0.3)	0.1
- other temporary differences	(2.5)	(0.6)
	(74.1)	(69.0)
Tax relating to components of other comprehensive income is analysed as follows:		
Cash flow hedges	1.9	(0.1)

## 6. TAX (continued)

Tax on profits has been calculated at the rates of taxation prevailing in the territories in which the Group operates. The Group has no tax payable in the United Kingdom (2010: Nil).

Share of tax of associates and joint ventures of US\$11.8 million (2010: US\$30.0 million) are included in share of results of associates and joint ventures.

## 7. EARNINGS PER SHARE

Basic earnings per share are calculated on profit attributable to shareholders of US\$3,804.5 million (2010: US\$1,572.3 million) and on the weighted average number of 2,308.3 million (2010: 2,249.3 million) shares in issue during the period.

Diluted earnings per share are calculated on profit attributable to shareholders of US\$3,807.5 million (2010: US\$1,582.8 million), which is after adjusting for the effects of the conversion of convertible bonds, and on the weighted average number of 2,336.7 million (2010: 2,353.2 million) shares in issue during the period.

	Ordinary shares in millions	
	2011	2010
Weighted average number of shares in issue	2,308.3	2,249.3
Adjustment for shares to be issued on conversion of convertible bonds	28.4	103.9
Weighted average number of shares for diluted earnings per share calculation	2,336.7	2,353.2

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

	Six months ended 30th June					
	2011			2010		
	Basic earnings per share	Diluted earnings per share		Basic earnings per share	Diluted earnings per share	
	US\$m	US¢	US¢	US\$m	US¢	US¢
Underlying profit attributable to shareholders	365.3	15.83		476.8	21.20	
Non-trading items (note 8)	3,439.2			1,095.5		
Profit attributable to shareholders	3,804.5	164.82		1,572.3	69.90	
Interest expense on convertible bonds (net of tax)	3.0			10.5		
Profit for calculation of diluted earnings per share	3,807.5	162.94		1,582.8	67.26	

## 8. NON-TRADING ITEMS

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

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

	Six months ended 30th June	
	2011 US\$m	2010 US\$m
Change in fair value of investment properties	<b>3,301.3</b>	726.8
Deferred tax (charges)/credits on change in fair value of investment properties	<b>(0.3)</b>	0.1
Share of change in fair value of investment properties of associates and joint ventures (net of deferred tax)	<b>138.5</b>	369.0
Non-controlling interests	<b>(0.3)</b>	(0.4)
	<b>3,439.2</b>	1,095.5

## 9. INVESTMENT PROPERTIES

	Six months ended 30th June		Year ended 31st December
	2011 US\$m	2010 US\$m	2010 US\$m
Net book value at beginning of period	<b>18,036.0</b>	14,817.7	14,817.7
Exchange rate adjustments	<b>26.1</b>	(57.1)	(6.9)
Additions	<b>17.1</b>	9.2	27.6
Net revaluation surpluses	<b>3,301.3</b>	726.8	3,197.6
Net book value at end of period	<b>21,380.5</b>	15,496.6	18,036.0

## 10. BORROWINGS

	At 30th June 2011 US\$m	2010 US\$m	At 31st December 2010 US\$m
<i>Current</i>			
Bank overdrafts	<b>0.6</b>	1.3	1.0
Current portion of long-term borrowings			
- Bank loans	<b>285.0</b>	0.9	253.8
- 3.01% Singapore dollar notes due 2010	-	232.7	-
- 7% United States dollar bonds due 2011	-	612.2	604.9
	<b>285.6</b>	847.1	859.7
<i>Long-term</i>			
Bank loans	<b>440.3</b>	1,051.4	410.7
5.5% United States dollar bonds due 2014	<b>548.4</b>	551.9	548.3
3.65% Singapore dollar notes due 2015	<b>306.8</b>	269.5	293.3
2.75% United States dollar convertible bonds due 2012	<b>104.8</b>	373.1	372.8
Medium term notes	<b>1,261.8</b>	539.7	1,239.7
	<b>2,662.1</b>	2,785.6	2,864.8
	<b>2,947.7</b>	3,632.7	3,724.5
Secured	-	83.1	41.2
Unsecured	<b>2,947.7</b>	3,549.6	3,683.3
	<b>2,947.7</b>	3,632.7	3,724.5

## 11. DIVIDENDS

	Six months ended 30th June	
	2011 US\$m	2010 US\$m
Final dividend in respect of 2010 of US¢10.00 (2009: US¢10.00) per share	<b>232.3</b>	224.9

An interim dividend in respect of 2011 of US¢6.00 (2010: US¢6.00) per share amounting to a total of US\$139.5 million (2010: US\$135.0 million) is declared by the Board and will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2011.

## 12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 30th June 2011 and 31st December 2010 amounted to US\$796.4 million and US\$1,027.9 million respectively.

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

## 13. RELATED PARTY TRANSACTIONS

In the normal course of business, the Group has entered into a variety of transactions with the subsidiary undertakings, associates and joint ventures of Jardine Matheson Holdings Limited ('Jardine Matheson group members'), the ultimate holding company of the Group. The more significant of these transactions are described below:

### *Management fee*

The management fee payable by the Group to Jardine Matheson Limited was US\$1.8 million (2010: US\$2.4 million), being consideration for management consultancy services provided by Jardine Matheson Limited, a wholly-owned subsidiary of Jardine Matheson Holdings Limited.

### *Property and other services*

The Group rented properties to Jardine Matheson group members. Gross rents on such properties in 2011 amounted to US\$10.5 million (2010: US\$9.5 million).

Jardine Matheson group members provided property construction, maintenance and other services to the Group in 2011 in aggregate amounting to US\$18.8 million (2010: US\$17.7 million).

The outstanding balances arising from the above services at 30th June 2011 are not material.

### *Hotel management services*

Jardine Matheson group members provided hotel management services to the Group in 2011 amounting to US\$0.9 million (2010: US\$0.7 million).

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

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

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**Hongkong Land Holdings Limited**  
**Going Concern Statement**

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The Directors are required to consider whether it is appropriate to prepare financial statements on the basis that the Company and the Group are going concerns. The Group prepares comprehensive financial forecasts and, based on these forecasts, cash resources and existing credit facilities, the Directors consider that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

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**Principal Risks and Uncertainties**

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

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

For greater detail, please refer to page 70 of the Company's Annual Report for 2010, a copy of which is available on the Company's website [www.hkland.com](http://www.hkland.com).

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**Responsibility Statement**

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

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

For and on behalf of the Board

Y K Pang  
John R Witt

*Directors*

28th July 2011

*The interim dividend of US\$6.00 per share will be payable on 12th October 2011 to shareholders on the register of members at the close of business on 19th August 2011. The ex-dividend date will be on 17th August 2011, and the share registers will be closed from 22nd to 26th August 2011, 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 2011 interim dividend by notifying the United Kingdom transfer agent in writing by 23rd September 2011. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 28th September 2011. 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, Hongkong Land's business is built on partnership, integrity and excellence.

In Hong Kong, the Group owns and manages some 450,000 sq. m. (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, principally in China and Singapore where its subsidiary, MCL Land, is a significant developer.

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

- end -

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