



Press Release

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To: Business Editor

5th March 2020
For immediate release

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

**Jardine Strategic Holdings Limited
2019 Preliminary Announcement of Results**

Highlights

- Resilient performance in challenging market conditions
- Underlying net profit and earnings per share down 3% and 2%, respectively, against prior year
- Full-year dividend up 4%
- Record year for Hongkong Land and solid performances from Jardine Pacific and Astra
- Dairy Farm transformation progressing well but profit impacted by Hong Kong
- Group’s balance sheet and funding position remain robust

“2019 was a challenging year, but the Group has a long track record of resilience and delivered an encouraging performance in difficult conditions.

The 2020 performance of the Group’s businesses in Greater China is being materially impacted by the ongoing COVID-19 outbreak and results for the remainder of the year will depend on the duration, geographic extent and impact of the outbreak and the measures taken to control it. Longer term, however, we remain confident in the market fundamentals that drive Asia’s growth. The Board also remains confident that the Group’s strong balance sheet, liquidity and clear strategic priorities will position Jardine Strategic well for strong long-term growth.”

Ben Keswick, *Executive Chairman and Managing Director*

Results

	Year ended 31st December		Change %
	2019 US\$m	2018 US\$m Restated [†]	
Gross revenue including 100% of Jardine Matheson, associates and joint ventures	103,308	92,348	+12
Revenue	32,665	34,094	-4
Underlying profit* before tax	4,500	4,633	-3
Underlying profit* attributable to shareholders	1,681	1,729	-3
Profit attributable to shareholders	2,178	1,827	+19
	US\$	US\$	%
Underlying earnings per share*	2.98	3.04	-2
Earnings per share	3.86	3.21	+20
Dividends per share	0.355	0.340	+4
Net asset value per share [#]	57.98	68.46	-15

* 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 42 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.

† The accounts have been restated due to changes in accounting policies upon adoption of IFRS 16 ‘Leases’, as set out in note 1 to the financial statements.

Net asset value per share is calculated on a market value basis, details of which are set out in note 15.

The final dividend of US\$25.0 per share will be payable on 13th May 2020, subject to approval at the Annual General Meeting to be held on 7th May 2020, to shareholders on the register of members at the close of business on 20th March 2020 and will be available in cash with a scrip alternative.

Jardine Strategic Holdings Limited 2019 Preliminary Announcement of Results

CHAIRMAN'S STATEMENT

Overview

Jardine Strategic delivered a resilient performance in 2019. The Group navigated a range of challenges during the year, including the China-US trade war, negative consumer sentiment in a number of markets, lower commodity prices and the social unrest in Hong Kong. Social unrest in Hong Kong has had a significant impact on the local economy and caused extensive disruption, which has been exacerbated by COVID-19 which is creating significant challenges across Greater China. We are very grateful for the continuing dedication, hard work and resilience of our people in the context of these substantial challenges and remain confident in the positive long-term outlook for the region and in Hong Kong's future as a financial and commercial centre.

The financial and operational resilience of the Group's businesses continues to be supported by its investment strategy and approach to capital allocation, which are focused on fast-growing consumer markets in Greater China and Southeast Asia. The Group continues to monitor the COVID-19 outbreak closely. Our priority is always the wellbeing of our people and customers and we will do all we can to ensure their safety and support them through this difficult time. While the outlook is likely to continue to be challenging and performance in the year ahead will depend on the duration, geographic extent and impact of the COVID-19 outbreak and the measures taken to control it, the Group remains confident in the resilience of its businesses and is therefore confident in their longer-term prospects.

Underlying net profit for the year was down by 3% compared with the prior year, with a record year for Hongkong Land and solid performances from Jardine Pacific and Astra.

Dairy Farm's ongoing multi-year transformation programme is beginning to deliver encouraging operational results, but difficult market conditions in Hong Kong impacted the reported financial performance of the business in the year.

Net non-trading items included the US\$874 million net gain from the disposal of the Group's interest in Jardine Lloyd Thompson ('JLT') and the US\$61 million net revaluation gain on other investments. These were partially offset by the US\$447 million net revaluation loss arising from the annual revaluation of the Group's investment properties.

Performance

The Group's consolidated revenue for 2019 was US\$32.7 billion, a decrease of 4% from the prior year. The Group's gross revenue benefited from the inclusion of sales from the newly-acquired interest in Robinsons Retail, as well as a full twelve months' revenue for Zhongsheng and Yonghui due to the timing of the reporting of their results.

Underlying profit before tax for the year was down 3% at US\$4,500 million.

The underlying profit attributable to shareholders decreased by 3% to US\$1,681 million, with underlying earnings per share down by 2% to US\$2.98.

Net profit including non-trading items was US\$2,178 million.

The Group's financial position remains strong, with shareholders' funds up 14% at US\$35.8 billion at the year end. Consolidated net debt excluding financial services companies was US\$6.0 billion at 31st December 2019, representing gearing of 9%, down slightly from 10% at the end of 2018.

The Board is recommending an increased final dividend of US\$25.0 per share, which produces a full-year dividend of US\$35.5 per share, up 4% from the prior year.

Within Jardine Matheson's directly-held businesses, Jardine Pacific delivered a satisfactory performance, with overall profit growth of 2% to US\$164 million and strong performances by JEC and Gammon, offset by weaker performances by Jardine Restaurants and HACTL.

There was a solid performance from Hongkong Land, which achieved a further year of record underlying profit, reflecting steady earnings in investment properties, despite the social unrest in Hong Kong, and a stable performance from development properties, with a higher contribution from the Chinese mainland, offset by lower profits in other markets.

Astra delivered a resilient performance in 2019 in the face of relatively weak domestic consumption and low commodity prices, with strong contributions from its financial services and newly-acquired gold mining businesses, offset by weaker performances from heavy equipment, coal mining and agribusiness.

At Dairy Farm, the multi-year transformation programme to reshape and reorganise the business showed encouraging signs of progress in evolving its operations. Underlying profit was, however, lower than the prior year due to the impact of the

social unrest in Hong Kong - with Mannings and Maxim's most affected – as well as increased cost of goods and ongoing investments in its Home Furnishings business.

Strategic Developments

The Group has a strong presence in two of the fastest growing consumer markets in the world: Greater China and Southeast Asia. Greater China provides the larger contribution to the Group, underpinned by the Group's significant presence in Hong Kong. The Chinese mainland is also a key market for the Group, contributing 20% of profits in the year, and the Group is focused on growing its businesses there further.

Hongkong Land diversified its investment properties portfolio with the strategic acquisition in February 2020 of a large predominantly commercial mixed-use site in a prime waterside location in Shanghai.

It also continues to consolidate its presence in the Chinese mainland in cities where it already has a presence, with a total of five new residential development sites secured in 2019.

The Group's affiliates in the Chinese mainland, Zhongsheng and Yonghui, both had a good year in their underlying businesses.

Southeast Asia is the other area of key focus for the Group. During the year Astra increased its stake in Gojek, Indonesia's leading multi-platform technology group and it also formed a fleet management joint venture with Gojek to support their GoCar ride-hailing service. Astra also increased its toll road interests, with the acquisition of a 44.5% stake in the operator of the Surabaya-Mojokerto toll road and a further 10% stake in the operator of the Cikopo-Palimanan toll road.

Jardine Cycle & Carriage increased its stake in Thaco in the year. Thaco continues to diversify its business into property and agriculture, and these are expected to grow in importance going forward.

Significant long-term consumption growth is forecast in the Group's core markets of the Chinese mainland and Southeast Asia, particularly from the growing and increasingly affluent middle class. The Group's businesses are associated with some of the world's top brands and are well placed to take advantage of compelling long-term market dynamics.

An important part of the Group's strategy is to invest for growth and to build significant stakes in strong companies which are benefiting from the opportunities offered by the economic development of the region. The Group's aim is to be the

partner of choice for associates or joint ventures and to grow those businesses over time by developing strong relationships which add value through the Group's role as a supportive shareholder to entrepreneurs and leading management teams.

At Dairy Farm, the multi-year transformation programme to reshape and reorganise the business showed encouraging signs of progress in the year, with its space optimisation plan, new store formats and improvement programmes generating greater efficiencies and starting to deliver tangible results. The business is well-placed to grow and meet the changing demands of customers and to address the increasing disruption faced by the retail sector.

Mandarin Oriental opened four new hotels in the year and it is positive to see a further increase in the group's pipeline of future hotels, with seven new management contracts signed and announced in the year, bringing the total number of announced projects under development which are expected to open in the next five years to 20. The Excelsior in Hong Kong closed in March 2019 for redevelopment as a mixed-use office and retail project, and the demolition phase started in September 2019. The project is expected to complete in 2025.

Looking forward, the Group anticipates that a number of its businesses will face increasing changes, both in technology and consumer behaviours, set against an increasingly complex operating environment. In order to ensure that all its businesses are well placed to benefit from these changes and deliver future growth, the Group has made it a priority to invest in and promote innovation, the development of talent and the adoption of sustainable business practices.

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. In the past year such action has included the disposal of the Jardine Matheson's interests in JLT and JOS, the conditional agreement by Astra to dispose of its interest in Permata Bank and the closure of The Excelsior for redevelopment as a commercial property.

People

Simon Keswick retired as a Director on 1st January 2020. Charles Allen-Jones retired from the Board on 9th May 2019. The Board would like to record its gratitude to both of them for their significant contribution to the Group over many years. Lincoln Leong joined the Board with effect from 2nd August 2019.

As separately announced on 5th March 2020, with effect from 15th June 2020 the roles of Executive Chairman and Managing Director, which have been held on a combined basis by Ben Keswick since 31st December 2018, will revert to being separate. Ben Keswick will remain as Executive Chairman and John Witt, currently Chief Financial Officer, will join the Board and take on the role of Managing Director of the Company. Graham Baker will join the Group and replace John Witt as Chief Financial Officer with effect from 15th June 2020.

Outlook

While the short-term outlook is likely to continue to be challenging and performance in the year ahead will depend on the duration, geographic extent and impact of the COVID-19 outbreak and the measures taken to control it, the Group takes a long-term view and is confident in the underlying economic resilience of China and the wider region. The Group is optimistic about the prospects for a speedy recovery once the situation has stabilised and remains confident in the mid- to long-term prospects for its businesses and the markets in which they operate.

Ben Keswick

Executive Chairman and Managing Director

MANAGING DIRECTOR'S REVIEW

Introduction

The Group's profit generation and related cash flows and retained earnings have supported continued investment, enabling high levels of capital expenditure to be combined with low levels of debt. The Group's capital investment, including expenditure on properties for sale, was US\$5.4 billion in 2019, and capital investment at Jardine Matheson, and its associates and joint ventures exceeded US\$5.2 billion.

The Group provides its businesses with access to the financial resources, expertise, people and relationships necessary to support their development and enable them to compete effectively in rapidly evolving operating environments. The Group's strategy, strong financial position and investment in the development of both existing businesses and new areas of activity provide the foundation for consistent profit growth over the long term.

The Group remains focused on the opportunities and challenges presented by changing technologies and digitalisation. Its innovation agenda has continued to progress in the last year and has included the appointment of a new Group Director of Digital, who is leading the further development of the Group's digital and innovation strategy. There is a particular focus on modernising the Group's core business operations - looking at opportunities to leverage digital and new ways of working to drive a modern, efficient operating environment – and on using digital to help drive the Group's revenue generating capabilities in both its consumer-facing and business-to-business operations.

The Group is also focused on broadening and deepening capability across its businesses. Over the past year the Group has increased its investment in meeting the needs of its people, by promoting lifelong learning and training, including the rollout of a range of new and improved senior leadership programmes and the implementation of digital learning platforms; offering greater career opportunities; enhancing the Group's employer brand (including strengthening the Group's graduate training programme); and recruiting a range of new skills and resources into the business.

The Group takes its responsibility as a corporate citizen seriously and believes that it is essential for a proactive approach to sustainability to be taken both at a Group level and among its businesses. A sustainability leadership council, comprising senior management from across the Group's businesses, was established in 2019 and it has recently formulated and adopted a Group sustainability strategy, with input

from colleagues across the business, which will be progressively implemented in the coming year.

Business Performance

Jardine Matheson

Jardine Matheson achieved an underlying profit before tax for the year of US\$4,678 million, a decrease of 4%. The underlying profit attributable to shareholders was down 4% at US\$1,589 million, while underlying earnings per share also fell by 4% to US\$4.23. The profit attributable to shareholders for the year was US\$2,838 million, benefiting mainly from a net gain of US\$1.5 billion on the disposal of JLT and the US\$49 million net revaluation gain on other investments. These were partially offset by the US\$337 million net revaluation loss arising from the annual revaluation of the Group's investment properties. This compares with US\$1,722 million in 2018.

- **Jardine Pacific**

Jardine Pacific produced an underlying net profit of US\$164 million, 2% higher than 2018. The net profit after non-trading gains was US\$285 million.

JEC delivered strong profit growth, primarily from its Hong Kong operations and in part as a result of its earlier investment in modernising its core business and increasing revenues via business efficiency initiatives. Gammon saw good profit growth, mainly due to the timing of project completions. Its order book remains strong. Jardine Schindler provided a slightly lower contribution as a result of challenging market conditions in Southeast Asia. Jardine Restaurants saw profits impacted by difficult trading conditions in Hong Kong and the upfront costs of its investment in process re-engineering projects in Hong Kong and Taiwan. KFC Taiwan produced good profit growth. HACTL's performance was down against last year, due to a reduction in cargo throughput tonnage.

JTH performed well as both JOS and Innovix delivered better results. The sale of the JOS business was completed in December 2019.

Hong Kong-listed Greatview, in which a 28% stake has been held by Jardine Strategic since June 2017, continued to see volume growth despite intense competition in the China segment and lower sales from its international division.

- **Motors**

The Group's Motors business produced higher underlying net profit in 2019 of US\$196 million, primarily due to a strong contribution from the investment in Zhongsheng, which saw increased sales and stable margins for the first six months of the year, and in respect of which Jardines received the benefit of a full year's contribution, compared with eight months in the prior year.

In the Group's wholly-owned Motors businesses, Zung Fu in the Chinese mainland benefited from higher new car sales and steady margins. However, weak market sentiment in Hong Kong and difficult market conditions in the United Kingdom adversely affected dealership profits. In addition, there was a net loss arising from dealership disposals in the United Kingdom.

In support of the Group's ambition to strengthen its automotive businesses and ensure that they are resilient and able to address anticipated long-term disruption in the sector, Jardine International Motors ('JIM') was formed in 2019 to provide central management and oversight in order effectively to 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 achieved a further year of record underlying profit growth, with a 4% increase to US\$1,076 million. The group's Investment Properties business maintained stable profits and Development Properties achieved a solid performance, building on a strong previous year, with a higher contribution from the Chinese mainland partially offset by lower contributions from other markets.

Including net losses of US\$878 million resulting from lower valuations of the group's investment properties, profit attributable to shareholders was US\$198 million. This compares to US\$2,457 million in 2018, which included net revaluation gains of US\$1,421 million. The group remains well-financed, with net debt of US\$3.6 billion at the year end, broadly unchanged from the end of 2018 and with net gearing unchanged at 9%. Net debt will increase in 2020 as payments are made for land purchases to which the group has already committed.

Investment Properties

In Hong Kong, office leasing activities in Central were slower in 2019 compared to the prior year as a result of uncertainties caused by the China-US trade negotiations and the social unrest in Hong Kong. The performance of the group's Central office portfolio, however, continues to be resilient and rental reversions remain positive, with average office rents increasing during the year. The Central retail portfolio remains fully occupied and retains its reputation as Hong Kong's premier shopping destination. It delivered a respectable performance over the Christmas period following several challenging months for the retail market in Hong Kong. Average retail rents decreased in the year, however, due to temporary rent relief as a result of the social unrest.

The value of the group's Hong Kong Investment Properties portfolio decreased by 2% in the year due to lower open market rents. There was slightly higher vacancy in the group's Singapore office portfolio, but rental reversions were positive and average rents increased in the year.

In February 2020, Hongkong Land acquired a large site in a prime location along the Huangpu River in the Xuhui District of Shanghai, the predominant commercial hub in the Chinese mainland. The acquisition illustrates our long-term confidence in the Chinese mainland and provides an attractive opportunity to develop and operate a commercial complex of scale in line with the group's long-term strategy of acquiring prime sites in key gateway cities across Asia. The project mainly comprises office and retail space, with a developable area of 1.1 million sq. m, and will be developed in multiple phases to 2027.

Development Properties

2019 was a solid year for the group's Development Properties, building on a strong year in 2018, with a higher contribution from the Chinese mainland partially offset by lower contributions from other markets. In the Chinese mainland, sentiment in the group's core markets remained broadly stable. Higher sales completions led to an increase in profit contribution, whilst the group's attributable interest in contracted sales was higher than 2018 due to a change in sales location mix.

During the year, the group acquired five new residential sites in the Chinese mainland - all in cities where it already has a presence - with a wholly-owned project in each of Chongqing and Hangzhou, and joint ventures in each of Chongqing, Shanghai and Wuhan.

In Singapore, profits recognised in 2019 were lower than the prior year, while pre-sales at projects under construction were within expectations. The group's joint venture projects in the rest of Southeast Asia performed within expectations.

Dairy Farm

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 2019. Opportunities are being 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 started to deliver tangible results in the year.

Consistent with Dairy Farm's strategy of proactively managing its business portfolio as well as the ongoing execution of its space optimisation plan, sales of US\$11.2 billion for the year by Dairy Farm's subsidiaries were 5% behind those of 2018. Underlying operating profit was US\$437 million, 14% lower than 2018, primarily due to the impact of the social unrest in Hong Kong, whose impact was felt to the greatest extent by Mannings, as well as increased cost of goods and ongoing investments in the Home Furnishings business. Underlying profit attributable to shareholders was US\$321 million, down 10% from US\$358 million last year.

Grocery Retail

2019 saw a significant improvement in results in Dairy Farm's Southeast Asia Grocery Retail businesses, as its space optimisation plan took effect. The foundations for future growth by the business were also strengthened by the ongoing transformation and improvement programmes. North Asia Grocery Retail sales were stronger, but overall profits there were weaker, impacted by cost pressures and investments in people and capabilities, although the Wellcome Hong Kong business delivered an improving trend in underlying profit performance.

Convenience

Sales in the Convenience business increased in the year, driven by new store growth and strong like-for-like sales in the Chinese mainland in particular. Enhancements to range and services are popular with customers and there is a focus on brand differentiation to support sales growth. Profits for the year declined, however, due primarily to investments in the expansion of the 7-Eleven store network in

Guangdong. Profits in 2018 were also positively impacted by one-off items which were not repeated in 2019.

Health & Beauty

Total sales for Dairy Farm's Health and Beauty business increased slightly, with strong growth in Southeast Asia, but operating profit declined, as the business was impacted by the challenging market conditions in Hong Kong. The group has been addressing these challenging conditions by adapting its offer to changing customer needs as well as prudent management of costs.

Weakness in North Asia Health and Beauty was partially offset by strong revenue and like-for-like sales growth in Southeast Asia, particularly in Indonesia and Malaysia. Guardian in Southeast Asia delivered a strong performance during the year, with improvements in operating standards, service and product availability, and it benefited from a growing middle-class customer base in Indonesia, Malaysia, and Vietnam.

Home Furnishings

In Home Furnishings, IKEA's sales were higher in the year but operating margins were adversely affected by the impact of currency movements on the cost of goods. Operating profits also fell as the business incurred start-up costs for two new stores opened in the year and it invested in four stores under development which will open in 2020.

Associates

The contribution from key associate Maxim's was lower than the prior year, as the business was impacted by the ongoing social unrest in Hong Kong. Despite the challenging market conditions in the second half, however, Maxim's reported 4% growth in sales overall, as it saw the benefit of its acquisition of the Starbucks Thailand business.

Yonghui in the Chinese mainland reported strong sales growth and positive like-for-like sales. Underlying profit growth in Yonghui benefited from the partial sell down of their investment in the Yunchuang Technology business, which was announced in December 2018. Dairy Farm also benefited from the contribution from its interest in Robinsons Retail, which it acquired in late 2018.

Mandarin Oriental

Mandarin Oriental's underlying profit significantly decreased from US\$65 million in 2018 to US\$41 million in 2019, as a result of the closure of The Excelsior, the social unrest in Hong Kong and the major renovation in Bangkok. Earnings benefited, however, from the reopening of the London hotel following the fire in 2018 and the receipt of insurance proceeds following the final settlement of the insurance claim in respect thereof.

The majority of the group's owned or partially-owned properties reported better earnings. The remainder of portfolio performed broadly in line with last year.

Several non-trading items were recognised during the year, including closure costs relating to The Excelsior and a decrease in its valuation, resulting in a loss attributable to shareholders of US\$56 million in the year, compared to a profit attributable to shareholders of US\$43 million in 2018.

The Excelsior in Hong Kong closed in March 2019 for redevelopment as a commercial property, and the demolition phase started in September 2019. The project is expected to take around six years to complete.

The group opened four new hotels in 2019 in Dubai, Doha, Beijing and Lake Como. The group continues to build its development pipeline, with seven new management contracts signed and announced in 2019, including six new hotels and one standalone *Residences* project. New Mandarin Oriental hotels were announced in Istanbul, Nanjing, Lake Lucerne, Dallas and Tel Aviv and the group took over management of The Emirates Palace in Abu Dhabi at the beginning of 2020.

Jardine Cycle & Carriage

Underlying profit attributable to shareholders at Jardine Cycle & Carriage ('JC&C') was 1% higher at US\$863 million and profit attributable to shareholders increased to US\$881 million from US\$418 million in 2018, which included net non-trading losses of US\$438 million, principally fair value losses related to non-current investments. Astra's contribution to underlying profit of US\$716 million was relatively stable compared to the previous year, while the contributions from the group's Direct Motor Interests and Other Strategic Interests were both lower.

Direct Motor Interests

Direct Motor Interests contributed US\$63 million to the group's underlying profit, 11% lower than the prior year. The contribution from Cycle & Carriage Singapore ('CCS')

fell, with car sales growing despite a decrease in the overall Singapore passenger car market, but lower margins due to stronger competitive pressure. CCS' market share increased as a result of the launch of new models and competitive pricing.

In Indonesia, Tunas Ridean saw a stronger contribution from its automotive and consumer finance operations but lower profits from its rental business. Cycle & Carriage Bintang in Malaysia made a loss in 2019, compared to a profit in 2018.

Other Strategic Interests

The contribution from Other Strategic Interests was 13% lower at US\$126 million. Other Strategic Interests now include Thaco consistent with its expanding investments in property and agriculture. Thaco's contribution of US\$49 million was 34% lower than last year, due to a lower contribution from its automotive business following a decline in vehicle sales and lower margins in a competitive market. The contribution from Thaco's real estate business was significantly lower due to the slowdown in the property market. The group increased its interest in Thaco from 25.3% to 26.6% during the year, for consideration of US\$168 million.

Siam City Cement's contribution of US\$24 million was 16% higher than the previous year. Its improved domestic performance in Thailand was offset by a lower contribution from its regional operations, in particular in South Vietnam. The contribution from Refrigeration Electrical Engineering Corporation ('REE') was 4% lower than the previous year, due to weaker performances from its hydropower investments and its M&E business, which were partially offset by a stronger contribution from real estate. JC&C increased its stake in REE during the year from 24.9% to 29.0% for US\$25 million, by way of a public tender offer and market purchases.

The group's investment in Vinamilk delivered dividend income of US\$36 million, compared to US\$32 million in the previous year. Vinamilk's 2019 profit was 3% higher in local currency terms.

Astra

Astra's net profit for 2019 under Indonesian accounting standards was Rp 21.7 trillion, equivalent to US\$1.5 billion. The group's net debt, excluding financial services subsidiaries, was Rp22.2 trillion, equivalent to US\$1.6 billion, at 31st December 2019, compared with Rp13.0 trillion, equivalent to US\$0.9 billion, at the end of 2018, due mainly to the group's further investments in its toll road businesses and Gojek, as well as capital expenditure in its mining contracting business.

Automotive

Net income from Astra's automotive division was down 1% at US\$594 million. This was mainly due to lower car sales volumes and increased manufacturing costs, partially offset by higher motorcycle sales volumes. Car sales were 8% lower. The Indonesian wholesale market declined by 11% in 2019 but Astra increased its market share from 51% to 52%.

Motorcycle sales increased by 3% in the year. The Indonesian wholesale market increased by 2%, with Astra's market share slightly higher at 76%. Astra Otoparts reported a 21% increase in net income, largely due to higher revenue from the replacement market and lower production costs.

Financial Services

Net income from Astra's financial services division increased by 22% to US\$415 million, mainly due to a larger loan portfolio and an improvement in non-performing loans. Consumer finance businesses saw an 8% increase in the amount financed to US\$6.2 billion. The net income contribution from Astra's car-focused finance companies increased by 29% to US\$106 million, with lower non-performing loan losses. The net income contribution from the group's motorcycle-focused finance business increased by 11% to US\$187 million, mainly due to a larger loan portfolio.

The group's heavy equipment-focused finance operations saw an 18% decrease in the amounts financed to US\$302 million. The net income contribution from this business grew, however, by 14% to US\$7 million, as a result of lower loan provisions.

Permata Bank reported a 66% increase in net income to US\$106 million, due to improved revenue and lower loan impairment levels, attributable to improved loan quality and better levels of recovery from non-performing loans. The bank's gross and net non-performing loan ratios both improved. General insurance company Asuransi Astra Buana reported 4% growth in net income at US\$77 million, with increased investment income.

Heavy Equipment, Mining, Construction and Energy

Net income from Astra's heavy equipment, mining, construction and energy division increased by 1% to US\$475 million, mainly due to the contribution from the new gold mining operation, offset by the impact of lower heavy equipment sales and a loss incurred in the general contracting business. United Tractors reported a 2% increase in net income to US\$801 million. Agincourt Resources achieved gold sales of

410,000 oz. Komatsu heavy equipment sales fell by 40%, with parts and service revenues also lower.

Mining contracting operations saw a 1% higher overburden removal volume at 989 million bank cubic metres, and 5% higher coal production at 131 million tonnes. Coal mining subsidiaries were adversely impacted by lower coal prices.

General contractor Acset Indonusa reported a net loss of US\$77 million, compared to a net income of US\$1 million the year before. This was mainly due to increased project and funding costs for several ongoing contracts.

Infrastructure and Logistics

Net income from Astra's infrastructure and logistics division increased by 49% to US\$21 million, mainly due to improved toll road revenue, reflecting 22% higher traffic volume in Astra's 350km of operational toll roads along the Trans-Java network and the Kunciran Serpong toll road. Serasi Autoraya's net income decreased by 17% to US\$18 million, due to lower used car sales and a decline in its car leasing business.

Agribusiness

Net income from Astra's agribusiness was down by 85% at US\$12 million. This was primarily due to an 8% fall in average crude palm oil prices, despite a 3% increase in crude palm oil and derivatives sales to 2.3 million tonnes. There have, however, recently been encouraging signs of improvement in prices.

Conclusion

The Board would like to express its gratitude for the hard work, dedication and professionalism of the Group's 464,000 employees over the past year. We are proud of how colleagues have performed and responded to, and shown great resilience in the face of, the ongoing challenging conditions for many of the Group's businesses.

2020 is likely to continue to present challenges to the Group's businesses but we are well placed to address them and drive the Group towards future success.

Ben Keswick

Executive Chairman and Managing Director

Jardine Strategic Holdings Limited
Consolidated Profit and Loss Account
for the year ended 31st December 2019

	Underlying business performance US\$m	2019 Non- trading items US\$m	Total US\$m	Underlying business performance US\$m restated	2018 Non- trading items US\$m restated	Total US\$m restated
Revenue (<i>note 2</i>)	32,665	-	32,665	34,094	-	34,094
Net operating costs (<i>note 3</i>)	(28,930)	39	(28,891)	(30,301)	(805)	(31,106)
Change in fair value of investment properties	-	(915)	(915)	-	1,236	1,236
Operating profit	3,735	(876)	2,859	3,793	431	4,224
Net financing charges						
- financing charges	(751)	-	(751)	(621)	-	(621)
- financing income	221	-	221	172	-	172
	(530)	-	(530)	(449)	-	(449)
Share of results of Jardine Matheson (<i>note 4</i>)	187	946	1,133	226	(17)	209
Share of results of associates and joint ventures (<i>note 5</i>)						
- before change in fair value of investment properties	1,108	12	1,120	1,063	1	1,064
- change in fair value of investment properties	-	(11)	(11)	-	189	189
	1,108	1	1,109	1,063	190	1,253
Profit before tax	4,500	71	4,571	4,633	604	5,237
Tax (<i>note 6</i>)	(902)	(18)	(920)	(917)	11	(906)
Profit after tax	3,598	53	3,651	3,716	615	4,331
Attributable to:						
Shareholders of the Company (<i>notes 7 & 9</i>)	1,681	497	2,178	1,729	98	1,827
Non-controlling interests	1,917	(444)	1,473	1,987	517	2,504
	3,598	53	3,651	3,716	615	4,331
	US\$		US\$	US\$		US\$
Earnings per share (<i>note 8</i>)						
- basic	2.98		3.86	3.04		3.21
- diluted	2.98		3.86	3.04		3.21

Jardine Strategic Holdings Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st December 2019

	2019 US\$m	2018 US\$m restated
Profit for the year	3,651	4,331
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	(8)	(4)
Net revaluation surplus before transfer to investment properties		
- right-of-use assets	2,943	2
- tangible assets	-	1
Tax on items that will not be reclassified	4	-
	2,939	(1)
Share of other comprehensive income/(expense) of Jardine Matheson	12	(19)
Share of other comprehensive (expense)/income of associates and joint ventures	(13)	5
	2,938	(15)
Items that may be reclassified subsequently to profit or loss:		
Net exchange translation differences		
- net gain/(loss) arising during the year	486	(776)
- transfer to profit and loss	3	45
	489	(731)
Revaluation of other investments at fair value through other comprehensive income		
- net gain/(loss) arising during the year	20	(22)
- transfer to profit and loss	(1)	(3)
	19	(25)
Cash flow hedges		
- net (loss)/gain arising during the year	(93)	31
- transfer to profit and loss	(4)	-
	(97)	31
Tax relating to items that may be reclassified	29	(13)
Share of other comprehensive income/(expense) of Jardine Matheson	74	(48)
Share of other comprehensive income/(expense) of associates and joint ventures	211	(489)
	725	(1,275)
Other comprehensive income/(expense) for the year, net of tax	3,663	(1,290)
Total comprehensive income for the year	7,314	3,041
Attributable to:		
Shareholders of the Company	4,872	1,215
Non-controlling interests	2,442	1,826
	7,314	3,041

Jardine Strategic Holdings Limited
Consolidated Balance Sheet
at 31st December 2019

	At 31st December 2019 US\$m	2018 US\$m restated	At 1st January 2018 US\$m restated
Assets			
Intangible assets	2,693	2,492	2,081
Tangible assets	6,841	6,548	5,863
Right-of-use assets	4,406	4,684	4,851
Investment properties	36,817	34,299	33,100
Bearer plants	503	487	498
Investment in Jardine Matheson	3,703	3,187	3,072
Associates and joint ventures	15,288	13,735	12,175
Other investments	2,675	2,543	2,687
Non-current debtors	3,023	3,048	2,969
Deferred tax assets	415	340	375
Pension assets	2	-	5
Non-current assets	<u>76,366</u>	<u>71,363</u>	<u>67,676</u>
Properties for sale	2,441	2,339	2,594
Stocks and work in progress	2,811	2,960	2,681
Current debtors	7,424	6,914	6,227
Current investments	29	50	23
Current tax assets	252	185	162
Bank balances and other liquid funds			
- non-financial services companies	5,346	4,403	5,061
- financial services companies	256	187	241
	<u>5,602</u>	<u>4,590</u>	<u>5,302</u>
	18,559	17,038	16,989
Assets classified as held for sale	<u>-</u>	<u>-</u>	<u>11</u>
Current assets	<u>18,559</u>	<u>17,038</u>	<u>17,000</u>
Total assets	<u><u>94,925</u></u>	<u><u>88,401</u></u>	<u><u>84,676</u></u>

(Consolidated Balance Sheet continued on page 20)

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Jardine Strategic Holdings Limited
Consolidated Balance Sheet
at 31st December 2019 (continued)

	At 31st December 2019 US\$m	2018 US\$m restated	At 1st January 2018 US\$m restated
Equity			
Share capital	56	56	56
Share premium and capital reserves	941	1,025	1,011
Revenue and other reserves	37,054	32,290	31,221
Own shares held	<u>(2,294)</u>	<u>(2,139)</u>	<u>(2,000)</u>
Shareholders' funds	35,757	31,232	30,288
Non-controlling interests	<u>29,903</u>	<u>28,342</u>	<u>27,640</u>
Total equity	<u>65,660</u>	<u>59,574</u>	<u>57,928</u>
Liabilities			
Long-term borrowings			
- non-financial services companies	6,976	5,291	5,855
- financial services companies	1,697	1,655	1,487
	8,673	6,946	7,342
Non-current lease liabilities	2,842	3,071	3,133
Deferred tax liabilities	767	726	494
Pension liabilities	364	304	297
Non-current creditors	356	339	322
Non-current provisions	<u>289</u>	<u>281</u>	<u>243</u>
Non-current liabilities	<u>13,291</u>	<u>11,667</u>	<u>11,831</u>
Current creditors	8,287	8,863	8,558
Current borrowings			
- non-financial services companies	4,368	5,083	2,975
- financial services companies	1,853	1,824	2,154
	6,221	6,907	5,129
Current lease liabilities	795	782	738
Current tax liabilities	507	431	338
Current provisions	<u>164</u>	<u>177</u>	<u>148</u>
	15,974	17,160	14,911
Liabilities classified as held for sale	<u>-</u>	<u>-</u>	<u>6</u>
Current liabilities	<u>15,974</u>	<u>17,160</u>	<u>14,917</u>
Total liabilities	<u>29,265</u>	<u>28,827</u>	<u>26,748</u>
Total equity and liabilities	<u>94,925</u>	<u>88,401</u>	<u>84,676</u>

Jardine Strategic Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31st December 2019

	Share capital US\$m	Share premium US\$m	Capital reserves US\$m	Revenue reserves US\$m	Contributed surplus 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
2019												
At 1st January												
- as previously reported	56	816	209	34,291	304	264	(13)	(2,267)	(2,139)	31,521	28,428	59,949
- change in accounting policies (note 1)	-	-	-	(295)	-	-	-	6	-	(289)	(86)	(375)
- as restated	56	816	209	33,996	304	264	(13)	(2,261)	(2,139)	31,232	28,342	59,574
Total comprehensive income	-	-	-	2,197	-	2,302	(14)	387	-	4,872	2,442	7,314
Dividends paid by the Company (note 10)	-	-	-	(195)	-	-	-	-	-	(195)	-	(195)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(905)	(905)
Unclaimed dividends forfeited	-	-	-	1	-	-	-	-	-	1	-	1
Employee share option schemes	-	-	2	-	-	-	-	-	-	2	-	2
Scrip issued in lieu of dividends	-	-	-	6	-	-	-	-	-	6	-	6
Increase in own shares held	-	-	-	-	-	-	-	-	(155)	(155)	-	(155)
Subsidiaries acquired	-	-	-	-	-	-	-	-	-	-	14	14
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	18	18
Change in interests in subsidiaries	-	-	-	(7)	-	-	-	-	-	(7)	(8)	(15)
Change in interests in associates and joint ventures	-	-	-	1	-	-	-	-	-	1	-	1
Transfer	-	-	(86)	86	-	-	-	-	-	-	-	-
At 31st December	56	816	125	36,085	304	2,566	(27)	(1,874)	(2,294)	35,757	29,903	65,660
2018												
At 1st January												
- as previously reported	56	816	195	32,635	304	264	(7)	(1,690)	(2,000)	30,573	27,722	58,295
- change in accounting policies (note 1)	-	-	-	(285)	-	-	-	-	-	(285)	(82)	(367)
- as restated	56	816	195	32,350	304	264	(7)	(1,690)	(2,000)	30,288	27,640	57,928
Total comprehensive income	-	-	-	1,792	-	-	(6)	(571)	-	1,215	1,826	3,041
Dividends paid by the Company (note 10)	-	-	-	(185)	-	-	-	-	-	(185)	-	(185)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(844)	(844)
Unclaimed dividends forfeited	-	-	-	1	-	-	-	-	-	1	-	1
Employee share option schemes	-	-	19	-	-	-	-	-	-	19	-	19
Scrip issued in lieu of dividends	-	-	-	9	-	-	-	-	-	9	-	9
Increase in own shares held	-	-	-	-	-	-	-	-	(139)	(139)	-	(139)
Subsidiaries acquired	-	-	-	-	-	-	-	-	-	-	57	57
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	22	22
Change in interests in subsidiaries	-	-	-	18	-	-	-	-	-	18	(378)	(360)
Change in interests in associates and joint ventures	-	-	-	6	-	-	-	-	-	6	19	25
Transfer	-	-	(5)	5	-	-	-	-	-	-	-	-
At 31st December	56	816	209	33,996	304	264	(13)	(2,261)	(2,139)	31,232	28,342	59,574

Contributed surplus represents the excess in value of shares acquired in consideration for the issue of the Company's shares, over the nominal value of those shares issued. Under the Bye-laws of the Company, the contributed surplus is distributable.

Jardine Strategic Holdings Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2019

	2019	2018
	US\$m	US\$m
		restated
Operating activities		
Cash generated from operations	4,728	5,218
Interest received	180	156
Interest and other financing charges paid	(744)	(609)
Tax paid	(927)	(843)
	3,237	3,922
Dividends from Jardine Matheson	734	180
Dividends from associates and joint ventures	992	783
Cash flows from operating activities	4,963	4,885
Investing activities		
Purchase of subsidiaries (<i>note 11(a)</i>)	(28)	(1,286)
Purchase of shares in Jardine Matheson	-	(99)
Purchase of associates and joint ventures (<i>note 11(b)</i>)	(1,088)	(1,191)
Purchase of other investments (<i>note 11(c)</i>)	(409)	(706)
Purchase of intangible assets	(216)	(113)
Purchase of tangible assets	(1,129)	(1,236)
Additions to right-of-use assets	(60)	(8)
Additions to investment properties	(168)	(163)
Additions to bearer plants	(44)	(45)
Advance to associates and joint ventures (<i>note 11(d)</i>)	(1,025)	(990)
Advance from and repayment from associates and joint ventures (<i>note 11(e)</i>)	920	952
Sale of associates and joint ventures	3	-
Sale of other investments (<i>note 11(f)</i>)	450	235
Sale of tangible assets	61	59
Sale of right-of-use assets	3	12
Cash flows from investing activities	(2,730)	(4,579)
Financing activities		
Capital contribution from non-controlling interests	18	22
Change in interests in subsidiaries (<i>note 11(g)</i>)	(15)	(360)
Drawdown of borrowings	7,336	7,235
Repayment of borrowings	(6,454)	(5,691)
Principal elements of lease payments	(893)	(890)
Dividends paid by the Company	(376)	(351)
Dividends paid to non-controlling interests	(905)	(844)
Cash flows from financing activities	(1,289)	(879)
Net increase/(decrease) in cash and cash equivalents	944	(573)
Cash and cash equivalents at 1st January	4,555	5,298
Effect of exchange rate changes	84	(170)
Cash and cash equivalents at 31st December	5,583	4,555

Jardine Strategic Holdings Limited
Notes

1. Accounting Policies and Basis of Preparation

The financial information contained in this announcement has been based on the audited results for the year ended 31st December 2019 which have been prepared in conformity with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board.

The Group has adopted IFRS 16 'Leases' from 1st January 2019. Other amendments or interpretations, which are effective in 2019 and relevant to the Group's operations, do not have a significant effect on the Group's results, financial position and accounting policies.

The Group has elected to early adopt the 'Interest Rate Benchmark Reform: 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. In accordance with the transition provisions, the amendments have been adopted retrospectively with respect to hedging relationships that existed at the start of the reporting period or were designated thereafter. The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships which are directly affected by the uncertainty arising from the reforms and replacement of existing benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBOR reform'). The forthcoming IBOR reform may take effect at different times and may have a different impact on the hedged items (the fixed and floating rate borrowings) and the hedging instruments (the interest rate swaps and cross currency swaps used to hedge the borrowings). The reliefs have the effect that the IBOR reform should not generally cause hedge accounting to terminate. The reliefs under the amendments will end when the uncertainty arising from the IBOR reform are no longer present; or the hedging relationship is discontinued. Early adoption of these amendments has no impact on the Group's consolidated financial statements for 2019.

Apart from the above, the Group has not early adopted any standard, interpretation or amendments that have been issued but not yet effective.

IFRS 16 'Leases' replaces IAS 17 'Leases' and related interpretations, and introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. The distinction between operating and finance leases is removed for lessee accounting, and is replaced by a model where a lease liability and a corresponding right-of-use asset have to be recognised on the balance sheet for almost all leases by the lessees. The Group's recognised right-of-use assets primarily relate to property leases, which are entered into for use as retail stores and offices. There are also right-of-use assets relate to plant & machinery and motor vehicles. Prior to 2019, payments made under operating leases were charged to profit and loss on a straight-line basis over the period of the lease. Upon the adoption of IFRS 16, each lease payment is allocated between settlement of the lease liability and finance cost. The finance cost is charged to profit and loss over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

In addition, leasehold land which represents payments to third parties to acquire interests in property, previously included in intangible assets and tangible assets, is now presented under right-of-use assets. Leasehold land is amortised over the useful life of the lease, which includes the renewal period if the lease is likely to be renewed by the Group without significant cost.

The accounting for lessors does not change significantly.

1. Accounting Policies and Basis of Preparation (continued)

Changes to accounting policies on adoption of IFRS 16 have been applied retrospectively, and the comparative financial statements have been restated.

The effects of adopting IFRS 16 were as follows:

(a) On the consolidated profit and loss account for the year ended 31st December 2018:

	Increase/(decrease) in profit US\$m
Net operating costs	143
Net financing charges	(143)
Share of results of Jardine Matheson	(2)
Share of results of associates and joint ventures	(19)
Profit before tax	(21)
Tax	6
Profit after tax	<u>(15)</u>
Attributable to:	
Shareholders of the Company*	(9)
Non-controlling interests	(6)
	<u>(15)</u>
*Further analysed as:	
Underlying profit attributable to shareholders	(55)
Non-trading items	
- sale and closure of businesses	20
- restructuring of businesses	26
	<u>46</u>
Profit attributable to shareholders	<u>(9)</u>
Basic underlying earnings per share (US\$)	<u>(0.10)</u>
Diluted underlying earnings per share (US\$)	<u>(0.09)</u>
Basic earnings per share (US\$)	<u>(0.02)</u>
Diluted earnings per share (US\$)	<u>(0.02)</u>

1. Accounting Policies and Basis of Preparation (continued)

(b) On the consolidated statement of comprehensive income for the year ended 31st December 2018:

	Increase/(decrease) in total comprehensive income US\$m
	<u> </u>
Profit for the year	(15)
Other comprehensive income	
Items that may be reclassified subsequently to profit or loss:	
Net exchange translation differences	
- net gain arising during the year	8
- transfer to profit and loss	(2)
Share of other comprehensive income of Jardine Matheson	1
Other comprehensive income for the year, net of tax	<u>7</u>
Total comprehensive income for the year	<u><u>(8)</u></u>
Attributable to:	
Shareholders of the Company	(4)
Non-controlling interests	<u>(4)</u>
	<u><u>(8)</u></u>

1. Accounting Policies and Basis of Preparation (continued)

(c) On the consolidated balance sheet at 1st January

	Increase/(decrease) 2019 US\$m	2018 US\$m
Assets		
Intangible assets	(713)	(751)
Tangible assets	(443)	(428)
Right-of-use assets	4,684	4,851
Investment in Jardine Matheson	(32)	(31)
Associates and joint ventures	(38)	(21)
Non-current debtors	(12)	(50)
Deferred tax assets	(9)	-
Current debtors	(79)	(33)
Total assets	<u>3,358</u>	<u>3,537</u>
Equity		
Revenue and other reserves	(289)	(285)
Non-controlling interests	(86)	(82)
Total equity	<u>(375)</u>	<u>(367)</u>
Liabilities		
Long-term borrowings	(24)	(1)
Non-current lease liabilities	3,071	3,133
Deferred tax liabilities	(35)	(21)
Non-current provisions	9	92
Non-current liabilities	<u>3,021</u>	<u>3,203</u>
Current creditors	(36)	(42)
Current borrowings	(14)	(3)
Current lease liabilities	782	738
Current provisions	(20)	8
Current liabilities	<u>712</u>	<u>701</u>
Total liabilities	<u>3,733</u>	<u>3,904</u>
Total equity and liabilities	<u>3,358</u>	<u>3,537</u>

1. Accounting Policies and Basis of Preparation (continued)

(d) On the consolidated cash flow statement for the year ended 31st December 2018:

	Inflows/(outflows) US\$m
	<u> </u>
Operating activities	
Cash generated from operations	1,026
Interest and other financing charges paid	<u>(143)</u>
	<u>883</u>
Investing activities	
Purchase of intangible assets	8
Additions to right-of-use assets	(8)
Sale of intangible assets	(12)
Sale of right-of-use assets	<u>12</u>
	<u>-</u>
Financing activities	
Repayment of borrowings	7
Principal elements of lease payments	<u>(890)</u>
	<u>(883)</u>
Net change in cash and cash equivalents	<u>-</u>

1. Accounting Policies and Basis of Preparation (continued)

(e) Changes in principal accounting policies on adoption of IFRS 16

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.

1. Accounting Policies and Basis of Preparation (continued)

(e) Changes in principal accounting policies on adoption of IFRS 16 (continued)

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.

1. Accounting Policies and Basis of Preparation (continued)

(f) Critical accounting estimates and judgements

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.

2. Revenue

	Gross revenue		Revenue	
	2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
<i>By business:</i>				
Jardine Matheson	29,728	22,775	-	-
Hongkong Land	4,437	4,642	2,320	2,665
Dairy Farm	27,665	21,957	11,192	11,749
Mandarin Oriental	908	985	567	614
Jardine Cycle & Carriage	6,958	7,277	1,788	1,938
Astra	33,887	33,072	16,803	17,133
Intersegment transactions and other*	(275)	1,640	(5)	(5)
	<u>103,308</u>	<u>92,348</u>	<u>32,665</u>	<u>34,094</u>

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

* 2018 included revenue of US\$1,931 million related to Jardine Lloyd Thompson, which was disposed of by Jardine Matheson during 2019.

3. Net Operating Costs

	2019 US\$m	2018 US\$m
Cost of sales	(23,816)	(25,039)
Other operating income	712	785
Selling and distribution costs	(3,583)	(3,725)
Administration expenses	(2,109)	(2,016)
Other operating expenses	(95)	(1,111)
	<u>(28,891)</u>	<u>(31,106)</u>

Net operating costs included the following gains/(losses) from non-trading items:

Change in fair value of other investments	75	(480)
Sale and closure of businesses	-	179
Sale of property interests	16	28
Restructuring of businesses	(15)	(435)
Reclassification of joint ventures as subsidiaries	(14)	(61)
Closure of a hotel	(32)	(27)
Other	9	(9)
	<u>39</u>	<u>(805)</u>

4. Share of Results of Jardine Matheson

	2019	2018
	US\$m	US\$m
<i>By business:</i>		
Jardine Pacific	159	100
Jardine Motors	59	61
Jardine Lloyd Thompson	-	25
Corporate and other interests	915	23
	<u>1,133</u>	<u>209</u>
Share of results of Jardine Matheson included the following gains/(losses) from non-trading items:		
Change in fair value of investment properties	48	9
Change in fair value of other investments	(2)	1
Sale of Jardine Lloyd Thompson	874	(12)
Sale and closure of other businesses	24	1
Sale of property interests	-	3
Costs associated with a regulatory review	-	(10)
Merger-related costs	-	(9)
Other	2	-
	<u>946</u>	<u>(17)</u>

Results are shown after tax and non-controlling interests in Jardine Matheson.

5. Share of Results of Associates and Joint Ventures

	2019	2018
	US\$m	US\$m
<i>By business:</i>		
Jardine Matheson	128	99
Hongkong Land	240	428
Dairy Farm	126	114
Mandarin Oriental	(2)	6
Jardine Cycle & Carriage	128	127
Astra	494	479
Corporate and other interests	(5)	-
	<u>1,109</u>	<u>1,253</u>
Share of results of associates and joint ventures included the following gains/(losses) from non-trading items:		
Change in fair value of investment properties	(11)	189
Change in fair value of other investments	(1)	1
Sale and closure of businesses	12	-
Other	1	-
	<u>1</u>	<u>190</u>

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

6. Tax

	2019 US\$m	2018 US\$m
Tax charged to profit and loss is analysed as follows:		
Current tax	(935)	(872)
Deferred tax	<u>15</u>	<u>(34)</u>
	<u>(920)</u>	<u>(906)</u>
Greater China	(298)	(277)
Southeast Asia	(607)	(641)
United Kingdom	(3)	-
Rest of the world	<u>(12)</u>	<u>12</u>
	<u>(920)</u>	<u>(906)</u>
Tax relating to components of other comprehensive income is analysed as follows:		
Remeasurements of defined benefit plans	4	-
Cash flow hedges	<u>29</u>	<u>(13)</u>
	<u>33</u>	<u>(13)</u>

Tax on profits has been calculated at rates of taxation prevailing in the territories in which the Group operates.

Share of tax charge of Jardine Matheson of US\$21 million (2018: US\$30 million) is included in share of results of Jardine Matheson. Share of tax charge of US\$2 million (2018: credit of US\$5 million) is included in other comprehensive income of Jardine Matheson.

Share of tax charge of associates and joint ventures of US\$409 million (2018: US\$483 million) is included in share of results of associates and joint ventures. Share of tax credit of US\$18 million (2018: charge of US\$6 million) is included in other comprehensive income of associates and joint ventures.

7. Profit attributable to Shareholders

	2019	2018
	US\$m	US\$m
<i>Operating segments:</i>		
Jardine Matheson	314	325
Hongkong Land	542	520
Dairy Farm	248	279
Mandarin Oriental	32	53
Jardine Cycle & Carriage	99	120
Astra	537	553
	1,772	1,850
Corporate and other interests	(91)	(121)
Underlying profit attributable to shareholders*	1,681	1,729
Sale of Jardine Lloyd Thompson	874	(12)
(Decrease)/increase in fair value of investment properties	(447)	719
Other non-trading items	70	(609)
Profit attributable to shareholders	2,178	1,827

* Underlying profit attributable to shareholders is the measure of profit adopted by the Group in accordance with IFRS 8 'Operating Segments'.

8. Earnings per Share

Basic earnings per share are calculated on profit attributable to shareholders of US\$2,178 million (2018: US\$1,827 million) and on the weighted average number of 564 million (2018: 569 million) shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US\$2,177 million (2018: US\$1,827 million), which is after adjusting for the effects of the conversion of dilutive potential ordinary shares of Jardine Matheson, subsidiaries, associates or joint ventures, and on the weighted average number of 564 million (2018: 569 million) shares in issue during the year.

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

	Ordinary shares in millions	
	2019	2018
Weighted average number of shares in issue	1,108	1,108
Company's share of shares held by Jardine Matheson	(544)	(539)
Weighted average number of shares for earnings per share calculation	564	569

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:

	2019			2018		
	US\$m	Basic earnings per share US\$	Diluted earnings per share US\$	US\$m	Basic earnings per share US\$	Diluted earnings per share US\$
Profit attributable to shareholders	2,178	3.86	3.86	1,827	3.21	3.21
Non-trading items (note 9)	(497)			(98)		
Underlying profit attributable to shareholders	1,681	2.98	2.98	1,729	3.04	3.04

9. 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 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.

	2019 US\$m	2018 US\$m
<i>By business:</i>		
Jardine Matheson	947	(17)
Hongkong Land	(443)	715
Dairy Farm	2	(212)
Mandarin Oriental	(76)	(17)
Jardine Cycle & Carriage	11	(333)
Astra	3	4
Corporate and other interests	53	(42)
	497	98

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	(460)	705
- other	13	14
	(447)	719
Change in fair value of other investments	61	(377)
Sale of Jardine Lloyd Thompson	874	(12)
Sale and closure of other businesses	33	139
Sale of property interests	12	25
Restructuring of businesses	(10)	(326)
Reclassification of joint ventures as subsidiaries	(11)	(48)
Closure of a hotel	(22)	(21)
Tax refund on disposal of other investments in prior year	-	19
Costs associated with a regulatory review	-	(10)
Merger-related costs	-	(9)
Other	7	(1)
	497	98

9. Non-trading items (continued)

The sale of Jardine Matheson's entire 41% interest in Jardine Lloyd Thompson was completed in April 2019 with net proceeds of US\$2.1 billion generating a profit on sale of US\$0.9 billion to the Group.

Restructuring of businesses in 2018 related to Dairy Farm's restructuring of its Southeast Asia Grocery Retail business following the completion of a strategic review. The charges comprised impairment charges of the carrying values of certain goodwill, tangible assets and right-of-use assets, as well as provisions for payments to tenants and employees.

Sale and closure of other businesses in 2018 included a gain of US\$132 million related to the disposal of a subsidiary in the Philippines by Dairy Farm under a partnership arrangement with Robinsons Retail Holdings, Inc. ('Robinsons Retail'), a multi-format retailer listed on the Philippine Stock Exchange.

10. Dividends

	2019 US\$m	2018 US\$m
Final dividend in respect of 2018 of US¢24.00 (2017: US¢22.50) per share	266	249
Interim dividend in respect of 2019 of US¢10.50 (2018: US¢10.00) per share	116	111
	382	360
Company's share of dividends paid on the shares held by Jardine Matheson	(187)	(175)
	195	185

A final dividend in respect of 2019 of US¢25.00 (2018: US¢24.00) per share amounting to a total of US\$277 million (2018: US\$266 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2020 Annual General Meeting. The net amount after deducting the Company's share of the dividends payable on the shares held by Jardine Matheson of US\$137 million (2018: US\$130 million) will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2020.

11. Notes to Consolidated Cash Flow Statement

(a) Purchase of subsidiaries

	2019 Fair value US\$m	2018 Fair value US\$m
Non-current assets	3	1,310
Current assets	72	143
Non-current liabilities	(8)	(352)
Current liabilities	(3)	(173)
Fair value of identifiable net assets acquired	64	928
Goodwill	4	271
Adjustment for non-controlling interests	(14)	(57)
Total consideration	54	1,142
Adjustment for contingent consideration	(10)	-
Net debt repaid at date of acquisition	-	148
Payment for deferred consideration	-	82
Adjustment for deferred consideration	-	(24)
Carrying value of associates and joint ventures	(15)	(44)
Cash and cash equivalents of subsidiaries acquired	(1)	(18)
Net cash outflow	28	1,286

For the subsidiaries acquired during 2019, 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 2018 were finalised in 2019 and the comparative figures have been adjusted.

11. Notes to Consolidated Cash Flow Statement (continued)

(a) Purchase of subsidiaries (continued)

Net cash outflow for purchase of subsidiaries in 2018 included US\$55 million for Dairy Farm's acquisition of an additional 51% interest in Rose Pharmacy, a health and beauty stores chain in the Philippines, increasing its controlling interest to 100%; and US\$1,150 million (including repayment of net debt of US\$148 million) for Astra's acquisition of a 95% interest in PT Agincourt Resources, a gold mining company. In addition, there were cash outflows of US\$69 million and US\$13 million for Astra's payment of deferred consideration for investments in toll road concessions and acquisition of an 80% interest in PT Suprabari Mapanindo Mineral, a coal mining company, respectively, in 2017.

Goodwill in 2018 mainly arose from the acquisitions of Rose Pharmacy of US\$99 million, attributable to the leading market position and retail network in the Philippines; and PT Agincourt Resources of US\$171 million, attributable to the requirement to recognise deferred tax on the difference between the fair value and the tax value of the assets at the date of acquisition. None of the goodwill is expected to be deductible for tax purposes.

(b) Purchase of associates and joint ventures 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 the Company's 20% interest in livi, a virtual bank in Hong Kong.

Purchase in 2018 mainly included US\$834 million for Hongkong Land's investments in the Chinese mainland, Thailand and Vietnam; US\$220 million related to Dairy Farm's acquisition of a 20% interest in Robinsons Retail; and US\$99 million for Astra's investments in toll road concessions.

(c) Purchase of other investments in 2019 included Astra's additional investments in Gojek and other securities of US\$100 million and US\$299 million, respectively.

Purchases in 2018 included US\$200 million and US\$62 million for Jardine Cycle & Carriage's investments in shares in Toyota Motor Corporation and additional shares in Vietnam Dairy Products increasing its interest to 10.6%, respectively; and US\$150 million and US\$280 million for Astra's investments in Gojek and other securities, respectively.

11. Notes to Consolidated Cash Flow Statement (continued)

- (d) Advance to associates and joint ventures in 2019 and 2018 mainly included Hongkong Land's advance to its property joint ventures.
- (e) Advance from and repayment from associates and joint ventures in 2019 and 2018 mainly included advance from and repayment from Hongkong Land's property joint ventures.
- (f) Sale of other investments in 2019 comprised US\$158 million in Hongkong Land and US\$276 million in Astra.

Sale in 2018 mainly included Astra's sale of securities.

- (g) Change in interests in subsidiaries

	2019	2018
	US\$m	US\$m
Increase in attributable interests		
- Hongkong Land	-	(131)
- Mandarin Oriental	(5)	(33)
- other	(10)	(200)
Decrease in attributable interests	-	4
	(15)	(360)

Increase in attributable interests in other subsidiaries in 2018 included US\$196 million for Astra's acquisition of the remaining 25% interest in Astra Sedaya Finance, a consumer financing company, from Permata Bank, increasing its controlling interest to 100%.

12. Jardine Strategic Corporate Cash Flow

	2019 US\$m	2018 US\$m
Dividends receivable		
Subsidiaries	767	740
Jardine Matheson	734	682
Associates and joint ventures	34	34
Other holdings	13	13
	1,548	1,469
Less taken in scrip	<u>-</u>	<u>(502)</u>
	1,548	967
Other operating cash flows	<u>(108)</u>	<u>(116)</u>
Cash flows from operating activities	1,440	851
Investing activities		
Purchase of shares in Jardine Matheson	-	(99)
Purchase of an associate	(64)	-
Purchase of other investments	(7)	(13)
Cash flows from investing activities	(71)	(112)
Financing activities		
Purchase of additional shares in subsidiaries	(5)	(33)
Dividends paid by the Company	(376)	(351)
Cash flows from financing activities	<u>(381)</u>	<u>(384)</u>
Net increase in cash	988	355
Cash at 1st January	<u>774</u>	<u>419</u>
Cash at 31st December	<u>1,762</u>	<u>774</u>
<i>Represented by:</i>		
Bank balances and other liquid funds	<u>1,762</u>	<u>774</u>

Corporate cash flow comprises the cash flows of the Company and of its investment holding and financing subsidiaries.

13. Capital Commitments and Contingent Liabilities

Total capital commitments at 31st December 2019 amounted to US\$2,878 million (2018: US\$3,064 million).

In February 2020, Hongkong Land secured a prime, predominantly commercial site in the Xuhui District of Shanghai for a consideration of RMB31 billion (equivalent to approximately US\$4.4 billion). The project mainly comprises office and retail space with a developable area of 1.1 million square metres, and will be developed in multiple phases to 2027.

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.

14. Related Party Transactions

In accordance with the Bye-Laws of the Company, Jardine Matheson Limited, a wholly-owned subsidiary of Jardine Matheson, has been appointed General Manager of the Company under a General Manager Agreement. With effect from 1st January 2008, Jardine Matheson Limited has sub-delegated certain of its responsibilities under the agreement to a fellow subsidiary. Total fees payable for services provided to the Company in 2019 amounted to US\$130 million (2018: US\$141 million).

In the normal course of business the Group undertakes a variety of transactions with Jardine Matheson, and 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 2019 amounted to US\$5,446 million (2018: US\$5,449 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 2019 amounted to US\$664 million (2018: US\$637 million).

Permata Bank provides banking services to the Group. The Group's deposits with Permata Bank at 31st December 2019 amounted to US\$437 million (2018: US\$345 million).

There were no other related party transactions that might be considered to have a material effect on the financial position or performance of the Group that were entered into or changed during the year.

Amounts of outstanding balances with Jardine Matheson, associates and joint ventures are included in debtors and creditors, as appropriate. A subsidiary of the Company has also committed to provide loan facilities to a subsidiary of Jardine Matheson. Undrawn facilities at 31st December 2019 amounted to US\$400 million (2018: US\$400 million).

15. Market Value Basis Net Assets

	2019	2018
	US\$m	US\$m
Jardine Matheson	8,973	10,948
Hongkong Land	6,765	7,413
Dairy Farm	5,993	9,499
Mandarin Oriental	1,799	2,012
Jardine Cycle & Carriage	6,622	7,671
Other holdings	610	486
	30,762	38,029
Jardine Strategic Corporate	1,733	734
	32,495	38,763
	US\$	US\$
Net asset value per share	57.98	68.46

'Market value basis net assets' are calculated based on the market price of the Company's holdings for listed companies, with the exception of the holding in Jardine Matheson which has been calculated by reference to the market value of US\$23,738 million (2018: US\$29,706 million) less the Company's share of the market value of Jardine Matheson's interest in the Company. For unlisted companies a Directors' valuation has been used.

Net asset value per share is calculated on 'market value basis net assets' of US\$32,495 million (2018: US\$38,763 million) and on 561 million (2018: 566 million) shares outstanding at the year end which excludes the Company's share of the shares held by Jardine Matheson of 548 million (2018: 542 million) shares.

Jardine Strategic Holdings Limited

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 will be set out in more detail in the Corporate Governance section of the Company's 2019 Annual Report (the '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 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 will be set out in the Financial Review and in a note to the Financial Statements in the Report.

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.

Jardine Strategic Holdings Limited
Principal Risks and Uncertainties (continued)

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.

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 the Company's 2019 Annual 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

Ben Keswick
Y.K. Pang

Directors

The final dividend of US\$25.0 per share will be payable on 13th May 2020, subject to approval at the Annual General Meeting to be held on 7th May 2020, to shareholders on the register of members at the close of business on 20th March 2020. The shares will be quoted ex-dividend on 19th March 2020 and the share registers will be closed from 23rd to 27th March 2020, inclusive. The dividend will be available in cash with a scrip alternative.

Shareholders will receive their cash dividends in United States Dollars, unless they are registered on the Jersey branch register, in which case they will have the option to elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2019 final dividend by notifying the United Kingdom transfer agent in writing by 24th April 2020. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 29th April 2020.

Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in Sterling only as calculated above. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive their cash dividends in United States Dollars unless they elect, through CDP, to receive Singapore Dollars.

Shareholders on the Singapore branch register who wish to deposit their shares into the CDP system by the dividend record date, being 20th March 2020, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, no later than 5.00 p.m. (local time) on 19th March 2020.

Jardine Strategic

Jardine Strategic is a holding company which makes long-term strategic investments in multinational businesses, particularly those with an Asian focus, and in other high quality companies with existing or potential links with the Group. Its principal attributable interests are in Jardine Matheson (58%), Hongkong Land (50%), Dairy Farm (78%), Mandarin Oriental (78%) and Jardine Cycle & Carriage (75%), which in turn has a 50% interest in Astra. It also has minority interests in Greatview Aseptic Packaging and Zhongsheng. Jardine Strategic is 85% held by Jardine Matheson.

The Group companies operate in the fields of 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, energy and agribusiness.

Jardine Strategic Holdings Limited is incorporated in Bermuda and has a standard listing on the London Stock Exchange, with secondary listings in Bermuda and Singapore. The Company's interests are managed from Hong Kong by Jardine Matheson Limited.

- end -

For further information, please contact:

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Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2019 can be accessed through the internet at www.jardines.com.