Jardines

JARDINE MATHESON

Annual Report 2020

Jardines

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www.jardines.com
for more information

Jardine Matheson Holdings Limited is incorporated in Bermuda and has a standard listing on 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 Asian-based group with unsurpassed experience in the region, having been founded in China in 1832.

We comprise a broad portfolio of market-leading businesses, which represent a combination of cash generating activities and long-term property assets and are closely aligned to the increasingly prosperous consumers of the region.

Where we operate

We operate principally in China and Southeast Asia, where our subsidiaries and affiliates can leverage and tap our vast experience, expertise, networks, and long-standing relationships in the region. Our goal is to help Group companies achieve sustainable growth over the long term by providing financial and other resources.

Our operations

Across the Group, our 403,000 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.

Our philosophy

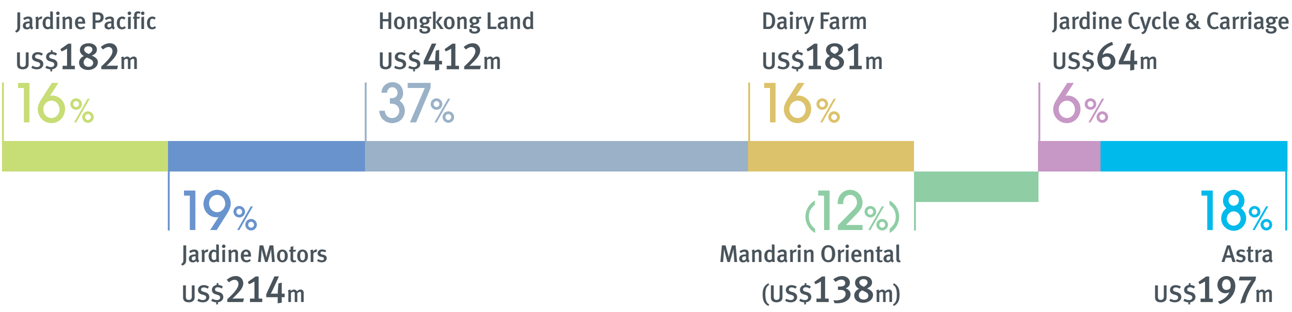
Principled leadership, a long-term perspective, innovative thinking and a commitment to mutual growth inspire us. They also underpin our businesses which provide products, services, and experiences that impact the lives of many millions every day. These values also apply in our workspaces, where we strive to provide positive, safe working environments. We are also committed to improving communities through programmes that make a difference in environmental stewardship, education, mental health and more.

Highlights

- Underlying net profit attributable to shareholders down 32% to US$1,085 million and underlying earnings per share down 30% to US$2.95
- Southeast Asian businesses and Mandarin Oriental severely impacted by the pandemic, but resilience in Hongkong Land, Dairy Farm, Jardine Pacific and Jardine Motors
- Continued investment for the long-term exemplified by US$4.5 billion investment by Hongkong Land in West Bund in Shanghai
- Dividend maintained at US$1.72 per share for the year, reflecting Board's confidence in long-term strength of underlying businesses and balance sheet
- Separate announcement of offer to acquire remaining c.15% of Jardine Strategic for US$33 per share in cash

Analysis of Underlying Profit attributable to Shareholders of US$1,085 million

By Business*



By Sector*

Property	Motor vehicles	Engineering, heavy equipment, mining & construction	Retail & restaurants	Financial services	Hotels	Others
38%	23%	21%	22%	6%	(12%)	2%
US$422m	US$257m	US$229m	US$248m	US$71m	(US$138m)	US$23m

By Geographical Area*

2020 Financial Highlights

US$90,906m
Gross revenue

US$2,786m
Underlying profit before tax

US$93,526m
Total assets

403,000
People employed

US$29,387m
Shareholders' funds

US$1,085m
Underlying profit attributable to shareholders

US$3,720m
Net borrowings[#]

US$10,113m
Total capital investment[†]

Results

	2020 US$m	2019 US$m	Change %
Gross revenue including 100% of associates and joint ventures	**90,906**	103,308	(12)
Revenue	**32,647**	40,922	(20)
Underlying profit before tax[Ω]	**2,786**	4,678	(40)
Underlying profit attributable to shareholders[Ω]	**1,085**	1,589	(32)
(Loss)/profit attributable to shareholders	**(394)**	2,838	n/a
Shareholders' funds	**29,387**	30,351	(3)
	US$	US$	%
Underlying earnings per share [Ω]	**2.95**	4.23	(30)
(Loss)/earnings per share	**(1.07)**	7.56	n/a
Dividends per share	**1.72**	1.72	–
Net asset value per share[§]	**81.32**	81.90	(1)

Underlying Earnings per Share (US$)

Net Asset Value per Share (US$)

* Based on underlying profit attributable to shareholders before corporate and other interests, which amounted to US$1,112 million.

Excluding net borrowings of financial services companies.

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

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.

§ Net asset value per share is based on the book value of shareholders' funds.

Chairman's Statement

Ben Keswick
Executive Chairman

2020 was a year of exceptional challenge for everyone, with the global pandemic fundamentally changing the way we do business, and carry out our day-to-day lives, against the backdrop of changes in the wider society and the global economy. I am grateful to our teams across all Jardine Matheson companies for the tremendous dedication and commitment they have shown serving our customers in these difficult times and am encouraged by the Group's resilient performance in the face of these challenges, which is reflected in the unchanged dividend for the full year.

We have a long track record of successfully navigating change and challenge throughout a history spanning nearly two centuries. The resilience the Group demonstrated in 2020 provides the Board with the confidence to continue to take advantage of long-term opportunities in Asia, while adapting to the changing external environment and rapidly evolving expectations of our stakeholders.

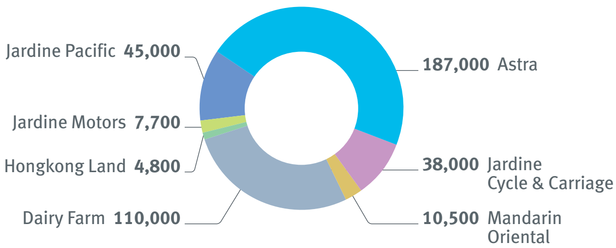
As announced separately on 8th March, we are taking the important step of simplifying our parent company structure – a move that will create value for our shareholders and increase the Group's operational and financial flexibility. This is further proof that, even in these turbulent times, Jardines is always moving forward and strengthening our ability to grow and prosper. A fundamental pillar of Jardines' success has been the substantial support of our core shareholder group and moving to a conventional ownership structure enables us to demonstrate this unequivocally.

2020 In Review

2020 was a year of exceptional challenge for everyone, with the global pandemic fundamentally changing the way we do business, and carry out our day-to-day lives, against the backdrop of changes in wider society and the global economy. Colleagues across the Group have been impacted both personally and professionally over the past year.

The Group's performance, and its resilience more broadly, depend on the passion, hard work, dedication and flexibility of some 400,000 people who work for the Group and the nearly 90 associates, joint venture businesses and others with whom we partner. I want to begin by thanking each of them.

403,000 Employees by Business Units



The pandemic has changed the way we all work. The innovation and dedication of colleagues who have embraced new ways of working despite the stress of uncertainty, worries about the health and wellbeing of loved ones and the fast pace of change in the business and operating environment has been impressive. I am especially proud of our frontline staff who have put the needs of customers first despite everything.

COVID-19 and its economic consequences have had a devastating effect on individuals and communities. At Group level and in our operating companies the pandemic has intensified our focus on ensuring the health and wellbeing of our communities, customers and employees.

We have a long track record of successfully navigating change and challenge throughout our history spanning nearly two centuries. The resilience the Group demonstrated in 2020 provides the Board with the confidence, and our Group with the resources, to continue to take advantage of the best long-term opportunities in Asia, while adapting to the changing external environment and evolving expectations of our stakeholders.

Performance

The Group's underlying net profit for the year was down 32% at US$1,085 million. The reduction in profit was primarily driven by the weaker performances of the Group's Southeast Asian businesses in Astra and Jardine Cycle & Carriage, as well as by the severe impact of the pandemic on the Group's hotel business. There was, however, resilience in the performances of Hongkong Land, Dairy Farm, Jardine Pacific and Jardine Motors, in part supported by government employment programmes.

The financial and operational strength of the Group's businesses continues to be supported by its investment strategy and approach to capital allocation. The Board keeps its portfolio of businesses under review and regularly assesses whether action is necessary to ensure that the Group's activities remain aligned with its strategic priorities. Despite the short-term challenges of the pandemic, the Board sees it as essential to continue to invest for the long-term in business opportunities which will drive future growth.

The Group also needs to continue to adapt and embrace technology and the digital economy in order to meet the changing habits of consumers and clients – the way they shop, the way they work, the way they travel – and to compete effectively against new economy businesses in a rapidly changing world. We are making progress in this direction already but there is more to do.

The Board is recommending an unchanged final dividend of US$1.28 per share, which produces a full-year dividend of US$1.72 per share, unchanged from the prior year. Maintaining the dividend demonstrates the Board's confidence in the long-term strength of the Group's underlying businesses.

Significant developments

Jardines continues to have a strong presence in, and a key focus on, two of the fastest growing consumer markets in the world: China and Southeast Asia. China again provided the larger contribution to the Group in 2020, underpinned by the Group's significant presence in Hong Kong. The Chinese mainland is an increasingly important market for the Group, contributing 29% of profits in the year, and the Group is focused on growing its businesses there further.

This focus is exemplified by Hongkong Land's strategic acquisition and launch during the year of the West Bund project, a large, predominantly commercial, mixed-use site in a prime waterside location in Shanghai. Planning for the development of the site is progressing well and incorporates an industry-leading approach to sustainability.

Southeast Asia is the other area of key focus for the Group. Our businesses in the region faced considerable challenges in the year as a result of COVID-19, and much of their effort was spent addressing the threats posed by the pandemic. Nevertheless, the Group continues to see the region as a source of significant future growth and it is focused on taking a long-term view towards its businesses there.

At Dairy Farm, the multi-year transformation programme to reshape and reorganise the business, adapting to the needs of customers, has never been more relevant and it continued to progress during the year, despite the impact of the pandemic. The space optimisation plan, new store formats and improvement programmes generated greater efficiencies and delivered tangible results. The launch of the *yuu* rewards programme in July was an important milestone in the group's development. The programme has surpassed expectations in its first nine months and is already proving to be a key enabler of the group's objective of adopting a more customer-centric approach across all banners and driving enhanced levels of consumer engagement.

As separately announced on 8th March, the Company is planning to simplify the parent company structure of the Group so that it has a single holding company. The planned simplification will include the acquisition by the Company, for cash, of the c.15% of the issued share capital of Jardine Strategic Holdings Limited ('JSH') that it does not already own. The Company also intends subsequently to effect the cancellation of JSH's almost 59% shareholding in the Company. The proposed simplification will be materially earnings-enhancing for the Group, streamlines the Group to a conventional ownership structure and increases the Group's financial and operational flexibility.

Sustainability

The last few years have seen sustainability rapidly rise up the agenda for companies and their stakeholders, and the pandemic has further accelerated the importance of businesses committing to meaningful action to support their communities and protect the planet. We have always had a multi-generational perspective. A key part of our purpose is to act as stewards and ensure that we leave the Group, our communities, and the planet stronger, healthier, and more resilient for our children and their children. To achieve this, sustainability needs to be fundamental to how we do business, for the Group and our operating companies.

Eighteen months ago we established a Sustainability Leadership Council, to bring together key decision-makers from across our Group companies to help shape our approach to sustainability. We have made significant progress since then, developing a Group sustainability strategy which is aligned to the UN's Sustainable Development Goals and based on three key pillars: addressing climate change; driving responsible consumption; and shaping social inclusion. We will be driving change in a range of areas under each of these pillars: in the climate area we will be focusing on decarbonisation and effective management of climate risk; reducing plastic and food waste will be key elements of our efforts to promote responsible consumption; and education, health and supporting livelihoods will be the primary areas of focus of our social inclusion agenda.

We have already seen strong initiatives by many of our businesses in a number of these areas, including the long-established social inclusion contributions made by Astra in Indonesia; the focus on addressing climate change by our property and construction businesses; and the efforts to reduce waste by our hotels, restaurants and other businesses. For the first time, however, we now have a clear Group-wide sustainability strategy (which is described in more detail on page 24) which will enable Jardines to make a real difference at scale in the communities where we operate. Our priority now is to ensure we deliver on our commitments in each of these areas, and we will be driving forward our agenda in the coming year.

This year we also joined the World Business Council for Sustainable Development (WBCSD), a global organisation of over 200 leading businesses which work together to accelerate the transition to a sustainable world. Our membership of this influential organisation will allow us to learn from our peers and share insights and knowledge as we progress our sustainability priorities.

Our deep connection with millions of people across the Asia region gives us a great opportunity to influence – as well as anticipate – consumer behaviours. As a business, we want to be a force for good and I am committed to keeping sustainability at the heart of Jardines in the years to come.

Governance

We made some important changes among our executives and Board in the last year. On 15th June the roles of Executive Chairman and Managing Director, which I had held on a combined basis since January 2019, reverted to being separate roles. I remain in an executive role as Chairman and John Witt has taken on the role of Group Managing Director.

The separation of these roles has enabled us to strengthen and enhance the effectiveness of the Group's leadership as we respond to the exceptional challenges and opportunities 2020 has brought, and position Jardines for long-term success. John has brought a fresh approach to how we run the business, with a strong focus on entrepreneurial spirit and innovative thinking. He has also brought his vast experience to the role.

Also in June, Graham Baker replaced John as Group Finance Director, joining Jardines from Smith+Nephew in the United Kingdom. Graham has extensive experience of large international businesses and he brings a new perspective which will be especially important as we navigate the changes ahead.

Other Board changes during the year included Simon Keswick's retirement as a Director in January 2020, Lord Sassoon's retirement from our Board in April 2020 and Mark Greenberg stepping down as a Director at the end of December 2020. I would like to express my thanks to each of them for their contribution to the Group over many years.

In January 2021, Stuart Gulliver, who joined the Board as a Non-executive Director in January 2019, succeeded Anthony Nightingale as Chair of the Audit Committee. Stuart's great experience and deep knowledge of the markets in which we operate will enable him to make a valuable contribution as we seek to further enhance our governance framework. Anthony remains as a member of the Committee and I would like to thank him for the significant contribution he has made as its Chair over the past five years.

Conclusion

2020 was a year of exceptional challenge for everyone, with the global pandemic fundamentally changing the way we do business, and carry out our day-to-day lives, against the backdrop of seismic changes in the wider society and the global economy. I am grateful to our teams across all Jardine Matheson companies for the tremendous dedication and commitment they have shown serving our customers in these difficult times and am encouraged by the Group's performance in the face of these challenges, which is reflected in the unchanged dividend for the full year.

We have a long track record of successfully navigating change and challenge throughout a history spanning nearly two centuries. The resilience the Group demonstrated in 2020 provides the Board with the confidence to continue to take advantage of long-term opportunities in Asia, while adapting to the changing external environment and rapidly evolving expectations of our stakeholders.

Jardine Matheson 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 development. It holds an 85% interest in Jardine Strategic, a listed company holding most of the Group's major listed interests, including 59% of Jardine Matheson.

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%)*

Motors

Jardine Matheson has a long-term ambition to expand and strengthen its automotive businesses, building upon its extensive footprint in China and Southeast Asia, and strong presence in the United Kingdom. Jardine International Motors ('JIM') was formed in 2019 to provide central management and oversight in order to effectively harness expertise and talent, increase customer focus and create economies of scale across the Group's automotive interests in a coordinated way in an increasingly complex environment. JIM currently comprises leading Asian automotive businesses including Zung Fu Motors Group in the Chinese mainland, Hong Kong and Macau; Cycle & Carriage in Singapore, Malaysia and Myanmar; and Tunas Ridean in Indonesia.

Hongkong Land

Hongkong Land is a major listed property investment, management and development group that operates under the principles of excellence, integrity and partnership. Its more than 850,000 sq. m. of prime office and retail space in Hong Kong, Singapore, Beijing, Jakarta and other major Asian cities attracts 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. (50%)†

Dairy Farm

Dairy Farm is a leading listed Pan-Asian multi-brand retailer that is active across five divisions, being 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 provided through a strong store network supported by efficient supply chains. (78%)†

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 34 hotels and seven residences in 24 countries and territories, and has a strong pipeline of properties under development. As an innovative industry leader, the group is committed to exceeding its guests' expectations through exceptional levels of hospitality. (79%)†

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 create growth for Southeast Asia by investing in market-leading businesses based on the themes of urbanisation and the emerging consumer class. These include Astra in Indonesia; Truong Hai Auto Corporation, 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. (75%)†

Astra

Astra is an Indonesia-based company engaged in seven business sections: Automotive; Financial Services; Heavy Equipment, Mining, Construction & Energy; Agribusiness; Infrastructure and Logistics; Information Technology; and Property. With more than 238 subsidiaries, associated companies and other entities, and over 187,000 employees, it is one of Indonesia's largest companies. Astra is also renowned for its 'Catur Dharma' corporate philosophy that underpins its extensive community programmes supporting education, the environment, sustainability, SMEs and healthcare. Jardine Cycle & Carriage has a shareholding of just over 50% in Astra.

* Figures in brackets show effective ownership by Jardine Matheson as at 11th March 2021.
† Figures in brackets show effective ownership by Jardine Strategic as at 11th March 2021.

Managing Director's Review

John Witt
Group Managing Director

2020 has brought major challenges to our teams and businesses, but also demonstrated once again the Group's ability to adapt, perhaps best exemplified by last week's Group restructuring announcement. High levels of uncertainty remain in respect of this year, however, given the continuing impact of the pandemic.

The Group's performance in the first part of 2021 is expected to be affected in particular by the continuing headwinds faced by our businesses in Southeast Asia and the ongoing low levels of Chinese mainland and other visitors to Hong Kong. There is continued robust economic activity on the Chinese mainland, but it is uncertain whether this will be maintained. It remains too soon to predict what the impact of the pandemic will be on the Group's performance for the full year. However, we remain confident in our long-term strategy, rooted in the growth markets of Asia, and we will continue to focus on our core priorities of driving operational excellence, evolving the Group's portfolio and finding new growth opportunities, in order to deliver long-term value.

I was excited to become Group Managing Director in June 2020 and to lead Jardines at this important time, as we build on nearly 190 years of success, make ourselves ever more relevant for our customers and position the Group for future success. Taking up the role when the business has needed to respond to the challenges of the global pandemic has reinforced my admiration for our people. I would like to thank each of them for their hard work and dedication over the past year, often in very challenging circumstances.

Protecting and ensuring the wellbeing of our colleagues has been a top priority throughout the year. We have taken extensive actions in this regard, including giving colleagues access to support and resources to address mental health concerns, encouraging flexible working practices and making health and safety a high priority. Our businesses have also been taking action to support suppliers, partners and the communities we operate in, to help them weather the crisis. This has included working with suppliers to help them develop more efficient ways of working, providing rent relief to tenants in our retail portfolios, particularly in Hong Kong and Singapore, and extensive corporate social responsibility support in our communities.

My first nine months in the role have strengthened my conviction that pace, innovation and adaptability are all more important than ever if Jardines is to stay nimble and achieve further success. We have shown great resilience in the past year while making notable progress in modernising the core of our business and changing how we do business to reflect the evolving environment in which we find ourselves. The pace of change in each of our markets has, however, only accelerated over the past year, and we need to drive forward our strategic priorities with conviction and a heightened sense of urgency in the coming year.

Evolving the Group Portfolio
We will build on our proven track record of actively managing our portfolio to be in the more attractive markets of Asia and in businesses where we can achieve market leading positions, in order to sustain growth and create long-term sustainable value. The healthy geographic diversification we have with presence in China and Southeast Asia, as well as our balance of businesses across sectors has underpinned our resilient performance against challenging market conditions.

We have separately announced on 8th March an offer by the Company to acquire the remaining c.15% minority stake holding in Jardine Strategic Holdings Limited ('JSH') that it does not already own, for US$33 per share in cash. Part of the consideration will be met by existing cash resources of the Group, with the remainder funded by committed debt facilities. On a proforma basis, this would take our 2020 year-end gearing from 6% to 16%.

Our capital allocation framework, which prioritises new organic project investments in our businesses, strategic growth initiatives, and support for the dividend, together with the Group's commitment to strong investment grade metrics, remains unchanged. Accordingly, in the near term, we expect to prioritise debt reduction ahead of further, material new inorganic investments. As debt levels are reduced, both through continued organic cash generation from our strong underlying assets and diversified portfolio, and further active portfolio management, we will deploy capital towards new strategic growth areas.

Throughout, we will continue to seek mutually beneficial and enduring partnerships with local leaders to support our growth plans in priority markets. We recently announced a strategic co-operation with Hillhouse Capital, a leading Asian private equity firm, that deploys technology to drive innovation in its portfolio companies, with sustainable, long-term growth as its primary goal. The strategic co-operation will enable both of our companies to partner on mutually beneficial investment and business development opportunities predominantly in China, as well as Southeast Asia. There is also expected to be close collaboration between the Jardines and Hillhouse investment and value creation teams and their portfolio companies, in particular in the areas of consumer technology and digital enablement.

We are rising to the challenge of digital – finding new inorganic growth opportunities which complement our current businesses or enable our wider participation in the digital economy. We are actively seeking partnership and investment opportunities to evolve our portfolio to increase exposure to the digital economy, emerging industries and new geographies. We have begun to form new partnerships – including joint ventures with Gojek and WeLAB in Indonesia and with Bank of China and JD Technology in Hong Kong to form the livi virtual bank. We need to build on the progress we have made so far to develop more new partnerships in this space.

At the same time as we look for investment and partnership opportunities, we will continue to regularly review our business portfolio and prune assets which are no longer seen as being aligned with our Group strategy, or where we believe there are better owners of the assets than Jardines. This was exemplified by the disposals this year of our stake in Permata Bank and our technology business JTH, as well as the sale of our interest in JLT in 2019. In 2020, we also sold our Wellcome Taiwan business, and combined our interest in Rose Pharmacy with Robinsons Retail's pharmacy business in the Philippines.

The Group is focused on developing and implementing its portfolio strategy and on increasing its decision-making agility, so we can act with speed to seize opportunities when they arise and maximise our portfolio value.

Driving Operational Excellence

Our management teams are focused on driving operational excellence in our businesses and in new ventures we undertake. A key priority in this context is for our existing businesses to accelerate the pace at which they adopt technology and embrace digital ways of working. This will enable our businesses to adapt to, and meet the challenges and opportunities of, the rapidly changing competitive environment in which they operate, which is increasingly dominated by new economy businesses. Digital techniques and tools have the power to transform the way we interact with our customers and maintain competitive leadership. Dairy Farm's launch of *yuu* – Hong Kong's most innovative and comprehensive rewards platform – is already completely changing the way we engage with customers and helping us move beyond a transactional focus to drive new ways of meeting and anticipating individual customer needs and preferences.

Our other businesses are also forging new partnerships with digital innovators, including JD Technology and Gojek, to enter adjacent areas and to develop innovative products and services.

We are also seeing impressive progress being made in a number of our businesses, including the transformation programme in Dairy Farm and the business improvement initiatives being carried out in JEC and Jardine Restaurants. The increased efficiencies which these initiatives have created are helping our businesses navigate the challenges posed by the pandemic. There is still more to do, however, in many of our businesses to set them up for future success.

Enhancing Leadership and Entrepreneurialism

Another key priority is attracting, developing and retaining leadership talent in our teams and supporting our businesses' management teams to do the same in their organisations.

We must provide our colleagues with appropriate training and other support to equip them with the right skills to navigate the challenges and opportunities they face, both in the short term in the context of COVID-19 and for the longer-term. In this context we have made great progress in the past year in developing a comprehensive programme of online learning and academies across the Group, which has seen high levels of participation and demonstrates our commitment to supporting our colleagues in acquiring the new skills they need.

As we grow, it is essential that we maintain a high pace of change and foster a greater level of entrepreneurialism among both current and future leaders.

Progressing Sustainability

We are committed to integrating sustainability into the strategy and business models of our Group companies. Real value can be realised from sustainable businesses – this is not merely a stakeholder management and check-box exercise but rather our objective is that sustainability should be at the core of our strategies and decision-making.

Many of our businesses are already actively pursuing sustainability strategies. This year, we will drive a more aligned, focused approach to sustainability across all our Group companies to maximise the impact we have in our communities and on the environment. We aim to actively share the positive actions our diverse businesses are taking in this area, by reporting more effectively on environmental, social and governance (ESG) issues, with a Group sustainability report to be published in 2022.

Our businesses will also this year launch programmes to enable colleagues to actively engage in support of our corporate sustainability priorities.

Summary of Performance

The Group's underlying net profit for the year fell by 32% to US$1,085 million, with underlying earnings per share down 30% to US$2.95.

The reduction in profit was primarily driven by the weaker performances of the Group's Southeast Asian businesses in Astra and Jardine Cycle & Carriage ('JC&C'), as well as by the severe impact of the pandemic on the Group's hotel business. Astra's business in Indonesia saw lower profit contributions from most of its divisions, as did JC&C's motor and other interests across Southeast Asia. Mandarin Oriental was significantly impacted by the pandemic and the resulting travel reduction.

The performances of Hongkong Land, Dairy Farm, Jardine Pacific and the Group's Motors business were, however, resilient. Group results benefitted in a number of markets from government support relating to COVID-19, which totalled US$282 million attributable to the Group and supported the continuing employment of the Group's employees.

Hongkong Land delivered a solid performance in its Investment Properties business and benefitted from a recovery in sentiment in its Development Properties business on the Chinese mainland in the second half. Dairy Farm saw strong performance from its Grocery Retail and Home Furnishings businesses, and its transformation programme continued to deliver benefits. Its Health and Beauty and Convenience businesses, however, as well as the restaurants business of its associate Maxim's, all suffered due to the impact of the pandemic.

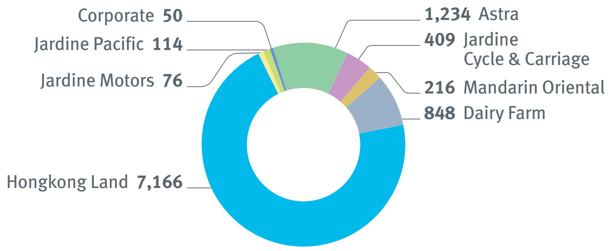
After taking account of decreases in property valuations totalling some US$1.4 billion, the Group recorded a net loss of US$394 million.

Jardine Matheson is a diversified group of market-leading businesses focused principally on two of the regions that are driving global growth: China and Southeast Asia. In 2020, 73% of the Group's underlying profit came from China compared to 56% in 2019 – with a stronger performance both from the Chinese mainland and Hong Kong – and 34% from Southeast Asia, compared with 42% in 2019.

The Group's balance sheet remains strong with gearing of 6%, down from 7% at the end of December 2019. The Group will take on an additional debt in order to acquire the c.15% of JSH shares it does not already own, and its gearing will increase from 6% at the end of 2020 to 16% immediately after the completion of the acquisition.

The Group's capital investment, including expenditure on properties for sale, was US$7.6 billion in 2020, and capital investment at its associates and joint ventures was US$2.5 billion. Excluding the investment in the West Bund project in Hongkong Land, there was some scaling down of investments in the year in response to a decline in demand by consumers, but 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$10.1 billion (US$ million)



Outlook

High levels of uncertainty remain in respect of this year, given the continuing impact of the pandemic. The Group's performance in the first part of 2021 is expected to be affected in particular by the continuing headwinds faced by our businesses in Southeast Asia and the ongoing low levels of Chinese mainland and other visitors to Hong Kong. There is continued robust economic activity on the Chinese mainland, but it is uncertain whether this will be maintained. It remains too soon to predict what the impact of the pandemic will be on the Group's performance for the full year. However, we remain confident in our long-term strategy, rooted in the growth markets of Asia, and we will continue to focus on our core priorities of driving operational excellence, evolving the Group's portfolio and finding new growth opportunities, in order to deliver long-term value.

Jardine Pacific

- **Jardine Pacific produced an underlying profit of US$182 million, 11% higher than 2019**
- **Extensive focus on driving operational improvements**
- **Net profit after net non-trading gains was US$514 million**

	2020	2019	Change (%)
Gross revenue (including 100% of associates and joint ventures) (US$ billion)	**6.2**	6.8	(9)
Underlying profit attributable to shareholders (US$ million)	**182**	164	11

Jardine Pacific produced an underlying net profit of US$182 million, 11% higher than 2019. Net profit after net non-trading gains was US$514 million. There was an extensive focus in the year across Jardine Pacific's businesses on driving operational improvements. These initiatives required significant investment but the benefits are beginning to be seen in improved business performance and Jardine Pacific is well set for future growth.

Jardine Restaurants saw profits rise by US$19 million, with a better performance from Pizza Hut in Hong Kong and Taiwan driven by strong delivery sales, partly offset by asset impairment on loss-making stores. There were weaker performances by other banners which were more affected by COVID-19. JEC delivered good profit growth. Its Hong Kong operations saw stable performance, but some of the regional businesses had a difficult year. Gammon had a good year, with a profit contribution of US$38 million, 7% higher than last year, mainly due to the timing of project completions. The order book remains healthy, boosted by securing some large civil projects at Hong Kong International Airport. HACTL's performance was better than last year, due to an 8% increase in cargo throughput and productivity improvements.

Jardine Schindler saw lower profits, with underperformance in most countries, in particular softer sales and margins in its New Installation business. Jardine Aviation Services delivered an overall loss. Its performance was impacted by the very low flight volumes resulting from the ongoing challenges to the aviation sector, and the business also incurred operational efficiency costs.

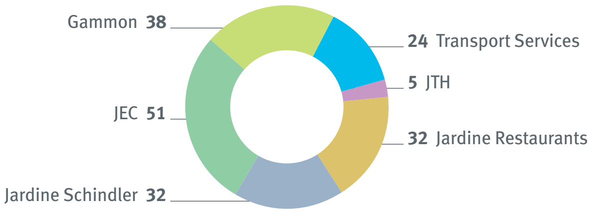
All Jardine Pacific businesses benefitted from the receipt of government support, which enabled them to take steps to preserve employment.

Under other interests, Greatview reported good sales growth. Its China business remained resilient, while its international business benefitted from the group's ongoing market and customer rationalisation strategy. The disposal of JTH was completed with the sale of Innovix in September 2020.

Gross Revenue (US$ billion)

Underlying Profit Attributable to Shareholders (US$ million)

Underlying Profit by Business (excluding Corporate & Other Interests) (US$ million)



Jardine Motors

- **Jardine Motors produced higher underlying net profit in 2020 of US$214 million**
- **Higher contributions from the investment in Zhongsheng and Zung Fu on the Chinese mainland**
- **The Hong Kong business saw a lower underlying performance**
- **Difficult market conditions continued in the United Kingdom as a result of the pandemic, which led to the temporary closure of dealerships and lower demand**

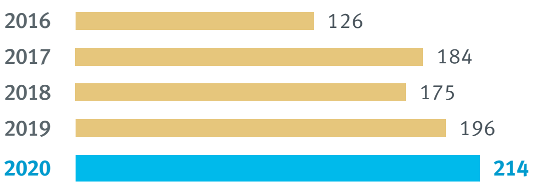
	2020	2019	Change (%)
Revenue* (US$ billion)	**5.0**	5.7	(12)
Underlying profit attributable to shareholders* (US$ million)	**214**	196	9

The Group's Motors business produced higher underlying net profit in 2020 of US$214 million, a 9% increase, benefitting from a higher contribution from the investment in Zhongsheng in respect of the second half of 2019 and the first half of 2020. There was also a higher contribution from Zung Fu on the Chinese mainland, which delivered better performance in car sales – benefitting from a rapid recovery in demand from the second quarter onwards – and also implemented cost mitigation measures.

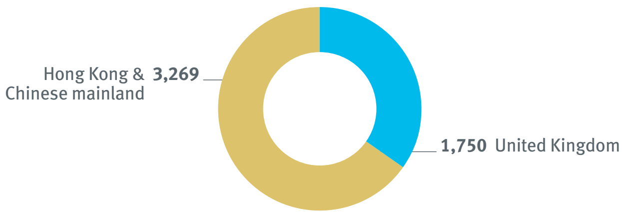
The Hong Kong business saw a lower underlying performance and difficult market conditions continued in the United Kingdom as a result of the pandemic, which led to the temporary closure of dealerships and lower demand.

Revenue* (US$ billion)

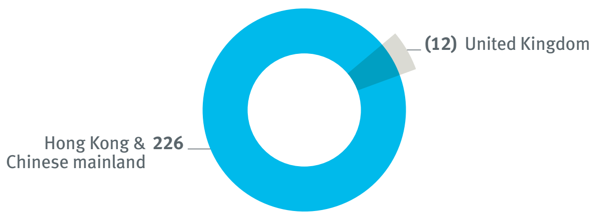
Underlying Profit Attributable to Shareholders* (US$ million)



Revenue by Geographical Location* (US$ million)



Underlying Profit/(Loss) by Geographical Location* (US$ million)



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

Hongkong Land

- **Underlying profit of US$963 million, down 11%**
- **Net asset value per share down 7% on lower capital values**
- **Dividend level maintained**
- **43% interest retained in the prime West Bund project in Shanghai**
- **Balance sheet and funding position remain strong**

	2020	2019	Change (%)
Underlying profit attributable to shareholders (US$ million)	**963**	1,076	(10.5)
Gross assets (US$ billion)	**40.3**	41.9	(3.8)
Net asset value per share (US$)	**15.30**	16.39	(6.7)

Hongkong Land delivered underlying profit of US$963 million, 11% lower than the prior year. Performance was negatively impacted by COVID-19, particularly in relation to retail rent relief in the Investment Properties business and a lower contribution from Development Properties as a result of fewer planned residential completions. On the Chinese mainland, however, sentiment in the group's markets has recovered to pre-pandemic levels.

There was a loss attributable to shareholders of US$2,647 million, reflecting net losses of US$3,611 million due to lower valuations of Investment Properties. This compares to a profit attributable to shareholders of US$198 million in 2019, which included net revaluation losses of US$878 million.

The group's balance sheet remains strong and it remains well-financed, with net debt of US$4.6 billion at the year end, up from US$3.6 billion at the end of 2019 – primarily due to the acquisition of the West Bund site – and with net gearing of 13% at the year end, up from 9% at the end of 2019.

Investment Properties

In Hong Kong, office leasing activity in Central was largely subdued as a result of economic uncertainties brought about by the pandemic. However, as a result of the group's active lease management in recent years, the group's Central office portfolio performed relatively well amidst the current market downturn. Rental reversions were broadly neutral, and average rents rose slightly. Singapore saw lower vacancy, positive rental reversions and increased rents.

Retail market sentiment in Hong Kong was severely impacted by the pandemic and resulting travel restrictions, although there were modest improvements in the second half of the year. The contribution from the group's retail portfolio was lower, mainly due to the provision of rent relief. In Beijing, WF CENTRAL experienced a significant decline in tenant sales and footfall in the first half of the year due to the pandemic, but trading performance in the second half of the year recovered to pre-pandemic levels buoyed by the strong recovery in luxury retail spending on the Chinese mainland.

Development Properties

The Development Properties division was impacted by varying levels of disruption across the Chinese mainland due to the temporary suspension of sales and development activities, with full year performance affected by construction delays which led to fewer planned residential completions. There were also construction delays in Singapore. Sentiment on the Chinese mainland has, however, recovered to pre-pandemic levels.

Planning and development of the West Bund site in Shanghai are proceeding on schedule. The acquisition provides an attractive opportunity to develop and operate a commercial complex of scale in line with Hongkong Land's long-term strategy. The project mainly comprises office and retail space, with a developable area of 1.1 million sq. m. and will be developed in five phases to 2027.

The project will be jointly developed with a strategic investor headquartered on the Chinese mainland and a government-held special purpose vehicle. The group will maintain a 43% interest in the joint venture.

Hongkong Land participated in a number of land auctions on the Chinese mainland during the year, but it remained difficult to secure new sites due to a highly competitive primary land market. The group did, however, secure a wholly-owned, predominantly residential project in Chongqing.

During the year the group continued to focus on addressing changes in customer behaviours, and the need to adapt and align to new situations resulting from COVID-19, and it is continuing to add to its suite of digital services and flexible spaces that are available to tenants and customers.

In November 2020, the group launched its multi-year Hongkong Land HOME FUND, which was initiated to focus on creating initiatives that benefit younger generations and the

1.2 million sq. m.

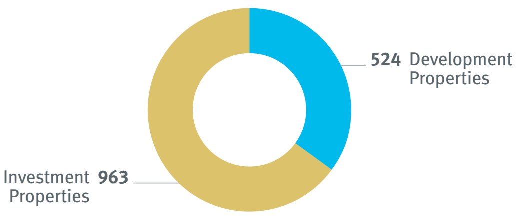
Area of operational commercial investment portfolio under management (including 100% of joint ventures)

group's aspiration to foster a more inclusive society. Initiatives financed by the Fund will be launched in the coming months. The group received the 'Sustainability Achievement of the Year' award at the RICS Awards 2020 in Hong Kong in relation to its management of the Hong Kong Central Portfolio.

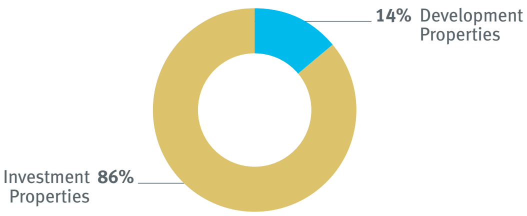
Underlying Profit Attributable to Shareholders (US$ million)

Net Asset Value per Share (US$)

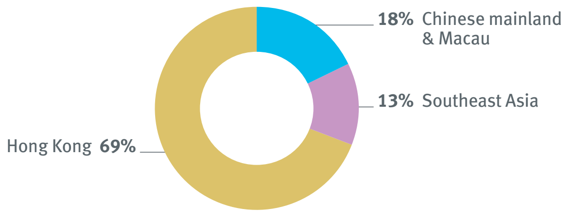
Underlying Operating Profit by Activity (before corporate costs) (US$ million)



Gross Assets by Activity



Gross Assets by Location



Dairy Farm

- **Underlying profit of US$276 million, down 14%**
- **Substantial sales and profit growth in Grocery Retail**
- **Solid trading in Home Furnishings**
- **Health and Beauty, Convenience and Maxim's significantly impacted by COVID-19**

	2020	2019	Change (%)
Revenue including 100% of associates & joint ventures (US$ billion)	**28.2**	27.7	2
Revenue (US$ billion)	**10.3**	11.2	(8)
Underlying profit attributable to shareholders (US$ million)	**276**	321	(14)

Dairy Farm's underlying profit for the year was US$276 million, 14% lower than last year.

Grocery Retail

There was a good performance by Grocery Retail, which saw higher contributions from Hong Kong, Singapore, Malaysia and Taiwan. Profit growth was driven by the benefits realised from improvement programmes, strong like-for-like sales growth and government support. The performance of the business in Indonesia was significantly impacted by pandemic-related movement restrictions, which reduced hypermarket custom.

Home Furnishings

IKEA delivered good profit growth, mainly in Hong Kong and Taiwan, with new store openings and strong e-commerce growth offsetting pandemic-related disruptions. The business also benefitted from lower cost of goods, strong cost controls, reduced pre-opening expenses and government support. IKEA has a strong development pipeline, with two new stores to open in 2021.

Health and Beauty

There was a significantly lower contribution from Dairy Farm's Health and Beauty business, with Mannings in North Asia severely impacted by low tourist traffic. The business has implemented price investment and cost management initiatives in order to address the challenges it faces.

Convenience

The group's Convenience business saw profits reduced by lower sales and a sales mix shift to lower margin products.

Associates

The performance of 50%-owned Maxim's was badly impacted by pandemic-related restrictions, which led to reduced visits to stores and some store closures.

Dairy Farm's 20.1%-owned associate Yonghui performed well, with strong sales and profit growth in the first half.

The launch of the *yuu* rewards programme at the end of July 2020 represents a critical milestone in driving Dairy Farm's modernisation and digital transformation. *yuu* will support a more customer-centric approach across all the Dairy Farm banners and drive an enhanced level of customer engagement.

During the period, Dairy Farm also launched Meadows, its new own-brand offering, in Hong Kong, Singapore and Malaysia. Over 600 items have already been launched across banners and markets at lower prices. There has been a very positive reaction from customers. The future growth of the group's own-brand offering will allow it to leverage scale and help it to gain competitive advantage.

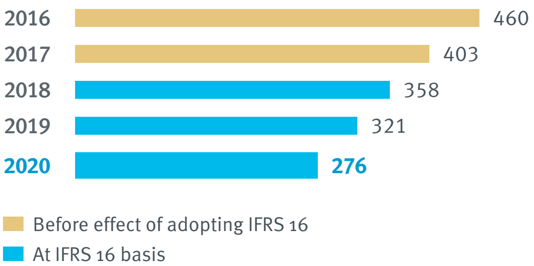
Dairy Farm's multi-year transformation programme to reshape and reorganise the business, adapting to the changing needs of customers, continued to gain momentum during 2020. Opportunities continue to be unlocked across the group as the business seeks to leverage its scale effectively and develop a more coherent approach to improving its customer proposition, both by banner and at a country level. The group's space optimisation plan, new store formats and improvement programmes generated greater efficiencies and delivered tangible benefits in the year.

12
Asian countries and territories

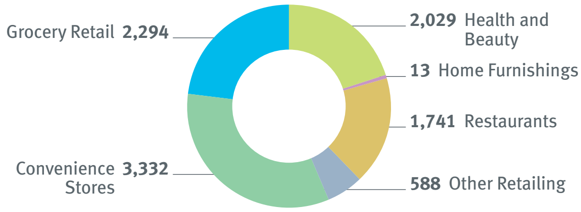
Some **10,000**
Outlets

11.5 million sq. m.
Gross trading area

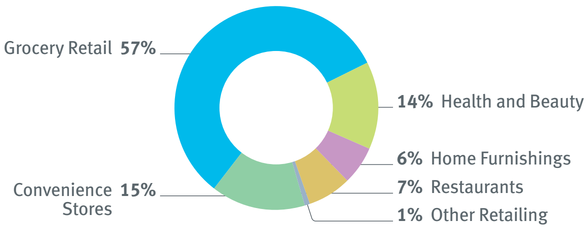
Underlying Profit Attributable to Shareholders (US$ million)



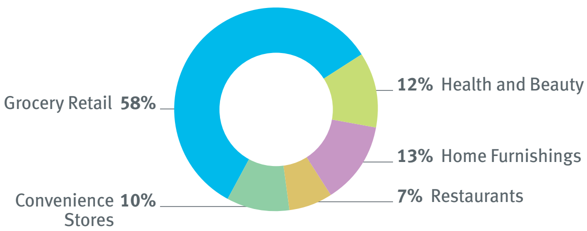
Retail Outlet Numbers by Format†



Sales Mix by Format*



Profit Mix by Format#



* Including share of associates and joint ventures.

\# 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.

† Including 100% of associates and joint ventures.

Mandarin Oriental

- **Underlying loss of US$206 million**
- **COVID-19 travel restrictions dramatically reduced demand**
- **Extensive cost reduction measures implemented across the business**
- **Robust liquidity and funding position**
- **Development pipeline remains solid and four new management contracts signed**
- **No dividend proposed for 2020**

	2020 US$m	2019 US$m	Change (%)
Combined total revenue of hotels under management	**593**	1,325	(55)
Underlying (loss)/profit attributable to shareholders	**(206)**	41	n/a

Mandarin Oriental moved from an underlying profit of US$41 million in 2019 to an underlying loss of US$206 million in 2020, as all hotels were severely impacted by COVID-19.

Government actions to curtail the pandemic drastically reduced both international and domestic travel in 2020. Many countries imposed significant restrictions on freedom of movement and on hospitality operations.

Against this background, combined total revenue of the group's hotels under management fell by 55% in 2020 compared to 2019 and the group's profitability was severely impacted.

A US$31 million impairment of the carrying value of the Geneva hotel occurred during the year, following a significant decrease in the market value of the leasehold interest. In addition, there was a 15% decrease in the valuation of the Causeway Bay redevelopment (previously the site of The Excelsior hotel in Hong Kong). The redevelopment, net of future construction costs, was valued at some US$2.5 billion, a decrease of US$475 million during the year.

Extensive cost reductions were implemented from early in the year, including a 33% reduction in payroll costs through a combination of measures, including furlough, unpaid leave, reduced pay and redundancies. Substantial reductions in non-payroll costs were also achieved. Many of these measures are continuing. Results benefitted from government financial support in some countries.

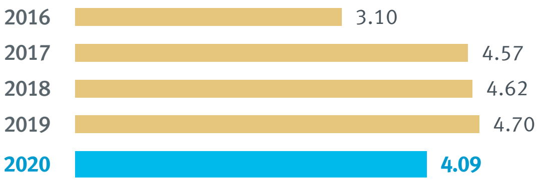
Trading conditions remain extremely challenging and the group's performance will not substantially improve until travel restrictions are relaxed. An underlying loss is expected to be reported for the first half of 2021.

In Asia, most hotels were able to remain operational through the year, albeit with sharply reduced occupancy due to constraints on travel. There was, however, a recovery in the second half of the year for hotels on the Chinese mainland. In Europe and America, hotels closed for much of the second quarter, with most reopening thereafter. The relaxation of restrictions on travel allowed some recovery in business levels. A resurgence in COVID-19 cases towards the end of the year, however, brought back many, even stricter, restrictions. The group's managed hotels in resort locations, such as Dubai and Bodrum, performed well when travel conditions permitted.

The group's development pipeline remains strong, with many projects at an advanced stage. The group took over the management of the Emirates Palace in Abu Dhabi at the beginning of 2020 and the Al-Faisaliah in Riyadh in March 2021, increasing the total number of hotels under operation to 34. New management contracts were signed and announced in 2020 in respect of Zurich and Vienna. In 2021, a new resort location was announced in Da Nang, Vietnam. The recently restored Mandarin Oriental Ritz, Madrid, in which the group has a 50% interest, and the Mandarin Oriental Bosphorus, Istanbul are expected to open in the first half of this year.

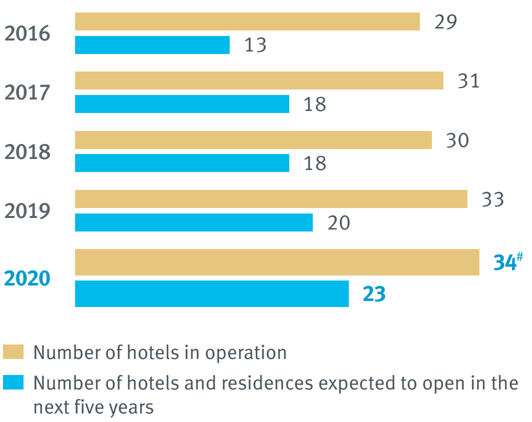
Underlying (Loss)/Profit Attributable to Shareholders (US$ million)

Net Asset Value per Share* (US$)



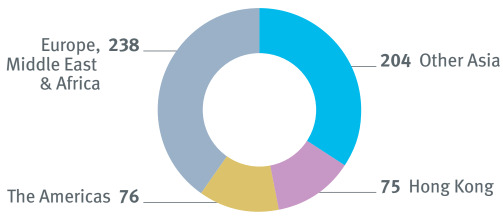
* With freehold and leasehold properties at valuation.

Hotel and Residences Portfolio



Number of hotels in operation is representative as of 11th March 2021.

Combined Total Revenue of US$593 million of Hotels under Management by Geographical Area (US$ million)



Jardine Cycle & Carriage

- **Underlying profit 50% lower at US$429 million**
- **Significantly weaker performances from Astra's automotive, financial services and heavy equipment and mining operations**
- **Direct Motor Interests performance affected by lower profitability in Cycle & Carriage Singapore and Tunas Ridean**
- **Other Strategic Interests performance relatively stable**
- **Proposed final dividend of US¢34 per share, total dividend of US¢43 per share for the year, 51% lower than 2019**

	2020	2019	Change (%)
Revenue (US$ billion)	**13.2**	18.6	(29)
Underlying profit attributable to shareholders (US$ million)	**429**	863	(50)

Jardine Cycle & Carriage's ('JC&C') underlying profit attributable to shareholders was 50% lower than the same period last year at US$429 million. After accounting for non-trading items, profit attributable to shareholders was US$540 million, 39% lower than the same period last year. Non-trading items in 2020 included a US$188 million gain on the disposal of Astra's investment in Permata Bank and US$109 million unrealised fair value gains related to non-current investments. These were partly offset by an impairment loss of US$182 million in respect of the group's investment in Siam City Cement, reflecting several years of challenging market conditions.

Astra's contribution to the group's underlying profit of US$309 million was 57% down from the previous year. There were weaker performances from its automotive, financial services, and heavy equipment and mining divisions.

The underlying profit from Direct Motor Interests was 78% lower at US$14 million, mainly due to lower contributions from Cycle & Carriage Singapore and Tunas Ridean in Indonesia.

Other Strategic Interests contributed an underlying profit of US$120 million, down 5% from the previous year.

Direct Motor Interests

Direct Motor Interests faced challenging trading conditions during the year. Cycle & Carriage Singapore saw lower sales and weaker margins. Passenger car sales and market share both fell. In Indonesia, Tunas Ridean's automotive business saw reduced sales, while its consumer finance operations were adversely impacted by lower lending volumes and increased loan provisioning. Cycle & Carriage Bintang in Malaysia contributed a lower loss than the prior year, with improved sales in the second half of the year due to a sales tax reduction, as well as cost savings initiatives.

Other Strategic Interests

Under Other Strategic Interests, Thaco saw a lower underlying performance than last year. Its automotive business provided a lower contribution due to reduced margins, attributable mainly to difficult market conditions in the first half of the year as a result of the pandemic, partly offset by higher unit sales. Thaco's real estate business saw better performance than the previous year, as sales resumed on the back of a market recovery, while its new venture in the agriculture sector contributed a loss.

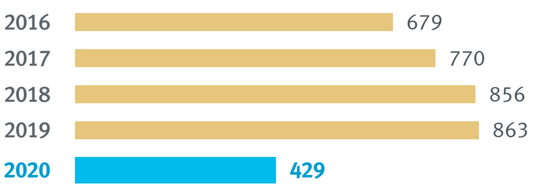
Siam City Cement's contribution was higher than the previous year, with margins benefitting from improved operational efficiencies, which helped to offset a decline in sales.

There was a higher contribution from REE, due to a stronger performance by the real estate business and the effect of an increase in JC&C's shareholding to 29.8%, partly offset by weaker performances from its hydropower investments and its M&E business.

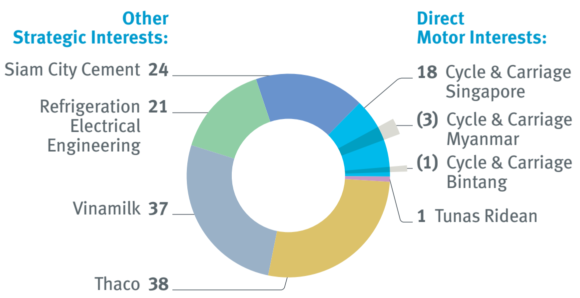
The group's investment in Vinamilk delivered slightly higher dividend income of US$37 million. Vinamilk's export business continued to grow while its domestic dairy segment remained relatively stable.

Revenue (US$ billion)

Underlying Profit Attributable to Shareholders (US$ million)



Underlying Profit (excluding Astra, DMI central overheads and Corporate) of US$135 million by Business (US$ million)



Astra

- **Net earnings per share down 53% (before the gain on sale of investment in Permata Bank)**
- **Car sales down 50% with a slight decline in market share, while motorcycle sales down 41% with increased market share**
- **Increased loan loss provisions in the financial services business**
- **Lower coal prices impacted heavy equipment sales and mining contracting volumes**
- **Agribusiness benefitted from higher crude palm oil prices**
- **Strong balance sheet and funding position**

	2020	2019	Change* (%)
Net revenue# (US$ billion)	**12.0**	16.8	(26)
Profit attributable to shareholders*† (US$ million)	**702**	1,536	(53)

* Based on the change in Indonesian rupiah, being the reporting currency of Astra.
\# Reported under Indonesian GAAP.
† Before the gain on sale of investment in Permata Bank.

Astra's net profit for 2020 under Indonesian accounting standards, including the gain from the sale of the group's investment in Permata Bank, was Rp16.2 trillion, equivalent to US$1.1 billion, 26% lower than 2019. Excluding this one-off gain, the group's net income would have decreased by 53% to Rp10.3 trillion (equivalent to US$0.7 billion), primarily due to weaker performances by its automotive, heavy equipment and mining, and financial services divisions, as a result of the impact of the pandemic and related containment measures.

Automotive

Net income from Astra's automotive division decreased by 68% to US$185 million, reflecting a significant drop in sales volume. After suffering a net loss in the second quarter, the automotive division saw a return to profitability in the second half of the year following the partial easing of pandemic containment measures. The wholesale market for cars declined by 48% in 2020 and Astra's car sales were 50% lower, reflecting a slight decline in its market share.

The wholesale market for motorcycles declined by 44% and Astra Honda Motor's sales decreased by 41%, with an increased market share. Astra Otoparts saw a decrease in net income, mainly due to lower revenues from the original equipment manufacturer, replacement market and export segments.

Financial Services

Net income from the group's financial services division decreased by 44% to US$226 million in 2020, primarily due to increased provisions to cover higher non-performing loans in the consumer and heavy equipment-focused finance businesses. The consumer finance businesses saw a 23% decrease in new amounts financed. There was a 46% decrease in the contribution from the group's car-focused finance companies and a fall of 42% in the contribution from its motorcycle-focused business.

Astra's heavy equipment-focused finance operations saw a 17% decrease in new amounts financed to US$246 million. The net income contribution from this segment decreased by 59%.

General insurance company Asuransi Astra Buana reported a 16% decrease in net income, mainly caused by lower underwriting income. In November, the group acquired a further 49.99% of PT Astra Aviva Life (now PT Asuransi Jiwa Astra) from Aviva International Holdings Limited, bringing its ownership to 99.99%.

Astra completed the sale of Permata Bank in May 2020 for a consideration of US$1.1 billion.

Heavy Equipment, Mining and Construction

Net income from Astra's heavy equipment, mining and construction division decreased by 49% to US$234 million, mainly due to lower heavy equipment sales and mining contracting volume caused by weaker coal prices for most of the year. Komatsu heavy equipment sales fell by 47%, while parts and service revenues were also lower.

Mining contractor Pamapersada Nusantara recorded 17% lower overburden removal volume and 13% lower coal production. United Tractors' coal mining subsidiaries achieved 9% higher coal sales, but their performance was

51%
2020 New motor car market share

79%
2020 New motorcycles market share

US$4.6bn
2020 New consumer financing

US$246m
2020 New heavy equipment financing

affected by lower coal prices. Agincourt Resources reported 22% lower gold sales at 320,000 oz.

General contractor Acset Indonusa reported a net loss of US$90 million, mainly due to the slowdown of several ongoing projects and reduced project opportunities during the pandemic. In September 2020, the company raised US$102 million from a rights issue to reduce debt and strengthen its capital structure. United Tractors' ownership of Acset increased from 50.1% to 64.8% as a result.

Agribusiness

Net income from the group's agribusiness division was US$45 million, significantly higher than 2019, mainly due to higher crude palm oil prices, which rose by 28%. Crude palm oil and derivatives sales fell by 14%.

Infrastructure and Logistics

Astra's infrastructure and logistics division saw its net income fall significantly from US$21 million to US$3 million in 2020, due to lower toll road revenues and lower operating margin in Serasi Autoraya. The group's toll road concessions experienced a 12% fall in traffic volume. Serasi Autoraya's net income decreased by 55%, mainly due to lower operating margins in its car rental business and lower used car sales, despite a slight increase in the number of vehicles under contract.

In November, the group acquired Jakarta Marga Jaya, which owns a 35% stake in Marga Lingkar Jakarta, the operator of the 7.7 km Kebon Jeruk-Ulujami toll road, part of the Jakarta Outer Ring Road I.

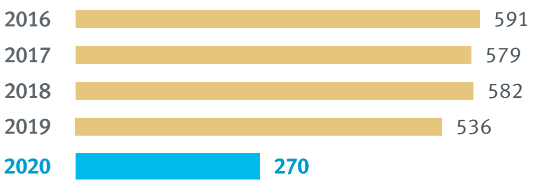
Information Technology

Net income from the group's information technology division was 81% lower at US$2 million, primarily due to lower revenues in the document solution and office service businesses of Astra Graphia.

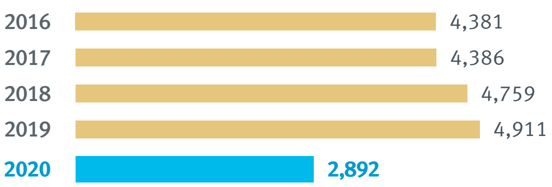
Property

Net income from the group's property division increased slightly to US$6 million, mainly as a result of higher occupancy at Menara Astra and earnings recognised from its Asya Residences development project.

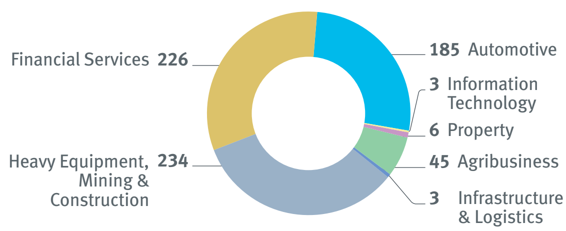
Motor Vehicle Sales including Associates and Joint Ventures (thousand units)



Motorcycle Sales including Associates and Joint Ventures (thousand units)



Profit Attributable to Shareholders of US$702 million by Business (US$ million)



Sustainability

Our Commitment to Sustainability

At Jardines we want our businesses to thrive over the long term and we see sustainability as an integral part of our ability to build long-term business success. It is not just about risk or 'doing the right thing', although these are important motivations in themselves. Nor is it only about reacting to increasing pressures from the outside world – although there is undeniably increasing focus on sustainability issues by a whole range of stakeholders, from shareholders and NGOs to customers and governments. It is about leveraging the scale of the Group to really make an impact in all the communities we serve. It involves putting sustainability at the core of how each of our businesses and the Group as a whole operates, intrinsically linked to business strategy and planning. By pursuing our sustainability strategy we know that we have a great opportunity both to add value to our business and to make a difference in our communities.

Over the past year we have seen COVID-19 act as an accelerator for sustainability priorities across our geographies and it is clear that it will remain at the top of companies' agendas in the years to come, as they take steps to ensure that their businesses are resilient and prepared for future disruption. The Group is focused on ensuring that sustainability remains a high priority not just as we respond to short-term challenges, but also as we implement an effective, impactful and value-adding approach to sustainability over the years to come.

We need to pursue an ambitious sustainability agenda in each of our businesses and as a Group in a way which engages our people, our customers and our communities and is responsive both to their needs and to the environmental, social and economic challenges faced by the wider world. Given Jardines' scale – our businesses employ over 400,000 employees across Asia – and the millions of people across the Asia region our businesses touch on a day-to-day basis, we also believe that there is a great opportunity for all our businesses to positively influence consumer behaviours and be a real force for good in society. In summary, we are working to make sustainability part of the DNA of the Group and its businesses and how they operate.

In early 2019 we embarked on a process of reviewing and significantly enhancing our sustainability approach. At this time our Chairman, Ben Keswick, emphasised the importance of sustainability as a key enabler of the Group's strategy and called for the building of an effective Group-wide approach to sustainability as soon as possible. As a result, we engaged with a wide range of internal and external stakeholders, including each of our businesses, to gather their input and inform our approach. Following this stakeholder engagement, we established the Sustainability Leadership Council ('SLC') in July 2019 to leverage the extensive existing sustainability activities of our individual businesses and implement a new Group-wide approach to managing our sustainability performance.

Building our Sustainability Strategy

Sustainability Leadership Council

The SLC has senior-level membership from across the Group's businesses and was formed with the aim of providing a forum for sharing knowledge, developing joined-up sustainability strategies and helping to mobilise activities to achieve them. It was also created to provide a sound structure for supporting and coordinating sustainability efforts across the Group.

The membership of the SLC consists of the chief executives or other members of the leadership teams of all of our principal businesses, together with the majority of the executive directors of Jardine Matheson and heads of Group functions. A Non-executive Director of Jardine Matheson is also a member. The SLC is supported by an external adviser.

From the first meeting of the SLC in July 2019, it was clear that there was a high level of enthusiasm and energy in all our businesses for developing a more coordinated sustainability approach on a Group-wide basis and for increasing the collaboration between our Group businesses.

It was also clear that each of our businesses believes that sustainability should be a fundamental part of how they do business and should be closely linked to their purpose and strategy, and that there is a real opportunity to rapidly progress sustainability performance.

In order to progress the Group's sustainability strategy, it was recognised that it would be necessary to establish a number of 'sustainability management' building blocks, including a review of material sustainability issues, ensuring that the sustainability strategy of each business is aligned with its corporate strategy, suitable infrastructure for managing the delivery of the sustainability agenda and a governance system to underpin all these things and enable the Group and its businesses to ensure they deliver results and monitor and report on performance effectively.

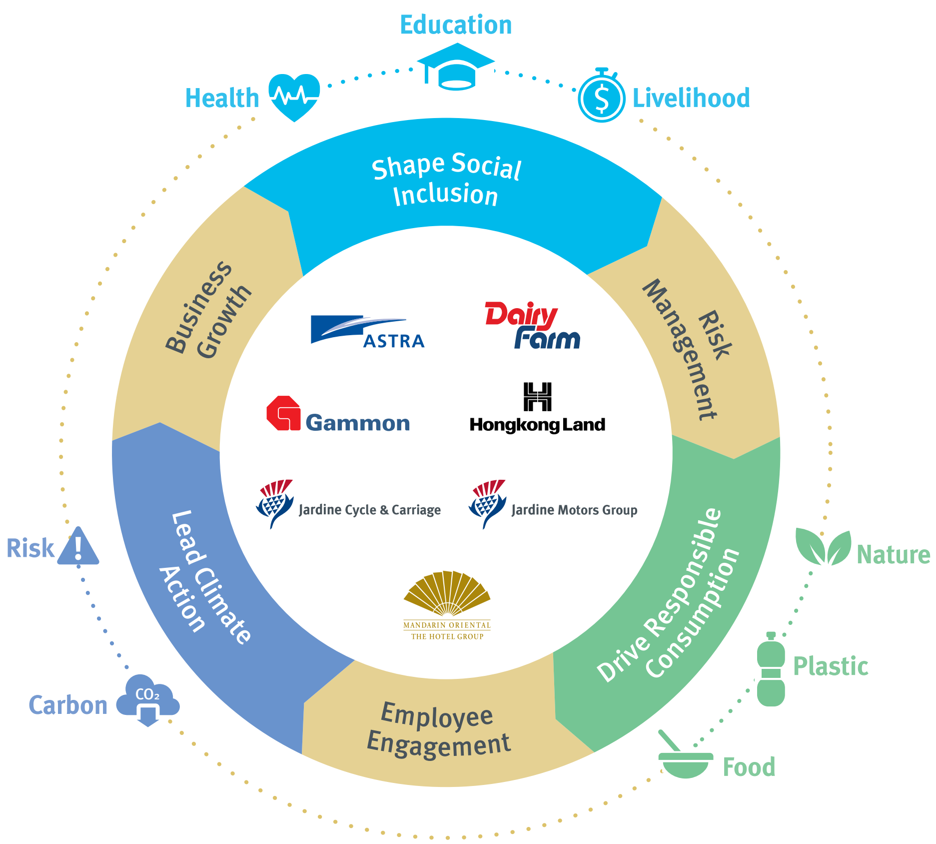
Our Group Sustainability Strategy

The first stage in developing our sustainability strategy was to develop a framework, which was informed by a materiality assessment of key Group-wide issues. These issues were identified and prioritised with feedback gathered from each of our Group businesses. From the start it has been important to engage colleagues and involve them in the development and execution of our sustainability agenda, and an important first step in doing this was an employee 'pulse check' survey carried out in January 2020. This survey gathered feedback from colleagues from across the Group's businesses on what they saw as the most important sustainability priorities for the Group. Over 5,000 colleagues responded and more than 1,000 of them also said that they would like to get more involved in the development and implementation of our sustainability agenda.

The framework evolved into a detailed sustainability strategy, which was approved by the SLC in January 2020. The aim of the strategy is to identify, prioritise and effectively manage material sustainability issues across our businesses and to enable our businesses to take advantage of new sustainable opportunities. We believe that this proactive approach to sustainability will mitigate risks and strengthen the competitiveness of our businesses by engaging our people, deepening relations with key stakeholders, and inspiring innovation. There is clearly greater value to be had in our businesses driving a sustainability agenda forward together, than in each of them working on a standalone basis. This strategy is also a key part of future-proofing our business.

The strategy, which we have called 'Building Towards 2030', has three core pillars: Leading Climate Action, Driving Responsible Consumption and Shaping Social Inclusion. There are a number of focus areas under each of the three pillars. The diagram below summarises the strategy:

Jardines Sustainability Strategy



The strategy is aligned with the UN's Sustainable Development Goals ('UN SDGs'), which are an internationally-recognised framework for sustainability efforts by corporates and governments. The UN SDGs which we believe have the greatest relevance for most of our businesses are:

SDG 3
Good Health and Wellbeing

SDG 4
Quality Education

SDG 8
Decent Work and Economic Growth

SDG 12
Responsible Consumption and Production

SDG 13
Climate Action

Leading Climate Action
We believe that addressing the climate issue is critical to the social, physical and economic wellbeing of the communities in which we operate. Our commitment to leading climate action, therefore, involves two specific areas of focus: climate risk management and decarbonisation.

Climate risk management involves mapping climate risk and developing mitigatory measures to future-proof our business from both physical risk (how a changing climate impacts on our assets) and transition risks (which include the impact of changing regulation, technology and markets, and reputational risks linked to our actions).

Decarbonisation requires the calculation and reporting of carbon inventories for each of our businesses. This will specifically involve a focus on Scope 1 and 2 emissions initially. The Group will consider a range of actions to address the need for decarbonisation of our businesses. In 2021, we will study carbon targets and formulate decarbonisation strategies at Group and business levels.

By driving the agenda on climate risk management and decarbonisation, we aim to build climate resilience within the Group's businesses by formulating strategies that address both climate mitigation and climate adaptation.

Shaping Social Inclusion
Social Inclusion is a broad pillar involving three core elements of social and economic sustainability: Health, Education and Livelihood.

In the context of our sustainability strategy, these three elements are both internal-facing (focused on our colleagues) and external-facing (focused on our communities).

Our **Health** agenda will encompass the health, safety and wellbeing of our people, our suppliers, our customers and our communities, and include both physical and mental health.

We will focus on:

- encouraging the adoption of healthy and safe behaviours; and
- promoting a culture of health and safety within our businesses.

Education involves supporting the development of human capital within our sphere of influence, again looking both internally to our colleagues and externally into our communities.

We will focus on:

- providing our colleagues with continuing learning and development opportunities; and
- identifying and delivering support to meet the educational needs of our communities, in order to contribute to wider social and economic wellbeing.

Livelihood refers to our commitment to do business in a way that ensures access to opportunities that improve people's quality of life, working with and for our colleagues and our wider communities. We will focus on:

- supporting quality of life through the provision of active programmes that address community-relevant needs; and
- providing relief in response to natural disasters by making available our skills, networks and in-kind donations, where appropriate.

We will underpin the three core elements of our social inclusion strategy with a range of actions to help drive forward the social inclusion agenda, including structured volunteering initiatives in each of our businesses; collaborations and partnerships; and advocacy.

Responsible Consumption
Responsible consumption focuses on the active management and reduction of negative impacts in the areas of plastic, food and nature. Overall, this pillar addresses resource efficiency, in support of what is increasingly known as the circular economy.

We will focus on:

- **Plastic** is an important environmental challenge that all of our businesses need to address. The actions which our businesses may take include:
  - measuring plastic waste streams;
  - taking action to reduce waste to landfill, incinerator, or the natural environment;
  - increasing the use of recycled materials;
  - sourcing longer-life products, where possible; and
  - developing a strategy to reduce single-use plastics in our operations.

- Reducing **food** waste needs to be a priority in all stages of the food eco-system, and our retail, restaurant and hotel businesses in particular have a great opportunity to take action in areas including reducing food waste and strengthening food systems. This may include:
  - measuring food waste streams and sustainable food procurement;
  - taking action to reduce food waste;
  - identifying opportunities to strengthen food security in supply chains;
  - educating customers about the importance of reducing food waste;
  - sourcing and procuring more sustainable food options; and
  - educating customers about sustainable food options.

- **Nature** addresses the topic of biodiversity, which is directly relevant to several of our businesses and their supply chains, and is an increasingly important focus more generally. The areas of focus which our businesses may explore include:
  - developing strategies and/or plans in our operations and the land we own or occupy to protect local biodiversity; and
  - exploring nature-based solutions to address climate change and other environmental challenges.

Individual Business Sustainability Strategies

Following the adoption of the Group sustainability strategy – Building Towards 2030 – each of the Group's businesses which did not yet already have a sustainability strategy framework in place developed one during 2020, in each case aligned with the Group sustainability strategy. Our businesses are using these strategy frameworks to shape their future sustainability activities.

From the start we have emphasised the importance of each of our businesses taking the lead in driving forward their own sustainability agendas, within the framework of the individual sustainability strategies they have implemented, which in each case reflect what matters to their business at an industry and market level. The role of the Group is to support, encourage and advise our businesses as they do this.

Putting Sustainability at the Core of our Businesses

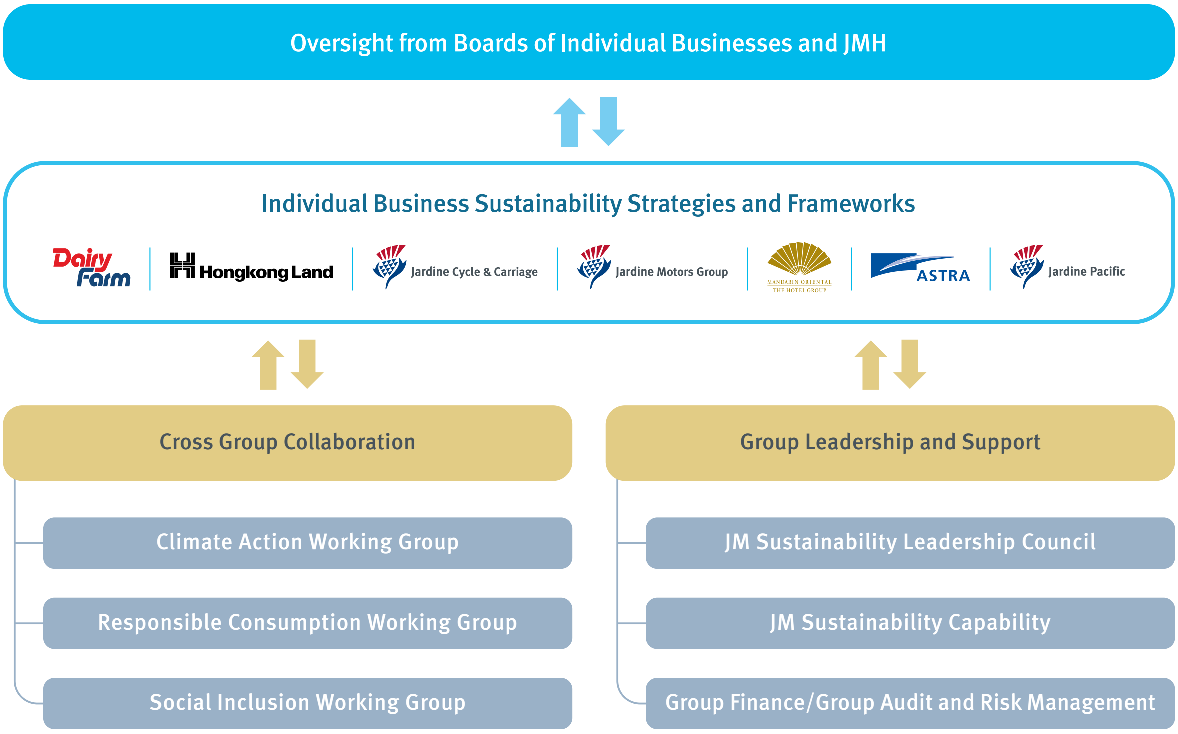
Sustainability Framework
We recognise that the challenges our businesses and the Group face in rolling out their sustainability strategies will be significant, and it will be necessary to integrate an effective response to the climate, social and other risks they face into both their enterprise risk management approach and their wider strategy. In effect, sustainability needs to become a core part of how we do business and intrinsically linked to strategy and business planning.

With this in mind, we have adopted a Sustainability Framework, which will both guide and underpin our sustainability efforts, integrating sustainability across all facets of our businesses and all levels of decision-making.

Group Sustainability Implementation Structure
Strong governance is a key element of an effective sustainability approach and we are putting in place an implementation structure which starts with the sustainability approach taken by each of our businesses and creates the opportunities for collaboration between them. It also provides support and oversight from the Group to ensure that our businesses stay focused on implementing their respective sustainability strategies.

The implementation structure is summarised in this diagram:

Group Sustainability Implementation Structure



Individual Businesses

The role of each of the businesses is to:

- develop and adopt a sustainable business model;
- develop and implement a sustainability strategy, which is aligned with the Group's strategy;
- set sustainability metrics and targets to address material issues and to support improved sustainability ratings;
- disclose performance to the Group and to external stakeholders;
- include a sustainability budget in the annual business budget;
- regularly report on sustainability progress to their respective Boards; and
- encourage collaboration with other businesses and provide relevant support and expertise to the Sustainability Working Groups.

Sustainability Working Groups

Sustainability Working Groups ('SWGs') are being established to support each of the three pillars of the sustainability strategy. They will drive activity across the Group in each of the three pillar areas and will also provide support to our businesses in developing and implementing their sustainability agendas.

The first of these working groups, the Climate Action Working Group, started to operate in early March 2021.

The members of the SWGs are colleagues from each of our businesses who are responsible for driving the related sustainability topics within their organisation. There is also representation from the centre of the Group. The primary objectives of each SWG are:

(i) to shape the agenda in their respective pillar area, in order to help improve the performance of our businesses and the Group. This will include providing support to businesses in setting appropriate metrics, gathering data to measure performance against those metrics and reporting against that performance;

(ii) to develop and drive Group-wide initiatives that will strengthen collaboration between businesses; and

(iii) to share knowledge and experience across businesses. The chairs of the SWGs will provide regular updates to the SLC.

Sustainability Leadership Council

The role of the SLC is to support and coordinate substainability efforts across our Group businesses, by:

- facilitating the sharing of knowledge and experience between businesses and the upskilling of businesses on relevant issues;
- helping our businesses mobilise activities in order to achieve their sustainability strategies;
- reviewing and approving Group sustainability policies and Group-wide initiatives;
- reviewing and discussing Group-wide sustainability risks and opportunities;
- reviewing and discussing the Group's sustainability performance; and
- keeping the Jardine Matheson Board updated on all relevant sustainability-related matters.

Group Sustainability Capability

The Group Sustainability Capability is responsible for developing and managing the Group's sustainability agenda. The team coordinates with representatives from individual businesses to facilitate cross-Group activity and works with Group functions to offer support and advice on sustainability matters such as metrics, budgets and reporting.

The team also monitors and identifies sustainability-related financial risks and opportunities, engages stakeholders on sustainability-related matters and coordinates the provision of sustainability expertise (either internal or external) and support to businesses.

Capital Allocation

Given the material nature of sustainability issues, the Group intends to integrate sustainability considerations and analyses into future capital allocation decisions. Our businesses are also encouraged to integrate material sustainability considerations into their capital allocation decisions.

Enterprise Risk Management

Sustainability issues are increasingly a material risk to our businesses and will therefore be integrated into risk management processes. We will aim to understand and report on current and emerging sustainability-related risks and articulate how the risks are being mitigated.

Budget process and Board reporting

Sustainability was for the first time this year an explicit focus of the budgeting and strategy process for each of our Group businesses. Each business included in its budget submissions an overview of how it intended to incorporate sustainability into its wider strategy plans and how those plans would drive sustainable growth. They also identified new business opportunities which were supporting or driven by sustainability.

Each business now brings regular updates to their board on the progress they are making in delivering their sustainability agenda.

Metrics and Reporting

ESG factors are becoming increasingly important in how the commercial success of businesses is measured. Climate and resource use are becoming key focus areas, while societal impact affects the ability of companies to win customers, recruit employees and retain their licence to operate. Good governance is essential to ensuring that businesses make good decisions around these issues and maintain trust. These transformational shifts mean that corporate reporting must demonstrate value beyond the financial accounts.

This will require Jardines and our Group companies to identify measurable metrics relating to ESG performance and to collect necessary information to show performance against those targets. We will also need to report those results in an effective and transparent manner.

In this year's annual report we are focusing on showing the direction of travel and demonstrating the progress that has been made in shaping and implementing our sustainability approach. In subsequent years, starting with next year's annual report, our sustainability disclosure will focus in increasing detail on performance against appropriate metrics.

Later in 2021, we also plan to expand the disclosure on our corporate website to provide more information about what is being done on sustainability across the Group.

Bringing Sustainability to Life – our People

In order successfully to involve colleagues and bring our sustainability strategy to life, we believe that we need to follow a grassroots approach which allows people at all levels of the organisation to engage as individuals. Colleagues must be given a voice in developing and implementing the sustainability agenda and we must facilitate the involvement of our colleagues in all aspects of our sustainability activity.

Volunteering is an important colleague engagement tool and we want to make it an intrinsic part of how each of our businesses delivers its sustainability agenda, with clear buy-in from senior management and leadership from the top, in order to really create impact with colleagues.

We are developing a blueprint for each of our businesses to use in rolling out a colleague volunteering programme. We held a workshop in November 2020 with participation from all the Group's businesses, in order to scope out the key issues which need to be addressed in developing a volunteering blueprint, and working groups have since then been developing thinking on each of the elements of the blueprint (toolkit, partnering, communication and technology). The blueprint will be launched early in the second quarter of 2021 and a pilot programme involving several of our businesses will be rolled out thereafter.

WBCSD

During the year Jardines joined the World Business Council for Sustainable Development (WBCSD), a global, CEO-led organisation of over 200 leading businesses from all sectors and all major economies which work together to accelerate the transition to a sustainable world.

WBCSD aims to help make its member companies more successful and sustainable by focusing on the maximum positive impact they can make for shareholders, the environment and societies. It facilitates the sharing of knowledge and experience between member companies and also supports a number of projects and working groups addressing all aspects of sustainability.

2021 Priorities

Significant progress has been made in developing the Group's sustainability agenda in the past year or so, but there is more to do. Key priorities for 2021 will be:

(i) ensuring our businesses drive forward their sustainability strategies and take meaningful action to implement them.

(ii) bedding in the Sustainability Framework to support our sustainability strategy;

(iii) identifying the right metrics and targets to demonstrate progress against the Group's sustainability objectives and measuring against those metrics, together with effective reporting of the Group's sustainability strategy and its implementation; and

(iv) achieving high levels of engagement by colleagues in developing and delivering the sustainability agenda and bringing sustainability to life. This will include effectively communicating what the Group and its businesses are doing.

Our Sustainability Activity Over the Past Year

The impact of COVID-19 has shone a spotlight on the importance of helping the most needy in our communities to survive these tough times, and this was a key element of our sustainability focus across the Group in 2020. The following section highlights some of the inspiring stories from our businesses focused on addressing the challenges of the pandemic. The remaining sections of this sustainability report summarise other sustainability initiatives which have been progressed in the past year, organised by reference to the three pillars of our sustainability strategy: shaping social inclusion, driving responsible consumption and addressing climate change.

Community Care during COVID

In Hong Kong, the *Jardine Matheson Group* donated 179,000 face masks and 30,000 bottles of hand sanitiser to health care workers and communities-in-need through 22 NGOs to help limit the spread of coronavirus. In addition, the Go Green Team of the Group, together with *Maxim's Group*, organised a Surplus Donation Programme to collect toys and small electronic appliances, as well as non-perishable food items, to donate to those who are in most need through three local NGOs. This programme has been supported by all our businesses across 28 locations in Hong Kong and was also extended to over 40 of Hongkong Land's retail tenants.

Through the 'Heartfelt Give-Back' Programme, *Wellcome* donated US$129,000 cash vouchers and one million meal vouchers to those most in need in Hong Kong, collaborating with over 70 charity partners who are helping to identify 250,000 beneficiaries for the voucher donations.

Members of the *Gammon* Young Professionals Group, colleagues and their children, together with a number of NGOs, distributed face coverings and hand sanitiser to low-income families and the elderly.

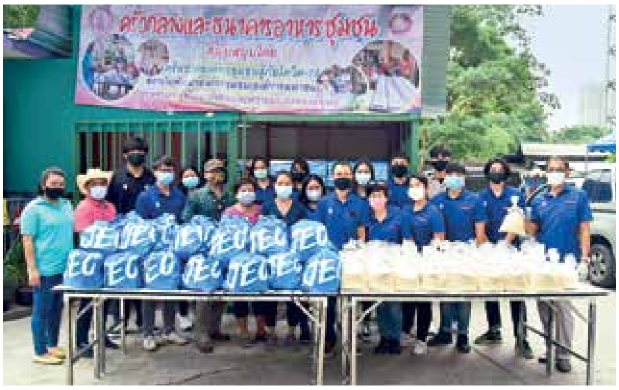
On the Chinese mainland, *Mannings* Guangzhou set up a 'Love Relay Station' for sanitation workers, couriers and city management staff. The station provided free drinks, food, and epidemic prevention products. *Zung Fu* China initiated a joint donation campaign with customers to donate medical materials to hospitals. A free fleet service was formed to pick up customers from blood donation centres.

In Indonesia, the annual *Astra* Terpadu Untuk (SATU) Indonesia Awards (Astra's Unified Spirit for Indonesia) added a special category of 'Selfless Heroes of the COVID-19 Pandemic' this year to give special appreciation to five young individuals who have been extraordinarily selfless in their efforts to prevent the further spread of COVID-19, while alleviating the disease's social impacts across Indonesia. *Hero Group* partnered with Human Initiative to launch online learning centres in two cities. The centres, which were equipped with smartphones, laptops and free internet access, helped underprivileged students impacted by school closures to continue their studies online. Funds for this programme were raised through a customer donation initiative run by Giant and Hero stores.

Giant Malaysia collaborated with The Lost Food Project in organising a community programme for the underprivileged which provided monthly support while the Movement Control Order continued.

Colleagues in *Jardine Schindler Group ('JSG')* Myanmar donated dinner boxes to health professionals from Yangon General Hospital who are supporting COVID-19 prevention and control. The team also contributed donations to purchase ambulances to carry COVID-19 patients, via Clean Yangon, a community support organisation.

Jardine Engineering Corporation Thailand made a donation to several local hospitals to purchase protective equipment for medical professionals. Staff also volunteered to set up a patient monitoring system in hospitals treating COVID-19 patients.



In Singapore, *Jardine Cycle & Carriage ('JC&C')* and its 100%-owned subsidiary, Cycle & Carriage Singapore, jointly raised US$62,000 for REACH Community Services Society's 'Be Our Beacon of Hope' fund, which supports over 4,000 low-income families and isolated seniors.

Jardine International Motors ('JIM') in Singapore also organised a fund-raising campaign to support 'Be Our Beacon of Hope' fund.

Jardine Restaurant Group ('JRG') mobilised its extensive store network to support the communities in which they operate. The business contributed more than 31,900 meals with a value of US$320,000 to medical staff and the vulnerable across Hong Kong, Myanmar, Taiwan and Vietnam. In addition, the company set up a corporate-sponsored Employee Supporting Fund to provide financial assistance for employees in need.

Mandarin Oriental launched a number of initiatives across its global network during the pandemic to support local communities and health care workers, ranging from special accommodation rates for healthcare workers to delivering meals to hospitals and homeless shelters.

Shaping Social Inclusion

There was a large range of activity during 2020 under the three focus areas of our social inclusion pillar: health, education and livelihood.

Health

MINDSET Mental Health Programme

MINDSET is a registered charity in Hong Kong founded by the Group in 2002, focused on making a positive and sustainable difference in mental health – a vitally important yet under-resourced area of global concern.

With operations in Hong Kong and Singapore, we collaborate with a number of mental health organisations and NGOs, advocacy groups and corporate partners, with the aim of raising awareness and changing perceptions and attitudes around mental health. Our mission is to challenge stigma through the education and empowerment of individuals to enable them to share with, and support, one another. We also provide direct assistance to people with mental ill-health.

Hong Kong

The inaugural MINDSET/Mind HK Youth Mental Health Conference, the flagship project of the partnership which we have forged with Mind HK, was held on 6th-8th November 2020. Over 1,600 people around the world participated virtually in 30+ panel discussions and hybrid workshops, including employees from more than 30 of our Group companies and business partners in Hong Kong, Malaysia and Singapore. The event brought together 45 international and local mental health experts to discuss important topics including youth mental health reform, parent-based interventions and more.

Another new initiative this year was the launch of the MINDSET e-newsletter, featuring the latest updates about the MINDSET programmes and sharing advice from mental health advocates and our NGO partners on how we can jointly fight against the stigma associated with mental health.

MINDSET also continued its Health-in-Mind programme, one of MINDSET's longest running projects which aims to promote awareness and a positive attitude among young people towards mental illness. In 2019/2020 alone, the programme recruited more than 330 student advocates from 22 secondary schools in Hong Kong.

Singapore

Jardines and MINDSET Singapore were named a Champion of Good by the National Volunteer & Philanthropy Centre for the second time in 2020, for championing corporate philanthropy in Singapore. The Champions of Good programme recognises organisations that are exemplary in doing good and have also been a multiplier by engaging their partners and stakeholders on a collaborative journey.

On the fundraising front, the MINDSET Challenge and Carnival was held online for the first time, with participants undertaking the challenge of racing up one of five famed peaks/buildings around the globe. The Challenge raised over US$112,000.

Education

The Jardine Foundation awarded scholarships to 29 Jardine Scholars (14 undergraduate and 15 postgraduate students) from nine countries and regions to start courses at Oxford and Cambridge Universities in the 2020/21 academic year. The programme has supported more than 350 scholars since its inception in 1982.

The *Jardine Cycle & Carriage Scholarship* saw its first batch of scholars through their first year of University. A total of seven scholars from Singapore, Malaysia, Indonesia, Thailand and Vietnam were awarded scholarships under the scheme in 2020, following its launch during JC&C's 120th anniversary celebrations.

JC&C's support of the National University of Singapore's JC&C Professorship continued by way of an endowment, which started in 1983. JC&C was also one of the founding donors of the Lee Kuan Yew School of Public Policy, as well as the Singapore Management University, when these institutions were first set up.

ACLEDA-Jardines Education Foundation was launched in 2017 with funds from the sale of Jardines' interest in ACLEDA Bank in 2015. The Foundation provides learning opportunities for all Cambodian children – especially those living in remote rural and border districts – by building schools. It has made great progress, with two schools opening in 2019. A third school – in Kampong Preah Ent Village at Preah Viheaer province – welcomed its first students in November 2020.

Livelihood
Astra continued its citizenship efforts in 2020 by supporting communities, young leaders, and children. Key initiatives included the Kampung Berseri Astra (KBA) and Desa Sejahtera Astra (DSA) village development programmes. Astra consistently develops rural communities and encourages them to continuously innovate to improve their welfare. To date, Astra has developed a total of 116 KBAs and 755 DSAs in 34 provinces across Indonesia.

Dairy Farm Singapore partnered with The Food Bank Singapore to launch the 'Better Together' food donation initiative across Giant and Cold Storage stores. This initiative was a response to a study commissioned by The Food Bank Singapore which found that one in 10 families in Singapore face food insecurity. 'Better Together' aims to complement existing food donation efforts by focusing on more nutritious products, to provide vulnerable families with the long-term dietary requirements key to support healthy living. The goal of the campaign is to raise 10,000 meals monthly and Dairy Farm kick-started the initiative by donating 10,000 meals to inspire customers to do the same.

Hongkong Land has launched its multi-year US$13 million HOME FUND to focus on investing in the long-term community development of Hong Kong. The Fund aims to collaborate with different stakeholders in addressing the long-term underlying socio-economic issues faced by the Hong Kong community in recent years. Hongkong Land aspire to support Hong Kong youth in unleashing their potential, contributing to the fostering of an inclusive society. In its first phase, the Fund will collaborate with three charitable organisations in a series of programmes to benefit local younger generations and families with housing issues.

Youth unemployment is a key issue on the global agenda and vocational education is an important component of *JSG's* corporate social responsibility approach. The group offers young people the opportunity to develop professional skills through vocational education by running apprenticeship programmes partnering with local educational institutions and authorities. In addition, a group of Jardine Schindler Taiwan employees partnered with Taiwan Fund for Children and Family to help build bicycles for underprivileged families.

Fundraising and Disaster Relief Efforts
JSG Philippines employees organised a two-day relief operation for the victims of typhoon Ulysses. They helped nearly one hundred families, donating toys and snacks to more than hundred children, and they also visited colleagues affected by the storm.

Driving Responsible Consumption
Our Group companies embraced responsible consumption and other environmental initiatives in 2020.

Astra's Semangat Kurangi Plastik (Reduce Plastic Movement) was launched in conjunction with Astra's 63rd anniversary in February 2020. The movement was established in response to the growing concerns of Astra's employees about the environmental impacts caused by plastic waste. The movement aims to raise awareness among Astra employees

and the public of the dangers of plastic waste. It also aims to educate them on ways to effectively process plastic waste and invites Astra Group and Astra foundations to reduce plastic waste. The movement is also a call to create a waste-inspired economic cycle.

Dairy Farm is investing in sustainable technologies to facilitate a circular economy and reduce the strain on landfill. In Singapore, two food waste management machines, known as ecoDigesters, which enable the conversion of organic waste into water for washing have been commissioned . The two machines have recycled a total of 6,200 kg of food waste to date. In Hong Kong, the group's collaboration with O•Park1 allows them to divert organic waste for conversion into biogas and compost, the former for electricity generation and the latter for use in landscaping and agriculture.

JIM launched its single-use plastic (SUP) quick win plan in 2020 and has already reduced approximately five tonnes of plastic group-wide. Zung Fu China organised a plastic reduction campaign in the office, encouraging colleagues to bring in their own lunch boxes. Cycle & Carriage Myanmar also launched a 'No plastic challenge'.

Mandarin Oriental is committed to eliminating SUP by March 2021, with a focus on the phasing out of 60 of the most commonly used single-use items which are estimated to make up 95% of the total number of SUP items used at its hotels. The group is also working to resolve the challenge of eliminating SUP packaging used for goods being delivered into hotels and is working on supplier engagement, challenging vendors to come up with strategies to reduce the amount of plastic they use.

JRG has saved over 210,000 kg of plastics in 2020.

Addressing Climate Change

Hongkong Land (Property Management) Limited won 'Sustainability Achievement of the Year' at the RICS Awards 2020 Hong Kong. Hongkong Land's carbon emissions in its Central Portfolio have fallen by more than 30% compared to 2008 levels and they aim to reduce emissions by 55% by 2030. The group's projects continue to receive green building accolades and awards across the region, including the Hong Kong Green Building Award for existing buildings and green building certification. In addition, Hongkong Land and DBS Bank announced in the year that agreement had been reached to convert an existing five-year revolving credit facility of US$129 million, into a sustainability-linked loan, with the interest rate indexed against ESG targets.

Gammon has become the first Hong Kong company to have its greenhouse gas emissions inventory verified against the latest (2018) version of the ISO 14064 carbon accounting standard, Part 1. In addition, Gammon implemented one of the first green quarantees in the region with the support of Crédit Agricole Corporate and Investment Bank – a performance bond associated with a major residential project in Kai Tak area.

HACTL's 'Green Terminal' programme achieved First Runner-up in the Hong Kong International Airport Carbon Reduction Awards. The 'Green Terminal' programme encompasses a wide range of measures such as LED lighting throughout SuperTerminal 1, energy efficient chiller plant and reuse and recycling of waste materials, which have seen Hactl reduce its carbon footprint by around 20% since 2015.

Financial Review

Graham Baker
Group Finance Director

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').

There have been no changes to the accounting policies in 2020 apart from the early adoption of the Amendment to IFRS 16 'Leases' (effective 1st June 2020) in relation to the COVID-19 related rent concessions for the annual reporting period commencing 1st January 2020.

Where the Group is a lessee, the Group elects to recognise the COVID-19 related rent concessions, which meet the conditions required under the Amendment, in the profit and loss in the period which they relate, instead of accounting for them as lease modifications. The Group's share of the rent concessions received by its subsidiaries, associates and joint ventures in 2020, after tax and non-controlling interests, amounted to US$62 million.

Results

Underlying Business Performance

	2020 US$m	2019 US$m
Revenue	**32,647**	40,922
Operating profit	**2,337**	3,991
Net financing charges	**(395)**	(534)
Share of results of associates and joint ventures	**844**	1,221
Profit before tax	**2,786**	4,678
Tax	**(483)**	(941)
Profit after tax	**2,303**	3,737
Non-controlling interests	**(1,218)**	(2,148)
Underlying profit attributable to shareholders	**1,085**	1,589
Non-trading items	**(1,479)**	1,249
Net (loss)/profit	**(394)**	2,838
	US$	US$
Underlying earnings per share	**2.95**	4.23

The Group's underlying net profit and underlying earnings per share in 2020 were down by 32% and 30%, respectively, from 2019. The performance and profitability of the Group's businesses in 2020 was materially impacted by the outbreak of COVID-19. Weak consumer sentiment, governments' pandemic related containment measures and travel restrictions affected, in particular, the Group's Southeast Asian businesses in Astra and Jardine Cycle & Carriage, and, more severely, the Group's hotel businesses in Mandarin Oriental.

During the year, the Group's businesses received grants and subsidies from governments in the markets in which they operated, the majority of which were in support of staff employment. The Group's share of these grants and subsidies received, included in the 2020 underlying profit attributable to shareholders, was US$282 million.

Revenue

The Group's revenue of US$32.6 billion in 2020 was 20% below the prior year.

Astra recorded an overall decrease in sales of 29% from 2019 with lower sales in the majority of its businesses, particularly Automotive due to lower volumes in its car sales operations, and Heavy Equipment, Mining and Construction due to lower heavy equipment sales and lower mining contracting volumes caused by weaker coal prices during most of 2020. Jardine Cycle & Carriage's motor vehicle operations in Singapore and Malaysia also recorded a 29% decrease in sales from 2019 as a result of weaker consumer sentiment.

Mandarin Oriental's subsidiary hotels recorded a significant drop in revenue of 68% from 2019. All hotels operated at low occupancy levels for most of the year, with reductions in both international and domestic travel due to border closures and governments' restrictions on movement.

The drop in Jardine Pacific's sales of 28% was mainly due to the sale of the JOS and Innovix businesses. Jardine Motors reported an overall 11% decrease in sales reflecting temporary closure of dealerships and lower demand during the year in the United Kingdom, mitigated by higher car sales in the Chinese mainland with a recovery in demand from the second quarter of 2020.

Hongkong Land's revenue fell by 10% from 2019 due to retail rent relief in its Investment Properties and a lower contribution from its Development Properties as a result of lower residential properties completions in the Chinese mainland.

8% lower year-on-year sales in Dairy Farm was mainly attributable to a significant drop in sales in its Health and Beauty business in Hong Kong, which was impacted by closure of the Chinese border and the consequent absence of tourists, mitigated by strong sales in its Grocery Retail business in Hong Kong and Singapore, which benefitted from increased consumer demand as a result of social restrictions.

Gross revenue, including 100% of revenue from associates and joint ventures, which is a measure of the full extent of the Group's operations, decreased by 12% to US$90.9 billion. The decrease was largely from Astra's associates in the Automotive business, mitigated by higher sales in Yonghui in Dairy Farm, and Zhongsheng.

Operating profit

Operating profit from the Group's subsidiaries, excluding non-trading items, was US$2,337 million, a decrease of US$1,654 million or 41%.

Astra's underlying operating profit dropped by 56% from 2019 to US$923 million, with lower contributions from the Automotive and Heavy Equipment, Mining and Construction businesses reflecting lower revenues; and higher non-performing loan provisions in Astra's consumer and heavy equipment finance businesses; mitigated by higher profit in the Agribusiness due to higher crude palm oil prices.

Mandarin Oriental reported an underlying operating loss of US$186 million in 2020, compared to an underlying operating profit of US$71 million in 2019. All hotels recorded losses despite extensive cost reduction measures and government supports received in a number of countries. The underlying operating loss included a US$31 million impairment provision on the carrying value of the Geneva hotel property, which reflects a significant decrease in the market value of the leasehold interest.

Hongkong Land's underlying operating profit decreased by US$211 million or 18% from 2019 to US$959 million, primarily due to lower contributions from sales of residential development properties in the Chinese mainland, together with lower earnings from its commercial portfolio mainly due to rent relief provided to retail tenants.

Dairy Farm's underlying operating profit was US$23 million or 5% below 2019 at US$412 million, principally due to lower contributions from its Health and Beauty business in Hong Kong from lower sales and an impairment provision on loss-making stores, and Convenience store business in Hong Kong and the Chinese mainland resulting from COVID-19 restrictions and change in consumer behaviour; mitigated by higher profit from the Grocery Retail business in Hong Kong and Singapore, and the Home Furnishings business in Hong Kong and Taiwan which benefitted from new store openings and strong e-commerce growth, as well as, benefits from Dairy Farm's ongoing transformation and efficiency programmes.

Jardine Cycle & Carriage's underlying operating profit decreased by US$34 million or 39% from 2019 to US$53 million with lower earnings in the Singapore motor operations. Cycle & Carriage Bintang recorded a lower loss in 2020 with improved sales in the second half of 2020 due to a sales tax reduction in Malaysia and cost savings initiatives.

For Jardine Motors' subsidiaries, overall underlying operating profit increased by US$12 million or 9% to US$149 million, principally driven by higher contributions from the Group's dealerships in the Chinese mainland and government employment support in a number of markets. This was partly offset by a loss in 2020, versus a profit in 2019, from the Group's United Kingdom dealerships as a result of the pandemic. In Hong Kong, Zung Fu's underlying performance was below the prior year, but Mercedes Benz remained the No.1 motors brand.

Jardine Pacific recorded higher operating profit in 2020, which was US$14 million or 20% above 2019 at US$87 million. Several of the businesses benefitted from government employment support measures across a number of markets. The Restaurant businesses reported higher profit with higher delivery sales in Hong Kong and a better performance in Taiwan, partly offset by impairment provisions on loss-making stores. JEC also delivered good profit growth with Hong Kong operations recording stable performance, partly offset by lower contributions from some of its regional businesses.

Net financing charges

Net financing charges at US$395 million were US$139 million lower compared to 2019 principally due to the lower average levels of net borrowings in Astra following the sale of its interest in Permata Bank in May 2020. Interest cover, excluding financial services companies, reduced slightly from 12 times to 11 times in 2020. Cover was 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$844 million share of underlying results of associates and joint ventures was US$377 million, or 31%, lower than the prior year.

The overall contribution from Astra's associates and joint ventures decreased by US$291 million in 2020 to US$202 million, due to a weak performance from its Automotive business with a significant drop in car sales volume and the absence of a contribution from Permata Bank following its sale in May 2020.

In Dairy Farm, the overall contribution from associates decreased by US$39 million to US$76 million. There was a significant decrease in contribution from 50%-owned Maxim's, which was impacted by pandemic-related restrictions leading to reduced visits to stores and store closures. Dairy Farm's 20.1%-owned associate, Yonghui, performed solidly in 2020.

In Mandarin Oriental, higher losses of US$25 million were reported by its associates and joint ventures, mainly due to lower occupancy levels during the pandemic.

The overall contribution from Jardine Cycle & Carriage's associates and joint ventures reduced by US$23 million to US$85 million. Weaker performances were recorded in the car sales and consumer finance operations of 46.2%-owned Tunas Ridean, and the motor vehicle and the new agriculture operations of 26.6% owned Truong Hai Auto Corporation ('Thaco') in Vietnam. Better performance was seen in 25.5%-owned Siam City Cement in 2020, which benefitted from improved operational efficiencies despite lower sales. There was a higher contribution from REE due to a stronger performance in the real estate business and an increase in Jardine Cycle & Carriage's interest to 29.8%.

The contribution from Zhongsheng, in respect of the second half of 2019 and the first half of 2020 was higher by US$19 million at US$135 million, while Hongkong Land's and Jardine Pacific's associates and joint ventures performed in line with 2019.

Tax

The underlying effective tax rate for the year was 25%, compared to 27% in 2019. The decrease in effective tax rate was mainly due to a reduction in corporate income tax rates in Indonesia and a change in the geographical mix of the Group's profit.

Non-trading Items

In 2020, the Group had net non-trading losses of US$1,479 million, which included a net decrease of US$1,424 million in the fair value of investment properties, primarily in Hongkong Land, and impairment of goodwill and investment in associates and joint ventures of US$223 million; mitigated by the gains of US$120 million and US$64 million on the sale of Permata Bank in Astra and Wellcome Taiwan in Dairy Farm respectively, and a net increase of US$100 million in the fair value of other investments.

In 2019, the Group had net non-trading gains of US$1,249 million, which included a gain of US$1,507 million on the sale of the Group's interest in Jardine Lloyd Thompson and a net increase of US$49 million in the fair value of other investments; partly offset by a net decrease of US$337 million in the fair value of investment properties, primarily in Hongkong Land.

Dividends

The Board is recommending a final dividend of US$1.28 per share for 2020, providing a total annual dividend for 2020 of US$1.72 per share, unchanged from 2019. The final dividend will be payable on 12th May 2021, subject to approval at the Annual General Meeting to be held on 6th May 2021, to shareholders on the register of members at the close of business on 26th March 2021. The dividends will be available in cash with a scrip alternative.

Cash Flow

Summarised Cash Flow

	2020 US$m	2019 US$m
Cash generated from operations	**5,930**	5,269
Net interest and other financing charges paid	**(483)**	(573)
Tax paid	**(804)**	(964)
Dividends from associates and joint ventures	**632**	1,133
Operating activities	**5,275**	4,865
Capital expenditure and investments	**(7,034)**	(4,283)
Disposals	**5,900**	3,583
Cash flow before financing	**4,141**	4,165
Principal elements of lease payments	**(962)**	(1,016)
Other financing activities	**(1,357)**	(1,024)
Net increase in cash and cash equivalents	**1,822**	2,125

Despite the impact of COVID-19, cash inflow from operating activities for the year of US$5,275 million was US$410 million higher than 2019. This was principally due to reductions in net working capital mainly in Astra's Heavy Equipment, Mining and Construction, and Financial Services businesses as a result of lower activities and focused management; and lower financing charges and tax paid; which more than offset the lower operating profit and dividends received from Hongkong Land's property joint ventures and Astra's joint ventures in its Automotive business.

Capital expenditure and investments for the year before disposals amounted to US$7,034 million *(2019: US$4,283 million)*. This included the following:

- US$4,660 million for additions to investment properties, which included US$4,485 million for Hongkong Land's acquisition of a mixed-use site in the Xuhui District in Shanghai (the 'West Bund project');
- US$931 million for investments in various associates and joint ventures, primarily Hongkong Land's investments of US$837 million in Development Property projects, most of which were joint venture projects in the Chinese mainland in Shanghai, Chongqing, Chengdu and Wuhan; Mandarin Oriental's shareholders' loans to its associate and joint venture hotels of US$41 million; and Astra's investments in and capital injections into associates and joint ventures of US$27 million, including US$24 million related to investments in toll road concessions;
- US$659 million for the purchase of tangible assets, which included US$290 million in Astra (of which US$173 million was for the acquisition of heavy equipment and machinery, predominantly by Pamapersada, US$49 million was for outlet development and additional operational machinery and equipment in Astra's automotive business, and US$31 million was to improve plantation infrastructure in Astra's agribusiness); US$233 million in Dairy Farm for new store expansion and the refurbishment of existing stores; US$33 million in Jardine Motors for dealership developments; and US$39 million in Mandarin Oriental for the renovation of hotel properties;
- US$494 million for the purchase of other investments, which included US$478 million of securities by Astra's general insurance business; and
- US$131 million for the purchase of intangible assets, which included US$52 million for mining exploration costs and US$30 million for the acquisition of contracts by Astra's general insurance business.

In 2019, the Group's principal capital expenditure and investments included:

- US$2,113 million for investments in various associates and joint ventures, primarily Hongkong Land's investments of US$1,562 million in Development Property projects, most of which were joint venture projects in the Chinese mainland; Astra's investments in and capital injections into associates and joint ventures of US$285 million, which mainly related to investments in toll road concessions; Jardine Cycle & Carriage's acquisition of an additional 1.3% interest in Thaco of US$168 million, which increased its shareholding to 26.6%; and Jardine Strategic's US$64 million investment in a virtual bank joint venture in Hong Kong;

- US$1,234 million for the purchase of tangible assets by Group companies;
- US$409 million for the purchase of other investments, which included US$299 million of securities by Astra's general insurance business and US$100 million for Astra's additional investments in Gojek;
- US$224 million for the purchase of intangible assets, which included US$86 million for mining exploration costs and US$40 million for the acquisition of contracts by Astra's general insurance business; and
- US$171 million for additions to investment properties in Hongkong Land and Astra.

The contribution to the Group's cash flow from disposals for the year amounted to US$5,900 million *(2019: US$3,583 million)*, which principally included:

- US$2,566 million being proceeds received relating to Hongkong Land's sale of a 57% interest in a subsidiary – becoming a 43%-owned joint venture – which owns the West Bund project in the Chinese mainland;
- US$1,436 million relating to advances and repayments from associates and joint ventures in Hongkong Land;
- US$1,136 million from Astra's sale of Permata Bank;
- US$109 million and US$84 million from Dairy Farm's sale of Wellcome Taiwan and Rose Pharmacy, respectively; and
- US$445 million from the sale of other investments by Astra's general insurance business.

The Group's cash flow from disposals in 2019 included principally the net proceeds of US$2,084 million from sale of the Group's interest in Jardine Lloyd Thompson.

During the year, shares in the Company were repurchased at a total cost of US$549 million *(2019: US$328 million)*. Additional shares in Group companies, primarily shares in Mandarin Oriental, were also purchased at a total cost of US$27 million *(2019: US$277 million)*. These purchases are recognised as part of financing activities in the Consolidated Cash Flow Statement.

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$7.6 billion in 2020 *(2019: US$5.8 billion)*, in addition to which capital investment at its associates and joint ventures exceeded US$2.5 billion *(2019: US$4.8 billion)*. Continued investment during the COVID-19 pandemic reflected the Group's capital allocation framework, prioritising organic investments in the Group's businesses, and the Group's strong balance-sheet position.

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. The 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.

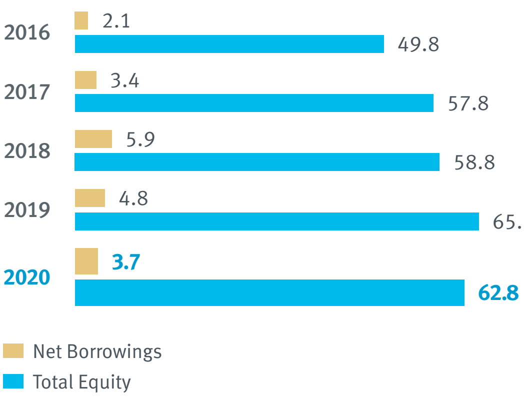
The Group's Treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures.

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 6% at 31st December 2020, slightly down from 7% at the end of 2019. Net borrowings, on the same basis, were US$3.7 billion at 31st December 2020, compared with US$4.8 billion at the end of 2019. Astra's financial services companies had net borrowings of US$2.8 billion at the end of the year, compared with US$3.3 billion at the end of 2019.

Net Borrowings* and Total Equity (US$ billion)



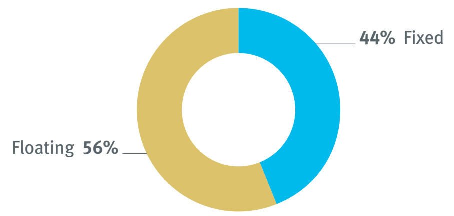
* Excluding net borrowings of Astra's financial services companies.

At the year end, undrawn committed facilities totalled US$7.0 billion. In addition, the Group had liquid funds of US$9.2 billion. During the year, the Group's total equity decreased by US$2.3 billion to US$62.8 billion.

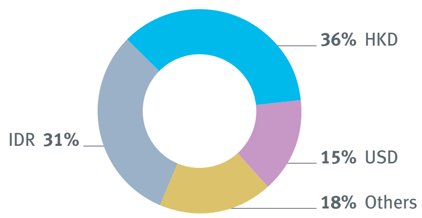
The average tenor of the Group's borrowings at 31st December 2020 was 4.5 years, up from 4.0 years at the end of 2019. 85% of borrowings were non-US dollar denominated and directly related to the Group's businesses in the countries of the currencies concerned. At 31st December 2020, approximately 56% of the Group's borrowings, exclusive of Astra's financial services companies, were at floating rates and the remaining 44% were at fixed rates including those hedged with derivative financial instruments with major creditworthy financial institutions. 96% of the borrowings for Astra's financial services companies were at fixed rates.

Borrowings profile at 31st December 2020

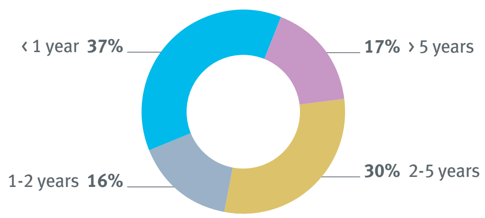
Interest rate*



Currency



Maturity

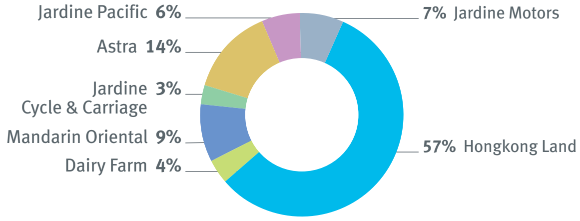


* Excluding Astra's financial services companies.

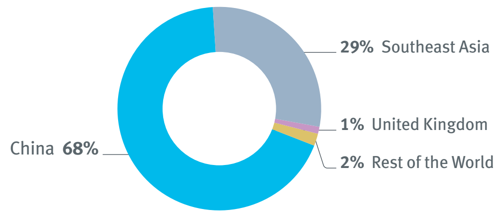
Shareholders' Funds

Shareholders' funds at 31st December 2020 are analysed below, by business and by geographical area. There were no significant changes from the prior year.

By Business



By Geographical Area



Principal Risks and Uncertainties

A review of the principal risks and uncertainties facing the Group is set out on page 162.

Directors' Profiles

Ben Keswick*
Executive Chairman
Mr Keswick has been Executive Chairman since 2019. He joined the Board in 2007 and was Managing Director from 2012 to June 2020. He held the roles of Executive Chairman and Managing Director jointly from 2019 until June 2020. He was also managing director of Jardine Strategic, Dairy Farm, Hongkong Land and Mandarin Oriental from 2012 to 2020. Mr Keswick 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, thereafter, group managing director of Jardine Cycle & Carriage until 2012. Mr Keswick is chairman of Jardine Cycle & Carriage and a commissioner of Astra. He is also executive chairman of Jardine Strategic, chairman of Dairy Farm, Hongkong Land and Mandarin Oriental, and a director of Yonghui Superstores. He has an MBA from INSEAD.

John Witt*
Group Managing Director
Mr Witt was appointed Group Managing Director in June 2020, when he also became managing director of Jardine Strategic, Dairy Farm, 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
Mr 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 is chairman of Jardine Pacific. Mr Pang is also deputy chairman of Jardine Matheson Limited, and a director of Dairy Farm, Gammon, Hongkong Land, Jardine Matheson (China), Jardine Strategic, Mandarin Oriental and Greatview. He is chairman of the Hong Kong Tourism Board, deputy chairman of 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*
Mr Baker joined the Board as Group Finance Director in June 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
Mr 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 and chairman of the risk committee of The Saudi British Bank.

David Hsu*
Mr Hsu joined the Board in 2016, having first joined the Group in 2011. He is chairman of Jardine Matheson (China), with responsibility for supporting the Group's business developments in Chinese mainland, Taiwan and Macau. He was previously chief executive of J.P. Morgan Asset Management in the Asia Pacific Region. Mr Hsu is also a director of Jardine Matheson Limited, Jardine Strategic and Zhongsheng.

Julian Hui
Mr 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 and Mandarin Oriental.

Adam Keswick*
Mr 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 Dairy Farm, Hongkong Land, Jardine Strategic and Mandarin Oriental. He is also a director of Ferrari NV and Yabuli China Entrepreneurs Forum and vice chairman of the supervisory board of Rothschild & Co.

Alex Newbigging*
Mr Newbigging joined the Board in 2017. Since first joining the Group in 1995, he has held a number of executive positions, and was group managing director of Jardine Cycle & Carriage from 2012 to 2019 before taking up his current role of chief executive officer of Jardine International Motors in 2019. He is also chairman and chief executive of Jardine Motors and a director of Zhongsheng.

Anthony Nightingale
Mr 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 Dairy Farm, Hongkong Land, Jardine Cycle & Carriage, Jardine Strategic, Mandarin Oriental and a commissioner of Astra. He is a director of Prudential, Shui On Land and Vitasoy. He is chairperson of The Sailors Home and Missions to Seafarers in Hong Kong.

Jeremy Parr*
Mr Parr was appointed to the Board in 2016, having first joined the Group as Group General Counsel in 2015. He was a director of Dairy Farm and Mandarin Oriental from 2015 to December 2020. He was previously a senior corporate partner with Linklaters, where he was the global head of the firm's corporate division, based in London. Mr Parr is also a director of Jardine Matheson Limited.

Percy Weatherall
Mr Weatherall first joined the Company in 1976 and was appointed to the Board in 1999 before being made Managing Director in 2000. He retired from executive office in 2006. He is also a director of Matheson & Co., Dairy Farm, Hongkong Land, Jardine Strategic and Mandarin Oriental. He is chairman of Corney & Barrow and the Nith District Salmon Fishery Board.

Michael Wei Kuo Wu
Mr Wu joined the Board in 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 and Hongkong Land.

* Executive Director

Company Secretary
Jonathan Lloyd

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

Consolidated Profit and Loss Account

for the year ended 31st December 2020

	Note	2020 Underlying business performance US$m	2020 Non-trading items US$m	2020 Total US$m	2019 Underlying business performance US$m	2019 Non-trading items US$m	2019 Total US$m
Revenue	3	**32,647**	**–**	**32,647**	40,922	–	40,922
Net operating costs	4	**(30,310)**	**458**	**(29,852)**	(36,931)	1,576	(35,355)
Change in fair value of investment properties		**–**	**(3,477)**	**(3,477)**	–	(832)	(832)
Operating profit/(loss)		**2,337**	**(3,019)**	**(682)**	3,991	744	4,735
Net financing charges	5						
– financing charges		**(637)**	**–**	**(637)**	(787)	–	(787)
– financing income		**242**	**–**	**242**	253	–	253
		(395)	**–**	**(395)**	(534)	–	(534)
Share of results of associates and joint ventures	6						
– before change in fair value of investment properties		**844**	**(268)**	**576**	1,221	20	1,241
– change in fair value of investment properties		**–**	**(177)**	**(177)**	–	(11)	(11)
		844	**(445)**	**399**	1,221	9	1,230
Profit/(loss) before tax		**2,786**	**(3,464)**	**(678)**	4,678	753	5,431
Tax	7	**(483)**	**(3)**	**(486)**	(941)	(16)	(957)
Profit/(loss) after tax		**2,303**	**(3,467)**	**(1,164)**	3,737	737	4,474
Attributable to:							
Shareholders of the Company	8 & 9	**1,085**	**(1,479)**	**(394)**	1,589	1,249	2,838
Non-controlling interests		**1,218**	**(1,988)**	**(770)**	2,148	(512)	1,636
		2,303	**(3,467)**	**(1,164)**	3,737	737	4,474
		US$		US$	US$		US$
Earnings/(loss) per share	8						
– basic		**2.95**		**(1.07)**	4.23		7.56
– diluted		**2.95**		**(1.07)**	4.23		7.56

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2020

	Note	2020 US$m	2019 US$m
(Loss)/profit for the year		**(1,164)**	4,474
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	*19*	**6**	6
Net revaluation surplus before transfer to investment properties			
– right-of-use assets	*12*	**–**	2,943
Tax on items that will not be reclassified		**(1)**	2
		5	2,951
Share of other comprehensive income/(expense) of associates and joint ventures		**1**	(5)
		6	2,946
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net gain arising during the year		**712**	489
– transfer to profit and loss		**(227)**	58
		485	547
Revaluation of other investments at fair value through other comprehensive income			
– net gain arising during the year	*16*	**19**	20
– transfer to profit and loss		**(4)**	(1)
		15	19
Cash flow hedges			
– net loss arising during the year		**(70)**	(92)
– transfer to profit and loss		**5**	(5)
		(65)	(97)
Tax relating to items that may be reclassified		**12**	29
Share of other comprehensive income of associates and joint ventures		**268**	282
		715	780
Other comprehensive income for the year, net of tax		**721**	3,726
Total comprehensive (expense)/income for the year		**(443)**	8,200
Attributable to:			
Shareholders of the Company		**74**	5,201
Non-controlling interests		**(517)**	2,999
		(443)	8,200

Consolidated Balance Sheet

at 31st December 2020

	Note	At 31st December 2020 US$m	2019 US$m
Assets			
Intangible assets	*10*	**2,695**	2,849
Tangible assets	*11*	**6,862**	7,379
Right-of-use assets	*12*	**4,768**	5,129
Investment properties	*13*	**34,273**	37,377
Bearer plants	*14*	**497**	503
Associates and joint ventures	*15*	**16,545**	15,640
Other investments	*16*	**2,940**	2,720
Non-current debtors	*17*	**3,032**	3,045
Deferred tax assets	*18*	**485**	457
Pension assets	*19*	**11**	3
Non-current assets		**72,108**	75,102
Properties for sale	*20*	**2,339**	2,441
Stocks and work in progress	*21*	**2,849**	3,824
Current debtors	*17*	**6,753**	8,196
Current investments	*16*	**61**	29
Current tax assets		**158**	253
Bank balances and other liquid funds	*22*		
– non-financial services companies		**8,801**	6,927
– financial services companies		**402**	256
		9,203	7,183
		21,363	21,926
Asset classified as held for sale		**55**	–
Current assets		**21,418**	21,926
Total assets		**93,526**	97,028

Approved by the Board of Directors

John Witt
Graham Baker
Directors

11th March 2021

	Note	At 31st December 2020 US$m	2019 US$m
Equity			
Share capital	23	**181**	183
Share premium and capital reserves	25	**31**	32
Revenue and other reserves		**34,457**	35,418
Own shares held	27	**(5,282)**	(5,282)
Shareholders' funds		**29,387**	30,351
Non-controlling interests	28	**33,456**	34,720
Total equity		**62,843**	65,071
Liabilities			
Long-term borrowings	29		
– non-financial services companies		**8,576**	6,976
– financial services companies		**1,246**	1,697
		9,822	8,673
Non-current lease liabilities	30	**3,040**	3,260
Deferred tax liabilities	18	**699**	789
Pension liabilities	19	**507**	462
Non-current creditors	31	**366**	356
Non-current provisions	32	**322**	314
Non-current liabilities		**14,756**	13,854
Current creditors	31	**8,645**	9,893
Current borrowings	29		
– non-financial services companies		**3,945**	4,737
– financial services companies		**1,930**	1,853
		5,875	6,590
Current lease liabilities	30	**850**	902
Current tax liabilities		**368**	540
Current provisions	32	**189**	178
Current liabilities		**15,927**	18,103
Total liabilities		**30,683**	31,957
Total equity and liabilities		**93,526**	97,028

Consolidated Statement of Changes in Equity

for the year ended 31st December 2020

	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
2020											
At 1st January	183	–	32	34,903	2,167	(22)	(1,630)	(5,282)	30,351	34,720	**65,071**
Total comprehensive expense	–	–	–	(371)	–	(33)	478	–	74	(517)	**(443)**
Dividends paid by the Company	–	–	–	(637)	–	–	–	–	(637)	111	**(526)**
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(840)	**(840)**
Unclaimed dividends forfeited	–	–	–	1	–	–	–	–	1	–	**1**
Issue of shares	–	2	–	–	–	–	–	–	2	–	**2**
Employee share option schemes	–	–	1	–	–	–	–	–	1	1	**2**
Scrip issued in lieu of dividends	1	(1)	–	134	–	–	–	–	134	–	**134**
Repurchase of shares	(3)	(2)	–	(549)	–	–	–	–	(554)	–	**(554)**
Subsidiaries disposed of	–	–	–	–	–	–	–	–	–	(13)	**(13)**
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	39	**39**
Change in interests in subsidiaries	–	–	–	18	–	–	–	–	18	(45)	**(27)**
Change in interests in associates and joint ventures	–	–	–	(3)	–	–	–	–	(3)	–	**(3)**
Transfer	–	1	(2)	1	–	–	–	–	–	–	**–**
At 31st December	**181**	**–**	**31**	**33,497**	**2,167**	**(55)**	**(1,152)**	**(5,282)**	**29,387**	**33,456**	**62,843**
2019											
At 1st January	184	36	182	32,739	213	(20)	(2,020)	(5,245)	26,069	32,729	58,798
Total comprehensive income	–	–	–	2,859	1,954	(2)	390	–	5,201	2,999	8,200
Dividends paid by the Company	–	–	–	(646)	–	–	–	–	(646)	113	(533)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(964)	(964)
Unclaimed dividends forfeited	–	–	–	1	–	–	–	–	1	–	1
Issue of shares	–	3	–	–	–	–	–	–	3	–	3
Employee share option schemes	–	–	4	–	–	–	–	–	4	–	4
Scrip issued in lieu of dividends	1	(1)	–	133	–	–	–	–	133	–	133
Repurchase of shares	(2)	(40)	–	(286)	–	–	–	–	(328)	–	(328)
Increase in own shares held	–	–	–	–	–	–	–	(37)	(37)	37	–
Subsidiaries acquired	–	–	–	–	–	–	–	–	–	14	14
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	18	18
Change in interests in subsidiaries	–	–	–	(50)	–	–	–	–	(50)	(227)	(277)
Change in interests in associates and joint ventures	–	–	–	1	–	–	–	–	1	1	2
Transfer	–	2	(154)	152	–	–	–	–	–	–	–
At 31st December	183	–	32	34,903	2,167	(22)	(1,630)	(5,282)	30,351	34,720	65,071

Consolidated Cash Flow Statement

for the year ended 31st December 2020

	Note	2020 US$m	2019 US$m
Operating activities			
Cash generated from operations	33 (a)	**5,930**	5,269
Interest received		**209**	186
Interest and other financing charges paid		**(692)**	(759)
Tax paid		**(804)**	(964)
		4,643	3,732
Dividends from associates and joint ventures		**632**	1,133
Cash flows from operating activities		**5,275**	4,865
Investing activities			
Purchase of subsidiaries	33 (c)	**(87)**	(28)
Purchase of associates and joint ventures	33 (d)	**(206)**	(1,088)
Purchase of other investments	33 (e)	**(494)**	(409)
Purchase of intangible assets		**(131)**	(224)
Purchase of tangible assets		**(659)**	(1,234)
Additions to right-of-use assets		**(37)**	(60)
Additions to investment properties	33 (f)	**(4,660)**	(171)
Additions to bearer plants		**(35)**	(44)
Advance to and repayment to associates and joint ventures	33 (g)	**(725)**	(1,025)
Advance from and repayment from associates and joint ventures	33 (h)	**1,437**	920
Sale of subsidiaries	33 (i)	**2,821**	60
Sale of Jardine Lloyd Thompson	9	**–**	2,084
Sale of other associates and joint ventures	33 (j)	**1,138**	3
Sale of other investments	33 (k)	**445**	450
Sale of intangible assets		**1**	–
Sale of tangible assets		**47**	63
Sale of right-of-use assets		**–**	3
Sale of investment properties		**11**	–
Cash flows from investing activities		**(1,134)**	(700)
Financing activities			
Issue of shares		**2**	3
Capital contribution from non-controlling interests		**39**	18
Change in interests in subsidiaries	33 (l)	**(27)**	(277)
Purchase of own shares	23	**(549)**	(328)
Drawdown of borrowings	29	**7,967**	9,029
Repayment of borrowings	29	**(7,557)**	(8,105)
Principal elements of lease payments	33 (m)	**(962)**	(1,016)
Dividends paid by the Company		**(392)**	(400)
Dividends paid to non-controlling interests		**(840)**	(964)
Cash flows from financing activities		**(2,319)**	(2,040)
Net increase in cash and cash equivalents		**1,822**	2,125
Cash and cash equivalents at 1st January		**7,157**	4,953
Effect of exchange rate changes		**174**	79
Cash and cash equivalents at 31st December	33 (n)	**9,153**	7,157

Notes to the Financial Statements

1 Basis of Preparation

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

Details of the Group's principal accounting policies are included in note 41.

The Group has elected to early adopt the 'Interest Rate Benchmark Reform – Phase 1: Amendments to IFRS 9, IAS 39 and IFRS 7' (effective 1st January 2020) in relation to hedge accounting for the Group's annual reporting period commencing 1st January 2019.

The Group has adopted the following changes in relation to rent concessions for the annual reporting period commencing 1st January 2020.

COVID-19 Related Rent Concessions: Amendment to IFRS 16 Leases

The Group has early adopted the Amendment, which was effective 1st June 2020. Where the Group is a lessee, the practical expedient is applied to account for the change in lease payments resulting from rent concessions granted as a direct consequence of the COVID-19 pandemic and elects not to assess these concessions as lease modifications when all of the following conditions are met:

(i) the revised lease payments are substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(ii) reduction in lease payments relates to payment due on or before 30th June 2021; and

(iii) there is no substantive change to the other terms and conditions of the lease.

Rent concessions fulfilling the above conditions are recognised in the profit and loss over the period in which they cover.

Apart from the above, there are no other amendments which are effective in 2020 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 page 8 and pages 9 to 23.

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 *(2019: seven)* as more fully described on page 8. 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$m	Dairy Farm US$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
2020												
Revenue *(refer note 3)*	1,906	5,031	2,094	10,269	184	1,269	11,965	–	(71)	32,647	–	**32,647**
Net operating costs	(1,819)	(4,882)	(1,135)	(9,857)	(370)	(1,216)	(11,042)	(60)	71	(30,310)	458	**(29,852)**
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	(3,477)	**(3,477)**
Operating profit/(loss)	87	149	959	412	(186)	53	923	(60)	–	2,337	(3,019)	**(682)**
Net financing charges												
– financing charges	(10)	(16)	(195)	(145)	(14)	(25)	(233)	1	–	(637)	–	**(637)**
– financing income	1	3	79	2	2	–	121	34	–	242	–	**242**
	(9)	(13)	(116)	(143)	(12)	(25)	(112)	35	–	(395)	–	**(395)**
Share of results of associates and joint ventures												
– before change in fair value of investment properties	117	135	268	76	(27)	85	202	(12)	–	844	(268)	**576**
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	(177)	**(177)**
	117	135	268	76	(27)	85	202	(12)	–	844	(445)	**399**
Profit/(loss) before tax	195	271	1,111	345	(225)	113	1,013	(37)	–	2,786	(3,464)	**(678)**
Tax	(11)	(34)	(150)	(74)	19	(11)	(220)	(2)	–	(483)	(3)	**(486)**
Profit/(loss) after tax	184	237	961	271	(206)	102	793	(39)	–	2,303	(3,467)	**(1,164)**
Non-controlling interests	(2)	(23)	(549)	(90)	68	(38)	(596)	12	–	(1,218)	1,988	**770**
Profit/(loss) attributable to shareholders	**182**	**214**	**412**	**181**	**(138)**	**64**	**197**	**(27)**	**–**	**1,085**	**(1,479)**	**(394)**
Net (borrowings)/cash (excluding net borrowings of financial services companies)*	**75**	**125**	**(4,568)**	**(817)**	**(506)**	**(1,480)**	**626**	**2,825**	**–**			**(3,720)**
Total equity	**1,504**	**1,865**	**35,738**	**1,528**	**3,619**	**1,353**	**14,062**	**3,348**	**(174)**			**62,843**
2019												
Revenue *(refer note 3)*	2,635	5,690	2,320	11,192	567	1,788	16,803	–	(73)	40,922	–	40,922
Net operating costs	(2,562)	(5,553)	(1,150)	(10,757)	(496)	(1,701)	(14,711)	(74)	73	(36,931)	1,576	(35,355)
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	(832)	(832)
Operating profit	73	137	1,170	435	71	87	2,092	(74)	–	3,991	744	4,735
Net financing charges												
– financing charges	(17)	(19)	(205)	(165)	(18)	(45)	(318)	–	–	(787)	–	(787)
– financing income	1	4	84	7	3	1	92	61	–	253	–	253
	(16)	(15)	(121)	(158)	(15)	(44)	(226)	61	–	(534)	–	(534)
Share of results of associates and joint ventures												
– before change in fair value of investment properties	124	116	273	115	(2)	108	493	(6)	–	1,221	20	1,241
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	(11)	(11)
	124	116	273	115	(2)	108	493	(6)	–	1,221	9	1,230
Profit before tax	181	238	1,322	392	54	151	2,359	(19)	–	4,678	753	5,431
Tax	(14)	(23)	(247)	(70)	(13)	(16)	(555)	(3)	–	(941)	(16)	(957)
Profit after tax	167	215	1,075	322	41	135	1,804	(22)	–	3,737	737	4,474
Non-controlling interests	(3)	(19)	(615)	(112)	(14)	(51)	(1,349)	15	–	(2,148)	512	(1,636)
Profit attributable to shareholders	164	196	460	210	27	84	455	(7)	–	1,589	1,249	2,838
Net (borrowings)/cash (excluding net borrowings of financial services companies)*	(63)	23	(3,591)	(821)	(300)	(1,494)	(1,554)	3,014	–			(4,786)
Total equity	1,133	1,599	38,290	1,430	4,222	1,393	13,701	3,479	(176)			65,071

*Net (borrowings)/cash is total borrowings less bank balances and other liquid funds. Net borrowings of financial services companies amounted to US$2,774 million at 31st December 2020 *(2019: US$3,294 million)* and relates to Astra.

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:

	2020 US$m	2019 US$m
Underlying profit attributable to shareholders:		
China	**815**	895
Southeast Asia	**381**	670
United Kingdom	**(25)**	19
Rest of the world	**(59)**	12
	1,112	1,596
Corporate and other interests	**(27)**	(7)
	1,085	1,589
Non-current assets*:		
China	**42,187**	44,005
Southeast Asia	**18,174**	19,807
United Kingdom	**674**	671
Rest of the world	**1,600**	1,558
	62,635	66,041

*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$m	Dairy Farm US$m	Mandarin Oriental US$m	Jardine Cycle & Carriage US$m	Astra US$m	Intersegment transactions US$m	Group US$m
2020									
Gross Revenue	6,178	22,931	4,948	28,159	298	6,189	22,388	(185)	**90,906**
Revenue									
By product and service:									
Property	3	–	2,094	–	–	–	52	(9)	**2,140**
Motor vehicles	–	5,031	–	–	–	1,269	4,556	(12)	**10,844**
Retail and restaurants	795	–	–	10,269	–	–	–	–	**11,064**
Financial services	–	–	–	–	–	–	1,382	–	**1,382**
Engineering, heavy equipment, mining and construction	569	–	–	–	–	–	4,107	(50)	**4,626**
Hotels	–	–	–	–	184	–	–	–	**184**
Other	539	–	–	–	–	–	1,868	–	**2,407**
	1,906	**5,031**	**2,094**	**10,269**	**184**	**1,269**	**11,965**	**(71)**	**32,647**
By geographical location of customers:									
China	1,056	3,279	1,524	5,932	60	–	–	(67)	**11,784**
Southeast Asia	460	2	570	3,466	11	1,269	11,965	(4)	**17,739**
United Kingdom	–	1,750	–	–	24	–	–	–	**1,774**
Rest of the world	390	–	–	871	89	–	–	–	**1,350**
	1,906	**5,031**	**2,094**	**10,269**	**184**	**1,269**	**11,965**	**(71)**	**32,647**
From contracts with customers:									
Recognised at a point in time	1,413	5,026	485	10,269	72	1,206	10,171	(12)	**28,630**
Recognised over time	489	5	524	–	95	62	212	(50)	**1,337**
	1,902	5,031	1,009	10,269	167	1,268	10,383	(62)	**29,967**
From other sources:									
Rental income from investment properties	4	–	938	–	–	–	10	(9)	**943**
Revenue from financial services companies	–	–	–	–	–	–	1,382	–	**1,382**
Other	–	–	147	–	17	1	190	–	**355**
	4	–	1,085	–	17	1	1,582	(9)	**2,680**
	1,906	**5,031**	**2,094**	**10,269**	**184**	**1,269**	**11,965**	**(71)**	**32,647**

3 Revenue (continued)

	Jardine Pacific US$m	Jardine Motors US$m	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Jardine Cycle & Carriage US$m	Astra US$m	Intersegment transactions and other US$m	Group US$m
2019									
Gross Revenue	6,767	22,967	4,437	27,665	908	6,958	33,887	(281)	103,308
Revenue									
By product and service:									
Property	5	–	2,320	–	–	–	30	(10)	2,345
Motor vehicles	–	5,685	–	–	–	1,788	7,315	(1)	14,787
Retail and restaurants	733	–	–	11,192	–	–	–	–	11,925
Financial services	–	–	–	–	–	–	1,453	–	1,453
Engineering, heavy equipment, mining and construction	612	–	–	–	–	–	5,941	(42)	6,511
Hotels	–	–	–	–	567	–	–	(1)	566
Other	1,285	5	–	–	–	–	2,064	(19)	3,335
	2,635	5,690	2,320	11,192	567	1,788	16,803	(73)	40,922
By geographical location of customers:									
China	1,593	3,025	1,753	6,562	161	–	–	(69)	13,025
Southeast Asia	709	1	567	3,852	27	1,788	16,803	(4)	23,743
United Kingdom	–	2,664	–	–	65	–	–	–	2,729
Rest of the world	333	–	–	778	314	–	–	–	1,425
	2,635	5,690	2,320	11,192	567	1,788	16,803	(73)	40,922
From contracts with customers:									
Recognised at a point in time	1,951	5,685	653	11,192	207	1,721	14,703	(14)	36,098
Recognised over time	678	5	516	–	340	67	428	(49)	1,985
	2,629	5,690	1,169	11,192	547	1,788	15,131	(63)	38,083
From other sources:									
Rental income from investment properties	6	–	999	–	–	–	7	(10)	1,002
Revenue from financial services companies	–	–	–	–	–	–	1,453	–	1,453
Other	–	–	152	–	20	–	212	–	384
	6	–	1,151	–	20	–	1,672	(10)	2,839
	2,635	5,690	2,320	11,192	567	1,788	16,803	(73)	40,922

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 2020 and 2019.

Rental income from investment properties included variable rents of US$20 million *(2019: US$16 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:

	2020 US$m	2019 US$m
Contract assets *(refer note 17)*		
– properties for sale	**290**	103
– engineering, heavy equipment, mining and construction	**103**	547
– other	**20**	16
	413	666
– provision for impairment	**(46)**	(1)
	367	665
Contract liabilities *(refer note 31)*		
– properties for sale	**527**	324
– motor vehicles	**307**	360
– retail and restaurants	**161**	141
– engineering, heavy equipment, mining and construction	**104**	132
– other	**60**	53
	1,159	1,010

At 31st December 2020, costs to fulfil contracts and costs to obtain contracts amounted to US$395 million *(2019: US$387 million)* and US$17 million *(2019: US$14 million)*, and US$610 million *(2019: US$605 million)* and US$17 million *(2019: US$13 million)* have been recognised in profit and loss during the year, respectively.

3 Revenue (continued)

Revenue recognised in relation to contract liabilities

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

	2020 US$m	2019 US$m
Properties for sale	**202**	297
Motor vehicles	**176**	235
Retail and restaurants	**140**	101
Engineering, heavy equipment, mining and construction	**69**	37
Other	**28**	89
	615	759

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
2020					
Within one year	1,100	127	545	46	**1,818**
Between one and two years	142	51	390	29	**612**
Between two and three years	77	28	105	2	**212**
Between three and four years	1	13	34	–	**48**
Between four and five years	–	4	10	–	**14**
Beyond five years	–	–	10	–	**10**
	1,320	**223**	**1,094**	**77**	**2,714**
2019					
Within one year	605	106	641	77	1,429
Between one and two years	469	65	303	18	855
Between two and three years	–	35	148	5	188
Between three and four years	13	18	53	1	85
Between four and five years	–	7	70	–	77
	1,087	231	1,215	101	2,634

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

	2020 US$m	2019 US$m
Cost of sales	**(24,349)**	(30,727)
Other operating income	**1,422**	2,272
Selling and distribution costs	**(4,367)**	(4,457)
Administration expenses	**(2,213)**	(2,341)
Other operating expenses	**(345)**	(102)
	(29,852)	(35,355)
The following credits/(charges) are included in net operating costs:		
Cost of stocks recognised as expense	**(20,137)**	(26,635)
Cost of properties for sale recognised as expense	**(808)**	(797)
Amortisation of intangible assets	**(180)**	(172)
Depreciation of tangible assets	**(1,105)**	(1,118)
Amortisation/depreciation of right-of-use assets	**(1,115)**	(1,089)
Depreciation of bearer plants	**(27)**	(27)
Impairment of intangible assets	**(84)**	(22)
(Impairment)/reversal of impairment of tangible assets	**(44)**	3
Impairment of right-of-use assets	**(58)**	(11)
Impairment of bearer plants	**–**	(8)
Write down of stocks and work in progress	**(86)**	(75)
Reversal of write down of stocks and work in progress	**52**	44
Impairment of financing debtors	**(274)**	(100)
Impairment of trade debtors, contract assets and other debtors	**(93)**	(21)
Operating expenses arising from investment properties	**(167)**	(173)
Net foreign exchange (losses)/gains	**(14)**	1
Employee benefit expense		
– salaries and benefits in kind	**(3,471)**	(3,811)
– share options granted	**(2)**	(4)
– defined benefit pension plans *(refer note 19)*	**(108)**	(117)
– defined contribution pension plans	**(79)**	(100)
	(3,660)	(4,032)
Expenses relating to low-value leases	**(2)**	(9)
Expenses relating to short-term leases	**(99)**	(95)
Expenses relating to variable lease payment not included in lease liabilities	**(27)**	(54)
Gain on lease modification and termination	**15**	4
Sublease income	**24**	44
Auditors' remuneration		
– audit	**(21)**	(22)
– non-audit services	**(4)**	(6)
	(25)	(28)
Dividend income from equity investments	**59**	70
Interest income from debt investments	**40**	46
Rental income from properties	**24**	27

In relation to the COVID-19 pandemic, the Group had received government grants, the majority of which were in support of employee retention, and rent concessions of US$255 million and US$76 million, respectively, for the year ended 31st December 2020. These subsidies were accounted for as other operating income.

	2020 US$m	2019 US$m
Net operating costs included the following gains/(losses) from non-trading items:		
Change in fair value of other investments	**142**	71
Asset impairment	**(65)**	–
Sale of Jardine Lloyd Thompson	**–**	1,507
Sale and closure of other businesses	**422**	32
Sale of property interests	**9**	16
Restructuring of businesses	**(62)**	(15)
Reclassification of joint ventures as subsidiaries	**10**	(14)
Closure of a hotel	**–**	(32)
Other	**2**	11
	458	1,576

5 Net Financing Charges

	2020 US$m	2019 US$m
Interest expense		
– bank loans and advances	**(279)**	(356)
– interest on lease liabilities	**(148)**	(154)
– other	**(150)**	(147)
	(577)	(657)
Fair value gains on fair value hedges	**12**	12
Fair value adjustment on hedged items attributable to the hedged risk	**(12)**	(12)
	–	–
	(577)	(657)
Interest capitalised	**29**	9
Commitment and other fees	**(89)**	(139)
Financing charges	**(637)**	(787)
Financing income	**242**	253
	(395)	(534)

6 Share of Results of Associates and Joint Ventures

	2020 US$m	2019 US$m
By business:		
Jardine Pacific	**49**	133
Jardine Motors	**135**	116
Hongkong Land	**92**	240
Dairy Farm	**85**	126
Mandarin Oriental	**(27)**	(2)
Jardine Cycle & Carriage	**(99)**	128
Astra	**199**	494
Corporate and other interests	**(35)**	(5)
	399	1,230
Share of results of associates and joint ventures included the following gains/(losses) from non-trading items:		
Change in fair value of investment properties	**(177)**	(11)
Change in fair value of other investments	**9**	(1)
Asset impairment *(refer note 15)*	**(275)**	–
Sale of businesses	**–**	20
Other	**(2)**	1
	(445)	9

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, the majority of which were in support of employee retention, and rent concessions of US$125 million and US$30 million, respectively, for the year ended 31st December 2020.

7 Tax

	2020 US$m	2019 US$m
Tax charged to profit and loss is analysed as follows:		
Current tax	**(603)**	(984)
Deferred tax	**117**	27
	(486)	(957)
China	**(209)**	(319)
Southeast Asia	**(277)**	(611)
United Kingdom	**4**	(5)
Rest of the world	**(4)**	(22)
	(486)	(957)
Reconciliation between tax expense and tax at the applicable tax rate*:		
Tax at applicable tax rate	**141**	(632)
Income not subject to tax		
– change in fair value of investment properties	**73**	15
– other items	**270**	195
Expenses not deductible for tax purposes		
– change in fair value of investment properties	**(641)**	(168)
– other items	**(218)**	(226)
Tax losses and temporary differences not recognised	**(87)**	(43)
Utilisation of previously unrecognised tax losses and temporary differences	**5**	5
Recognition of previously unrecognised tax losses and temporary differences	**2**	1
Deferred tax assets written off	**(8)**	–
Deferred tax liabilities written back	**15**	1
Overprovision/(underprovision) in prior years	**1**	(3)
Withholding tax	**(10)**	(56)
Land appreciation tax in Chinese mainland	**(30)**	(49)
Change in tax rate	**19**	(2)
Other	**(18)**	5
	(486)	(957)
Tax relating to components of other comprehensive income is analysed as follows:		
Remeasurements of defined benefit plans	**(1)**	2
Cash flow hedges	**12**	29
	11	31

Share of tax charge of associates and joint ventures of US$301 million *(2019: US$431 million)* is included in share of results of associates and joint ventures. Share of tax credit of US$9 million *(2019: US$17 million)* is included in other comprehensive income of associates and joint ventures.

*The applicable tax rate for the year was 13.1% *(2019: 15.1%)* and represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates. The decrease in applicable tax rate is primarily due to a reduction in the corporate tax rates in Indonesia.

8 Earnings/(Loss) per Share

Basic earnings/(loss) per share are calculated on loss attributable to shareholders of US$394 million *(2019: profit of US$2,838 million)* and on the weighted average number of 368 million *(2019: 375 million)* shares in issue during the year.

Diluted earnings/(loss) per share are calculated on loss attributable to shareholders of US$394 million *(2019: profit of US$2,838 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 368 million *(2019: 375 million)* shares in issue during the year.

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

	Ordinary shares in millions	
	2020	2019
Weighted average number of shares in issue	**731**	737
Company's share of shares held by subsidiaries	**(363)**	(362)
Weighted average number of shares for basic earnings per share calculation	**368**	375
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	**368**	375

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:

	2020			2019		
		Basic (loss)/ earnings per share	Diluted (loss)/ earnings per share		Basic earnings per share	Diluted earnings per share
	US$m	US$	US$	US$m	US$	US$
(Loss)/profit attributable to shareholders	**(394)**	**(1.07)**	**(1.07)**	2,838	7.56	7.56
Non-trading items *(refer note 9)*	**1,479**			(1,249)		
Underlying profit attributable to shareholders	**1,085**	**2.95**	**2.95**	1,589	4.23	4.23

9 Non-trading Items

	2020 US$m	2019 US$m
By business:		
Jardine Pacific	**332**	121
Jardine Motors	**(23)**	4
Hongkong Land	**(1,545)**	(376)
Dairy Farm	**(3)**	2
Mandarin Oriental	**(316)**	(64)
Jardine Cycle & Carriage	**(49)**	9
Astra	**120**	2
Corporate and other interests	**5**	1,551
	(1,479)	1,249
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	**(1,546)**	(391)
– other	**122**	54
	(1,424)	(337)
Change in fair value of other investments	**100**	49
Asset impairment	**(223)**	–
Sale of Jardine Lloyd Thompson	**–**	1,507
Sale and closure of other businesses	**93**	48
Sale of property interests	**9**	10
Restructuring of businesses	**(37)**	(9)
Reclassification of joint ventures as subsidiaries	**3**	(9)
Closure of a hotel	**–**	(19)
Other	**–**	9
	(1,479)	1,249

Asset impairment in 2020 included impairment of goodwill in Jardine Cycle & Carriage's investment in Siam City Cement of US$116 million *(refer note 15)*.

Profit on sale and closure of other businesses in 2020 included profit of US$120 million from sale of Astra's 44.6% interest in Permata Bank with net proceeds of US$1,136 million.

In 2019, the Group sold its 41% interest in Jardine Lloyd Thompson with net proceeds of US$2.1 billion, generating a profit on sale of US$1.5 billion.

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
2020						
Cost	1,456	154	656	1,107	588	**3,961**
Amortisation and impairment	(225)	–	(41)	(551)	(295)	**(1,112)**
Net book value at 1st January	1,231	154	615	556	293	**2,849**
Exchange differences	7	(2)	(9)	(1)	–	**(5)**
New subsidiaries	–	–	–	–	32	**32**
Additions	59	–	6	53	77	**195**
Disposals	(105)	–	–	–	(7)	**(112)**
Amortisation	–	–	(6)	(61)	(113)	**(180)**
Impairment charge	(64)	(2)	–	(7)	(11)	**(84)**
Net book value at 31st December	**1,128**	**150**	**606**	**540**	**271**	**2,695**
Cost	1,331	152	653	1,159	605	**3,900**
Amortisation and impairment	(203)	(2)	(47)	(619)	(334)	**(1,205)**
	1,128	**150**	**606**	**540**	**271**	**2,695**
2019						
Cost	1,444	148	552	989	508	3,641
Amortisation and impairment	(219)	–	(34)	(479)	(244)	(976)
Net book value at 1st January	1,225	148	518	510	264	2,665
Exchange differences	27	6	23	1	5	62
Additions	4	–	80	117	139	340
Disposals	(19)	–	–	–	(5)	(24)
Amortisation	–	–	(6)	(72)	(94)	(172)
Impairment charge	(6)	–	–	–	(16)	(22)
Net book value at 31st December	1,231	154	615	556	293	2,849
Cost	1,456	154	656	1,107	588	3,961
Amortisation and impairment	(225)	–	(41)	(551)	(295)	(1,112)
	1,231	154	615	556	293	2,849

	2020 US$m	2019 US$m
Goodwill allocation by business:		
Jardine Pacific	**61**	62
Jardine Motors	**59**	54
Dairy Farm	**461**	596
Mandarin Oriental	**40**	40
Astra	**507**	479
	1,128	1,231

10 Intangible Assets (continued)

Goodwill relating to Dairy Farm is allocated to groups of cash-generating units ('CGU') identified by banners or group of stores acquired in each geographical segment. Dairy Farm 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 which have forecasts covering a period of three years and projections for a further seven to fifteen years based on the weighted average number of years of the remaining lease term of the stores.

Key assumptions used for value-in-use calculations for the significant balances of Dairy Farm goodwill include budgeted gross margins between 22% and 26% and average sales growth rates are between 1% 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 5% and 12% applied to the cash flow projections. The discount rates used reflect specific risks relating to the relevant industry, business life-cycle and geographical location. On the basis of this review, management concluded that an impairment charge of US$39 million relating to the Grocery Retail business in Indonesia was recognised in the profit and loss in 2020.

During 2020, Dairy Farm sold its entire interest in Rose Pharmacy, Inc. ('Rose Pharmacy') with related goodwill amounted to US$96 million *(refer note 33(i))*.

Goodwill relating to Astra mainly represents goodwill arising from acquisition of shares in Astra which is regarded as an operating segment. Accordingly, 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$55 million and heavy equipment of US$96 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 2020 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 budgets covering a three-year period. Cash flows beyond the three-year period are extrapolated using growth rates between 3% and 4%. Pre-tax discount rates between 13% and 14% reflecting specific risks relating to the relevant industry, 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 35 to 39 years
Computer software	up to 7 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
2020							
Cost	1,167	2,702	1,604	1,820	5,686	2,181	**15,160**
Depreciation and impairment	(139)	(973)	(985)	(825)	(3,488)	(1,371)	**(7,781)**
Net book value at 1st January	1,028	1,729	619	995	2,198	810	**7,379**
Exchange differences	54	8	16	1	(29)	(1)	**49**
New subsidiaries	–	6	–	–	3	2	**11**
Additions	67	136	40	–	190	282	**715**
Disposals	(15)	(12)	(16)	–	(20)	(17)	**(80)**
Transfer from investment properties	–	3	–	–	–	–	**3**
Transfer to stock and work in progress	–	–	–	–	–	(24)	**(24)**
Classified as held for sale	(35)	(7)	–	–	–	–	**(42)**
Depreciation charge	(14)	(168)	(111)	(77)	(512)	(223)	**(1,105)**
(Impairment charge)/reversal of impairment charge	(2)	3	(10)	–	(9)	(26)	**(44)**
Net book value at 31st December	**1,083**	**1,698**	**538**	**919**	**1,821**	**803**	**6,862**
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)**
	1,083	**1,698**	**538**	**919**	**1,821**	**803**	**6,862**
2019							
Cost	1,154	2,605	1,518	1,797	5,019	2,064	14,157
Depreciation and impairment	(126)	(903)	(988)	(700)	(3,062)	(1,307)	(7,086)
Net book value at 1st January	1,028	1,702	530	1,097	1,957	757	7,071
Exchange differences	7	47	9	(3)	67	24	151
New subsidiaries	–	–	–	–	1	–	1
Additions	9	115	230	–	714	320	1,388
Disposals	(5)	(22)	(13)	–	(22)	(23)	(85)
Transfer from investment properties	–	3	–	–	–	–	3
Transfer from/(to) stock and work in progress	–	–	–	–	3	(38)	(35)
Depreciation charge	(11)	(122)	(134)	(99)	(522)	(230)	(1,118)
Reversal of impairment charge/ (impairment charge)	–	6	(3)	–	–	–	3
Net book value at 31st December	1,028	1,729	619	995	2,198	810	7,379
Cost	1,167	2,702	1,604	1,820	5,686	2,181	15,160
Depreciation and impairment	(139)	(973)	(985)	(825)	(3,488)	(1,371)	(7,781)
	1,028	1,729	619	995	2,198	810	7,379

11 Tangible Assets (continued)

Freehold properties include a hotel property of US$98 million *(2019: US$102 million)*, which is stated net of a grant of US$19 million *(2019: US$20 million)*.

Rental income from properties and other tangible assets amounted to US$204 million *(2019: US$233 million)* with no contingent rents *(2019: nil)*.

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

	2020 US$m	2019 US$m
Within one year	**113**	120
Between one and two years	**66**	67
Between two and five years	**60**	55
Beyond five years	**37**	39
	276	281

At 31st December 2020, the carrying amount of tangible assets pledged as security for borrowings amounted to US$465 million *(2019: US$444 million) (refer note 29)*.

12 Right-of-use Assets

	Leasehold land US$m	Properties US$m	Plant & machinery US$m	Motor vehicles US$m	Other US$m	Total US$m
2020						
Cost	1,695	7,230	141	110	1	**9,177**
Amortisation/depreciation and impairment	(378)	(3,527)	(61)	(81)	(1)	**(4,048)**
Net book value at 1st January	1,317	3,703	80	29	–	**5,129**
Exchange differences	(4)	69	(1)	–	–	**64**
New subsidiaries	7	1	–	–	–	**8**
Additions	46	319	64	54	–	**483**
Disposals	(1)	(111)	–	–	–	**(112)**
Transfer from investment properties	9	–	–	–	–	**9**
Classified as held for sale	(13)	–	–	–	–	**(13)**
Modifications to lease terms	–	380	(4)	(3)	–	**373**
Amortisation/depreciation charge	(61)	(939)	(72)	(43)	–	**(1,115)**
Impairment charge	(1)	(57)	–	–	–	**(58)**
Net book value at 31st December	**1,299**	**3,365**	**67**	**37**	**–**	**4,768**
Cost	1,734	7,405	201	162	1	**9,503**
Amortisation/depreciation and impairment	(435)	(4,040)	(134)	(125)	(1)	**(4,735)**
	1,299	**3,365**	**67**	**37**	**–**	**4,768**

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

Leasehold land	4 to 999 years
Properties	1 to 20 years
Plant & machinery	1 to 5 years
Motor vehicles	1 to 10 years

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
2019						
Cost	1,702	6,902	68	96	43	8,811
Amortisation/depreciation and impairment	(316)	(2,933)	(27)	(56)	(28)	(3,360)
Net book value at 1st January	1,386	3,969	41	40	15	5,451
Exchange differences	32	37	3	1	(1)	72
New subsidiaries	–	2	–	–	–	2
Additions	61	329	71	12	5	478
Disposals	(6)	(29)	–	–	(10)	(45)
Revaluation surplus before transfer to investment properties	2,943	–	–	–	–	2,943
Transfer to investment properties, net	(3,041)	–	–	–	–	(3,041)
Transfer to stock and work in progress	–	–	–	(1)	–	(1)
Modifications to lease terms	–	370	–	–	–	370
Amortisation/depreciation charge	(49)	(973)	(35)	(23)	(9)	(1,089)
Impairment charge	(9)	(2)	–	–	–	(11)
Net book value at 31st December	1,317	3,703	80	29	–	5,129
Cost	1,695	7,230	141	110	1	9,177
Amortisation/depreciation and impairment	(378)	(3,527)	(61)	(81)	(1)	(4,048)
	1,317	3,703	80	29	–	5,129

The leasehold land transferred to investment properties in 2019 included a hotel property, The Excelsior, owned by Mandarin Oriental in Hong Kong, which was closed during 2019 for redevelopment into a commercial property. Prior to the change of use, the leasehold land was revalued by an independent valuer, Jones Lang LaSalle, resulting in a surplus of US$2,943 million, which was recognised in the asset revaluation reserves through other comprehensive income. The revalued carrying amount of US$3,125 million was transferred to investment properties *(refer note 13)*.

At 31st December 2020, the carrying amount of leasehold land pledged as security for borrowings amounted to US$125 million *(2019: US$126 million) (refer note 29)*. None of the other right-of-use assets were pledged at 31st December 2020 and 2019.

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
2020					
At 1st January	33,394	3,166	660	156	**37,376**
Exchange differences	193	445	3	1	**642**
Additions *(refer note 33 (f))*	117	4,533	2	14	**4,666**
Disposals *(refer note 33(i))*	–	(4,921)	(1)	–	**(4,922)**
Transfer	6	(6)	(46)	46	**–**
Transfer to right-of-use assets	–	(9)	–	–	**(9)**
Transfer to tangible assets	(3)	–	–	–	**(3)**
Change in fair value	(3,420)	(491)	264	170	**(3,477)**
At 31st December	**30,287**	**2,717**	**882**	**387**	**34,273**
Freehold properties					**161**
Leasehold properties					**34,112**
					34,273
2019					
At 1st January	33,970	50	733	–	34,753
Exchange differences	212	26	5	–	243
Additions	141	31	2	1	175
Transfer	–	–	(66)	66	–
Transfer (to)/from right-of-use assets	(84)	3,125	–	–	3,041
Transfer to tangible assets	(3)	–	–	–	(3)
Change in fair value	(842)	(66)	(13)	89	(832)
At 31st December	33,394	3,166	661	156	37,377
Freehold properties					175
Leasehold properties					37,202
					37,377

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2020 and 2019 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, which was transferred from right-of-use assets upon change of use in 2019 *(refer note 12)*.

Hongkong Land and Mandarin Oriental employed 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 property. 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 investment property under development is derived using the direct comparison method and the residual method. 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 2020:

Hongkong Land completed properties	Fair value US$m	Valuation method	Range of significant unobservable inputs Prevailing market rent per month US$	Capitalisation/ discount rates %
Hong Kong	28,078	Income capitalisation	5.2 to 29.4 per square foot	2.75 to 5.00
Chinese mainland	965	Income capitalisation	104.4 per square metre	3.75
Singapore	593	Income capitalisation	7.6 to 8.8 per square foot	3.50 to 4.80
Vietnam and Cambodia	131	Discounted cash flow	19.2 to 42.4 per square metre	12.50 to 15.00
Total	29,767			

Mandarin Oriental under development property	Fair value US$m	Valuation method	Range of significant unobservable inputs Average unit price US$	Capitalisation rates %
Hong Kong	2,528	Direct comparison	4,462.0 per square foot	n/a
		Residual*	3,568.2 to 4,262.7 per square foot	2.4 to 3.8

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

13 Investment Properties (continued)

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:

	2020 US$m	2019 US$m
Within one year	**807**	886
Between one and two years	**607**	660
Between two and five years	**802**	979
Beyond five years	**288**	364
	2,504	2,889

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

At 31st December 2020, the carrying amount of investment properties pledged as security for borrowings amounted to US$964 million *(2019: US$917 million) (refer note 29)*.

14 Bearer Plants

	2020 US$m	2019 US$m
Cost	**687**	644
Depreciation	**(184)**	(157)
Net book value at 1st January	**503**	487
Exchange differences	**(7)**	20
Additions	**37**	46
Disposals	**(9)**	(15)
Depreciation charge	**(27)**	(27)
Impairment charge	**–**	(8)
Net book value at 31st December	**497**	503
Immature bearer plants	**109**	113
Mature bearer plants	**388**	390
	497	503
Cost	**711**	687
Depreciation	**(214)**	(184)
	497	503

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

At 31st December 2020 and 2019, the Group's bearer plants had not been pledged as security for borrowings.

15 Associates and Joint Ventures

	2020 US$m	2019 US$m
Associates		
Listed associates		
– Yonghui	**669**	631
– Zhongsheng	**708**	556
– Siam City Cement	**361**	350
– Robinsons Retail	**318**	297
– other	**273**	255
	2,329	2,089
Unlisted associates	**1,563**	1,503
Share of attributable net assets	**3,892**	3,592
Goodwill on acquisition	**1,272**	1,451
	5,164	5,043
Amounts due from associates	**465**	257
	5,629	5,300
Joint ventures		
Listed joint ventures		
– Permata Bank *(refer note 9)*	**–**	723
– PT Tunas Ridean	**127**	131
	127	854
Unlisted joint ventures	**8,210**	6,844
Share of attributable net assets	**8,337**	7,698
Goodwill on acquisition	**27**	63
	8,364	7,761
Amounts due from joint ventures	**2,552**	2,579
	10,916	10,340
	16,545	15,640

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 8% per annum and are repayable within one to fifteen years.

15 Associates and Joint Ventures (continued)

	Associates		Joint ventures	
	2020	2019	**2020**	2019
	US$m	US$m	US$m	US$m
Movements of associates and joint ventures during the year:				
At 1st January	**5,300**	5,443	**10,340**	9,129
Share of results after tax and non-controlling interests	**94**	487	**305**	743
Share of other comprehensive income after tax and non-controlling interests	**135**	100	**134**	177
Dividends received	**(173)**	(236)	**(459)**	(897)
Acquisitions, increases in attributable interests and advances	**532**	542	**469**	1,868
Reclassification from a subsidiary upon partial disposal in Hongkong Land *(refer note 33(i))*	**–**	–	**2,119**	–
Disposal of Jardine Lloyd Thompson *(refer note 9)*	**–**	(543)	**–**	–
Other disposals, decreases in attributable interests and repayment of advances	**(259)**	(137)	**(1,992)**	(1,036)
Reclassification	**–**	(356)	**–**	356
At 31st December	**5,629**	5,300	**10,916**	10,340
Fair value of listed associates and joint ventures	**6,738**	5,436	**238**	1,304

An impairment review was performed by management on the carrying values of investment in associates and joint ventures at 31st December 2020. Following the review, total impairment charge of US$275 million *(refer note 6)* was recognised under the share of results of associates and joint ventures in the profit and loss in 2020, of which US$182 million, or the Group's attributable share of US$116 million *(refer note 9)*, related to Jardine Cycle & Carriage's interest in Siam City Cement. The impairment review was performed by comparing the carrying amount of Siam City Cement with the recoverable amount. The recoverable amount was determined based on a value-in-use calculation using cash flow projections approved by management covering a four-year period. Cash flows beyond the four-year period were extrapolated using the growth rates between 3.5% and 4.0% for the company's Thailand and Vietnam businesses, and a pre-tax discount rate of 9.8%.

(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 2020 and 2019:

Name of entity	Nature of business	Country of incorporation/ principal place of business/ place of listing	% of ownership interest **2020**	2019
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	**20**	20
Siam City Cement Public Company Limited ('Siam City Cement')	Cement manufacturing	Thailand/Thailand/ Thailand/	**26**	26
Truong Hai Automotive Corporation ('Thaco')	Automotive, property development and agriculture	Vietnam/Vietnam/ Unlisted	**27**	27
PT Astra Daihatsu Motor	Automotive	Indonesia/Indonesia/ Unlisted	**32**	32

15 Associates and Joint Ventures (continued)

Summarised financial information for material associates

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

	Maxim's US$m	Yonghui† US$m	Siam City Cement US$m	Thaco US$m	PT Astra Daihatsu Motor US$m	Total US$m
2020						
Non-current assets	2,763	7,277	2,342	2,571	499	**15,452**
Current assets						
Cash and cash equivalents	219	1,651	257	183	368	**2,678**
Other current assets	239	2,855	297	2,313	556	**6,260**
Total current assets	458	4,506	554	2,496	924	**8,938**
Non-current liabilities						
Financial liabilities*	(1,153)	(3,739)	(818)	(704)	(2)	**(6,416)**
Other non-current liabilities*	(201)	(66)	(218)	(120)	(64)	**(669)**
Total non-current liabilities	(1,354)	(3,805)	(1,036)	(824)	(66)	**(7,085)**
Current liabilities						
Financial liabilities*	(622)	(1,904)	(141)	(1,310)	(2)	**(3,979)**
Other current liabilities*	(123)	(2,786)	(259)	(1,043)	(495)	**(4,706)**
Total current liabilities	(745)	(4,690)	(400)	(2,353)	(497)	**(8,685)**
Non-controlling interests	(143)	(103)	(45)	(248)	–	**(539)**
Net assets	**979**	**3,185**	**1,415**	**1,642**	**860**	**8,081**
2019						
Non-current assets	2,848	7,075	2,423	2,284	432	15,062
Current assets						
Cash and cash equivalents	236	870	162	58	507	1,833
Other current assets	235	2,555	355	2,355	543	6,043
Total current assets	471	3,425	517	2,413	1,050	7,876
Non-current liabilities						
Financial liabilities*	(799)	(3,754)	(785)	(485)	–	(5,823)
Other non-current liabilities*	(253)	(49)	(224)	(118)	(59)	(703)
Total non-current liabilities	(1,052)	(3,803)	(1,009)	(603)	(59)	(6,526)
Current liabilities						
Financial liabilities*	(1,023)	(1,082)	(209)	(1,258)	–	(3,572)
Other current liabilities*	(169)	(2,495)	(307)	(1,052)	(561)	(4,584)
Total current liabilities	(1,192)	(3,577)	(516)	(2,310)	(561)	(8,156)
Non-controlling interests	(141)	(30)	(43)	(209)	–	(423)
Net assets	934	3,090	1,372	1,575	862	7,833

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

†Based on the unaudited summarised balance sheets at 30th September 2020 and 2019.

15 Associates and Joint Ventures (continued)

Summarised statements of comprehensive income for the year ended 31st December (unless otherwise indicated):

	Maxim's US$m	Yonghui† US$m	Siam City Cement US$m	Thaco US$m	PT Astra Daihatsu Motor US$m	Total US$m
2020						
Revenue	2,064	13,423	1,329	2,755	2,559	**22,130**
Depreciation and amortisation	(449)	(573)	(131)	(109)	(86)	**(1,348)**
Interest income	2	29	3	–	14	**48**
Interest expense	(49)	(231)	(44)	(81)	–	**(405)**
Profit from underlying business performance	69	166	142	177	113	**667**
Tax	3	(35)	(25)	(24)	(28)	**(109)**
Profit after tax from underlying business performance	72	131	117	153	85	**558**
Profit after tax from non-trading items	–	42	–	–	–	**42**
Profit after tax	72	173	117	153	85	**600**
Other comprehensive income/(expense)	21	–	(4)	–	(4)	**13**
Total comprehensive income	**93**	**173**	**113**	**153**	**81**	**613**
Dividends received from associates	**26**	**36**	**10**	**18**	**23**	**113**
2019						
Revenue	2,701	11,823	1,522	2,480	4,494	23,020
Depreciation and amortisation	(431)	(388)	(112)	(95)	(102)	(1,128)
Interest income	3	6	2	–	29	40
Interest expense	(40)	(223)	(46)	(83)	(1)	(393)
Profit from underlying business performance	209	111	133	301	297	1,051
Tax	(38)	(28)	(25)	(13)	(74)	(178)
Profit after tax from underlying business performance	171	83	108	288	223	873
Profit after tax from non-trading items	–	56	–	–	–	56
Profit after tax	171	139	108	288	223	929
Other comprehensive expense	–	–	(8)	(7)	(3)	(18)
Total comprehensive income	171	139	100	281	220	911
Dividends received from associates	54	31	20	26	45	176

† Based on the unaudited summarised statements of comprehensive income for the 12 months ended 30th September 2020 and 30th September 2019.

The information contained in the summarised balance sheets and statements of 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:

	Maxim's US$m	Yonghui US$m	Siam City Cement US$m	Thaco US$m	PT Astra Daihatsu Motor US$m	Total US$m
2020						
Net assets	979	3,185	1,415	1,642	860	**8,081**
Interest in associates (%)	*50*	*20*	*26*	*27*	*32*	
Group's share of net assets in associates	490	640	361	437	274	**2,202**
Goodwill	–	427	240	166	–	**833**
Other	–	29	–	–	–	**29**
Carrying value	**490**	**1,096**	**601**	**603**	**274**	**3,064**
Fair value	**N/A**	**2,107**	**345**	**N/A**	**N/A**	**2,452**
2019						
Net assets	934	3,090	1,372	1,575	862	7,833
Interest in associates (%)	*50*	*20*	*26*	*27*	*32*	
Group's share of net assets in associates	467	618	351	419	275	2,130
Goodwill	–	387	422	165	–	974
Other	–	13	–	–	–	13
Carrying value	467	1,018	773	584	275	3,117
Fair value	N/A	2,068	484	N/A	N/A	2,552

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.

	2020 US$m	2019 US$m
Share of profit	**178**	207
Share of other comprehensive income	**63**	9
Share of total comprehensive income	**241**	216
Carrying amount of interests in these associates	**2,565**	2,183

Contingent liabilities relating to the Group's interest in associates

	2020 US$m	2019 US$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 2020 and 2019:

	Nature of business	Country of incorporation and principal place of business	% of ownership interest 2020	2019
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
2020						
Non-current assets	1,261	3,700	2,875	2,808	1,431	**12,075**
Current assets						
Cash and cash equivalents	81	13	23	15	524	**656**
Other current assets	36	3	2	4	306	**351**
Total current assets	117	16	25	19	830	**1,007**
Non-current liabilities						
Financial liabilities*	–	(1,294)	(1,258)	(802)	–	**(3,354)**
Other non-current liabilities*	(134)	–	(21)	(204)	(290)	**(649)**
Total non-current liabilities	(134)	(1,294)	(1,279)	(1,006)	(290)	**(4,003)**
Current liabilities						
Financial liabilities*	–	(1)	(13)	(5)	–	**(19)**
Other current liabilities*	(54)	(62)	(35)	(49)	(643)	**(843)**
Total current liabilities	(54)	(63)	(48)	(54)	(643)	**(862)**
Net assets	**1,190**	**2,359**	**1,573**	**1,767**	**1,328**	**8,217**
2019						
Non-current assets	1,357	3,756	2,910	2,858	1,545	12,426
Current assets						
Cash and cash equivalents	58	11	23	12	651	755
Other current assets	35	1	2	5	432	475
Total current assets	93	12	25	17	1,083	1,230
Non-current liabilities						
Financial liabilities*	–	(1,269)	(1,207)	(775)	–	(3,251)
Other non-current liabilities*	(145)	–	(21)	(210)	(268)	(644)
Total non-current liabilities	(145)	(1,269)	(1,228)	(985)	(268)	(3,895)
Current liabilities						
Financial liabilities*	–	(1)	(13)	(5)	–	(19)
Other current liabilities*	(48)	(56)	(36)	(43)	(991)	(1,174)
Total current liabilities	(48)	(57)	(49)	(48)	(991)	(1,193)
Net assets	1,257	2,442	1,658	1,842	1,369	8,568

*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
2020						
Revenue	48	151	119	113	3,709	**4,140**
Depreciation and amortisation	(7)	–	–	–	(129)	**(136)**
Interest income	–	–	–	–	27	**27**
Interest expense	–	(35)	(28)	(16)	(1)	**(80)**
Profit from underlying business performance	14	81	65	70	383	**613**
Tax	(1)	(14)	(11)	(12)	(93)	**(131)**
Profit after tax from underlying business performance	13	67	54	58	290	**482**
Loss after tax from non-trading items	(85)	(123)	(87)	(93)	–	**(388)**
Profit/(loss) after tax	(72)	(56)	(33)	(35)	290	**94**
Other comprehensive income/ (expense)	5	42	1	19	(13)	**54**
Total comprehensive income/ (expense)	**(67)**	**(14)**	**(32)**	**(16)**	**277**	**148**
Dividends received from joint ventures	**–**	**23**	**18**	**19**	**149**	**209**
2019						
Revenue	86	161	121	111	5,716	6,195
Depreciation and amortisation	(9)	–	–	–	(122)	(131)
Interest income	–	–	–	–	41	41
Interest expense	–	(51)	(34)	(25)	–	(110)
Profit from underlying business performance	40	75	58	58	647	878
Tax	(5)	(12)	(10)	(10)	(158)	(195)
Profit after tax from underlying business performance	35	63	48	48	489	683
Profit/(loss) after tax from non-trading items	(24)	21	22	12	–	31
Profit after tax	11	84	70	60	489	714
Other comprehensive income/ (expense)	8	45	9	27	(12)	77
Total comprehensive income	19	129	79	87	477	791
Dividends received from joint ventures	20	25	16	16	241	318

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 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
2020						
Net assets	1,190	2,359	1,573	1,767	1,328	**8,217**
Interest in joint ventures (%)	*49*	*33*	*33*	*33*	*50*	
Group's share of net assets in joint ventures	583	786	524	589	664	**3,146**
Amounts due from joint ventures	–	431	–	37	–	**468**
Carrying value	**583**	**1,217**	**524**	**626**	**664**	**3,614**
2019						
Net assets	1,257	2,442	1,658	1,842	1,369	8,568
Interest in joint ventures (%)	*49*	*33*	*33*	*33*	*50*	
Group's share of net assets in joint ventures	616	814	553	614	685	3,282
Amounts due from joint ventures	–	423	–	36	–	459
Carrying value	616	1,237	553	650	685	3,741

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.

	2020 US$m	2019 US$m
Share of profit	**267**	423
Share of other comprehensive income	**206**	1
Share of total comprehensive income	**473**	424
Carrying amount of interests in these joint ventures	**7,302**	6,599

Commitments and contingent liabilities in respect of joint ventures

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

	2020 US$m	2019 US$m
Commitment to provide funding if called	**729**	1,054

There were no contingent liabilities relating to the Group's interest in the joint ventures at 31st December 2020 and 2019.

16 Other Investments

	2020 US$m	2019 US$m
Equity investments measured at fair value through profit and loss		
Listed securities		
– Rothschild & Co	**134**	121
– Schindler Holdings	**344**	311
– The Bank of N.T. Butterfield & Son	**74**	89
– Toyota Motor Corporation	**223**	205
– Vietnam Dairy Products Vinamilk	**1,046**	930
– other	**52**	11
	1,873	1,667
Unlisted securities	**405**	400
	2,278	2,067
Debt investments measured at fair value through other comprehensive income	**698**	669
Limited partnership investment funds measured at fair value through profit and loss	**25**	13
	3,001	2,749
Non-current	**2,940**	2,720
Current	**61**	29
	3,001	2,749

Debt investments comprised of listed bonds.

	2020 US$m	2019 US$m
Movements during the year:		
At 1st January	**2,749**	2,642
Exchange differences	**16**	52
Additions	**519**	411
Disposals and capital repayments	**(447)**	(447)
Change in fair value recognised in profit and loss	**145**	71
Change in fair value recognised in other comprehensive income	**19**	20
At 31st December	**3,001**	2,749

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

	2020 US$m	2019 US$m
Consumer financing debtors		
– gross	**4,484**	4,803
– provision for impairment	**(329)**	(214)
	4,155	4,589
Financing lease receivables		
– gross investment	**332**	402
– unearned finance income	**(34)**	(45)
– net investment	**298**	357
– provision for impairment	**(18)**	(15)
	280	342
Financing debtors	**4,435**	4,931
Trade debtors		
– third parties	**1,816**	2,437
– associates	**15**	24
– joint ventures	**84**	72
	1,915	2,533
– provision for impairment	**(87)**	(56)
	1,828	2,477
Contract assets *(refer note 3)*		
– gross	**413**	666
– provision for impairment	**(46)**	(1)
	367	665
Other debtors		
– third parties	**2,947**	2,943
– associates	**84**	61
– joint ventures	**147**	174
	3,178	3,178
– provision for impairment	**(23)**	(10)
	3,155	3,168
	9,785	11,241
Non-current	**3,032**	3,045
Current	**6,753**	8,196
	9,785	11,241
Analysis by geographical area of operation:		
China	**1,040**	1,255
Southeast Asia	**8,509**	9,676
United Kingdom	**76**	128
Rest of the world	**160**	182
	9,785	11,241

17 Debtors (continued)

	2020 US$m	2019 US$m
Fair value:		
Consumer financing debtors	**4,364**	4,680
Financing lease receivables	**289**	347
Financing debtors	**4,653**	5,027
Trade debtors	**1,829**	2,477
Other debtors*	**1,482**	1,234
	7,964	8,738

*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 11% to 38% per annum *(2019: 10% to 36% 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 5% to 15% *(2019: 5% to 14%)* 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.

Financing debtors are due within five years *(2019: five years)* from the balance sheet date and the interest rates range from 11% to 38% per annum *(2019: 10% to 36% per annum)*.

An analysis of financing lease receivables is set out below:

	2020 US$m	2019 US$m
Lease receivables	**332**	402
Guaranteed residual value	**137**	166
Security deposits	**(137)**	(166)
Gross investment	**332**	402
Unearned lease income	**(34)**	(45)
Net investment	**298**	357

17 Debtors (continued)

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

	2020		2019	
	Gross investment	Net investment	Gross investment	Net investment
	US$m	US$m	US$m	US$m
Within one year	**199**	**175**	232	201
Between one and two years	**97**	**89**	123	113
Between two and five years	**36**	**34**	47	43
	332	**298**	402	357

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 restructure 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 motorcycles 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.

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

	2020		2019	
	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	**0.91 – 8.25**	**3,112**	0.79 – 6.38	3,849
Underperforming	**1.50 – 19.30**	**1,614**	0.71 – 10.67	1,252
Non-performing	**19.68 – 100.00**	**56**	17.21 – 100.00	59
		4,782		5,160

Movements in the provisions for impairment are as follows:

	2020	2019
	US$m	US$m
At 1st January	**(229)**	(220)
Exchange differences	**(1)**	(12)
Allowance made during the year	**(274)**	(100)
Write off/utilisation	**157**	103
At 31st December	**(347)**	(229)

17 Debtors (continued)

The allowance for impairment of financing debtors are further analysed as follows:

	2020 US$m	2019 US$m
Performing	**(142)**	(110)
Underperforming	**(159)**	(76)
Non-performing	**(46)**	(43)
	(347)	(229)

At 31st December 2020 and 2019, there are no financing debtors that are written off but still subject to enforcement activities.

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 are further analysed as follows:

	2020 US$m	2019 US$m
Derivative financial instruments *(refer note 34)*	**46**	49
Loans to employees	**34**	38
Other amounts due from associates	**84**	61
Other amounts due from joint ventures	**147**	174
Rental and other deposits	**225**	237
Repossessed collateral of finance companies	**16**	19
Restricted bank balances and deposits	**88**	112
Other receivables	**848**	554
Financial assets	**1,488**	1,244
Cost to fulfil contracts *(refer note 3)*	**395**	387
Costs to obtain contracts *(refer note 3)*	**17**	14
Prepayments	**960**	1,186
Reinsurers' share of estimated losses on insurance contracts	**88**	94
Other	**207**	243
	3,155	3,168

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 2020 and 2019 were determined as follows:

	Below 30 days	Between 31 and 60 days	Between 61 and 120 days	More than 120 days	Total
2020					
Expected loss rate	2.9%	1.1%	3.4%	25.0%	
Gross carrying amount – trade debtors (US$m)	1,390	100	126	299	1,915
Gross carrying amount – contract assets (US$m)	413	–	–	–	413
Loss allowance (US$m)	**(53)**	**(1)**	**(4)**	**(75)**	**(133)**
2019					
Expected loss rate	0.3%	0.3%	1.4%	20.4%	
Gross carrying amount – trade debtors (US$m)	1,962	192	150	229	2,533
Gross carrying amount – contract assets (US$m)	666	–	–	–	666
Loss allowance (US$m)	(8)	–	(2)	(47)	(57)

Movements in the provisions for impairment are as follows:

	Trade debtors		Contract assets		Other debtors	
	2020 US$m	2019 US$m	**2020** US$m	2019 US$m	**2020** US$m	2019 US$m
At 1st January	**(56)**	(81)	**(1)**	–	**(10)**	(7)
Exchange differences	**(1)**	(2)	**(2)**	–	**–**	–
Disposals	**–**	3	**–**	–	**–**	–
Additional provisions	**(46)**	(28)	**(43)**	(1)	**(16)**	(4)
Unused amounts reversed	**10**	12	**–**	–	**2**	–
Amounts written off	**6**	40	**–**	–	**1**	1
At 31st December	**(87)**	(56)	**(46)**	(1)	**(23)**	(10)

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 2020, the carrying amount of consumer financing debtors, financing lease receivables and other debtors pledged as security for borrowings amounted to US$276 million, US$5 million and US$12 million *(2019: US$829 million, US$32 million and US$13 million)*, respectively *(refer note 29)*. Trade debtors and contract assets had not been pledged as security for borrowings at 31st December 2020 and 2019.

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
2020						
At 1st January	(124)	(419)	30	119	62	**(332)**
Exchange differences	21	(24)	1	(2)	(4)	**(8)**
New subsidiaries	–	(6)	–	1	–	**(5)**
Disposals	(2)	–	–	(2)	7	**3**
Credited/(charged) to profit and loss	(39)	91	19	–	46	**117**
Credited/(charged) to other comprehensive income	–	12	–	(1)	–	**11**
At 31st December	**(144)**	**(346)**	**50**	**115**	**111**	**(214)**
Deferred tax assets	134	(21)	47	103	222	**485**
Deferred tax liabilities	(278)	(325)	3	12	(111)	**(699)**
	(144)	**(346)**	**50**	**115**	**111**	**(214)**
2019						
At 1st January	(78)	(450)	32	103	19	(374)
Exchange differences	2	(4)	–	4	5	7
New subsidiaries	–	–	–	–	(6)	(6)
Disposals	1	–	(4)	1	–	(2)
Credited/(charged) to profit and loss	(49)	6	2	9	59	27
Credited to other comprehensive income	–	29	–	2	–	31
Other	–	–	–	–	(15)	(15)
At 31st December	(124)	(419)	30	119	62	(332)
Deferred tax assets	158	(40)	29	104	206	457
Deferred tax liabilities	(282)	(379)	1	15	(144)	(789)
	(124)	(419)	30	119	62	(332)

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$283 million *(2019: US$221 million)* arising from unused tax losses of US$1,287 million *(2019: US$942 million)* have not been recognised in the financial statements. Included in the unused tax losses, US$364 million have no expiry date and the balance will expire at various dates up to and including 2037.

Deferred tax liabilities of US$620 million *(2019: US$587 million)* arising on temporary differences associated with investments in subsidiaries of US$6,205 million *(2019: US$5,875 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:

	2020 US$m	2019 US$m
Fair value of plan assets	**954**	912
Present value of funded obligations	**(1,054)**	(1,034)
	(100)	(122)
Present value of unfunded obligations	**(396)**	(337)
Net pension liabilities	**(496)**	(459)
Analysis of net pension liabilities:		
Pension assets	**11**	3
Pension liabilities	**(507)**	(462)
	(496)	(459)

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
2020			
At 1st January	912	(1,371)	**(459)**
Current service cost	–	(60)	**(60)**
Interest income/(expense)	25	(53)	**(28)**
Past services cost and losses on settlements	–	(17)	**(17)**
Administration expenses	(3)	–	**(3)**
	22	(130)	**(108)**
	934	(1,501)	**(567)**
Exchange differences	16	(16)	**–**
New subsidiaries	–	(3)	**(3)**
Disposal	(10)	18	**8**
Remeasurements			
– return on plan assets, excluding amounts included in interest income	50	–	**50**
– change in financial assumptions	–	(56)	**(56)**
– experience losses	–	12	**12**
	50	(44)	**6**
Contributions from employers	35	–	**35**
Contributions from plan participants	3	(3)	**–**
Benefit payments	(58)	80	**22**
Settlements	(16)	19	**3**
At 31st December	**954**	**(1,450)**	**(496)**
2019			
At 1st January	867	(1,274)	(407)
Current service cost	–	(76)	(76)
Interest income/(expense)	29	(55)	(26)
Past services cost and losses on settlements	–	(12)	(12)
Administration expenses	(3)	–	(3)
	26	(143)	(117)
	893	(1,417)	(524)
Exchange differences	16	(30)	(14)
Remeasurements			
– return on plan assets, excluding amounts included in interest income	83	–	83
– change in financial assumptions	–	(78)	(78)
– experience losses	–	1	1
	83	(77)	6
Contributions from employers	42	–	42
Contributions from plan participants	4	(4)	–
Benefit payments	(75)	97	22
Settlements	(51)	59	8
Plan amendment	–	1	1
At 31st December	912	(1,371)	(459)

19 Pension Plans (continued)

The weighted average duration of the defined benefit obligations at 31st December 2020 is 12 years *(2019: 12 years)*.

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

	2020 US$m	2019 US$m
Within one year	**108**	100
Between one and two years	**103**	99
Between two and five years	**349**	350
Between five and ten years	**621**	642
Between ten and fifteen years	**689**	719
Between fifteen and twenty years	**844**	892
Beyond twenty years	**3,406**	4,036
	6,120	6,838

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

	Hong Kong		United Kingdom		Others	
	2020 %	2019 %	**2020** %	2019 %	**2020** %	2019 %
Discount rate	**1.9**	3.0	**1.4**	2.0	**7.0**	7.5
Salary growth rate	**3.8**	4.8	**–**	–	**6.2**	6.6
Inflation rate	**N/A**	N/A	**3.1**	3.1	**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 *(2019: 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	**158**	**(186)**
Salary growth rate	1	**(113)**	**95**
Inflation rate	1	**(21)**	**20**

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:

	2020 US$m	2019 US$m
Equity investments		
Asia Pacific	**48**	47
Europe	**72**	74
North America	**37**	32
Global	**14**	14
	171	167
Debt investments		
Asia Pacific	**37**	46
Europe	**166**	150
North America	**11**	15
Global	**4**	4
	218	215
Investment funds		
Asia Pacific	**131**	123
Europe	**116**	119
North America	**199**	180
Global	**89**	81
	535	503
Total investments	**924**	885
Cash and cash equivalents	**48**	33
Benefits payable and other	**(18)**	(6)
	954	912

At 31st December 2020, 100% of equity investments, 99% of debt investments and 86% of investment funds were quoted on active markets *(2019: 100%, 100% and 88%, 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 last ALM review was completed in 2018, with modified strategic asset allocations adopted in 2018. The next ALM review is scheduled for 2021.

At 31st December 2020, the Hong Kong and United Kingdom plans had assets of US$525 million and US$373 million *(2019: US$489 million and US$348 million)*, respectively.

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2020 were US$35 million and the estimated amount of contributions expected to be paid to all its plans in 2021 is US$38 million.

20 Properties for Sale

	2020 US$m	2019 US$m
Properties in the course of development	**2,082**	2,194
Completed properties	**257**	247
	2,339	2,441

At 31st December 2020, properties in the course of development amounting to US$1,338 million *(2019: US$1,398 million)* were not scheduled for completion within the next twelve months.

At 31st December 2020, the carrying amount of properties for sale pledged as security for borrowings amounted to US$474 million *(2019: US$258 million) (refer note 29)*.

21 Stocks and Work in Progress

	2020 US$m	2019 US$m
Finished goods	**2,535**	3,456
Work in progress	**35**	40
Raw materials	**95**	101
Spare parts	**90**	91
Other	**94**	136
	2,849	3,824

At 31st December 2020 and 2019, the Group's stocks and work in progress had not been pledged as security for borrowings.

22 Bank Balances and Other Liquid Funds

	2020 US$m	2019 US$m
Deposits with banks and financial institutions	**6,434**	5,143
Bank balances	**2,647**	1,911
Cash balances	**122**	129
	9,203	7,183
Analysis by currency:		
Chinese renminbi	**1,564**	772
Euro	**36**	51
Hong Kong dollar	**342**	410
Indonesian rupiah	**2,862**	1,232
Japanese yen	**15**	31
Macau patacas	**46**	34
Malaysian ringgit	**44**	62
New Taiwan dollar	**93**	48
Singapore dollar	**483**	245
United Kingdom sterling	**39**	51
United States dollar	**3,643**	4,206
Other	**36**	41
	9,203	7,183

The weighted average interest rate on deposits with banks and financial institutions at 31st December 2020 was 1.6% *(2019: 2.6%)* per annum.

23 Share Capital

	2020 US$m	2019 US$m
Authorised:		
1,000,000,000 shares of US¢25 each	**250**	250

	Ordinary shares in millions 2020	2019	2020 US$m	2019 US$m
Issued and fully paid:				
At 1st January	**733**	737	**183**	184
Scrip issued in lieu of dividends	**3**	2	**1**	1
Repurchase and cancelled	**(12)**	(6)	**(3)**	(2)
At 31st December	**724**	733	**181**	183

During the year, the Company repurchased 12 million *(2019: 6 million)* ordinary shares from the stock market at a cost of US$554 million *(2019: US$328 million)*, which was dealt with by charging US$3 million *(2019: US$2 million)* to share capital, US$2 million *(2019: US$40 million)* to share premium and US$549 million *(2019: US$286 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 2020 and 2019.

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:

	2020		2019	
	Weighted average exercise price US$	Options in millions	Weighted average exercise price US$	Options in millions
At 1st January	**57.9**	**2.3**	57.2	2.6
Exercised	**42.0**	**(0.1)**	43.5	(0.2)
Cancelled	**62.7**	**–**	63.0	(0.1)
At 31st December	**58.4**	**2.2**	57.9	2.3

The average share price during the year was US$46.9 *(2019: US$60.7)* per share.

Outstanding at 31st December:

Expiry date	Exercise price US$	Options in millions **2020**	Options in millions 2019
2021	46.8	**0.1**	0.1
2022	51.2	**0.3**	0.3
2023	64.9	**0.2**	0.3
2024	59.6	**0.1**	0.1
2025	52.8 – 63.4	**0.2**	0.2
2026	53.9 – 56.6	**0.7**	0.7
2027	65.6	**0.3**	0.3
2028	63.4	**0.3**	0.3
Total outstanding		**2.2**	2.3
of which exercisable		**1.5**	1.1

25 Share Premium and Capital Reserves

	Share premium US$m	Capital reserves US$m	Total US$m
2020			
At 1st January	–	32	**32**
Capitalisation arising on scrip issued in lieu of dividends	(1)	–	**(1)**
Repurchase of shares *(refer note 23)*	(2)	–	**(2)**
Employee share option schemes			
– exercise of share options	2	–	**2**
– value of employee services	–	1	**1**
Transfer	1	(2)	**(1)**
At 31st December	**–**	**31**	**31**
2019			
At 1st January	36	182	218
Capitalisation arising on scrip issued in lieu of dividends	(1)	–	(1)
Repurchase of shares *(refer note 23)*	(40)	–	(40)
Employee share option schemes			
– exercise of share options	3	–	3
– value of employee services	–	4	4
Transfer	2	(154)	(152)
At 31st December	–	32	32

Capital reserves represent the value of employee services under the Group's employee share option schemes. At 31st December 2020, US$27 million *(2019: US$27 million)* related to the Company's Senior Executive Share Incentive Schemes.

The transfer of capital reserves in 2019 primarily related to Jardine Lloyd Thompson which was disposed of during 2019 *(refer note 9)*.

26 Dividends

	2020 US$m	2019 US$m
Final dividend in respect of 2019 of US¢128.00 *(2018: US¢128.00)* per share	**938**	943
Interim dividend in respect of 2020 of US¢44.00 *(2019: US¢44.00)* per share	**322**	325
	1,260	1,268
Company's share of dividends paid on the shares held by subsidiaries	**(623)**	(622)
	637	646
Shareholders elected to receive scrip in respect of the following:		
Final dividend in respect of previous year	**97**	97
Interim dividend in respect of current year	**37**	36
	134	133

A final dividend in respect of 2020 of US¢128.00 *(2019: US¢128.00)* per share amounting to a total of US$921 million *(2019: US$938 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2021 Annual General Meeting. The net amount after deducting the Company's share of the dividends payable on the shares held by subsidiaries of US$464 million *(2019: US$464 million)* will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2021.

27 Own Shares Held

Own shares held of US$5,282 million *(2019: US$5,282 million)* represent the Company's share of the cost of 427 million *(2019: 427 million)* ordinary shares in the Company held by subsidiaries and are deducted in arriving at shareholders' funds.

28 Non-controlling Interests

	2020 US$m	2019 US$m
By business:		
Hongkong Land	**20,443**	21,908
Dairy Farm	**494**	471
Mandarin Oriental	**1,149**	1,387
Jardine Cycle & Carriage	**506**	521
Astra	**10,221**	9,955
Jardine Strategic	**1,439**	1,285
Other	**145**	134
	34,397	35,661
Less own shares held attributable to non-controlling interests	**(941)**	(941)
	33,456	34,720

28 Non-controlling Interests (continued)

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$m	Dairy Farm US$m	Mandarin Oriental US$m	Astra US$m	Jardine Strategic US$m
2020					
Current					
Assets	5,042	1,443	245	9,648	19,540
Liabilities	(2,415)	(3,725)	(225)	(6,057)	(14,374)
Total current net assets/(liabilities)	2,627	(2,282)	20	3,591	5,166
Non-current					
Assets	39,220	6,457	4,329	14,346	72,796
Liabilities	(6,109)	(2,839)	(836)	(4,101)	(14,072)
Total non-current net assets	33,111	3,618	3,493	10,245	58,724
Net assets	**35,738**	**1,336**	**3,513**	**13,836**	**63,890**
Non-controlling interests	**29**	**14**	**4**	**2,818**	**28,700**
2019					
Current					
Assets	4,627	1,505	376	9,800	18,559
Liabilities	(2,437)	(4,165)	(195)	(7,216)	(15,974)
Total current net assets/(liabilities)	2,190	(2,660)	181	2,584	2,585
Non-current					
Assets	40,632	6,865	4,733	15,716	76,366
Liabilities	(4,532)	(2,966)	(797)	(4,785)	(13,291)
Total non-current net assets	36,100	3,899	3,936	10,931	63,075
Net assets	38,290	1,239	4,117	13,515	65,660
Non-controlling interests	43	30	4	2,807	29,903

28 Non-controlling Interests (continued)

Summarised profit and loss for the year ended 31st December:

	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Astra US$m	Jardine Strategic US$m
2020					
Revenue	**2,094**	**10,269**	**184**	**11,965**	**25,778**
Profit/(loss) after tax from underlying business performance	961	271	(206)	768	2,171
Profit/(loss) after tax from non-trading items	(3,613)	(14)	(474)	409	(3,616)
Profit/(loss) after tax	(2,652)	257	(680)	1,177	(1,445)
Other comprehensive income/(expense)	627	101	77	(103)	684
Total comprehensive income/(expense)	**(2,025)**	**358**	**(603)**	**1,074**	**(761)**
Total comprehensive income/(expense) allocated to non-controlling interests	**–**	**(16)**	**1**	**134**	**(398)**
Dividends paid to non-controlling interests	**(1)**	**–**	**–**	**(135)**	**(785)**
2019					
Revenue	2,320	11,192	567	16,803	32,665
Profit after tax from underlying business performance	1,075	324	41	1,835	3,598
Profit/(loss) after tax from non-trading items	(873)	1	(97)	8	53
Profit/(loss) after tax	202	325	(56)	1,843	3,651
Other comprehensive income/(expense)	219	39	2,974	(157)	3,663
Total comprehensive income	421	364	2,918	1,686	7,314
Total comprehensive income allocated to non-controlling interests	3	2	–	302	2,442
Dividends paid to non-controlling interests	(1)	–	–	(190)	(905)

28 Non-controlling Interests (continued)

Summarised cash flows at 31st December:

	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Astra US$m	Jardine Strategic US$m
2020					
Cash flows from operating activities					
Cash generated from/(used in) operations	1,314	1,252	(62)	2,869	5,413
Interest received	42	3	2	112	189
Interest and other financing charges paid	(220)	(146)	(14)	(259)	(664)
Tax paid	(268)	(110)	(10)	(321)	(751)
Dividends from associates and joint ventures	113	68	–	248	1,240
Cash flows from operating activities	981	1,067	(84)	2,649	5,427
Cash flows from investing activities	(1,416)	(86)	(108)	605	(1,041)
Cash flows from financing activities	943	(1,043)	82	(1,704)	(1,498)
Net increase/(decrease) in cash and cash equivalents	508	(62)	(110)	1,550	2,888
Cash and cash equivalents at 1st January	1,418	288	271	1,750	5,583
Effect of exchange rate changes	64	8	4	71	150
Cash and cash equivalents at 31st December	**1,990**	**234**	**165**	**3,371**	**8,621**
2019					
Cash flows from operating activities					
Cash generated from operations	1,023	1,384	129	2,265	4,728
Interest received	50	7	3	86	180
Interest and other financing charges paid	(195)	(167)	(19)	(316)	(744)
Tax paid	(116)	(25)	(6)	(726)	(927)
Dividends from associates and joint ventures	420	89	6	398	1,726
Cash flows from operating activities	1,182	1,288	113	1,707	4,963
Cash flows from investing activities	(658)	(283)	(80)	(1,485)	(2,730)
Cash flows from financing activities	(491)	(1,008)	(11)	(250)	(1,289)
Net increase/(decrease) in cash and cash equivalents	33	(3)	22	(28)	944
Cash and cash equivalents at 1st January	1,369	285	247	1,722	4,555
Effect of exchange rate changes	16	6	2	56	84
Cash and cash equivalents at 31st December	1,418	288	271	1,750	5,583

Hongkong Land, Dairy Farm, Mandarin Oriental and Astra are subsidiaries of Jardine Strategic.

The information above is before any inter-company eliminations.

29 Borrowings

	2020 Carrying amount US$m	2020 Fair value US$m	2019 Carrying amount US$m	2019 Fair value US$m
Current				
– bank overdrafts	**50**	**50**	26	26
– other bank advances	**2,814**	**2,814**	4,144	4,144
– other advances	**14**	**14**	19	19
	2,878	**2,878**	4,189	4,189
Current portion of long-term borrowings				
– bank loans	**2,154**	**2,154**	1,489	1,489
– bonds and notes	**808**	**808**	901	901
– other loans	**35**	**35**	11	11
	2,997	**2,997**	2,401	2,401
	5,875	**5,875**	6,590	6,590
Long-term borrowings				
– bank loans	**5,278**	**5,240**	4,682	4,697
– bonds and notes	**4,511**	**4,870**	3,980	4,153
– other loans	**33**	**33**	11	11
	9,822	**10,143**	8,673	8,861
	15,697	**16,018**	15,263	15,451

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 0.3% to 12.4% *(2019: 0.3% to 10.0%)* 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.

	2020 US$m	2019 US$m
Secured	**2,243**	3,106
Unsecured	**13,454**	12,157
	15,697	15,263

Secured borrowings at 31st December 2020 included Hongkong Land's bank borrowings of US$801 million *(2019: US$653 million)* which were secured against its investment properties and properties for sale, Mandarin Oriental's bank borrowings of US$607 million *(2019: US$549 million)* which were secured against its tangible assets and right-of-use assets, and Astra's bonds and notes of US$92 million *(2019: US$467 million)* and bank borrowings of US$743 million *(2019: US$1,437 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
2020					
Chinese renminbi	4.9	–	–	909	**909**
Hong Kong dollar	2.8	7.1	3,358	2,310	**5,668**
Indonesian rupiah	7.3	1.7	4,324	479	**4,803**
Malaysian ringgit	2.9	–	–	245	**245**
Singapore dollar	1.9	12.5	348	627	**975**
Thai baht	1.8	–	–	356	**356**
United Kingdom sterling	1.2	3.3	55	160	**215**
United States dollar	1.3	1.4	425	1,959	**2,384**
Other	1.2	6.6	3	139	**142**
			8,513	**7,184**	**15,697**
2019					
Chinese renminbi	5.0	–	–	635	635
Hong Kong dollar	3.9	6.3	2,521	1,960	4,481
Indonesian rupiah	7.9	2.0	4,598	1,100	5,698
Malaysian ringgit	4.1	–	–	266	266
Singapore dollar	2.9	11.4	397	514	911
Thai baht	1.8	–	–	376	376
United Kingdom sterling	1.7	4.4	53	161	214
United States dollar	2.5	2.8	400	2,223	2,623
Other	2.5	10.3	2	57	59
			7,971	7,292	15,263

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:

	2020 US$m	2019 US$m
Floating rate borrowings	**7,184**	7,292
Fixed rate borrowings		
– within one year	**2,154**	2,053
– between one and two years	**1,772**	1,320
– between two and three years	**996**	1,389
– between three and four years	**689**	651
– between four and five years	**722**	669
– beyond five years	**2,180**	1,889
	8,513	7,971
	15,697	15,263

29 Borrowings (continued)

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

	Maturity	Interest rates %	Nominal values	2020 Current US$m	2020 Non-current US$m	2019 Current US$m	2019 Non-current US$m
Hongkong Land							
4.22% 10-year notes	2020	4.22	HK$500 million	**–**	**–**	64	–
4.24% 10-year notes	2020	4.24	HK$500 million	**–**	**–**	64	–
3.43% 10-year notes	2020	3.43	S$150 million	**–**	**–**	112	–
3.95% 10-year notes	2020	3.95	HK$500 million	**–**	**–**	64	–
4.28% 12-year notes	2021	4.28	HK$500 million	**66**	**–**	–	65
3.86% 10-year notes	2022	3.86	HK$410 million	**–**	**53**	–	52
4.50% 10-year notes	2022	4.50	US$500 million	**–**	**505**	–	498
3.00% 10-year notes	2022	3.00	HK$305 million	**–**	**39**	–	39
2.90% 10-year notes	2022	2.90	HK$200 million	**–**	**26**	–	26
3.95% 10-year notes	2023	3.95	HK$1,100 million	**–**	**142**	–	141
3.95% 10-year notes	2023	3.95	HK$300 million	**–**	**39**	–	38
4.625% 10-year notes	2024	4.625	US$400 million	**–**	**414**	–	407
4.10% 15-year notes	2025	4.10	HK$300 million	**–**	**39**	–	38
4.50% 15-year notes	2025	4.50	US$600 million	**–**	**608**	–	609
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**	–	41
3.83% 10-year notes	2028	3.83	HK$450 million	**–**	**58**	–	58
3.75% 10-year notes	2028	3.75	HK$355 million	**–**	**46**	–	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	**–**	**71**	–	71
2.875% 10-year notes	2030	2.875	US$600 million	**–**	**595**	–	–
4.11% 20-year notes	2030	4.11	HK$800 million	**–**	**103**	–	103
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**	–	–
4.12% 15-year notes	2033	4.12	HK$700 million	**–**	**90**	–	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**	–	–
2.90% 15-year notes	2035	2.90	HK$400 million	**–**	**51**	–	–
2.90% 15-year notes	2035	2.90	HK$400 million	**–**	**51**	–	–
2.65% 15-year notes	2035	2.65	HK$800 million	**–**	**102**	–	–
3.95% 20-year notes	2038	3.95	S$150 million	**–**	**111**	–	109
3.45% 20-year notes	2039	3.45	S$150 million	**–**	**112**	–	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**	81	27
Berkelanjutan III Tahap IV bonds	2022	7.65	Rp200 billion	**–**	**14**	45	14
Berkelanjutan IV Tahap I bonds	2021	7.50	Rp550 billion	**38**	**–**	–	38
Berkelanjutan IV Tahap II bonds	2022 – 2024	8.80 – 9.20	Rp1,293 billion	**–**	**88**	67	86
Berkelanjutan IV Tahap III bonds	2022 – 2024	7.70 – 7.95	Rp1,037 billion	**–**	**66**	37	67
Berkelanjutan IV Tahap IV bonds	2021 – 2023	5.80 – 7.00	Rp2,183 billion	**62**	**87**	–	–
Berkelanjutan V Tahap I bonds	2021 – 2023	6.40 – 7.60	Rp1,500 billion	**73**	**31**	–	–
Sukuk Mudharabah							
Berkelanjutan I Tahap I bonds	2021	7.50	Rp175 billion	**12**	**–**	–	13
Euro Medium Term Notes	2021	7.20	Rp723 billion	**51**	**–**	–	49

29 Borrowings (continued)

Details of the bonds and notes outstanding at 31st December are as follows *(continued)*:

	Maturity	Interest rates %	Nominal values	2020 Current US$m	2020 Non-current US$m	2019 Current US$m	2019 Non-current US$m
Federal International Finance ('FIF')							
Berkelanjutan III Tahap I bonds	2020	8.45	Rp2,076 billion	**–**	**–**	147	–
Berkelanjutan III Tahap II bonds	2020	7.50	Rp971 billion	**–**	**–**	68	–
Berkelanjutan III Tahap III bonds	2021	7.45	Rp1,408 billion	**90**	**–**	–	91
Berkelanjutan III Tahap IV bonds	2021	8.75	Rp661 billion	**42**	**–**	–	42
Berkelanjutan III Tahap V bonds	2022	8.80	Rp1,370 billion	**–**	**91**	71	94
Berkelanjutan IV Tahap I bonds	2022	8.55	Rp1,042 billion	**–**	**66**	33	67
Berkelanjutan IV Tahap II bonds	2021 – 2023	6.25 – 7.25	Rp1,500 billion	**60**	**46**	–	–
Medium Term Notes	2021 – 2022	7.99 – 8.20	Rp4,641 billion	**299**	**29**	–	326
SAN Finance							
Berkelanjutan II Tahap II bonds	2022	9.25	Rp31 billion	**–**	**2**	32	2
Berkelanjutan III Tahap I bonds	2022	8.75	Rp281 billion	**–**	**16**	16	16
Serasi Autoraya ('SERA')							
Berkelanjutan I Tahap I bonds	2021 – 2023	7.75 – 8.35	Rp420 billion	**15**	**12**	–	30
				808	**4,511**	901	3,980

The ASF bonds were issued by a wholly-owned subsidiary of Astra. Apart from the ASF Berkelanjutan IV Tahap II, III and IV bonds, Berkelanjutan V Tahap I bonds and Euro Medium Term Notes which were unsecured, the other ASF bonds were collateralised by fiduciary guarantee over financing debtors of the subsidiary which amounting to 50% of the total outstanding principal of the bonds.

The FIF bonds were issued by a wholly-owned subsidiary of Astra and were unsecured.

The SAN Finance bonds were issued by a partly-owned subsidiary of Astra. SAN Finance Berkelanjutan II Tahap II bonds were collateralised by fiduciary guarantee over financing debtors of the subsidiary which amounting to 60% of the total outstanding principal of the bonds. SAN Finance Berkelanjutan III Tahap I bonds were unsecured.

The SERA bonds were issued by a wholly-owned subsidiary of Astra and were unsecured.

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
2020				
At 1st January	26	8,673	6,564	**15,263**
Exchange differences	2	103	(105)	**–**
Disposals	(5)	–	(23)	**(28)**
Amortisation of borrowing costs	–	5	10	**15**
Transfer	–	(3,025)	3,025	**–**
Change in fair value	–	10	–	**10**
Change in bank overdrafts	27	–	–	**27**
Drawdown of borrowings	–	5,624	2,343	**7,967**
Repayment of borrowings	–	(1,568)	(5,989)	**(7,557)**
At 31st December	**50**	**9,822**	**5,825**	**15,697**
2019				
At 1st January	35	7,049	7,109	14,193
Exchange differences	1	42	113	156
Disposals	–	–	(26)	(26)
Amortisation of borrowing costs	–	4	10	14
Transfer	–	(2,553)	2,553	–
Change in fair value	–	12	–	12
Change in bank overdrafts	(10)	–	–	(10)
Drawdown of borrowings	–	5,412	3,617	9,029
Repayment of borrowings	–	(1,293)	(6,812)	(8,105)
At 31st December	26	8,673	6,564	15,263

30 Lease Liabilities

	2020 US$m	2019 US$m
At 1st January	**4,162**	4,418
Exchange differences	**79**	43
New subsidiaries	**1**	2
Additions	**430**	408
Disposals	**(121)**	(58)
Modifications to lease terms	**301**	365
Lease payments	**(1,110)**	(1,170)
Interest expense	**148**	154
At 31st December	**3,890**	4,162
Non-current	**3,040**	3,260
Current	**850**	902
	3,890	4,162

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 2020 and 2019.

The Group had not entered into any material lease contracts which had not commenced at 31st December 2020 *(2019: US$108 million)*.

31 Creditors

	2020 US$m	2019 US$m
Trade creditors		
– third parties	**3,370**	4,865
– associates	**42**	63
– joint ventures	**152**	210
	3,564	5,138
Accruals	**1,992**	2,025
Other amounts due to joint ventures	**141**	143
Rental and other refundable deposits	**126**	146
Deferred consideration payable	**1**	77
Contingent consideration payable	**9**	19
Derivative financial instruments	**209**	144
Other creditors	**496**	613
Financial liabilities	**6,538**	8,305
Contract liabilities *(refer note 3)*	**1,159**	1,010
Gross estimated losses on insurance contracts	**238**	193
Rental income received in advance	**319**	321
Unearned premiums on insurance contracts	**299**	341
Other	**458**	79
	9,011	10,249
Non-current	**366**	356
Current	**8,645**	9,893
	9,011	10,249
Analysis by geographical area of operation:		
China	**3,731**	3,754
Southeast Asia	**4,592**	5,607
United Kingdom	**281**	433
Rest of the world	**407**	455
	9,011	10,249

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	Reinstatement and restoration costs US$m	Statutory employee entitlements US$m	Others US$m	Total US$m
2020						
At 1st January	70	32	216	147	27	**492**
Exchange differences	2	–	2	(1)	(1)	**2**
Additional provisions	5	26	9	28	8	**76**
Disposals	–	–	(6)	–	–	**(6)**
Unused amounts reversed	–	(13)	(9)	–	(1)	**(23)**
Utilised	(3)	(16)	(5)	(2)	(4)	**(30)**
At 31st December	**74**	**29**	**207**	**172**	**29**	**511**
Non-current	–	1	173	131	17	**322**
Current	74	28	34	41	12	**189**
	74	**29**	**207**	**172**	**29**	**511**
2019						
At 1st January	63	68	213	124	26	494
Exchange differences	1	1	2	5	1	10
Additional provisions	9	12	12	20	4	57
Disposals	–	–	(2)	–	–	(2)
Unused amounts reversed	–	(9)	(2)	(1)	–	(12)
Utilised	(3)	(40)	(7)	(1)	(4)	(55)
At 31st December	70	32	216	147	27	492
Non-current	–	1	184	113	16	314
Current	70	31	32	34	11	178
	70	32	216	147	27	492

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

	2020 US$m	2019 US$m
By nature:		
Operating (loss)/profit	**(682)**	4,735
Adjustments for:		
Depreciation and amortisation *(refer note 33(b))*	**2,427**	2,406
Change in fair value of investment properties	**3,477**	832
Profit on sale of subsidiaries	**(46)**	(29)
Profit on sale of Jardine Lloyd Thompson	**–**	(1,507)
(Profit)/loss on sale of associates and joint ventures	**(428)**	9
Profit on sale of other investments	**(2)**	(4)
Profit on sale of right-of-use assets	**–**	(3)
Loss on sale of intangible assets	**1**	–
Profit on sale of tangible assets	**(13)**	(2)
Profit on sale of investment properties	**(10)**	–
Loss on sale of repossessed collateral of finance companies	**81**	60
Fair value loss on cash flow hedge	**2**	–
Fair value gain on other investments	**(145)**	(71)
Fair value gain on agricultural produce	**(6)**	(5)
Fair value loss on livestock	**3**	–
Impairment of intangible assets	**84**	22
Impairment/(reversal of impairment) of tangible assets	**44**	(3)
Impairment of right-of-use assets	**58**	11
Impairment of bearer plant	**–**	8
Impairment of debtors	**371**	121
Write down of stocks and work in progress	**86**	75
Reversal of write down of stocks and work in progress	**(52)**	(44)
Gain on lease modification and termination	**(15)**	(4)
Rent concessions	**(76)**	–
Change in provisions	**44**	37
Net foreign exchange losses	**18**	3
Amortisation of borrowing costs for financial services companies	**10**	10
Options granted under employee share option schemes	**2**	4
	5,915	1,926
	5,233	6,661
Change in working capital:		
Increase in concession rights	**(10)**	(77)
Decrease/(increase) in properties for sale	**167**	(29)
Decrease/(increase) in stocks and work in progress	**755**	(115)
Decrease/(increase) in debtors	**1,136**	(472)
Decrease in creditors	**(1,398)**	(743)
Increase in pension obligations	**47**	44
	697	(1,392)
	5,930	5,269

33 Notes to Consolidated Cash Flow Statement (continued)

(b) Depreciation and amortisation

	2020 US$m	2019 US$m
By business:		
Jardine Pacific	**123**	141
Jardine Motors	**75**	70
Hongkong Land	**15**	13
Dairy Farm	**984**	1,003
Mandarin Oriental	**124**	92
Jardine Cycle & Carriage	**21**	18
Astra	**1,085**	1,069
	2,427	2,406

(c) Purchase of subsidiaries

	2020 Fair value US$m	2019 Fair value US$m
Non-current assets	**(118)**	(3)
Current assets	**(417)**	(72)
Non-current liabilities	**9**	8
Current liabilities	**388**	3
Fair value of identifiable net assets acquired	**(138)**	(64)
Goodwill	**(59)**	(4)
Adjustment for non-controlling interests	**–**	14
Total consideration	**(197)**	(54)
Adjustment for contingent consideration	**–**	10
Payment for deferred consideration	**(21)**	–
Adjustment for deferred consideration	**4**	–
Carrying value of associates and joint ventures	**39**	15
Cash and cash equivalents of subsidiaries acquired	**88**	1
Net cash outflow	**(87)**	(28)

For the subsidiaries acquired during 2020, the fair values of the identifiable assets and liabilities at the acquisition dates are provisional and will be finalised within one year after the acquisition dates.

The fair values of the identifiable assets and liabilities at the acquisition dates of certain subsidiaries acquired during 2019 as included in the comparative figures were provisional. The fair values were finalised in 2020. As the difference between the provisional and the finalised fair values were not material, the comparative figures have not been adjusted.

Net cash outflow for purchase of subsidiaries in 2020 included US$14 million for Jardine Motor's acquisition of a dealership business in the Chinese mainland; US$21 million for Dairy Farm's payment for deferred consideration on acquisition of a 100% interest in San Miu Supermarket Limited in Macau in 2015; and US$44 million for Astra's acquisition of a 100% interest in PT Jakarta Marga Jaya, a toll road business company, and US$7 million for Astra's increased interest in PT Asuransi Jiwa Astra, a life insurance company, from 50% to 100%.

Goodwill in 2020 mainly arose from the acquisition of PT Asuransi Jiwa Astra of US$56 million, attributable to synergy with Astra's existing insurance business. None of the goodwill is expected to be deductible for tax purposes.

Revenue and loss after tax since acquisition in respect of subsidiaries acquired during the year amounted to US$30 million and US$1 million, respectively. Had the acquisitions occurred on 1st January 2020, consolidated revenue and loss after tax for the year ended 31st December 2020 would have been US$32,891 million and US$1,165 million, respectively.

33 Notes to Consolidated Cash Flow Statement (continued)

(d) Purchase of associates and joint ventures in 2020 mainly included US$153 million for Hongkong Land's investments primarily in the Chinese mainland; US$15 million for Dairy Farm's capital injection into an associate for the development of e-commerce platform to support the group's digital business; and US$24 million for Astra's settlement of deferred consideration on acquisition of toll road concessions in 2019.

Purchase in 2019 mainly included US$553 million for Hongkong Land's investments primarily in the Chinese mainland; US$168 million for Jardine Cycle & Carriage's additional interest in Truong Hai Auto Corporation; US$208 million and US$42 million for Astra's investments in toll road concessions and capital injections into its associates and joint ventures, respectively; and US$64 million for Jardine Strategic's 20% interest in Livi Bank Limited, a virtual bank in Hong Kong.

(e) Purchase of other investments in 2020 mainly included US$478 million for Astra's acquisition of securities. Purchase in 2019 mainly included Astra's additional investment in Gojek and investments in other securities of US$100 million and US$299 million, respectively.

(f) Additions to investment properties in 2020 mainly included US$4,485 million for Hongkong Land's acquisition of a mixed-use site in the Xuhui District in Shanghai, Chinese mainland.

(g) Advance to and repayment to associates and joint ventures in 2020 comprised US$684 million for Hongkong Land's advance to its property joint ventures and US$41 million for Mandarin Oriental's shareholders' loans to its associate and joint venture hotels. Advance to associates and joint ventures in 2019 mainly included Hongkong Land's advance to its property joint ventures.

(h) Advance from and repayment from associates and joint ventures in 2020 and 2019 mainly included advance from and repayment from Hongkong Land's property joint ventures.

(i) Sale of subsidiaries

	2020 US$m	2019 US$m
Non-current assets	**5,192**	85
Current assets	**398**	165
Non-current liabilities	**(101)**	(49)
Current liabilities	**(268)**	(156)
Non-controlling interests	**(13)**	–
Net assets	**5,208**	45
Cumulative exchange translation difference	**(248)**	–
Profit on disposal	**46**	29
Sales proceeds	**5,006**	74
Adjustment for carrying value of a joint venture *(refer note 15)*	**(2,119)**	–
Adjustment for deferred payments	**14**	–
Cash and cash equivalents of subsidiaries disposed of	**(80)**	(14)
Net cash inflow	**2,821**	60
Analysis of net cash inflow from sale of subsidiaries:		
Proceeds received	**4,827**	60
Deposits refunded	**(2,006)**	–
	2,821	60

33 Notes to Consolidated Cash Flow Statement (continued)

(i) Sale of subsidiaries *(continued)*
Net cash inflow for sale of subsidiaries in 2020 included US$2,566 million, being proceeds received of US$4,572 million net of deposits refunded of US$2,006 million, for Hongkong Land's sale of a 57% interest in a wholly-owned company which became a 43%-owned joint venture. The company owns a mixed-use site in Xuhui District in Shanghai, Chinese mainland.

The remaining net cash inflow in 2020 of US$255 million included US$47 million for Hongkong Land's sale of its entire 80% interest in a development properties subsidiary in Vietnam; and US$109 million for Dairy Farm's sale of its entire 100% interest in Wellcome Taiwan and US$84 million for Dairy Farm's sale of its entire 100% interest in Rose Pharmacy to its 20%-owned associate, Robinsons Retail Holdings, Inc.

The revenue and profit after tax in respect of subsidiaries disposed of during the year amounted to US$1,179 million and US$14 million, respectively.

(j) Sale of other associates and joint ventures in 2020 mainly included US$1,136 million for Astra's sale of its entire 44.6% interest in Permata Bank.

(k) Sale of other investments in 2020 comprised Astra's sale of securities. Sale in 2019 comprised US$158 million in Hongkong Land and US$276 million in Astra.

(l) Change in interests in subsidiaries

	2020 US$m	2019 US$m
Increase in attributable interests		
– Mandarin Oriental	**(25)**	(5)
– Jardine Strategic	**–**	(253)
– other	**(2)**	(19)
	(27)	(277)

(m) Cash outflows for leases

	2020 US$m	2019 US$m
Lease rentals paid	**(1,238)**	(1,346)
Additions to right-of-use assets	**(37)**	(60)
	(1,275)	(1,406)
The above cash outflows are included in		
– operating activities	**(276)**	(330)
– investing activities	**(37)**	(60)
– financing activities	**(962)**	(1,016)
	(1,275)	(1,406)

(n) Analysis of balances of cash and cash equivalents

	2020 US$m	2019 US$m
Bank balances and other liquid funds *(refer note 22)*	**9,203**	7,183
Bank overdrafts *(refer note 29)*	**(50)**	(26)
	9,153	7,157

34 Derivative Financial Instruments

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

	2020 Positive fair value US$m	2020 Negative fair value US$m	2019 Positive fair value US$m	2019 Negative fair value US$m
Designated as cash flow hedges				
– forward foreign exchange contracts	**2**	**13**	2	4
– interest rate swaps and caps	**–**	**27**	1	10
– cross currency swaps	**18**	**131**	35	82
– forward commodity contracts	**–**	**33**	–	38
– commodity zero options	**1**	**–**	–	–
– commodity zero collars	**–**	**5**	–	6
	21	**209**	38	140
Designated as fair value hedges				
– forward foreign exchange contracts	**–**	**–**	–	1
– interest rate swaps and caps	**2**	**–**	1	–
– cross currency swaps	**22**	**–**	10	3
	24	**–**	11	4
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 2020 were US$1,002 million *(2019: US$813 million)*.

Interest rate swaps and caps

The notional principal amounts of the outstanding interest rate swap and cap contracts at 31st December 2020 were US$828 million *(2019: US$799 million)*.

At 31st December 2020, the fixed interest rates relating to interest rate swaps and caps varied from 0.4% to 2.7% *(2019: 1.2% to 2.7%)* per annum.

The fair values of interest rate swaps at 31st December 2020 were based on the estimated cash flows discounted at market rates ranging from 0.2% to 1.0% *(2019: 0.7% to 2.9%)* per annum.

Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts at 31st December 2020 were US$4,699 million *(2019: US$4,175 million)*.

Forward commodity contracts, commodity options and commodity zero collars

The contract amounts of the outstanding forward commodity contracts, commodity options and commodity zero collars at 31st December 2020 were US$152 million *(2019: US$429 million)*, US$72 million *(2019: US$8 million)* and US$286 million *(2019: US$84 million)*, respectively.

The outstanding interest rate swaps and cross currency swaps of an aggregate notional principal and contract amount of US$3.1 billion at 31st December 2020 are impacted by the IBOR reform.

35 Commitments

	2020 US$m	2019 US$m
Capital commitments:		
Authorised not contracted		
– joint ventures	**41**	–
– other	**973**	1,522
	1,014	1,522
Contracted not provided		
– joint ventures	**729**	1,054
– other	**955**	355
	1,684	1,409
	2,698	2,931

The Group had no material operating lease commitments for short-term and low-value leases outstanding at 31st December 2020 and 2019.

Total future sublease payments receivable amounted to US$29 million at 31st December 2020 *(2019: US$16 million)*.

36 Contingent Liabilities

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

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 2020 amounted to US$3,104 million *(2019: US$5,446 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 2020 amounted to US$387 million *(2019: US$664 million)*.

The Group manages six *(2019: six)* associate and joint venture hotels. Management fees received by the Group in 2020 from these managed hotels amounted to US$4 million *(2019: US$15 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 157 and 158 under the heading of Remuneration.

38 Summarised Balance Sheet of the Company

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

	2020 US$m	2019 US$m
Subsidiaries	**1,659**	1,659
Current assets	**1,128**	811
Total assets	**2,787**	2,470
Share capital *(refer note 23)*	**181**	183
Share premium and capital reserves *(refer note 25)*	**27**	27
Revenue and other reserves	**2,549**	2,237
Shareholders' funds	**2,757**	2,447
Current liabilities	**30**	23
Total equity and liabilities	**2,787**	2,470

Subsidiaries are shown at cost less amounts provided.

39 Post Balance Sheet Event

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 do not already own (the 'Acquisition'). The Acquisition will be implemented by way of an amalgamation of Jardine Strategic and a wholly-owned subsidiary of the Company, under the Bermuda Law. The total Acquisition value is approximately US$5.5 billion, which will be financed by an acquisition financing facility, as well as existing cash resources and available lines of credit.

The Acquisition is expected to become effective in April 2021. The Acquisition value and the related transaction costs will result in a reduction of the Group's total equity in the year ending 31st December 2021.

40 Principal Subsidiaries

The Group's principal subsidiaries at 31st December 2020 are set out below:

	Country of incorporation/ principal place of business	Nature of business	Attributable interests 2020 %	Attributable interests 2019 %	Proportion of ordinary shares and voting powers at 31st December 2020 held by the Group %	Proportion of ordinary shares and voting powers at 31st December 2020 held by non-controlling interests %
Dairy Farm International Holdings Ltd	Bermuda/ China and Southeast Asia	Grocery retail, convenience stores, health and beauty, home furnishings, restaurants and other retailing	**66**	66	**78**	**22**
Hongkong Land Holdings Ltd	Bermuda/ China and Southeast Asia	Property development & investment, leasing & management	**43**	43	**50**	**50**
Jardine Cycle & Carriage Ltd	Singapore/ Southeast Asia	A 50.1% interest in PT Astra International Tbk, motor trading and holding	**64**	64	**75**	**25**
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, transport services and restaurants	**100**	100	**100**	**–**
Jardine Strategic Holdings Ltd†	Bermuda/ China and Southeast Asia	Holding	**85**	85	**85**	**15**
Mandarin Oriental International Ltd	Bermuda/ Worldwide	Hotel management & ownership	**67**	66	**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, agribusiness, infrastructure and logistics, information technology and property	**32**	32	**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.

† Jardine Strategic held 59% *(2019: 58%)* of the share capital of 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 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. 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	14 to 116 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 realisable 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 lives of employees in accordance with the advice of qualified actuaries, who carry out a full valuation of major plans every year. The pension obligations are measured as the present value of the estimated future cash outflows by reference to market yields on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Plan assets are measured at fair value.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the year in which they occur.

Past service costs are recognised immediately in profit and loss.

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

(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 based on the actual service provided to the end of the reporting period as a proportion of the total services to be reported, as soon as it can be estimated reliably. The stage of completion is measured by reference to cost incurred to date compared to estimated total costs for each contract.

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 2020 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) Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective from 1st January 2021) provides practical expedient as a result of the reform which affect the measurement of financial assets, financial liabilities and lease liabilities, and a number of reliefs for hedging relationships. The Group will apply the amendments from 1st January 2021, but it is not expected the adoption will have a significant impact on the Group's consolidated financial statements.

(ii) Amendment to IFRS 9: 'Fees in the '10 per cent' Test for Derecognition of Financial Liabilities' (effective from 1st January 2022) clarifies the requirement to derecognise the original financial liability and recognise a new financial liability where there is an exchange between an existing borrower and lender of debt instrument with substantially different terms. The amendments clarifies that the terms are substantially different if the discounted present value of the cash flows under the new terms using the original effective interest rate, including any fees paid net of any fees received, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The Group will apply the amendment from 1st January 2022, but it is not expected the adoption will have a significant impact on the Group's consolidated financial statements.

(iii) Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract (effective from 1st January 2022) clarifies that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group will apply the amendment from 1st January 2022, but it is not expected the adoption will have a significant impact on the Group's consolidated financial statements.

(iv) IFRS 17 'Insurance Contracts' (effective from 1st January 2023) will mainly have effect on the Group's insurance companies in Indonesia. 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 2020 or 2019 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 2020 the Group's Indonesian rupiah functional entities had United States dollar denominated net monetary liabilities of US$189 million *(2019: US$320 million)*. At 31st December 2020, 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$15 million lower/higher *(2019: US$24 million lower/higher)*, arising from foreign exchange gains/losses taken on translation. The impact on amounts attributable to the shareholders of the Company would be US$2 million lower/higher *(2019: US$4 million lower/higher)*. 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 2020 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 2020 the Group's interest rate hedge exclusive of the financial services companies was 44% *(2019: 40%)*, with an average tenor of six years *(2019: six 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 risk by entering into interest rate swaps which have the economic effect of converting borrowings from fixed rate to floating rate, to maintain the Group's fixed rate instruments within the Group's guideline.

At 31st December 2020, 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$23 million *(2019: US$9 million)* higher/lower, and hedging reserves would have been US$129 million *(2019: US$99 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 2020, if the price of these investments had been 25% higher/lower with all other variables held constant, total equity would have been US$750 million *(2019: US$687 million)* higher/lower, of which US$570 million *(2019: US$517 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 2020, total available borrowing facilities amounted to US$25.9 billion *(2019: US$25.3 billion)* of which US$15.7 billion *(2019: US$15.3 billion)* was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, and undrawn uncommitted facilities totalled US$7.0 billion *(2019: US$6.7 billion)* and US$3.2 billion *(2019: US$3.3 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 2020							
Borrowings	6,404	2,875	1,432	1,582	2,211	3,184	**17,688**
Lease liabilities	961	734	535	398	305	1,562	**4,495**
Creditors	6,258	34	11	13	4	9	**6,329**
Net settled derivative financial instruments	26	6	4	1	–	–	**37**
Gross settled derivative financial instruments							
– inflow	1,943	1,328	478	611	690	678	**5,728**
– outflow	2,037	1,378	496	623	690	681	**5,905**
Estimated losses on insurance contracts	238	–	–	–	–	–	**238**
At 31st December 2019							
Borrowings	7,189	2,354	2,720	925	1,393	2,712	17,293
Lease liabilities	1,069	868	644	483	356	1,617	5,037
Creditors	8,104	25	14	2	3	13	8,161
Net settled derivative financial instruments	39	6	1	–	–	–	46
Gross settled derivative financial instruments							
– inflow	1,667	898	1,076	341	582	623	5,187
– outflow	1,769	965	1,105	350	601	618	5,408
Estimated losses on insurance contracts	193	–	–	–	–	–	193

Included in total undiscounted borrowings at 31st December 2020, US$3,745 million are impacted by the IBOR reform.

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 2020 and 2019 are as follows:

	2020	2019
Gearing ratio exclusive of financial services companies (%)	**6**	7
Gearing ratio inclusive of financial services companies (%)	**10**	12
Interest cover exclusive of financial services companies (times)	**11**	12
Interest cover inclusive of financial services companies (times)	**13**	14

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
2020				
Assets				
Other investments				
– equity investments	1,873	51	354	**2,278**
– debt investments	698	–	–	**698**
– LP investment funds	–	–	25	**25**
	2,571	51	379	**3,001**
Derivative financial instruments at fair value				
– through other comprehensive income	–	22	–	**22**
– through profit and loss	–	24	–	**24**
	2,571	**97**	**379**	**3,047**
Liabilities				
Contingent consideration payable	–	–	(9)	**(9)**
Derivative financial instruments at fair value				
– through other comprehensive income	–	(209)	–	**(209)**
	–	**(209)**	**(9)**	**(218)**
2019				
Assets				
Other investments				
– equity investments	1,667	52	348	2,067
– debt investments	669	–	–	669
– LP investment funds	–	–	13	13
	2,336	52	361	2,749
Derivative financial instruments at fair value				
– through other comprehensive income	–	38	–	38
– through profit and loss	–	11	–	11
	2,336	101	361	2,798
Liabilities				
Contingent consideration payable	–	–	(19)	(19)
Derivative financial instruments at fair value				
– through other comprehensive income	–	(140)	–	(140)
– through profit and loss	–	(4)	–	(4)
	–	(144)	(19)	(163)

There were no transfers among the three categories during the year ended 31st December 2020 and 2019.

Movements of financial instruments which are valued based on unobservable inputs during the year ended 31st December are as follows:

	Unlisted equity investments and LP investment funds	
	2020	2019
	US$m	US$m
At 1st January	**361**	253
Exchange differences	**(4)**	10
Additions	**15**	112
Disposals	**–**	(16)
Net change in fair value during the year included in profit and loss	**7**	2
At 31st December	**379**	361

(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 2020 and 2019 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
2020							
Financial assets measured at fair value							
Other investments							
– equity investments	–	2,278	–	–	–	2,278	2,278
– debt investments	–	–	698	–	–	698	698
– LP investments funds	–	25	–	–	–	25	25
Derivative financial instruments	46	–	–	–	–	46	46
	46	**2,303**	**698**	**–**	**–**	**3,047**	**3,047**
Financial assets not measured at fair value							
Debtors	–	–	–	7,705	–	7,705	7,918
Bank balances	–	–	–	9,203	–	9,203	9,203
	–	**–**	**–**	**16,908**	**–**	**16,908**	**17,121**
Financial liabilities measured at fair value							
Derivative financial instruments	(209)	–	–	–	–	(209)	(209)
Contingent consideration payable	–	(9)	–	–	–	(9)	(9)
	(209)	**(9)**	**–**	**–**	**–**	**(218)**	**(218)**
Financial liabilities not measured at fair value							
Borrowings	–	–	–	–	(15,697)	(15,697)	(16,018)
Lease liabilities	–	–	–	–	(3,890)	(3,890)	(3,885)
Trade and other payable excluding non-financial liabilities	–	–	–	–	(6,320)	(6,320)	(6,320)
	–	**–**	**–**	**–**	**(25,907)**	**(25,907)**	**(26,223)**

	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
2019							
Financial assets measured at fair value							
Other investments							
– equity investments	–	2,067	–	–	–	2,067	2,067
– debt investments	–	–	669	–	–	669	669
– LP investments funds	–	13	–	–	–	13	13
Derivative financial instruments	49	–	–	–	–	49	49
	49	2,080	669	–	–	2,798	2,798
Financial assets not measured at fair value							
Debtors	–	–	–	8,603	–	8,603	8,689
Bank balances	–	–	–	7,183	–	7,183	7,183
	–	–	–	15,786	–	15,786	15,872
Financial liabilities measured at fair value							
Derivative financial instruments	(144)	–	–	–	–	(144)	(144)
Contingent consideration payable	–	(19)	–	–	–	(19)	(19)
	(144)	(19)	–	–	–	(163)	(163)
Financial liabilities not measured at fair value							
Borrowings	–	–	–	–	(15,263)	(15,263)	(15,451)
Lease liabilities	–	–	–	–	(4,162)	(4,162)	(4,162)
Trade and other payable excluding non-financial liabilities	–	–	–	–	(8,142)	(8,142)	(8,142)
	–	–	–	–	(27,567)	(27,567)	(27,755)

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 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 2.75% to 3.50% for office *(2019: 2.75% to 3.50%)* and 3.75% to 5.00% for retail *(2019: 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.

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 2020 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.

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.

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

Group Treasury is managing the Group's IBORs transition plan. 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 may also affect other systems, processes, risk and valuation models, as well as having tax and accounting implications.

Relief applied

The Group has applied the following reliefs that were introduced by the amendments made to IFRS 9 Financial Instruments in September 2019:

(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 are based 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.

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.

(iii) The Group has incorporated the uncertainty over when the IBORs-referenced floating-rate debt will move to RFRs, the resulting adjustment to the spread, and the other aspects of the reform that have not yet been finalised by adjusting the discount rate used in the calculation.

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 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Balance Sheet as at 31st December 2020; 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.

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$314.0 million *(2019: US$228.5 million)*, based on 0.5% of the net assets of the Group. *(2019: based on 5% of consolidated profit before tax of the Group's largest subsidiary, Jardine Strategic Holdings Limited)*.
- Specific Group materiality: US$207.0 million *(2019: US$225.5 million)*, based on 5% of a three year average of consolidated underlying profit before tax of the Group's largest subsidiary, Jardine Strategic Holdings Limited.

Audit scope

- A full scope audit was performed on seven entities – Jardine Cycle & Carriage Limited (which includes PT Astra International Tbk), Hongkong Land Holdings Limited, Dairy Farm International Holdings Limited, Mandarin Oriental International Limited, Zung Fu China, Jardine Motors Group UK and Zung Fu Hong Kong.
- These entities, together with procedures performed on central functions and at the Group level, accounted for 94% of the Group's revenue, 87% of the Group's loss before tax, and 90% of the Group's underlying profit before tax.

Key audit matters

- Valuation of investment properties
- Carrying value of certain investments in associates and joint ventures
- Provisioning for consumer financing debtors
- Impact of COVID-19

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

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

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. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Gaining an understanding of the legal and regulatory framework applicable to the Group and the industries in which its businesses operate, and considering the risk of any acts by the Group which may be contrary to applicable laws and regulations, including fraud.
- Discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Understanding the results of whistleblowing procedures and related investigations. We focused on known and suspected instances of non-compliance with laws and regulations that could give rise to a material misstatement in the Group and company financial statements, including, but were 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 investments in associates and joint ventures and provisions against consumer financing debtors (see related key audit matters below);
- 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 and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

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

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

The impact of COVID-19 is a new key audit matter this year. Right-of-use assets and lease liabilities, which was a key audit matter last year, is no longer included because this key audit matter was relevant for the adoption of IFRS 16 'Leases' last year. Otherwise, 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$34,273 million at 31st December 2020, with a revaluation loss of US$3,477 million recognised as a non-trading item in the Consolidated Profit and Loss account for the year. The Group's property portfolio principally consists of commercial properties.* *The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location, prevailing market returns and the expected future rentals for that particular property.* *The valuations were carried out by third party valuers (the 'valuers'). There is inherent estimation uncertainty in determining a property's valuation as the valuers make assumptions, judgements and estimates in key areas. Valuations are principally derived using the income capitalisation method. Judgements are made in respect of capitalisation rates and market rents.* *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 buildings located in Central, and the commercial property under development in, Hong Kong. We read the valuation reports covering the majority of the total 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 of lease terms to tenancy agreements and other supporting documents. We understood and assessed the Group's controls over data used in the valuation of the investment property portfolio and management's review of the valuations. The audit team, including our valuation specialists, attended meetings with the valuers at which the valuations and the key assumptions 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. Overall, we concluded that the assumptions used in the valuations were appropriate. We also assessed the adequacy of the disclosures related to the valuation of investment properties in the context of IFRS disclosure requirements and were satisfied that appropriate disclosure has been made.

Key audit matter	*How our audit addressed the key audit matter*
Carrying value 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 2020, investments in associates and joint ventures totalled US$16,545 million.* *Management undertook impairment assessments as required by accounting standards.* *We focused in particular on the Group's investments in Siam City Cement Public Company Limited ('SCCC') and Robinsons Retail Holdings Inc ('RRHI').* *There is inherent estimation uncertainty in determining the recoverable amount of the carrying value of the investments as significant judgements are required by management in preparing their value in use 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.* *Based on management's assessment, the recoverable amount of SCCC determined using a value-in-use model was lower than the carrying value of the investment and an impairment charge of US$182 million was recognised.*	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, including the assessment of the future impact of COVID-19. Where we identified a heightened risk of impairment we performed the following procedures. With the support of our valuation specialists, we benchmarked and challenged key assumptions in management's valuation models used to determine recoverable amounts against market data. This included whether assumptions of projected cash flows of businesses, long term growth rates and discount rates were appropriate for the investments under review, using our knowledge and experience. 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 the detailed 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, in determining its discount rates. 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, including the future impact of COVID-19. We also tested management's historical estimation accuracy by comparing previous projected growth rates against the actual growth achieved. Where differences were identified we understood management's rationale and the evidence, such as actual recent performance, to support management's estimates. We evaluated the sensitivity analyses performed by management and performed our own independent sensitivity analyses on the key assumptions above and considered a range of alternative outcomes to determine the sensitivity of the valuation models to changes in assumptions. Where the recoverable amount was lower than the carrying amount of the investments, we checked the calculation of the impairment charge recognised. Overall, we found that the judgements and estimates made by management to determine the discount rates, long term growth rates and the cash flows used in the valuation models were 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 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 2020, consumer financing debtors of the Group amounted to US$4,155 million, held primarily in PT Astra Sedaya Finance ('ASF') and PT Federal International Finance ('FIF'), subsidiaries of the Group.* *Assessing the provisions for impairment of consumer financing debtors requires management to make complex and subjective judgements over both the timing of recognition and 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 including the impact of restructuring during the year.* *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 of loans. In addition, for consumer financing debtors' data and impairment calculations, we: • understood the identification of impairment events and how management identifies such events; • assessed the classification of loans that were impaired; and • tested the calculation of the impairment provisions on loans. We adopted a combination of tests of controls and tests of detail for our audit of provisions for impairment of consumer financing debtors to obtain sufficient audit evidence. In addition to tests of controls, we understood management's basis for determining whether a loan is impaired and assessed the reasonableness of that basis 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 challenged whether historical experience 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. We tested the completeness and accuracy of the consumer financing debtors' data from underlying systems that is used in the calculations and models used 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 of consumer financing debtors, the period of historical loss data used, identification of the most relevant macro-economic factors affecting the settlement of the amounts due from consumer financing debtors, and estimated market value for collateral held based on our understanding of the counterparties and current market conditions. Management's assumptions are supported by available industry data, historical data and actual loss rate data. We found that the assumptions and the data used in calculating provisions for impairment were supportable based on available evidence. We 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.

Key audit matter	How our audit addressed the key audit matter
Impact of COVID-19 *The COVID-19 pandemic has had a significant impact on the performance of the Group. The extent of the negative impact of the pandemic on future trading performance is difficult to predict. Therefore, there is inherent uncertainty in determining the impact of the pandemic on certain aspects of the financial statements.* *The key impact of COVID-19 on the financial statements are:* • *The assumptions supporting the valuation of investment properties have been updated to reflect management's best estimate of the impact of COVID-19.* • *Management's assessment of the carrying value of certain of the Group's investments in associates and joint ventures as a result of a reduction to the valuations at the year end, in part arising due to the impact of COVID-19 on the underlying businesses, as described in the related key audit matter above.* • *The assumptions have been revised in management's expected credit loss models used to determine the provisions for consumer financing debtors, incorporating expected future losses, as described in the related key audit matter above.* *Management's way of working, including the operation of controls, has been impacted by COVID-19 as a result of a large number of staff working remotely.*	Our procedures in respect of the valuation of investment properties, impairment assessments in respect of associates and joint ventures and provisions for consumer financing debtors are covered in the related key audit matters above. We performed additional procedures to assess any control implications arising from the impact of COVID-19, including inquiries with respect to the operation of IT and business process controls, and whether there has been any impact on the Group. We instructed our component teams to perform additional procedures to understand if there were any changes to management's planned operation of controls or monitoring activities. We did not identify any evidence of material deterioration in the control environment. We increased the frequency and extent of our oversight over component audit teams, using video conferencing and remote working paper reviews, to satisfy ourselves as to the appropriateness of audit work performed at significant and material components. We considered the appropriateness of disclosures in the financial statements in respect of the impact of the current environment and the increased uncertainty on certain accounting estimates and consider these to be appropriate.

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 structured around a finance function in each main business, which are responsible for their own accounting records and controls and which in turn 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 them to prepare consolidated financial statements.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by members of the Group engagement team or by component auditors from member firms within the PwC Network operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed 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 and video conference calls. Due to the current restrictions on travel and social distancing measures, enacted as a response to COVID-19, the lead Group audit partner and other senior team members were involved throughout the year through the regular use of conference calls and other forms of communication to direct and oversee the audit, including the remote review of the work of component teams.

For seven entities – Jardine Cycle & Carriage Limited (which includes PT Astra International Tbk), Hongkong Land Holdings Limited, Dairy Farm International Holdings Limited, Mandarin Oriental International Limited, Zung Fu China, Jardine Motors Group UK and Zung Fu Hong Kong – a full scope audit of the complete financial information was performed. 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, 87% of the Group's loss before tax, and 90% of the Group's underlying profit before tax. This gave us the evidence we needed for our opinion on the financial statements as a whole.

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

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

Overall Group materiality	US$314.0 million *(2019: US$228.5 million)*
How we determined it	0.5% of the net assets of the Group. *(2019: based on 5% of consolidated profit before tax of the Group's largest subsidiary, Jardine Strategic Holdings Limited)*.
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. Given that the performance of the Group has been impacted by COVID-19, we have changed our determination of overall materiality from that used last year, whilst maintaining the basis for our specific materiality using underlying profit before tax as detailed below.

We set a specific materiality level of US$207.0 million *(2019: US$225.5 million)* for those items affecting underlying profit before tax, which included all transactions and balances recorded in the consolidated financial statements that were not related to investment properties. This was based upon 5% of the Group's largest subsidiary, Jardine Strategic Holdings Limited's consolidated three year average underlying profit before tax, considering Jardine Strategic Holdings Limited's consolidated underlying profit before tax for the years ended 31st December 2018, 31st December 2019 and 31st December 2020. 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$11.3 million to US$268.0 million. The range of specific materiality allocated across components was US$11.3 million to US$100.0 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% of specific materiality, amounting to US$155.0 million.

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$10 million *(2019: US$10 million)*, other than classifications within the Consolidated Profit and Loss Account or Consolidated Balance Sheet, which were only reported above US$314.0 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 and its businesses' business models and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period.
- Considering sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible, but not unrealistic, adverse effects that could arise from adverse trading conditions as a result of COVID-19 and impact the Group's liquidity position over the going concern period.

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.

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 save where expressly agreed by our prior consent in writing.

Partner responsible for the audit

The engagement partner responsible for this independent auditors' report is John Waters.

PricewaterhouseCoopers LLP
Chartered Accountants
London
11th March 2021

- The maintenance and integrity of the Jardine Matheson Holdings Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Five Year Summary

Profit and Loss*

	2020 US$m	2019 US$m	2018 US$m	2017 US$m	2016 US$m
Revenue	**32,647**	40,922	42,527	38,748	37,051
(Loss)/profit attributable to shareholders	**(394)**	2,838	1,722	3,943	2,503
Underlying profit attributable to shareholders	**1,085**	1,589	1,655	1,543	1,386
(Loss)/earnings per share (US$)	**(1.07)**	7.56	4.58	10.48	6.69
Underlying earnings per share (US$)	**2.95**	4.23	4.40	4.10	3.71
Dividends per share (US$)	**1.72**	1.72	1.70	1.60	1.50

Balance Sheet*

	2020 US$m	2019 US$m	2018 US$m	2017 US$m	2016 US$m
Total assets excluding right-of-use assets	**88,758**	91,899	84,699	82,633	71,176
Right-of-use assets	**4,768**	5,129	5,451	–	–
Total assets	**93,526**	97,028	90,150	82,633	71,176
Total liabilities excluding total lease liabilities	**(26,793)**	(27,795)	(26,934)	(24,865)	(21,374)
Total lease liabilities	**(3,890)**	(4,162)	(4,418)	–	–
Total liabilities	**(30,683)**	(31,957)	(31,352)	(24,865)	(21,374)
Total equity	**62,843**	65,071	58,798	57,768	49,802
Shareholders' funds	**29,387**	30,351	26,069	25,659	21,815
Net borrowings (excluding net borrowings of financial services companies)	**3,720**	4,786	5,913	3,403	2,087
Net asset value per share (US$)	**81.32**	81.90	69.19	68.19	58.19

Cash Flow*

	2020 US$m	2019 US$m	2018 US$m	2017 US$m	2016 US$m
Cash flows from operating activities	**5,275**	4,865	5,157	4,298	3,967
Cash flows from investing activities	**(1,134)**	(700)	(4,658)	(3,975)	(2,063)
Net cash flow before financing	**4,141**	4,165	499	323	1,904
Net cash flow after principal elements of lease payments	**3,179**	3,149	(519)	323	1,904
Cash flow per share from operating activities (US$)	**14.32**	12.96	13.71	11.42	10.60

*Figures in 2018 have been restated due to changes in accounting policies upon adoption of IFRS 16 'Leases'. Figures in 2017 have been restated due to changes in accounting policies upon adoption of IFRS9 'Financial Instruments' and IFRS15 'Revenue from Contracts with Customers'.

Responsibility Statement

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

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

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

For and on behalf of the Board

John Witt
Graham Baker
Directors

11th March 2021

Corporate Governance

Overview of Governance Approach

The Group understands the value of good corporate governance to long-term sustainable success and attaches importance to the corporate stability that strong governance brings. It is committed to high standards of governance and has developed over many years an approach which both it and its stakeholders regard as appropriate to the nature of its business and the long-term strategy it pursues in its Asian markets. Having an effective corporate governance framework supports the Board in the delivery of the Group's strategy and supports long-term sustainable growth.

Group Structure

Jardine Matheson Holdings Limited (the 'Company') is the parent company of the Jardine Matheson Group (the 'Group'). Its management is therefore concerned both with the direct management of the Company's own activities, and with the oversight of the operations of other listed companies within the wider Group.

The structural relationship between the Group companies is considered to be a key element of the Group's success. 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. The Company's system of governance is tailored to the Group's size, ownership structure, complexity and breadth of businesses. It is based on a well-tried approach to oversight and management, in which the 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.

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

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

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

The Company's share capital is 59%-owned by Jardine Strategic Holdings Limited ('Jardine Strategic'), a Bermuda-incorporated 85%-owned subsidiary of the Company, which also has a primary listing on the standard segment in London and secondary listings in Singapore and Bermuda.

As announced on 8th March 2021, the Company is planning to simplify the parent company structure of the Group. The planned simplification will include the acquisition by the Company, for cash, of the c.15% of the issued share capital of Jardine Strategic that it does not already own. The Company also intends subsequently to effect the cancellation of Jardine Strategic's almost 59% shareholding in the Company.

Governance and Legal Framework

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

- the Bermuda Companies Act 1981 (the 'Companies Act');
- the Bermuda 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 'Takeover Code') was established; and
- the Company's Memorandum of Association and Bye-laws.

The Takeover Code was established under the Special Act and is based on London's 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 mechanisms of acquisition that are available under the Companies Act include schemes of arrangement, amalgamation and mergers. The Companies Act provides an orderly framework within which such procedures can be conducted and the interests of shareholders protected in those circumstances.

The Bye-laws of the Company can be amended by the shareholders 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 Listing Rules, the DTRs, the Market Abuse Regulation[1] ('MAR') and the Prospectus Rules, including in relation to continuous disclosure, periodic financial reporting, disclosure of interests in shares, market abuse and the publication and content of prospectuses in connection with admission to trading or offering securities to the public. The Company is subject to regulatory oversight from the FCA, as the Company's principal securities regulator, and is required to comply with the Admission and Disclosure Standards of the Main Market of the London Stock Exchange. The Company and its directors are also subject to legislation and regulations in Singapore relating to insider dealing.

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

When the shareholders approved the Company's move to a standard listing from a premium listing in 2014, the Company stated that it intended to maintain certain governance principles on the basis as was then applicable to the Company's premium listing. As a result, the Company has adopted 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 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 business affairs of the Company, with the exception of matters reserved to be exercised by the Company in 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 Group's corporate or capital structure;
- approval of major capital expenditure and significant transactions (in terms of size or reputational impact);
- approval of interim and final financial statements upon recommendation from the Audit Committee, and interim management statements;
- approval of Annual Report and Accounts;
- approval of dividend policy and amount and form of interim and final dividend payments for approval by shareholders as required;

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

- any significant changes to the Company's accounting policies or practices upon recommendation from the Audit Committee;
- appointment, reappointment or removal of the external auditor, subject to shareholders' approval, upon recommendation from the Audit Committee;
- approval of matters relating to the AGM (resolutions and shareholder documentation);
- approval of all shareholder circulars, prospectuses and listing particulars issued by the Company; and
- approval of material public announcements concerning matters decided by the Board.

Responsibility for certain matters, including the approval of borrowing facilities and of capital expenditure (other than major capital expenditure which is required to be approved by the Board) has been delegated 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 11th March 2021, the Board comprises 13 Directors, three of whom (23%) – Stuart Gulliver, Julian Hui and Michael Wu – are regarded as Independent Non-executive Directors. 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. The names of all the Directors and brief biographies appear on page 41 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, in order to ensure an appropriate balance of power and authority.

Chairman

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

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

Group Managing Director

The role of Group Managing Director is to implement the strategy agreed by the Board and to 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:

- the effective management of the Group's businesses;
- leading the development of the Company'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;
- 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 forward.

The Group Managing Director has been appointed by the Chairman as Managing Director of the Group's listed subsidiaries Hongkong Land Holdings Limited, Dairy Farm International Holdings Limited and Mandarin Oriental International Limited, pursuant to their respective Bye-laws.

Non-executive Directors
The Non-executive Directors bring insight and 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.

Board Meetings
The Board usually holds four scheduled meetings each year and ad hoc meetings are held when appropriate to deal with urgent matters which arise between scheduled meetings. The majority of Board meetings are usually held in different locations around Asia and one Board meeting is usually held in Bermuda, at the same time as the Company's annual general meeting each May.

In 2020, due to travel restrictions imposed as a result of the pandemic, it was necessary to hold all four Board meetings virtually.

The Board receives high quality, up-to-date information for each of its meetings, which is provided to Directors via a secure online board information portal.

The Company's Directors who are based outside Asia will usually visit Asia on a regular basis to review and discuss the Group's businesses, as well as to participate in a series of strategy review meetings which precede each of the regular Board meetings. In 2020, all of these strategic reviews were held virtually as a result of the pandemic. These Directors are not directly involved in the operational management of the Group's business activities, but their knowledge of the Group's affairs, as well as their experience of the wider Group, provide significant value to the ongoing review by the Company of the Group's businesses and reinforce the Board oversight process.

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

	Board	Audit Committee
Current Directors		
Ben Keswick	4/4	
John Witt	4/4	
Y.K. Pang	4/4	
Graham Baker [1]	2/2	
David Hsu	4/4	
Jeremy Parr	4/4	
Adam Keswick	4/4	2/2
Stuart Gulliver	4/4	2/2
Julian Hui	4/4	
Alex Newbigging	4/4	
Anthony Nightingale	4/4	2/2
Percy Weatherall	4/4	
Michael Wu	4/4	
Former Directors		
Mark Greenberg [2]	4/4	
Lord Sassoon [3]	1/1	1/1

Notes:
1 Graham Baker joined the Board on 15th June 2020.
2 Mark Greenberg stepped down as a Director on 31st December 2020.
3 Lord Sassoon retired from the Board on 9th April 2020.

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 reappointment at the first annual general meeting after appointment. Thereafter, 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.

Simon Keswick and Lord Sassoon retired from the Board on 1st January 2020 and 9th April 2020, respectively. Graham Baker joined the Board with effect from 15th June 2020. Mark Greenberg stepped down from the Board of the Company with effect from 31st December 2020.

In accordance with Bye-law 84, Y.K. Pang, Alex Newbigging and Percy Weatherall will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. In accordance with Bye-law 91, Graham Baker will also retire at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election. Graham Baker, Y.K. Pang and Alex Newbigging each have a service contract with a subsidiary of the Company that has a notice period of six months. Percy Weatherall does not have a service contract 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 five other members, whose names appear on page 164 of this Report, including the Group Deputy Managing Director, Group Finance Director, Group General Counsel and Group Digital Director.

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

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 Board's Audit Committee are Stuart Gulliver, Anthony Nightingale, and Adam Keswick. None of these Directors is directly involved in operational management. Lord Sassoon retired as a member of the Audit Committee on 9th April 2020. Stuart Gulliver was appointed as the chairman of the Audit Committee with effect from 25th January 2021, in place of Anthony Nightingale, who remains as a member of the Audit Committee.

With the appointment of Stuart Gulliver, who is an Independent Non-executive director, as chairman of the Audit Committee, the Company considers that the Committee also now has a majority of independent members. Stuart Gulliver is also the member of the Committee with recent financial experience and expertise.

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 the Audit Committee meetings by invitation. Other individuals may attend part of a meeting for specific agenda items as appropriate. The Audit Committee meets twice a year and reports to the Board after each meeting.

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

- independent oversight and assessment of financial reporting processes including related internal controls;
- risk management and compliance;
- overseeing the effectiveness of the internal and external audit functions;
- considering the independence and objectivity of the external auditors; and
- reviewing and approving the level and nature of non-audit work performed by the external auditors.

Prior to 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 to 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 Group audit committees.

The matters considered by the Audit Committee during 2020 included:

- reviewing the 2019 annual financial statements and 2020 half-yearly financial statements, with particular focus on the impact of COVID-19, provisioning and impairment assessments, assumptions that underpinned key valuation models and effectiveness of financial controls;
- reviewing the actions and judgements of management in relation to changes in accounting policies and practices, to ensure clarity of disclosures and compliance with new accounting standards;
- receiving reports from Internal Audit 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, priorities and control effectiveness;
- receiving reports from Risk Management and Legal functions on key legal matters and compliance and code of conduct issues, and the actions taken in addressing those issues and strengthening controls;
- reviewing the annual internal audit plan and status updates;
- reviewing and approving the revised terms of reference of the Group's Internal Audit and Risk Management function;
- approving the Group Tax Strategy;
- reviewing the biennial assessment of the effectiveness of PwC;
- reviewing the independence, audit scope and fees of PwC, and recommending their re-appointment as the External Auditor; and
- conducting a review of the terms of reference of the Audit Committee.

Remuneration

The Board has overall responsibility for setting remuneration across the Group, ensuring it is appropriate and supports the Group's strategy, creating value for stakeholders. The Company's policy is to offer competitive remuneration packages to its senior executives. It is recognised that, due to the nature of the Group and its diverse geographic base, a number of its senior executives are required to be offered international terms and the nature of the remuneration packages is designed to reflect this. Executive Directors joining from outside the Group may be offered an initial fixed-term service contract to reflect any requirement for them to relocate.

The Chairman, Group Managing Director and another Director who is not involved in the operation of the business, supported by Group Human Resources, meet when necessary to formulate and make decisions on remuneration and other benefits payable or made available to Executive Directors. 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.

Certain Directors are discretionary objects under a trust created in 1947 (the '1947 Trust') which holds 35,915,991 ordinary shares in the Company representing 4.99% of the Company's issued share capital. Under the terms of the 1947 Trust, its income is to be distributed to a class of beneficiaries including senior executive officers and employees of the Company and its wholly-owned subsidiaries.

Remuneration in 2020
For the year ended 31st December 2020, the Directors received US$64.4 million *(2019: US$59.9 million)* in aggregate, being:

- Distributions from the 1947 Trust of US$53.0 million *(2019: US$48.1 million)*; and
- Directors' fees and employee benefits from the Group of US$11.4 million *(2019: US$11.8 million)*.

Directors' fees and employee benefits included:

- US$0.3 million *(2019: US$0.4 million)* in Directors' fees;
- US$10.1 million *(2019: US$9.4 million)* in short-term employee benefits including salary, bonuses, accommodation and deemed benefits in kind;
- US$0.5 million *(2019: US$1.0 million)* in post-employment benefits; and
- US$0.5 million *(2019: US$1.0 million)* in share-based payments.

The information set out in the section above headed 'Remuneration in 2020' forms part of the audited financial statements.

Share schemes
Share-based long-term incentive plans have been established to provide incentives for Executive Directors and senior managers. Share options are granted from time to time at the then prevailing market prices and they normally vest on or after the third anniversary of the date of grant. Grants may be made in a number of instalments. No options were granted in 2019 or 2020 and there are no current plans to grant further options. Share options are not granted to Non-executive Directors.

Share ownership by Directors
The Company believes that it is important to align the interests of shareholders and Executive Directors and that all Executive Directors should hold shares in the Company for the long-term. In 2019 the Company adopted a policy in relation to share ownership by Executive Directors, which requires all Executive Directors to hold Jardine Matheson shares with a value of 2.5 times their annual basic salary for the period while they are directors. New Directors are permitted two years from the commencement of their employment to accumulate the required level of shareholding, and the same period is applied to existing Directors who do not yet hold the required value of shares.

The table under 'Directors' Share Interests' on page 160 sets out shares in the Company held by Executive Directors of the Company as at the date of this Report.

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 provide cover where the Director has acted fraudulently or dishonestly.

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 to the Audit Committee responsibility for providing oversight in respect of risk management activities. The Audit Committee considers the Group's principal risks and uncertainties and potential changes to the risk profile and 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 on a regular basis, and reports to the Board semi-annually. The systems of internal control are designed to manage, rather than eliminate, business risk; to help safeguard the Group's assets against fraud and other irregularities; and to give reasonable, but not absolute, assurance against material financial misstatement or loss.

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 own executive management.

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

The effectiveness of these systems is monitored by the internal audit function, which is independent of the operations of the Company and other Group companies, and by a series of audit committees or risk management and compliance committees that operate in each major 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 Audit Committee of the Company.

The principal risks and uncertainties facing the Company are set out on page 162.

Delegations of Authority

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

Whistleblowing Policy

The Group has a whistleblowing policy covering the process by which employees can report matters of serious concern. The Audit Committee has 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 which are referred to it by the internal audit function. In January 2021 a new confidential whistleblowing service, called 'Speak Out', was launched to support colleagues in reporting such matters of serious concern and is intended to help foster an inclusive, safe and caring workplace. The service may be used by colleagues for situations where it is inappropriate or not possible to report a matter of concern to a manager, supervisor, HR or Legal representative.

Directors' Responsibilities in respect of the Financial Statements

The Directors are required under the Companies Act to prepare financial statements for each financial year and to present them annually to the Company's shareholders at the annual general meeting. The financial statements 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.

Code of Conduct

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

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

Diversity and Inclusion

The Code of Conduct also encourages diversity and inclusion, and requires all employees to be treated fairly, impartially and with dignity and respect. As a multinational Group with a broad range of businesses operating across Asia and elsewhere in the world, the Group believes in promoting equal opportunities in recruiting, developing and rewarding its people regardless of race, gender, nationality, religion, sexual orientation, disability, age or background. The scale and breadth of the Group's businesses necessitate that they seek the best people from the communities in which they operate most suited to their needs.

Appointments to the Group's various boards, as well as senior management positions, are based on merit – an objective assessment of the fit of the prospective individuals and the needs of the Group.

The Company keeps the composition of its Board and senior management positions under review to ensure that it adapts to the changing business landscape. The Company recognises that gender diversity is an important issue and this is something it is actively focused on, with consistent improvement in this area. As of July 2020, nearly a quarter of colleagues at CEO level or the level below across our businesses are female, 36% of our management are women, and 56% of the latest intake of graduate trainees are women.

During the year, the Company appointed a Group Head of Diversity and Inclusion. This new role will lead initiatives to develop a Group-wide approach to diversity and inclusion and will work to ensure that an open and inclusive culture is integrated into the way each of the Group's businesses operates.

Directors' Share Interests

The Directors of the Company in office on 11th March 2021 had interests* as set out below in the ordinary share capital of the Company. These interests included those notified to the Company in respect of the Directors' closely associated persons*.

Ben Keswick	45,973,531[(a) (b)]
John Witt	151,994
Y.K. Pang	415,000
Stuart Gulliver	50,000
David Hsu	111,958
Adam Keswick	39,170,204[(a) (b)]
Alex Newbigging	34,366
Anthony Nightingale	1,186,780
Jeremy Parr	15,000
Percy Weatherall	39,137,689[(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 34,169,719 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

Graham Baker, who joined the Company as an Executive Director in June 2020, is subject to an obligation to build up a holding equivalent to 2.5 times his salary over two years.

In addition to the interests of the Directors set out in the table above, the interests for each of the Executive Directors include 35,915,991 ordinary shares in the Company held by the 1947 Trust, which the Executive Directors are interested in as discretionary objects under the 1947 Trust (as further described in the 'Remuneration' section above) and/or as the 1947 Trust is a closely associated person of certain of the Directors. For these purposes, such Directors are deemed to be interested in the 35,915,991 ordinary shares held by the 1947 Trust.

In addition, Ben Keswick, John Witt, Y.K. Pang, David Hsu, Adam Keswick, Alex Newbigging and Jeremy Parr held options in respect of 190,000, 90,000, 80,000, 30,000, 50,000, 90,000 and 50,000 ordinary shares, respectively, issued pursuant to the Company's share-based long-term incentive plans.

Substantial Shareholders

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

The Company has been informed of the holding of voting rights of 5% or more attaching to the Company's issued ordinary share capital by Jardine Strategic and its subsidiary undertakings which are directly and indirectly interested in 426,938,290 ordinary shares carrying 59.31% of the voting rights. Apart from this interest and the interests disclosed under 'Directors' Share Interests' above, 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 11th March 2021.

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 112.

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 shall be treated as cancelled and, therefore, reduce the issued share capital of the Company. The Board considers on a regular basis the possibility for share repurchases or the acquisition of further shares in Group companies, including shares in Jardine Strategic. When doing so, it considers the potential for the enhancement of earnings or asset values per share. When purchasing such shares, the Company is subject to the provisions of MAR.

During the year the Company repurchased and cancelled 12,116,009 ordinary shares for an aggregate total cost of US$554.4 million. The ordinary shares, which were repurchased in the market, represented some 1.68% of the Company's issued ordinary share capital.

In addition, during the year Jardine Matheson International Services Limited, a wholly-owned subsidiary of the Company, acting in its capacity as trustee of The Jardine Foundation (a not-for-profit educational trust), purchased 20,000 ordinary shares of the Company in the market for a total cost of US$1.0 million. The ordinary shares purchased represented some 0.003% of the Company's issued ordinary share capital. These 20,000 ordinary shares are included in the aggregate number of ordinary shares held by Jardine Strategic and the Company's other subsidiary undertakings, as referred to in the 'Substantial Shareholders' section above.

Annual General Meeting

The 2021 Annual General Meeting will be held on 6th May 2021. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of Meeting which accompanies this Report. A corporate website is maintained containing a wide range of information of interest to investors at www.jardines.com.

Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. The process by which the Group identifies and manages risk is set out in more detail on pages 158 to 159 of the Corporate Governance section of this Report. The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority of the United Kingdom and are in addition to the matters referred to in the Chairman's Statement, Managing Director's Review and other parts of the Annual Report.

Economic Risk

Most of the Group's businesses are exposed to the risk of negative 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. Such developments might increase operating costs, reduce revenues, lower asset values or result in some or all of the Group's businesses being unable to meet their strategic objectives.

Commercial Risk and Financial Risk

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

A number of the Group's businesses make significant investment decisions in respect of developments or projects and these are subject to market risks. This is especially the case where projects are longer-term in nature and take more time to deliver returns.

The Group's businesses operate in sectors and regions which are highly competitive and evolving rapidly, and failure to compete effectively, whether in terms of price, tender terms, product specification, application of new technologies or levels of service, can have an adverse effect on earnings or market share. Significant competitive pressure may also lead to reduced margins.

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

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

The steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on pages 39 to 40 and note 43 to the financial statements on pages 127 to 136.

Concessions, Franchises and Key Contracts

A number of the Group's businesses and projects are reliant on concessions, franchises, management, outsourcing or other key contracts. Cancellation, expiry or termination, or the renegotiation of any such concession, franchise, management, outsourcing or other key contracts, could have an adverse effect on the financial condition and results of operations of certain subsidiaries, associates and joint ventures of the Group.

Regulatory and Political Risk

The Group's businesses are subject to a number of regulatory regimes in the territories in which they operate. Changes in such regimes, in relation to matters such as foreign ownership of assets and businesses, exchange controls, planning controls, emission regulations, tax rules and employment legislation, could have the potential to impact the operations and profitability of the Group's businesses.

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

Terrorism, Pandemic and Natural Disasters

The Group's operations are vulnerable to the effects of terrorism, either directly through the impact of an act of terrorism or indirectly through the effect on the Group's businesses of generally reduced economic activity in response to the threat, or an actual act, of terrorism.

The Group businesses could be impacted by a global or regional pandemic which seriously affects economic activity or the ability of businesses to operate smoothly. In addition, many of the territories in which the Group operates can experience from time to time natural disasters such as earthquakes and typhoons.

Cybersecurity Risk

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

Shareholder Information

Financial Calendar

2020 full-year results announced	11th March 2021
Shares quoted ex-dividend	25th March 2021
Share registers closed	29th March to 2nd April 2021
2020 final dividend scrip election period closes	28th April 2021
Annual General Meeting to be held	6th May 2021
2020 final dividend payable	12th May 2021
2021 half-year results to be announced	30th July 2021*
Shares quoted ex-dividend	19th August 2021*
Share registers to be closed	23rd to 27th August 2021*
2021 interim dividend scrip election period closes	24th September 2021*
2021 interim dividend payable	13th October 2021*

**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 2020 final dividend by notifying the United Kingdom transfer agent in writing by 28th April 2021. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 3rd May 2021.

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
The Registry
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.

Group Offices

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Matheson & Co., Ltd	3 Lombard Street London EC3V 9AQ United Kingdom	Telephone Email Website	(44 20) 7816 8100 enquiries@matheson.co.uk www.matheson.co.uk Adam Keswick
Jardine Pacific Ltd	48th Floor, Jardine House G.P.O. Box 70 Hong Kong	Telephone Email	(852) 2843 8288 jpl@jardines.com Y.K. Pang
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