Jardines

JARDINE MATHESON ANNUAL REPORT 2022

CREATING LONG-TERM, SUSTAINABLE VALUE

Jardines

Contents

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for more information

Jardine Matheson Holdings Limited is incorporated in Bermuda and has a primary listing in the standard segment of the London Stock Exchange, with secondary listings in Bermuda and Singapore. Jardine Matheson Limited operates from Hong Kong and provides management services to Group companies.

Jardine Matheson Holdings Limited
Jardine House
Hamilton
Bermuda

Jardine Matheson is a diversified Asia-based group founded in China in 1832, with unsurpassed experience in the region. Our broad portfolio of market-leading businesses represents a combination of cash generating activities and long-term property assets, which are closely aligned to the increasingly prosperous consumers of the region. The Group's businesses aim to produce sustainable returns by providing their customers with high quality products and services. We are committed to driving long-term sustainable success in our businesses and our communities.

Our Presence

We operate principally in China and Southeast Asia. We maintain a sustainable balance of both growth and developed markets. We have deep roots across the region and have been partnering with founders and management for 190 years to build and grow successful companies. Our subsidiaries and affiliates benefit from the support of the Group's extensive knowledge of the region and long-standing relationships.

Our Operations

Across the Group, our over 425,000 employees work in a wide range of businesses in major sectors, including motor vehicles and related operations, property investment and development, food retailing, health and beauty, home furnishings, engineering and construction, transport services, restaurants, luxury hotels, financial services, heavy equipment, mining, and agribusiness.

We support our Group companies by sharing the Group's expertise and experience, as well as providing them with financial and other resources, to create value and achieve sustainable growth over the long term.

Our Approach

Our values of integrity, steadfastness, collaboration, and an entrepreneurial spirit, underpin how our businesses operate, as they provide products, services, and experiences that impact millions of lives every day.

The Group works closely with our businesses to deliver on four strategic priorities: Evolving our portfolio, Enhancing leadership and entrepreneurialism, Driving innovation and operational excellence, and Embedding sustainability.

These values and priorities guide us in creating long-term and sustainable value for our businesses and the communities in which we operate.

Highlights

- Underlying profit and underlying earnings per share grow by 5% and 14%, respectively
- Strong performance in Southeast Asia, led by Astra
- Continued pressure on China (including Hong Kong) in the second half
- Full year dividend of US$2.15, up 8%

Analysis of underlying profit attributable to shareholders of US$1,584 million

By business*

11%
Jardine Pacific
US$182m

17%
Jardine Motors
US$299m

23%
Hongkong Land
US$405m

1%
DFI Retail Group
US$22m

Mandarin Oriental^
US$6m

8%
Jardine Cycle & Carriage
US$135m

40%
Astra
US$691m

By sector*

24%
US$417m
Property

32%
US$561m
Motor vehicles

27%
US$475m
Engineering, heavy equipment, mining, construction & energy

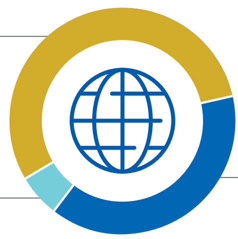
5%
US$76m
Retail & restaurants

9%
US$154m
Financial services

US$6m
Hotels^

3%
US$51m
Others

By geographical area*



Southeast Asia
55%

Rest of the World
6%

China
39%

*Based on underlying profit attributable to shareholders before corporate and other interests, which amounted to US$1,740 million.

^ Insignificant contribution from Mandarin Oriental.

Strategic priorities

The Group works with our businesses to deliver on our strategic priorities of:

2022 financial highlights

US$114,758m
Gross revenue

US$4,930m
Underlying profit before tax[Ω]

US$37,724m
Revenue

US$354m
Profit attributable to shareholders

US$89,148m
Total assets

425,000
People employed[Δ]

US$28,826m
Shareholders' funds

US$1,584m
Underlying profit attributable to shareholders[Ω]

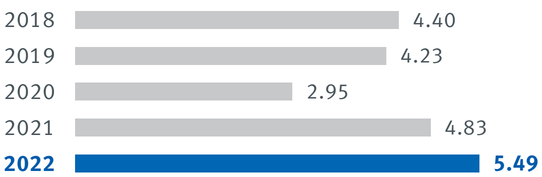
US$7,515m
Net borrowings[#]

US$9,657m
Total capital investment[†]

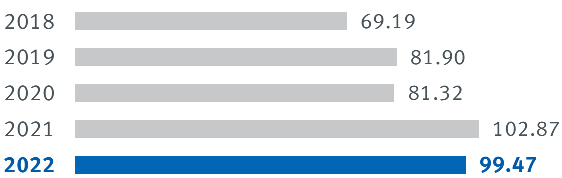
Results

	2022 US$m	2021 US$m	Change %
Gross revenue including 100% of associates and joint ventures	**114,758**	109,370	5
Revenue	**37,724**	35,862	5
Underlying profit before tax[Ω]	**4,930**	4,117	20
Underlying profit attributable to shareholders[Ω]	**1,584**	1,513	5
Profit attributable to shareholders	**354**	1,881	(81)
Shareholders' funds	**28,826**	29,781	(3)
	US$	US$	%
Underlying earnings per share[Ω]	**5.49**	4.83	14
Earnings per share	**1.22**	6.01	(80)
Dividends per share	**2.15**	2.00	8

Underlying earnings per share (US$)



Net asset value per share (US$)



[Ω] The Group uses 'underlying profit' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 41 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.

[Δ] Includes major associates and joint ventures.

[#] Excluding net borrowings of financial services companies.

[†] Including expenditure on properties for sale and in associates and joint ventures.

A Discussion with our Group Managing Director

Our diversified portfolio and prospects ahead

Jardine Matheson ('Jardines' or 'the Group') is a diversified group operating across our core geographies of China and Southeast Asia. Over our 190 years, we have developed a track record, expertise, networks, and long-standing relationships in the region that support our Group businesses in creating value and sustainable growth.

In this section, we hear from **John Witt, Group Managing Director of Jardine Matheson**, as he discusses the strengths of our portfolio across the regions of North and Southeast Asia, and the opportunities ahead for the Group.

What is the role of Jardines in creating value for the Group's businesses?

We are active and long-term owners of our Group businesses. We partner with founder entrepreneurs and leading local companies, sharing our long-standing relationships, localised market knowledge, international best practices, and capital resources. We also serve as the partner of choice for many international brands when they want to find a single platform for accessing the region.

With our businesses, we work together to set strategic direction and deliver on four priorities. These are:
1. Evolving our portfolio;
2. Enhancing leadership and entrepreneurialism;
3. Driving innovation and operational excellence; and
4. Embedding sustainability.

We focus on having the right leaders in place across our businesses, and ensuring recruitment, learning and development, and succession planning all support our strategic objectives. Cross-group people mobility is also an important characteristic of the way leaders are developed across the Group.

How does Jardines approach investments and grow them for the long-term?

Firstly, we partner with management teams that we trust and who have the drive to develop and execute strategies to grow their businesses.

We take a disciplined approach towards our capital structure, which ensures the stability of our businesses across cycles. This approach includes the investment principles that we apply to manage our gearing and the long-standing relationships we have with a wide range of capital providers.

We are patient, long-term investors, and we often start with small interests in companies and build them up over time. We also make substantial investments when we see the right opportunity, are confident in our experience and knowledge of the sector, and have the talent in place to succeed.

For example, we invested in **Astra** just after the 1997 Asian Financial Crisis, when others were still apprehensive about Southeast Asia. Over the years, we increased our investment, and alongside capital, we provide strategic advice and talent. Today, Astra is one of Indonesia's leading local companies. Similarly, in Vietnam, we started our investments in **THACO** in 2008 and continue to support the group. Today, THACO operates across multiple sectors, principally in automotive, but also in property and agriculture.

We also continue to invest via our Group businesses. An example is **Hongkong Land**, where in the early stages of COVID – together with strategic partners – we invested in a 1.1 million square metre mixed-use development along the **West Bund**, which has a development cost of approximately US$8 billion. The Group's deep knowledge of the property sector and strong balance sheet allowed us to successfully invest and develop the project against a challenged property market outlook in the Chinese mainland.

Demonstrating the scale of the investments we make via our businesses, in 2022 alone, we deployed US$2.7 billion of organic growth Capex across the Group.

Tell us more about the Group's geographical focus.

We are and will continue to be focussed on China and Southeast Asia. Our diversified portfolio has benefitted us through difficult periods such as the pandemic – where our performance in 2020 was largely carried by China, while over the following two years, Southeast Asia contributed significantly towards our strong performance.

On the Chinese mainland, we are selective of the regions in which we invest. For example, Hongkong Land's property businesses are in Tier 1 and Tier 2 cities – essentially along the Yangtze River Delta – while our consumer retail businesses like Yonghui and Zhongsheng are mostly in well-developed and economically vibrant higher growth areas.

In Southeast Asia, our highest priority growth markets are in Indonesia – where Astra is a major investment – and increasingly in Vietnam, where we are building up our portfolio.

Our businesses are well-positioned to capture the themes of urbanisation and the rising middle-income population in Asia. They support infrastructure development and provide products and services to meet the growing needs of consumers and businesses.

In Southeast Asia, **Astra** has businesses in sectors including automotive, financial services, heavy equipment and mining, agribusiness, and property, all of which support the country's growth. They also provide almost 200,000 jobs.

Zhongsheng, China's largest automotive dealer, is well-placed to capture opportunities of the growing automotive market by leveraging its operational capability as a leading distributor and its strong customer base.

In Hong Kong and Singapore, **DFI Retail Group** continues its digital transformation to cement its position as a market leader.

The exception to our geographical focus is **Mandarin Orienta**l, which is a global luxury hotel investment and management group.

Overall, we expect both China and Southeast Asia to make balanced contributions to our growth and earnings over the long-term.

What are the opportunities for Jardines to generate growth and returns, and how is the Group organising itself to capture them?

In the near-term, returns will come from the cyclical recovery as we emerge from the pandemic. For example, our consumer businesses like Mannings in Hong Kong and Maxim's across the region, as well as Mandarin Oriental, should benefit significantly from the reopening of Chinese borders.

Looking ahead, we are expecting some of our more recent substantial investments to start generating sustainable returns. Some examples include Astra's infrastructure business in Indonesia – principally investments in toll roads – Hongkong Land's important West Bund development project, as well as THACO's business in agriculture.

We are responding to macro trends and growth sectors where we see opportunities. These include digitalisation, healthcare services, and sustainability.

In the area of **digitalisation**, we have expanded our digital banking offerings through investments in Bank Jasa Jakarta and livi bank in Hong Kong.

We have made investments in **healthcare services** – including Halodoc and Medikaloka Hermina in Indonesia – and these are expected to be a significant growth area as consumers grow older and more affluent in the future.

Finally, we are capturing **sustainability and energy transition** business opportunities in markets like Vietnam, where there is strong government support for green energy. REE is now one of the biggest players in renewables in Vietnam, particularly in solar, wind and hydro. Furthermore, we have begun to make early-stage investments in renewables in Indonesia.

Over the past two years, our focus has been on the simplification of our Group structure which has required significant capital, as well as ongoing review and disposal of non-core assets.

At the same time, we are increasingly positioned to capture new opportunities. You will note that we have made senior appointments to drive business development efforts in both China and Southeast Asia.

I am confident and excited about the opportunities ahead for the Group and our businesses across Asia.

A Discussion with our Group Finance Director

Our capital allocation strategy

At Jardines, our disciplined capital allocation strategy and core investment principles have allowed us to successfully grow our businesses over time. Our diverse portfolio of market-leading businesses generates strong cashflows and delivers resilient performance across the business cycle.

In this section, **Graham Baker, Group Finance Director of Jardine Matheson**, shares more about the Group's capital allocation strategy that supports growth for the long-term.

Can you share about Jardines' capital allocation strategy?

Our capital allocations start with organic investments in our existing business portfolio in order to drive sustainable long-term earnings growth and returns. Next, we are committed to continued payment of our dividend to shareholders, which we aim to grow over time. Finally, we review M&A opportunities in new businesses and deepening investments in existing Group companies side by side.

Our principal criteria for such investments are value and returns, earnings growth and risk profile, including sustainability considerations. All of this sits within a commitment to a strong balance sheet and investment grade credit metrics, which give us the confidence and flexibility to invest when we see the right opportunities – even at times of financial dislocation.

We have maintained this approach through the recent pandemic with continued support for organic capital investment across our businesses. These include investments to digitally enable our businesses across the portfolio, and as a couple of specific examples, investing in the ongoing transformation programme at DFI Retail Group and the major West Bund project in Shanghai at Hongkong Land.

The Group has recently been deepening its position in existing businesses through share buybacks and the Jardine Strategic acquisition. What is the thinking behind this and what's next?

There were multiple reasons for the US$5.6 billion acquisition of Jardine Strategic. We wanted to put in place a simpler, more conventional ownership structure for the Group, which provides greater transparency to shareholders. We also saw benefit in enhancing the earnings position of the Group to support long-term dividend growth and the opportunity to streamline some of our internal processes. At the time in 2021, we were also able to leverage the financial strength of our balance sheet.

Since then, the focus of the Group has been on getting gearing closer to historical levels and prioritising reducing debt. To support this – as well as the resilient organic cash generation of the business – we have made some strategic decisions to recycle capital where we saw good value and strategic rationale, notably the sale of Zung Fu China to our associate Zhongsheng.

On buybacks, the Group deployed US$1.3 billion purchasing Jardine Matheson shares over 2020, 2021 and 2022. There have also been buybacks by Hongkong Land and a number of Group companies in Southeast Asia.

As mentioned earlier, the Group evaluates these side by side with external M&A opportunities. However, portfolio evolution remains a strategic priority for the Group. Both of these offer potential for delivering value to shareholders and, therefore, we look to balance the investments in buybacks (and the acquisition of Jardine Strategic) with capital allocations on M&A for new businesses.

In 2022, we made several new investments across the Group. These included investments by Astra in Bank Jasa Jakarta, with plans to transform it into a digital bank; Halodoc, a tele-medical consultant company; and Medikaloka Hermina hospital group.

In summary, we remain committed to reducing net debt and getting gearing closer to historical levels but will also continue to invest in new business opportunities to drive long-term growth and value creation.

How does the Group look at investment opportunities?

We follow a consistent set of investment principles, which have allowed us to successfully grow our businesses' value and earnings over time. At the broadest level, we invest in businesses where we see long-term value and growth potential, principally in markets and sectors we understand, led by people we know and trust.

We believe that a continued predominant focus on Asia, in particular China, Indonesia and Vietnam, is consistent with this and will continue to bring attractive earnings and growth prospects. Beyond that, what is distinctive is our long-term strategic approach, our ability to create enduring partnerships, local knowledge and relationships, financial strength, and our active, engaged ownership of portfolio companies.

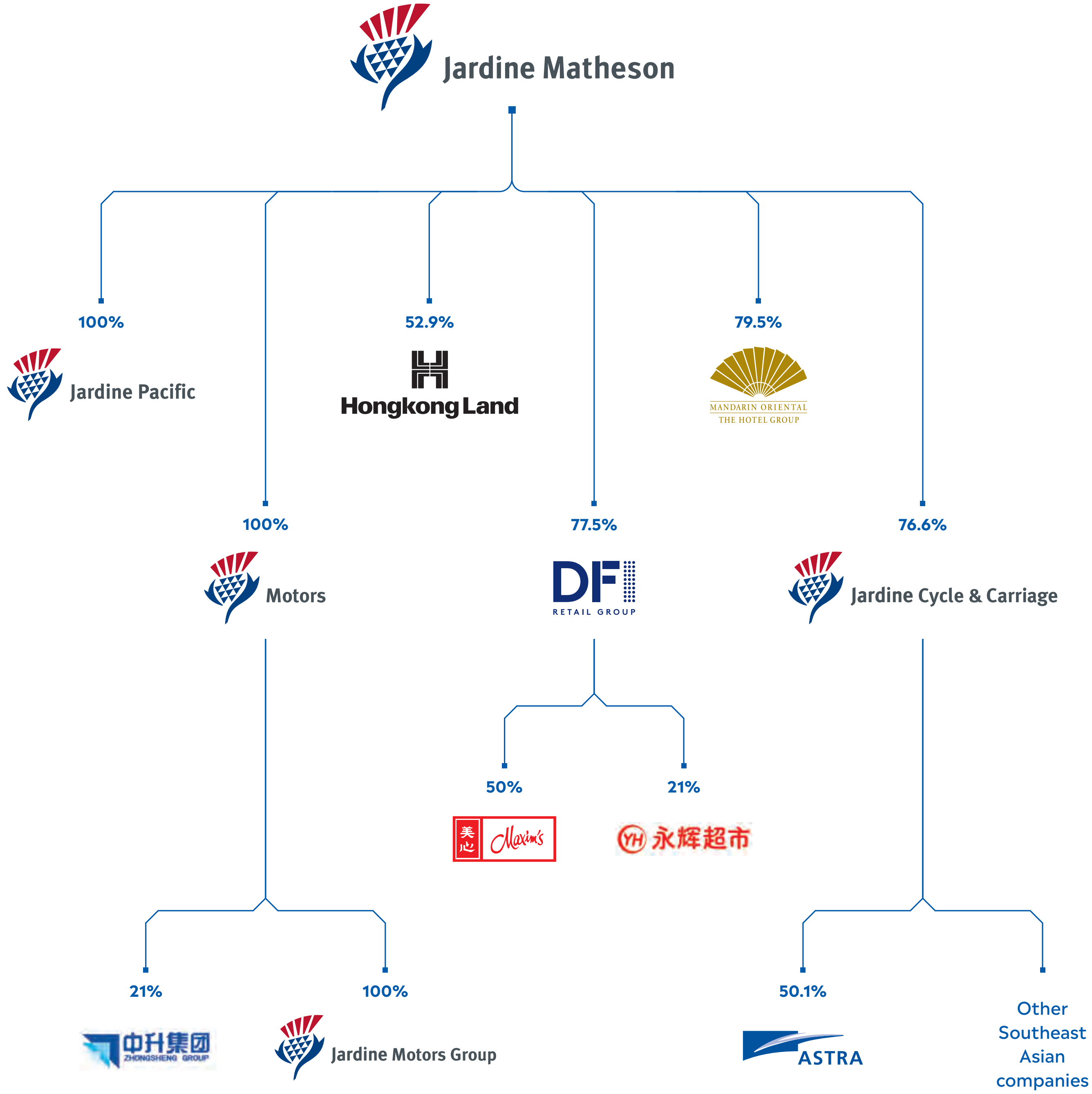
We evolve our portfolio to reflect changes in our operational environment and customer needs, and invest in new sectors and businesses, or divest non-core businesses and exit sectors, where appropriate. We also evolve our investment approach as the needs of our stakeholders and the communities we serve change.

In 2022, we announced a number of significant developments in our approach to sustainability, including issuing our first Sustainability Report and our decarbonisation strategy, which aligns the Group collectively towards the ultimate goal of net-zero.

As we move forward, our sustainability principles will also inform our investment decisions. There is work that remains to be done, for example plotting the decarbonisation pathways of our existing portfolio. The Group is committed to developing a sustainability framework on which we will base our capital allocation decisions, balancing business growth with social well-being and environmental sustainability.

Within this, we are focussed on the growth opportunities in sustainable businesses, and we are actively looking into scaling up our investments in renewable energy and related innovations.

Group Structure



Percentages show effective ownership as at 2nd March 2023.

Our Presence

We are focussed in Asia. Our market-leading businesses operate in multiple sectors across key markets of China and Southeast Asia – principally Indonesia, Singapore and Vietnam.

Sectors

- Automotive
- Engineering, Heavy Equipment, Mining, Construction & Energy
- Financial Services
- Hotels
- Property
- Retail & Restaurants
- Other sectors

Group Businesses at a Glance

Jardine Matheson

The listed holding company of the Group which oversees a portfolio of market-leading businesses and supports their long-term sustainable growth.

Jardine Pacific

Jardine Pacific's diverse portfolio comprises industry leaders in the areas of engineering and construction, aviation and transport services, and restaurants. Its companies seek to deliver excellent performance and best in class service to their customers and to create value for their business partners and shareholders. (100%)*

Hongkong Land

Hongkong Land is a major listed property investment, management and development group. The group owns and manages more than 850,000 sq. m. of prime office and luxury retail assets in key Asian cities, principally Hong Kong, Singapore, Beijing and Jakarta. Its properties hold industry leading green building certifications and attract the world's foremost companies and luxury brands. 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. (52.9%)*

Motors

Jardine Matheson has a wide range of automotive businesses, with an extensive footprint in China and Southeast Asia, and a strong presence in the United Kingdom. The Group has a long-standing strategic partnership with Zhongsheng Group, a leading automotive distribution group on the Chinese mainland. The Group's automotive businesses also comprise Zung Fu Motors Group in Hong Kong and Macau (managed by Jardine Pacific); Cycle & Carriage in Singapore, Malaysia and Myanmar, as well as Tunas Ridean in Indonesia (managed by JC&C); and Jardine Motors Group in the United Kingdom.

DFI RETAIL GROUP

DFI Retail Group is a leading listed Pan-Asian retailer. It operates under a number of well-known brands across Food (including Grocery Retail and Convenience Stores), Health and Beauty, Home Furnishings, Restaurants and Other Retailing. The group aims to provide quality and value to Asian consumers by offering leading brands, a compelling retail experience and great service, all delivered through a strong store network supported by efficient supply chains. (77.5%)*

*Figures in brackets show effective ownership at 2nd March 2023.

MANDARIN ORIENTAL
THE HOTEL GROUP

Mandarin Oriental is an international hotel investment and management group with luxury hotels, resorts and residences in sought-after destinations around the world. The group operates 36 hotels and nine residences in 24 countries and territories, and has a strong pipeline of hotels and residences under development. As an innovative industry leader, the group is committed to exceeding its guests' expectations through exceptional levels of hospitality. (79.5%)*

ASTRA

Astra is a diversified business group operating in Indonesia with seven core businesses: Automotive; Financial Services, Heavy Equipment, Mining, Construction & Energy; Agribusiness; Infrastructure and Logistics; Information Technology; and Property. With 270 subsidiaries, associated companies and jointly-controlled entities, and 200,000 employees, it is one of the largest companies in Indonesia by market capitalisation. Astra is also renowned for its 'Catur Dharma' corporate philosophy that underpins its extensive community programmes. In 2022, Astra launched Astra 2030 Sustainability Aspirations which combines its focus on communities, climate and the planet. This will guide Astra's transition journey to become a more sustainable business by 2030 and beyond. Jardine Cycle & Carriage has a 50.1% interest in Astra.

Jardine Cycle & Carriage

Jardine Cycle & Carriage ('JC&C') is the investment holding company of the Jardine Matheson Group in Southeast Asia, listed in Singapore. JC&C seeks to grow with Southeast Asia by investing in market-leading businesses based on the themes of urbanisation and the emerging consumer class. These include Astra in Indonesia; THACO, Refrigeration Electrical Engineering Corporation and Vinamilk in Vietnam; and Thailand-headquartered Siam City Cement. Other investments include automotive businesses under the Cycle & Carriage banner (in Singapore, Malaysia and Myanmar) and Tunas Ridean in Indonesia. (76.6%)*

*Figures in brackets show effective ownership at 2nd March 2023.

Chairman's Statement

Ben Keswick
Executive Chairman

"Jardines delivered a good performance overall in 2022, with results recovering to pre-pandemic levels seen in 2019. There were strong results from Southeast Asia, in particular Astra and JC&C, but the performance of our businesses in Hong Kong and on the Chinese mainland continued to be materially impacted by the continuation of pandemic restrictions there, which only began to be relaxed in December. The Group's resilience through the pandemic, however, together with its diversified portfolio, have established a solid foundation for future growth. I want to thank our colleagues across the Group for their unwavering commitment to our customers and our businesses during this challenging period.

The Group is well-positioned to take advantage of opportunities across Asia, as Southeast Asia continues its return to growth and as Hong Kong and the Chinese mainland recover. We also remain confident in our long-term strategy, focussed on our core Asia markets."

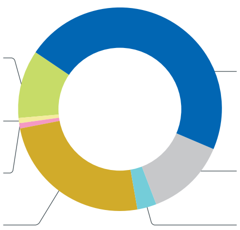
2022 in Review

2022 was a further year of challenge for our businesses across the Group, which continued to be impacted by the pandemic. I want to start by thanking each of the many colleagues who work for Jardines, as well as the Group's partners across our markets, for their unwavering commitment to our customers and our businesses during this challenging period.

The last year has seen much of the world moving to live with COVID, and many of our businesses were able to benefit from the reopening of markets and the economic recovery which resulted. Hong Kong and the Chinese mainland, however, continued to be significantly impacted by the pandemic and related restrictions, with a relaxation only starting to be seen in these markets at the very end of the year.

The Group's resilience through the pandemic, however, and its strong performance in 2022, despite challenging conditions in a number of our sectors and markets, together with its diversified portfolio, have established a solid foundation for future growth. We are optimistic that the reopening of Hong Kong and the Chinese mainland will enable our businesses there to recover quickly and we are confident in the strong future growth opportunities in Southeast Asia, and particularly in Indonesia and Vietnam. We are focussed on continuing to capitalise on the best long-term opportunities across Asia, while adapting to the changing external environment and evolving expectations of our stakeholders.

425,000 employees by business*



*Includes major associates and joint ventures.

Performance

The Group's underlying net profit of US$1,584 million for the year was US$71 million (5%) higher than the prior year. The increase was primarily driven by strong performances by Astra and our other Southeast Asian businesses held by Jardine Cycle & Carriage ('JC&C'). There was a return to underlying profit by Mandarin Oriental and an improved contribution from the Group's unlisted Jardine Pacific businesses. Hongkong Land, however, delivered significantly reduced underlying profits in 2022 and the results of DFI Retail Group ('DFI Retail') were also materially lower. There was a slight decline in the performance of the Group's Motor interests.

The financial and operational strength of the Group's businesses continues to be supported by our investment strategy and approach to capital allocation.

The Board is recommending an increased final dividend of US$1.60 per share, which produces a full year dividend of US$2.15 per share, up 8% from the prior year.

Significant Developments

The Board regularly reviews our portfolio of businesses and assesses whether actions are necessary to ensure that our activities align with our strategic priorities. The Group believes it is essential to continue to invest for the long term in business opportunities which will drive future growth for our shareholders. This approach drove the substantial investment in 2021 in simplifying the Group's parent company structure, by acquiring the 15% of the issued share capital of Jardine Strategic Holdings Limited ('Jardine Strategic') which the Company did not already own. The final stage in this Group simplification was the approval by shareholders at the Company's AGM on 5th May 2022 of the cancellation of 427 million shares in the Company, as part of a reduction in capital.

During 2022, and into 2023, we have continued to progress the simplification of the Group's portfolio and lay the foundations for the next stage of its growth. In January 2023, the Group entered into a conditional agreement to sell its 28.2% stake in the Hong Kong-listed Greatview Aseptic Packaging Company and, in March 2023, the Group expects to complete the sale of its Motors business in the United Kingdom.

In September 2022, Mandarin Oriental completed the sale of its Washington D.C. hotel, as it continued to pursue its strategy for driving future growth, primarily through the development of its management business.

The Group also continued to make strategic investments. In September 2022, Astra continued its focus on providing compelling financial services to its customers by completing the acquisition of a 49.6% stake in Bank Jasa Jakarta, which it jointly controls with WeLab and which it is planned to transform into an innovative digital bank in Indonesia.

During the year, Astra also purchased a 7.4% stake in Medikaloka Hermina, one of the largest hospital groups in Indonesia, operating as Hermina Hospitals, increasing its focus on healthcare services and adding to its existing investment in Halodoc, an online platform in Indonesia providing access to a range of medical services.

Astra made an important further step in diversifying into other minerals, by entering the nickel mining and processing businesses through an agreement to acquire 90% interests in Stargate Pasific Resources and Stargate Mineral Asia, which is expected to complete in 2023. It also made progress against its commitment to invest in renewable energy, by acquiring a 31.5% interest in Arkora Hydro, a hydro-based energy power generation business.

In July 2022, JC&C announced a general offer to acquire the remaining shares in Cycle & Carriage Bintang which it did not already own. It also increased its interest in Refrigeration Electrical Engineering Corporation ('REE') to 33.6% in the period, through on-market purchases.

In 2022, Hongkong Land acquired two new sites, in Suzhou and Shanghai. The joint venture to develop a mixed-used commercial site in Suzhou, consisting of a luxury mall and hotel, reflects the group's strategy of developing luxury and premium lifestyle retail properties on the Chinese mainland. The residential site in Shanghai is located in Xuhui District, adjacent to our large mixed-used project in West Bund.

In May 2022, DFI Retail launched its *yuu-to-me* offering, providing customers with an integrated one-stop online shopping experience and home delivery service across leading Hong Kong brands. Following the success of the rollout of the *yuu* Rewards loyalty programme in Hong Kong, the group launched *yuu* Rewards in Singapore in October 2022. The programme in Singapore benefits from partnerships with a number of leading local brands.

Sustainability

We believe that it is essential that our sustainability approach is good for business, and that real value can be realised by integrating sustainability into the strategy and business models of our Group companies. Each of our businesses should also consider sustainability issues in all aspects of their decision-making, and we are developing a framework for all our businesses to use to integrate sustainability into the capital allocation decision-making process.

There is a strong level of engagement between our businesses on sustainability issues, and this will enable us to create real scale in what we do.

A significant milestone in the Group's sustainability journey was the publication of our inaugural Sustainability Report at the end of June. The report reflected extensive work over the previous year to set a range of Group-wide metrics and gather data from our businesses, to enable the Group to measure and report its progress. We also published Task Force on Climate-related Financial Disclosures ('TCFD')-aligned disclosures for the first time. Eight other Group businesses also published sustainability reports last year, three for the first time.

We published a statement in June 2022, clarifying the Group's support for a Just Energy Transition to a low carbon economy in the geographies where we operate. The statement contains commitments to scale up investments in renewable energy and related innovations, diversify into non-coal mineral mining, and make no investments in new thermal or metallurgical coal mines or new thermal coal-fired power plants. Astra and JC&C published aligned statements at the same time.

During 2022, good progress was made on climate action. Our businesses are setting science-based 2030 targets for decarbonisation, and several of them have submitted commitment letters to SBTi. In 2023, our businesses will be developing decarbonisation pathways towards achieving those targets. There is also a strong focus on climate risk, with the development of Group-wide transition climate risk scenarios, and our businesses are starting to incorporate physical climate risk into their risk management approach.

Our businesses are exploring opportunities in relation to responsible consumption, especially in the areas of waste and circularity, including ways in which they can collaborate to achieve shared objectives. A number of initiatives are being progressed already. The Group is developing its social inclusion strategy, with a particular focus on the areas of education and mental health.

Governance

Our approach to governance is based on what is most appropriate for the Group's unique shareholding structure, size and its operations in Asia, and we continue to review its effectiveness on an ongoing basis. In 2022, we made a series of changes to strengthen the boards of our listed subsidiaries, appointing new independent non-executive directors with sector expertise and experience. The audit committees of each of these boards now have a majority of independent members. At the Company level, the membership of the audit committee is now solely Independent Non-Executive Directors.

People

Jeremy Parr retired from the Board on 31st March 2022. David Hsu retired from his role as Chairman of Jardine Matheson China on 1st August 2022. He remains on the Board of the Company as a Non-Executive Director. On behalf of the Company, I would like to thank them both for their contribution to the Board and the wider Group.

Conclusion

The Group delivered a strong set of results in 2022, despite the fact that, for much of the year, the performance of many of our businesses in Hong Kong and on the Chinese mainland was materially impacted by pandemic restrictions in those markets. This is testament to the value of the Group's diversified portfolio, as well as the resilience which our businesses and our many colleagues across the region have shown in the past year.

The Group is likely to continue to face challenges in the coming year from global economic headwinds, but it is well-positioned to take advantage of opportunities, as our key markets in Southeast Asia and China return to growth following their emergence from the pandemic.

Group Managing Director's Review

John Witt
Group Managing Director

The pandemic continued to impact many of our businesses for much of 2022, but the Group performed strongly and delivered near-record levels of underlying profit.

The performance of the Group's businesses reflects the immense effort our many colleagues across the Group have made to put customers first and to overcome the extensive professional and personal challenges they have continued to face as a result of the pandemic. This was especially the case in Hong Kong and on the Chinese mainland, where the impact of the pandemic and related restrictions continued for much longer than in other parts of the world. I would like to thank each of our colleagues for their unwavering dedication and hard work, often in very difficult circumstances.

We remain focussed on managing the short-term challenges our businesses are likely to face from global economic headwinds. We are at the same time building businesses and teams that will deliver sustainable strong growth over the medium- to long-term, and over the past year we have continued to simplify the Group's portfolio and set the Group up for its next stage of growth.

Innovation and adaptability have proven to be critical in the face of the rapidly changing business environment, and we have made substantial progress in modernising our core businesses and transforming the way we operate, to reflect that evolving environment. The pace of change continues to accelerate, however, and we are focussed on driving forward our strategic priorities with urgency in the coming year. These priorities and how we are progressing them are set out below.

Evolving our Group Portfolio

Evolving the Group's portfolio is a key element of ensuring that our business is sustainable and grows earnings over the long-term. We are focussed on deploying capital, both at a Group level and within our Group companies, towards strategic higher growth initiatives, while taking a sensible approach to divesting non-strategic and lower-yielding assets.

During the year, we continued to strengthen our position in the more promising markets of Asia and in industries where we can establish market-leading positions, to create long-term value and ensure sustainable growth. Our diversified presence in China and Southeast Asia, as well as our balanced portfolio across sectors, has helped us perform well even in difficult market conditions.

Our primary focus is on expanding our operations in areas that offer the greatest potential for future growth, such as the Chinese mainland and several ASEAN markets. We are seeking strong growth opportunities in emerging ASEAN markets like Indonesia and Vietnam, as well as developing our automotive, retail and property development interests in China.

We want to align ourselves with key trends in these markets, such as growing urbanisation and the developing middle class. We also recognise that there are continuing growth opportunities in our established markets such as Hong Kong and Singapore, which provide a stable foundation and strong cash flow.

Our capital allocation strategy prioritises organic investment in our portfolio to drive long-term growth and returns, while also aiming to increase dividends over time. We then focus on investing in new business opportunities, as well as carrying out share buybacks in our companies as appropriate. Our strategy is underpinned by a strong balance sheet. We are also increasingly focussed on ensuring that the investment opportunities we take align with our sustainability goals, and in this context we are developing a framework, which will be adopted Group-wide, to integrate sustainability into the capital allocation decision-making process.

The Group's prudent capital allocation approach underpinned the acquisition by the Company in April 2021 of the 15% minority stake in Jardine Strategic that it did not already own. This resulted in Jardine Matheson increasing its interests in Hongkong Land, DFI Retail, Mandarin Oriental, Jardine Cycle & Carriage and Astra, as well as simplifying the Group's ownership structure and governance framework. The acquisition was funded in part by debt facilities.

Following the completion of the acquisition, for the remainder of 2021 we prioritised debt reduction ahead of further, material new investments. In order to achieve this, we made two significant strategic disposals in the second half of 2021: the sale of the Zung Fu China business to our long-term partner in China, Zhongsheng; and the sale and leaseback of the Zung Fu Hong Kong properties. These transactions enabled the Company to reduce its net debt to US$1.3 billion by the end of 2021.

During 2022 and, as we enter 2023, we have continued to progress the simplification of the Group's portfolio and lay the foundations for the next stage of its growth. In January 2023, the Group entered into a conditional agreement to sell its 28.2% stake in the Hong Kong-listed Greatview Aseptic Packaging Company and, in March 2023, the Group expects to complete the sale of its Motors business in the United Kingdom.

The Group also continued to focus on making strategic investments, with Astra acquiring a 49.6% stake in Bank Jasa Jakarta in 2022, continuing its focus on providing compelling financial services to its customers, as well as a 7.4% stake in Medikaloka Hermina, one of the largest hospital groups in Indonesia, increasing its focus on healthcare services and adding to its existing investment in Halodoc, an online platform in Indonesia providing access to a range of medical services.

To support its strategy of diversifying into other minerals and renewable energy, Astra, through United Tractors, is entering the nickel mining and processing businesses through an agreement to acquire a 90% interest in Stargate Pasific Resources and Stargate Mineral Asia for US$272 million, which is expected to complete in 2023. It has also acquired a 31.5% interest in Arkora Hydro, a hydro-based energy power generation business.

In February 2023, Cycle & Carriage Singapore completed a sale and leaseback arrangement of its properties for around US$230 million.

These examples illustrate the focus of the Group on implementing its capital allocation and portfolio strategy and on seizing opportunities when they arise to optimise our portfolio and prepare the Group for future growth.

Driving Innovation and Operational Excellence

The Group also continues to focus on delivering operational excellence in our existing and new businesses, and the past year has seen strong progress by our businesses in driving greater efficiency and productivity, despite the challenging market environment. Business improvement initiatives were progressed in the year in many of the Group's businesses, including Gammon, Jardine Restaurant Group, Zung Fu Hong Kong and HACTL, with a positive impact on results. DFI Retail's multi-year transformation plan continues to deliver real improvements in operating metrics across its banners. Mandarin Oriental has successfully unified its property management system across hotels, delivering standardisation and enabling efficiency benefits. The increased efficiencies which are being delivered across our businesses are essential to their ability to increase their agility and adaptability and address the challenges they face in order to deliver future growth.

As well as driving operational excellence, a key strategic priority is a focus on innovation. Our B2B businesses have continued enthusiastically to embrace digital ways of working to improve operations. Gammon has been an early embracer of building information modelling and has continued to grow its Virtual Design & Construction ('VDC') teams in Hong Kong and Shenzhen, which use digital prototyping to validate and optimise the design and construction process. JEC have developed their JEDI AI-powered digital platform, which utilises data-driven insights to provide building energy services in areas such as energy analytics and optimisation, fault detection and diagnostics and chiller optimisation, and deliver better experiences for end-users. Gammon's Digital G subsidiary provides digital technology to make the building process and management of the built environment safer, more efficient and less labour intensive.

We continue to seek new inorganic growth opportunities which facilitate our wider participation in the digital economy, emerging industries and new geographies. JEC has acquired the Hong Kong and Macau business of MGI Group Holdings Limited, a leading specialty healthcare engineering solutions provider, as part of JEC's strategic aim of building its skills and capabilities in the healthcare sector. Astra has continued to invest in digital businesses in Indonesia during the period. It acquired an interest in Paxel, a technology-based logistics startup, and also increased its investments in Sayurbox, an e-commerce grocery farm-to-table platform and Mapan, a digital community-based social financing platform.

As the Asian consumer appetite for digital continues to increase, our B2C businesses are focussed on embedding digital as a core component of how we anticipate and serve the needs of customers – developing omnichannel experiences, building data capabilities and investing in start-ups to augment our capabilities to react with speed and agility to the changing marketplace and evolving consumer behaviours and connect effectively with our customers.

DFI Retail's *yuu* coalition loyalty programme continues to exceed expectations and is the leading customer loyalty programme in Hong Kong, with more than four million members. The group has this year launched *yuu* Rewards in Singapore, with encouraging performance so far, and its *yuu-to-me* offering, launched in May 2022, provides customers with an integrated one-stop online shopping experience and home delivery service across leading Hong Kong brands.

Hongkong Land has developed the digital services it provides to customers in its Hong Kong retail portfolio by introducing a revamped LANDMARK app, which provides shoppers and loyalty members with a more personalised and intuitive user experience, while the group has also enhanced the functionality of its 'By The Bay' mobile app in Singapore with the addition of exclusive retail offerings, health and wellness workshops and a series of community and charitable events.

Mandarin Oriental launched its new website during the year, redesigned to ensure a mobile-first, personalised user experience whilst improving site performance and reliability. Since the new website went live in August, 60% of visits have come from mobile devices, a considerable uplift from the previous website, driving more direct digital bookings.

Our Southeast Asian businesses are also adopting innovative approaches to how they run their businesses. Astra, for example, is using Formula 1 technology in the mining industry to optimise fuel consumption. It is also using the Internet of Things ('IoT') and control centres to optimise manufacturing.

Our businesses are looking for ways in which they can innovate (through enhancements to existing businesses or new inorganic growth) which align with our sustainability priorities. Astra's investment through United Tractors in Arkora Hydro demonstrates its determination to take action to deliver on the commitments in its Just Energy Transition Statement published last June, by investing in renewable energy. This investment builds on Astra's existing presence in the hydroelectric power sector, where it already operates a mini-hydro power plant and is developing another.

Astra is also developing electricity generation facilities using innovative solar photovoltaic ('PV') technology, through its subsidiary PT Energia Prima Nusantara ('EPN'). In 2022, EPN secured commitments to install 16 MWp of rooftop solar PV, of which 4 MWp has been installed in a number of Astra group company facilities.

Vietnam's installed capacity for wind, solar and hydro power is forecast to double by 2030 and REE, JC&C's associate there, continues to make extensive investments in renewable energy. REE is Vietnam's largest investor in roof-top solar power and also has interests in wind farms and hydroelectric dams. As of December 2022, renewable energy sources (hydroelectric, solar and wind) accounted for 72% of REE's energy portfolio.

JC&C's automotive businesses in Southeast Asia are also focussed on innovative sustainable business solutions. As an example, Cycle & Carriage Singapore ('CCS') is growing its new electric van logistics business in Singapore, offering logistics solutions to retail giants such as IKEA, Guardian and Uniqlo. CCS also sells and leases the vehicles to large logistics businesses, including UPS and DHL.

Enhancing Leadership and Entrepreneurialism

We need to evolve and accelerate to stay ahead of the competition – and we have identified the embedding of an entrepreneurial culture as a key success factor in doing this. Entrepreneurship means being open to experimentation and having the confidence to put ideas forward and, importantly, to promote and defend them.

A key element of building an entrepreneurial culture is attracting, developing and retaining the right leadership talent, and this is a top priority for the Group and its companies. In the past year, the Group has made a number of significant senior appointments to bolster its leadership and drive future growth. We see it as essential to appoint the most competent, highly-qualified and experienced senior executives to drive business growth, and have appointed two new Jardine Matheson Limited Directors to lead our business development efforts across China and Southeast Asia. We have also strengthened the leadership of our core Group functions, by appointing a new Group General Counsel and Group Head of Human Resources.

We have continued to invest in developing our leaders and providing them with opportunities to advance their careers within different businesses across the Group, with a number of executive-level senior management moves taking place during the period.

We are focussed on providing our colleagues with the appropriate training and support to equip them with the skills needed to navigate the challenges and opportunities they face, both in the short- and the long-term. Our comprehensive Group-wide programme of online learning and academies has seen high levels of participation in the year.

We are also continuing our work to create a diverse and inclusive culture where everyone can succeed. We are working with our businesses to increase the diversity of the boards and senior management of our Group companies. A key element of this is the successful nurturing of colleagues at all levels, in order to develop diverse pools of talent from which our future senior leaders can be selected. We recognise that there is a great deal more to do in order to build greater diversity at all levels of the Group, but we made good progress last year in implementing our diversity and inclusion ('D&I') strategy to help progress our ambitions across the Group. We launched a series of initiatives, including a learning campaign on inclusive leadership; a comprehensive review to enhance Human Resources policies; and new processes which support D&I. We have also developed targets for increasing female representation in our workforce and leadership.

We also aim to create an owner mindset among our staff and are supporting this by enhancing our incentive structures over time to focus less on current profits and more on value creation over a longer time horizon.

Progressing Sustainability

In 2022, we continued to drive a more aligned, focussed approach to sustainability across all our Group companies, leveraging and building on the work many of them are already doing in this area to maximise the impact we have in our communities and on the environment. There is increasingly strong engagement between our businesses on sustainability issues, which will enable us to create real scale in what we do.

We continue to focus on actively sharing the positive actions our diverse businesses are taking in relation to sustainability, by reporting more effectively on Environmental, Social and Governance ('ESG') issues, and in 2022 we published our inaugural Sustainability Report. The report included data on a range of Group-wide metrics gathered from our businesses. We also published TCFD-aligned disclosures for the first time in the report.

We took a key step in progressing our climate action agenda in June 2022 with the publication by the Company, JC&C and Astra of a Just Energy Transition statement, which articulated our commitment to a low carbon economy in the geographies where we operate. Effective steps are already being taken to implement the key commitments in the statement: we saw investments in the year in renewable energy-focussed businesses in Indonesia and Vietnam and a diversification into non-coal mineral mining with the acquisition of interests in a nickel mining and processing business.

Our focus on climate action also saw our businesses setting science-based 2030 targets for decarbonisation and starting to develop decarbonisation pathways towards achieving those targets.

Our businesses are exploring opportunities to collaborate in relation to responsible consumption, especially in the areas of waste and circularity, and the Group is developing its social inclusion strategy, with a particular focus on the areas of education and mental health.

Creating emotional engagement among our colleagues and other stakeholders continues to be a key aspect of implementing an impactful and effective sustainability approach, and this was a focus of our sustainability efforts during the year, as we saw an acceleration in momentum across our businesses in organising volunteering activity, with a significant increase in volunteering hours and number of volunteers.

Summary of Performance

The Group saw improved performances from many of its businesses in 2022, compared to 2021, with particularly strong growth in Southeast Asia, led by Astra. The results delivered by the Group in 2022 once again demonstrate the continuing value of our diversified portfolio, which has enabled Jardines to produce a resilient performance, despite challenging conditions in a number of our sectors and markets.

The strong performance of the Group's businesses in Southeast Asia in the first half of 2022, together with the challenges faced by our businesses in Hong Kong and on the Chinese mainland throughout the year, led to 55% of the Group's profit for the period coming from Southeast Asia and 39% from China.

The Group's underlying net profit for the year increased by 5% to US$1,584 million and underlying earnings per share were US$5.49, an increase of 14%. The Group's underlying earnings per share in 2022 represent an increase of 30% over those of 2019, while its dividends per share of US$2.15 in 2022 represent an increase of 25% over the same period.

The key drivers of the Group's performance were strong performances by Astra and our other Southeast Asian businesses held by JC&C. Astra reported a 51% increase in underlying earnings, excluding the unrealised net fair value loss on investments in GoTo and Hermina, with improvements across most of its divisions, supported by Indonesia's economic recovery and higher commodity prices. JC&C's underlying profits increased by 39%, with strong performances by THACO and its Direct Motor Interests.

Mandarin Oriental saw a return to underlying profitability in the year, with a strong performance from its resort hotels and a good recovery by its owned hotels, although results were impacted by Hong Kong and Tokyo. There was also an improved contribution from the Group's unlisted Jardine

Pacific businesses, driven by Jardine Schindler and JEC, although most of the businesses focussed on Hong Kong were impacted by the continuation of pandemic restrictions there.

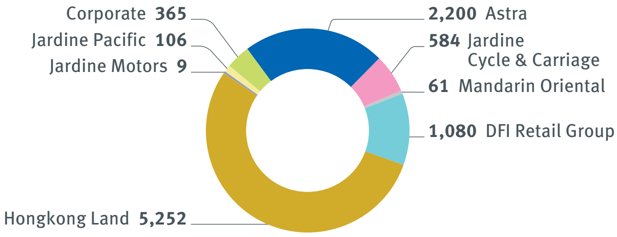
Hongkong Land's full year underlying profits were 20% lower than the prior year, as a result of a significantly lower profit contribution from the Development Properties business in the second half of the year. The lower profit contribution was primarily due to a smaller number of planned sales completions and the impact of pandemic-related restrictions on construction activities on the Chinese mainland. DFI Retail Group saw a decline year-on-year in underlying profit, with the pandemic continuing to impact the financial performance of the group's subsidiaries and associates. There were, however, encouraging signs of an improvement in performance in the second half. There was a slight decline in the performance of the Group's Motor interests.

Net non-trading items were negative, versus a positive position last year. The majority of the non-trading losses in 2022 were the Group's share of fair value losses of US$604 million arising from the revaluation of the Group's investment properties portfolio and non-current investments of US$309 million, together with the impairment of investment in associates of US$320 million. The net non-trading gain in 2021 mainly included the US$791 million gain on disposal of Zung Fu China business and the US$337 million gain on the sale and leaseback of Zung Fu Hong Kong's principal operating properties, partly offset by the Group's share of the unrealised loss of US$681 million in respect of the Group's investment properties portfolio. After taking account of the net non-trading losses, the Group recorded a net profit attributable to shareholders of US$354 million in 2022.

The Group's balance sheet remains strong with gearing of 13%, up from 11% at the end of 2021.

The Group's capital investment, including expenditure on properties for sale, was US$5.3 billion in 2022, and capital investment at its associates and joint ventures exceeded US$4.3 billion. The Group continues to invest for the long-term and ensure that its businesses have the resources to drive future growth.

Total capital investment of US$9.7 billion (US$ million)



Outlook

The encouraging recovery in performance across many of our businesses continued in 2022 and overall earnings returned to levels last seen in 2019. This reflected the broad diversification of the Group, even while many of our businesses in Hong Kong and the Chinese mainland were held back by the continued impact of the pandemic.

We are optimistic that the reopening of borders, as well as opportunities in Southeast Asia, will drive the Group's cyclical recovery during 2023 despite softening commodity prices, and we remain confident in our strategy for sustainable, long-term profit growth.

Jardine Pacific

- Good performance by most of the B2B businesses
- Consumer businesses continued to be impacted by pandemic restrictions
- Jardine Schindler and JEC saw improved performance

Jardine Pacific

- Gammon
- HACTL
- Jardine Aviation Services
- Jardine Engineering Corporation ('JEC')
- Jardine Restaurant Group
- Jardine Schindler
- Zung Fu Hong Kong

	2022	2021	Change (%)
Gross revenue (including 100% of associates and joint ventures) (US$ billion)	**6.6**	5.7	17
Revenue (US$ billion)	**2.1**	1.5	36
Underlying profit attributable to shareholders (US$ million)	**182**	175	4

Jardine Pacific produced an underlying net profit of US$182 million, 4% higher than 2021. There was a good performance by most of the B2B businesses, while the group's consumer businesses continued to be impacted by continuing pandemic restrictions in Hong Kong. The business reported a net loss of US$123 million, after net non-trading losses of US$305 million.

Jardine Pacific businesses received total government subsidies of US$28 million in the current year, compared with US$9 million in 2021.

There was significant focus in the year across the group's businesses in driving operational improvements. The benefits are now starting to be seen in improved business performance and the group is well set for future growth.

Within Jardine Pacific's B2B businesses, Jardine Schindler's performance was higher than in 2021, with a stable contribution from the Existing Installation business. JEC delivered good profit growth. Its Hong Kong businesses continued to report solid performances, although its regional businesses continued to face challenging conditions. Strong levels of new work were secured, leading to a record order book at year-end.

Gammon's performance was in line with last year due to the timing of projects, and its order book remained strong.

In Transport Services, there was weaker performance in HACTL, mainly caused by lower volumes as export demand softened. Jardine Aviation reported a higher loss, due to lower flight volumes for much of the year. Volumes slowly recovered, however, as pandemic restrictions in Hong Kong eased towards the end of the year.

Looking at the group's consumer-facing businesses, Jardine Restaurants delivered overall results which were 29% lower than last year, mainly due to the impact of disruption from pandemic restrictions in Hong Kong, which resulted in a weaker performance in both Pizza Hut and KFC Hong Kong. Despite a lower contribution caused by increasing operating costs, Pizza Hut Taiwan continued to perform well. The business continued to benefit from ongoing 'process re-engineering' projects.

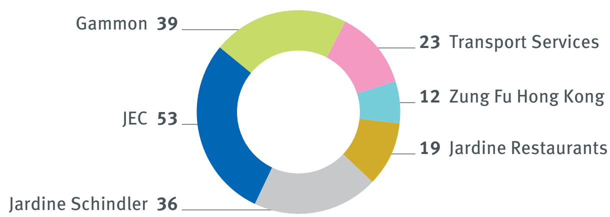
Zung Fu Hong Kong reported a lower profit year on year. After-sales activities were affected by the pandemic, while supply constraints impacted passenger car deliveries.

Jardine Pacific saw net non-trading losses of US$305 million in the year, compared to a net non-trading gain of US$389 million in 2021, as a result of the decrease in the fair value of the investment properties and the impairment of investments, and the absence of the gain on disposal of Hong Kong properties by Zung Fu which was reported in 2021.

Gross revenue (US$ billion)

Underlying profit attributable to shareholders (US$ million)

Underlying profit by business (excluding corporate & other interests) (US$ million)



Jardine Motors

- Underlying net profit 6% lower than the prior year
- Benefitted from its 21% interest in Zhongsheng due to higher contribution in 2022
- The Group no longer had the benefit of contributions from its Chinese mainland business following its disposal last year
- Despite constrained supply, the new car business performed well due to strong margins

	2022	2021	Change (%)
Revenue* (US$ billion)	**2.0**	5.0	(59)
Underlying profit attributable to shareholders* (US$ million)	**299**	318	(6)

*Excluding results of automotive interests held through Jardine Cycle & Carriage.

The Group's Motors business produced an underlying net profit of US$299 million in 2022, 6% lower than the prior year. The Group no longer had the benefit of contributions from its Chinese mainland business following its disposal to Zhongsheng in late 2021, although it benefitted from a higher contribution from its 21% interest in Zhongsheng in respect of the second half of 2021 and the first half of 2022, with a strong performance in its used car business.

Zhongsheng Group's presence

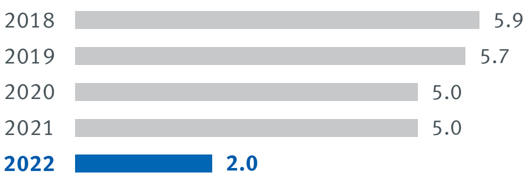
417
Dealerships

Covering
25
provinces and regions

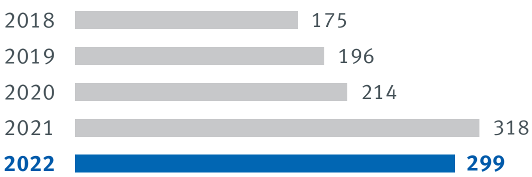
Over
110
cities across Chinese mainland

The Group's United Kingdom motor business delivered a slightly lower profit in 2022, with the business impacted by unfavourable exchange rates in the period. Despite constrained supply, the new car business performed well due to strong margins. Used cars also remained resilient, with lower volumes offset by improved margins.

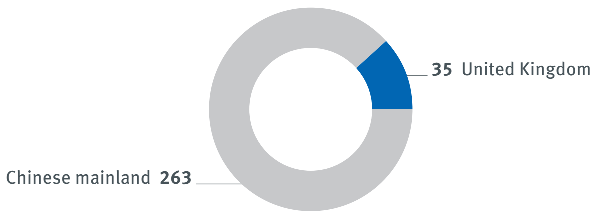
Revenue* (US$ billion)



Underlying profit attributable to shareholders* (US$ million)



Underlying profit by geographical location* (excluding corporate) (US$ million)



* Excluding results of automotive interests held through Jardine Cycle & Carriage.

Hongkong Land

- Underlying profit down 20% to US$776 million
- Lower residential development profits on the Chinese mainland
- Slight decline in results from Investment Properties; asset values stable
- Group financial position remains strong
- Final dividend maintained at US¢16.00 per share

	2022	2021	Change (%)
Underlying profit attributable to shareholders (US$ million)	**776**	966	(20)
Gross assets (US$ billion)	**39.1**	39.7	(1)
Net asset value per share (US$)	**14.95**	15.05	(1)

Hongkong Land's full-year underlying profits were 20% lower than the prior year, primarily due to a significantly lower profit contribution from the Development Properties business on the Chinese mainland in the second half of the year. The contribution from Investment Properties was resilient, however, with modest financial impacts in the retail portfolio from the pandemic measures introduced across the Chinese mainland in 2022. The impact of lower average office rents in Hong Kong was partially offset by a reduction in operating costs.

Profit attributable to shareholders was US$203 million, after including net non-cash losses of US$573 million resulting primarily from lower valuations of the group's investment properties. This compares to a loss of US$349 million in 2021, which included a US$1,315 million reduction in property valuations.

1.2 million sq. m.

Area of operational commercial investment portfolio under management (including 100% of joint ventures)

Investment Properties

In Hong Kong, office leasing demand remained subdued. Against this backdrop, the group's Central office portfolio remained resilient, outperforming the broader market due to its prime CBD location and premium offering. Physical vacancy remained below average Central market vacancy levels. Modestly negative rental reversions, however, resulted in a decrease in average office rents.

Retail market sentiment in Hong Kong was severely affected by the fifth wave of the pandemic in the first half of 2022. Retail trading benefitted in the second half of the year, however, as social distancing and travel restrictions were progressively relaxed. Total retail sales nevertheless remained well below pre-pandemic levels, as travel restrictions continued to prevent the return of tourists. Average retail rents in 2022 in the Central LANDMARK retail portfolio decreased, but vacancy on both a physical and committed basis was unchanged from the prior year.

In Singapore, contributions from the group's office portfolio increased, due to positive rental reversions underpinned by a healthy level of occupier demand, with average office rents increasing and vacancy in the Group's office portfolio remaining low.

In Shanghai, development activity continued at the group's 43%-owned prime 1.1 million sq. m. development on the West Bund. The multi-phase project remains on schedule, with modest impacts from the pandemic-related restrictions in Shanghai during part of the year. The West Bund development is a complex, predominantly commercial, mixed-use site of unprecedented scale. It is located in a prime waterside location in Shanghai with unrivalled access to the riverside. When completed, the project will comprise five neighbourhoods and 28 land parcels. The West Bund has established itself as an international creative industry cluster, supported by three pillars: culture and creative industries, high-tech businesses and the innovative finance sector. When completed, the development will comprise around 660,000 sq. m. of offices, 210,000 sq. m. of retail space, 170,000 sq. m. of luxury residences, 55,000 sq. m. of five-star hotels, 30,000 sq. m. of convention facilities and 10,000 sq. m. of sports facilities. It will incorporate an industry-leading approach to sustainability.

Development Properties

As anticipated, the profit contribution from the group's Development Properties business on the Chinese mainland decreased compared to the prior year, as a result of a significantly lower profit contribution in the second half of the year, due to fewer planned sales completions and the impact of pandemic-related restrictions on construction activities. There was also a decrease in the group's attributable interest in contracted sales in 2022, mainly due to weak market sentiment for residential properties and pandemic-related movement restrictions that hampered sales activities.

In Singapore, recognised profits in 2022 were lower than the prior year, which benefitted from the construction of the wholly-owned 1,404 unit Parc Esta project. The group's attributable interest in contracted sales rose, however, driven by the healthy pre-sales performance of two new residential projects launched during the year.

Hongkong Land

The group continues to be disciplined in evaluating and selecting Development Properties opportunities on the Chinese mainland, with a focus on Tier 1 and Tier 2 cities. During the year the group made two acquisitions – a primarily residential site in Xuhui District, Shanghai, adjacent to our mixed-used project in West Bund and an interest in a predominantly retail commercial site in Suzhou. This development reflects the group's strategy of developing luxury and premium lifestyle retail properties on the Chinese mainland. The group currently has four such properties in operation, and the site in Suzhou will be added to the pipeline of ten further such developments.

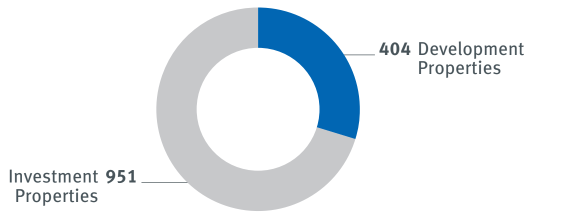
The group also increased its investments in two existing projects, acquiring the remaining 50% interest in the mixed-use project in WE City, Chengdu from KWG Property Holdings Limited and acquiring a 15% interest in Yue City, a mixed-use project in Nanjing, from Country Garden in January 2023.

In Singapore, the group acquired a 49% interest in a residential site in the Jalan Tembusu area.

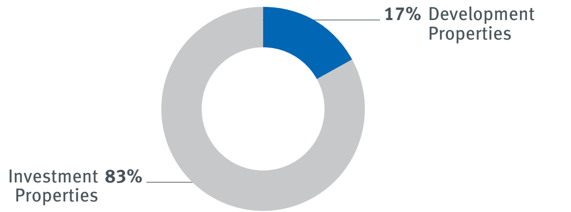
Underlying profit attributable to shareholders (US$ million)

Net asset value per share (US$)

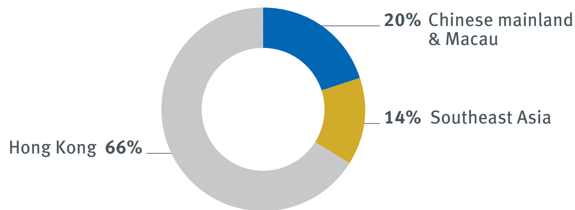
Underlying operating profit by activity (before corporate costs) (US$ million)



Gross assets by activity



Gross assets by location



DFI Retail Group

- Substantial sequential improvement in underlying profitability in second half
- Lower full year underlying profit due to continuing impact of pandemic, inflationary pressure, increased investment in digital
- Ongoing transformation programme continues to drive improvement
- Final dividend of US¢2.00 per share

	2022	2021	Change (%)
Revenue including 100% of associates & joint ventures (US$ billion)	**27.6**	27.9	(1)
Revenue (US$ billion)	**9.2**	9.2	–
Underlying profit attributable to shareholders (US$ million)	**29**	105	(72)

2022 was another very challenging year for DFI Retail. A combination of inflationary pressures and customer behavioural shifts driven by the pandemic significantly impacted first-half financial performance, reducing profit contributions from the Grocery Retail and Convenience divisions. The group's share of underlying losses from similarly affected associates also materially affected results.

DFI Retail Group

There was, however, a significant improvement in profitability in the second half of the year. The group needs to continue to adapt to changes in consumer preferences and, despite the external challenges, has increased investments in digital capacity and capability in the year. While these investments impacted profitability in the year, they are necessary to meet customers' evolving needs and to drive long-term shareholder value.

The group reported an overall underlying profit of US$29 million for the full year. The group's subsidiaries delivered underlying profit of US$64 million, while associates contributed an underlying loss of US$35 million. There was an encouraging improvement in second-half underlying profit to US$80 million, representing a US$132 million increase in profitability relative to the first half.

The group's net loss for the year was US$115 million, reflecting an impairment charge of US$171 million in respect of its investment in Robinsons Retail.

Food - Grocery Retail

Underlying operating profit for the Grocery Retail division was US$91 million for the year, lower than the prior year, primarily due to the absence of the panic buying seen last year, further compounded by rising cost of goods sold and increases in operating expenses. Despite the challenges faced throughout 2022, however, the group has been encouraged by stronger underlying performance, with Grocery Retail underlying profitability significantly above 2019 levels, supported by the group's transformation initiatives.

Food - Convenience

Convenience underlying operating profit was US$51 million for the year, broadly in line with the prior year. Encouragingly, profitability in the second half improved significantly, with the group reporting US$51 million profit compared to the breakeven result in the first half.

Health and Beauty

Underlying operating profit for the Health and Beauty division increased by 66% to US$94 million, driven by solid sales growth.

Home Furnishings

IKEA's sales for the year were impacted by COVID-19 related restrictions in the first half and supply chain constraints, which impacted stock availability. Operating profit was US$46 million, slightly ahead of the prior year, primarily due to strong cost control.

13
Asian countries and territories

Over
10,600
Outlets

11.7 million sq. m.
Gross trading area

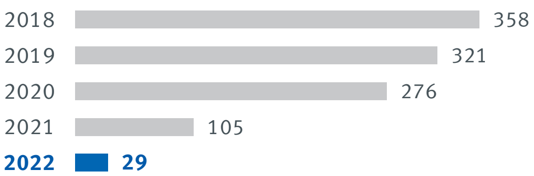
Associates

The performance of Maxim's for the full year was severely hampered by a very challenging first quarter as result of the fifth wave of COVID-19 in Hong Kong, which led to a large number of restrictions on movement and dining. The group's share of Maxim's underlying losses was US$26 million in the first half of the year. Encouragingly, Maxim's performance improved as the year progressed, due to solid mooncake sales performance and the easing of dining restrictions. The group's overall share of Maxim's underlying profits was US$38 million for the full year.

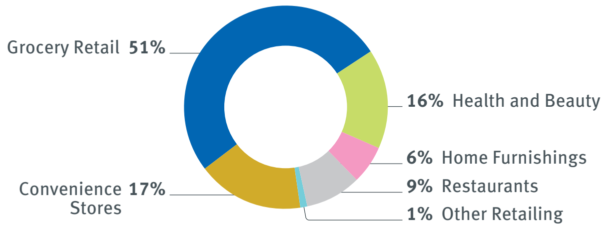
The group's share of Yonghui's underlying losses was US$80 million for the year, compared to a US$90 million share of underlying losses in the prior year. While Yonghui's like-for-like sales improved in the first half of the year, performance in the second half was impacted by government-imposed restrictions on the Chinese mainland, as well as the slowdown in the overall macroeconomic environment.

Robinsons Retail reported strong growth in 2022, as it benefitted from the reopening of the Philippines economy, together with an improved product mix and strong cost control. Robinsons Retail's underlying profit contribution to the group was US$24 million in 2022, over 60% higher than in 2021.

Underlying profit attributable to shareholders (US$ million)

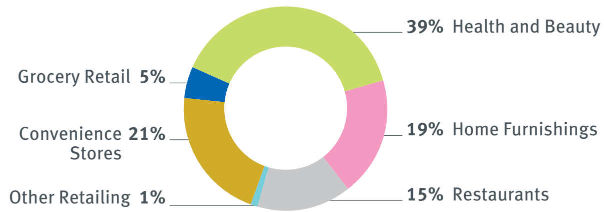


Sales mix by format#



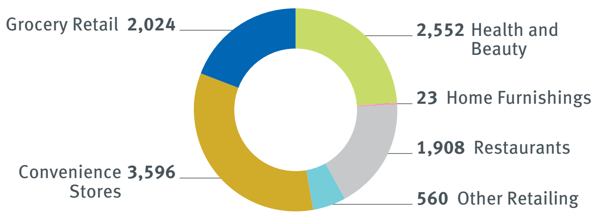
Including share of associates and joint ventures.

Profit mix by format†



† Based on operating profit before effect of adopting IFRS 16 and share of results of associates and joint ventures, and excluding selling, general and administrative expenses and non-trading items.

Retail outlet numbers by format$^{\Omega}$



$^{\Omega}$ Including 100% of associates and joint ventures.

Mandarin Oriental

- Combined revenue exceeds 2019 levels
- Group returns to underlying profit
- Strong performance from management business, particularly resort hotels
- Good recovery by owned hotels, although results impacted by Hong Kong and Tokyo
- Two new hotels and two new residences opened and seven new projects announced

	2022 US$m	2021 US$m	Change (%)
Combined total revenue of hotels owned and under management*	**1,568**	1,054	49
Revenue	**454**	317	43
Underlying profit/(loss) attributable to shareholders	**8**	(68)	n/a

* Combined revenue includes turnover of the group's subsidiary hotels in addition to 100% of revenue from associate, joint venture and managed hotel.

Mandarin Oriental continued its recovery in 2022 as travel restrictions lifted in most parts of the world and it ended the year strongly, with a return to underlying profitability. Owned hotels achieved improved occupancy at strong rates, and the management business continued to grow robustly, exceeding 2019 profitability. The group's management business recorded a strong performance, with robust growth in management fees, particularly from, resort destinations such as Bodrum, Turkey, Lake Como, Italy and Dubai, UAE. The group's management business reported an underlying profit of US$17 million in 2022, compared to US$5 million in 2021.

Most of the Group's owned or partially owned properties reported better earnings in 2022. The overall performance from owned hotels, however, continued to be adversely affected by lower contributions from the Hong Kong and Tokyo hotels, whose performance was heavily impacted by COVID-19 restrictions throughout the year. Results were notably better in London, Paris, Singapore, and Bangkok, driven by high rates and improved occupancy from the previous year.

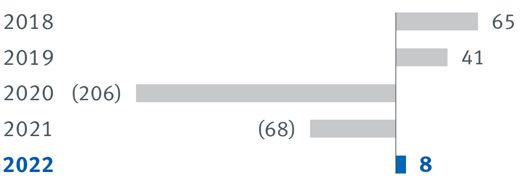
The group achieved an underlying profit of US$8 million for the full year, its first profit since 2019. Although profitability remained below pre-pandemic levels, this is a significant improvement compared with 2021, when the group recorded an underlying loss of US$68 million.

The group opened two new hotels in the year, in Shenzhen, China and Lucerne, Switzerland, and two standalone residences in Barcelona, Spain and Beverly Hills, USA. Five projects are scheduled to open in 2023.

In 2022, the group announced seven new management contracts, in Greece, Italy, Egypt, Kuwait, the Maldives, China and Vietnam. The group's robust development pipeline includes over 26 projects expected to be completed in the next five years.

The Causeway Bay site in Hong Kong, which is being redeveloped as a mixed-use commercial building, remains on track to complete in 2025.

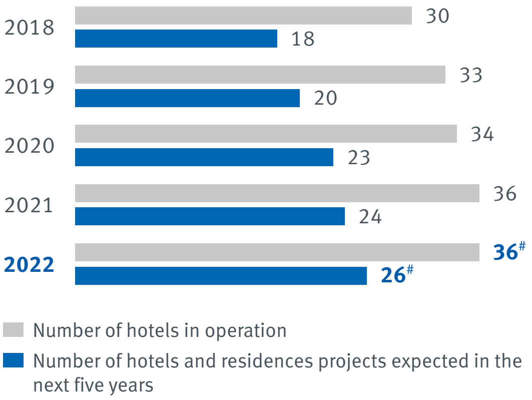
Underlying profit/(loss) attributable to shareholders (US$ million)



Net asset value per share* (US$)

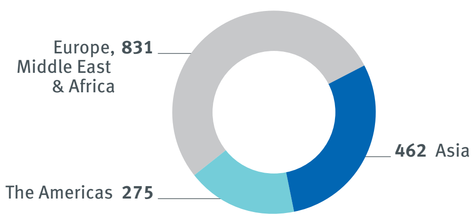
* With freehold and leasehold properties at valuation.

Hotel and residences portfolio



As of 2nd March 2023.

Combined total revenue of US$1,568 million of hotels under management by geographical area (US$ million)



Jardine Cycle & Carriage

- Record underlying profit of US$1,096 million, 39% higher than 2021
- Improved performances from both Astra and non-Astra interests
- Proposed final dividend of US¢83 per share, total dividend of US¢111 for the year, 39% higher than 2021

Jardine Cycle & Carriage

Astra
Truong Hai Group Corporation ('THACO')
Direct Motor Interests:
Cycle & Carriage Bintang
Cycle & Carriage Myanmar
Cycle & Carriage Singapore
Tunas Ridean
Other Strategic Interests:
Refrigeration Electrical Engineering Corporation ('REE')
Siam City Cement ('SCCC')
Vinamilk

	2022	2021	Change (%)
Revenue (US$ billion)	**21.8**	17.7	23
Underlying profit attributable to shareholders (US$ million)	**1,096**	786	39

JC&C's underlying profit was 39% higher than 2021 at US$1,096 million. After accounting for non-trading items, profit attributable to shareholders was US$740 million, 12% higher than the same period last year. Non-trading items in 2022 of US$356 million comprised unrealised fair value losses of US$238 million related to non-current investments, and an impairment loss of US$114 million in respect of the investment in SCCC, necessary due to a challenging operating environment.

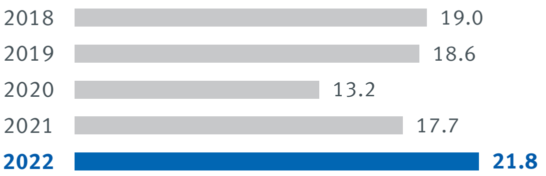
Astra's contribution to the group's underlying profit increased to a record US$913 million from US$655 million last year, with improved performances from most of its businesses, reflecting the recovery in the Indonesian economy and high commodity prices.

The underlying profit from JC&C's Direct Motor Interests increased to US$63 million from US$39 million last year, mainly due to improved contributions from Cycle & Carriage Singapore and Malaysia, and Tunas Ridean in Indonesia. Other Strategic Interests contributed an underlying profit of US$86 million, down 4% from the previous year.

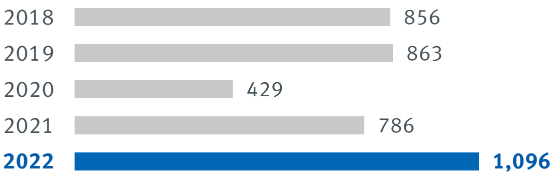
THACO

THACO contributed a profit of US$83 million, 34% up from the previous year. The profit from its automotive business continued to grow, supported by strong production levels and a temporary reduction in registration fees for locally-assembled vehicles that expired in May 2022. Its unit sales were higher and its market share increased. Margins benefitted from strong demand and an improved sales mix. The group continues to expand its investment in agriculture and, as a result, saw an increase in losses from this business as substantial pre-production losses were incurred.

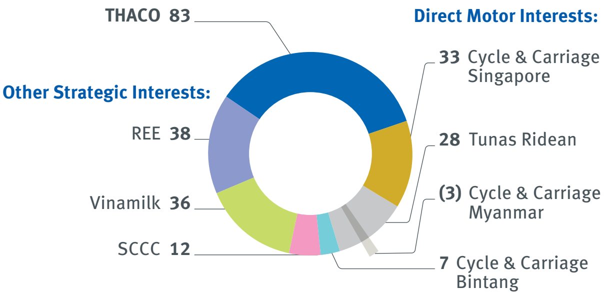
Revenue (US$ billion)



Underlying profit attributable to shareholders (US$ million)



Underlying profit of US$234 million (excluding Astra, DMI central overheads and corporate) by business (US$ million)



Jardine Cycle & Carriage

Direct Motor Interests

Direct Motor Interests saw an increase of 62% in underlying profit, with better results in Singapore, Malaysia and Indonesia. Cycle & Carriage Singapore's contribution was 13% higher, mainly due to increased profits from its premium and used car operations. New passenger car sales fell by 15% as sales volume, particularly in respect of its mass-market models, was adversely impacted by the tightened Certificate of Entitlement cycle. Market share, however, increased from 15% to 19%.

In Indonesia, Tunas Ridean's contribution was 71% higher than the previous year, with higher profits across its automotive, financial services and leasing businesses.

Cycle & Carriage Bintang in Malaysia saw an increased profit, mainly due to improved sales volumes and margins backed by a larger order book, arising from a temporary reduction in government sales tax.

During the year, JC&C further increased its interest in Cycle & Carriage Bintang from 89.0% to 96.9%, through on-market purchases, acceptances under its Voluntary General Offer and direct purchases from the minority shareholders. Cycle & Carriage Bintang was delisted from Bursa Malaysia in September 2022.

Other Strategic Interests

The profit from JC&C's Other Strategic Interests decreased by 4% compared with the previous year, with a significantly lower contribution from SCCC, as the business was adversely impacted by higher energy costs and inflationary pressure, as well as increased tax rates in Sri Lanka and the depreciation of the rupee, which offset improved cement volumes and prices in most of its markets.

REE's contribution was, however, 70% higher than the previous year, mainly due to an improved performance from its renewable energy investments as a result of favourable hydrology.

The group's investment in Vinamilk produced a slightly lower dividend income of US$37 million compared to US$39 million last year. Vinamilk reported a decrease in net profit, mainly due to higher raw material costs.

Astra

- Record earnings boosted by economic recovery and unprecedented high commodity prices
- Strong performance across most businesses
- Car and motorcycle sales grow by 17% and 2%, respectively
- Net earnings per share up 51% at Rp753 (excluding fair value adjustments on investments in GoTo and Hermina)
- An enhanced final dividend of Rp552 per share will be proposed on the basis of unprecedented high coal prices in 2022
- Group capex and investment for 2022 doubles to Rp26.4 trillion

	2022	2021	Change* (%)
Net revenue# (US$ billion)	**20.2**	16.3	29
Profit attributable to shareholders#† (US$ million)	**2,043**	1,408	51

* Based on the change in Indonesian rupiah, being the reporting currency of Astra.

\# Reported under Indonesian GAAP.

† Before net fair value loss on investments in GoTo and Hermina.

Astra delivered record earnings, with net profit under Indonesian accounting standards of Rp28.9 trillion, equivalent to US$1.9 billion, 43% higher than 2021. Excluding the net fair value loss on the group's investments in GoTo and Hermina, Astra's net profit of Rp30.5 trillion, or US$2.0 billion, was 51% higher than 2021.

A strong recovery in the Indonesian economy and higher commodity prices drove stronger performances from all of Astra's businesses and in particular its infrastructure and logistics, heavy equipment and mining and automotive divisions.

Astra

Automotive

Net income from Astra's automotive division increased by 33% to US$648 million, reflecting higher sales volume.

The wholesale car market increased by 18% in 2022. Astra's car sales for that period were 17% higher, with market share relatively stable at 55%. The wholesale motorcycle market increased by 3%, while Astra Honda Motor's sales increased by 2%, with sales growth limited by semiconductor supply issues, while market share remained relatively stable at 77%.

Astra Otoparts saw a 117% increase in profit compared to the previous year, mainly due to higher revenues from the original equipment manufacturer and replacement market segments.

Financial Services

Net income from the group's financial services division increased by 22% to US$404 million, due to higher contributions from its consumer finance businesses, which saw a 21% increase in new amounts financed. The net income contribution from the group's car-focussed finance companies increased due to larger loan portfolios, while the contribution from Astra's motorcycle-focussed finance company, Federal International Finance, was higher due to larger loan portfolios and lower loan loss provisions.

General insurance company Asuransi Astra Buana reported a 12% increase in net income to US$80 million, mainly caused by higher investment and underwriting income.

Heavy Equipment, Mining, Construction and Energy

Net income from the group's heavy equipment, mining, construction and energy division increased by 107% to US$850 million, mainly due to higher contributions from heavy equipment sales, mining contracting and coal mining, all of which benefitted from unprecedented coal prices.

United Tractors reported a 104% increase in net income to US$1,408 million. Komatsu heavy equipment sales rose significantly and revenue from its parts and service businesses was higher. Mining services contractor Pamapersada Nusantara recorded a higher overburden removal volume, while coal production was relatively stable. Agincourt Resources, 95%-owned by United Tractors, reported a decrease in gold sales.

General contractor Acset Indonusa, 82.2%-owned by United Tractors, reported a lower net loss of US$30 million. Net losses continued to be incurred mainly as a result of the continued slowdown of several ongoing projects.

55%
Market share for new motor cars

77%
Market share for new motorcycles

US$6.8bn
New consumer financing

US$662m
New heavy equipment financing

Agribusiness

Net income from Astra's agribusiness division decreased by 12% to US$92 million, largely due to lower crude palm oil sales volumes and production, which offset an increase in selling prices.

Infrastructure and Logistics

Astra's infrastructure and logistics division reported a significant increase in net income to US$35 million, primarily due to improved performance in its toll road businesses. The group's toll road concessions saw higher toll revenue during the period. Astra has 396 km of operational toll roads along the Trans-Java network and in the Jakarta Outer Ring Road. Serasi Autoraya's net income increased by 19%, mainly due to an increase in vehicles under contract, despite a lower used car earnings contribution.

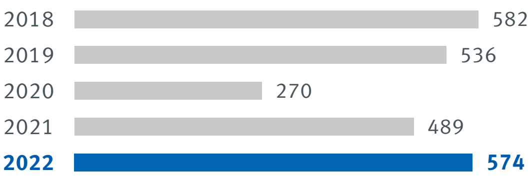
Information Technology

Net income from the group's information technology division was 12% higher at US$5 million.

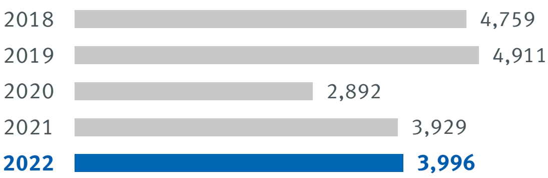
Property

The group's property division saw a 10% increase in net income to US$9 million, primarily due to a higher occupancy rate in Menara Astra and the handover of units in the Arumaya development starting at the end of 2022.

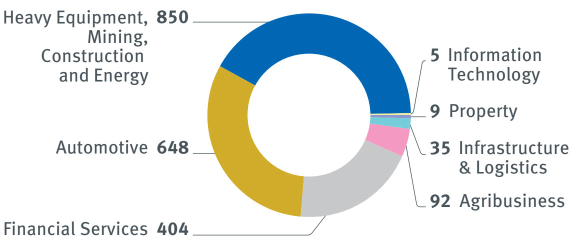
Motor vehicle sales including associates and joint ventures (thousand units)



Motorcycle sales including associates and joint ventures (thousand units)



Profit attributable to shareholders of US$2,043 million† by business (US$ million)



† Before net fair value loss on investments in GoTo and Hermina.

Financial Review

Graham Baker
Group Finance Director

Results

Underlying Business Performance

	2022 US$m	2021 US$m
Revenue	**37,724**	35,862
Operating profit	**4,126**	3,328
Net financing charges	**(428)**	(389)
Share of results of associates and joint ventures	**1,232**	1,178
Profit before tax	**4,930**	4,117
Tax	**(964)**	(828)
Profit after tax	**3,966**	3,289
Non-controlling interests	**(2,382)**	(1,776)
Underlying profit attributable to shareholders	**1,584**	1,513
Non-trading items	**(1,230)**	368
Profit attributable to shareholders	**354**	1,881
	US$	US$
Underlying earnings per share	**5.49**	4.83

The Group's underlying profit and underlying earnings per share in 2022 were up by 5% and 14%, respectively (9% and 18% at constant exchange rates). Reported results benefitted from the impact of the Company's acquisition of the remaining 15% minority interest in Jardine Strategic in April 2021 to simplify the Group's ownership structure. Excluding the impact of this Group simplification, increases in reported underlying net profit and underlying earnings per share in 2022 were 1% and 4%, respectively.

Within our businesses, growth in 2022 was driven by strong contributions across Astra's businesses, a turnaround in Mandarin Oriental's profitability and an improved contribution from the Group's Southeast Asian businesses.

However, the Group's businesses in Hong Kong and the Chinese mainland, particularly Hongkong Land and DFI Retail Group ('DFI Retail'), were adversely impacted by pandemic-related restrictions which remained in force in the region for most of 2022. Nevertheless, the Group's earnings returned overall to levels delivered in 2019, prior to the COVID-19 pandemic.

Revenue
The Group's revenue of US$37.7 billion in 2022 was 5% above the prior year.

Astra recorded a significant increase in sales of 24% from 2021 with improvement in the majority of its businesses, particularly Automotive, where higher volumes in its car sales operations resulting from the improved market condition, and Heavy Equipment, Mining and Construction due to higher revenue from heavy equipment sales, mining contracting and coal mining, all of which benefitted from higher commodity prices.

Jardine Pacific recorded an overall 36% increase in sales mainly due to higher sales in the Hong Kong engineering operation at JEC and full year sales from Zung Fu Hong Kong which was reported as part of Jardine Pacific group with effect from 1st October 2021. Zung Fu Hong Kong's overall sales in 2022 were in line with 2021.

Jardine Cycle & Carriage's motor vehicle operations recorded a 13% increase in sales from 2021 as a result of higher sales in its premium and used car operations in Singapore and higher sales in Malaysia due to a reduction in government sales tax.

Mandarin Oriental's subsidiary hotels recorded a significant increase in revenue of 43% from 2021 with strong demand and increased occupancy at higher rates following the removal of travel restrictions in most parts of the world, except for its Hong Kong hotel which was heavily impacted by COVID restrictions throughout 2022. Higher revenue from management contracts was recorded with increased management fees, particularly from hotels in resort destinations.

DFI Retail reported 2% higher year-on-year sales, with strong sales growth in the key markets of its Health and Beauty business offset by a lower sales in its Grocery Retail business, which were impacted by the absence of panic buying seen in 2021 and by store interruptions in Singapore Cold Storage due to essential renovations to reinvigorate its offering.

Hongkong Land's revenue decreased by 6% from 2021 mainly due to lower contribution from Investment Properties, particularly its office and retail portfolio in Hong Kong as a result of negative rental reversions; and lower revenue from Development Properties reflecting lower residential properties sales in the Chinese mainland due to the expected progression of its portfolio following a record year in 2021, together with the impact of pandemic restrictions on construction and pre-sales activities.

Jardine Motors reported an overall 59% decrease in sales mainly reflecting the absence of contribution from its Chinese mainland business following the disposal to Zhongsheng in October 2021. Sales contribution from the United Kingdom reduced compared to 2021 due to a weaker Pound Sterling exchange rate but was 3% up in local currency with higher selling prices and a better model mix.

Gross revenue, including 100% of revenue from associates and joint ventures, which is a measure of the full extent of the Group's operations, increased by 5% to US$114.8 billion. The increase was mainly from Zhongsheng, Astra's associates in the Indonesia Automotive business and Jardine Cycle & Carriage's associate in Vietnam, THACO; partly offset by a decrease from Hongkong Land's property associates and joint ventures.

Operating profit
Operating profit from the Group's subsidiaries, excluding non-trading items, was US$4,126 million, an increase of US$798 million or 24%.

Astra's underlying operating profit increased by 63% from 2021 to US$2,916 million, with higher contributions from the Automotive and Heavy Equipment, Mining and Construction businesses reflecting higher revenues.

Mandarin Oriental recorded an underlying operating profit of $21 million, compared to the underlying loss of US$26 million in 2021. Results from most of its owned hotels, notably London and Paris, improved driven by increased occupancy and higher rates. Lower contributions, however, were reported from the Hong Kong and Tokyo hotels due to the continued impact of COVID restrictions in 2022. There was a higher contribution from management business driven by higher hotel management fees and residences branding fees.

Jardine Pacific reported operating profit in 2022 at US$97 million, which was US$12 million (15%) higher than 2021. JEC delivered higher profit in 2022 with good performance from the Hong Kong engineering operations. A full year contribution was recorded from Zung Fu Hong Kong. This was partly offset by a lower contribution from the Restaurant businesses due to the impact of pandemic restrictions in Hong Kong which resulted in a weaker performance in both Pizza Hut and KFC.

Jardine Cycle & Carriage's motor operations in Singapore reported an underlying operating profit in 2022 of US$72 million, which was in line with 2021.

Hongkong Land's underlying operating profit decreased by US$98 million (10%) from 2021 to US$845 million, primarily due to lower earnings from its commercial portfolio in Hong Kong and lower contributions from development properties sales in the Chinese mainland and Singapore.

DFI Retail's underlying operating profit was US$104 million (33%) below 2021 at US$209 million, principally due to lower contributions from its Grocery Retail business in Hong Kong and Southeast Asia reflecting absence of panic buying seen in 2021 and inflationary pressures, particularly in Singapore. Contributions from the Convenience store business in 2022 were broadly in line with 2021. Higher operating profit was recorded in the Health and Beauty business, mainly driven by strong healthcare sales in Hong Kong, and improved sales in Singapore, Malaysia and Indonesia in tourist stores. The Home Furnishings business performed slightly ahead of last year primarily due to strong cost control.

Jardine Motors' reported an overall underlying operating profit decreased by US$133 million (73%) to US$50 million mainly due to the absence of contribution from the Chinese mainland upon its sale in October 2021. The Group's United Kingdom dealerships recorded an operating profit of US$51 million in 2022, 8% down from prior year reflecting a weaker Pound Sterling which offset improved underlying performance from better margins in 2022.

Net financing charges

Net financing charges at US$428 million were US$39 million (10%) higher compared to 2021, principally due to higher average interest rates on US dollar and Hong Kong dollar denominated bank borrowings, mitigated by lower average borrowings in Astra in 2022. Interest cover, excluding financial services companies, increased slightly from 14 times to 15 times in 2022. Cover is calculated as the sum of underlying operating profit – before the deduction of the amortisation of right-of-use assets, net of actual lease payments – and the share of results of associates and joint ventures, divided by net financing charges excluding interest on lease liabilities.

Share of results of associates and joint ventures

The Group's US$1,232 million share of underlying results of associates and joint ventures was US$54 million, or 5%, higher than the prior year.

The overall contribution from Astra's associates and joint ventures increased by US$77 million in 2022 to US$530 million, primarily due to strong performance from its Automotive business with increased car sales volumes and increased income from toll road operations.

The Group's contribution from Zhongsheng was higher by US$57 million at US$263 million compared to 2021. As in prior years, the Group has recognised its 21% share of Zhongsheng's results based on publicly available information for the 12 months ended 30th June. Hence, Zhongsheng's contribution in the Group's 2022 accounts represented our share of its results in the second half of 2021 and the first half of 2022. However, recognising the growing importance of Zhongsheng to the Group's performance, from 2023, we intend to recognise our share of Zhongsheng's results on a contemporaneous (calendar year) basis using, if necessary, an estimate of Zhongsheng's current year results based on recent analyst estimates. It is considered that, moving forward, this change will provide the users of the financial statements with a more meaningful insight into the current year underlying performance of the Group.

In Mandarin Oriental, a profit contribution of US$10 million was reported by its associates and joint ventures in 2022, compared to a loss of US$22 million in 2021. The turnaround performance was mainly attributable to the hotels in Singapore, Bangkok, Madrid and the United States.

The overall contribution from Jardine Cycle & Carriage's associates and joint ventures increased by US$31 million to US$159 million. Their 26.6%-owned associate in Vietnam, THACO, recorded stronger automotive results with increased unit sales and better margins benefitting from an improved sales mix. There was an increased contribution from Jardine Cycle & Carriage's 33.6%-owned associate REE due to improved performance from its renewable power investments as a result of favourable hydrology in Vietnam in 2022. Higher profit in the automotive, financial services and leasing businesses was reported by its 49.9%-owned Tunas Ridean in Indonesia. 25.5%-owned SCCC delivered lower contribution in 2022, as the business was adversely impacted by higher energy costs and inflationary pressure, as well as increased tax rates in Sri Lanka and the depreciation of the rupee, which offset improved cement volumes and prices in most of its markets.

A marginally lower loss of US$35 million was recorded in respect of DFI Retail's associates and joint ventures, compared to a loss of US$40 million in 2021. DFI Retail's share of losses in its 21%-owned associate, Yonghui, was US$80 million in 2022, compared to US$90 million in 2021. Yonghui's profitability in 2022 was impacted by store disruption caused by the pandemic, investment costs associated with digital transformation and margin dilution from a greater level of e-commerce sales. Contribution from DFI Retail's 21%-owned Robinsons Retail was up by 66% to US$24 million, benefitting from the reopening of the Philippines economy, together with improved product mix and strong cost-control. This was partly offset by a lower contribution from its 50%-owned associate, Maxim's, which declined by US$14 million to US$38 million, as restaurant patronage in the first half of 2022 was significantly impacted by the government-imposed restrictions on movements and dining in Hong Kong, mitigated by solid mooncake sales performance and easing of dining restrictions in the second half of the year.

Jardine Pacific's associates and joint ventures in 2022 performed slightly behind 2021 with weaker performance in HACTL caused by lower volumes as export demand softened, and lower flight volumes in Jardine Aviation. This was mitigated by higher contribution from Jardine Schindler in 2022, mainly recurring revenues from the Existing Installation business.

Contributions from Hongkong Land's associates and joint ventures decreased by US$127 million to US$229 million, primarily due to significantly lower sales completions in the second half of 2022 in its development property projects in the Chinese mainland as a result of pandemic-related restrictions.

Tax

The underlying effective tax rate for the year was 26%, compared to 28% in 2021. The decrease in effective tax rate in 2022 reflects changes in the geographical mix of the Group's profit.

Non-trading Items

In 2022, the Group had net non-trading losses of US$1,230 million, which included a net decrease of US$604 million in the fair value of investment properties, a net decrease of US$309 million in the fair value of other investments, and impairment of investment in associates of US$320 million.

In 2021, the Group had net non-trading gains of US$368 million, which included a gain of US$791 million on the sale of Zung Fu's business on the Chinese mainland to Zhongsheng, and a gain of US$337 million on the sale and leaseback of two of Zung Fu's properties in Hong Kong; partly offset by a net decrease of US$681 million in the fair value of investment properties, primarily in Hongkong Land, and a net decrease of US$62 million in the fair value of other investments.

Dividends

The Board is recommending a final dividend of US$1.60 per share for 2022, providing a total annual dividend for 2022 of US$2.15 per share, an 8% increase from 2021. The final dividend will be payable on 10th May 2023, subject to approval at the Annual General Meeting to be held on 4th May 2023, to shareholders on the register of members at the close of business on 17th March 2023. The dividend will be available in cash, with a scrip alternative.

Cash Flow

Summarised cash flow

	2022 **US$m**	2021 US$m
Cash generated from operations	**5,287**	5,383
Net interest and other financing charges paid	**(387)**	(379)
Tax paid	**(1,006)**	(728)
Dividends from associates and joint ventures	**931**	800
Operating activities	**4,825**	5,076
Capital expenditure and investments	**(3,507)**	(2,738)
Disposals	**914**	2,969
Cash flow before financing	**2,232**	5,307
Acquisition of the remaining interest in Jardine Strategic	**(21)**	(5,490)
Principal elements of lease payments	**(875)**	(894)
Other financing activities	**(2,379)**	(797)
Net decrease in cash and cash equivalents	**(1,043)**	(1,874)

Cash inflow from operating activities for the year of US$4,825 million was US$251 million lower than in 2021. There were higher operating profits in the year, and higher dividends received from Astra's joint ventures in its Automotive business, Jardine Cycle & Carriage's associate, THACO, and from Zhongsheng. These, however, were more than offset by higher tax paid principally by Astra and increased in net working capital, principally in Astra's Heavy Equipment, Mining and Construction, Automotive and Financial Services businesses as a result of favourable trading conditions in 2022.

Capital expenditure and investments for the year, before disposals, amounted to US$3,507 million *(2021: US$2,738 million)*. This included the following:

- US$1,460 million for investments in various associates and joint ventures, primarily Hongkong Land's investments of US$1,012 million in Development Property projects, most of which were joint venture projects in the Chinese mainland in Chongqing, Shanghai, Chengdu and Suzhou; and Astra's investment in Bank Jasa Jakarta of US$260 million, investments in its toll road concession businesses of US$44 million, and investments in PT Mobilitas Digital of US$41 million and PT Arkora Hydropower Plant of US$18 million;
- US$1,014 million for the purchase of tangible assets, which included US$709 million in Astra (of which US$565 million was for the acquisition of heavy equipment and machinery, predominantly by Pamapersada, US$57 million was for outlet development and additional operational machinery and equipment in Astra's automotive business, and US$53 million was to improve plantation infrastructure in Astra's agribusiness) and US$224 million in DFI Retail for investments in digital capability and refurbishment of existing stores;
- US$645 million for the purchase of other investments, which included US$481 million in Astra (of which US$327 million represented acquisition of securities, US$99 million of investment in a healthcare services group, US$31 million for an online consumer credit platform and U$14 million for a technology-based logistics startup); and US$151 million in Corporate, the majority of which was for capital calls by Hillhouse Fund V Feeder, L.P.; and
- US$154 million for the purchase of intangible assets, which included US$60 million for mining exploration costs and US$38 million for the acquisition of contracts by Astra's general insurance business.

In 2021, the Group's principal capital expenditure and investments included:

- US$1,294 million for investments in various associates and joint ventures, primarily Hongkong Land's investments of US$1,208 million in Development Property projects, most of which were joint venture projects in the Chinese mainland in Chongqing, Shanghai, Wuhan, Nanjing and Chengdu; and Astra's investments in and capital injections into associates and joint ventures of US$68 million, including US$66 million related to investments in toll road concession business;

- US$620 million for the purchase of tangible assets by Group companies;
- US$467 million for the purchase of other investments, which included US$375 million acquisition of securities in Astra; and
- US$158 million for the purchase of intangible assets, which included US$63 million for mining exploration costs and US$36 million for the acquisition of contracts by Astra's general insurance business.

The contribution to the Group's cash flow from disposals for the year amounted to US$914 million *(2021: US$2,969 million)*, which principally included:

- US$416 million primarily related to advances and repayments from associates and joint ventures in Hongkong Land;
- US$227 million from the sale of securities by Astra's general insurance business; and
- US$131 million from the sale of its hotel in Washington D.C. by Mandarin Oriental.

The Group's cash flow from disposals in 2021 included principally:

- US$738 million being proceeds received, net of transaction costs, relating to sale and leaseback of Zung Fu Hong Kong's properties in Hung Hom and Chai Wan; and US$754 million being proceeds received, net of tax and transaction costs, relating to sale of Zung Fu China to the Group's associate, Zhongsheng, for a total consideration of US$1.3 billion, which comprised US$886 million in cash and US$428 million worth of new shares in Zhongsheng, increasing the Group's shareholding in Zhongsheng to 20.9%;
- US$850 million related to advances and repayments from associates and joint ventures mainly in Hongkong Land; and
- US$246 million and US$152 million from the sale of securities by Astra's general insurance business and Corporate, respectively.

During the year, the Company repurchased its own shares at a total cost of US$173 million *(2021: US$584 million)*. Additional shares in Group companies were purchased in 2022. Shares in Jardine Cycle & Carriage were acquired at a total cost of US$130 million. There were share buybacks in Hongkong Land at a total cost of US$352 million *(2021: US$192 million)* and in Astra's subsidiary, United Tractors, at a total cost of US$214 million *(2021: nil)*. These purchases are recognised as part of financing activities in the Consolidated Cash Flow Statement.

In 2021, the Company acquired its remaining 15% interests in Jardine Strategic to simplify the Group's parent company structure. The total acquisition cost was US$5.6 billion, of which US$5,490 million and US$21 million was settled in 2021 and 2022, respectively.

The Group's management also monitors total capital investment across the Group. The Group's capital investment, including expenditure on properties for sale, was US$5.3 billion in 2022 *(2021: US$10.3 billion which also included the US$5.6 billion investment in the Group's simplification of its holding structure)*, in addition to which capital investment at its associates and joint ventures exceeded US$4.3 billion *(2021: US$4.7 billion)*. The Group continued to focus on making strategic investments and prioritising organic investments to drive future growth during 2022. The Group also continued to progress the simplification of its portfolio by divesting non-core investments when opportunities arise.

Treasury Policy

The Group manages its exposure to financial risk using a variety of techniques and instruments. The main objectives are to limit foreign exchange and interest rate risks to provide a degree of certainty about costs. Investment of the Group's cash resources is managed so as to minimise risk, while seeking to enhance yield. Appropriate credit guidelines are in place to manage counterparty risk.

When economically sensible to do so, borrowings are taken 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. Overall, 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.

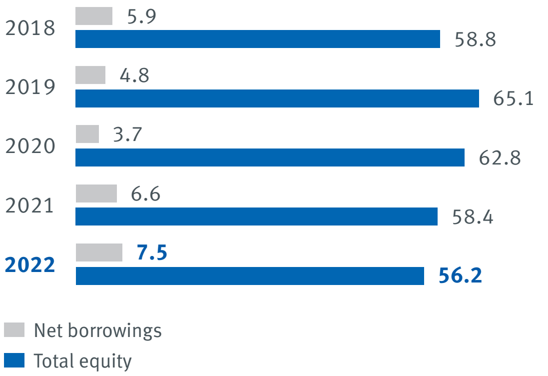
The Group's Treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures.

Note 43 of the financial statements summarises the Group's financial risk factors.

Funding

The Group is well financed with strong liquidity. Net gearing, excluding net borrowings relating to Astra's financial services companies, was 13% at 31st December 2022, up from 11% at the end of 2021. Net borrowings, on the same basis, were US$7.5 billion at 31st December 2022, compared with US$6.6 billion at the end of 2021. Astra's financial services companies had net borrowings of US$2.8 billion at the end of the year, compared with US$2.7 billion at the end of the 2021.

Net borrowings* and total equity (US$ billion)



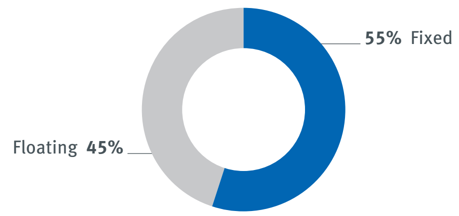
*Excluding net borrowings of Astra's financial services companies.

At the year end, undrawn committed facilities totalled US$7.1 billion. In addition, the Group had liquid funds of US$5.9 billion. During the year, the Group's total equity decreased by US$2.2 billion to US$56.2 billion, principally reflecting exchange translation losses resulting from the weakening of Indonesian Rupiah and Chinese Renminbi against US dollar during 2022.

The average tenor of the Group's borrowings at 31st December 2022 was 4.4 years, down from 4.9 years at the end of 2021. 81% of borrowings were non-US dollar denominated as shown below and directly related to the Group's businesses in the countries of the currencies concerned. At 31st December 2022, approximately 45% of the Group's borrowings, exclusive of Astra's financial services companies, were at floating rates and the remaining 55% were at fixed rates including those hedged with derivative financial instruments with major creditworthy financial institutions. 92% of the borrowings for Astra's financial services companies were at fixed rates.

Borrowings profile at 31st December 2022

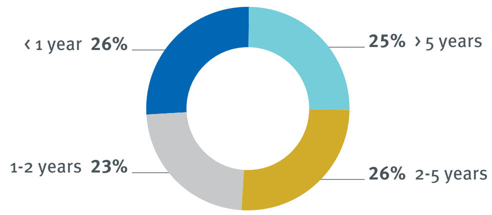
Interest rate*



*Excluding Astra's financial services companies.

Currency

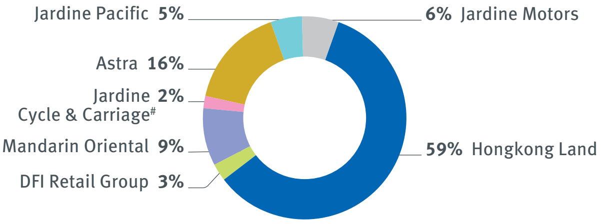
Maturity



Shareholders' Funds

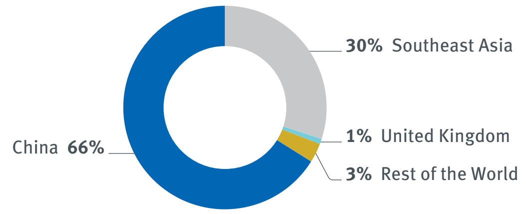
Shareholders' funds at 31st December 2022 are analysed below, by business and by geographical area. There were no significant changes from the prior year.

By business



Excluding Astra.

By geographical area



Principal Risks and Uncertainties

A review of the principal risks and uncertainties facing the Group is set out on pages 84 to 92.

Audit Opinion on DFI Retail

In the prior year, a qualified audit opinion for limitation of scope was issued by PricewaterhouseCoopers on DFI Retail's financial statements for the year ended 31st December 2021 because a full scope audit for Yonghui could not be performed and Yonghui's losses had grown to be material to DFI Retail. Yonghui management concluded that it was impractical to conduct an additional audit on their results for the twelve months ended 30th September 2021 which, as in prior years, were used as the basis for incorporating into DFI Retail's 2021 financial statements. Yonghui's own statutory reporting obligation covered the year ended 31st December 2021. A similar limitation did not arise in Jardine Matheson's 2021 financial statements given the significantly higher level of materiality in the Group's accounts.

However, in 2022, DFI Retail engaged Ernst & Young to perform a full scope audit for the twelve months ended 30th September 2022 with consent from Yonghui's management. Accordingly, an unqualified audit opinion on DFI Retail's financial statements for the year ended 31st December 2022 was issued (with a qualification only on the comparability of the 2022 financial results with the unaudited results for the year ended 31st December 2021).

Accounting Policies

The Directors continue to review the appropriateness of the accounting policies adopted by the Group, having regard to developments in International Financial Reporting Standards ('IFRS'). The accounting policies adopted in 2022 are consistent with those of previous year.

Sustainability

Sustainability as a Key Enabler

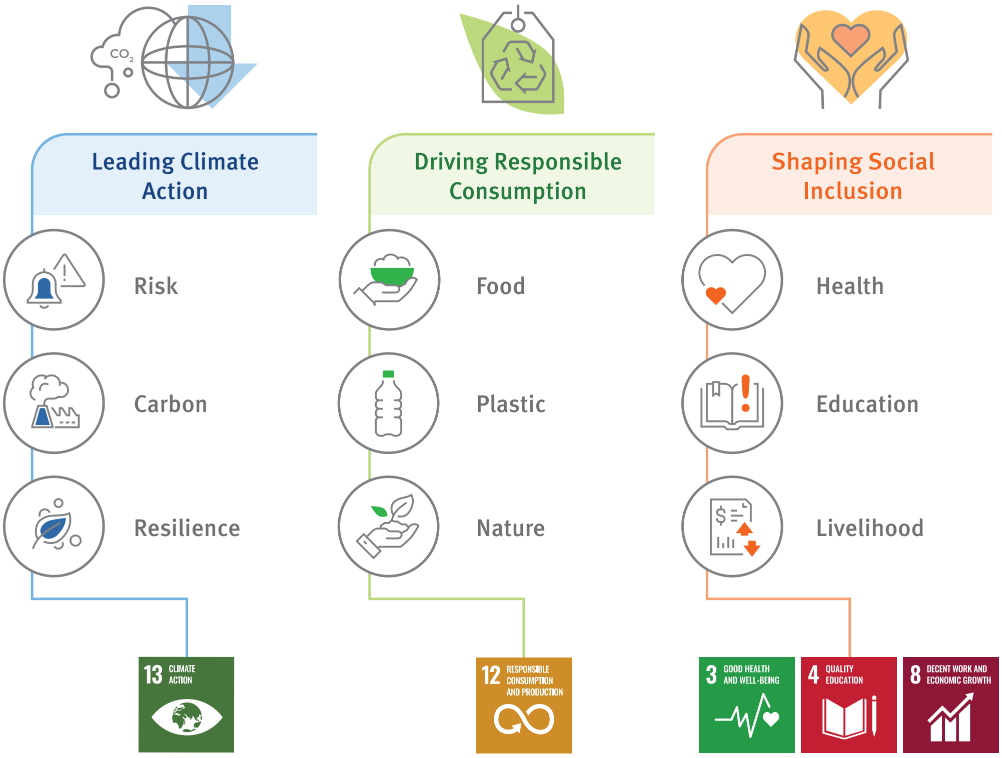
For almost 200 years, we have adopted an entrepreneurial mindset combined with a long-term and sustainable approach to how we do business. Today, our approach is more relevant than ever, as we face an increasingly complex and volatile landscape. With this in mind, we continue to believe that seeking opportunities to build resilience in our businesses, the communities we serve and future generations is vital for business continuity, and this is a fundamental part of our corporate purpose.

Over the past year, the Group continued to progress its sustainability agenda, with a focus on providing greater transparency of sustainability activities across our businesses. The Group reached a key milestone with the publication of its inaugural Sustainability Report in June 2022, disclosing the sustainability practices and performance of the Group and its businesses. We have continued to work with our Group businesses to enhance alignment across Jardines, while our businesses have actively led sustainability agendas relevant to their own operations.

Building Towards 2030

Jardines strongly believes that creating a shared sense of purpose in sustainability will encourage closer collaboration and support between our businesses and the Group. It will also enable us to move forward together to build resilience to challenges that lie ahead and ensure long-term value creation for our stakeholders.

The Group's sustainability strategy, Building Towards 2030, is informed by the Group's response to social and environmental megatrends shaping the future of our business and the communities in which we operate. It is built on nine focus areas under three strategic pillars: Leading Climate Action, Driving Responsible Consumption and Shaping Social Inclusion. Demonstrating our commitment to support the global agenda to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030, our sustainability strategy is aligned with five of the 17 United Nations Sustainable Development Goals ('UNSDGs').



Building Towards 2030 articulates our sustainability direction at the Group-level and facilitates consistent implementation of sustainability strategy across our portfolio. With support and guidance from the Group, our businesses drive their own sustainability agendas, taking account of their business nature, operating markets and the benefits of alignment with the Group's sustainability approach.

To ensure we focus our efforts and resources, we have identified key priorities to enable us to deliver effectively on the matters which are most important. In 2022, we maintained our focus on implementing our decarbonisation strategy, with a number of our Group businesses committing to develop, or progressing the formulation of, science-based medium-term targets. We have also dedicated significant efforts towards proactively communicating our journey to our stakeholders and developing our Group sustainability culture.

Sustainability Governance

We have underpinned our sustainability approach with an effective governance structure, which enables us to operate to the highest business standards and deliver sustainable value creation. Our sustainability governance structure includes the Sustainability Leadership Council ('SLC'), the Jardine Matheson Board and the boards/Risk Management and Compliance Committees of our Group companies, supported by the Group Sustainability Team and a number of sustainability working groups.

Sustainability Leadership Council

The SLC is led by Jardine Matheson Executive Chairman, Ben Keswick. It currently comprises more than 20 members, including the Jardine Matheson Group Managing Director, Executive and non-Executive Directors, Chief Executives of all the Group's principal businesses and the Heads of relevant Group functions as core members.

Meeting twice a year, the SLC serves as a collaboration platform for the senior management from across the Group to exchange insights and perspectives on sustainability strategy, planning and direction for the Group. Material sustainability issues are communicated and discussed at the SLC, and the Group's sustainability strategy and policies are further refined with input from the management teams of our Group businesses. The SLC provides opportunities for the Group and our businesses to regularly share best practices and discuss Group-wide sustainability (including climate) risks and opportunities, with the aim of improving the Group's performance and ensuring consistent integration of sustainability considerations into corporate policies and business operations.

Group Sustainability

The Group Sustainability Team is responsible for facilitating the Group's development and implementation of the sustainability strategy and initiatives, as well as the setting of appropriate and relevant ESG metrics and targets to track material ESG issues. The team monitors sustainability trends and provides advice on sustainability-related issues, as well as progressing the Group's approach to improving ratings, reporting and disclosure, and driving a range of Group-led initiatives. The team also coordinates with representatives from our Group businesses to facilitate cross-business activities.

In addition, the team works with other Group functions including Group Finance, Group Audit & Risk Management ('GARM'), Group Human Resources, Group Corporate Secretariat, Group Legal, Group Tax and Group Communications to offer support on sustainability matters, including budgets and reporting, sustainability risks and opportunities, human capital, corporate governance, business ethics, tax reporting and sustainability communications.

Sustainability Working Groups

Each pillar of our sustainability strategy is supported by a working group, which is chaired by representative(s) from our businesses and consists of individuals from across the Group who are responsible for driving the relevant sustainability agendas within their organisations.
The primary objectives of the working groups are to support the execution of the Group's sustainability strategy within businesses, identify, develop and recommend Group-wide initiatives that will strengthen cohesion between the Group businesses, and share knowledge and experience across the Group.

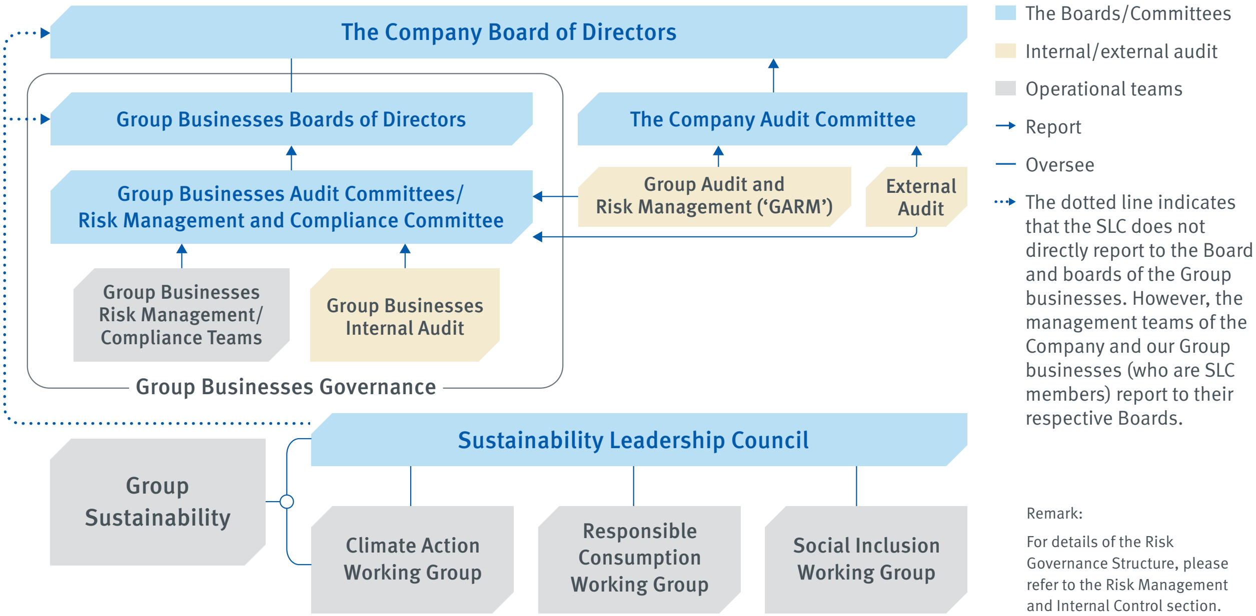
Group Businesses

The boards of our Group businesses are responsible for overseeing sustainability within their respective businesses. Each individual business is expected to develop and implement a sustainability strategy that is aligned to the Group strategy, and set sustainability metrics and targets to effectively address material issues. The leadership of each of the Group's listed and private businesses reports twice a year on the progress of their sustainability agenda to their own boards (in the case of listed businesses) or their respective Risk Management and Compliance Committees ('RMCCs')(in the case of private businesses).

Audit Committee

The Audit Committee supports the Board in overseeing and reviewing the consolidated Group-wide principal risks and uncertainties (including climate risks). The Audit Committee also has oversight responsibility for reviewing independent assurance obtained by the Group in respect of the effectiveness of sustainability metrics that measure the Group's sustainability strategy, initiatives and goals, as disclosed in the Company's annual Sustainability Report. In support of this, external and internal assurance is conducted on the Group's sustainability reporting and the effectiveness of its governance, respectively. Please refer to the Audit Committee Report and the Principal Risks and Uncertainties section of ths Report for details.

Sustainability, including climate action, is a regular agenda item at Board and RMCC meetings, both for our individual businesses and at the Group level. Senior management of the Group (a number of whom who also sit on the Company's Board) are members of the boards of our Group businesses, and have the opportunity to reiterate to our businesses the strategic importance of sustainability to Jardines and make sure the commitment to sustainability (including climate action) is ingrained in major business decisions. For details of the Board, please refer to the Corporate Governance section of this Report.



Remark:
For details of the Risk Governance Structure, please refer to the Risk Management and Internal Control section.

Stakeholder Engagement and Materiality Assessment

We are committed to conducting an ongoing dialogue with our stakeholders, to communicate our sustainability progress and seek their valuable feedback. Through these engagements, we gather stakeholder feedback on the key issues they are focussed on, which helps us confirm and further refine our sustainability strategy and focus areas.

Following the launch of our first standalone Sustainability Report last June, we conducted a series of meetings with our investors to share key highlights from the Report, and our current progress and future plans in our sustainability journey. We simultaneously collected our investors' views and suggestions on the Group's sustainability strategy, performance and disclosure. We also actively engaged with rating agencies in a more systematic manner, to ensure that the analysis of Jardine's sustainability performance accurately reflects our sustainability approach, commitments, actions and progress. Through the coordinated efforts made across the Group's businesses, we have achieved a significant improvement in our ESG ratings in 2022.

Engaging our internal stakeholders is a key focus, and we use a range of channels, from internal surveys to events and campaigns, to encourage a dialogue among colleagues on sustainability . We use an internal sustainability communication channel to provide regular updates to our colleagues on sustainability accomplishments and events, share the latest sustainability news and trends, and provide access to sustainability-related learning courses.

We also reference the latest global reporting standards, the sustainability reports of our Group businesses and those of our peers, expert insights and environmental and social megatrends to identify new and emerging sustainability issues relevant to the Group. Informed by the results of our stakeholder engagement activities and the rapidly evolving sustainability landscape, we continuously review and enhance our sustainability strategy and focus areas to ensure relevance and materiality to the Group.

Climate Action

We know climate change will increasingly impact our business and we are actively identifying the physical and transition risks we face, as well as approaches for mitigation. At the same time, we view supporting and contributing to the transition to a low carbon and, ultimately, a net-zero world as not only a business imperative but also a source of new opportunities for impact and growth. As a primarily Asian-based owner and operator, we fully understand the challenges and the operating environment in the region. Our network of partners, the skills of our colleagues and the credibility we have in the region, give us a unique platform to accelerate the transition, by creating and leveraging opportunities to leapfrog to the sustainable economies of the future.

While this Sustainability section provides the Group's perspective, we acknowledge that Jardines' overall climate change performance is the result of a collaborative effort with each of our businesses. As our Group businesses continue to build their climate resilience, the Group will provide support, guidance, and oversight to ensure that Jardines as a whole is ready for the future.

TCFD Report

This section provides details on our climate journey based on the TCFD recommendations. Please refer to the Consistency with TCFD Requirements section on page 58 for a detailed view on the extent of alignment with the recommendations.

Governance

Climate action is one of the critical topics reviewed and assessed by the SLC. The SLC receives updates on global and regional climate and sustainability trends, policies, initiatives and activities undertaken by Group businesses and the Group twice a year. Progress on climate risk assessments and identified climate risks and opportunities are also provided to the SLC, to inform their discussion of sustainability strategy and priorities. A number of sustainability-related policies, including the Group's Climate Change Policy, were reviewed by the SLC and published in 2022. All sustainability-related policies are periodically reviewed by executive management and updated as required.

The Climate Action Working Group comprises representatives from each of our businesses, who are responsible for delivering climate-related initiatives within their companies. The Working Group meets on a quarterly basis and the chairpersons provide updates on progress to the SLC.

The Group Sustainability Team, headed by the Group Head of Corporate Affairs and Sustainability, supports the SLC and the Climate Action Working Group in developing the overall sustainability strategy and respective initiatives. A monthly meeting is held by the Group Sustainability Team with the Executive Chairman, to report progress on our sustainability agenda.

For more information on respective roles and responsibilities, and management oversight of the sustainability agenda (including climate risks and opportunities) across the Group, please refer to the Sustainability Governance section on page 51.

Strategy

Over the past few years, we have been engaged in an ongoing exercise to identify and analyse material climate risks and opportunities across the Group. Climate scenarios are adopted, to evaluate the resilience of our businesses to the impacts of climate change on our strategy and financial planning. At Jardines, we use three sets of time horizons to analyse climate-related risks and opportunities: short-term (within five years), medium-term (five to ten years) and long-term (beyond ten years).

In 2021, we completed a preliminary study of physical risks likely to have a material impact on the Group, through asset damage and business disruption. We analysed the exposure and impact of acute[1] and chronic[2] hazards on more than 800 significant assets across our Group businesses in 22 countries and regions, under three Representative Concentration Pathways ('RCPs') developed by the Intergovernmental Panel on Climate Change ('IPCC')[3]. Our top identified climate hazards, their corresponding impacts and mitigation measures are summarised in the table below.

In 2022, the Group initiated an assessment of transition risks that may impact our businesses, with the assistance of Group Sustainability and GARM. The exercise aimed to develop a consistent set of scenarios and assumptions for risk assessment across the Group, setting the foundation for a robust methodology which would result in comparable outcomes across our businesses. Two scenarios were developed based on internationally recognised data sets[4] with the following characteristics:

Low-emissions scenario	High-emissions scenario
• Global warming is limited to well below 2°C • Rapid coordinated global response to climate change • Implementation of strict climate policies • Active decarbonisation of businesses • High consumer awareness of climate change	• Global warming is on track to reach at least 3.3°C • No significant acceleration and climate action from currently announced policies • Slow investment in climate transition • Lack of consumer awareness of climate change

The scenarios will be periodically refreshed to align with the climate science updates and significant changes in our operating environments as a result of shifts in policy, regulations and other signals.

[1] Acute hazards include landslide, rainfall flood, river flood, storm surge, and typhoon.

[2] Chronic hazards include extreme heat, snow melt, drought, and sea level rise.

[3] RCP 2.6 represents a low-emission scenario, RCP 4.5 represents a medium-emission scenario and RCP 8.5 represents a high-emission scenario.

[4] Scenarios are based on the IPCC Representative Concentration Pathways, the Network for Greening the Financial System ('NGFS') and the International Energy Agency ('IEA)', supplemented by additional research to reflect the unique regional context.

The assessment produced distinct transition risk heat maps for the High-emissions and Low-emissions scenarios, identifying the critical impact of transition risk drivers across the business activities of our Group business in their most material geographic regions, based on revenue and/or strategic value. A number of mitigation planning workshops have been conducted across the businesses to kickstart thinking in relation to building a structured approach to climate resilience and equipping our businesses with the right knowledge and resources to implement it.

We believe that climate risks are emerging in the short term, but are most likely to materialise in the medium and long-term. A summary of the identified physical and transition risks that may have a material impact on our business, and our response (mitigation measures) , is included in the table below:

Physical risks	Potential impacts	Our response
Typhoon Severity as measured by wind speed is increasing in Southeast Asia and is expected to move north, with more frequent and destructive typhoons in the Chinese mainland, Hong Kong, Vietnam, and the Philippines. **Rainfall flooding** Severity as measured by flood depth is expected to increase across Asia. This will have major implications for our low lying and flood vulnerable assets throughout the region.	• Disruption of services and business operations • Damage to equipment, facilities and properties • Decrease in business demand due to business disruption and loss of attractions to tourist areas	• Develop business contingency plans • Incorporate special considerations during planning and design of new projects • Implement inspection and preventative maintenance programmes for critical infrastructure • Set up emergency response teams • Engage with government bodies on flood defences
Extreme heat Measured by the combined impact of temperature and humidity on the human body and is forecasted to increase in the period to 2030 across Asia. Higher latitudes are expected to be most adversely affected.	• Adverse effect on employees' health and safety • Damage to equipment, facilities and properties	• Develop safety work procedures for employees working in extreme heat conditions • Develop business contingency plans • Incorporate special considerations during planning and design of new projects • Implement inspection and preventative maintenance programmes for critical infrastructure

Transition risks	Potential impacts	Our response
Carbon price Direct (e.g. carbon tax) or indirect costs associated with emissions reduction regulatory or fiscal policies. **Energy price** The rising prices of primary and secondary energy, i.e., fossil fuels and electricity. **Polices and regulations** Examples include green building policies which are applicable to most of our businesses, and electric vehicle policies which are applicable to our motor businesses.	• Increased cost of raw materials such as steel and cement, products, and services • Increased capital expenditures and cost of operations • Supply chain disruptions • High energy efficiency requirements • Changing customer preferences and behaviour • Increased risk of litigation, requiring additional efforts for compliance	• Source alternative low-carbon materials • Introduce new low-carbon products and services • Invest in energy efficiency • Invest in R&D/innovation • Regular study of customer preferences and behaviour • Monitor upcoming carbon and climate-related regulatory requirements • Build climate resilience capability across the Group

We are progressively building on our learning every year, to further enhance our methodology and future-proof our business. We have been proactive in responding to climate risks, but there is still much to learn and do. The climate risk assessment will help inform discussions on business strategy, financial planning and capital allocation, to move forward in a way that leverages the opportunities uncovered by the transition, while mitigating climate change impacts and adapting to the effects that are already taking place.

Our success as a business is based on our ability to identify emerging risks and opportunities and make the right capital investment decisions. The risk management process described below enables the integration of these risks and opportunities, including climate-related ones, into our long-term strategy. This is the first step in putting climate risk on the agenda in all aspects of how we operate our businesses, including strategic and financial planning, investment and divestment decisions, managing our supply chains, developing products and services, and daily business operations across all Group businesses.

With guidance from Group Finance and Group Sustainability, each of our Group businesses allots a budget to fund sustainability and climate action-related activities. The budgets are approved by the Chief Finance Officers of our businesses and the Group Finance Director. One of the Group's focus areas for 2022 is the development of a framework for a systematic incorporation of sustainability considerations, including climate risks, into capital allocation decisions.

We are pursuing climate resilient development on the journey to a low carbon economy. As an Asian-based conglomerate, we want to be a key partner for the region in contributing to an orderly and equitable transition, which helps to reduce energy poverty, create economic opportunities, and strengthen climate resilience. In this context, Jardine Matheson and our Group businesses published a Just Energy Transition statement in June 2022.

We are actively expanding our involvement in the renewable energy sector, with key investments in this area by Refrigeration Electrical Engineering Corporation ('REE'), a Vietnam-based associate of JC&C, and our Indonesian subsidiary, Astra. Vietnam is one of the region's fast-growing markets for renewables, where installed capacity of wind, solar and hydro is forecast to double to 150GW by 2030; and REE has been a leading developer of sustainable infrastructure since 2010. Astra is investing in hydro, wind and solar projects, as well as exploring new technologies and innovations in biomass waste-to-energy.

Risk Management

To evaluate and prioritise the climate risks faced by the Group, risk heat maps have been developed, which classify all relevant risks into different impact severity groups ranging from low to high. Understanding the implications of these risks to the businesses and the Group will guide our planning of risk mitigation and enable us to prioritise action.

An important objective of the climate risk assessments we have conducted in the past two years was building a culture of climate action across our businesses. Most of our businesses are actively attuning their business capabilities to better evaluate and respond to climate risk. The Group will continue to guide the discussion, to further improve our businesses' approach to assessing the significance and impact of climate risks in relation to other risks.

We have incorporated the best practices of enterprise risk management into the process of climate risk identification and assesssment. The teams responsible for risk management in each of our Group businesses provide a business-specific risk perspective to the sustainability team in the business. GARM also collaborates with the Group Sustainability Team to develop the Group's climate risk assessment framework and approach. In addition, different business functions, including Procurement, Operations and Marketing & Sales are involved in the process to provide feedback on the identified climate risks.

Physical and transition risk reports have been provided to the Group businesses to further explore the implications for, and develop mitigation measures to minimise the impact to, our businesses, including both property damage and business disruption. The Group businesses are also encouraged to assign risk owners to manage risks in a holistic manner. Guidance and support on climate risk management and mitigation measures planning are provided by GARM and Group Sustainability, when needed.

Climate risks and mitigation measures are reported to GARM twice a year. GARM and Group Sustainability will review the information and provide feedback, if any, to the Group businesses to improve the process and outcome.

In addition, climate risk is a topical area frequently included in internal risk management training and conferences, and it is also included in risk newsletters published by GARM to raise the awareness of climate change and climate action across the Group, particularly targeting finance and risk management colleagues.

The Group's approach to overall risk management combines a top-down strategic view with a complementary bottom-up process. As with other principal risks and uncertainties, those risks identified as material to our businesses are consolidated at the Group level into the Group's risk register and risk heat map, which are reported to the Audit Committee twice a year. Climate risks have been already been reported by some businesses who are advanced in their sustainability journey and featured in the Group's Principal Risk and Uncertainties.

Building on the Group-wide climate risk assessments performed in 2021 and 2022, climate change modelling and financial impact assessments will be conducted for our businesses based on a common set of scenarios and assumptions which have been developed. The financial impact of existing climate risks reported by some businesses will be revisited. For the businesses which have not yet reported climate risks in their risk registers, financial impact will be assessed, so that the climate risks identified can be fully integrated into risk registers and managed together with other business risks within the existing enterprise risk management framework.

Please refer to the Risk Management and Internal Control section of this Report for details of the Group's risk management framework, including risk identification, assessment, treatment, and reporting and monitoring. The Monitoring of Risk Management and Internal Control Systems section provides details on how GARM monitors the approach taken by the businesses to managing risk.

Metrics and Targets

Building on the climate risk assessment work carried out in the past couple of years, we are now in the process of establishing metrics and indicators to help the Group manage relevant climate risks and opportunities. As we drive forward the climate action agenda in 2023 and beyond, we will consider forward-looking metrics to help us build resilience to climate change.

In 2021, we developed GHG emissions guidance which is in line with the GHG Protocol methodology on measuring Scope 1 and 2 emissions, and aggregated data to provide a Group-wide picture of our collective GHG emissions. At the time of publication of this Report, the Group's 2022 performance is still undergoing external assurance, and further details will therefore be provided in the forthcoming Sustainability Report 2022. The Group's 2021 performance is extracted in the table below:

Metric	Unit of measure	Group total in 2021
Scope 1 emissions	tCO2e	4,112,571
Scope 2 emissions (location-based)	tCO2e	1,305,804
Scope 2 emissions (market-based)	tCO2e	1,299,662
Total GHG emissions (Scope 1 and location-based Scope 2)	tCO2e	5,418,375*

* The data was subject to independent limited assurance by PricewaterhouseCoopers as part of our 2021 Sustainability Report which is available on our website.

2021 was the first year for which we collected GHG emissions data across the Group, starting with direct emissions (Scope 1 and 2). The Group is aware of the importance of collecting our indirect emissions (Scope 3) data, and we are already planning to collect and disclose it in the near future.

Decarbonisation has been a key focus area of the Group's sustainability strategy. The Group's ultimate strategic ambition is to transition towards net-zero, in line with climate science. The Group has set its sights on developing a credible medium-term target aligned with a 1.5°C trajectory. The success of the Group in reducing carbon emissions is dependent on the decarbonisation progress by each individual business. Every business is responsible and held accountable for developing science-based decarbonisation plans and delivering on the agreed targets. In 2022, the Group continued to build momentum on our net-zero strategy, and the following businesses made significant progress aligning to the Group's net-zero approach:

- Hongkong Land had its 1.5°C near-term[5] target validated by the Science-Based Target initiative ('SBTi'); and
- Hactl and Gammon submitted commitment letters for 1.5°C near-term[5] targets to SBTi.

A number of our other businesses are also progressing the development of a science-based approach which will align with the Group's ambitions in this area.

Consistency with TCFD requirements

Our climate-related disclosures meet the reporting requirements for UK standard listed companies, and are consistent with the TCFD recommendations on:

- governance – all recommended disclosures;
- strategy – disclosures (a) and (b);
- risk management – all recommended disclosures;
- metrics and targets – disclosures (b).

As we are still in the early stages of our TCFD journey, we acknowledge that we are not fully consistent with TCFD requirements, including the additional guidance for all sectors published in October 2021. It will take some time for us to fully consider and plan the actions necessary to achieve alignment. We will continue to move forward and improve our disclosure in the coming years.

For strategy disclosure (c), we are still analysing our climate risk assessment results and are in the process of identifying potential climate opportunities, and we have not yet fully adjusted our business strategy for climate resilient development under the low emissions scenario. This is an ongoing area of collaboration between Group Sustainability, GARM and Group Strategy in the short term.

For metrics and targets disclosure (a), as we are finalising the results of climate risk assessment, we have not yet reached the stage of developing metrics. For disclosure (c), as a conglomerate operating across a variety of sectors, setting a single Group-wide target is complex. We will start developing the metrics and explore the feasibility of setting a Group-wide target in line with climate science in the short term.

Responsible Consumption

Promoting resource efficiency and seeking opportunities for circularity are at the heart of our operations. In early 2022, we established the Responsible Consumption Working Group ('RCWG') as a platform for our businesses to collaborate and drive the Group strategy across three focus areas: Plastic, Food and Nature. The RCWG met quarterly in 2022 to establish a framework and a coordinated approach for more efficient use of resources across our operations. Through closer collaboration, we create more value as a Group by leveraging our synergies and cross-sectoral expertise. Our businesses are actively sharing insights and exploring collaboration opportunities.

In 2022, one of the key priorities of the RCWG was to identify major waste streams and expand ongoing waste reduction initiatives. We prioritised our efforts on the major types of wastes produced in our operations, namely food waste, plastic waste and construction waste. Going forward, the members of the RCWG will continue to collaborate and seek ways to enhance data collection and improve data quality, to support target setting in the future.

Group Sustainability keeps up-to-date on the latest market trends and engages with our businesses to discuss specific issues that may have a significant impact on our

[5] SBTi defined near-term target as five to ten years, which is the medium-term target as defined by Jardines.

businesses. In 2022, external experts were invited to host a workshop on the latest legislation and best practices in circularity in relation to the food and beverages industry in Hong Kong. Relevant Group businesses also shared their initiatives and challenges in waste management and circularity. They actively sought waste reduction collaboration opportunities, and actions have been identified to follow up the discussions.

Contributing to the protection of nature is a key element of our commitment to sustainability. Nature risks include loss of biodiversity and degradation of ecosystems. As part of a global effort to protect and restore nature for current and future generations, governments from around the world came together in December 2022 for the UN Biodiversity Conference ('COP 15'). A series of goals and targets for 2030 and 2050 were established as part of a framework to halt and reverse biodiversity loss. Jardines is closely monitoring global developments post-COP15, including the regulatory requirements of the Task Force for Nature-related Financial Disclosure ('TNFD'), and increasing interest on biodiversity conservation, as well as future opportunities for the Group. We have engaged closely with our businesses and relevant stakeholders to address biodiversity issues, including supporting the long-term preservation of the Tapanuli orangutan in the areas near the Martabe mine in Indonesia. More details can be found in the statement on the Martabe mine and Tapanuli orangutan in the Sustainability section of the Company's website.

Social Inclusion

Supporting our communities has been a longstanding commitment at Jardines. Our community investment strategy focuses on positively contributing to the issues of education, health (especially mental health) and livelihoods.

In 2022, the Jardine Foundation celebrated its 40th anniversary of providing access to higher education. Over the past four decades, the Foundation has awarded over 400 scholarships at the undergraduate and postgraduate level to help outstanding students from the Group's Asian markets study at top UK universities. As part of the anniversary celebrations, we announced the expansion of the Foundation's focus to support access to leading Asian universities, with the launch of two new scholarships, with the University of Hong Kong and the Universitas Gadjah Mada in Indonesia.

Recognising the prevalence of mental health-related issues and the need to increase access to quality mental health care and effective treatments, Jardines established MINDSET in Hong Kong in 2002, with a vision to create inclusive communities where everyone is empowered to improve their mental health. When MINDSET was first established, the mental health community was underserved and affected by social stigma. As MINDSET celebrated its 20th anniversary in 2022, the awareness and understanding of mental health have improved as more resources are available to support people tackling mental health difficulties and help rehabilitated individuals integrate into the community. Operations expanded into Singapore in 2011. MINDSET collaborates with several mental health organisations to raise awareness and support people with mental ill-health. Since the launch of MINDSET Hong Kong in 2002, over HK$78 million has been raised to support 198,000 beneficiaries.

Engaging our employees and developing a sustainability culture, where everyone is aware they have a role to play in our sustainability journey, is essential to the success of our strategy. Sustainability was a key focus of our employee engagement activities in 2022. We also hosted several events dedicated to raising the awareness of our colleagues on sustainability. During LearnFest 2022, Jardine's annual learning week, sustainability-related sessions provided colleagues with the opportunity to increase their knowledge in this area. The Jardine Internship Programme and Jardine Executive Trainee Programme included a Sustainability Challenge to inspire innovative ideas amongst our young talents, with guidance and support from Group Sustainability. We will continue to provide a range of learning opportunities to build up sustainability capabilities and further develop a sustainability culture for our employees across the Group.

Directors' Profiles

Ben Keswick*
Executive Chairman

Ben Keswick has been Executive Chairman of Jardine Matheson since January 2019. He was Managing Director from April 2012 to June 2020. He has held a number of executive positions since joining the 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 March 2012. Mr Keswick is chairman of DFI Retail Group, Hongkong Land and Mandarin Oriental. He is also chairman of Jardine Cycle & Carriage and a commissioner of Astra. He is a director of Yonghui Superstores and held the position of chairman between 2018 and 2020. He has an MBA from INSEAD.

John Witt*
Group Managing Director

John Witt was appointed Group Managing Director in 2020, when he also became managing director of DFI Retail Group, Hongkong Land and Mandarin Oriental. He joined the Board in 2016 and was Group Finance Director from 2016 to 2020. He has been with the Jardine Matheson Group since 1993 and has held a number of senior finance positions, including chief financial officer of Hongkong Land. Mr Witt is chairman of Jardine Matheson Limited and is also a director of Jardine Pacific and Jardine Motors, as well as a commissioner and chairman of the Executive Committee of Astra. He is a Chartered Accountant and has an MBA from INSEAD.

Y.K. Pang*
Deputy Managing Director and Chairman of Hong Kong

Y.K. Pang joined the Board in 2011 and was appointed Deputy Managing Director in 2016 and Chairman of Hong Kong in 2019. He has held a number of senior executive positions in the Group, which he joined in 1984, including chief executive of Hongkong Land between 2007 and 2016. He was a director of DFI Retail Group from 2016 to 2021. He is chairman of Jardine Pacific, Gammon, Hong Kong Air Cargo Terminals and Zung Fu. Mr Pang is also deputy chairman of Jardine Matheson Limited, and a director of Hongkong Land, Jardine Matheson (China), Mandarin Oriental and Greatview. He is chairman of the Hong Kong Tourism Board and the Hong Kong Management Association, a member of the Council and General Committee of the Hong Kong General Chamber of Commerce and the Employers' Federation of Hong Kong.

Graham Baker*
Group Finance Director

Graham Baker joined the Board as Group Finance Director in 2020. He was previously an executive director and chief financial officer of Smith+Nephew in the United Kingdom from 2017 to 2020. Prior to joining Smith+Nephew, he worked for 20 years for AstraZeneca PLC in a range of senior roles in the United Kingdom and internationally, including in Japan and Singapore, and then as chief financial officer of generic pharmaceutical company Alvogen. He is also a director of Jardine Matheson Limited.

Stuart Gulliver

Stuart Gulliver joined the Board in 2019. He was previously executive director and group chief executive of HSBC Holdings plc from 2011 until 2018 and chairman of The Hong Kong and Shanghai Banking Corporation Limited from 2011 to 2018. Mr Gulliver has more than 37 years' international banking experience, having joined HSBC in 1980 and worked for the group throughout his career. He is a director and member of the audit and finance committees of Airport Authority Hong Kong, and is also a member of the International Advisory Council of Hong Kong Exchanges and Clearing Limited. He is a director, chairman of the risk committee and a member of the audit committee of The Saudi British Bank. He is also a director and member of the audit committee and the risk and health, safety and environment committee of Saudi Aramco.

* Executive Director

David Hsu

David Hsu joined the Board in 2016, having first joined the Group in 2011. Prior to his retirement from executive office in August 2022, he was chairman of Jardine Matheson (China), with responsibility for supporting the Group's business developments on the Chinese mainland, Taiwan and Macau. He was previously chief executive of J.P. Morgan Asset Management in the Asia Pacific Region.

Julian Hui

Julian Hui joined the Board in 2018, having first joined the Group in 1994. He is an executive director of Owens Company, and a director of Central Development.

Adam Keswick*

Adam Keswick first joined the Group in 2001 and was appointed to the Board in 2007. He was Deputy Managing Director from 2012 to 2016, and became chairman of Matheson & Co. in 2016. Mr Keswick is a director of DFI Retail Group, Hongkong Land 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 joined the Group in 1969 and was appointed as a Director in 1994. He was Managing Director from 2006 until he retired from executive office in 2012. He is also a director of DFI Retail Group, Hongkong Land and a commissioner of Astra. He is a director of Shui On Land and Vitasoy. He is chairperson of The Sailors Home and Missions to Seafarers in Hong Kong. He is a past chairman of the Hong Kong General Chamber of Commerce and served on many Hong Kong Government committees from 1992 to 2022, also representing Hong Kong on the APEC Business Advisory Council from 2005 to 2017.

Percy Weatherall

Percy Weatherall first joined the Company in 1976 and was appointed to the Board in 1999 before being appointed Managing Director in 2000. He retired from executive office in 2006. He is also a director of Matheson & Co. He is chairman of Corney & Barrow and the Nith District Salmon Fishery Board.

Michael Wei Kuo Wu

Michael Wu joined the Board in 2015. He is chairman and managing director of Maxim's Caterers in Hong Kong. He is also a non-executive director of Hang Seng Bank.

* Executive Director

Company Secretary
Jonathan Lloyd

Registered Office
Jardine House, 33-35 Reid Street
Hamilton
Bermuda

Corporate Governance

Overview of the Group's Governance Approach

The Jardine Matheson Group (the 'Group') understands the value of good corporate governance in driving the long-term sustainable success of the business. It is committed to high standards of governance and has evolved, over many years, an approach that the Group regards as appropriate taking account of its size, structure and the complexity and breadth of its business and the long-term strategy it pursues in its markets, primarily China and Southeast Asia.

An important part of strong governance is corporate stability, and this is provided by the long-term stewardship of the business by family as well as related and like-minded shareholders, who hold a significant proportion of the shares of the parent company of the Group, Jardine Matheson Holdings Limited (the 'Company'). This stability, coupled with an effective and robust corporate governance framework, supports the Board of the Company in delivering the Group's strategy and sustainable growth. It also ensures that the Group retains and promotes those characteristics and values of a family-owned business that have enabled Jardines to prosper over its 191-year history:

- **A long-term perspective** – the Group takes a long-term view in its decision-making and investments and draws on the many years' experience of our directors, rather than just focussing on short-term profits. This leads to long-term growth for our shareholders and the communities where we operate.
- **Credibility and trust** – the credibility and trust that family ownership brings to the business are highly valued by our partners and other stakeholders, especially in developing markets.
- **Deep knowledge of the business and our markets** – the involvement of many generations of the family in the running of the Group has led to a deep understanding of how to drive successful growth by the business across its markets, giving the Group a competitive advantage.

The Group believes that its stakeholders gain significant value from the historical governance approach the Group has taken as a family-owned business and that it is therefore important to retain the key elements of this approach. It is also important, without losing these benefits, to adapt to changing circumstances in our markets and, where appropriate, to the developing expectations of stakeholders and changes in best practice and the approach taken by our peers.

Accordingly, the Company continues to focus on enhancing the Group's approach to corporate governance more generally, focussing on changes which benefit the Group.

Several changes were made to the governance of the Company during the year, including the appointment of Michael Wu as a member of the Audit Committee, replacing Adam Keswick with effect from 2nd March 2023, which means that the membership of the Company's Audit Committee now comprises solely Independent Non-Executive Directors. The proportion of Independent Non-Executive Directors on the Board also increased as a result of the retirement of Jeremy Parr in March 2022.

Independent Non-Executive Directors with a broad and diverse range of backgrounds are a valuable source of external perspectives and are a key element of good governance and decision-making. The Company and the Group can benefit from the expertise and experience they bring, and the Company is taking steps to increase the independence and diversity of its Board.

Group Structure

The Company's management is concerned both with the direct management of the Company's own activities and with the oversight of the other listed companies within the wider Group. By coordinating objectives, establishing common values and standards and sharing experience, contacts and business relationships, the Group optimises opportunities across the Asian countries in which it operates.

This approach has been developed over time and is designed so that individual subsidiaries and affiliates benefit from the Group's strategic guidance and professional expertise, while at the same time ensuring that the independence of their boards is respected and clear operational accountability rests with their executive management teams. We believe this approach is a key element of the Group's success.

In April 2021, the Company completed the simplification of the parent company structure of the Group, which included the acquisition by the Company, for cash, of the approximately 15% of the issued share capital of Jardine Strategic Holdings Limited that it did not already own. At the Company's 2022 Annual General Meeting, shareholders approved the cancellation of Jardine Strategic's almost 60% shareholding in the Company and the shares were cancelled on 18th May 2022.

Governance of the Company's Listed Subsidiaries

The Company also continues to lead enhancements to the governance of the Group's listed subsidiaries. These have included increasing the diversity of, and bringing greater sector expertise to, the boards of DFI Retail Group Holdings Limited ('DFIRGH'), Mandarin Oriental International Limited ('MOIL') and Hongkong Land Holdings Limited ('HKLH') through the appointment of new Independent Non-Executive Directors in 2021 and 2022, as well as the appointment of Independent Non-Executive Directors as chairman of the HKLH and MOIL audit committees.

Governance and Legal Framework

The Company is incorporated in Bermuda. The primary listing of the Company's equity shares is a standard listing on the Main Market of the London Stock Exchange (the 'LSE'). The Company also has secondary listings in Singapore and Bermuda. As the Company has only secondary listings on these exchanges, many of the listing rules of such exchanges are not applicable. Instead, the Company must release the same information in Singapore and Bermuda as it is required to release under the rules which apply to it as a standard listed company on the LSE.

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

- the Bermuda Companies Act 1981 (the 'Companies Act');
- the Bermuda Jardine Matheson Holdings Limited Consolidation and Amendment Act 1988 (as amended, the 'Special Act'), pursuant to which the Company was incorporated, and the Bermuda Jardine Matheson Holdings Limited Regulations of 1993 (as amended, the 'Regulations') were implemented; and
- the Company's Memorandum of Association and Bye-laws.

The Bermuda Takeover Code for the Company is set out in the Regulations and is based on the UK City Code on Takeovers and Mergers. It provides an orderly framework within which takeover offers can be conducted and the interests of shareholders protected.

Other acquisition mechanisms available under the Companies Act include schemes of arrangement and amalgamation and mergers. The Companies Act provides a framework within which such procedures can be conducted and the interests of shareholders protected.

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 Disclosure Guidance and Transparency Rules issued by the FCA (the 'DTRs'), the Market Abuse Regulation[1] ('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 the offering of securities to the public. In addition, the Company is subject to regulatory oversight from the Financial Conduct Authority of the United Kingdom (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, among other things, to insider dealing.

Some of the rules applicable to premium listed companies do not apply to the Company. When the shareholders approved the Company's move to a standard listing from a premium listing in 2014, however, the Company stated that it intended to maintain certain governance principles which were then applicable to it by virtue of its premium listing.

As a result, the Company adopted a number of governance principles (the 'Governance Principles') based on the then-applicable requirements for a premium listing, which go further than the standard listing requirements.

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, 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 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. However, the Company does have regard to the Code in developing and implementing its approach to corporate governance and disclosure.

[1] The EU Market Abuse Regulation and, with effect from 1st January 2021, the UK Market Abuse Regulation.

The Management of the Group

Board

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

The Directors have the full power to manage the Company's business affairs, except matters reserved to be exercised by the Company in a general meeting under Bermuda legislation or the Company's Bye-laws. Key matters that the Directors are responsible for 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 the 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, as well as interim management statements;
- approval of the Annual Report and Accounts;
- approval of dividend policy and the 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 shareholders' approval, upon recommendation from the Audit Committee;
- approval of matters relating to 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 capital expenditure (other than major capital expenditure required to be approved by the Board), has been delegated by the Board to the Group management company, Jardine Matheson Limited ('JML').

Board Composition

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

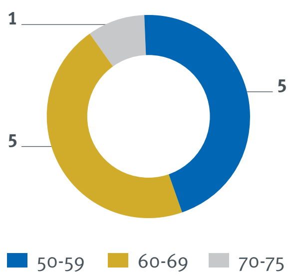
As at 2nd March 2023, the Board comprises 11 Directors, three of whom (27%) – Stuart Gulliver, Julian Hui and Michael Wu – are Independent Non-Executive Directors as defined by the Code. Two further Non-Executive Directors – Anthony Nightingale and Percy Weatherall – do not have any executive responsibilities, nor have they been an employee of the Company or 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 Directors, even though they have served on the Board for over nine years. Although there are no female Directors on the Board at present, the Board has plans to increase its gender diversity in the short- to medium-term. More information on the actions the Group is taking in relation to diversity and inclusion can be found in the Diversity and Inclusion section of this report on pages 72 to 73.

The names of all the Directors and brief biographies appear on pages 60 to 61 of this Report.

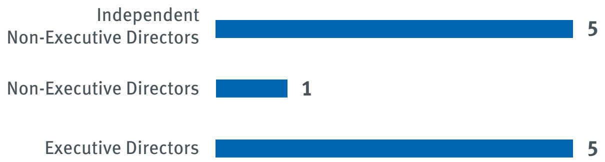
Ben Keswick has been Executive Chairman of the Board since 15th June 2020. John Witt has held the role of Group Managing Director from the same date. Ben Keswick previously held the roles of Executive Chairman and Managing Director on a combined basis from 1st January 2019.

The Board considers that there is a clear division of responsibilities between the Chairman and the Group Managing Director, and this ensures an appropriate balance of power and authority.

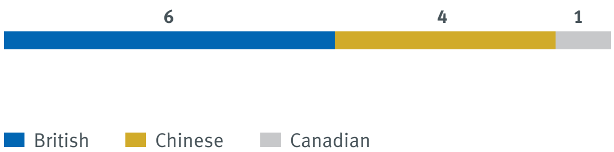
Age of Directors



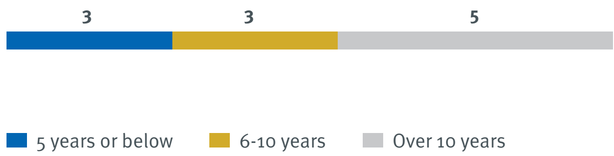
Capacity of Directors (Number of Directors)



Nationality



Tenure of Directors



Directors' experience

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, external relationships, governance and people. 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:

- building an effective Board supported by a strong governance framework;
- supporting the Group Managing Director in the execution of his duties;
- ensuring a culture of openness and transparency at Board meetings;
- chairing Board meetings effectively, ensuring all Directors effectively contribute to discussions;
- ensuring comprehensive committee reporting to the Board;
- ensuring all Directors receive accurate, timely and clear information;
- communicating with Directors on a regular basis between Board meetings and promoting effective communication between Executive and Non-Executive Directors;
- ensuring that all Non-Executive Directors have a comprehensive induction programme and an ongoing programme to build their knowledge and understanding of the business;
- providing feedback to Non-Executive Directors on their performance and attendance at meetings;
- leading succession planning for the Group Managing Director;
- leading, with the Group Managing Director, the development of the culture and values of the Group;
- agreeing, together with the Group Managing Director, key business priorities;
- supporting the development and maintenance of relationships with existing and new key business partners, governments and shareholders; and
- ensuring, with the Group Managing Director, an appropriate focus on attracting and retaining the right people and carrying out succession planning for senior management positions.

Group Managing Director

The role of the Group Managing Director is to implement the strategy agreed by the Board and manage the Group's operations. The Group Managing Director is responsible for developing the Group's strategy and ensuring its timely execution, as well as managing all aspects of the performance and management of the Group, with day-to-day responsibility for:

- effective management of the Group's businesses;
- leading the development of the Group's strategic direction and implementing the agreed strategy;
- overseeing the Group's capital allocation, business planning and performance;
- 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;
- leading, with the Chairman, the development of the culture and values of the Group;
- 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 businesses or reputation;
- ensuring, together with the Chairman, an appropriate focus on attracting and retaining the right people and carrying out succession planning for senior management positions;
- deepening collaboration within the Group and with external partners; and
- fostering innovation and entrepreneurialism to drive the Group's businesses.

The Chairman has appointed the Group Managing Director as Managing Director of the Group's listed subsidiaries HKLH, DFIRGH and MOIL, pursuant to their respective Bye-laws. The Group Managing Director's role in relation to each of these businesses includes:

- providing oversight of the day to-day management of each business by its CEO and his leadership team;
- carrying out ongoing reviews of the business, financial and operational performance of each business against agreed objectives;
- providing regular feedback to each CEO on his/her performance and conducting an annual performance review;
- leading CEO succession planning;
- ensuring that there is appropriate discussion of future competencies required of the management team to execute the strategy;
- ensuring that the information submitted to the Board is of high quality and provided on a timely basis;
- ensuring the Board conducts reviews on past significant investment decisions; and
- communicating with shareholders as appropriate.

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 scheduled meetings each year, as well as ad hoc meetings when appropriate to deal with urgent matters that arise between scheduled meetings. Board meetings are usually held in different locations around the Group's markets.

In March 2022, as border restrictions began to ease, a hybrid meeting was held in Singapore. The May 2022 Board meeting was held virtually. In-person Board meetings were held in Singapore in July and Bangkok in December.

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.

Those of the Company's Directors who are based outside Asia will usually visit the region regularly to review and discuss the Group's businesses. They also participate in a series of strategy review meetings that precede each of the regular Board meetings. 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 Group, provide significant value to the ongoing review by the Company of the Group's businesses and reinforce the Board oversight process.

Board Attendance

Directors are expected to attend all Board meetings. The table below shows the attendance at the scheduled 2022 Board meetings:

	Meetings eligible to attend	% attendance
Current Directors		
Executive Directors		
Ben Keswick	4/4	100%
John Witt	4/4	100%
Y.K. Pang	4/4	100%
Graham Baker	4/4	100%
Adam Keswick	4/4	100%
Non-Executive Directors		
Stuart Gulliver	4/4	100%
David Hsu	4/4	100%
Julian Hui	4/4	100%
Anthony Nightingale	4/4	100%
Percy Weatherall	4/4	100%
Michael Wu	4/4	100%
Former Director		
Jeremy Parr	1/1	100%

Note: Jeremy Parr retired from the Board of the Company on 31st March 2022.

Appointment and Retirement of Directors

Each new Director is appointed by the Board and, in accordance with the Company's Bye-laws, is subject to retirement and re-appointment at the first annual general meeting after the appointment. After that, Directors are subject to retirement by rotation requirements under the Bye-laws, whereby one-third of the Directors retire at the annual general meeting each year. These provisions apply to both Executive and Non-Executive Directors, but the requirement to retire by rotation does not extend to the Chairman or Group Managing Director.

In accordance with Bye-law 84, David Hsu, Adam Keswick and Anthony Nightingale will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. Neither David Hsu nor Anthony Nightingale have service contracts with the Company or its subsidiaries.

Operational Management
Operational management is delegated to the appropriate level, and coordination with the Group's listed subsidiaries is undertaken by the board of the Group management company, JML. The JML board meets regularly in Hong Kong and is chaired by the Group Managing Director. It has six other members, whose names appear on page 207 of this Report.

Company Secretary
All Directors have access to advice and support from the Group Corporate Secretary, who is responsible for advising the Board on all governance matters.

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. Neither insurance nor indemnity arrangements, however, provide cover where the Director has acted fraudulently or dishonestly.

Delegations of Authority
The Group has an organisational structure with defined lines of responsibility and delegation of authority in place. Across the Group, there are established policies and procedures for financial planning and budgeting, information and reporting systems, risk management and monitoring of 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 annual general meeting. 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 on a consistent basis and supported by prudent and reasonable judgments 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 and that 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 following holdings of voting rights of 5% or more attaching to the Company's issued ordinary share capital: the 1947 Trust (as defined below) is interested in 36,327,391 ordinary shares carrying 12.54% of the voting rights; Butterfield Trust (Bermuda) Limited is interested in 38,632,892 ordinary shares carrying 13.24% of the voting rights and First Eagle Investment Management, LLC is interested in 14,714,540 ordinary shares carrying 5.08% of the voting rights. Apart from these interests and the interests disclosed under 'Directors' Share Interests' below, the Company is not aware of any holders of voting rights of 5% or more attaching to the issued ordinary share capital of the Company as at 2nd March 2023.

There were no contracts of significance with corporate substantial 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 37 to the financial statements on page 167.

Engagement with Shareholders and Stakeholders

The Group regularly engages with its shareholders and other stakeholders. Since the beginning of 2022, we have held two results briefings and a number of analyst and institutional shareholder meetings to provide an opportunity for questions to be asked of senior management, discuss concerns and hear feedback on areas where improvements could be made.

The Group also engages with internal and external stakeholders to communicate the progress it is making in respect of its sustainability approach and seek feedback. More information can be found in the Stakeholder Engagement and Materiality Assessment section of the Group's 2022 Sustainability Report, which will be published later this year and can be accessed via the corporate website https://www.jardines.com.

Securities Purchase Arrangements

The Directors have the power under the Bermuda Companies Act and the Company's Memorandum of Association to purchase the Company's shares. Any shares so purchased are required to be treated as cancelled and, therefore, reduce the Company's issued share capital. The Board regularly considers the possibility of share repurchases or the acquisition of further shares in Group companies. When doing so, it considers the potential for enhancing earnings or asset values per share. When purchasing such shares, the Company is subject to the provisions of MAR.

During the year ended 31st December 2022, the Company repurchased and cancelled 2,963,600 ordinary shares for an aggregate total cost of US$171 million. The ordinary shares, which were repurchased in the market, represented approximately 0.5% of the Company's issued ordinary share capital.

Annual General Meeting

The 2023 Annual General Meeting will be held on 4th May 2023. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of Meeting that is distributed at the same time as this Report and can be found at https://www.jardines.com/en/investors/shareholder-centre/annual-general-meeting.

Corporate Website

The Company's corporate website, which contains a wide range of information of interest to investors, can be found at www.jardines.com.

Group Policies

Code of Conduct

The Group conducts business in a professional, ethical and even-handed manner. Its standards are clearly set out in its Code of Conduct, a set of guidelines to which every employee must adhere and which is reinforced and monitored by an annual compliance certification process. The Code of Conduct requires that all Group companies and employees comply with all laws of general application, all rules and regulations that are industry-specific and proper standards of business conduct. In addition, the Code of Conduct prohibits the giving or receiving of illicit payments. It requires that all managers be fully aware of their obligations under the Code and establish procedures to ensure compliance at all levels within their businesses.

During the year, the Code of Conduct has been updated to make it easier to understand, more impactful, and more relevant to the modern workplace. All employees are expected to familiarise themselves with the refreshed Code of Conduct and to be the person of integrity that the Code of Conduct envisages. Annual training on the refreshed Code of Conduct is being rolled out to staff. Each of the Group companies either applies the Code of Conduct or has implemented its own code of conduct which is aligned to the Code of Conduct but tailored to its particular industry, business or circumstances.

The Company's policy on commercial conduct underpins the Group's internal control process, particularly in the area of compliance. The policy is set out in the Code of Conduct.

The Code of Conduct can be viewed on the Company's website at https://www.jardines.com/en/about-us/corporate-governance.

Whistleblowing

The Company has a whistleblowing policy covering how employees can report matters of serious concern. The Audit Committee has the responsibility 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.

The Company has a confidential whistleblowing service, managed by an independent third party, which supplements existing whistleblowing channels in the business units to assist employees in raising matters of concern and reporting cases of suspected illegal or unethical behaviour. The service, which aims to help foster an inclusive, safe and caring workplace, is available 24 hours a day in multiple local languages and is accessible through phone hotline or online. Colleagues may make anonymous submissions in situations where it is inappropriate or not possible to report a matter of concern to a manager or supervisor, or a Human Resources ('HR') or Group Legal representative.

Reports may be lodged by one of three channels: email, website and telephone hotline. Each report is allocated a unique case number which enables follow-up with the reporter, if appropriate. Once a report is lodged, it is sent to certain authorised persons at the relevant business unit. These include senior representatives from legal, compliance and HR teams who have experience in dealing with such matters. The authorised persons will follow up on the report and investigate where necessary. The reporter will be notified of the outcome.

All reports are treated confidentially, and no retaliation against a person reporting a matter of concern in good faith will be tolerated.

Diversity and Inclusion ('D&I')

Jardines is a diversified Group operating a wide range of market-leading businesses across Asia and other regions. Our people represent many ideas, experiences, cultures and backgrounds. The Group's diversity is one of our key strengths, and our employees all have a part to play in ensuring that our workplace supports and encourages inclusion and collaboration.

The Group applies the principle that colleagues should always treat others in a way they would expect others to treat them. Bullying, intimidation, discrimination, and harassment of others have no place in the Group and will not be tolerated.

Our D&I Policy, which can be viewed at https://www.jardines.com/en/about-us/corporate-governance, encapsulates these principles and states that all employees, regardless of ethnicity, gender, age, sexual orientation, disability, background or religion, should be treated fairly and with dignity, should be given equal opportunities, and be valued for the contributions they make in their role.

We value the physical and mental health, safety and well-being of our employees, and this is key to the success of our Group. All staff are encouraged and supported to develop their full potential and contribute to the sustainable growth of the Group. Colleagues' views and ideas are important, and they are encouraged to express them respectfully at all levels within the organisation.

To build an inclusive workplace, we incorporate D&I principles across our business and HR practices. This includes:

- ongoing collaboration with our Group companies to ensure a set of inclusive working arrangements and policies to support D&I;
- keeping our recruitment, promotion and retention systems fair and based on aptitude, merit and ability, including ongoing reviews of remuneration to ensure appropriateness of pay levels;
- active talent management and career support for our talent pools, to provide equitable opportunities that will enable a diverse future pipeline of leaders; and
- cultivating the right set of leadership behaviours, through learning campaigns to ensure our people behave in a way consistent with the principles we have put in place.

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 is actively focussed on increasing gender diversity at all levels of the organisation and in each of the Group's businesses.

The Company has a Group Head of D&I, who leads initiatives to develop a Group-wide approach to D&I and ensures that an open and inclusive culture is integrated into the way each of the Group's businesses operates.

We are continuing our work to create a diverse and inclusive culture where everyone can succeed. During the year, we launched a new D&I strategy to help progress our ambitions across the Group. New initiatives included a learning campaign on inclusive leadership and a comprehensive review to enhance HR policies and new processes which support D&I. We have also developed targets for increasing female representation in our workforce and leadership. We recognise, however, that further progress needs to be made to achieve our objectives.

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.

The Group's Code of Conduct and Data Breach Notification Policy underpin this commitment.

Remuneration Report

Introduction

This Report sets out the Company's approach to remuneration for its directors and employees. It summarises the link between the Company's values, strategy and its remuneration framework, and between performance and reward, in determining remuneration outcomes.

Remuneration Philosophy and Reward Framework

The Company aims to ensure that its compensation system is designed in a manner that reflects the Company's culture and strategic priorities. At the heart of the Company's remuneration framework is a commitment to deliver competitive remuneration for excellent performance at all levels, to attract the most talented individuals and motivate and retain them, while aligning the interests of colleagues and shareholders and taking account of stakeholder expectations, as appropriate.

The Company achieves this through performance-based variable compensation, reflecting incentives based on:

- financial measures and strategic objectives which reflect key goals critical to the long-term sustainable success of the Group and its businesses, including business and operational risk and sustainability-related goals; and
- individual performance objectives which reflect key development areas.

Given the nature of the Group and its diverse geographic base, a number of its senior executives are required to be offered international terms, and the nature of their remuneration packages is designed to reflect this, while retaining the link between remuneration to strategic and individual performance objectives.

The structure of remuneration varies from senior executive to more junior level employees and in particular the remuneration mix for employees varies depending on level. At senior executive levels, more remuneration is 'at risk', depending on performance levels against goals. At more junior levels, more remuneration is directed toward fixed remuneration. The Company strives to provide an appropriate amount of remuneration 'at risk' for the achievement of goals – whether those are short- or long-term in nature.

The Board has overall responsibility for setting remuneration for the Company's employees, ensuring it is appropriate and supports the Group's strategy, creating value for stakeholders and having regard to the core principles and integrity standard set out in the Code of Conduct.

How Remuneration is Linked to Business Strategy

The Company's approach to remuneration is designed to support and reinforce its strategic priorities, both short- and long-term. The level of remuneration is determined based on a review of the contribution to the achievement of these priorities. In particular, the level of contribution to and achievement of:

Priorities	Measurement period
Key strategic objectives and evolving the Group's portfolio	Long-term (>3 years)
Driving operational excellence	Short-term (<3 years)
Enhancing leadership and entrepreneurialism	Short-term
Progressing sustainability	Short- and long-term

At the beginning of each year, each senior executive sets out performance objectives that are relevant to their role. These objectives are required to take account of the role's expected contribution to the Company and be aligned with the Company's strategic direction, as well as Company culture. These objectives are then agreed between the senior executive and the Group Managing Director in consultation with the Executive Chairman, and the senior executive is held accountable for the agreed objectives. By assigning goals on an annual basis and reviewing them regularly, we ensure relevance to and alignment with the Group's strategic direction, as well as alignment between the interests of senior executives and shareholders.

Objectives are determined in a manner that allows the Company to achieve its strategic ambitions, while delivering competitive remuneration upon their achievement. Further, the objectives aim to motivate senior executives to pursue stretch performance, which may deliver above-target remuneration levels.

Each year the Company reviews senior executive achievements and approves compensation levels. Communication of remuneration-linked goals and attainment is designed to be simple in nature, so it is easy to understand for participants, and it can clearly show direct alignment to the strategic priorities of the Company.

Directors' Remuneration

Shareholders decide in general meetings the Directors' fees which are payable to the Chairman and all Non-Executive Directors, as provided for by the Company's Bye-laws.

The remuneration of the Company's Non-Executive Directors is not linked to performance. This is consistent with Non-Executive Directors being responsible for objective and independent oversight of the Group. The Company's Bye-laws provide that Non-Executive Directors may determine their own remuneration, but the total amount provided to all Directors (not including the Group Managing Director and any other Executive Directors of the Company) must not exceed the sum agreed by shareholders at a general meeting. The maximum aggregate remuneration of US$1.5 million per annum was approved by shareholders at the 2022 AGM. Non-Executive Directors do not receive bonuses or any other incentive payments or retirement benefits. The Non-Executive Directors are reimbursed for expenses properly incurred in performing their duties as a Director of the Company. The schedule of fees paid to Directors in respect of 2022 is set out in the table below. Fees are annual fees, unless otherwise stated:

	US$
Base Non-Executive Director fee	100,000
Audit Committee Member fee	35,000

	Director	Director fee US$	Audit Committee fee US$	Total fees US$
1	Ben Keswick (Chairman)	–	N/A	–
2	John Witt	–	N/A	–
3	Y.K. Pang	–	N/A	–
4	Graham Baker	–	N/A	–
5	David Hsu†	41,920	N/A	41,920
6	Adam Keswick	–	–	–
7	Percy Weatherall	100,000	N/A	100,000
8	Stuart Gulliver	100,000	35,000	135,000
9	Anthony Nightingale	100,000	35,000	135,000
10	Jeremy Parr^	–	N/A	–
11	Julian Hui	100,000	N/A	100,000
12	Michael Wu	100,000	N/A	100,000
	Total	541,920	70,000	611,920

† David Hsu appointed as Non-Executive Director on 1st August 2022.

^ Jeremy Parr retired from the Board on 31st March 2022.

The Executive Directors[2] are paid a basic fixed salary and receive certain employee benefits from the Group.

The Executive Directors' performance is assessed by reference to: (i) the overall contribution by each Executive Director to increasing shareholder value over the long-term, by reference to long-term sustainable growth in earnings per share, focussing on underlying earnings per share, a progressive dividend policy and the share price as well as the achievement of agreed Group objectives; and (ii) performance by reference to agreed individual objectives.

Depending on their performance, the Executive Directors may receive amounts in lieu of discretionary annual incentive bonuses from the income of a trust created in 1947 (the '1947 Trust'), which holds 36,327,391 ordinary shares in the Company, representing 12.54% of the Company's issued share capital.[3] The Executive Directors do not otherwise receive any discretionary annual incentive bonuses from the Group.

This arrangement benefits shareholders by aligning their interests with those of the Executive Directors. This happens in two principal ways.

First, the 1947 Trust was established and acts completely independently of the Company. Decisions as to the allocation of the 1947 Trust's income to the Executive Directors are made by the Executive Chairman, taking into account the interests of shareholders as a whole. Decisions as to the allocation of the 1947 Trust's income are made in consultation with the Group Managing Director and others, including certain Non-Executive Directors of the Company and with the benefit of appropriate external advice as and when appropriate. The fact that this assessment and these decisions are made by a significant shareholder, taking into account the interests of shareholders as a whole and not the Company, is a key benefit for shareholders of this structure and arrangement.

Secondly, a significant part (up to 30%) of the amounts paid to Executive Directors from the 1947 Trust is specified to be for the purposes of acquiring shares in the Company. Executive Directors are expected to acquire shares in the Company up to the relevant value within a six-month period after the payment and then retain such shares in accordance with the share ownership policy, described in the section entitled 'Share Ownership by Executive Directors' below.

The 1947 Trust's income consists solely of ordinary dividends it receives on its shareholding in the Company and therefore the amounts paid to Executive Directors from the 1947 Trust are neither expenses of, nor borne by, the Group. This also directly benefits shareholders.

Share Ownership by Executive Directors

The Company believes that it is essential to align the interests of shareholders and Executive Directors. This means creating an environment where the Executive Directors are incentivised to create long-term shareholder value. The Company has sought to do this in part by encouraging all Executive Directors to accumulate and hold shares in the Company for the long-term.

In this regard, in 2020 the Company adopted the Directors' Shareholding Policy (the 'Policy') which was then updated in 2021.

The Policy requires that each of the Executive Directors should build a meaningful and increasing shareholding in the Company over time.

[2] For the purposes of this section entitled 'Directors' Remuneration' and the following section entitled 'Share Ownership by Executive Directors', Executive Directors means the Executive Directors of the Company and JML.

[3] Under the terms of the 1947 Trust, income can be distributed to eligible beneficiaries, including to senior executive officers and employees of the Company and its wholly-owned subsidiaries. The Executive Directors from time to time are discretionary objects or beneficiaries of the 1947 Trust.

The Policy sets a minimum shareholding requirement. For all Executive Directors (other than the Executive Chairman and the Group Managing Director) the minimum requirement is to hold shares in the Company with a value of 2.5 times their annual basic salary. For the Executive Chairman and the Group Managing Director the value is five times their annual basic salary. New Executive Directors are permitted two years from the commencement of their employment to accumulate the required level of shareholding.

Notwithstanding these minimum shareholding requirements, the fact that a significant part of the amounts awarded to Executive Directors by the 1947 Trust (as described above) is specified to be for the purposes of acquiring shares in the Company means that the minimum levels will generally be exceeded for each Executive Director within a relatively short period after the commencement of their employment. Current shareholdings of the Executive Directors are set out below.

All shares, once acquired, should be retained by the relevant Executive Director for so long as they are engaged by the Group and for at least two years thereafter.

As and when any Executive Director ceases to hold any office or be employed by the Company or any member of the Group, the Executive Chairman will discuss with the relevant individual how the Policy will apply in his or her circumstances. However, as noted above, it is expected that former Executive Directors will retain all shares held at the cessation of their engagement with the Group for at least two years thereafter.

Remuneration Outcomes in 2022

For the year ended 31st December 2022, the Company's Directors received US$66.6 million *(2021: US$58.9 million)* in aggregate, being:

- Distributions from the 1947 Trust of US$58.1 million *(2021: US$48.8 million)*; and
- Directors' fees and employee benefits from the Group of US$8.5 million *(2021: US$10.1 million)*.

Directors' fees and employee benefits included:

- US$0.5 million *(2021: US$0.3 million)* in Directors' fees;
- US$7.8 million *(2021: US$9.4 million)* in short-term employee benefits including salary, bonuses, accommodation and deemed benefits in kind; and
- US$0.2 million *(2021: US$0.3 million)* in post-employment benefits.

Additionally, in 2021, Directors' fees and employment benefits included US$0.1 million in relation to share-based payments.

The information set out in this section headed 'Remuneration Outcomes in 2022' forms part of the audited financial statements.

Directors' Share Interests

The Directors of the Company and JML in office on 2nd March 2023 had interests* in the ordinary share capital of the Company as set out below. These interests included those notified to the Company in respect of the Directors' closely associated persons*.

Jardine Matheson Holdings Limited	Interests
Ben Keswick	48,637,169[a] [b]
John Witt	240,573
Y.K. Pang	445,000
Graham Baker	36,084
Stuart Gulliver	53,378
David Hsu	160,285
Adam Keswick	41,363,905[a] [b]
Anthony Nightingale	1,203,438
Percy Weatherall	40,226,839[a] [b]

Notes:

(a) Includes 1,750,004 ordinary shares held by a family trust, the trustees of which are closely associated persons of Ben Keswick, Adam Keswick and Percy Weatherall.

(b) Includes 36,143,701 ordinary shares held by family trusts, the trustee of which is a closely associated person of Ben Keswick, Adam Keswick and Percy Weatherall.

* within the meaning of MAR

Jardine Matheson Limited	Interests
Matthew Bland[a]	11,107
Stephen Gore[b]	35,000
Anne O'Riordan	18,614
Steve Sun[c]	–

Notes:

(a) Matthew Bland was appointed on 1st April 2022.

(b) Stephen Gore was appointed on 1st August 2022.

(c) Steve Sun was appointed on 1st August 2022.

In addition to the interests of the Directors of the Company and JML set out above, the interests for each of the Executive Directors include 36,327,391 ordinary shares in the Company held by the 1947 Trust, in which the Executive Directors are interested as discretionary objects under the 1947 Trust (as further described in the 'Directors' Remuneration' section above) and/or as the 1947 Trust is a closely associated person of certain of the Directors. For these purposes, such Executive Directors are deemed to be interested in the 36,327,391 ordinary shares held by the 1947 Trust.

In addition, as at 2nd March 2023, Ben Keswick, John Witt, Y.K. Pang, David Hsu and Adam Keswick held options in respect of 120,000, 90,000, 80,000, 30,000 and 50,000 ordinary shares, respectively, issued in the past pursuant to the Company's share-based long-term incentive plans.

Share Schemes

In the past, share-based long-term incentive plans provided incentives for Executive Directors and senior managers.
No options were granted in the period from 2020 to 2022, however, and there are no current plans to grant further options.
Share options are not granted to Non-Executive Directors.

Audit Committee Report

Audit Committee

The Board is supported by the activities of the Audit Committee. Matters considered by the Audit Committee are set out in its terms of reference, a copy of which can be obtained from the Company's website at www.jardines.com.

The current members of the Audit Committee are:

- Stuart Gulliver (Chairman);
- Anthony Nightingale; and
- Michael Wu.

Stuart Gulliver was appointed as the chairman of the Audit Committee with effect from 25th January 2021. He has recent financial experience and expertise, as well as a deep understanding of risk management. Michael Wu was appointed as a member of the Audit Committee on 2nd March 2023, in place of Adam Keswick who stood down with effect from the same date.

With the appointment of Michael Wu to the Audit Committee, the Company considers that the Audit Committee now comprises only Independent Non-Executive Directors.

The Company's Chairman, Group Managing Director, Deputy Managing Director, Group Finance Director and Group General Counsel, together with representatives of the internal and external auditors, also attend Audit Committee meetings by invitation. Other individuals may attend part of a meeting for specific agenda items as appropriate. The Audit Committee meets on a scheduled basis twice a year and reports to the Board after each meeting.

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;
- independent oversight of risk management and compliance; cybersecurity, business ethics issues and the risks related to information systems and procedures;
- monitoring and reviewing the effectiveness of the internal and external audit functions;
- considering the independence and objectivity of the external auditors;
- reviewing and approving the level and nature of non-audit work performed by the external auditors; and
- reviewing independent assurance in respect of the effectiveness of sustainability metrics adopted by the Group.

Before completion and announcement of the half-year and year-end results, a review of the Company's financial information and any issues raised in connection with the preparation of the results, including the adoption of any 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, when necessary, to the full Board and other senior executives and the boards of the Group's operating companies.

The Audit Committee also keeps under review the nature, scope and results of the audits conducted by the internal audit function and the findings of the various audit committees across the Group's companies.

The matters considered by the Audit Committee during 2022 included:

- reviewing the 2021 annual financial statements and 2022 half-yearly financial statements, with particular focus on the impact of COVID-19, valuation of investment properties, carrying value of investments in certain associates and joint ventures, and provisioning for consumer financing debtors;
- reviewing the actions and judgments 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 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;
- 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 function;
- receiving updates on risk management initiatives, including cross-Group sharing on risk topics and best practices, an external review and benchmarking of the Group's enterprise-wide risk management approach completed in 2022;
- reviewing the biennial assessment of the effectiveness of the Group's Internal Audit function;
- 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 as External Auditor and recommending their re-appointment as the External Auditor; and
- conducting a review of the terms of reference of the Audit Committee.

Audit Committee Attendance

The table below shows the attendance at the scheduled 2022 Audit Committee meetings:

	Meetings eligible to attend	% attendance
Current Audit Committee members		
Stuart Gulliver (Chairman)	2/2	100%
Adam Keswick*	2/2	100%
Anthony Nightingale	2/2	100%

*Adam Keswick resigned from the Audit Committee on 2nd March 2023. Michael Wu was appointed to the Audit Committee on 2nd March 2023.

Auditor Independence and Effectiveness

The Group Auditor's independence and objectivity are safeguarded by control measures, including:

- reviewing the nature of non-audit services (including the adoption by the Company of a non-audit services policy);
- the External Auditor's own internal processes to approve requests for non-audit work to the external audit work;
- monitoring changes in legislation related to auditor independence and objectivity;
- the rotation of the lead auditor partner after five years;
- independent reporting lines from the external auditor to the Committee and providing an opportunity for the external auditor to have in-camera sessions with the Committee;
- restrictions on the employment by the Group of certain employees of the external auditor;
- providing a confidential helpline that employees can use to report any concerns; and
- an annual review by the Committee of the policy to ensure the objectivity and independence of the external auditor.

The Board's annual review in 2022 of the Auditor's Independence and Effectiveness found that the Auditor performed their duties effectively. The Board found the level of professional scepticism, the number and regularity of meetings with the Audit Committee (both informal as well as formal), feedback from Audit Committee members and internal stakeholders, and the levels of technical skills and experience to be effective.

Risk Management and Internal Control

The Board has overall responsibility for the Group's systems of risk management and internal control. The Board has delegated responsibility to the Audit Committee 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 systems of internal control (financial, operational and compliance) and the procedures by which these risks are monitored and mitigated.

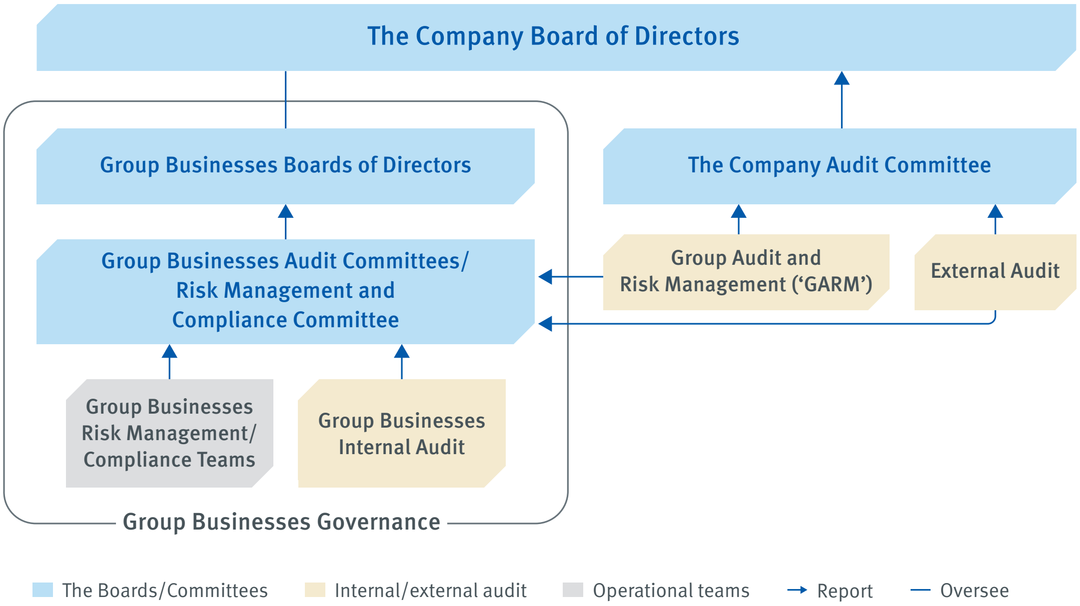
The Audit Committee considers the systems and procedures regularly and reports to the Board semi-annually. The Group's Audit and Risk Management function (Group Audit and Risk Management or 'GARM') assists the Audit Committee in fulfilling its assurance and reporting roles. GARM adheres to international standards for the professional practice of internal audit. To safeguard its independence and objectivity, GARM reports functionally to the Audit Committee of the Company and has full and unrestricted access to all business functions, records, properties and personnel.

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 oversees the implementation of the systems of internal control within the Group's operating companies, the responsibility for which rests with each company's board and its executive management.

The Group has an established risk management process, which 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. The Group's risk management process and risk registers are reviewed on a regular basis.

Risk Governance Structure



Each business unit is responsible for:

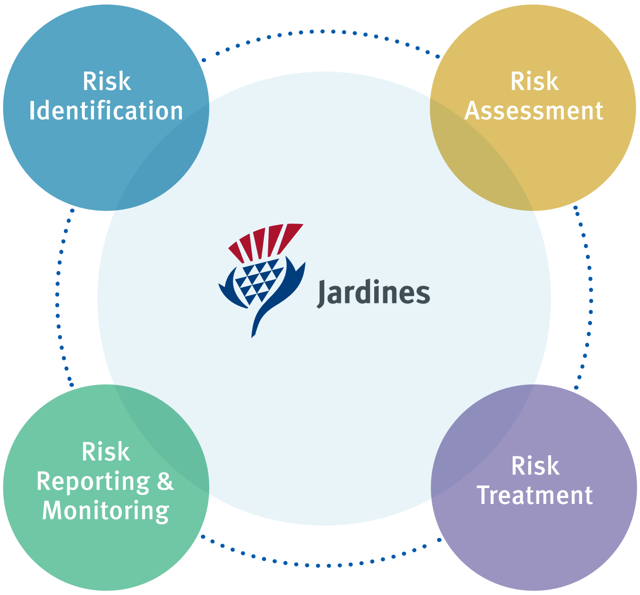
- identifying and assessing principal risks and uncertainties to which it is exposed;
- implementing the most appropriate actions to mitigate and control those risks to an acceptable level;
- providing adequate resources to minimise, offset or transfer the effects of any loss that may occur while managing 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 GARM on the principal risks and uncertainties.

The Group is a collection of businesses, each of which has a high degree of operational autonomy, for which GARM performs a Group risk consolidation, reporting, advisory and knowledge-sharing role. Each business determines the structure of enterprise risk management ('ERM') that is appropriate for its nature and size, and is responsible for its own ERM activities and documentation. GARM facilitates the building of the Group's ERM knowledge base with records of past events, newsletters, as well as learnings from matters of serious concern that inform its regular knowledge sharing and advisory to Group businesses. This Group-level activity supports and supplements the knowledge base that each business holds in respect of its own ERM.

Information and guidelines for reporting principal risks and uncertainties are regularly communicated to the business units. Risk management initiatives, such as training and sharing sessions, are undertaken by each business unit.

Risk Management Framework

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



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

The key elements of the Risk Management Framework are as follows:

Risk Identification	• Identify and document the Group's exposure to uncertainty with existing strategic objectives • Adopt structured and methodical techniques to identify critical risks
Risk Assessment	• 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	• Tolerate – accept if within the Group's risk appetite • Terminate – dispose or avoid risks where no appetite Risks may be accepted if mitigated to an appropriate level via: • 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	• 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

Set out below are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the DTRs, as well as a summary of the steps taken to mitigate those risks.

These risks are in addition to matters referred to in the Chairman's Statement, Group Managing Director's Review and other parts of the Annual Report.

Political and economic risk

Description

Changes and uncertainties in the political landscape pose risks for business activity and sentiment in the territories where the Group operates and, consequently, for the current investments and future growth of the Group's businesses.

Most of the Group's businesses are exposed to the risk of adverse developments in global and regional economies and financial markets, either directly, or through the impact such developments might have on the Group's joint venture partners, associates, franchisors, bankers, suppliers or customers. These developments could include recession, inflation, deflation, currency fluctuations, restrictions in the availability of credit, business failures, or increases in financing costs, oil prices or the cost of raw materials.

Mitigation

- Maintaining the Group's financial strength and funding sources under scenarios of economic downturn and other stresses.
- Monitoring the volatile macroeconomic environment and considering economic factors in strategic and financial planning processes.
- Making agile adjustments to existing business plans and exploring new business streams and new markets.
- Reviewing pricing strategies and keeping conservative assumptions on global commodity prices.
- Insurance programme covering business interruption due to civil unrest.

Customers' changing behaviours and market competition

Description

The Group's businesses operate in sectors and regions which are highly competitive and evolving rapidly. Failure to compete effectively, whether in terms of price, product, distribution, service or application of new technologies, can hurt margins, earnings or market share.

Sustainability considerations has increasingly resulted in customers switching to other companies, brands or providers that provide sustainable products or services.

Mitigation

- Utilising market intelligence and deploying digital strategies for business-to-consumer businesses.
- Establishing customer relationship management and digital commerce capabilities.
- Diversifying the customer base and reducing dependency on any key customers.
- Re-engineer existing business processes to take advantage of new technological capabilities.
- Invest in and partner with companies that can provide the Group access to different capabilities and technologies.

Investment, partnerships and franchise rights

Description

Conflicts with joint venture partners or other strategic partners may arise due to (i) different corporate cultures, management styles and risk appetite; (ii) disagreement over business priorities, strategy, and allocation of capital/resources; and (iii) conflicts of interests.

The Group's retail and motor businesses rely on their franchises on relationships with principals, whereby non-compliance with the agreement or a strained relationship with principals might result in principals terminating, not renewing or renegotiating the franchise agreement.

Mitigation

- Conducting sufficient research, due diligence and evaluation of investment opportunities and potential business partners.
- In-house Legal reviewing shareholder agreements to ensure adequate rights and protections are in place.
- Developing clear frameworks and levels of authority for investment or partnership decisions.
- Established Group Investment and Business Development Committee to review significant investments.
- Maintaining close relationships with senior management of business partners.
- Requesting and influencing joint ventures and associates to operate in a proper manner and in compliance with policies and procedures.
- Strengthening existing relationships with principals through sustaining strong market shares, achieving high customer retention and complying with dealer standards and principal's policies.

IT, facilities and cybersecurity

The Group's businesses are ever more reliant on technology in their operations and face increasing cyber-attacks from groups targeting both individuals and businesses. As a result, the privacy and security of customer and corporate information are at risk of being compromised through a breach of our IT systems or the unauthorised or inadvertent release of information, resulting in brand damage, impaired customer trust, loss of competitiveness or regulatory action.

Cyber-attacks stemming from inadequate cybersecurity or lack of employee cybersecurity awareness may also adversely affect the function of important equipment and facilities and our ability to manage daily business operations, resulting in business interruption, reputational damage, regulatory penalties, lost revenues, repair or other costs.

Mitigation

- Engaging external consultants to perform assessments on the business units with industry benchmarks.
- Defining cybersecurity programme and centralised function to provide oversight, promote cybersecurity hygiene, strengthen cybersecurity defences and manage cybersecurity incidents.
- Performing regular vulnerability assessment and penetration testing to identify weaknesses.
- Maintaining and testing disaster recovery plans and backup for data restoration.
- Arranging regular security awareness training at least annually and phishing testing to raise users' cybersecurity awareness.
- Conducting regular internal audits of IT general controls and cybersecurity.

Concentration risk

Description

Certain locations in Asia contribute a significant portion of the Group's underlying profit and are where many of its key functions and senior management are based. Adverse conditions such as social upheaval, erosion of the rule of law or travel restrictions could reduce a location's competitiveness and impact the Group's businesses concentrated operations in that jurisdiction.

Mitigation

The diverse nature of the Group's businesses mitigates concentration risk at a portfolio level. Ongoing strategic initiatives include:

- Exploring diversification of businesses through organic growth, selective acquisitions and establishing support services beyond locations where the Group typically operates.
- Maintaining financial strength under challenging scenarios.
- Further strengthening the Group's brands to sustain competitiveness and resilience.
- Supporting governments with constructive input and activities.

Talent and labour

Description

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

Recent and future workforce rationalisation in some businesses may raise the potential for organisational gaps in capabilities, succession and controls.

Mitigation

- Supporting workforce practices that promote well-being and flexible work arrangements that are competitive with the market.
- Ensuring proactive manpower planning and succession planning are in place.
- Enhancing modern employer branding, training for staff members, compensation and benefits, including retention incentives.
- Establishing employee assistance and counselling programmes.
- Enhancing talent development plans to increase employees' visibility on future career paths, including identifying strategic talent pools.
- Delivering new learning academy programmes to equip staff with finance, procurement, HR, digital, IT and innovation technical capabilities for business transformation.

Environmental and climate risk

Description

Environmental disasters such as earthquakes, floods and typhoons can damage the Group's assets and disrupt operations. The Group is also facing higher insurance premiums or reduced coverage for such natural disasters.

Some of the Group's businesses operate in areas which are sensitive from a biodiversity point of view have the potential to impact the local environment and to be negatively perceived by stakeholders.

Mitigation

- Sustainability Leadership Council established to mobilise and coordinate sustainability efforts across the Group.
- A Climate Action Working Group, with representatives from all business units, drives Group-wide initiatives which strengthen collaboration and share knowledge.
- Each business is building a net zero carbon pathway and climate change plan to build climate resilience.
- Conducting climate risk assessments and adaptation action plans based on recommendations of TCFD, including implementing measures to address physical risks posed by climate change and identifying opportunities in global transition to a low carbon economy.
- Company has issued Just Energy Transition commitments to scale up investment in renewable energy and related innovations, diversify into non-coal mineral mining, and make no investments in new thermal or metallurgical coal mines or new thermal coal-fired power plants.

Third-party service provider and supply chain management

Description

Supply chain disruption caused by key suppliers or service providers, or failure to deliver by contractors/subcontractors could cause significant operational disruption, lack of inventory supply, financial loss and reputational damage to the businesses.

The Group's operations may be materially affected if third parties on which we depend are compromised by cyber-attacks. With increased reliance on third-party ecosystems, the Group has greater exposure to third-party risk if there is insufficient vetting, oversight or visibility over third parties and their subcontractors, particularly on information security, resilience, regulatory compliance, and their ongoing capability.

Mitigation

- Ensuring protective terms and conditions in third-party service agreements, including vendors being contractually required to bear higher liability for failures to deliver or if they are responsible for a cyber incident at a Group business.
- Having robust evaluation and selection procedures for vendors and third-party service providers, including an information security assessment where appropriate.
- Engaging suppliers only if they agree to comply with a supplier code of conduct where businesses require.
- Maintaining a minimum safety stock for key/high risk ingredients at all times.
- Sourcing back-up suppliers, warehouses or other alternative plans.
- Maintaining strong relationships with suppliers that are designated by principals.
- Maintaining supplier insurance to cover logistics interruption.

- Ensuring early negotiation of new contracts for key service providers.
- Diversifying the product range to reduce the impact of disruptions to single products.
- Including third-party disruption scenarios as part of business continuity planning.

Change management, cultural agility and strategic initiatives

Description

Challenges include managing change, fostering an agile and entrepreneurial culture that supports innovation and exploring, and ensuring skilful project management of strategic initiatives.

Dependence on legacy systems and processes may also undermine change initiatives due to inability to support new tools and efficiency improvements.

Inadequate change management, cultural agility or strategic initiatives could lead to erosion of competitive position and reputation, loss of valued employees, project delays, failure to deliver results on invested resources, and lost opportunities for cross-business synergies.

Mitigation

- Senior management maintain support and regular communication across the organisation on strategic direction and cultural values.
- Oversight of material strategic initiatives by Steering Committees or Board.
- Encouraging innovation, including cross-organisation sharing of ideas, incentives and championing of change initiatives.
- Encouraging cross-departmental input and involvement on projects.
- Appointing experienced personnel to manage projects and change, including external consultants where needed.
- Exploring potentially disruptive business models by partnering with start-ups or allowing business units autonomy to create new ventures.

Health, safety and product quality

Description

Several of the Group's businesses engage in construction, production or other physical activities that may lead to serious injury or fatal incidents if work conditions are unsafe or workers do not take due care to observe safety procedures.

The safety and quality of food products, elevators, vehicles and other items delivered by the Group's businesses are fundamental to their reputation with customers. Any actual or perceived deficiency in product safety or quality may damage consumer confidence and the brand's reputation, leading to financial loss.

Mitigation

- Establishing and maintaining safe working environments and regular safety training for all employees and subcontractors.
- Establishing contractual requirements for contractors to comply with high expected levels of safety standards.
- Incorporating site safety plans in tenders and contracts.
- Conducting occupational health and safety awareness campaigns.
- Disseminating safety materials such as signage, guard rails and pictorial representations of safe work procedures accessed via mobile phones.
- Purchasing sufficient insurance coverage including employee compensation and motorbike insurance for delivery riders.
- Establishing product quality and safety standards, guidelines.
- Reporting and including quality and food safety as KPIs.
- Establishing and maintaining proper supplier selection processes.
- Implementing comprehensive quality control measures in all retail stores.
- Ensuring suppliers follow the Group’s guidelines, principals’ requirements and local regulations.
- Conducting regular audits on suppliers, manufacturers, warehouse services providers and own facilities.
- Conducting periodic drills and crisis management procedures for safety incidents, including media handling.
- Obtaining adequate product liability insurance.

Compliance with and changes to laws and regulations

Description

The Group’s businesses are subject to several regulatory regimes in the territories they operate in. New or changing laws and regulations in a wide range of areas such as foreign ownership of assets and businesses, exchange controls, building and environmental standards, competition, tax, employment and data privacy could potentially impact the operations and profitability of the Group’s businesses.

Non-compliance may lead to reputational damage from media exposure and financial loss due to litigation or penalties by government authorities.

Mitigation

- Engagement of legal experts at early stage to assess implications of new rules.
- Staying connected and informed of relevant new and draft regulations.
- Annual update on new regulations.
- Lobbying of relevant bodies.
- Undertake early scenario planning assessing the implications of new rules and preparing contingencies.

Pandemic

Description

COVID-19 has demonstrated the wide-ranging and long-lasting impacts and disruptions for businesses, communities and employees that may result from the spread of a pandemic.

Significant disruptions and uncertainties would likely result from global or regional pandemics if they raise the prospect of lockdowns, restrictions on cross-border mobility, interruptions to supply chains, and dampened consumer sentiment while vaccines are unavailable.

Mitigation

- Increasing flexibility and resilience of work arrangements, including tools that enable all employees to work remotely.
- Testing business continuity plans periodically for various scenarios including loss of premises, systems, people and extended periods of split teams.
- Increasing resilience of supply chain with sourcing alternative suppliers for key inputs and close coordination with logistics partners.

Customer exposures and claims on customers

Description

If not carefully managed, receivables from customers could be impaired and lead to financial loss. Customers may also present financial exposures for businesses that provide product warranties or insurance as part of their offering.

For construction projects, claims on customers are substantial parts of the contract sum. Failure to agree claims with customers due to disputes on terms such as delivery of contractual scope or cost estimates may impair profitability and cash flow of the projects.

Mitigation

- Setting credit limits based on comprehensive and regular evaluation of customers' creditworthiness.
- Monitoring the ageing of accounts receivable.
- Implementing receivables collection to maximise recoverability.
- Reviewing and ensuring terms and conditions of contracts are acceptable, including payment terms, during tender stage.
- Maintaining sufficient provision for doubtful debts, based on prudent assessment of recoverability of receivables.
- Allocating sufficient allowances for contingencies for each project.
- Considering sanctions lists when assessing potential customers.

Financial strength and funding

Description

The Group's activities expose it to a variety of risks to its financial strength and funding, 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.

Several of the Group's businesses and projects may have concessions, franchises or other contracts which contain financial requirements as part of their obligations which, if breached, may lead to termination or renegotiation.

Mitigation

- Setting clear policies and limits on market, credit and liquidity risks, including in relation to foreign exchange exposure, interest rate risks, cash management and prohibition on derivatives not used in hedging.
- Regular internal audits of compliance with treasury policies.
- Adopting appropriate credit guidelines to manage counterparty risk.
- When economically feasible, taking borrowings in local currency to hedge foreign exchange exposures on investments.
- Fixing a portion of borrowings in fixed rates.
- Maintaining adequate headroom in committed facilities to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties.
- Keeping an appropriate funding balance between equity and debt from banks and capital markets, both short- and long-term in tenor, to give flexibility to develop the business.
- Maintaining sufficient cash and marketable securities, and 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 pages 42 to 49 and Note 43 to the financial statements on pages 181 to 190.

Governance and misconduct

Description

Ethical breaches, management override of controls, employee fraud and misconduct, or other deficiencies in governance and three lines of internal controls may result in financial loss and reputational damage for the Group.

Inadequate capability and diversity in management or the Board may also lead to sub-optimal deliberations and decisions.

The Group holds minority stakes in various companies. Lack of control or significant influence over these companies may lead to losses on the Group's investment if the companies are mismanaged.

Mitigation

- Established Groupwide mandatory Code of Conduct and training that applies to all Group businesses and new joiners.
- Maintaining a robust Corporate Governance Framework which includes whistle-blowing channels.
- Compliance departments of individual businesses reviewing internal controls.
- Maintaining functionally independent internal audit function that reports to the Group Audit Committee on risk management, the control environment and significant non-compliance matters.
- Maintaining Professional Indemnity, Crime and General Liability insurance policies with adequate coverage.

Monitoring of Risk Management and Internal Control Systems

The effectiveness of the Company's risk management and internal control systems is monitored by the internal audit function, which reports functionally to the Audit Committee of the Company, and by a series of audit committees or risk management and compliance committees that operate in each significant business unit across the Group. The internal audit function also monitors the approach taken by the business units to managing risk. The findings of the internal audit function and recommendations for any corrective action required are reported to the relevant audit committee and, if appropriate, to the Company's Audit Committee.

Shareholder Information

Financial Calendar

2022 full-year results announced	2nd March 2023
Shares quoted ex-dividend	16th March 2023
Share registers closed	20th to 24th March 2023
2022 final dividend scrip election period closes	21st April 2023
Annual General Meeting to be held	4th May 2023
2022 final dividend payable	10th May 2023
2023 half-year results to be announced	28th July 2023*
Shares quoted ex-dividend	17th August 2023*
Share registers to be closed	21st to 25th August 2023*
2023 interim dividend scrip election period closes	22nd September 2023*
2023 interim dividend payable	11th October 2023*

*Subject to change

Dividends

The dividends will be available in cash with a scrip alternative. 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 2022 final dividend by notifying the United Kingdom transfer agent in writing by 21st April 2023. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 26th April 2023.

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')
For those shareholders who are on CDP's DCS, they 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*
For those shareholders who are not on CDP's DCS, they 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

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

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

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

Consolidated Profit and Loss Account

for the year ended 31st December 2022

	Note	2022 Underlying business performance US$m	2022 Non-trading items US$m	2022 Total US$m	2021 Underlying business performance US$m	2021 Non-trading items US$m	2021 Total US$m
Revenue	3	**37,724**	**–**	**37,724**	35,862	–	35,862
Net operating costs	4	**(33,598)**	**(363)**	**(33,961)**	(32,534)	1,114	(31,420)
Change in fair value of investment properties	13	**–**	**(930)**	**(930)**	–	(1,410)	(1,410)
Operating profit		**4,126**	**(1,293)**	**2,833**	3,328	(296)	3,032
Net financing charges	5						
– financing charges		**(625)**	**–**	**(625)**	(595)	–	(595)
– financing income		**197**	**–**	**197**	206	–	206
		(428)	**–**	**(428)**	(389)	–	(389)
Share of results of associates and joint ventures	6						
– before change in fair value of investment properties		**1,232**	**(411)**	**821**	1,178	10	1,188
– change in fair value of investment properties		**–**	**(3)**	**(3)**	–	81	81
		1,232	**(414)**	**818**	1,178	91	1,269
Profit before tax		**4,930**	**(1,707)**	**3,223**	4,117	(205)	3,912
Tax	7	**(964)**	**4**	**(960)**	(828)	(123)	(951)
Profit after tax		**3,966**	**(1,703)**	**2,263**	3,289	(328)	2,961
Attributable to:							
Shareholders of the Company	8 & 9	**1,584**	**(1,230)**	**354**	1,513	368	1,881
Non-controlling interests		**2,382**	**(473)**	**1,909**	1,776	(696)	1,080
		3,966	**(1,703)**	**2,263**	3,289	(328)	2,961
		US$		US$	US$		US$
Earnings per share	8						
– basic		**5.49**		**1.22**	4.83		6.01
– diluted		**5.49**		**1.22**	4.83		6.01

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2022

	Note	2022 US$m	2021 US$m
Profit for the year		**2,263**	2,961
Other comprehensive expense			
Items that will not be reclassified to profit and loss:			
Net exchange translation loss arising during the year		**(718)**	(62)
Remeasurements of defined benefit plans	19	**37**	86
Net revaluation surplus before transfer to investment properties			
– tangible assets	11	**–**	75
– right-of-use assets	12	**39**	3
Tax on items that will not be reclassified		**(7)**	(9)
		(649)	93
Share of other comprehensive income of associates and joint ventures		**9**	9
		(640)	102
Items that may be reclassified subsequently to profit and loss:			
Net exchange translation differences			
– net loss arising during the year		**(569)**	(165)
– transfer to profit and loss		**4**	(21)
		(565)	(186)
Revaluation of other investments at fair value through other comprehensive income			
– net loss arising during the year	16	**(20)**	(2)
– transfer to profit and loss		**(2)**	(3)
		(22)	(5)
Cash flow hedges			
– net gain arising during the year		**92**	75
– transfer to profit and loss		**(7)**	12
		85	87
Tax relating to items that may be reclassified		**(11)**	(21)
Share of other comprehensive expense of associates and joint ventures		**(963)**	(16)
		(1,476)	(141)
Other comprehensive expense for the year, net of tax		**(2,116)**	(39)
Total comprehensive income for the year		**147**	2,922
Attributable to:			
Shareholders of the Company		**(660)**	1,908
Non-controlling interests		**807**	1,014
		147	2,922

Consolidated Balance Sheet

at 31st December 2022

	Note	At 31st December 2022 US$m	2021 US$m
Assets			
Intangible assets	*10*	**2,528**	2,635
Tangible assets	*11*	**5,853**	6,184
Right-of-use assets	*12*	**4,184**	4,274
Investment properties	*13*	**31,813**	32,847
Bearer plants	*14*	**465**	499
Associates and joint ventures	*15*	**17,856**	17,980
Other investments	*16*	**2,801**	2,908
Non-current debtors	*17*	**3,222**	2,961
Deferred tax assets	*18*	**575**	518
Pension assets	*19*	**17**	32
Non-current assets		**69,314**	70,838
Properties for sale	*20*	**3,311**	3,345
Stocks and work in progress	*21*	**3,513**	2,793
Current debtors	*17*	**6,873**	6,928
Current investments	*16*	**18**	46
Current tax assets		**156**	172
Bank balances and other liquid funds	*22*		
– non-financial services companies		**5,526**	6,904
– financial services companies		**372**	378
		5,898	7,282
		19,769	20,566
Asset classified as held for sale		**65**	85
Current assets		**19,834**	20,651
Total assets		**89,148**	91,489

Approved by the Board of Directors

John Witt
Graham Baker
Directors

2nd March 2023

	Note	At 31st December 2022 US$m	2021 US$m
Equity			
Share capital	23	**73**	179
Share premium and capital reserves	25	**26**	25
Revenue and other reserves		**28,727**	35,800
Own shares held	27	**–**	(6,223)
Shareholders' funds		**28,826**	29,781
Non-controlling interests	28	**27,371**	28,587
Total equity		**56,197**	58,368
Liabilities			
Long-term borrowings	29		
– non-financial services companies		**10,541**	11,026
– financial services companies		**1,532**	1,273
		12,073	12,299
Non-current lease liabilities	30	**2,951**	3,022
Deferred tax liabilities	18	**791**	743
Pension liabilities	19	**368**	451
Non-current creditors	31	**191**	250
Non-current provisions	32	**336**	309
Non-current liabilities		**16,710**	17,074
Current creditors	31	**10,459**	10,074
Current borrowings	29		
– non-financial services companies		**2,500**	2,513
– financial services companies		**1,663**	1,846
		4,163	4,359
Current lease liabilities	30	**772**	812
Current tax liabilities		**672**	609
Current provisions	32	**175**	193
Current liabilities		**16,241**	16,047
Total liabilities		**32,951**	33,121
Total equity and liabilities		**89,148**	91,489

Consolidated Statement of Changes in Equity

for the year ended 31st December 2022

	Share capital US$m	Share premium US$m	Capital reserves US$m	Revenue reserves US$m	Asset revaluation reserves US$m	Hedging reserves US$m	Exchange reserves US$m	Own shares held US$m	Attributable to shareholders of the Company US$m	Attributable to non-controlling interests US$m	Total equity US$m
2022											
At 1st January	179	–	25	34,926	2,242	(18)	(1,350)	(6,223)	29,781	28,587	**58,368**
Total comprehensive income	–	–	–	374	30	73	(1,137)	–	(660)	807	**147**
Dividends paid by the Company	–	–	–	(607)	–	–	–	–	(607)	–	**(607)**
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(994)	**(994)**
Unclaimed dividends forfeited	–	–	–	2	–	–	–	–	2	–	**2**
Issue of shares	–	1	–	–	–	–	–	–	1	–	**1**
Employee share option schemes	–	–	4	–	–	–	–	–	4	2	**6**
Scrip issued in lieu of dividends	1	(1)	–	184	–	–	–	–	184	–	**184**
Repurchase of shares	(1)	(2)	–	(168)	–	–	–	–	(171)	–	**(171)**
Reduction of capital	(106)	(1)	–	(6,116)	–	–	–	6,223	–	–	**–**
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	4	**4**
Share purchased for a share-based incentive plan in a subsidiary	–	–	–	(15)	–	–	–	–	(15)	(5)	**(20)**
Change in interests in subsidiaries	–	–	–	322	–	–	–	–	322	(1,030)	**(708)**
Change in interests in associates and joint ventures	–	–	–	(15)	–	–	–	–	(15)	–	**(15)**
Transfer	–	3	(3)	–	–	–	–	–	–	–	**–**
At 31st December	**73**	**–**	**26**	**28,887**	**2,272**	**55**	**(2,487)**	**–**	**28,826**	**27,371**	**56,197**
2021											
At 1st January	181	–	31	33,497	2,167	(55)	(1,152)	(5,282)	29,387	33,456	62,843
Total comprehensive income	–	–	–	1,966	76	37	(171)	–	1,908	1,014	2,922
Dividends paid by the Company	–	–	–	(505)	–	–	–	–	(505)	–	(505)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(669)	(669)
Unclaimed dividends forfeited	–	–	–	1	–	–	–	–	1	1	2
Issue of shares	–	3	–	–	–	–	–	–	3	–	3
Employee share option schemes	–	–	1	–	–	–	–	–	1	–	1
Scrip issued in lieu of dividends	1	(1)	–	152	–	–	–	–	152	–	152
Repurchase of shares	(3)	(8)	–	(569)	–	–	–	–	(580)	–	(580)
Acquisition of the remaining interest in Jardine Strategic	–	–	–	–	–	–	–	(941)	(941)	(4,627)	(5,568)
Subsidiaries disposed of	–	–	–	–	–	–	–	–	–	(5)	(5)
Change in interests in subsidiaries	–	–	–	282	–	–	–	–	282	(581)	(299)
Change in interests in associates and joint ventures	–	–	–	73	–	–	–	–	73	(2)	71
Transfer	–	6	(7)	29	(1)	–	(27)	–	–	–	–
At 31st December	179	–	25	34,926	2,242	(18)	(1,350)	(6,223)	29,781	28,587	58,368

On 8th March 2021, the Company announced a plan to simplify the Group's parent company structure, including the acquisition for cash of the 15% of Jardine Strategic Holdings Limited's ('Jardine Strategic') issued share capital that the Company and its wholly-owned subsidiaries did not already own (the 'Acquisition'). The Acquisition was implemented by way of an amalgamation of Jardine Strategic and a wholly-owned subsidiary of the Company, under the Companies Act 1981 of Bermuda. The total Acquisition value was approximately US$5.6 billion. The Acquisition was financed by the issuance of a total of US$1.2 billion bonds on 9th April 2021 *(refer note 29)*, new revolving credit facilities and existing cash resources.

The Acquisition was completed on 14th April 2021, following shareholders' approval at Jardine Strategic's special general meeting on 12th April 2021. The Acquisition value and the related transaction costs resulted in a reduction of the Group's total equity in 2021.

At the Company's annual general meeting on 5th May 2022, shareholders approved the cancellation of the 59% shareholding in the Company held directly and indirectly by the above amalgamated subsidiary by way of a reduction of capital in the Company *(refer note 23)*. The capital reduction, which was effective on 18th May 2022, constituted the final stage in the Group's simplification of its parent company structure.

Consolidated Cash Flow Statement

for the year ended 31st December 2022

	Note	2022 US$m	2021 US$m
Operating activities			
Cash generated from operations	33 (a)	**5,287**	5,383
Interest received		**177**	194
Interest and other financing charges paid		**(564)**	(573)
Tax paid		**(1,006)**	(728)
		3,894	4,276
Dividends from associates and joint ventures		**931**	800
Cash flows from operating activities		**4,825**	5,076
Investing activities			
Purchase of subsidiaries		**(19)**	(24)
Purchase of associates and joint ventures	33 (c)	**(658)**	(194)
Purchase of other investments	33 (d)	**(645)**	(467)
Purchase of intangible assets		**(154)**	(158)
Purchase of tangible assets		**(1,014)**	(620)
Additions to right-of-use assets		**(53)**	(25)
Additions to investment properties		**(123)**	(118)
Additions to bearer plants		**(39)**	(32)
Advances to and repayments to associates and joint ventures	33 (e)	**(802)**	(1,100)
Advances from and repayments from associates and joint ventures	33 (f)	**416**	850
Sale of subsidiaries	33 (g)	**–**	1,510
Sale of associates and joint ventures		**30**	60
Sale of other investments	33 (h)	**228**	398
Sale of intangible assets		**3**	–
Sale of tangible assets	33(i)	**230**	135
Sale of right-of-use assets		**7**	13
Sale of investment properties		**–**	3
Cash flows from investing activities		**(2,593)**	231
Financing activities			
Issue of shares		**1**	3
Capital contribution from non-controlling interests		**4**	–
Acquisition of the remaining interest in Jardine Strategic		**(21)**	(5,490)
Change in interests in other subsidiaries	33 (j)	**(708)**	(299)
Purchase of own shares	23	**(173)**	(584)
Purchase of shares for a share-based incentive plan in a subsidiary		**(20)**	–
Drawdown of borrowings	29	**9,047**	12,572
Repayment of borrowings	29	**(9,113)**	(11,467)
Principal elements of lease payments	33 (k)	**(875)**	(894)
Dividends paid by the Company		**(423)**	(353)
Dividends paid to non-controlling interests		**(994)**	(669)
Cash flows from financing activities		**(3,275)**	(7,181)
Net decrease in cash and cash equivalents		**(1,043)**	(1,874)
Cash and cash equivalents at 1st January		**7,278**	9,153
Effect of exchange rate changes		**(356)**	(1)
Cash and cash equivalents at 31st December	33 (l)	**5,879**	7,278

Notes to the Financial Statements

General Information

Jardine Matheson Holdings Limited (the "Company") is incorporated in Bermuda and has a primary listing in the standard segment of the London Stock Exchange, with secondary listings in Bermuda and Singapore.

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 41.

The Group has adopted the following amendments for the annual reporting period commencing 1st January 2022.

Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract (effective from 1st January 2022)

The amendments clarify 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 applied the amendment from 1st January 2022 and there was no material impact on the Group's consolidated financial statements.

There are no other amendments which are effective in 2022 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 amendments that have been issued but not yet effective *(refer note 42)*.

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 12 to 13 and pages 24 to 41.

Notes to the Financial Statements

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 seven operating segments *(2021: seven)* as more fully described on pages 12 to 13. No operating segments have been aggregated to form the reportable segments. Set out below is an analysis of the Group's underlying profit, net borrowings and total equity by reportable segment.

	Jardine Pacific US$m	Jardine Motors# US$m	Hongkong Land US$m	DFI Retail US$m	Mandarin Oriental US$m	Jardine Cycle & Carriage US$m	Astra US$m	Corporate and other interests US$m	Intersegment transactions US$m	Underlying business performance US$m	Non-trading items US$m	Group US$m
2022												
Revenue *(refer note 3)*	2,079	2,044	2,244	9,174	454	1,589	20,205	–	(65)	37,724	–	**37,724**
Net operating costs	(1,982)	(1,994)	(1,399)	(8,965)	(433)	(1,517)	(17,289)	(84)	65	(33,598)	(363)	**(33,961)**
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	(930)	**(930)**
Operating profit/(loss)	97	50	845	209	21	72	2,916	(84)	–	4,126	(1,293)	**2,833**
Net financing charges												
– financing charges	(14)	(10)	(235)	(126)	(17)	(37)	(141)	(45)	–	(625)	–	**(625)**
– financing income	–	3	67	5	2	1	119	–	–	197	–	**197**
	(14)	(7)	(168)	(121)	(15)	(36)	(22)	(45)	–	(428)	–	**(428)**
Share of results of associates and joint ventures												
– before change in fair value of investment properties	113	263	229	(35)	10	159	529	(36)	–	1,232	(411)	**821**
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	(3)	**(3)**
	113	263	229	(35)	10	159	529	(36)	–	1,232	(414)	**818**
Profit/(loss) before tax	196	306	906	53	16	195	3,423	(165)	–	4,930	(1,707)	**3,223**
Tax	(14)	(7)	(132)	(32)	(8)	(16)	(753)	(2)	–	(964)	4	**(960)**
Profit/(loss) after tax	182	299	774	21	8	179	2,670	(167)	–	3,966	(1,703)	**2,263**
Non-controlling interests	–	–	(369)	1	(2)	(44)	(1,979)	11	–	(2,382)	473	**(1,909)**
Profit/(loss) attributable to shareholders	**182**	**299**	**405**	**22**	**6**	**135**	**691**	**(156)**	**–**	**1,584**	**(1,230)**	**354**
Net (borrowings)/cash (excluding net borrowings of financial services companies)*	**34**	**(14)**	**(5,817)**	**(866)**	**(376)**	**(1,456)**	**2,349**	**(1,369)**	**–**			**(7,515)**
Total equity	**1,336**	**1,703**	**33,264**	**1,121**	**3,324**	**981**	**15,565**	**(853)**	**(244)**			**56,197**
2021												
Revenue *(refer note 3)*	1,533	4,988	2,384	9,015	317	1,403	16,285	–	(63)	35,862	–	35,862
Net operating costs	(1,448)	(4,805)	(1,441)	(8,702)	(343)	(1,330)	(14,496)	(32)	63	(32,534)	1,114	(31,420)
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	(1,410)	(1,410)
Operating profit/(loss)	85	183	943	313	(26)	73	1,789	(32)	–	3,328	(296)	3,032
Net financing charges												
– financing charges	(10)	(14)	(222)	(120)	(14)	(19)	(159)	(37)	–	(595)	–	(595)
– financing income	1	5	67	1	1	–	126	5	–	206	–	206
	(9)	(9)	(155)	(119)	(13)	(19)	(33)	(32)	–	(389)	–	(389)
Share of results of associates and joint ventures												
– before change in fair value of investment properties	117	206	356	(40)	(22)	128	453	(20)	–	1,178	10	1,188
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	81	81
	117	206	356	(40)	(22)	128	453	(20)	–	1,178	91	1,269
Profit/(loss) before tax	193	380	1,144	154	(61)	182	2,209	(84)	–	4,117	(205)	3,912
Tax	(17)	(47)	(179)	(60)	(7)	(16)	(499)	(3)	–	(828)	(123)	(951)
Profit/(loss) after tax	176	333	965	94	(68)	166	1,710	(87)	–	3,289	(328)	2,961
Non-controlling interests	(1)	(15)	(491)	(12)	20	(47)	(1,236)	6	–	(1,776)	696	(1,080)
Profit/(loss) attributable to shareholders	175	318	474	82	(48)	119	474	(81)	–	1,513	368	1,881
Net (borrowings)/cash (excluding net borrowings of financial services companies)*	126	153	(5,104)	(844)	(517)	(1,463)	2,233	(1,219)	–			(6,635)
Total equity	1,623	1,726	34,618	1,453	3,418	1,235	15,268	(762)	(211)			58,368

*Net (borrowings)/cash is total borrowings less bank balances and other liquid funds. Net borrowings of financial services companies amounted to US$2,823 million at 31st December 2022 *(2021: US$2,741 million)* and relates to Astra.

During 2021, the operations under Jardine Motors were restructured. The motor trading business in the Chinese mainland ('Zung Fu China') was sold to the Group's associate, Zhongsheng, in October 2021 *(refer notes 15 and 33(g))*. Subsequent to the sale, the motor trading businesses in Hong Kong and Macau are managed by Jardine Pacific. Accordingly, the results of these operations are presented under Jardine Pacific from October 2021. Operations in the United Kingdom and Zhongsheng remain unchanged with results presented under Jardine Motors.

2 Segmental Information (continued)

Set out below are analyses of the Group's underlying profit attributable to shareholders and non-current assets, by geographical areas:

	2022 US$m	2021 US$m
Underlying profit attributable to shareholders:		
China	**682**	882
Southeast Asia	**957**	669
United Kingdom	**35**	27
Rest of the world	**66**	16
	1,740	1,594
Corporate and other interests	**(156)**	(81)
	1,584	1,513
Non-current assets*:		
China	**40,287**	40,869
Southeast Asia	**17,375**	17,724
United Kingdom	**590**	642
Rest of the world	**1,431**	1,628
	59,683	60,863

*Excluding amounts due from associates and joint ventures, financial instruments, deferred tax assets and pension assets.

3 Revenue

	Jardine Pacific US$m	Jardine Motors US$m	Hongkong Land US$m	DFI Retail US$m	Mandarin Oriental US$m	Jardine Cycle & Carriage US$m	Astra US$m	Intersegment transactions US$m	Group US$m
2022									
Gross revenue	6,601	28,882	5,684	27,597	834	8,243	37,173	(256)	**114,758**
Revenue									
By product and service:									
Property	4	–	2,244	–	–	–	65	(8)	**2,305**
Motor vehicles	504	2,044	–	–	–	1,589	7,999	–	**12,136**
Retail and restaurants	838	–	–	9,174	–	–	–	–	**10,012**
Financial services	–	–	–	–	–	–	1,780	–	**1,780**
Engineering, heavy equipment, mining and construction	733	–	–	–	–	–	8,259	(56)	**8,936**
Hotels	–	–	–	–	454	–	–	(1)	**453**
Other	–	–	–	–	–	–	2,102	–	**2,102**
	2,079	**2,044**	**2,244**	**9,174**	**454**	**1,589**	**20,205**	**(65)**	**37,724**
By geographical location of customers:									
China	1,421	–	2,023	5,906	80	–	–	(64)	**9,366**
Southeast Asia	223	–	221	2,842	21	1,589	20,205	(1)	**25,100**
United Kingdom	–	2,044	–	–	88	–	–	–	**2,132**
Rest of the world	435	–	–	426	265	–	–	–	**1,126**
	2,079	**2,044**	**2,244**	**9,174**	**454**	**1,589**	**20,205**	**(65)**	**37,724**
From contracts with customers:									
Recognised at a point in time	1,420	2,044	953	9,161	141	1,519	17,946	–	**33,184**
Recognised over time	655	–	173	13	295	66	213	(57)	**1,358**
	2,075	2,044	1,126	9,174	436	1,585	18,159	(57)	**34,542**
From other sources:									
Rental income from investment properties	4	–	927	–	–	–	12	(8)	**935**
Revenue from financial services companies	–	–	–	–	–	–	1,780	–	**1,780**
Other	–	–	191	–	18	4	254	–	**467**
	4	–	1,118	–	18	4	2,046	(8)	**3,182**
	2,079	**2,044**	**2,244**	**9,174**	**454**	**1,589**	**20,205**	**(65)**	**37,724**

3 Revenue (continued)

	Jardine Pacific US$m	Jardine Motors US$m	Hongkong Land US$m	DFI Retail US$m	Mandarin Oriental US$m	Jardine Cycle & Carriage US$m	Astra US$m	Intersegment transactions and other US$m	Group US$m
2021									
Gross revenue	5,665	31,568	6,845	27,684	510	6,434	30,909	(245)	109,370
Revenue									
By product and service:									
Property	4	–	2,384	–	–	–	56	(8)	2,436
Motor vehicles	104	4,988	–	–	–	1,403	6,642	(13)	13,124
Retail and restaurants	853	–	–	9,015	–	–	–	–	9,868
Financial services	–	–	–	–	–	–	1,735	–	1,735
Engineering, heavy equipment, mining and construction	572	–	–	–	–	–	5,524	(41)	6,055
Hotels	–	–	–	–	317	–	–	(1)	316
Other	–	–	–	–	–	–	2,328	–	2,328
	1,533	4,988	2,384	9,015	317	1,403	16,285	(63)	35,862
By geographical location of customers:									
China	905	2,765	1,770	5,714	89	–	–	(59)	11,184
Southeast Asia	176	2	614	2,885	14	1,403	16,285	(4)	21,375
United Kingdom	–	2,221	–	–	44	–	–	–	2,265
Rest of the world	452	–	–	416	170	–	–	–	1,038
	1,533	4,988	2,384	9,015	317	1,403	16,285	(63)	35,862
From contracts with customers:									
Recognised at a point in time	1,038	4,984	688	9,015	111	1,337	14,073	(13)	31,233
Recognised over time	491	4	567	–	186	64	245	(42)	1,515
	1,529	4,988	1,255	9,015	297	1,401	14,318	(55)	32,748
From other sources:									
Rental income from investment properties	4	–	946	–	–	–	12	(8)	954
Revenue from financial services companies	–	–	–	–	–	–	1,735	–	1,735
Other	–	–	183	–	20	2	220	–	425
	4	–	1,129	–	20	2	1,967	(8)	3,114
	1,533	4,988	2,384	9,015	317	1,403	16,285	(63)	35,862

Gross revenue comprises revenue together with 100% of revenue from associates and joint ventures.

No interest income calculated using effective interest method had been included in revenue from contracts with customers in 2022 and 2021.

Rental income from investment properties included variable rents of US$31 million *(2021: US$29 million)*.

3 Revenue (continued)

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 sales commission and stamp duty paid, as a result of obtaining contracts. The Group has capitalised these costs and recognised in profit and loss when the related revenue is recognised.

Contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised over time.

Contract assets and contract liabilities are further analysed as follows:

	2022 US$m	2021 US$m
Contract assets *(refer note 17)*		
– properties for sale	**5**	448
– engineering, heavy equipment, mining and construction	**91**	92
– other	**17**	15
	113	555
– provision for impairment	**(59)**	(64)
	54	491
Contract liabilities *(refer note 31)*		
– properties for sale	**538**	1,015
– motor vehicles	**330**	349
– retail and restaurants	**239**	210
– engineering, heavy equipment, mining and construction	**148**	122
– other	**50**	71
	1,305	1,767

At 31st December 2022, costs to fulfil contracts and costs to obtain contracts amounted to US$80 million *(2021: US$144 million)* and US$7 million *(2021: US$6 million)* were capitalised, and US$370 million *(2021: US$591 million)* and US$5 million *(2021: US$19 million)* had 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:

	2022 US$m	2021 US$m
Properties for sale	**643**	390
Motor vehicles	**199**	178
Retail and restaurants	**175**	155
Engineering, heavy equipment, mining and construction	**64**	48
Other	**60**	38
	1,141	809

Revenue expected to be recognised on unsatisfied contracts with customers

Timing of revenue to be recognised on unsatisfied performance obligations:

	Properties for sale US$m	Motor vehicles US$m	Engineering, heavy equipment, mining and construction US$m	Other US$m	Total US$m
2022					
Within one year	600	117	818	61	**1,596**
Between one and two years	234	47	331	22	**634**
Between two and three years	42	20	111	1	**174**
Between three and four years	2	9	44	–	**55**
Between four and five years	1	5	32	–	**38**
Beyond five years	–	1	81	–	**82**
	879	**199**	**1,417**	**84**	**2,579**
2021					
Within one year	943	118	546	65	1,672
Between one and two years	430	50	137	19	636
Between two and three years	22	27	58	1	108
Between three and four years	–	10	18	–	28
Between four and five years	–	4	1	1	6
Beyond five years	–	–	1	–	1
	1,395	209	761	86	2,451

As permitted under IFRS 15 'Revenue from Contracts with Customers', the revenue expected to be recognised in the next reporting periods arising from unsatisfied performance obligations for contracts that have original expected durations of one year or less is not disclosed.

4 Net Operating Costs

	2022 US$m	2021 US$m
Cost of sales	**(27,538)**	(26,755)
Other operating income	**493**	1,940
Selling and distribution costs	**(4,017)**	(4,024)
Administration expenses	**(2,296)**	(2,283)
Other operating expenses	**(603)**	(298)
	(33,961)	(31,420)
The following credits/(charges) are included in net operating costs:		
Cost of stocks recognised as expense	**(22,241)**	(22,368)
Cost of properties for sale recognised as expense	**(1,004)**	(1,069)
Amortisation of intangible assets	**(184)**	(195)
Depreciation of tangible assets	**(957)**	(1,016)
Amortisation/depreciation of right-of-use assets	**(939)**	(983)
Depreciation of bearer plants	**(28)**	(27)
Impairment of intangible assets	**(7)**	(15)
Impairment of tangible assets	**(47)**	(43)
Impairment of right-of-use assets	**(3)**	(2)
Write down of stocks and work in progress	**(48)**	(53)
Reversal of write down of stocks and work in progress	**28**	52
Impairment of financing debtors	**(166)**	(161)
Impairment of trade debtors, contract assets and other debtors	**(14)**	(55)
Operating expenses arising from investment properties	**(169)**	(192)
Net foreign exchange gain	**11**	–
Employee benefit expense		
– salaries and benefits in kind	**(3,526)**	(3,407)
– share options granted	**(6)**	(1)
– defined benefit pension plans *(refer note 19)*	**(46)**	(99)
– defined contribution pension plans	**(87)**	(90)
	(3,665)	(3,597)
Expenses relating to low-value leases	**(3)**	(4)
Expenses relating to short-term leases	**(129)**	(125)
Expenses relating to variable lease payment not included in lease liabilities	**(30)**	(21)
Gain on lease modification and termination	**7**	26
Sublease income	**22**	20
Auditors' remuneration		
– audit	**(22)**	(20)
– non-audit services	**(4)**	(4)
	(26)	(24)
Dividend income from equity investments	**61**	62
Interest income from debt investments	**53**	51
Rental income from properties	**13**	16

In relation to the COVID-19 pandemic, the Group received government grants and rent concessions of US$31 million *(2021: US$58 million)* and US$17 million *(2021: US$49 million)*, respectively, for the year ended 31st December 2022. These subsidies were accounted for as other operating income.

	2022 US$m	2021 US$m
Net operating costs included the following gains/(losses) from non-trading items:		
Change in fair value of other investments	**(390)**	(103)
Impairment of assets	**(14)**	(5)
Sale of Zung Fu China *(refer notes 15 and 33(g))*	**(20)**	899
Sale and closure of other businesses	**5**	–
Sale of a hotel property *(refer note 11)*	**41**	–
Sale of Zung Fu properties in Hong Kong	**–**	336
Sale of other property interests	**31**	25
Restructuring of businesses	**(7)**	(31)
Other	**(9)**	(7)
	(363)	1,114

5 Net Financing Charges

	2022 US$m	2021 US$m
Interest expense		
– bank loans and advances	**(269)**	(235)
– interest on lease liabilities	**(114)**	(120)
– other	**(180)**	(181)
	(563)	(536)
Fair value losses on fair value hedges	**(18)**	(14)
Fair value adjustment on hedged items attributable to the hedged risk	**18**	14
	–	–
	(563)	(536)
Interest capitalised	**11**	11
Commitment and other fees	**(73)**	(70)
Financing charges	**(625)**	(595)
Financing income	**197**	206
	(428)	(389)

6 Share of Results of Associates and Joint Ventures

	2022 US$m	2021 US$m
By business:		
Jardine Pacific	**12**	118
Jardine Motors	**263**	206
Hongkong Land	**193**	434
DFI Retail	**(212)**	(41)
Mandarin Oriental	**10**	(22)
Jardine Cycle & Carriage	**45**	139
Astra	**531**	452
Corporate and other interests	**(24)**	(17)
	818	1,269
Share of results of associates and joint ventures included the following gains/(losses) from non-trading items:		
Change in fair value of investment properties	**(3)**	81
Change in fair value of other investments	**(9)**	12
Impairment of assets		
– investment in Robinsons Retail *(refer note 15)*	**(171)**	–
– investment in Siam City Cement *(refer note 15)*	**(114)**	–
– other	**(117)**	(14)
	(402)	(14)
Sale and closure of businesses	**–**	3
Other	**–**	9
	(414)	91

Results are shown after tax and non-controlling interests in the associates and joint ventures.

In relation to the COVID-19 pandemic, included in share of results of associates and joint ventures were the Group's share of the government grants and rent concessions of US$24 million *(2021: US$18 million)* and US$14 million *(2021: US$19 million)*, respectively, for the year ended 31st December 2022.

7 Tax

	2022 US$m	2021 US$m
Tax charged to profit and loss is analysed as follows:		
Current tax	**(1,022)**	(974)
Deferred tax	**62**	23
	(960)	(951)
China	**(139)**	(355)
Southeast Asia	**(793)**	(560)
United Kingdom	**(6)**	(12)
Rest of the world	**(22)**	(24)
	(960)	(951)
Reconciliation between tax expense and tax at the applicable tax rate*:		
Tax at applicable tax rate	**(543)**	(575)
Income not subject to tax		
– change in fair value of investment properties	**–**	9
– other items	**123**	380
Expenses not deductible for tax purposes		
– change in fair value of investment properties	**(139)**	(254)
– other items	**(266)**	(225)
Tax losses and temporary differences not recognised	**(51)**	(76)
Utilisation of previously unrecognised tax losses and temporary differences	**28**	24
Recognition of previously unrecognised tax losses and temporary differences	**5**	2
Deferred tax assets written off	**–**	(3)
Deferred tax liabilities written back	**12**	3
Underprovision in prior years	**(13)**	(11)
Withholding tax	**(100)**	(175)
Land appreciation tax in Chinese mainland	**(11)**	(39)
Change in tax rate	**(3)**	(6)
Other	**(2)**	(5)
	(960)	(951)
Tax relating to components of other comprehensive income is analysed as follows:		
Remeasurements of defined benefit plans	**(7)**	(9)
Cash flow hedges	**(11)**	(21)
	(18)	(30)

Share of tax charge of associates and joint ventures of US$490 million *(2021: US$456 million)* is included in share of results of associates and joint ventures. Share of tax charge of US$30 million *(2021: US$11 million)* is included in other comprehensive income of associates and joint ventures.

*The applicable tax rate for the year was 22.6% *(2021: 21.7%)* and represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates. The increase in applicable tax rate is mainly caused by a change in the geographic mix of the Group's profits.

8 Earnings per Share

Basic earnings per share are calculated on profit attributable to shareholders of US$354 million *(2021: US$1,881 million)* and on the weighted average number of 289 million *(2021: 313 million)* shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US$354 million *(2021: US$1,881 million)*, which is after adjusting for the effects of the conversion of dilutive potential ordinary shares of subsidiaries, associates or joint ventures, and on the weighted average number of 289 million *(2021: 313 million)* shares in issue during the year.

The weighted average number of shares is arrived at as follows:

	Ordinary shares in millions	
	2022	2021
Weighted average number of shares in issue	**467**	721
Company's share of shares held by subsidiaries	**(178)**	(408)
Weighted average number of shares for basic earnings per share calculation	**289**	313
Adjustment for shares deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes	**–**	–
Weighted average number of shares for diluted earnings per share calculation	**289**	313

Additional basic and diluted earnings per share are also calculated based on underlying profit attributable to shareholders. A reconciliation of earnings is set out below:

		2022			2021	
		Basic earnings per share	Diluted earnings per share		Basic earnings per share	Diluted earnings per share
	US$m	US$	US$	US$m	US$	US$
Profit attributable to shareholders	**354**	**1.22**	**1.22**	1,881	6.01	6.01
Non-trading items *(refer note 9)*	**1,230**			(368)		
Underlying profit attributable to shareholders	**1,584**	**5.49**	**5.49**	1,513	4.83	4.83

9 Non-trading Items

	2022 US$m	2021 US$m
By business:		
Jardine Pacific	**(305)**	382
Jardine Motors	**(30)**	789
Hongkong Land	**(335)**	(663)
DFI Retail	**(112)**	(4)
Mandarin Oriental	**(46)**	(58)
Jardine Cycle & Carriage	**(234)**	(85)
Astra	**(37)**	(1)
Corporate and other interests	**(131)**	8
	(1,230)	368
An analysis of non-trading items after interest, tax and non-controlling interests is set out below:		
Change in fair value of investment properties		
– Hongkong Land	**(335)**	(664)
– other	**(269)**	(17)
	(604)	(681)
Change in fair value of other investments	**(309)**	(62)
Impairment of assets		
– investment in Robinsons Retail *(refer note 15)*	**(133)**	–
– investment in Siam City Cement *(refer note 15)*	**(87)**	–
– other	**(125)**	(12)
	(345)	(12)
Sale of Zung Fu China *(refer notes 15 and 33(g))*	**(28)**	791
Sale and closure of other businesses	**4**	2
Sale of a hotel property *(refer note 11)*	**37**	–
Sale of Zung Fu properties in Hong Kong	**–**	337
Sale of other property interests	**23**	18
Restructuring of businesses	**(5)**	(23)
Other	**(3)**	(2)
	(1,230)	368

10 Intangible Assets

	Goodwill US$m	Franchise rights US$m	Concession rights US$m	Deferred exploration costs US$m	Other US$m	Total US$m
2022						
Cost	1,297	150	660	1,219	636	**3,962**
Amortisation and impairment	(189)	(2)	(55)	(706)	(375)	**(1,327)**
Net book value at 1st January	1,108	148	605	513	261	**2,635**
Exchange differences	(43)	(13)	(57)	1	(14)	**(126)**
Additions	26	–	26	55	107	**214**
Disposals	–	–	–	–	(4)	**(4)**
Amortisation	–	–	(13)	(70)	(101)	**(184)**
Impairment charge	(6)	–	–	(1)	–	**(7)**
Net book value at 31st December	**1,085**	**135**	**561**	**498**	**249**	**2,528**
Cost	1,273	136	623	1,270	663	**3,965**
Amortisation and impairment	(188)	(1)	(62)	(772)	(414)	**(1,437)**
	1,085	**135**	**561**	**498**	**249**	**2,528**
2021						
Cost	1,331	152	653	1,159	605	3,900
Amortisation and impairment	(203)	(2)	(47)	(619)	(334)	(1,205)
Net book value at 1st January	1,128	150	606	540	271	2,695
Exchange differences	(12)	(2)	(7)	–	(1)	(22)
Additions	–	–	14	60	106	180
Disposals	(2)	–	–	–	(6)	(8)
Amortisation	–	–	(8)	(79)	(108)	(195)
Impairment charge	(6)	–	–	(8)	(1)	(15)
Net book value at 31st December	1,108	148	605	513	261	2,635
Cost	1,297	150	660	1,219	636	3,962
Amortisation and impairment	(189)	(2)	(55)	(706)	(375)	(1,327)
	1,108	148	605	513	261	2,635

	2022 US$m	2021 US$m
Goodwill allocation by business:		
Jardine Pacific	**74**	61
Jardine Motors	**50**	56
DFI Retail	**457**	456
Mandarin Oriental	**39**	39
Astra	**465**	496
	1,085	1,108

10 Intangible Assets (continued)

Goodwill relating to DFI Retail is allocated to groups of cash-generating units ('CGU') identified by banners or group of stores acquired in each geographical segment. Management has assessed the recoverable amount of each group of CGU based on value-in-use calculations using cash flow projections in the approved budgets and projections based on the weighted average number of years of the remaining lease terms of stores ranging from eight to eleven years.

Key assumptions used for value-in-use calculations for the significant balances of DFI Retail goodwill include budgeted gross margins between 21% and 29% *(2021: 22% and 27%)* and average sales growth rates are between 2% and 5% *(2021: 2% and 5%)* to project cash flows, which vary across the group's business segments and geographical locations, over the weighted average number of years of the remaining lease terms, and are based on management expectations for the market development; and pre-tax discount rates between 8% and 16% *(2021: 5% and 9%)* applied to the cash flow projections. The discount rates used reflect business specific risks relating to the relevant industry, business life-cycle and geographical location. On the basis of this review, management concluded that no impairment charge is required.

Goodwill relating to Astra mainly represents goodwill arising from acquisition of shares in Astra which is regarded as an operating segment, and those arising from Astra's acquisition of subsidiaries. For the purpose of impairment review, the carrying value of Astra is compared with the recoverable amount measured by reference to the quoted market price of the shares held. On the basis of this review, management concluded that no impairment has occurred.

Franchise rights are rights under franchise agreements with automobile and heavy equipment manufacturers. These franchise agreements are deemed to have indefinite lives because either they do not have any term of expiry or their renewal would be probable and would not involve significant costs, taking into account the history of renewal and the relationships between the franchisee and the contracting parties. The carrying amounts of franchise rights comprise mainly Astra's automotive of US$49 million *(2021: US$53 million)* and heavy equipment of US$86 million *(2021: US$95 million)*, are not amortised as such rights will contribute cash flows for an indefinite period. Management has performed an impairment review of the carrying amounts of franchise rights at 31st December 2022 and has concluded that no impairment has occurred. The impairment review was made by comparing the carrying amounts of the cash-generating units in which the franchise rights reside with the recoverable amounts of the cash-generating units. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using growth rates between 3% and 4% *(2021: 3% and 4%)*. Pre-tax discount rates between 19% and 20% *(2021: 17% and 20%)* reflecting specific risks relating to the relevant industries, are applied to the cash flow projections.

Other intangible assets comprise trademarks, computer software, deferred acquisition costs for insurance contracts and customer contracts.

The amortisation charges are all recognised in arriving at operating profit and are included in cost of sales, selling and distribution costs and administration expenses.

The remaining amortisation periods for intangible assets are as follows:

Concession rights	by traffic volume over 33 to 37 years
Computer software	up to 10 years
Deferred exploration costs	by unit of production
Other	various

11 Tangible Assets

	Freehold properties US$m	Buildings on leasehold land US$m	Leasehold improve-ments US$m	Mining properties US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2022							
Cost	1,173	2,415	1,569	1,804	5,731	2,254	**14,946**
Depreciation and impairment	(154)	(1,048)	(1,046)	(968)	(4,097)	(1,449)	**(8,762)**
Net book value at 1st January	1,019	1,367	523	836	1,634	805	**6,184**
Exchange differences	(66)	(106)	(28)	(5)	(119)	(61)	**(385)**
Additions	5	65	131	–	628	303	**1,132**
Disposals	(85)	(12)	(4)	–	(9)	(19)	**(129)**
Transfer from investment properties	–	74	–	–	–	–	**74**
Transfer from/(to) stock and work in progress	–	–	–	–	2	(20)	**(18)**
Classified as held for sale	–	(1)	–	–	–	–	**(1)**
Depreciation charge	(13)	(97)	(113)	(74)	(436)	(224)	**(957)**
(Impairment charge)/reversal of impairment charge	(2)	1	–	–	(46)	–	**(47)**
Net book value at 31st December	**858**	**1,291**	**509**	**757**	**1,654**	**784**	**5,853**
Cost	975	2,344	1,558	1,746	5,738	2,124	**14,485**
Depreciation and impairment	(117)	(1,053)	(1,049)	(989)	(4,084)	(1,340)	**(8,632)**
	858	**1,291**	**509**	**757**	**1,654**	**784**	**5,853**
2021							
Cost	1,231	2,777	1,546	1,811	5,723	2,197	15,285
Depreciation and impairment	(148)	(1,079)	(1,008)	(892)	(3,902)	(1,394)	(8,423)
Net book value at 1st January	1,083	1,698	538	919	1,821	803	6,862
Exchange differences	(37)	(31)	(4)	1	(3)	(9)	(83)
Additions	4	60	126	–	300	283	773
Disposals	(8)	(177)	(19)	–	(17)	(25)	(246)
Revaluation surplus before transfer to investment properties	–	75	–	–	–	–	75
Transfer to investment properties	–	(77)	–	–	–	–	(77)
Transfer to stock and work in progress	–	–	–	–	–	(26)	(26)
Classified as held for sale	(7)	(28)	–	–	–	–	(35)
Depreciation charge	(16)	(111)	(119)	(84)	(464)	(222)	(1,016)
(Impairment charge)/reversal of impairment charge	–	(42)	1	–	(3)	1	(43)
Net book value at 31st December	1,019	1,367	523	836	1,634	805	6,184
Cost	1,173	2,415	1,569	1,804	5,731	2,254	14,946
Depreciation and impairment	(154)	(1,048)	(1,046)	(968)	(4,097)	(1,449)	(8,762)
	1,019	1,367	523	836	1,634	805	6,184

11 Tangible Assets (continued)

Freehold properties in 2021 included a hotel property of US$94 million, which was stated net of a grant of US$18 million. The property was sold in 2022 *(refer notes 4, 9 and 33(i))*.

Rental income from properties and other tangible assets amounted to US$292 million *(2021: US$260 million)* with no contingent rents for both 2022 and 2021.

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

	2022 US$m	2021 US$m
Within one year	**107**	125
Between one and two years	**55**	77
Between two and five years	**47**	83
Beyond five years	**22**	29
	231	314

At 31st December 2022, the carrying amount of tangible assets pledged as security for borrowings amounted to US$349 million *(2021: US$449 million) (refer note 29)*.

12 Right-of-use Assets

	Leasehold land US$m	Properties US$m	Plant & machinery US$m	Motor vehicles US$m	Total US$m
2022					
Cost	1,372	7,020	223	183	**8,798**
Amortisation/depreciation and impairment	(452)	(3,745)	(173)	(154)	**(4,524)**
Net book value at 1st January	920	3,275	50	29	**4,274**
Exchange differences	(65)	(108)	(7)	(3)	**(183)**
Additions	49	303	78	39	**469**
Disposals	(1)	–	–	–	**(1)**
Revaluation surplus before transfer to investment properties	39	–	–	–	**39**
Transfer from investment properties	29	–	–	–	**29**
Classified as held for sale	(4)	–	–	–	**(4)**
Modifications to lease terms	–	505	(2)	–	**503**
Amortisation/depreciation charge	(53)	(819)	(43)	(24)	**(939)**
Impairment charge	(1)	(2)	–	–	**(3)**
Net book value at 31st December	**913**	**3,154**	**76**	**41**	**4,184**
Cost	1,378	6,933	274	200	**8,785**
Amortisation/depreciation and impairment	(465)	(3,779)	(198)	(159)	**(4,601)**
	913	**3,154**	**76**	**41**	**4,184**

12 Right-of-use Assets (continued)

	Leasehold land US$m	Properties US$m	Plant & machinery US$m	Motor vehicles US$m	Other US$m	Total US$m
2021						
Cost	1,734	7,405	201	162	1	9,503
Amortisation/depreciation and impairment	(435)	(4,040)	(134)	(125)	(1)	(4,735)
Net book value at 1st January	1,299	3,365	67	37	–	4,768
Exchange differences	(12)	(34)	(1)	–	–	(47)
Additions	25	341	31	32	–	429
Disposals	(281)	(87)	–	–	–	(368)
Revaluation surplus before transfer to investment properties	3	–	–	–	–	3
Transfer to investment properties	(3)	–	–	–	–	(3)
Classified as held for sale	(50)	–	–	–	–	(50)
Modifications to lease terms	–	543	(7)	(9)	–	527
Amortisation/depreciation charge	(59)	(853)	(40)	(31)	–	(983)
Impairment charge	(2)	–	–	–	–	(2)
Net book value at 31st December	920	3,275	50	29	–	4,274
Cost	1,372	7,020	223	183	–	8,798
Amortisation/depreciation and impairment	(452)	(3,745)	(173)	(154)	–	(4,524)
	920	3,275	50	29	–	4,274

The typical lease term associated with the right-of-use assets are as follows:

Leasehold land	4 to 95 years
Properties	1 to 20 years
Plant & machinery	1 to 5 years
Motor vehicles	1 to 10 years

Leasehold land of a hotel property in Hong Kong with carrying value of US$122 million is amortised over 895 years.

At 31st December 2022, the carrying amount of leasehold land pledged as security for borrowings amounted to US$122 million *(2021: US$122 million) (refer note 29)*. None of the other right-of-use assets were pledged at 31st December 2022 and 2021.

13 Investment Properties

	Completed commercial properties US$m	Under development commercial properties US$m	Completed residential properties US$m	Under development residential properties US$m	Total US$m
2022					
At 1st January	28,887	2,636	903	421	**32,847**
Exchange differences	(124)	1	(1)	–	**(124)**
Additions	94	26	3	–	**123**
Transfer to tangible assets	(7)	–	(59)	(8)	**(74)**
Transfer to right-of-use assets	(16)	–	(13)	–	**(29)**
Change in fair value#	(543)	(103)	(172)	(112)	**(930)**
At 31st December	**28,291**	**2,560**	**661**	**301**	**31,813**
Freehold properties					**140**
Leasehold properties					**31,673**
					31,813
2021					
At 1st January	30,287	2,717	882	387	34,273
Exchange differences	(160)	(15)	(7)	(1)	(183)
Additions	58	23	1	16	98
Disposal	(8)	–	(3)	–	(11)
Transfer	12	(12)	–	–	–
Transfer from tangible assets	77	–	–	–	77
Transfer from right-of-use assets	3	–	–	–	3
Change in fair value	(1,382)	(77)	30	19	(1,410)
At 31st December	28,887	2,636	903	421	32,847
Freehold properties					138
Leasehold properties					32,709
					32,847

Change in fair value of completed and under development residential properties in 2022 included US$146 million and US$118 million, respectively, relating to the unwinding of historical fair value gains on certain investment properties that have been reclassified to tangible assets and right-of-use assets in 2022.

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2022 and 2021 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 completed commercial properties were principally held by Hongkong Land. The under development commercial properties were principally held by Mandarin Oriental.

Hongkong Land and Mandarin Oriental engaged Jones Lang LaSalle to value their commercial investment properties in Hong Kong, the 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 completed commercial property, and using direct comparison method and residual method for under development commercial properties. The valuations are comprehensively reviewed by Hongkong Land and Mandarin Oriental.

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.

13 Investment Properties (continued)

Fair value measurements of commercial properties using significant unobservable inputs

Fair values of completed commercial properties in Hong Kong, the 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 in Hongkong Land are generally derived using the residual method. This valuation 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.

Fair value of Mandarin Oriental's commercial property under development is derived using the direct comparison method and the residual method with equal weighting. The direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. The residual 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. For the direct comparison method and the estimated capital value of the residual method, 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.

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 of Hongkong Land's and Mandarin Oriental's commercial properties using significant unobservable inputs at 31st December 2022 and 2021:

Hongkong Land Completed properties	Fair value at 31st December 2022 US$m	Valuation method	Range of significant unobservable inputs: Prevailing market rent per month US$	Range of significant unobservable inputs: Capitalisation/ discount rate %
Hong Kong	26,131	Income capitalisation	5.8 to 28.2 per square foot	2.80 to 5.00
Chinese mainland	936	Income capitalisation	106.1 per square metre	3.75
Singapore	589	Income capitalisation	7.4 to 7.7 per square foot	3.35 to 4.80
Vietnam and Cambodia	104	Discounted cash flow	21.0 to 42.8 per square metre	12.50 to 15.00
Total	27,760			

Mandarin Oriental Under development property	Fair value at 31st December 2022 US$m	Valuation method	Range of significant unobservable inputs: Average unit price US$	Range of significant unobservable inputs: Capitalisation rate %
Hong Kong	2,385	Direct comparison	3,951.6 per square foot	n/a
		Residual*	3,178.2 to 4,071.7 per square foot	2.45 to 3.85

13 Investment Properties (continued)

Hongkong Land Completed properties	Fair value at 31st December 2021 US$m	Valuation method	Range of significant unobservable inputs: Prevailing market rent per month US$	Range of significant unobservable inputs: Capitalisation/ discount rate %
Hong Kong	26,552	Income capitalisation	6.0 to 28.2 per square foot	2.75 to 5.00
Chinese mainland	1,040	Income capitalisation	114.0 per square metre	3.75
Singapore	588	Income capitalisation	7.4 to 7.8 per square foot	3.35 to 4.80
Vietnam and Cambodia	103	Discounted cash flow	18.6 to 42.8 per square metre	12.50 to 15.00
Total	28,283			

Mandarin Oriental Under development property	Fair value at 31st December 2021 US$m	Valuation method	Range of significant unobservable inputs: Average unit price US$	Range of significant unobservable inputs: Capitalisation rate %
Hong Kong	2,462	Direct comparison	4,066.0 per square foot	n/a
		Residual*	3,480.2 to 4,156.8 per square foot	2.40 to 3.80

*In using the residual method to make fair value measurements of the under development leasehold commercial property, unobservable inputs relating to the estimated costs to complete the development and the developer's estimated profit and margin for risk have been used.

Prevailing market rents are estimated based on independent valuers' view of recent lettings, within the subject properties and other comparable properties. Average unit prices are estimated based on independent valuers' view of recent transactions of comparable properties. The higher the rents/unit prices, 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.

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

	2022 US$m	2021 US$m
Within one year	**751**	800
Between one and two years	**562**	603
Between two and five years	**720**	742
Beyond five years	**237**	209
	2,270	2,354

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

At 31st December 2022, the carrying amount of investment properties pledged as security for borrowings amounted to US$936 million *(2021: US$1,040 million) (refer note 29)*.

14 Bearer Plants

	2022 US$m	2021 US$m
Cost	**734**	711
Depreciation	**(235)**	(214)
Net book value at 1st January	**499**	497
Exchange differences	**(47)**	(6)
Additions	**41**	35
Depreciation charge	**(28)**	(27)
Net book value at 31st December	**465**	499
Immature bearer plants	**104**	113
Mature bearer plants	**361**	386
	465	499
Cost	**702**	734
Depreciation	**(237)**	(235)
	465	499

The Group's bearer plants are primarily for the production of palm oil.

At 31st December 2022 and 2021, the Group's bearer plants had not been pledged as security for borrowings.

15 Associates and Joint Ventures

	2022 US$m	2021 US$m
Associates		
Listed associates		
– Yonghui	**380**	526
– Zhongsheng	**1,498**	1,379
– Siam City Cement	**309**	356
– Robinsons Retail	**284**	301
– other	**318**	295
	2,789	2,857
Unlisted associates	**1,683**	1,681
Share of attributable net assets	**4,472**	4,538
Goodwill on acquisition	**911**	1,329
	5,383	5,867
Amounts due from associates	**461**	461
	5,844	6,328
Joint ventures		
Listed joint ventures	**–**	136
Unlisted joint ventures	**9,345**	8,378
Share of attributable net assets	**9,345**	8,514
Goodwill on acquisition	**94**	28
	9,439	8,542
Amounts due from joint ventures	**2,573**	3,110
	12,012	11,652
	17,856	17,980

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

Amounts due from joint ventures bear interests at fixed rates up to 10% per annum and are repayable within one to thirteen years.

	Associates		Joint ventures	
	2022 US$m	2021 US$m	2022 US$m	2021 US$m
Movements of associates and joint ventures during the year:				
At 1st January	**6,328**	5,629	**11,652**	10,916
Share of results after tax and non-controlling interests	**146**	412	**672**	857
Share of other comprehensive income after tax and non-controlling interests	**(308)**	(1)	**(646)**	(6)
Dividends received	**(265)**	(160)	**(666)**	(640)
Additional interest in Zhongsheng in exchange for the Group’s interest in Zung Fu China *(refer note 33(g))*	**–**	428	**–**	–
Acquisitions, other increases in attributable interests and advances	**69**	307	**2,101**	1,522
Other disposals, decreases in attributable interests and repayment of advances	**(128)**	(287)	**(1,098)**	(1,000)
Other	**2**	–	**(3)**	3
At 31st December	**5,844**	6,328	**12,012**	11,652
Fair value# of listed associates and joint ventures	**4,907**	6,539	**–**	235

Fair values of the listed associates and joint ventures were based on quoted prices in active markets at the respective balance sheet dates.

15 Associates and Joint Ventures (continued)

An impairment review was performed by management on the carrying values of investment in associates and joint ventures at 31st December 2022. Following the review, partial impairments of DFI Retail's investment in Robinsons Retail of US$171 million (Group's attributable share of US$133 million), and Jardine Cycle & Carriage's investment in Siam City Cement of US$114 million (Group's attributable share of US$87 million) were recognised within non-trading items under the share of results of associates and joint ventures in the profit and loss in 2022.

The impairment reviews were performed by comparing the carrying amounts of the associates with the recoverable amounts. The recoverable amounts were determined based on value-in-use calculations using cashflow projections approved by management covering projection periods considered appropriate. Cashflows beyond the projection periods were extrapolated using the estimates stated below. The growth rates did not exceed the long-term average industry growth rates in the countries of operation, and the pre-tax discount rates reflected business specific risks relating to the relevant industries and the risk related to the countries of operation. The calculation of the value-in-use recoverable amounts under the impairment review in 2022 was inherently sensitive to changes in assumptions. However, based on the impairment reviews performed, it was concluded that the carrying values remained supportable.

Summary of assumptions used and sensitivities on recoverable amounts:

	Robinsons Retail		Siam City Cement	
	DFI Retail	Group's attributable share	Jardine Cycle & Carriage	Group's attributable share
	US$m	US$m	US$m	US$m
Principal countries of operation	The Philippines		Thailand and Vietnam	
Assumptions used:				
Cashflow projection period	5 years		4 years	
Growth rate	3.0%		2.6% – 3.5%	
Pre-tax discount rate	15.2%		11.9%	
Sensitivities on recoverable amounts:				
A lower recoverable amount if				
– revenue growth 1.0% lower	(62)	(48)	N/A	N/A
– cement selling prices 2.0% lower	N/A	N/A	(63)	(48)
– EBITDA margin 1.0% lower	N/A	N/A	(45)	(34)
– PBIT growth rate 1.0% lower	(15)	(12)	N/A	N/A
– pre-tax discount rate 1.0% higher	(31)	(24)	(52)	(40)
– long-term growth rate				
– 1.0% lower for Robinsons Retail	(30)	(23)	N/A	N/A
– 0.5% lower for Siam City Cement	N/A	N/A	(27)	(21)

Impairment reviews were performed by management on the carrying values of investment in associates and joint ventures at 31st December 2021 and concluded that no impairments were required.

15 Associates and Joint Ventures (continued)

(a) Investment in associates

The material associates of the Group are listed below. These associates have share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investments in material associates in 2022 and 2021:

Name of entity	Nature of business	Place of incorporation/ principal place of business/ place of listing	% of ownership interest 2022	% of ownership interest 2021
Zhongsheng Group Holdings Limited	Automotive	Cayman Islands/ Chinese mainland/ Hong Kong	**21**	21
Maxim's Caterers Limited ('Maxim's')	Restaurants	Hong Kong/Hong Kong/ Unlisted	**50**	50
Yonghui Superstores Co., Limited ('Yonghui')	Grocery retail	China/Chinese mainland/ Shanghai	**21**	21
Robinsons Retail Holdings, Inc. ('Robinsons Retail')	Grocery retail, convenience, health and beauty, department stores, specialty and DIY stores	The Philippines/ The Philippines/ The Philippines	**21**	21
Siam City Cement Public Company Limited ('Siam City Cement')	Cement manufacturing	Thailand/Thailand/ Thailand	**26**	26
Truong Hai Group Corporation ('THACO')	Automotive, property development and agriculture	Vietnam/Vietnam/ Unlisted	**27**	27

15 Associates and Joint Ventures (continued)

Summarised financial information for material associates

Summarised balance sheets at 31st December (unless otherwise indicated):

	Zhongsheng[Ω] US$m	Maxim's US$m	Yonghui[†] US$m	Robinsons Retail[†] US$m	Siam City Cement US$m	THACO US$m	Total US$m
2022							
Non-current assets	6,681	2,506	6,131	1,598	1,893	3,436	**22,245**
Current assets							
Cash and cash equivalents	1,706	219	1,137	227	99	57	**3,445**
Other current assets	4,672	284	1,954	553	379	3,152	**10,994**
Total current assets	6,378	503	3,091	780	478	3,209	**14,439**
Non-current liabilities							
Financial liabilities*	(2,049)	(992)	(3,638)	(385)	(550)	(616)	**(8,230)**
Other non-current liabilities*	(485)	(164)	(35)	(101)	(155)	(188)	**(1,128)**
Total non-current liabilities	(2,534)	(1,156)	(3,673)	(486)	(705)	(804)	**(9,358)**
Current liabilities							
Financial liabilities*	(1,969)	(597)	(1,243)	(180)	(85)	(1,689)	**(5,763)**
Other current liabilities*	(2,293)	(113)	(2,618)	(368)	(334)	(1,975)	**(7,701)**
Total current liabilities	(4,262)	(710)	(3,861)	(548)	(419)	(3,664)	**(13,464)**
Non-controlling interests	(71)	(124)	(39)	(81)	(36)	(236)	**(587)**
Net assets	**6,192**	**1,019**	**1,649**	**1,263**	**1,211**	**1,941**	**13,275**
2021							
Non-current assets	5,503	2,558	7,520	1,864	2,135	3,169	22,749
Current assets							
Cash and cash equivalents	1,623	247	1,942	291	290	97	4,490
Other current assets	3,700	272	2,426	571	296	2,571	9,836
Total current assets	5,323	519	4,368	862	586	2,668	14,326
Non-current liabilities							
Financial liabilities*	(1,983)	(878)	(3,801)	(447)	(521)	(896)	(8,526)
Other non-current liabilities*	(332)	(191)	(52)	(123)	(167)	(144)	(1,009)
Total non-current liabilities	(2,315)	(1,069)	(3,853)	(570)	(688)	(1,040)	(9,535)
Current liabilities							
Financial liabilities*	(2,091)	(769)	(2,358)	(172)	(321)	(1,105)	(6,816)
Other current liabilities*	(1,662)	(121)	(3,261)	(431)	(275)	(1,548)	(7,298)
Total current liabilities	(3,753)	(890)	(5,619)	(603)	(596)	(2,653)	(14,114)
Non-controlling interests	(62)	(124)	(92)	(101)	(45)	(250)	(674)
Net assets	4,696	994	2,324	1,452	1,392	1,894	12,752

*Financial liabilities exclude trade and other payables and provisions, which are presented under other current and non-current liabilities.

[Ω] Based on the unaudited summarised balance sheet at 30th June 2022 and 2021.

[†] Based on the unaudited summarised balance sheets at 30th September 2022 and 2021.

15 Associates and Joint Ventures (continued)

Summarised financial information on comprehensive income for the year ended 31st December (unless otherwise indicated):

	Zhongsheng[Ω]	Maxim's	Yonghui[†]	Robinsons Retail[†]	Siam City Cement	THACO	Total
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
2022							
Revenue	26,838	2,524	13,054	3,237	1,416	3,702	**50,771**
Depreciation and amortisation	(418)	(406)	(655)	(138)	(108)	(144)	**(1,869)**
Interest income	–	2	36	7	2	122	**169**
Interest expense	(167)	(35)	(343)	(36)	(29)	(192)	**(802)**
Profit/(loss) from underlying business performance	1,713	88	(457)	148	87	346	**1,925**
Tax	(460)	(10)	12	(21)	(32)	(34)	**(545)**
Profit/(loss) after tax from underlying business performance	1,253	78	(445)	127	55	312	**1,380**
Profit/(loss) after tax from non-trading items	–	28	(93)	(7)	–	–	**(72)**
Profit/(loss) after tax	1,253	106	(538)	120	55	312	**1,308**
Other comprehensive expense	(42)	(23)	–	(6)	3	–	**(68)**
Total comprehensive income/(expense)	**1,211**	**83**	**(538)**	**114**	**58**	**312**	**1,240**
Dividends received from associates	**54**	**28**	**6**	**11**	**20**	**55**	**174**
2021							
Revenue	26,580	2,455	13,013	3,088	1,286	2,646	49,068
Depreciation and amortisation	(318)	(426)	(602)	(145)	(121)	(127)	(1,739)
Interest income	–	2	45	11	2	93	153
Interest expense	(186)	(36)	(407)	(44)	(39)	(97)	(809)
Profit/(loss) from underlying business performance	1,440	123	(578)	90	126	302	1,503
Tax	(389)	(24)	58	(13)	–	(23)	(391)
Profit/(loss) after tax from underlying business performance	1,051	99	(520)	77	126	279	1,112
Loss after tax from non-trading items	–	–	(7)	1	–	–	(6)
Profit/(loss) after tax	1,051	99	(527)	78	126	279	1,106
Other comprehensive income/(expense)	125	(15)	–	(6)	(7)	–	97
Total comprehensive income/(expense)	1,176	84	(527)	72	119	279	1,203
Dividends received from associates	34	28	6	12	21	–	101

[Ω] Based on the unaudited summarised statements of comprehensive income for the 12 months ended 30th June 2022 and 2021.

[†] Based on the unaudited summarised statements of comprehensive income for the 12 months ended 30th September 2022 and 2021.

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

15 Associates and Joint Ventures (continued)

Reconciliation of the summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in its material associates for the year ended 31st December:

	Zhongsheng[Ω] US$m	Maxim's US$m	Yonghui[†] US$m	Robinsons Retail[†] US$m	Siam City Cement US$m	THACO US$m	Total US$m
2022							
Net assets	6,192	1,019	1,649	1,263	1,211	1,941	**13,275**
Interest in associates (%)	*21*	*50*	*21*	*21*	*26*	*27*	
Group's share of net assets in associates	1,070	510	349	269	309	516	**3,023**
Goodwill	–	–	476	124	94	163	**857**
Other	428	–	31	15	–	–	**474**
Carrying value	**1,498**	**510**	**856**	**408**	**403**	**679**	**4,354**
Fair value[#]	**2,605**	**N/A**	**1,004**	**305**	**338**	**N/A**	**N/A**
2021							
Net assets	4,696	994	2,324	1,452	1,392	1,894	12,752
Interest in associates (%)	*21*	*50*	*21*	*21*	*26*	*27*	
Group's share of net assets in associates	951	497	490	301	356	504	3,099
Goodwill	–	–	518	316	215	169	1,218
Other	428[Δ]	–	36	–	–	–	464
Carrying value	1,379	497	1,044	617	571	673	4,781
Fair value[#]	3,943	N/A	1,215	405	357	N/A	N/A

[#] Fair values of the listed associates were based on quoted prices in active markets at 31st December 2022 and 2021.

[Ω] Based on the unaudited summarised balance sheet at 30th June 2022 and 2021.

[Δ] Increased shareholdings in Zhongsheng in exchange for the Group's interest in Zung Fu China in October 2021 *(refer note 33(g))*.

[†] Based on the unaudited summarised balance sheet at 30th September 2022 and 2021.

15 Associates and Joint Ventures (continued)

The Group has interests in a number of individually immaterial associates. The following table analyses, in aggregate, the share of profit and other comprehensive expense and carrying amount of these associates.

	2022 US$m	2021 US$m
Share of profit	**199**	130
Share of other comprehensive income	**62**	41
Share of total comprehensive income	**261**	171
Carrying amount of interests in these associates	**1,490**	1,547

Contingent liabilities relating to the Group's interest in associates

	2022 US$m	2021 US$m
Financial guarantee in respect of facilities made available to an associate	**20**	20

(b) Investment in joint ventures

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 2022 and 2021:

	Nature of business	Place of incorporation and principal place of business	% of ownership interest 2022	2021
Hongkong Land				
– Properties Sub F, Ltd	Property investment	Macau	**49**	49
– BFC Development LLP	Property investment	Singapore	**33**	33
– Central Boulevard Development Pte Ltd	Property investment	Singapore	**33**	33
– One Raffles Quay Pte Ltd	Property investment	Singapore	**33**	33
Astra				
– PT Astra Honda Motor	Automotive	Indonesia	**50**	50

15 Associates and Joint Ventures (continued)

Summarised financial information for material joint ventures

Summarised balance sheets 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	PT Astra Honda Motor US$m	Total US$m
2022						
Non-current assets	1,166	3,752	2,901	2,916	1,182	**11,917**
Current assets						
Cash and cash equivalents	55	19	27	11	820	**932**
Other current assets	46	4	3	3	512	**568**
Total current assets	101	23	30	14	1,332	**1,500**
Non-current liabilities						
Financial liabilities*	–	(1,272)	(1,181)	(765)	–	**(3,218)**
Other non-current liabilities*	(127)	–	(21)	(215)	(240)	**(603)**
Total non-current liabilities	(127)	(1,272)	(1,202)	(980)	(240)	**(3,821)**
Current liabilities						
Financial liabilities*	–	(1)	(10)	(2)	–	**(13)**
Other current liabilities*	(46)	(58)	(43)	(47)	(1,073)	**(1,267)**
Total current liabilities	(46)	(59)	(53)	(49)	(1,073)	**(1,280)**
Net assets	**1,094**	**2,444**	**1,676**	**1,901**	**1,201**	**8,316**
2021						
Non-current assets	1,202	3,733	2,885	2,900	1,362	12,082
Current assets						
Cash and cash equivalents	32	11	24	10	779	856
Other current assets	38	3	3	4	428	476
Total current assets	70	14	27	14	1,207	1,332
Non-current liabilities						
Financial liabilities*	–	(1,265)	(1,209)	(778)	–	(3,252)
Other non-current liabilities*	(131)	–	(21)	(214)	(248)	(614)
Total non-current liabilities	(131)	(1,265)	(1,230)	(992)	(248)	(3,866)
Current liabilities						
Financial liabilities*	–	(1)	(9)	(2)	–	(12)
Other current liabilities*	(42)	(55)	(40)	(46)	(978)	(1,161)
Total current liabilities	(42)	(56)	(49)	(48)	(978)	(1,173)
Net assets	1,099	2,426	1,633	1,874	1,343	8,375

*Financial liabilities exclude trade and other payables and provisions, which are presented under other current and non-current liabilities.

15 Associates and Joint Ventures (continued)

Summarised statements 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	PT Astra Honda Motor US$m	Total US$m
2022						
Revenue	66	158	118	119	5,393	**5,854**
Depreciation and amortisation	(5)	–	–	–	(131)	**(136)**
Interest income	–	–	–	–	18	**18**
Interest expense	–	(48)	(31)	(19)	–	**(98)**
Profit from underlying business performance	27	67	55	67	532	**748**
Tax	(3)	(11)	(9)	(11)	(118)	**(152)**
Profit after tax from underlying business performance	24	56	46	56	414	**596**
Loss after tax from non-trading items	(29)	(1)	–	(1)	–	**(31)**
Profit/(loss) after tax	(5)	55	46	55	414	**565**
Other comprehensive income	–	13	43	28	2	**86**
Total comprehensive income/ (expense)	**(5)**	**68**	**89**	**83**	**416**	**651**
Dividends received from joint ventures	**–**	**17**	**15**	**19**	**217**	**268**
2021						
Revenue	82	157	123	112	5,114	5,588
Depreciation and amortisation	(5)	–	–	–	(137)	(142)
Interest income	–	–	–	–	18	18
Interest expense	–	(31)	(23)	(13)	–	(67)
Profit from underlying business performance	39	86	69	66	544	804
Tax	(4)	(14)	(11)	(11)	(119)	(159)
Profit after tax from underlying business performance	35	72	58	55	425	645
Profit/(loss) after tax from non-trading items	(42)	114	74	134	–	280
Profit/(loss) after tax	(7)	186	132	189	425	925
Other comprehensive expense	(7)	(53)	(13)	(28)	(6)	(107)
Total comprehensive income/ (expense)	(14)	133	119	161	419	818
Dividends received from joint ventures	38	22	19	18	209	306

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.

15 Associates and Joint Ventures (continued)

Reconciliation of the summarised financial information

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

	Properties Sub F, Ltd	BFC Development LLP	Central Boulevard Development Pte Ltd	One Raffles Quay Pte Ltd	PT Astra Honda Motor	Total
	US$m	US$m	US$m	US$m	US$m	US$m
2022						
Net assets	1,094	2,444	1,676	1,901	1,201	**8,316**
Interest in joint ventures (%)	*49*	*33*	*33*	*33*	*50*	
Group's share of net assets in joint ventures	536	815	559	634	600	**3,144**
Amount due from joint ventures	–	424	–	38	–	**462**
Carrying value	**536**	**1,239**	**559**	**672**	**600**	**3,606**
2021						
Net assets	1,099	2,426	1,633	1,874	1,343	8,375
Interest in joint ventures (%)	*49*	*33*	*33*	*33*	*50*	
Group's share of net assets in joint ventures	538	809	544	625	671	3,187
Amount due from joint ventures	–	421	–	38	–	459
Carrying value	538	1,230	544	663	671	3,646

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.

	2022	2021
	US$m	US$m
Share of profit	**416**	465
Share of other comprehensive (expense)/income	**(496)**	115
Share of total comprehensive (expense)/income	**(80)**	580
Carrying amount of interests in these joint ventures	**8,406**	8,006

Commitments and contingent liabilities in respect of joint ventures

The Group has the following commitments relating to its joint ventures as at 31st December:

	2022	2021
	US$m	US$m
Commitment to provide funding if called	**945**	1,067

There were no contingent liabilities relating to the Group's interest in the joint ventures at 31st December 2022 and 2021.

16 Other Investments

	2022 US$m	2021 US$m
Equity investments measured at fair value through profit and loss		
Listed securities		
– Schindler Holdings	**229**	340
– Toyota Motor Corporation	**198**	264
– Vietnam Dairy Products Vinamilk	**715**	841
– Other	**342**	120
	1,484	1,565
Unlisted securities	**306**	490
	1,790	2,055
Debt investments measured at fair value through profit and loss	**10**	–
Debt investments measured at fair value through other comprehensive income	**763**	777
Limited partnership investment funds measured at fair value through profit and loss	**256**	122
	2,819	2,954
Non-current	**2,801**	2,908
Current	**18**	46
	2,819	2,954

Debt investments comprised of listed bonds.

	2022 US$m	2021 US$m
Movements during the year:		
At 1st January	**2,954**	3,001
Exchange differences	**(119)**	(40)
Additions	**643**	466
Disposals and capital repayments	**(229)**	(404)
Change in fair value recognised in profit and loss	**(410)**	(67)
Change in fair value recognised in other comprehensive income	**(20)**	(2)
At 31st December	**2,819**	2,954

Movements of equity investments and limited partnership investment funds which were valued based on unobservable inputs during the year are disclosed in note 43.

Management considers debt investments have low credit risk when they have a low risk of default based on credit ratings from major rating agencies.

17 Debtors

	2022 US$m	2021 US$m
Consumer financing debtors		
– gross	**4,448**	4,597
– provision for impairment	**(340)**	(340)
	4,108	4,257
Financing lease receivables		
– gross investment	**569**	419
– unearned finance income	**(64)**	(48)
– net investment	**505**	371
– provision for impairment	**(31)**	(24)
	474	347
Financing debtors	**4,582**	4,604
Trade debtors		
– third parties	**2,487**	1,952
– associates	**49**	32
– joint ventures	**118**	111
	2,654	2,095
– provision for impairment	**(100)**	(101)
	2,554	1,994
Contract assets *(refer note 3)*		
– gross	**113**	555
– provision for impairment	**(59)**	(64)
	54	491
Other debtors		
– third parties	**2,679**	2,589
– associates	**140**	110
– joint ventures	**121**	139
	2,940	2,838
– provision for impairment	**(35)**	(38)
	2,905	2,800
	10,095	9,889
Non-current		
– consumer financing debtors	**2,013**	2,026
– financing lease receivables	**227**	164
– trade debtors	**–**	4
– other debtors	**982**	767
	3,222	2,961
Current		
– consumer financing debtors	**2,095**	2,231
– financing lease receivables	**247**	183
– trade debtors	**2,554**	1,990
– contract assets	**54**	491
– other debtors	**1,923**	2,033
	6,873	6,928
	10,095	9,889

17 Debtors (continued)

	2022 US$m	2021 US$m
Analysis by geographical area of operation:		
China	**852**	872
Southeast Asia	**9,051**	8,838
United Kingdom	**78**	73
Rest of the world	**114**	106
	10,095	9,889
Analysis by fair value:		
Consumer financing debtors	**3,741**	4,320
Financing lease receivables	**451**	351
Financing debtors	**4,192**	4,671
Trade debtors	**2,554**	1,994
Other debtors*	**1,506**	1,443
	8,252	8,108

*Excluding prepayments and other non-financial debtors.

The fair values of financing debtors are determined based on a discounted cash flow method using unobservable inputs, which are mainly rates of 10% to 37% per annum *(2021: 10% to 37% per annum)*. The higher the discount rates, the lower the fair value.

The fair values of trade debtors and other debtors, other than short-term debtors, are estimated using the expected future receipts discounted at market rates ranging from 6% to 13% *(2021: 4% to 15%)* per annum. The fair value of short-term debtors approximates their carrying amounts. Derivative financial instruments are stated at fair value. The higher the discount rates, the lower the fair value.

Financing debtors
Financing debtors comprise consumer financing debtors and financing lease receivables. They relate primarily to Astra's motor vehicle and motorcycle financing businesses.

Financing debtors are due within five years *(2021: five years)* from the balance sheet date and the interest rates range from 7% to 45% per annum *(2021: 7% to 45% per annum)*.

An analysis of financing lease receivables is set out below:

	2022 US$m	2021 US$m
Lease receivables	**569**	419
Guaranteed residual value	**182**	165
Security deposits	**(182)**	(165)
Gross investment	**569**	419
Unearned finance income	**(64)**	(48)
Net investment	**505**	371

17 Debtors (continued)

The maturity analyses of financing lease receivables at 31st December are as follows:

	2022		2021	
	Gross investment US$m	Net investment US$m	Gross investment US$m	Net investment US$m
Within one year	**306**	**263**	227	196
Between one and two years	**191**	**174**	129	116
Between two and five years	**72**	**68**	63	59
	569	**505**	419	371

Impairment of financing debtors

Before accepting any new customer, the Group assesses the potential customer's credit quality and sets credit limits by customer using internal scoring systems. These limits and scoring are reviewed periodically. The Group obtains collateral in the form of motor vehicles and motorcycles from consumer financing debtors.

The loan period ranges from 6 to 60 months for motor vehicles and motorcycles. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment are factors in determining the credit risk of financing debtors. To measure the expected credit losses, the financing debtors have been grouped based on shared credit risk characteristics and the days past due. The calculation reflects the probability weighted outcome, the time value of money, historical loss rate, reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, and higher credit risks of financing debtors who restructured their loans during the COVID-19 pandemic, as allowed under the Indonesia regulations. Changes in certain macroeconomic information, such as GDP and inflation rate, are relevant for determining expected credit loss rates. Financing debtors are performing when timely repayments are being made. Financing debtors are underperforming and subject to a significant increase in credit risk when motor vehicle and motorcycle financing debtors are overdue for 30 days, or for certain motor vehicle and motorcycle financing debtors who had restructured their loans. Lifetime expected credit losses are provided at this stage. Financing debtors are non-performing if they are overdue for 90 days. Financing debtors are written off when they are overdue for 150 days and there is no reasonable expectation of recovery. In case of default, the Group facilitates the customer to sell the collateral vehicles under fiduciary arrangements for the purpose of recovering the outstanding receivables.

17 Debtors (continued)

The Group provides for credit losses against the financing debtors as follows:

	2022		2021	
	Expected credit loss rate	Estimated gross carrying amount at default	Expected credit loss rate	Estimated gross carrying amount at default
	%	US$m	%	US$m
Performing	**2.15 – 13.58**	**3,666**	2.00 – 12.25	3,526
Underperforming	**2.15 – 37.60**	**1,161**	2.00 – 31.29	1,386
Non-performing	**42.00 – 66.00**	**126**	39.00 – 100.00	56
		4,953		4,968

Movements of provisions for impairment of financing debtors are as follows:

	Performing	Underperforming	Non-performing	Total
	US$m	US$m	US$m	US$m
2022				
At 1st January	(182)	(148)	(34)	**(364)**
Exchange differences	16	13	6	**35**
(Additional provisions)/writeback	46	(177)	(35)	**(166)**
Transfer	(44)	133	(89)	**–**
Write off/utilisation	–	62	62	**124**
At 31st December	**(164)**	**(117)**	**(90)**	**(371)**
2021				
At 1st January	(142)	(159)	(46)	(347)
Exchange differences	1	2	–	3
(Additional provisions)/writeback	4	(143)	(22)	(161)
Transfer	(45)	71	(26)	–
Write off/utilisation	–	81	60	141
At 31st December	(182)	(148)	(34)	(364)

At 31st December 2022 and 2021, there are no financing debtors that are written off but still subject to enforcement activities.

17 Debtors (continued)

Trade and other debtors

The average credit period on sale of goods and services varies among Group businesses and is generally not more than 60 days.

Other debtors net of provision for impairment are further analysed as follows:

	2022 US$m	2021 US$m
Derivative financial instruments *(refer note 34)*	**185**	54
Loans to employees	**32**	34
Other amounts due from associates	**140**	110
Other amounts due from joint ventures	**121**	139
Rental and other deposits	**182**	209
Repossessed collateral of finance companies	**16**	20
Restricted bank balances and deposits	**43**	67
Other receivables	**793**	816
Financial assets	**1,512**	1,449
Costs to fulfil contracts *(refer note 3)*	**80**	144
Costs to obtain contracts *(refer note 3)*	**7**	6
Prepayments	**943**	912
Reinsurers' share of estimated losses on insurance contracts	**83**	83
Other	**280**	206
	2,905	2,800

Impairment of trade debtors and contract assets

Before accepting any new customer, the individual Group business assesses the potential customer's credit quality and sets credit limits by customer using internal credit scoring systems. These limits and scoring are reviewed periodically.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment are considered indicators that the debtor 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.

17 Debtors (continued)

The loss allowance for both trade debtors and contract assets at 31st December 2022 and 2021 were determined as follows:

	Below 30 days	Between 31 and 60 days	Between 61 and 120 days	More than 120 days	Total
2022					
Weighted average expected loss rate	2.7%	1.9%	5.2%	57.5%	
Gross carrying amount – trade debtors (US$m)	2,282	150	69	153	2,654
Gross carrying amount – contract assets (US$m)	113	–	–	–	113
Loss allowance (US$m)	**(65)**	**(3)**	**(3)**	**(88)**	**(159)**
2021					
Weighted average expected loss rate	2.9%	1.4%	6.0%	58.9%	
Gross carrying amount – trade debtors (US$m)	1,739	139	57	160	2,095
Gross carrying amount – contract assets (US$m)	555	–	–	–	555
Loss allowance (US$m)	(66)	(2)	(3)	(94)	(165)

Movements in the provisions for impairment are as follows:

	Trade debtors		Contract assets		Other debtors	
	2022 US$m	2021 US$m	**2022** US$m	2021 US$m	**2022** US$m	2021 US$m
At 1st January	**(101)**	(87)	**(64)**	(46)	**(38)**	(23)
Exchange differences	**7**	1	**6**	1	**3**	1
Additional provisions	**(17)**	(29)	**(2)**	(19)	**(10)**	(19)
Unused amounts reversed	**5**	9	**1**	–	**9**	3
Amounts written off	**6**	5	**–**	–	**1**	–
At 31st December	**(100)**	(101)	**(59)**	(64)	**(35)**	(38)

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.

At 31st December 2022, the carrying amount of consumer financing debtors, financing lease receivables and other debtors pledged as security for borrowings amounted to US$17 million, nil and US$16 million *(2021: US$84 million, US$1 million and US$7 million)*, respectively *(refer note 29)*. Trade debtors and contract assets had not been pledged as security for borrowings at 31st December 2022 and 2021.

18 Deferred Tax Assets/(Liabilities)

	Accelerated tax depreciation US$m	Fair value gains/ (losses) US$m	Losses US$m	Employee benefits US$m	Provisions and other temporary differences US$m	Total US$m
2022						
At 1st January	(133)	(367)	38	114	123	**(225)**
Exchange differences	(8)	7	(2)	(11)	(16)	**(30)**
Disposals	–	–	–	–	(5)	**(5)**
Credited/(charged) to profit and loss	17	22	41	11	(29)	**62**
Charged to other comprehensive income	–	(11)	–	(7)	–	**(18)**
At 31st December	**(124)**	**(349)**	**77**	**107**	**73**	**(216)**
Deferred tax assets	133	(48)	74	102	314	**575**
Deferred tax liabilities	(257)	(301)	3	5	(241)	**(791)**
	(124)	**(349)**	**77**	**107**	**73**	**(216)**
2021						
At 1st January	(144)	(346)	50	115	111	(214)
Exchange differences	–	11	(1)	(1)	(1)	8
Disposals	(2)	1	(1)	–	(10)	(12)
Credited/(charged) to profit and loss	13	(12)	(10)	9	23	23
Charged to other comprehensive income	–	(21)	–	(9)	–	(30)
At 31st December	(133)	(367)	38	114	123	(225)
Deferred tax assets	146	(41)	37	108	268	518
Deferred tax liabilities	(279)	(326)	1	6	(145)	(743)
	(133)	(367)	38	114	123	(225)

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$296 million *(2021: US$301 million)* arising from unused tax losses of US$1,308 million *(2021: US$1,339 million)* have not been recognised in the financial statements. Included in the unused tax losses, US$361 million have no expiry date and the balance will expire at various dates up to and including 2037.

Deferred tax liabilities of US$627 million *(2021: US$644 million)* arising on temporary differences associated with investments in subsidiaries of US$6,445 million *(2021: US$6,206 million)* have not been recognised as there is no current intention of remitting the retained earnings of these subsidiaries to the holding companies in the foreseeable future.

19 Pension Plans

The Group operates defined benefit pension plans in the main territories in which it operates, with the major plans in Hong Kong and the United Kingdom. Most of the pension plans are final salary defined benefits, calculated based on members' length of service and their salaries in the final years leading up to retirement. In Hong Kong, the pension benefits are usually paid in one lump sum. With the exception of certain plans in Hong Kong, all the defined benefit plans are closed to new members. In addition, although all plans are impacted by the discount rate, liabilities in Hong Kong are driven by salary growth, whilst the United Kingdom plans are driven by inflationary rates and life expectancy.

The Group's defined benefit plans are either funded or unfunded, with the assets of the funded plans held independently of the Group's assets in separate trustee administered funds. Plan assets held in trusts are governed by local regulations and practices in each country. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the company and the boards of trustees. The Group's major plans are valued by independent actuaries annually using the projected unit credit method.

The amounts recognised in the consolidated balance sheet are as follows:

	2022 US$m	2021 US$m
Fair value of plan assets	**742**	971
Present value of funded obligations	**(775)**	(1,019)
	(33)	(48)
Present value of unfunded obligations	**(318)**	(371)
Net pension liabilities	**(351)**	(419)
Analysis of net pension liabilities:		
Pension assets	**17**	32
Pension liabilities	**(368)**	(451)
	(351)	(419)

19 Pension Plans (continued)

The movement in the net pension liabilities is as follows:

	Fair value of plan assets US$m	Present value of obligations US$m	Total US$m
2022			
At 1st January	971	(1,390)	**(419)**
Current service cost	–	(29)	**(29)**
Interest income/(expense)	21	(38)	**(17)**
Past services cost and losses on settlements	–	3	**3**
Administration expenses	(3)	–	**(3)**
	18	(64)	**(46)**
	989	(1,454)	**(465)**
Exchange differences	(44)	83	**39**
Remeasurements			
– return on plan assets, excluding amounts included in interest income	(151)	–	**(151)**
– change in financial assumptions	–	202	**202**
– experience losses	–	(14)	**(14)**
	(151)	188	**37**
Contributions from employers	19	–	**19**
Contributions from plan participants	4	(4)	**–**
Benefit payments	(73)	92	**19**
Settlements	(2)	2	**–**
At 31st December	**742**	**(1,093)**	**(351)**
2021			
At 1st January	954	(1,450)	(496)
Current service cost	–	(66)	(66)
Interest income/(expense)	17	(45)	(28)
Past services cost and losses on settlements	–	(3)	(3)
Administration expenses	(2)	–	(2)
	15	(114)	(99)
	969	(1,564)	(595)
Exchange differences	(8)	13	5
Remeasurements			
– return on plan assets, excluding amounts included in interest income	52	–	52
– change in financial assumptions	–	10	10
– experience losses	–	24	24
	52	34	86
Contributions from employers	29	–	29
Contributions from plan participants	4	(4)	–
Benefit payments	(75)	103	28
Settlements	–	28	28
At 31st December	971	(1,390)	(419)

19 Pension Plans (continued)

The weighted average duration of the defined benefit obligations at 31st December 2022 is 11 years *(2021: 12 years)*.

Expected maturity analysis of undiscounted pension benefits at 31st December is as follows:

	2022 US$m	2021 US$m
Within one year	**131**	103
Between one and two years	**105**	110
Between two and five years	**309**	333
Between five and ten years	**512**	556
Between ten and fifteen years	**620**	638
Between fifteen and twenty years	**796**	844
Beyond twenty years	**2,471**	2,915
	4,944	5,499

The principal actuarial assumptions used for accounting purposes at 31st December are as follows:

	Hong Kong		United Kingdom		Others	
	2022 %	2021 %	**2022** %	2021 %	**2022** %	2021 %
Discount rate	**5.2**	2.4	**5.0**	1.8	**7.0**	6.9
Salary growth rate	**4.0**	3.8	**3.3**	–	**6.3**	6.2
Inflation rate	**N/A**	N/A	**3.2**	3.5	**N/A**	N/A

Life expectancy for pensioners in the United Kingdom plans at the age of 65 for male and female are 22 years and 24 years *(2021: 22 years and 24 years)*, respectively. As participants of the plans relating to Hong Kong usually take lump sum amounts upon retirement, mortality rate is not a principal assumption for these plans.

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

		(Increase)/decrease on defined benefit obligations	
	Change in assumption %	Increase in assumption US$m	Decrease in assumption US$m
Discount rate	1	**87**	**(100)**
Salary growth rate	1	**(72)**	**62**
Inflation rate	1	**(7)**	**5**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

19 Pension Plans (continued)

The analysis of the fair value of plan assets at 31st December is as follows:

	2022 US$m	2021 US$m
Equity investments		
Asia Pacific	13	30
Europe	4	128
North America	9	21
Global	–	1
	26	180
Debt investments		
Asia Pacific	27	34
Europe	4	158
North America	8	11
Global	3	4
	42	207
Investment funds		
Asia Pacific	93	114
Europe	305	127
North America	216	250
Global	86	74
	700	565
Total investments	768	952
Cash and cash equivalents	38	42
Benefits payable and other	(64)	(23)
	742	971

At 31st December 2022, 93% of equity investments, 98% of debt investments and 52% of investment funds were quoted on active markets *(2021: 99%, 100% and 82%, respectively)*.

The strategic asset allocation is derived from the asset-liability modelling ('ALM') review, done triennially to ensure the plans can meet future funding and solvency requirements. The lastest ALM review was completed in 2021. The next ALM review is scheduled for 2024.

At 31st December 2022, the Hong Kong and United Kingdom plans had assets of US$466 million and US$233 million *(2021: US$546 million and US$373 million)*, respectively.

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2022 were US$19 million and the estimated amount of contributions expected to be paid to all its plans in 2023 is US$16 million.

20 Properties for Sale

	2022 US$m	2021 US$m
Properties in the course of development	**2,536**	2,399
Completed properties	**775**	946
	3,311	3,345

At 31st December 2022, properties in the course of development amounting to US$1,749 million *(2021: US$1,890 million)* were not scheduled for completion within the next twelve months.

At 31st December 2022, the carrying amount of properties for sale pledged as security for borrowings amounted to US$1,329 million *(2021: US$724 million) (refer note 29)*.

21 Stocks and Work in Progress

	2022 US$m	2021 US$m
Finished goods	**3,040**	2,418
Work in progress	**65**	54
Raw materials	**149**	130
Spare parts	**98**	73
Other	**161**	118
	3,513	2,793

At 31st December 2022, the carrying amount of stocks and work in progress pledged as security for borrowings amounted to US$1 million *(2021: nil) (refer note 29)*.

22 Bank Balances and Other Liquid Funds

	2022 US$m	2021 US$m
Deposits with banks and financial institutions	**2,323**	3,450
Bank balances	**3,412**	3,700
Cash balances	**163**	132
	5,898	7,282
Analysis by currency:		
Chinese renminbi	**455**	831
Euro	**57**	85
Hong Kong dollar	**269**	300
Indonesian rupiah	**2,588**	3,437
Japanese yen	**14**	10
Macau patacas	**21**	27
Malaysian ringgit	**41**	41
New Taiwan dollar	**67**	69
Singapore dollar	**545**	603
United Kingdom sterling	**60**	37
United States dollar	**1,743**	1,791
Other	**38**	51
	5,898	7,282

The weighted average interest rate on deposits with banks and financial institutions at 31st December 2022 was 2.4% *(2021: 1.4%)* per annum.

23 Share Capital

	2022 US$m	2021 US$m
Authorised:		
1,000,000,000 shares of US¢25 each	**250**	250

	Ordinary shares in millions			
	2022	2021	**2022** US$m	2021 US$m
Issued and fully paid:				
At 1st January	**716**	724	**179**	181
Scrip issued in lieu of dividends	**3**	2	**1**	1
Repurchased and cancelled	**(3)**	(10)	**(1)**	(3)
Reduction of capital	**(427)**	–	**(106)**	–
At 31st December	**289**	716	**73**	179

During the year, the Company repurchased 3 million *(2021: 10 million)* ordinary shares from the stock market at a cost of US$171 million *(2021: US$580 million)*, which was accounted for by charging US$1 million *(2021: US$3 million)* to share capital, US$2 million *(2021: US$8 million)* to share premium and US$168 million *(2021: US$569 million)* to revenue reserves. The Company also reduced its share capital by 427 million or the 59% shareholding held by subsidiaries *(refer note 27)*, on 18th May 2022 at a cost of US$6,223 million, constituting the final stage in the Group's simplification of its parent company structure. The amount was accounted for by charging US$106 million to share capital, US$1 million to share premium and US$6,116 million to revenue reserves.

24 Share-based Long-term Incentive Plans

Share-based long-term incentive plans ('LTIP') have been put in place to provide incentives for selected executives. Awards take the form of share options to purchase ordinary shares in the Company with exercise prices based on the then prevailing market prices; however, share awards which will vest free of payment may also be made. Awards normally vest on or after the third anniversary of the date of grant and may be subject to the achievement of performance conditions.

The Jardine Matheson Holdings Share-based Long-term Incentive Plan (the '2015 LTIP') was adopted by the Company on 5th March 2015. Since the adoption of the 2015 LTIP, awards were granted in the form of options with exercise prices based on the then prevailing market prices and no free shares were granted. No awards were granted under the 2015 LTIP in 2022 and 2021.

Prior to the adoption of the 2015 LTIP, The Jardine Matheson International Share Option Plan 2005 and The Jardine Matheson Holdings Limited Tax-Qualified Share Option Plan 2005 (formerly The Jardine Matheson Holdings Limited Approved Share Option Plan 2005) provided selected executives with options to purchase ordinary shares in the Company.

The exercise prices of the options granted in prior years were based on the average market prices for the five trading days immediately preceding the dates of grant of the options. Options normally vest in tranches over a period of three to five years, and are exercisable for up to ten years following the date of grant.

Movements during the year:

	2022		2021	
	Weighted average exercise price US$	Options in millions	Weighted average exercise price US$	Options in millions
At 1st January	**58.9**	**1.7**	58.4	2.2
Exercised	**51.3**	**(0.2)**	56.2	(0.5)
Cancelled	**61.6**	**(0.2)**	58.9	–
At 31st December	**59.9**	**1.3**	58.9	1.7

The average share price during the year was US$53.2 *(2021: US$59.0)* per share.

Outstanding at 31st December:

	Exercise price	Options in millions	
Expiry date	US$	**2022**	2021
2022	51.2	–	0.2
2023	64.9	**0.1**	0.2
2024	59.6	**0.1**	0.1
2025	52.8 – 63.4	**0.1**	0.1
2026	53.9 – 56.6	**0.5**	0.6
2027	65.6	**0.2**	0.2
2028	63.4	**0.3**	0.3
Total outstanding		**1.3**	1.7
of which exercisable		**1.2**	1.4

25 Share Premium and Capital Reserves

	Share premium US$m	Capital reserves US$m	Total US$m
2022			
At 1st January	–	25	**25**
Capitalisation arising on scrip issued in lieu of dividends	(1)	–	**(1)**
Repurchase of shares *(refer note 23)*	(2)	–	**(2)**
Reduction of capital *(refer note 23)*	(1)	–	**(1)**
Employee share option schemes			
– exercise of share options	1	–	**1**
– value of employee services	–	4	**4**
Transfer	3	(3)	**–**
At 31st December	**–**	**26**	**26**
2021			
At 1st January	–	31	31
Capitalisation arising on scrip issued in lieu of dividends	(1)	–	(1)
Repurchase of shares *(refer note 23)*	(8)	–	(8)
Employee share option schemes			
– exercise of share options	3	–	3
– value of employee services	–	1	1
Transfer	6	(7)	(1)
At 31st December	–	25	25

Capital reserves represent the value of employee services under the Group's employee share option schemes. At 31st December 2022, US$17 million *(2021: US$22 million)* related to the Company's Senior Executive Share Incentive Schemes.

26 Dividends

	2022 US$m	2021 US$m
Final dividend in respect of 2021 of US¢156.00 *(2020: US¢128.00)* per share	**1,114**	921
Interim dividend in respect of 2022 of US¢55.00 *(2021: US¢44.00)* per share	**159**	318
	1,273	1,239
Company's share of dividends paid on the shares held by subsidiaries	**(666)**	(734)
	607	505
Shareholders elected to receive scrip in respect of the following:		
Final dividend in respect of previous year	**138**	112
Interim dividend in respect of current year	**46**	40
	184	152

A final dividend in respect of 2022 of US¢160.00 *(2021: US¢156.00)* per share amounting to a total of US$464 million *(2021: US$1,114 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2023 Annual General Meeting and will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2023. Final dividend in respect of 2021 of US$448 million, after netting US$666 million paid to the shares held by the Company's subsidiaries, was charged to reserves in the year ended 31st December 2022.

27 Own Shares Held

Own shares held of US$6,223 million in 2021 represent the Company's share of the cost of 427 million ordinary shares in the Company held by subsidiaries and were deducted in arriving at shareholders' funds at 31st December 2021. These shares were cancelled in 2022 *(refer note 23)*.

28 Non-controlling Interests

	2022 US$m	2021 US$m
By business:		
Hongkong Land	**15,689**	16,897
DFI Retail	**224**	303
Mandarin Oriental	**670**	693
Jardine Cycle & Carriage	**241**	310
Astra	**10,547**	10,384
	27,371	28,587

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised balance sheets at 31st December:

	Hongkong Land US$m	DFI Retail US$m	Mandarin Oriental US$m	Jardine Cycle & Carriage* US$m	Astra* US$m
2022					
Current					
Assets	4,686	1,440	329	12,131	11,713
Liabilities	(2,415)	(3,673)	(186)	(8,572)	(7,543)
Total current net assets/(liabilities)	2,271	(2,233)	143	3,559	4,170
Non-current					
Assets	37,911	5,886	3,924	17,172	14,463
Liabilities	(6,855)	(2,712)	(769)	(4,281)	(3,241)
Total non-current net assets	31,056	3,174	3,155	12,891	11,222
Net assets	**33,327**	**941**	**3,298**	**16,450**	**15,392**
Non-controlling interests	**24**	**(6)**	**4**	**9,310**	**3,272**
2021					
Current					
Assets	5,508	1,325	289	11,814	11,484
Liabilities	(3,263)	(3,541)	(176)	(7,583)	(7,251)
Total current net assets/(liabilities)	2,245	(2,216)	113	4,231	4,233
Non-current					
Assets	38,355	6,280	4,128	17,240	14,225
Liabilities	(5,982)	(2,797)	(929)	(5,076)	(3,413)
Total non-current net assets	32,373	3,483	3,199	12,164	10,812
Net assets	34,618	1,267	3,312	16,395	15,045
Non-controlling interests	34	–	4	9,027	3,045

*Jardine Cycle & Carriage has 50.1% interest in Astra.

28 Non-controlling Interests (continued)

Summarised profit and loss for the year ended 31st December:

	Hongkong Land US$m	DFI Retail US$m	Mandarin Oriental US$m	Jardine Cycle & Carriage* US$m	Astra* US$m
2022					
Revenue	**2,244**	**9,174**	**454**	**21,793**	**20,205**
Profit after tax from underlying business performance	776	21	8	2,855	2,756
Loss after tax from non-trading items	(576)	(142)	(57)	(399)	(91)
Profit/(loss) after tax	200	(121)	(49)	2,456	2,665
Other comprehensive income/(expense)	(642)	(90)	34	(1,221)	118
Total comprehensive income/(expense)	**(442)**	**(211)**	**(15)**	**1,235**	**2,783**
Total comprehensive income/(expense) allocated to non-controlling interests	**(10)**	**(6)**	**–**	**1,078**	**812**
Dividends paid to non-controlling interests	**(1)**	**–**	**–**	**(642)**	**(261)**
2021					
Revenue	2,384	9,015	317	17,688	16,285
Profit/(loss) after tax from underlying business performance	965	94	(68)	1,845	1,742
Loss after tax from non-trading items	(1,309)	(3)	(73)	(127)	(3)
Profit/(loss) after tax	(344)	91	(141)	1,718	1,739
Other comprehensive income/(expense)	(68)	17	(60)	(39)	112
Total comprehensive income/(expense)	(412)	108	(201)	1,679	1,851
Total comprehensive income/(expense) allocated to non-controlling interests	8	(12)	–	1,066	397
Dividends paid to non-controlling interests	(1)	(2)	–	(314)	(124)

*Jardine Cycle & Carriage has 50.1% interest in Astra.

28 Non-controlling Interests (continued)

Summarised cash flows at 31st December:

	Hongkong Land US$m	DFI Retail US$m	Mandarin Oriental US$m	Jardine Cycle & Carriage* US$m	Astra* US$m
2022					
Cash flows from operating activities					
Cash generated from operations	943	1,058	78	3,044	3,006
Interest received	46	3	2	122	140
Interest and other financing charges paid	(228)	(123)	(16)	(130)	(120)
Tax paid	(125)	(43)	(8)	(682)	(630)
Dividends from associates and joint ventures	222	45	–	496	414
Cash flows from operating activities	858	940	56	2,850	2,810
Cash flows from investing activities	(727)	(201)	87	(1,524)	(1,478)
Cash flows from financing activities	(416)	(728)	(122)	(1,590)	(1,610)
Net increase/(decrease) in cash and cash equivalents	(285)	11	21	(264)	(278)
Cash and cash equivalents at 1st January	1,476	210	213	4,589	4,482
Effect of exchange rate changes	(20)	(7)	(8)	(307)	(308)
Cash and cash equivalents at 31st December	**1,171**	**214**	**226**	**4,018**	**3,896**
2021					
Cash flows from operating activities					
Cash generated from operations	619	1,122	42	3,096	2,971
Interest received	43	1	–	137	137
Interest and other financing charges paid	(216)	(117)	(14)	(174)	(156)
Tax paid	(157)	(110)	(2)	(375)	(343)
Dividends from associates and joint ventures	239	46	–	344	317
Cash flows from operating activities	528	942	26	3,028	2,926
Cash flows from investing activities	(432)	(125)	(32)	(688)	(660)
Cash flows from financing activities	(629)	(841)	61	(1,230)	(1,140)
Net increase/(decrease) in cash and cash equivalents	(533)	(24)	55	1,110	1,126
Cash and cash equivalents at 1st January	1,990	234	165	3,498	3,371
Effect of exchange rate changes	19	–	(7)	(19)	(15)
Cash and cash equivalents at 31st December	1,476	210	213	4,589	4,482

*Jardine Cycle & Carriage has 50.1% interest in Astra.

The information above is before any inter-company eliminations.

29 Borrowings

	2022		2021	
	Carrying amount US$m	Fair value US$m	Carrying amount US$m	Fair value US$m
Current				
– bank overdrafts	**19**	**19**	4	4
– other bank advances	**1,260**	**1,260**	1,099	1,099
– other advances	**3**	**3**	18	18
	1,282	**1,282**	1,121	1,121
Current portion of long-term borrowings				
– bank loans	**2,340**	**2,340**	2,040	2,040
– bonds and notes	**540**	**540**	1,163	1,163
– other loans	**1**	**1**	35	35
	2,881	**2,881**	3,238	3,238
	4,163	**4,163**	4,359	4,359
Long-term borrowings				
– bank loans	**6,648**	**6,626**	6,745	6,753
– bonds and notes	**5,418**	**4,816**	5,551	5,829
– other loans	**7**	**7**	3	3
	12,073	**11,449**	12,299	12,585
	16,236	**15,612**	16,658	16,944

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 2.1% to 8.5% *(2021: 0.3% to 8.9%)* 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 amount, as the impact of discounting is not significant.

	2022 US$m	2021 US$m
Secured	**1,524**	1,689
Unsecured	**14,712**	14,969
	16,236	16,658

Secured borrowings at 31st December 2022 included Hongkong Land's bank borrowings of US$873 million *(2021: US$871 million)* which were secured against its investment properties and properties for sale, Mandarin Oriental's bank borrowings of US$600 million *(2021: US$641 million)* which were secured against its tangible assets and right-of-use assets, and Astra's bank borrowings of US$51 million *(2021: bank borrowings of US$135 million and bonds and notes of US$42 million)* which were secured against its various assets.

29 Borrowings (continued)

By currency:	Fixed rate borrowings Weighted average interest rates %	Weighted average period outstanding Years	US$m	Floating rate borrowings US$m	Total US$m
2022					
Chinese renminbi	4.3	–	–	1,050	**1,050**
Hong Kong dollar	4.1	5.8	3,825	2,189	**6,014**
Indonesian rupiah	6.1	1.8	3,965	463	**4,428**
Malaysian ringgit	4.5	0.3	1	230	**231**
Singapore dollar	3.5	12.7	287	665	**952**
Thai baht	2.3	–	–	348	**348**
United Kingdom sterling	3.5	1.3	48	92	**140**
United States dollar	3.1	6.0	2,000	1,063	**3,063**
Other	6.8	–	–	10	**10**
			10,126	**6,110**	**16,236**
2021					
Chinese renminbi	4.7	–	–	1,001	1,001
Hong Kong dollar	2.9	6.3	4,081	1,544	5,625
Indonesian rupiah	6.9	1.9	4,164	386	4,550
Malaysian ringgit	3.6	–	–	222	222
Singapore dollar	1.9	12.5	316	636	952
Thai baht	1.5	–	–	336	336
United Kingdom sterling	1.6	2.4	54	167	221
United States dollar	1.7	6.2	2,241	1,499	3,740
Other	2.6	10.0	1	10	11
			10,857	5,801	16,658

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:

	2022 US$m	2021 US$m
Floating rate borrowings	**6,110**	5,801
Fixed rate borrowings		
– within one year	**2,676**	3,039
– between one and two years	**2,010**	1,830
– between two and three years	**1,419**	1,232
– between three and four years	**144**	757
– between four and five years	**207**	113
– beyond five years	**3,670**	3,886
	10,126	10,857
	16,236	16,658

29 Borrowings (continued)

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

	Maturity	Interest rates %	Nominal values	2022 Current US$m	2022 Non-current US$m	2021 Current US$m	2021 Non-current US$m
Hongkong Land							
3.86% 10-year notes	2022	3.86	HK$410 million	**–**	**–**	53	–
4.50% 10-year notes	2022	4.50	US$500 million	**–**	**–**	503	–
3.00% 10-year notes	2022	3.00	HK$305 million	**–**	**–**	39	–
2.90% 10-year notes	2022	2.90	HK$200 million	**–**	**–**	25	–
3.95% 10-year notes	2023	3.95	HK$1,100 million	**141**	**–**	–	141
3.95% 10-year notes	2023	3.95	HK$300 million	**38**	**–**	–	38
4.625% 10-year notes	2024	4.625	US$400 million	**–**	**395**	–	407
4.10% 15-year notes	2025	4.10	HK$300 million	**–**	**38**	–	38
4.50% 15-year notes	2025	4.50	US$600 million	**–**	**604**	–	606
3.75% 15-year notes	2026	3.75	HK$302 million	**–**	**39**	–	39
4.00% 15-year notes	2027	4.00	HK$785 million	**–**	**100**	–	100
4.04% 15-year notes	2027	4.04	HK$473 million	**–**	**61**	–	61
3.95% 15-year notes	2027	3.95	HK$200 million	**–**	**26**	–	26
3.15% 15-year notes	2028	3.15	HK$300 million	**–**	**38**	–	38
4.22% 15-year notes	2028	4.22	HK$325 million	**–**	**42**	–	42
3.83% 10-year notes	2028	3.83	HK$450 million	**–**	**58**	–	58
3.75% 10-year notes	2028	3.75	HK$355 million	**–**	**45**	–	45
4.40% 15-year notes	2029	4.40	HK$400 million	**–**	**51**	–	51
2.93% 10-year notes	2029	2.93	HK$550 million	**–**	**70**	–	70
2.875% 10-year notes	2030	2.875	US$600 million	**–**	**596**	–	595
4.11% 20-year notes	2030	4.11	HK$800 million	**–**	**102**	–	102
2.25% 10-year notes	2031	2.25	US$500 million	**–**	**496**	–	495
1.957% 10-year notes	2031	1.957	HK$375 million	**–**	**48**	–	48
4.125% 20-year notes	2031	4.125	HK$200 million	**–**	**25**	–	25
4.00% 20-year notes	2032	4.00	HK$240 million	**–**	**30**	–	30
2.83% 12-year notes	2032	2.83	HK$863 million	**–**	**110**	–	110
4.12% 15-year notes	2033	4.12	HK$700 million	**–**	**89**	–	89
3.67% 15-year notes	2034	3.67	HK$604 million	**–**	**77**	–	77
2.72% 15-year notes	2035	2.72	HK$400 million	**–**	**51**	–	51
2.90% 15-year notes	2035	2.90	HK$400 million	**–**	**51**	–	51
2.90% 15-year notes	2035	2.90	HK$400 million	**–**	**51**	–	51
2.65% 15-year notes	2035	2.65	HK$800 million	**–**	**101**	–	101
3.95% 20-year notes	2038	3.95	S$150 million	**–**	**110**	–	109
3.45% 20-year notes	2039	3.45	S$150 million	**–**	**111**	–	110
5.25% 30-year notes	2040	5.25	HK$250 million	**–**	**32**	–	32
Astra Sedaya Finance ('ASF')							
Berkelanjutan III Tahap III bonds	2022	8.75	Rp375 billion	**–**	**–**	26	–
Berkelanjutan III Tahap IV bonds	2022	7.65	Rp200 billion	**–**	**–**	14	–
Berkelanjutan IV Tahap II bonds	2024	9.20	Rp623 billion	**–**	**38**	42	40
Berkelanjutan IV Tahap III bonds	2024	7.95	Rp236 billion	**–**	**15**	49	17
Berkelanjutan IV Tahap IV bonds	2023	7.00	Rp1,301 billion	**78**	**–**	–	86
Berkelanjutan V Tahap I bonds	2023	7.60	Rp473 billion	**28**	**–**	–	31
Berkelanjutan V Tahap II bonds	2024	6.35	Rp1,608 billion	**–**	**99**	63	108
Berkelanjutan V Tahap III bonds	2024	5.30	Rp1,459 billion	**–**	**85**	37	93
Berkelanjutan V Tahap IV bonds	2023 – 2025	3.50 – 5.70	Rp3,000 billion	**65**	**119**	–	–
Berkelanjutan V Tahap V bonds	2023 – 2027	4.00 – 6.50	Rp900 billion	**30**	**24**	–	–

29 Borrowings (continued)

Details of the bonds and notes outstanding at 31st December are as follows (continued):

	Maturity	Interest rates %	Nominal values	2022 Current US$m	2022 Non-current US$m	2021 Current US$m	2021 Non-current US$m
Federal International Finance ('FIF')							
Berkelanjutan III Tahap V bonds	2022	8.80	Rp1,370 billion	–	–	90	–
Berkelanjutan IV Tahap I bonds	2022	8.55	Rp1,042 billion	–	–	66	–
Berkelanjutan IV Tahap II bonds	2023	7.25	Rp645 billion	41	–	–	45
Berkelanjutan V Tahap I bonds	2024	6.25	Rp872 billion	–	55	44	58
Berkelanjutan V Tahap II bonds	2024	5.30	Rp775 billion	–	43	68	47
Berkelanjutan V Tahap III bonds	2023 – 2025	3.50 – 5.60	Rp2,000 billion	74	42	–	–
Berkelanjutan V Tahap IV bonds	2023 – 2025	5.00 – 6.80	Rp1,177 billion	27	40	–	–
Medium Term Notes	2022	7.99	Rp372 billion	–	–	26	–
SAN Finance							
Berkelanjutan II Tahap II bonds	2022	9.25	Rp31 billion	–	–	2	–
Berkelanjutan III Tahap I bonds	2022	8.75	Rp281 billion	–	–	16	–
Berkelanjutan IV Tahap I bonds	2023 – 2025	4.50 – 7.05	Rp750 billion	7	32	–	–
Serasi Autoraya ('SERA')							
Berkelanjutan I Tahap I bonds	2023	8.35	Rp167 billion	11	–	–	12
Jardine Matheson							
2031 bonds	2031	2.50	US$800 million	–	788	–	787
2036 bonds	2036	2.875	US$400 million	–	391	–	391
				540	5,418	1,163	5,551

All notes and bonds are unsecured at 31st December 2022.

The ASF bonds, FIF bonds, SAN Finance bonds and SERA bonds were issued by wholly-owned subsidiaries of Astra.

Of the bonds outstanding at 31st December 2021, the ASF Berkelanjutan III Tahap III and IV bonds, and SAN Finance Berkelanjutan II Tahap II bonds were collateralised by fiduciary guarantee over financing debtors of the subsidiaries issuing the bonds which amounting to 50% and 60%, respectively, of the total outstanding principal of the bonds.

29 Borrowings (continued)

The movements in borrowings are as follows:

	Bank overdrafts US$m	Long-term borrowings US$m	Short-term borrowings US$m	Total US$m
2022				
At 1st January	4	12,299	4,355	**16,658**
Exchange differences	(1)	(236)	(203)	**(440)**
New subsidiaries	–	66	3	**69**
Amortisation of borrowing costs	–	5	12	**17**
Transfer	–	(3,298)	3,298	**–**
Change in fair value	–	(18)	–	**(18)**
Change in bank overdrafts	16	–	–	**16**
Drawdown of borrowings	–	5,852	3,195	**9,047**
Repayment of borrowings	–	(2,597)	(6,516)	**(9,113)**
At 31st December	**19**	**12,073**	**4,144**	**16,236**
2021				
At 1st January	50	9,822	5,825	15,697
Exchange differences	–	(76)	(29)	(105)
Amortisation of borrowing costs	–	10	10	20
Transfer	–	(3,489)	3,489	–
Change in fair value	–	(13)	–	(13)
Change in bank overdrafts	(46)	–	–	(46)
Drawdown of borrowings	–	10,407	2,165	12,572
Repayment of borrowings	–	(4,362)	(7,105)	(11,467)
At 31st December	4	12,299	4,355	16,658

30 Lease Liabilities

	2022 US$m	2021 US$m
At 1st January	**3,834**	3,890
Exchange differences	**(131)**	(42)
Additions	**416**	514
Disposals	**–**	(100)
Modifications to lease terms	**479**	466
Lease payments	**(989)**	(1,014)
Interest expense	**114**	120
At 31st December	**3,723**	3,834
Non-current	**2,951**	3,022
Current	**772**	812
	3,723	3,834

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The Group is not exposed to any residual guarantees in respect of the leases entered into at 31st December 2022 and 2021.

The Group has not entered into any material lease contracts which have not commenced at 31st December 2022 and 2021.

31 Creditors

	2022 US$m	2021 US$m
Trade creditors		
– third parties	**4,383**	3,798
– associates	**136**	95
– joint ventures	**267**	231
	4,786	4,124
Accruals	**2,427**	2,164
Other amounts due to joint ventures	**141**	140
Rental and other refundable deposits	**359**	363
Deferred consideration payable	**1**	47
Contingent consideration payable	**9**	9
Derivative financial instruments *(refer note 34)*	**24**	78
Other creditors	**525**	533
Financial liabilities	**8,272**	7,458
Contract liabilities *(refer note 3)*	**1,305**	1,767
Gross estimated claims on insurance contracts	**254**	259
Unearned premiums on insurance contracts	**282**	293
Rental income received in advance	**26**	31
Other	**511**	516
	10,650	10,324
Non-current	**191**	250
Current	**10,459**	10,074
	10,650	10,324
Analysis by geographical area of operation:		
China	**3,782**	4,213
Southeast Asia	**6,142**	5,381
United Kingdom	**296**	219
Rest of the world	**430**	511
	10,650	10,324

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

32 Provisions

	Motor vehicle warranties US$m	Closure cost provisions US$m	Reinstate-ment and restoration costs US$m	Statutory employee entitlements US$m	Others US$m	Total US$m
2022						
At 1st January	70	36	204	163	29	**502**
Exchange differences	–	(2)	(3)	(15)	(3)	**(23)**
Additional provisions	6	5	14	25	13	**63**
Unused amounts reversed	(2)	(5)	(2)	–	–	**(9)**
Utilised	(3)	(9)	(4)	(2)	(4)	**(22)**
At 31st December	**71**	**25**	**209**	**171**	**35**	**511**
Non-current	–	–	172	145	19	**336**
Current	71	25	37	26	16	**175**
	71	**25**	**209**	**171**	**35**	**511**
2021						
At 1st January	74	29	207	172	29	511
Exchange differences	(2)	–	(2)	(2)	–	(6)
Additional provisions	4	44	8	1	4	61
Unused amounts reversed	(3)	(8)	(5)	(5)	–	(21)
Utilised	(3)	(29)	(4)	(3)	(4)	(43)
At 31st December	70	36	204	163	29	502
Non-current	–	1	164	129	15	309
Current	70	35	40	34	14	193
	70	36	204	163	29	502

Motor vehicle warranties are estimated liabilities that fall due under the warranty terms offered on sale of new and used vehicles beyond that which are reimbursed by the manufacturers.

Closure cost provisions are established when legal or constructive obligations arise on closure or disposal of businesses.

Provisions for reinstatement and restoration costs comprised the estimated costs, to be incurred by the Group as lessees, in dismantling and removing the underlying assets, restoring the sites on which they are located or restoring the underlying assets to the condition required by the terms and conditions of the leases.

Other provisions principally comprise provisions in respect of indemnities on disposal of businesses and legal claims.

33 Notes to Consolidated Cash Flow Statement

(a) Cash generated from operations

	2022 US$m	2021 US$m
By nature:		
Operating profit	**2,833**	3,032
Adjustments for:		
Depreciation and amortisation *(refer note 33(b))*	**2,108**	2,221
Change in fair value of investment properties	**930**	1,410
Profit on sale of subsidiaries	**(42)**	(1,266)
Loss/(profit) on sale of associates and joint ventures	**29**	(35)
(Profit)/loss on sale of other investments	**(2)**	4
Loss on sale of right-of-use assets	**1**	3
Loss on sale of intangible assets	**1**	1
Profit on sale of tangible assets	**(37)**	(44)
Loss on sale of repossessed collateral of finance companies	**37**	65
Fair value loss on other investments	**410**	67
Fair value loss/(gain) on agricultural produce	**11**	(4)
Impairment of intangible assets	**7**	15
Impairment of tangible assets	**47**	43
Impairment of right-of-use assets	**3**	2
Impairment of debtors	**180**	216
Write down of properties for sale	**6**	–
Write down of stocks and work in progress	**48**	53
Reversal of write down of stocks and work in progress	**(28)**	(52)
Gain on lease modification and termination	**(7)**	(26)
Rent concessions	**(17)**	(49)
Change in provisions	**44**	43
Net foreign exchange loss/(gain)	**55**	(3)
Negative goodwill on acquisition of a business	**(37)**	–
Amortisation of borrowing costs for financial services companies	**9**	8
Options granted under employee share option schemes	**6**	1
	3,762	2,673
	6,595	5,705
Change in working capital:		
Increase in concession rights	**(25)**	(15)
Decrease/(increase) in properties for sale	**28**	(981)
Increase in stocks and work in progress	**(1,074)**	(244)
Increase in debtors	**(1,149)**	(638)
Increase in creditors and provisions	**905**	1,542
Increase in pension obligations	**7**	14
	(1,308)	(322)
	5,287	5,383

33 Notes to Consolidated Cash Flow Statement (continued)

(b) Depreciation and amortisation

	2022 US$m	2021 US$m
By business:		
Jardine Pacific	**145**	139
Jardine Motors	**20**	47
Hongkong Land	**18**	16
DFI Retail	**861**	886
Mandarin Oriental	**58**	69
Jardine Cycle & Carriage	**21**	21
Astra	**985**	1,043
	2,108	2,221

(c) Purchase of associates and joint ventures in 2022 mainly included US$213 million for Hongkong Land's investments in the Chinese mainland; US$34 million for Jardine Cycle & Carriage's additional interest in Refrigeration Electrical Engineering Corporation; US$260 million, US$44 million and US$41 million for Astra's investments in PT Bank Jasa Jakarta, toll road concession business and PT Mobilitas Digital Indonesia, respectively.

Purchase in 2021 mainly included US$115 million for Hongkong Land's investments in the Chinese mainland, US$9 million for Jardine Cycle & Carriage's additional interest in Refrigeration Electrical Engineering Corporation and US$66 million for Astra's investments in toll road concession business.

(d) Purchase of other investments for 2022 mainly included acquisition of securities of US$327 million, investments in healthcare services of US$99 million, an online consumer credit platform of US$31 million and a technology-based logistics startup of US$14 million in Astra; and investment in limited partnership investments funds for US$151 million in Corporate.

Purchase in 2021 included US$375 million for acquisition of securities in Astra and US$69 million for investment in limited partnership investment funds in Corporate.

33 Notes to Consolidated Cash Flow Statement (continued)

(e) Advances to and repayments to associates and joint ventures in 2022 and 2021 mainly included Hongkong Land's advances to its property joint ventures.

(f) Advances from and repayments from associates and joint ventures in 2022 and 2021 mainly included advances from and repayments from Hongkong Land's property joint ventures.

(g) Sale of subsidiaries

	2021 US$m
Non-current assets	605
Current assets	423
Non-current liabilities	(86)
Current liabilities	(250)
Non-controlling interests	(5)
Net assets	687
Cumulative exchange translation difference	(25)
Profit on disposal	1,266
Deferred gain on sale and leaseback of properties	126
Sales proceeds	2,054
Adjustment for carrying value of an associate *(refer note 15)*	(428)
Cash and cash equivalents of subsidiaries disposed of	(116)
Net cash inflow	1,510

Net cash inflow for sale of subsidiaries in 2021 included US$738 million from Jardine Pacific's sale of property holding subsidiaries which hold the Zung Fu Hong Kong properties in Hung Hom and Chai Wan with sale and leaseback arrangements, and US$754 million (net of tax of US$115 million) from Jardine Motors' sale of Zung Fu China to the Group's associate, Zhongsheng, for a total consideration of US$1.3 billion, comprised US$886 million in cash and US$428 million worth of new shares in Zhongsheng *(refer note 15)*, increasing the Group's shareholding in Zhongsheng to 20.9% at 31st December 2021.

33 Notes to Consolidated Cash Flow Statement (continued)

(h) Sale of other investments in 2022 mainly included Astra's sale of securities. Sale in 2021 comprised sale of securities of US$246 million and US$152 million in Astra and Corporate, respectively.

(i) Sale of tangible assets in 2022 included US$131 million for Mandarin Oriental's sale of a hotel property *(refer note 11)*.

(j) Change in interests in subsidiaries

	2022 US$m	2021 US$m
Increase in attributable interests		
– Hongkong Land	**(352)**	(192)
– Jardine Cycle & Carriage	**(130)**	–
– Mandarin Oriental	**(1)**	–
– other	**(225)**	(107)
	(708)	(299)

Increase in attributable interests in other subsidiaries in 2022 included US$214 million for repurchase of shares in Astra's subsidiary, United Tractors, which consequentially increased Astra's interest from 59.5% to 61.1%.

Increase in 2021 included US$18 million and US$19 million for Jardine Cycle & Carriage's additional 30% and 25% interests in Cycle & Carriage Bintang and Republic Auto, respectively, and US$70 million for Astra's acquisition of the remaining 33% interest in PT Astra Modern Land.

(k) Cash outflows for leases

	2022 US$m	2021 US$m
Lease rentals paid	**(1,151)**	(1,163)
Additions to right-of-use assets	**(53)**	(25)
	(1,204)	(1,188)
The above cash outflows are included in		
– operating activities	**(276)**	(269)
– investing activities	**(53)**	(25)
– financing activities	**(875)**	(894)
	(1,204)	(1,188)

(l) Analysis of balances of cash and cash equivalents

	2022 US$m	2021 US$m
Bank balances and other liquid funds *(refer note 22)*	**5,898**	7,282
Bank overdrafts *(refer note 29)*	**(19)**	(4)
	5,879	7,278

34 Derivative Financial Instruments

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

	2022		2021	
	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				
– forward foreign exchange contracts	**22**	**5**	10	2
– interest rate swaps and caps	**40**	**–**	5	9
– cross currency swaps	**123**	**15**	26	67
	185	**20**	41	78
Designated as fair value hedges				
– forward foreign exchange contracts	**–**	**1**	–	–
– cross currency swaps	**–**	**3**	12	–
	–	**4**	12	–
Non-qualifying as hedges				
– forward foreign exchange contracts	**–**	**–**	1	–

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2022 were US$812 million *(2021: US$1,192 million)*.

Interest rate swaps and caps

The notional principal amounts of the outstanding interest rate swap and cap contracts at 31st December 2022 were US$850 million *(2021: US$1,088 million)*.

At 31st December 2022, the fixed interest rates relating to interest rate swaps and caps varied from 0.4% to 2.1% *(2021: 0.4% to 2.7%)* per annum.

The fair values of interest rate swaps at 31st December 2022 were based on the estimated cash flows discounted at market rates ranging from 0.9% to 6.0% *(2021: 0.2% to 4.7%)* per annum.

Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts at 31st December 2022 were US$3,543 million *(2021: US$4,652 million)*.

Commodity options and commodity zero collars

The contract amounts of the outstanding commodity options and commodity zero collars at 31st December 2022 were US$38 million *(2021: US$82 million)* and US$10 million *(2021: US$37 million)*, respectively.

The Group has aggregated notional principal and contract amounts of US$1.2 billion in interest rate swaps and cross currency swaps referencing to US$ LIBOR that will expire beyond 30th June 2023, the cessation date of US$ LIBOR. These have carrying values of US$95 million included in debtors at 31st December 2022. Further details in relation to the transition plan for these contracts are shown on pages 193 and 194.

35 Commitments

	2022 US$m	2021 US$m
Capital commitments:		
Authorised not contracted		
– joint ventures	**26**	64
– other	**576**	954
	602	1,018
Contracted not provided		
– joint ventures	**945**	1,067
– other	**953**	779
	1,898	1,846
	2,500	2,864

The Group had no material operating lease commitments for short-term and low-value leases outstanding at 31st December 2022 and 2021.

Total future sublease payments receivable amounted to US$19 million at 31st December 2022 *(2021: US$16 million)*.

36 Contingent Liabilities

Following the acquisition of the 15 per cent of Jardine Strategic not previously owned by the Company and its wholly-owned subsidiaries, which was effected on 14th April 2021, a number of former Jardine Strategic shareholders are seeking an appraisal of the fair value of their shares in Jardine Strategic by the Bermuda court, relying upon the process referred to in the shareholder circular issued in connection with the acquisition. These shareholders claim the consideration of US$33 per share that Jardine Strategic considered to be fair value for its shares, and that all shareholders have already received, did not represent fair value. Although the proceedings were commenced in April 2021, they are still at an early stage and it is anticipated that the court appraisal process will not be concluded for at least a further 12 months. The Board believes that the US$33 per share that was paid represented fair value to Jardine Strategic minority shareholders and is of the opinion that no provision is required in relation to these claims.

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.

37 Related Party Transactions

In the normal course of business the Group undertakes a variety of transactions with certain of its associates and joint ventures.

The most significant of such transactions relate to the purchases of motor vehicles and spare parts from its associates and joint ventures in Indonesia including PT Toyota-Astra Motor, PT Astra Honda Motor and PT Astra Daihatsu Motor. Total cost of motor vehicles and spare parts purchased in 2022 amounted to US$6,142 million *(2021: US$4,970 million)*. The Group also sells motor vehicles and spare parts to its associates and joint ventures in Indonesia including PT Astra Honda Motor, PT Astra Daihatsu Motor and PT Tunas Ridean. Total revenue from sale of motor vehicles and spare parts in 2022 amounted to US$763 million *(2021: US$604 million)*.

The Group manages six *(2021: six)* associate and joint venture hotels. Management fees received by the Group in 2022 from these managed hotels amounted to US$15 million *(2021: US$7 million)*.

Amounts of outstanding balances with associates and joint ventures are included in debtors and creditors, as appropriate *(refer notes 17 and 31)*.

Details of Directors' remuneration (being the key management personnel compensation) are shown on pages 75 to 76 under the heading of Remuneration Report.

38 Summarised Balance Sheet of the Company

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

	2022 US$m	2021 US$m
Subsidiaries	**1,659**	1,659
Current assets	**467**	1,506
Total assets	**2,126**	3,165
Share capital *(refer note 23)*	**73**	179
Share premium and capital reserves *(refer note 25)*	**17**	22
Revenue and other reserves	**1,823**	2,935
Shareholders' funds	**1,913**	3,136
Current liabilities	**213**	29
Total equity and liabilities	**2,126**	3,165

Subsidiaries are shown at cost less amounts provided.

39 Post Balance Sheet Event

The Group has entered into an agreement to sell its entire interest in the automotive dealership business in the United Kingdom. Completion is expected to take place in the first quarter of 2023. The gain on disposal will be recognised as a non-trading item in the 2023 financial statements.

The Group, through a subsidiary of Astra, entered into a conditional agreement with third parties to acquire 90% of PT Stargate Pasific Resources, a company engaged in the business of nickel mining, and 90% of PT Stargate Mineral Asia, a company engaged in processing of nickel, for a total of approximately US$272 million in December 2022. Completion of the acquisition is subject to the fulfillment of the conditions set out in the agreement.

40 Principal Subsidiaries

The Group's principal subsidiaries at 31st December 2022 are set out below:

	Place of incorporation/ principal place of business	Nature of business	Attributable interests 2022 %	Attributable interests 2021 %	Proportion of ordinary shares and voting powers at 31st December 2022 held by the Group %	Proportion of ordinary shares and voting powers at 31st December 2022 held by non-controlling interests %
DFI Retail Group Holdings Ltd	Bermuda/ China and Southeast Asia	Grocery retail, convenience stores, health and beauty, home furnishings, restaurants and other retailing	**78**	78	**78**	**22**
Hongkong Land Holdings Ltd	Bermuda/ China and Southeast Asia	Property development & investment, leasing & management	**53**	51	**53**	**47**
Jardine Cycle & Carriage Ltd	Singapore/ Southeast Asia	A 50.1% interest in PT Astra International Tbk, motor trading and holding	**76**	75	**76**	**24**
Jardine Matheson Ltd	Bermuda/ Hong Kong	Group management	**100**	100	**100**	**–**
Jardine Motors Group Holdings Ltd*	Bermuda/ China and United Kingdom	Motor trading	**100**	100	**100**	**–**
Jardine Pacific Holdings Ltd	Bermuda/ China and Southeast Asia	Engineering & construction, motor trading, transport services and restaurants	**100**	100	**100**	**–**
Jardine Strategic Ltd†	Bermuda/ China and Southeast Asia	Holding	**100**	100	**100**	**–**
Mandarin Oriental International Ltd	Bermuda/ Worldwide	Hotel management & ownership	**79**	79	**79**	**21**
Matheson & Co., Ltd	England/ United Kingdom	Holding and management	**100**	100	**100**	**–**
PT Astra International Tbk	Indonesia/ Indonesia	Automotive, financial services, heavy equipment, mining and construction and energy, agribusiness, infrastructure and logistics, information technology and property	**38**	38	**50**	**50**

All subsidiaries are included in the consolidation.

Attributable interests represent the proportional holdings of the Company, held directly or through its subsidiaries, in the issued share capitals of the respective companies, after the deduction of any shares held by the trustees of the employee share option schemes of any such company and any shares in any such company owned by its wholly-owned subsidiaries.

*Jardine Motors is directly held by the Company. All other subsidiaries are held through subsidiaries.

† At 31st December 2021, Jardine Strategic held 59% of the share capital of the Company. Following the reduction of capital on 18th May 2022 *(refer note 23)*, Jardine Strategic no longer holds any shares in the Company.

41 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. The cost of and related income arising from shares held in the Company by subsidiaries are eliminated from shareholders' funds and non-controlling interests, and profit, respectively.

(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.

(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 profit and loss are recognised in profit and loss as part of the gains and losses arising from changes in their fair value. 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.

Intangible assets

(i) 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.

(ii) Franchise rights, which are rights under franchise agreements, are separately identified intangible assets acquired as part of a business combination. These franchise agreements are deemed to have indefinite lives because either they do not have any term of expiry or their renewal by the Group would be probable and would not involve significant costs, taking into account the history of renewal and the relationships between the franchisee and the contracting parties. The useful lives are reviewed at each balance sheet date. Franchise rights are carried at cost less accumulated impairment loss.

(iii) Concession rights are operating rights for toll roads under service concession arrangements. The cost of the construction services is amortised based on traffic volume projections.

(iv) Deferred exploration costs relating to mining resources are capitalised when the rights of tenure of a mining area are current and is considered probable that the costs will be recouped through successful development and exploitation of the area. Deferred exploration costs are amortised using the unit of production method, and are assessed for impairment if facts and circumstances indicate that impairment may exist.

(v) Other intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated on the straight line basis to allocate the cost of intangible assets over their estimated useful lives.

Tangible fixed assets and depreciation

Freehold properties comprised land and buildings. Freehold land is stated at cost less any impairment. No depreciation is provided on freehold land as it is deemed to have an indefinite life. Buildings on freehold and leasehold land are stated at cost less any 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. Mining properties, which are contractual rights to mine and own coal and gold reserves in specified concession areas, and other tangible fixed assets are stated at cost less amounts provided for depreciation. Cost of mining properties includes expenditure to restore and rehabilitate coal and gold mining areas following the completion of production.

Depreciation of tangible fixed assets other than mining properties 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:

Buildings	
– hotels	21 to 150 years
– others	20 to 50 years
Surface, finishes and services of hotel properties	20 to 30 years
Leasehold improvements	shorter of unexpired lease term or useful life
Plant and machinery	2 to 25 years
Furniture, equipment and motor vehicles	2 to 25 years

Mining properties are depreciated using the unit of production method.

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

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

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.

Lease contracts may contain lease and non-lease components. The Group allocates the consideration in the contract to lease and non-lease component based on their relative stand-alone prices. For property leases where the Group is a lessee, it has elected not to separate lease and immaterial non-lease components and accounts for these items as a single lease component.

(i) As a lessee

The Group enters into property leases for use as retail stores and offices, as well as leases for plant & machinery and 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.

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 primarily 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.

Bearer plants
Bearer plants are stated at cost less any accumulated depreciation and impairment loss. The cost of bearer plants includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the development of immature bearer plants and an allocation of other indirect costs based on planted hectares. Bearer plants are considered mature three to four years after planting and once they are generating fresh fruit bunches which average four to six tonnes per hectare per year. Depreciation of mature bearer plants commences in the year when the bearer plants are mature using the straight-line method over the estimated useful life of 20 years. Agricultural produce growing on bearer plants comprise oil palm fruits which are measured at fair value. Changes in fair value are recorded in the profit and loss.

Investments
The Group classifies its investments into the following measurement categories:

(i) Those to be measured subsequently at fair value, either through other comprehensive income or through profit and loss; and

(ii) Those to be measured at amortised cost.

The classification is based on the management's business model and their contractual cash flows characteristics.

Equity investments are measured at fair value with fair value gains and losses recognised in profit and loss, unless management has elected to recognise the fair value gains and losses through other comprehensive income. For equity investments measured at fair value through other comprehensive income, gains or losses realised upon disposal are not reclassified to profit and loss. Dividends from equity investments are recognised in profit and loss when the right to receive payments is established.

Debt investments that are held for collection of contractual cash flows and for sale, where the cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. On disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit and loss. Interest income calculated using the effective interest rate method is recognised in profit and loss.

Debt investments that are held for collection of contractual cash flows till maturity, where the cash flows represent solely payments of principal and interest, are measured at amortised cost. Any gain or loss arising on disposal is recognised in profit and loss. Interest income calculated using the effective interest rate method is recognised in profit and loss.

Limited partnership investment funds, which are structured in the form of limited partnerships for the purpose of managing investments for the benefit of its investors, are measured at fair value with fair value gains and losses recognised in profit and loss. Distributions from these investment funds are recognised in profit and loss when the right to receive payments is established.

At initial recognition, the Group measures an investment at its fair value plus, in the case of the investment not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the investment. Transaction costs of investments carried at fair value through profit and loss are expensed in profit and loss.

Investments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group assesses on a forward-looking basis the expected credit losses associated with both types of debt investments. They are considered ‘credit impaired’ when one or more events that have a detrimental impact on the estimated future cash flows have occurred. Any impairment is recognised in profit and loss.

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

Investments are classified as non-current assets, unless in the case of debt investments with maturities less than 12 months after the balance sheet date, are classified as current assets.

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

Stocks and work in progress
Stocks, which principally comprise goods held for resale, are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method, specific identification method and weighted average method. The cost of finished goods and work in progress comprises raw materials, labour and an appropriate proportion of overheads.

Debtors
Financing and trade debtors are recognised initially at the amount of consideration that is unconditional and measured subsequently at amortised cost using the effective interest method. Finance lease receivables are shown as the finance lease receivables plus the guaranteed residual values at the end of the lease period, net of unearned finance lease income, security deposits and provision for doubtful receivables. 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. Repossessed collateral of finance companies are measured at the lower of the carrying amount of the debtors in default and fair value less costs to sell. All other debtors, excluding derivative financial instruments, are measured at amortised cost except where the effect of discounting would be immaterial. The Group assesses on a forward-looking basis using the three stages expected credit losses model on potential losses associated with its consumer

financing debtors and financing lease receivables. The impairment measurement is subject to whether there has been a significant increase in credit risk. 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, bank and cash balances, and liquid investments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current borrowings.

Liquid investments, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, are included in bank balances and other liquid funds and are stated at market value. Increases or decreases in market value are recognised in profit and loss.

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.

On the issue of bonds which are convertible into a fixed number of ordinary shares of the issuing entity, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is included in long-term borrowings on the amortised cost basis until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option which is recognised and included in shareholders' funds. On the issue of convertible bonds which are not convertible into the issuing entity's own shares or which are not convertible into a fixed number of ordinary shares of the issuing entity, the fair value of the conversion option component is determined and included in current liabilities, and the residual amount is allocated to the carrying amount of the bond. Any conversion option component included in current liabilities is shown at fair value with changes in fair value recognised in profit and loss.

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.

Employee benefits

(i) 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 period in which employees accrue benefits, in accordance with the advice of qualified actuaries, who carry out a full valuation of major plans every year. 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.

(ii) Share-based compensation
The Company and its subsidiaries and associates operate a number of equity settled employee share option schemes. The fair value of the employee services received in exchange for the grant of the options in respect of options granted after 7th November 2002 is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted as determined on the grant date. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. The impact of the revision of original estimates, if any, is recognised in profit and loss.

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 forecasted 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 forecasted 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 forecasted transaction ultimately is recognised in profit and loss. When a committed or forecasted 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.

Insurance contracts
Insurance contracts are those contracts that transfer significant insurance risk.

Premiums on insurance contracts are recognised as revenue proportionately over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Claims and loss adjustment expenses are charged to profit and loss as incurred based on the estimated liabilities for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the balance sheet date even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported.

Financial guarantee contracts under which the Group accepts significant risk from a third party by agreeing to compensate that party on the occurrence of a specified uncertain future event are accounted for in a manner similar to insurance contracts. Provisions are recognised when it is probable that the Group has obligations under such guarantees and an outflow of resources embodying economic benefits will be required to settle the obligations.

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 and equity investments which are measured at fair value through profit and loss; gains and losses arising from the sale of businesses, investments and properties; impairment of non-depreciable intangible assets, associates and joint ventures 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.

Earnings per share

Basic earnings per share are calculated on profit attributable to shareholders and on the weighted average number of shares in issue during the year. The weighted average number excludes the Company's share of the shares held by subsidiaries. For the purpose of calculating diluted earnings per share, profit attributable to shareholders is adjusted for the effects of the conversion of dilutive potential ordinary shares of subsidiaries, associates or joint ventures, and the weighted average number of shares is adjusted for the number of shares which are deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes based on the average share price during the year.

Dividends

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

The nominal amount of the ordinary shares issued as a result of election for scrip is capitalised out of the share premium account or other reserves, as appropriate.

Revenue recognition

(i)Property

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.

Investment properties

Rental income from investment properties are accounted for on an accrual basis over the lease terms.

(ii) Motor vehicles
Revenue from the sale of motor vehicles, including motorcycles, and rendering of aftersales services, is recognised through dealership structures. In instances where the contracts with customers include multiple deliverables, the separate performance obligations are identified. The transaction price, which is represented by the consideration fixed in the contract and net of discounts if any, is then allocated to each performance obligation based on their relative stand-alone selling prices. When a stand-alone selling price is not directly observable, it is estimated. Revenue from the sale of motor vehicles is recognised when control of the motor vehicles is transferred to the customer, which generally coincides with the point of delivery. Revenue from the aftersales services is recognised when the services are rendered. In instances where payments are received in advance from customers but there are unfulfilled aftersales services obligations by the Group, a contract liability is recognised for which revenue is subsequently recognised over time as the services are rendered.

(iii) Retail and restaurants
Revenue from retail includes sales from the supermarket and hypermarkets, health and beauty stores, and home furnishing stores. Revenue consists of the fair value of goods sold to customers, net of returns, discounts and sales related taxes. Sale of goods is recognised at the point of sale, when the control of the asset is transferred to the customers, and is recorded at the net amount received from customers.

Revenue from restaurants comprises the sale of food and beverages and is recognised at the point when the Group sells the food and beverages to the customer and payment is due immediately when the customer purchases the food and beverages.

(iv) Financial services
Revenue from consumer financing and finance leases is recognised over the term of the respective contracts based on a constant rate of return on the net investment, using the effective interest method. Revenue from insurance premiums is recognised proportionately over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability.

(v) Engineering, heavy equipment, mining, construction and energy
Engineering
Revenue from engineering, including supplying, installing and servicing engineering equipment is recognised over time based on the enforceable right to payment for the performance completed to date and using the output method on the basis of direct measurements of the value to customer of the Group's performance to date, as evidenced by the certification by qualified architects and/or surveyors. When there is more than one single performance obligation under a contract or any contract modification creates a separate performance obligation, the revenue will be allocated to each performance obligation based on their relative stand-alone selling prices. Payments received in advance from customers but there are unfulfilled obligations, are recognised as contract liabilities.

Claims, variations and liquidated damages are accounted for as variable consideration and are included in contract revenue provided that it is highly probable that a significant reversal will not occur in the future.

Heavy equipment
Revenue from heavy equipment includes sale of heavy equipment and rendering of maintenance services. In instances where the contracts with customers include multiple deliverables, the separate performance obligations are identified and generally referred as sale of heavy equipment and rendering of maintenance services. The transaction price, which is represented by the consideration fixed in the contract and net of discounts if any, is then allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from the sale of heavy equipment is recognised when control of the heavy equipment is transferred to the customer, which generally coincides with the point of delivery. Payments from customers for maintenance services are received in advance and recognised as a contract liability. Revenue from the maintenance services is recognised when customer has received and consumed benefit from the services.

Mining
Revenue from mining includes contract mining services and through the Group's own production. The performance obligations identified under contract mining services relate to the extraction of mining products and removal of overburden on behalf of the customers. Revenue is recognised when the services are rendered by reference to the volume of mining products extracted and overburden removed at contracted rates, and payment is due upon delivery. Revenue from its own mining production is recognised when control of the output is transferred to the customer, which generally coincides with the point of delivery.

Construction
Revenue from construction includes contracts to provide construction and foundation services for building, civil and maritime works. Under the contracts, the Group's construction activities creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, and hence revenue is recognised over time by reference to the progress towards completing the construction works. Under this method, the revenue recognised is based on the latest estimate of the total value of the contract and actual completion rate determined by reference to the physical state of progress of the works.

Claims, variations and liquidated damages are accounted for as variable consideration and are included in contract revenue provided that it is highly probable that a significant reversal will not occur in the future.

(vi) Hotels
Revenue from hotel ownership comprises amounts earned in respect of rental of rooms, food and beverage sales, and other ancillary services and goods supplied by the subsidiary hotels. Revenue is recognised over the period when rooms are occupied or services are performed. Revenue from the sale of food and beverages and goods is recognised at the point of sale when the food and beverages and goods are delivered to customers. Payment is due immediately when the hotel guest occupies the room and receives the services and goods.

Revenue from hotel and residences branding and management comprises gross fees earned from the branding and management of all the hotels and residences operated by the Group. Branding and management fees are recognised over time as determined by the relevant contract, taking into account the performance of the hotels, and the sales and operating expenses of the residences. Fees charged to the subsidiary hotels are eliminated upon consolidation. Hotels and residences are invoiced in accordance with the terms of contract and fees are payable when invoiced.

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.

42 Standards and Amendments Issued But Not Yet Effective

A number of new standard and amendments effective for accounting periods beginning after 2022 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) IFRS 17 'Insurance Contracts' (effective from 1st January 2023) will only apply to the Group's insurance businesses in Indonesia. It is a new accounting standard for insurance contracts covering recognition, measurement, presentation and disclosure. Under IFRS 17, all profits will be recognised in the profit and loss over the life of the contracts as insurance services are provided. The Group expects that, even though the total profit recognised over the lifetime of the insurance contracts will not change, it will emerge differently under IFRS 17. For certain insurance contracts, profits are currently recognised in the profit and loss on initial recognition of the contracts. The different timing of profit recognition will result in an increase in liabilities on adoption of IFRS 17. A portion of profits, previously recognised and accumulated in equity under the existing standard, IFRS 4, will now be recorded as a liability under IFRS 17. The Group is in the process of assessing the estimated impact on its consolidated financial statements in the period of initial application.

(ii) 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 of 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.

43 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 Jardine Matheson 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, caps and collars, cross-currency swaps, forward foreign exchange contracts, foreign currency options, and commodity forward contracts and options 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 flow 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 and caps 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 IBOR, 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 2022 or 2021 in relation to interest rate swaps was not material.

(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, forward foreign exchange contracts and foreign currency options 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 2022 the Group's Indonesian rupiah functional entities had United States dollar denominated net monetary assets of US$438 million *(2021: US$87 million)*. At 31st December 2022, if the United States dollar had strengthened/weakened by 10% against the Indonesian rupiah with all other variables unchanged, the Group's profit after tax would have been US$34 million higher/lower *(2021: US$7 million higher/lower)*, arising from foreign exchange gains/losses taken on translation. The impact on amounts attributable to the shareholders of the Company would be US$17 million higher/lower *(2021: US$5 million higher/lower)*. This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. There are no other significant monetary balances held by Group companies at 31st December 2022 that are denominated in a non-functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

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

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments such as interest rate swaps, caps and collars. 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, exclusive of the financial services companies, in fixed rate instruments. At 31st December 2022 the Group's interest rate hedge exclusive of the financial services companies was 55% *(2021: 59%)*, with an average tenor of six years *(2021: seven years)*. The financial services companies borrow predominately at a fixed rate. The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in note 29.

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, caps and collars for a maturity of up to five years. Forward rate agreements and interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate, caps provide protection against a rise in floating rates above a pre-determined rate, whilst collars combine the purchase of a cap and the sale of a floor to specify a range in which an interest rate will fluctuate. Details of interest rate swaps and cross currency swaps are set out in note 34.

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

At 31st December 2022, 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$12 million *(2021: US$9 million)* higher/lower, and hedging reserves would have been US$107 million *(2021: US$161 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. There is no significant sensitivity resulting from interest rate caps and collars. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the United States, Hong Kong and Indonesian rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in the fair value of the hedged items caused by interest rate movements balance out in the 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.

Price risk

The Group is exposed to securities price risk because of its equity investments and limited partnership investment funds ('LP 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. Gains and losses arising from changes in the fair value of these investments are recognised in profit and loss or other comprehensive income according to their classification. The performance of these investments are monitored regularly, together with an assessment of their relevance to the Group's long-term strategic plans. Details of these investments are contained in note 16.

The Group's interest in these investments are unhedged. At 31st December 2022, if the price of these investments had been 25% higher/lower with all other variables held constant, total equity would have been US$705 million *(2021: US$738 million)* higher/lower, of which US$447 million *(2021: US$514 million)* relating to equity investments would be reflected in operating profit as non-trading items. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

The Group is exposed to financial risks arising from changes in commodity prices, primarily coal, gold, steel rebar and copper. The Group considers the outlook for coal, gold, steel rebar and copper prices regularly in considering the need for active financial risk management. The Group's policy is generally not to hedge commodity price risk, although limited hedging may be undertaken for strategic reasons. In such cases the Group uses forward contracts and foreign currency options to hedge the price risk. To mitigate or hedge the price risk, Group entities may enter into a forward contract and foreign currency options to buy the commodity at a fixed price at a future date, or a forward contract to sell the commodity at a fixed price or pre-determined range of prices at a future date.

(ii) Credit risk
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 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.

The Group's debt investments are considered to be low risk investments. The investments are monitored for credit deterioration based on credit ratings from major rating agencies.

In respect of credit exposures to customers, the Group has policies in place to ensure that sales on credit without collateral are made principally to corporate companies with an appropriate credit history and credit insurance is purchased for businesses where it is economically effective. The Group normally obtains collateral over vehicles from consumer financing debtors towards settlement of vehicle receivables. Customers give the right to the Group to sell the repossessed collateral or take any other action to settle the outstanding receivable. Sales to other customers are made in cash or by major credit cards.

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

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

At 31st December 2022, total available borrowing facilities amounted to US$26.8 billion *(2021: US$28.8 billion)* of which US$16.2 billion *(2021: US$16.7 billion)* was drawn down. Of the committed facilities, US$4.9 billion which are referenced to US$ LIBOR will expire beyond 30th June 2023, the cessation date of US$ LIBOR. Undrawn committed facilities, in the form of revolving credit and term loan facilities, and undrawn uncommitted facilities totalled US$7.1 billion *(2021: US$8.0 billion)* and US$3.5 billion *(2021: US$4.1 billion)*, respectively.

The following table analyses the Group's non-derivative financial liabilities, net-settled derivative financial liabilities and gross-settled derivative 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
At 31st December 2022							
Borrowings	4,755	4,183	3,095	1,306	410	4,791	**18,540**
Lease liabilities	868	691	509	392	306	1,460	**4,226**
Creditors	8,039	66	44	20	22	57	**8,248**
Net settled derivative financial instruments	–	1	1	–	–	–	**2**
Gross settled derivative financial instruments							
– inflow	1,145	630	362	30	–	–	**2,167**
– outflow	1,063	892	949	43	30	1,180	**4,157**
Estimated losses on insurance contracts	254	–	–	–	–	–	**254**
At 31st December 2021							
Borrowings	4,860	2,663	3,605	1,569	1,113	5,093	18,903
Lease liabilities	903	668	501	387	304	1,584	4,347
Creditors	7,164	78	51	23	13	51	7,380
Net settled derivative financial instruments	6	1	–	–	–	–	7
Gross settled derivative financial instruments							
– inflow	2,322	861	892	745	57	1,213	6,090
– outflow	2,091	834	759	743	59	1,210	5,696
Estimated losses on insurance contracts	259	–	–	–	–	–	259

Included in total undiscounted borrowings at 31st December 2022, US$2,366 million are referenced to US$ LIBOR and mature beyond 30th June 2023, the cessation date of US$ LIBOR.

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 borrowings.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, purchase Group shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's consolidated gearing ratio and consolidated interest cover before taking into account the impact of IFRS 16 'Leases'. The gearing ratio is calculated as net borrowings divided by total equity. Net borrowings is calculated as total borrowings less bank balances and other liquid funds. Interest cover is calculated as the sum of underlying operating profit, before the deduction of amortisation/depreciation of right-of-use assets, net of actual lease payments; and share of results of associates and joint ventures, divided by net financing charges excluding interest on lease liabilities. The ratios are monitored both inclusive and exclusive of the Group's financial services companies, which by their nature are generally more highly leveraged than the Group's other businesses. The Group does not have a defined gearing or interest cover benchmark or range.

The ratios at 31st December 2022 and 2021 are as follows:

	2022	2021
Gearing ratio exclusive of financial services companies (%)	**13**	11
Gearing ratio inclusive of financial services companies (%)	**18**	16
Interest cover exclusive of financial services companies (times)	**15**	14
Interest cover inclusive of financial services companies (times)	**17**	17

Fair value estimation

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

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities ('quoted prices in active markets')
The fair values of listed securities and bonds are based on quoted prices in active markets at the balance sheet date. The quoted market price used for listed investments held by the Group is the current bid price.

(b) Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')
The fair values of 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 caps, cross-currency swaps and forward foreign exchange contracts are calculated by reference to market interest rates and foreign exchange rates.

The fair values of unlisted investments mainly include club and school debentures, are determined using prices quoted by brokers at the balance sheet date.

(c) Inputs for assets or liabilities that are not based on observable market data ('unobservable inputs')
The fair values of other unlisted equity investments and LP investment funds are determined using valuation techniques by reference to observable current market transactions (including price-to earnings and price-to book ratios of listed securities of entities engaged in similar industries) or the market prices of the underlying investments with certain degree of entity specific estimates or discounted cash flow by projecting the cash inflows from these investments.

There were no changes in valuation techniques during the year.

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

	Quoted prices in active markets US$m	Observable current market transactions US$m	Unobservable inputs US$m	Total US$m
2022				
Assets				
Other investments				
– equity investments	1,484	54	252	**1,790**
– debt investments	763	–	10	**773**
– limited partnership investment funds	–	–	256	**256**
	2,247	54	518	**2,819**
Derivative financial instruments at fair value				
– through other comprehensive income	–	185	–	**185**
	2,247	**239**	**518**	**3,004**
Liabilities				
Contingent consideration payable	–	–	(9)	**(9)**
Derivative financial instruments at fair value				
– through other comprehensive income	–	(20)	–	**(20)**
– through profit and loss	–	(4)	–	**(4)**
	–	**(24)**	**(9)**	**(33)**
2021				
Assets				
Other investments				
– equity investments	1,565	53	437	2,055
– debt investments	777	–	–	777
– LP investment funds	–	–	122	122
	2,342	53	559	2,954
Derivative financial instruments at fair value				
– through other comprehensive income	–	42	–	42
– through profit and loss	–	12	–	12
	2,342	107	559	3,008
Liabilities				
Contingent consideration payable	–	–	(9)	(9)
Derivative financial instruments at fair value				
– through other comprehensive income	–	(78)	–	(78)
	–	(78)	(9)	(87)

An investment of US$233 million which was valued using ‘unobservable inputs’ in 2021 was transferred to valued using ‘quoted prices in active markets’ during 2022, upon flotation of the shares on a recognised stock exchange. There were no transfers among the three categories during the year ended 31st December 2021.

Movement of unlisted equity and debt investments, and limited partnership investment funds, which are valued based on unobservable inputs during the year ended 31st December are as follows:

	2022 US$m	2021 US$m
At 1st January	**559**	379
Exchange differences	**(28)**	(4)
Additions	**217**	152
Disposals	**(2)**	–
Transfer to 'quoted prices in active markets'	**(233)**	–
Net change in fair value during the year included in profit and loss	**5**	32
At 31st December	**518**	559

(ii) Financial instruments that are not measured at fair value
The fair values of current debtors, bank balances and other liquid funds, 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 2022 and 2021 are as follows:

	Fair value of hedging instruments	Fair value through profit and loss	Fair value through other comprehensive income	Financial assets at amortised costs	Other financial liabilities	Total carrying amount	Fair value
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
2022							
Financial assets measured at fair value							
Other investments							
– equity investments	–	1,790	–	–	–	1,790	1,790
– debt investments	–	10	763	–	–	773	773
– limited partnership investment funds	–	256	–	–	–	256	256
Derivative financial instruments	185	–	–	–	–	185	185
	185	**2,056**	**763**	**–**	**–**	**3,004**	**3,004**
Financial assets not measured at fair value							
Debtors	–	–	–	8,463	–	8,463	8,067
Bank balances	–	–	–	5,898	–	5,898	5,898
	–	**–**	**–**	**14,361**	**–**	**14,361**	**13,965**
Financial liabilities measured at fair value							
Derivative financial instruments	(24)	–	–	–	–	(24)	(24)
Contingent consideration payable	–	(9)	–	–	–	(9)	(9)
	(24)	**(9)**	**–**	**–**	**–**	**(33)**	**(33)**
Financial liabilities not measured at fair value							
Borrowings	–	–	–	–	(16,236)	(16,236)	(15,612)
Lease liabilities	–	–	–	–	(3,723)	(3,723)	(3,723)
Trade and other payable excluding non-financial liabilities	–	–	–	–	(8,239)	(8,239)	(8,239)
	–	**–**	**–**	**–**	**(28,198)**	**(28,198)**	**(27,574)**

	Fair value of hedging instruments US$m	Fair value through profit and loss US$m	Fair value through other comprehensive income 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							
Other investments							
– equity investments	–	2,055	–	–	–	2,055	2,055
– debt investments	–	–	777	–	–	777	777
– limited partnership investment funds	–	122	–	–	–	122	122
Derivative financial instruments	54	–	–	–	–	54	54
	54	2,177	777	–	–	3,008	3,008
Financial assets not measured at fair value							
Debtors	–	–	–	7,993	–	7,993	8,054
Bank balances	–	–	–	7,282	–	7,282	7,282
	–	–	–	15,275	–	15,275	15,336
Financial liabilities measured at fair value							
Derivative financial instruments	(78)	–	–	–	–	(78)	(78)
Contingent consideration payable	–	(9)	–	–	–	(9)	(9)
	(78)	(9)	–	–	–	(87)	(87)
Financial liabilities not measured at fair value							
Borrowings	–	–	–	–	(16,658)	(16,658)	(16,944)
Lease liabilities	–	–	–	–	(3,834)	(3,834)	(3,829)
Trade and other payable excluding non-financial liabilities	–	–	–	–	(7,371)	(7,371)	(7,371)
	–	–	–	–	(27,863)	(27,863)	(28,144)

The financial instruments of the Group at 31st December 2022 which are referenced to IBOR with maturities beyond the cessation of the respective benchmarks comprised long term borrowings and lease liabilities amounted to US$1,933 million and US$619 million, respectively.

44 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.

Acquisition of subsidiaries, associates and joint ventures

The initial accounting on the acquisition of subsidiaries, associates and joint ventures involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities. The fair values of franchise rights, concession rights, tangible assets, right-of-use assets, investment properties and bearer plants are determined by independent valuers by reference to market prices or present value of expected net cash flows from the assets. Any changes in the assumptions used and estimates made in determining the fair values, and management's ability to measure reliably the contingent liabilities of the acquired entity will impact the carrying amount of these assets and liabilities.

On initial acquisition or acquisition of further interests in an entity, an assessment of the level of control or influence exercised by the Group is required. For entities where the Group has a shareholding of less than 50%, an assessment of the Group's level of voting rights, board representation and other indicators of influence is performed to consider whether the Group has de facto control, requiring consolidation of that entity, or significant influence, requiring classification as an associate, or joint control, requiring classification as a joint venture.

Investment properties

The fair values of investment properties, which are principally held by Hongkong Land, 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, the Chinese mainland and Singapore, capitalisation rates in the range of 2.80% to 3.40% for office *(2021: 2.75% to 3.35%)* and 3.75% to 5.00% for retail *(2021: 3.75% to 5.00%)* are used by Hongkong Land in the fair value determination.

Consideration has 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 amount of estimated coal and gold reserves, the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the value-in-use calculations.

The results of the impairment reviews undertaken at 31st December 2022 on the Group's indefinite life franchise rights indicated that no impairment charge was necessary. If there is a significant increase in the discount rate and/or a significant adverse change in the projected performance of the business to which these rights attach, it may be necessary to take an impairment charge to profit and loss in the future.

Management undertook an impairment assessment on the basis that the carrying amount of the investment in Siam City Cement as at 31st December 2022 was higher than its fair value based on prevailing market share price, as well as the ongoing challenging cost environment and outlook. The determination of the recoverable amount requires significant judgements by management, particularly management's view on key internal inputs and external market conditions which impact future cash flows, discount rates and long-term growth rates. Management foresees that energy and other cost pressures will remain elevated, while decarbonisation of cement production in the long-term will require significant operational advances and technological innovation that will further increase costs and investments. This necessitated a downward revision on management's assumptions over projected growth rates used in the discounted cash flow models. Based on management's assessment, as the recoverable amount determined using value-in-use computation is lower than the carrying amount of the investment, an impairment charge of US$114 million *(2021: nil)* was recognised. If there are significant changes to the above estimates, it may be necessary to take an additional impairment charge to the profit and loss account in the future. The sensitivity of carrying amount to key assumptions and estimates is disclosed in note 15.

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 *(refer note 17)*.

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 for 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 gains 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.

Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

Leases
Liabilities and the corresponding right-of-use assets arising from leases are initially measured at the present value of the lease payments at the commencement date, discounted using the interest rates implicit in the leases, or if that rate cannot be readily determinable, the Group uses the incremental borrowing rate. The Group generally uses the incremental borrowing rate as the discount rate.

The Group applies the incremental borrowing rate with reference to the rate of interest that the Group would have to pay to borrow, over a similar term as that of the lease, the funds necessary to obtain an asset of a similar value to the right-of-use asset in the country where it is located.

Lease payments to be made during the lease term will be included in the measurement of a lease liability. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew. The assessment of whether the Group is reasonably certain to exercise the options impacts the lease terms, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

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.

For revenue from the heavy equipment maintenance contracts, the Group exercises judgement in determining the level of actual service provided to the end of the reporting period as a proportion of the total services to be reported, and estimated total costs of the maintenance contracts. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognised as a current year expense.

For other contracts with customers which include multiple deliverables, the separate performance obligations are identified. The transaction price is then allocated to each performance obligation based on their stand-alone selling prices. From time to time, when a stand-alone selling price may not be directly observable, the Group estimated the selling price using expected costs of rendering such services and adding an appropriate margin.

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 on some IBORs.

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. The greatest change will be amendments to the contractual terms of the IBORs-referenced floating-rate debt and the associated swap and the corresponding update of the hedge designation. However, the changed reference rate might also affect other systems, processes, risk and valuation models, as well as having tax and accounting implications.

Group Treasury is managing the IBORs transition plan, which has progressed throughout 2022. US$ LIBOR is expected to cease on 30th June 2023, and the Group's transition plan is on track to ensure conversion of existing US$ LIBOR contracts by the date of cessation.

Relief applied
The Group has applied the following reliefs that were introduced by the amendments made to IFRS 9 Financial Instruments in September 2019 and August 2020:

(i) When considering the 'highly probable' requirement, the Group has assumed that the IBORs interest rate on which the Group's hedged debt is based does not change as a result of IBORs reform.

(ii) In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has assumed that the IBORs interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it is not altered by IBORs reform.

(iii) The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

(iv) For financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised.

(v) For lease liabilities where there is a change to the basis for determining the contractual cash flows, the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform.

Assumptions made
In calculating the change in fair value attributable to the hedged risk of floating-rate debt, the Group has made the following assumptions that reflect its current expectations:

(i) The IBORs-referenced floating-rate debt will move to RFRs during 2023 and the spread will be similar to the spread included in the interest rate swap used as the hedging instrument.

(ii) No other changes to the terms of the floating-rate debt are anticipated.

Independent Auditors’ Report

To the members of Jardine Matheson Holdings Limited

Report on the audit of the Group financial statements

Opinion

In our opinion, Jardine Matheson 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 2022 and of its profit 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 2022; the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and 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.

Our opinion is consistent with our reporting to the Audit Committee.

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$561 million *(2021: US$290 million)*, based on 1.0% *(2021: 0.5%)* of the net assets of the Group.
- Specific Group materiality, applied to balances and transactions not related to investment properties: US$246 million *(2021: US$190 million)*, based on 5% of consolidated underlying profit before tax of the Group *(2021: based on 5% of a three-year average of consolidated underlying profit before tax of the Group)*.

Audit scope

- A full scope audit was performed on five entities – Jardine Cycle & Carriage Limited (which includes PT Astra International Tbk), Hongkong Land Holdings Limited, DFI Retail Group Holdings Limited, Mandarin Oriental International Limited ("MOIL") and Jardine Motors Group UK Ltd ("Motors UK").
- These entities, together with procedures performed on central functions and at the Group level, accounted for 94% of the Group's revenue, 91% of the Group's profit before tax, 91% of the Group's underlying profit before tax and 94% of net assets.

Key audit matters

- Valuation of investment properties;
- Carrying values of certain investments in associates and joint ventures; and
- Provisioning for consumer financing debtors.

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. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

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 key audit matters below are consistent with last year.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of investment properties *Refer to note 44 (Critical Accounting Estimates and Judgements) and note 13 (Investment Properties) to the financial statements.* *The fair value of the Group's investment properties amounted to US$31,813 million at 31st December 2022, with a revaluation loss of US$930 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'). Valuations are principally derived using the income capitalisation method. There is inherent estimation uncertainty and judgement in determining a property's valuation as the valuers make assumptions in key areas, in particular in respect of capitalisation rates and market rents.* *We focused on the valuation of investment properties due to the significant judgements and estimates involved in determining the valuations.*	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, in particular the properties located in Central held by Hongkong Land, and MOIL's commercial property under development, in 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, of 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 agreeing lease terms to tenancy agreements and other supporting documents. We understood and assessed the 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 experts, 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 values 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. Overall, we concluded that the assumptions used in the valuations were appropriate.

Key audit matter	*How our audit addressed the key audit matter*
Carrying values of certain investments in associates and joint ventures *Refer to note 44 (Critical Accounting Estimates and Judgements) and note 15 (Associates and Joint Ventures) to the financial statements.* *As at 31st December 2022, investments in associates and joint ventures totalled US$17,856 million.* *We focused in particular on the Group's investments in Siam City Cement Public Company Limited ('SCCC') and Robinsons Retail Holdings Inc ('RRHI').* *Management undertook impairment assessments, as required by accounting standards, where indicators of impairment were identified. Based on management's assessments the recoverable amounts of both SCCC and RRHI, were lower than the carrying values of the investments. Impairment charges of US$114 million and US$171 million, respectively, were recognised as non-trading items in the Consolidated Profit and Loss account for the year.* *There is inherent estimation uncertainty and judgement in determining the recoverable amount of the carrying value of the investments. Assumptions are made by management in preparing their valuation models, particularly management's view on key internal inputs and external market conditions which impact future cash flows, the discount rates and long-term growth rates.* *We focused on the carrying value of investments in associates and joint ventures due to the significant judgements and estimates involved to determine whether the carrying values of the investments are supportable.*	We 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 have understood and reviewed management's impairment assessment process, including the identification of indicators of impairment and appropriateness of the valuation models used. In respect of RRHI and SCCC, due to the prolonged and current deficit in the share price valuation when compared against the Group's carrying value, we challenged management on the existence of impairment indicators. Management identified heightened risks of impairment and we performed the following procedures on management's subsequent impairment models. With the support of our valuation experts, we benchmarked and challenged key assumptions in management's valuation models used to determine the recoverable amounts against market data. This included whether assumptions of the projected cash flows of the businesses, long term growth rates and discount rates were appropriate. We tested the discounted cash flow models used in the assessments, checked the accuracy of the calculations, compared historical budgeted performance with actual results and agreed the financial information used with management approved budgets to assess the reasonableness of the cash flows used in the models. Our challenge focused particularly on the discount rates and long-term growth rates used. We compared the discount rates used with the range of typical discount rates used in similar businesses and considered whether management had incorporated all relevant macro-economic and country-specific factors, as well as those specific to those investments. For the growth rates we compared each rate used with the range of growth rates used by similar businesses, considering whether management had considered macro-economic and country-specific factors specific to the relevant businesses. We also tested management's historical estimation accuracy by comparing previous projected growth rates against the actual growth achieved. We evaluated the sensitivity analyses performed by management and performed our own independent sensitivity analyses on the key assumptions and considered a range of alternative outcomes to determine the sensitivity of the valuation models to changes in these assumptions. As the recoverable amounts determined by management were lower than the carrying amounts of the investments, we checked the calculation of the impairment charges recognised. Overall, we found the assumptions made by management to determine the discount rates, long-term growth rates and the cash flows used in the valuation models to be reasonable. We assessed the adequacy of the disclosures related to the carrying value of investments in associates and joint ventures in the context of IFRS disclosure requirements, including those relating to sensitivities, and agreed disclosures in the financial statements to the models tested and the assumptions applied in those models. We are satisfied that appropriate disclosure has been made.

Key audit matter	***How our audit addressed the key audit matter***
Provisioning for consumer financing debtors *Refer to note 41 (Principal Accounting Policies) and note 17 (Debtors) to the financial statements.* *As at 31st December 2022, net consumer financing debtors of the Group amounted to US$4,108 million, primarily relating to PT Astra Sedaya Finance ('ASF') and PT Federal International Finance ('FIF'), subsidiaries of the Group, which form part of PT Astra International Tbk.* *Assessing the provisions for impairment of consumer financing debtors requires management to make complex and significant judgements over both the timing of recognition and the estimation of any impairment required.* *Provisions for impairment are calculated on a collective basis using models driven by a number of observable inputs and management assumptions. Assumptions and parameters used in the calculations are based on historical data and current customer credit data, and include the delinquency status of the borrowers.* *The historical loss rates are then adjusted to reflect current and forward-looking information on macro-economic factors affecting the settlement of the amounts due from consumer financing debtors. There is an inherent degree of uncertainty in determining the expected future losses.* *We focused on the provisioning for consumer financing debtors due to the complex and subjective judgements involved in determining any impairment provisions required.*	We understood management's controls and processes for determining the provisions for consumer financing debtors and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the complexity of management's models and judgement involved in determining the assumptions applied. We tested the design and operation of key controls over the credit reviews and approval processes that management has in place on the granting financing. In addition, for consumer financing debtors' data and impairment calculations, we performed the following to obtain sufficient audit evidence: • understood the identification of impairment events and how management identified all such events; • assessed the classification of financing debtors that were impaired; and • independently recalculated the provisions for impairment of financing debtors and compared it with management's calculation and understood any significant differences identified. We understood management's basis for determining whether a financing debtor is impaired and assessed whether that basis was justified through discussions with management, our understanding of the Group's lending portfolios and our broader industry knowledge. We assessed the models used and the assumptions applied by management, such as the basis on which the probability of default is calculated and estimated losses in the event of default, and how these compared with historical data adjusting for current market conditions and trends. We assessed whether historical experience considered by management was representative of current circumstances and of recent losses incurred in the portfolios. We re-performed provision calculations independently and understood any significant differences identified, if any. We tested, on a sample basis, the completeness and accuracy of the consumer financing debtors' data from underlying systems that are used in the calculations and models to determine the impairment provisions. In considering the appropriateness of provisions, we assessed whether consumer financing debtors in higher risk segments had been appropriately considered and captured in the impairment assessment by challenging management on their key areas of judgement, including the segmentation of the portfolio, the period of historical loss data used, identification of the most relevant macro-economic factors affecting the settlement of the amounts due, and estimated market value for collateral held, based on our understanding of the borrowers and current market conditions. We assessed whether management's assumptions were supported by available industry data, historical data and actual loss rate data. Overall, based on the procedures performed, we found that the provisions for impairment were supportable. We also assessed the adequacy of the disclosures related to provisions for consumer financing debtors in the context of IFRS disclosure requirements. We are satisfied that appropriate disclosure has been made.

How we tailored the audit scope
Jardine Matheson Holdings Limited is a holding company of a diversified group of businesses, some of which are separately listed.

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 industries in which it operates.

The Group's accounting processes are based upon the finance function in each main business. Each business is responsible for its own accounting records and controls and which report to a group finance function for that business. Each of the Group's listed subsidiaries have, in addition to their own group finance functions, corporate governance structures and public reporting requirements. These businesses report financial information to the Group's finance function in Hong Kong to enable the preparation of the Group 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 through a combination of meetings, visits and conference calls. The lead Group audit partner and other senior team members undertook two visits to Hong Kong and were involved throughout the year in regular conference calls and other forms of communication to direct and oversee the audit. The lead Group audit partner and other senior team members also visited both Indonesia and Singapore during the year to oversee and review the work of component teams in those locations, along with regular communication through conference calls and remote review of the work of component teams.

For five entities – Jardine Cycle & Carriage Limited (which includes PT Astra International Tbk), Hongkong Land Holdings Limited, DFI Retail Group Holdings Limited, Mandarin Oriental International Limited and Jardine Motors Group UK Ltd (Motors UK) – a full scope audit of the complete financial information was performed. The audit opinion of DFI Retail Group Holdings Limited contains a qualification on the comparability of the prior year results of Yonghui Superstores Co., Ltd, a significant associate of DFI Retail Group Holdings Limited. No such qualification is required to these financial statements given the significantly higher level of materiality. These entities, together with procedures performed on central functions and at the Group level (on the consolidation and other areas of significant judgement), accounted for 94% of the Group's revenue, 91% of the Group's profit before tax, 91% of the Group's underlying profit before tax and 94% of net assets. This gave us the evidence we needed for our opinion on the financial statements as a whole.

The impact of climate risk on our audit
In planning and executing our audit, we have considered the potential impact of climate change on the Group's business and its financial statements. We also considered the Group's governance framework and preliminary risk assessment process as outlined in the Task Force on Climate-related Financial Disclosures ("TCFD") section within this Annual Report.

The Group has set out its commitments to decarbonise its portfolio of assets becoming "net-zero" in major regional economies, including by 2050 in Hong Kong and Vietnam, and by 2060 in China and Indonesia. Further information is provided in the Group's TCFD section of this Annual Report. Whilst the Group is committed to net zero carbon emission by 2060, management continues to refine its plans to achieve this. The Group has started to quantify some of the impacts that may arise, in particular focusing on their property, supermarket, hotel and mining businesses.

Climate change could have a significant impact on the Group's financial business as the operations and strategy of the Group are adapted to address the potential financial and non-financial risks which could arise from both the physical and transitional risks. Management has evaluated these as disclosed in the TCFD section of this Annual Report.

We considered the following areas could potentially be materially impacted by climate risk and consequently we focused our audit work in these areas:

- Valuation of investment properties;
- Carrying value of coal mining assets;
- Carrying value of certain other tangible assets; and
- Carrying value of certain investments in associates and joint ventures.

To respond to the audit risks identified in these areas we tailored our audit approach to address these, in particular, we:

- Gained an understanding and evaluated whether the impact of both physical and transition risks arising due to climate risk had been appropriately included in the valuation models of investment properties or recoverable value assessments of the Group's other assets;
- Reviewed and challenged management and the external valuers (where applicable) on how climate related risks had been incorporated into the valuation models and recoverable value assessments; and
- Where climate risk relates to a key audit matter, our audit response is given in the key audit matters section of the report.

We also considered the consistency of the disclosures in relation to climate change (including the TCFD section) within the Annual Report with the financial statements and our knowledge obtained from our audit. This included reading and challenging the disclosures given in the narrative reporting within the other information to the impact disclosed within the financial statements.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters, for the year ended 31st December 2022.

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$561 million *(2021: US$290 million)*
How we determined it	1.0% of the net assets of the Group *(2021: 0.5% of the net assets of the Group)*.
Rationale for benchmark applied	Net assets is a primary measure used by the shareholders in assessing the performance of the Group, together with the consolidated profit before tax and consolidated underlying profit before tax, which we have used as the basis for our specific materiality as detailed below. We increased our benchmark from 0.5% to 1% in the year to align the measure with general auditing practice.

We set a specific materiality level of US$246 million *(2021: US$190 million)*, which was applied to balances and transactions not related to investment properties. This was based upon 5% of the Group's consolidated underlying profit before tax for the year ended 31st December 2022 *(2021: based upon 5% of the Group's consolidated three-year average underlying profit before tax, considering the Group's consolidated underlying profit before tax for the years ended 31st December 2019, 31st December 2020 and 31st December 2021)*. In arriving at this judgement, we had regard to the fact that underlying profit is an important financial indicator of the Group.

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 overall materiality allocated across components was US$16 million to US$249 million. The range of specific materiality allocated across components was US$3 million to US$160 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% *(2021: 75%)* of specific materiality, amounting to US$184 million *(2021: US$142 million)* for 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 above US$12 million *(2021: US$9 million)*, other than classifications within the Consolidated Profit and Loss Account or Consolidated Balance Sheet, which were only reported above US$55 million *(2021: US$58 million)*. We also reported misstatements below this 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 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 potential adverse trading conditions 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 as part of 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, 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.

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 preparation of 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 the posting of inappropriate journal entries and management bias in accounting estimates and judgements. 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 regulations, 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, the impairment assessments related to the carrying value of certain investments in associates and joint ventures and provisions for consumer financing debtors (see related key audit matters above);
- 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.

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 opinions, 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 these opinions, 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
2nd March 2023

Five Year Summary

Profit and Loss*

	2022 US$m	2021 US$m	2020 US$m	2019 US$m	2018 US$m
Revenue	**37,724**	35,862	32,647	40,922	42,527
Profit/(loss) attributable to shareholders	**354**	1,881	(394)	2,838	1,722
Underlying profit attributable to shareholders	**1,584**	1,513	1,085	1,589	1,655
Earnings/(loss) per share (US$)	**1.22**	6.01	(1.07)	7.56	4.58
Underlying earnings per share (US$)	**5.49**	4.83	2.95	4.23	4.40
Dividends per share (US$)	**2.15**	2.00	1.72	1.72	1.70

Balance Sheet*

	2022 US$m	2021 US$m	2020 US$m	2019 US$m	2018 US$m
Total assets excluding right-of-use assets	**84,964**	87,215	88,758	91,899	84,699
Right-of-use assets	**4,184**	4,274	4,768	5,129	5,451
Total assets	**89,148**	91,489	93,526	97,028	90,150
Total liabilities excluding total lease liabilities	**(29,228)**	(29,287)	(26,793)	(27,795)	(26,934)
Total lease liabilities	**(3,723)**	(3,834)	(3,890)	(4,162)	(4,418)
Total liabilities	**(32,951)**	(33,121)	(30,683)	(31,957)	(31,352)
Total equity	**56,197**	58,368	62,843	65,071	58,798
Shareholders' funds	**28,826**	29,781	29,387	30,351	26,069
Net borrowings (excluding net borrowings of financial services companies)	**7,515**	6,635	3,720	4,786	5,913
Net asset value per share (US$)	**99.47**	102.87	81.32	81.90	69.19

Cash Flow*

	2022 US$m	2021 US$m	2020 US$m	2019 US$m	2018 US$m
Cash flows from operating activities	**4,825**	5,076	5,275	4,865	5,157
Cash flows from investing activities	**(2,593)**	231	(1,134)	(700)	(4,658)
Net cash flow before financing	**2,232**	5,307	4,141	4,165	499
Net cash flow after principal elements of lease payments	**1,357**	4,413	3,179	3,149	(519)
Cash flow per share from operating activities (US$)	**16.71**	16.22	14.32	12.96	13.71

*Figures in 2018 have been restated due to changes in accounting policies upon adoption of IFRS 16 'Leases'.

Responsibility Statements

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

(a) the consolidated financial statements prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position and profit and losses of the Group; and

(b) the Chairman's Statement, Group Managing Director's Review, Financial Review and the Principal Risks and Uncertainties of this Annual Report, which constitute the management report required by the Disclosure Guidance and Transparency Rule 4.1.8, include a fair review of all information required to be disclosed under Rules 4.1.8 to 4.1.11 of the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority of the United Kingdom.

For and on behalf of the Board

John Witt
Graham Baker
Directors

2nd March 2023

Group Offices

Jardine Matheson Ltd	48th Floor, Jardine House G.P.O. Box 70 Hong Kong **Directors** John Witt, Chairman Y.K. Pang, Deputy Chairman Graham Baker Matthew Bland Stephen Gore Anne O'Riordan Steve Sun	Telephone (852) 2843 8288 Email jml@jardines.com Website www.jardines.com **Group Corporate Secretary** Jonathan Lloyd
Matheson & Co., Ltd	3 Lombard Street London EC3V 9AQ United Kingdom	Telephone (44 20) 7816 8100 Email enquiries@matheson.co.uk Website www.matheson.co.uk Adam Keswick
Jardine Pacific Ltd	48th Floor, Jardine House G.P.O. Box 70 Hong Kong	Telephone (852) 2843 8288 Email jpl@jardines.com Y.K. Pang
Jardine Motors Group Ltd	25th Floor, Devon House Taikoo Place 979 King's Road Quarry Bay Hong Kong	Telephone (852) 2579 2888 Email jmg@jardines.com
Hongkong Land Ltd	8th Floor One Exchange Square Central Hong Kong	Telephone (852) 2842 8428 Email gpobox@hkland.com Website www.hkland.com Robert Wong
DFI Retail Group Management Services Ltd	11th Floor, Devon House Taikoo Place 979 King's Road Quarry Bay Hong Kong	Telephone (852) 2299 1888 Email DFIcontactus@DFIretailgroup.com Website www.DFIretailgroup.com Ian McLeod
Mandarin Oriental Hotel Group International Ltd	8/F One Island East, Taikoo Place 18 Westlands Road Quarry Bay Hong Kong	Telephone (852) 2895 9288 Email asia-enquiry@mohg.com Website www.mandarinoriental.com James Riley
Jardine Cycle & Carriage Ltd	239 Alexandra Road Singapore 159930	Telephone (65) 6473 3122 Email corporate.affairs@jcclgroup.com Website www.jcclgroup.com Benjamin Birks
PT Astra International Tbk	Menara Astra 59th Floor Jln. Jend. Sudirman Kav. 5-6 Jakarta 10220 Indonesia	Telephone (62 21) 508 43 888 Email corcomm@ai.astra.co.id Website www.astra.co.id Djony Bunarto Tjondro

Bermuda Jardine Matheson International Services Ltd	4th Floor, Jardine House 33-35 Reid Street Hamilton HM 12 P.O. Box HM 1068 Hamilton HM EX	Telephone	(1 441) 292 0515 Philip Barnes
Cambodia Jardine Matheson Ltd (Representative Office)	7th Floor, Exchange Square No. 19 & 20 Street 106 Sangkat Wat Phnom Khan Daun Penh Phnom Penh 12202	Telephone	(855 23) 986 804 Peter Beynon
China Jardine Matheson (China) Ltd (Representative Office)	Rm 3702, China World Office 1 China World Trade Centre No. 1 Jianguomenwai Avenue Chaoyang District Beijing 100004	Telephone	(86 10) 6505 2801 Steve Sun
Hong Kong SAR, China Jardine Matheson Ltd	48th Floor, Jardine House G.P.O. Box 70 Hong Kong	Telephone	(852) 2843 8288 John Witt
Macau SAR, China Jardine Matheson Ltd (Representative Office)	Avenida Olimpica nºs 522-568 Va Nam Bloco 1 (Edf. Ind. Va Nam) 1 Andar Units A and H Taipa, Macau	Telephone	(853) 2857 6191 Steve Sun
Malaysia Jardine Matheson Management Services (Malaysia) Sdn Bhd	Mezzanine Floor Giant Hypermarket Shah Alam Stadium Lot 2, Persiaran Sukan, Seksyen 13 40200 Shah Alam, Selangor Darul Ehsan Malaysia	Telephone	(60 3) 5544 8512 Rossana Annizah Binti Ahmad Rashid
Myanmar Jardine Matheson Management (SEA) Pte Ltd	No. 1/4 Parami Road, Level 2 Hlaing Township Yangon	Telephone	(95 1) 654 854 Peter Beynon
Netherlands Jardine Matheson Europe B.V.	Transformatorweg 38 Unit 5.4 1014 AK Amsterdam	Telephone	(31 20) 470 0258 Pim Bertels
Philippines Jardine Matheson Ltd	c/o Hongkong Land Room 1803, The Taipan Place F. Ortigas Jr. Road Ortigas Center Pasig City 1605	Telephone	(63 2) 8681 5164 A.B. Colayco
Singapore Jardine Matheson (Singapore) Ltd	239 Alexandra Road Singapore 159930	Telephone	(65) 6220 5111 Benjamin Birks
Thailand Jardine Matheson (Thailand) Ltd	16th-17th Floor, SPE Tower 252 Phaholyothin Road, Samsennai Phayathai, Bangkok 10400	Telephone	(66) 2 079 5965 Subhak Siwaraksa
United Kingdom Matheson & Co., Ltd	3 Lombard Street London EC3V 9AQ	Telephone	(44 20) 7816 8100 Adam Keswick
Vietnam Jardine Matheson Ltd	Unit 14.3, 14th Floor E.town Central Building 11 Doan Van Bo Street Ward 13, District 4 Ho Chi Minh City	Telephone	(84 28) 3822 2340 Nirukt Sapru

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