Jardine Strategic Holdings Limited

2020 Audited Financial Statements
and Other Information

Other Information:

- Chairman's Statement
- Managing Director's Review
- Principal Risks and Uncertainties
- Responsibility Statement

Jardine Strategic Holdings Limited

Audited Financial Statements
for the year ended 31st December 2020

Consolidated Profit and Loss Account

for the year ended 31st December 2020

		2020			2019		
		Underlying business performance	Non-trading items	Total	Underlying business performance	Non-trading items	Total
	Note	US$m	US$m	US$m	US$m	US$m	US$m
Revenue	*3*	**25,778**	**–**	**25,778**	32,665	–	32,665
Net operating costs	*4*	**(23,709)**	**526**	**(23,183)**	(28,930)	39	(28,891)
Change in fair value of investment properties		**–**	**(3,915)**	**(3,915)**	–	(915)	(915)
Operating profit/(loss)		**2,069**	**(3,389)**	**(1,320)**	3,735	(876)	2,859
Net financing charges	*5*						
– financing charges		**(612)**	**–**	**(612)**	(751)	–	(751)
– financing income		**229**	**–**	**229**	221	–	221
		(383)	**–**	**(383)**	(530)	–	(530)
Share of results of Jardine Matheson	*6*	**182**	**216**	**398**	187	946	1,133
Share of results of associates and joint ventures	*7*						
– before change in fair value of investment properties		**740**	**(268)**	**472**	1,108	12	1,120
– change in fair value of investment properties		**–**	**(177)**	**(177)**	–	(11)	(11)
		740	**(445)**	**295**	1,108	1	1,109
Profit/(loss) before tax		**2,608**	**(3,618)**	**(1,010)**	4,500	71	4,571
Tax	*8*	**(437)**	**2**	**(435)**	(902)	(18)	(920)
Profit/(loss) after tax		**2,171**	**(3,616)**	**(1,445)**	3,598	53	3,651
Attributable to:							
Shareholders of the Company	*9 & 10*	**1,094**	**(1,957)**	**(863)**	1,681	497	2,178
Non-controlling interests		**1,077**	**(1,659)**	**(582)**	1,917	(444)	1,473
		2,171	**(3,616)**	**(1,445)**	3,598	53	3,651
		US$		US$	US$		US$
Earnings/(loss) per share	*9*						
– basic		**1.96**		**(1.54)**	2.98		3.86
– diluted		**1.96**		**(1.54)**	2.98		3.86

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2020

	Note	2020 US$m	2019 US$m
(Loss)/profit for the year		**(1,445)**	3,651
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	*21*	**8**	(8)
Net revaluation surplus before transfer to investment properties			
– right-of-use assets	*13*	**–**	2,943
Tax on items that will not be reclassified		**(3)**	4
		5	2,939
Share of other comprehensive income of Jardine Matheson		**6**	12
Share of other comprehensive expense of associates and joint ventures		**(9)**	(13)
		2	2,938
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net gain arising during the year		**658**	486
– transfer to profit and loss		**(247)**	3
		411	489
Revaluation of other investments at fair value through other comprehensive income			
– net gain arising during the year	*18*	**19**	20
– transfer to profit and loss		**(4)**	(1)
		15	19
Cash flow hedges			
– net loss arising during the year		**(69)**	(93)
– transfer to profit and loss		**5**	(4)
		(64)	(97)
Tax relating to items that may be reclassified		**12**	29
Share of other comprehensive income of Jardine Matheson		**45**	74
Share of other comprehensive income of associates and joint ventures		**263**	211
		682	725
Other comprehensive income for the year, net of tax		**684**	3,663
Total comprehensive (expense)/income for the year		**(761)**	7,314
Attributable to:			
Shareholders of the Company		**(363)**	4,872
Non-controlling interests		**(398)**	2,442
		(761)	7,314

Consolidated Balance Sheet

at 31st December 2020

	Note	At 31st December 2020 US$m	2019 US$m
Assets			
Intangible assets	*11*	**2,533**	2,693
Tangible assets	*12*	**6,328**	6,841
Right-of-use assets	*13*	**4,049**	4,406
Investment properties	*14*	**33,259**	36,817
Bearer plants	*15*	**497**	503
Investment in Jardine Matheson	*16*	**3,581**	3,703
Associates and joint ventures	*17*	**16,200**	15,288
Other investments	*18*	**2,895**	2,675
Non-current debtors	*19*	**3,009**	3,023
Deferred tax assets	*20*	**439**	415
Pension assets	*21*	**6**	2
Non-current assets		**72,796**	76,366
Properties for sale	*22*	**2,339**	2,441
Stocks and work in progress	*23*	**2,106**	2,811
Current debtors	*19*	**6,152**	7,424
Current investments	*18*	**60**	29
Current tax assets		**157**	252
Bank balances and other liquid funds	*24*		
– non-financial services companies		**8,269**	5,346
– financial services companies		**402**	256
		8,671	5,602
		19,485	18,559
Assets classified as held for sale		**55**	–
Current assets		**19,540**	18,559
Total assets		**92,336**	94,925

Approved by the Board of Directors

John Witt
Y.K. Pang
Directors

11th March 2021

	Note	2020 US$m	2019 US$m
		At 31st December	
Equity			
Share capital	*25*	**56**	56
Share premium and capital reserves	*26*	**941**	941
Revenue and other reserves		**36,518**	37,054
Own shares held	*28*	**(2,325)**	(2,294)
Shareholders' funds		**35,190**	35,757
Non-controlling interests	*29*	**28,700**	29,903
Total equity		**63,890**	65,660
Liabilities			
Long-term borrowings	*30*		
– non-financial services companies		**8,444**	6,976
– financial services companies		**1,246**	1,697
		9,690	8,673
Non-current lease liabilities	*31*	**2,640**	2,842
Deferred tax liabilities	*20*	**676**	767
Pension liabilities	*21*	**405**	364
Non-current creditors	*32*	**365**	356
Non-current provisions	*33*	**296**	289
Non-current liabilities		**14,072**	13,291
Current creditors	*32*	**7,361**	8,287
Current borrowings	*30*		
– non-financial services companies		**3,835**	4,368
– financial services companies		**1,930**	1,853
		5,765	6,221
Current lease liabilities	*31*	**747**	795
Current tax liabilities		**335**	507
Current provisions	*33*	**166**	164
Current liabilities		**14,374**	15,974
Total liabilities		**28,446**	29,265
Total equity and liabilities		**92,336**	94,925

Consolidated Statement of Changes in Equity

for the year ended 31st December 2020

	Share capital	Share premium	Capital reserves	Revenue reserves	Contributed surplus	Asset revaluation reserves	Hedging reserves	Exchange reserves	Own shares held	Attributable to shareholders of the Company	Attributable to non-controlling interests	Total equity
	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m
2020												
At 1st January	56	816	125	36,085	304	2,566	(27)	(1,874)	(2,294)	35,757	29,903	**65,660**
Total comprehensive expense	–	–	–	(841)	–	–	(41)	519	–	(363)	(398)	**(761)**
Dividends paid by the Company	–	–	–	(199)	–	–	–	–	–	(199)	–	**(199)**
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(785)	**(785)**
Unclaimed dividends forfeited	–	–	–	1	–	–	–	–	–	1	–	**1**
Employee share option schemes	–	–	1	–	–	–	–	–	–	1	–	**1**
Scrip issued in lieu of dividends	–	–	–	6	–	–	–	–	–	6	–	**6**
Increase in own shares held	–	–	–	–	–	–	–	–	(31)	(31)	–	**(31)**
Subsidiaries disposed of	–	–	–	–	–	–	–	–	–	–	(13)	**(13)**
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	39	**39**
Change in interests in subsidiaries	–	–	–	19	–	–	–	–	–	19	(46)	**(27)**
Change in interests in associates and joint ventures	–	–	–	(1)	–	–	–	–	–	(1)	–	**(1)**
Transfer	–	–	(1)	1	–	–	–	–	–	–	–	**–**
At 31st December	**56**	**816**	**125**	**35,071**	**304**	**2,566**	**(68)**	**(1,355)**	**(2,325)**	**35,190**	**28,700**	**63,890**
2019												
At 1st January	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	–	–	–	(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

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.

Consolidated Cash Flow Statement

for the year ended 31st December 2020

	Note	2020 US$m	2019 US$m
Operating activities			
Cash generated from operations	*34 (a)*	**5,413**	4,728
Interest received		**189**	180
Interest and other financing charges paid		**(664)**	(744)
Tax paid		**(751)**	(927)
		4,187	3,237
Dividends from Jardine Matheson		**734**	734
Dividends from associates and joint ventures		**506**	992
Cash flows from operating activities		**5,427**	4,963
Investing activities			
Purchase of subsidiaries	*34 (c)*	**(73)**	(28)
Purchase of associates and joint ventures	*34 (d)*	**(206)**	(1,088)
Purchase of other investments	*34 (e)*	**(494)**	(409)
Purchase of intangible assets		**(122)**	(216)
Purchase of tangible assets		**(593)**	(1,129)
Additions to right-of-use assets		**(18)**	(60)
Additions to investment properties	*34 (f)*	**(4,645)**	(168)
Additions to bearer plants		**(35)**	(44)
Advance to and repayment to associates and joint ventures	*34 (g)*	**(725)**	(1,025)
Advance from and repayment from associates and joint ventures	*34 (h)*	**1,437**	920
Sale of subsidiaries	*34 (i)*	**2,806**	–
Sale of associates and joint ventures	*34 (j)*	**1,138**	3
Sale of other investments	*34 (k)*	**445**	450
Sale of intangible assets		**1**	–
Sale of tangible assets		**43**	61
Sale of right-of-use assets		**–**	3
Cash flows from investing activities		**(1,041)**	(2,730)
Financing activities			
Capital contribution from non-controlling interests		**39**	18
Change in interests in subsidiaries	*34 (l)*	**(27)**	(15)
Drawdown of borrowings	*30*	**6,834**	7,336
Repayment of borrowings	*30*	**(6,321)**	(6,454)
Principal elements of lease payments	*34 (m)*	**(851)**	(893)
Dividends paid by the Company		**(387)**	(376)
Dividends paid to non-controlling interests		**(785)**	(905)
Cash flows from financing activities		**(1,498)**	(1,289)
Net increase in cash and cash equivalents		**2,888**	944
Cash and cash equivalents at 1st January		**5,583**	4,555
Effect of exchange rate changes		**150**	84
Cash and cash equivalents at 31st December	*34 (n)*	**8,621**	5,583

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 43.

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 44)*.

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.

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 six operating segments *(2019: six)*. 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 Matheson 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 businesses performance US$m	Non-trading items US$m	Group US$m
2020											
Revenue *(refer note 3)*	–	2,094	10,269	184	1,269	11,965	–	(3)	25,778	–	**25,778**
Net operating costs	–	(1,135)	(9,857)	(370)	(1,216)	(11,042)	(92)	3	(23,709)	526	**(23,183)**
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	(3,915)	**(3,915)**
Operating profit/(loss)	–	959	412	(186)	53	923	(92)	–	2,069	(3,389)	**(1,320)**
Net financing charges											
– financing charges	–	(195)	(145)	(14)	(25)	(233)	–	–	(612)	–	**(612)**
– financing income	–	79	2	2	–	121	25	–	229	–	**229**
	–	(116)	(143)	(12)	(25)	(112)	25	–	(383)	–	**(383)**
Share of results of Jardine Matheson	182	–	–	–	–	–	–	–	182	216	**398**
Share of results of associates and joint ventures											
– before change in fair value of investment properties	148	268	76	(27)	85	202	(12)	–	740	(268)	**472**
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	(177)	**(177)**
	148	268	76	(27)	85	202	(12)	–	740	(445)	**295**
Profit/(loss) before tax	330	1,111	345	(225)	113	1,013	(79)	–	2,608	(3,618)	**(1,010)**
Tax	–	(150)	(74)	19	(11)	(220)	(1)	–	(437)	2	**(435)**
Profit/(loss) after tax	330	961	271	(206)	102	793	(80)	–	2,171	(3,616)	**(1,445)**
Non-controlling interests	–	(476)	(57)	44	(27)	(561)	–	–	(1,077)	1,659	**582**
Profit/(loss) attributable to shareholders	**330**	**485**	**214**	**(162)**	**75**	**232**	**(80)**	**–**	**1,094**	**(1,957)**	**(863)**
Net (borrowings)/cash (excluding net borrowings of financial services companies)*	**–**	**(4,568)**	**(817)**	**(506)**	**(1,480)**	**626**	**2,735**	**–**			**(4,010)**
Total equity	**4,482**	**35,739**	**1,527**	**3,597**	**1,353**	**14,042**	**3,322**	**(172)**			**63,890**
2019											
Revenue *(refer note 3)*	–	2,320	11,192	567	1,788	16,803	–	(5)	32,665	–	32,665
Net operating costs	–	(1,150)	(10,757)	(496)	(1,701)	(14,711)	(120)	5	(28,930)	39	(28,891)
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	(915)	(915)
Operating profit	–	1,170	435	71	87	2,092	(120)	–	3,735	(876)	2,859
Net financing charges											
– financing charges	–	(205)	(165)	(18)	(45)	(318)	–	–	(751)	–	(751)
– financing income	–	84	7	3	1	92	34	–	221	–	221
	–	(121)	(158)	(15)	(44)	(226)	34	–	(530)	–	(530)
Share of results of Jardine Matheson	187	–	–	–	–	–	–	–	187	946	1,133
Share of results of associates and joint ventures											
– before change in fair value of investment properties	127	273	115	(2)	108	493	(6)	–	1,108	12	1,120
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	(11)	(11)
	127	273	115	(2)	108	493	(6)	–	1,108	1	1,109
Profit before tax	314	1,322	392	54	151	2,359	(92)	–	4,500	71	4,571
Tax	–	(247)	(70)	(13)	(16)	(555)	(1)	–	(902)	(18)	(920)
Profit after tax	314	1,075	322	41	135	1,804	(93)	–	3,598	53	3,651
Non-controlling interests	–	(533)	(74)	(9)	(36)	(1,267)	2	–	(1,917)	444	(1,473)
Profit attributable to shareholders	314	542	248	32	99	537	(91)	–	1,681	497	2,178
Net (borrowings)/cash (excluding net borrowings of financial services companies)*	–	(3,591)	(821)	(300)	(1,494)	(1,554)	1,762	–			(5,998)
Total equity	4,502	38,290	1,429	4,201	1,393	13,681	2,338	(174)			65,660

*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	**810**	930
Southeast Asia	**443**	775
United Kingdom	**(19)**	22
Rest of the world	**(60)**	45
	1,174	1,772
Corporate and other interests	**(80)**	(91)
	1,094	1,681
Non-current assets*:		
China	**42,437**	44,788
Southeast Asia	**18,206**	19,899
United Kingdom	**592**	682
Rest of the world	**2,198**	2,046
	63,433	67,415

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

The Group's reportable segments are set out below:

Jardine Matheson
Jardine Matheson comprises a broad portfolio of market-leading businesses, held through its 85% stake in Jardine Strategic, and its wholly-owned Jardine Pacific and Jardine Motors.
i) Jardine Pacific
The group has interest in a diverse portfolio which comprises industry leaders in the areas of engineering and construction, transport services and restaurants.
ii) Jardine Motors
The group engages in automotive businesses in the Chinese mainland, Hong Kong and Macau, as well as the United Kingdom.

Hongkong Land
Hongkong Land is a major listed property investment, management and development group. The group has a number of high quality residential, commercial and mixed-use projects under development in cities across China and Southeast Asia.

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.

Mandarin Oriental
Mandarin Oriental is an international hotel investment and management group with deluxe and first class hotels, resorts and residences. The group operates 34 hotels and seven residences in 24 countries and territories, and has a strong pipeline of properties under development.

Jardine Cycle & Carriage ('JC&C')
JC&C is the investment holding company of the Jardine Matheson Group in Southeast Asia listed in Singapore. JC&C has interests in which include a 50% shareholding in 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.

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.

3 Revenue

	Jardine Matheson 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	29,097	4,948	28,159	298	6,189	22,388	(173)	**90,906**
Revenue								
By product and service:								
Property		2,094	–	–	–	52	(3)	**2,143**
Motor vehicles		–	–	–	1,269	4,556	–	**5,825**
Retail and restaurants		–	10,269	–	–	–	–	**10,269**
Financial services		–	–	–	–	1,382	–	**1,382**
Engineering, heavy equipment, mining and construction		–	–	–	–	4,107	–	**4,107**
Hotels		–	–	184	–	–	–	**184**
Other		–	–	–	–	1,868	–	**1,868**
		2,094	**10,269**	**184**	**1,269**	**11,965**	**(3)**	**25,778**
By geographical location of customers:								
China		1,524	5,932	60	–	–	(3)	**7,513**
Southeast Asia		570	3,466	11	1,269	11,965	–	**17,281**
United Kingdom		–	–	24	–	–	–	**24**
Rest of the world		–	871	89	–	–	–	**960**
		2,094	**10,269**	**184**	**1,269**	**11,965**	**(3)**	**25,778**
From contracts with customers:								
Recognised at a point in time		485	10,269	72	1,206	10,171	–	**22,203**
Recognised over time		524	–	95	62	212	–	**893**
		1,009	10,269	167	1,268	10,383	–	**23,096**
From other sources:								
Rental income from investment properties		938	–	–	–	10	(3)	**945**
Revenue from financial services companies		–	–	–	–	1,382	–	**1,382**
Other		147	–	17	1	190	–	**355**
		1,085	–	17	1	1,582	(3)	**2,682**
		2,094	**10,269**	**184**	**1,269**	**11,965**	**(3)**	**25,778**

3 Revenue (continued)

	Jardine Matheson 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
2019								
Gross Revenue	29,728	4,437	27,665	908	6,958	33,887	(275)	103,308
Revenue								
By product and service:								
Property		2,320	–	–	–	30	(4)	2,346
Motor vehicles		–	–	–	1,788	7,315	–	9,103
Retail and restaurants		–	11,192	–	–	–	–	11,192
Financial services		–	–	–	–	1,453	–	1,453
Engineering, heavy equipment, mining and construction		–	–	–	–	5,941	–	5,941
Hotels		–	–	567	–	–	(1)	566
Other		–	–	–	–	2,064	–	2,064
		2,320	11,192	567	1,788	16,803	(5)	32,665
By geographical location of customers:								
China		1,753	6,562	161	–	–	(5)	8,471
Southeast Asia		567	3,852	27	1,788	16,803	–	23,037
United Kingdom		–	–	65	–	–	–	65
Rest of the world		–	778	314	–	–	–	1,092
		2,320	11,192	567	1,788	16,803	(5)	32,665
From contracts with customers:								
Recognised at a point in time		653	11,192	207	1,721	14,703	–	28,476
Recognised over time		516	–	340	67	428	(1)	1,350
		1,169	11,192	547	1,788	15,131	(1)	29,826
From other sources:								
Rental income from investment properties		999	–	–	–	7	(4)	1,002
Revenue from financial services companies		–	–	–	–	1,453	–	1,453
Other		152	–	20	–	212	–	384
		1,151	–	20	–	1,672	(4)	2,839
		2,320	11,192	567	1,788	16,803	(5)	32,665

Gross revenue comprises revenue together with 100% of revenue from Jardine Matheson, 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 19)*		
– 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 32)*		
– properties for sale	**527**	324
– motor vehicles	**297**	349
– retail and restaurants	**154**	136
– engineering, heavy equipment, mining and construction	**56**	79
– other	**59**	52
	1,093	940

At 31st December 2020, costs to fulfil contracts and costs to obtain contracts amounted to US$364 million *(2019: US$345 million)* and US$17 million *(2019: US$14 million)*, and US$412 million *(2019: US$397 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	**175**	233
Retail and restaurants	**134**	95
Engineering, heavy equipment, mining and construction	**58**	31
Other	**28**	50
	597	706

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	125	100	41	**1,366**
Between one and two years	142	49	81	28	**300**
Between two and three years	77	28	1	1	**107**
Between three and four years	1	13	–	1	**15**
Between four and five years	–	4	–	–	**4**
	1,320	**219**	**182**	**71**	**1,792**
2019					
Within one year	605	104	194	73	976
Between one and two years	469	63	88	17	637
Between two and three years	–	35	–	5	40
Between three and four years	13	18	–	1	32
Between four and five years	–	7	44	–	51
	1,087	227	326	96	1,736

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	**(18,719)**	(23,816)
Other operating income	**1,363**	712
Selling and distribution costs	**(3,547)**	(3,583)
Administration expenses	**(1,981)**	(2,109)
Other operating expenses	**(299)**	(95)
	(23,183)	(28,891)
The following credits/(charges) are included in net operating costs:		
Cost of stocks recognised as expense	**(14,568)**	(19,783)
Cost of properties for sale recognised as expense	**(808)**	(797)
Amortisation of intangible assets	**(175)**	(168)
Depreciation of tangible assets	**(1,031)**	(1,044)
Amortisation/depreciation of right-of-use assets	**(996)**	(956)
Depreciation of bearer plants	**(27)**	(27)
Impairment of intangible assets	**(83)**	(20)
(Impairment)/reversal of impairment of tangible assets	**(33)**	3
Impairment of right-of-use assets	**(48)**	(11)
Impairment of bearer plants	**–**	(8)
Write down of stocks and work in progress	**(76)**	(61)
Reversal of write down of stocks and work in progress	**46**	28
Impairment of financing debtors	**(274)**	(100)
Impairment of trade debtors, contract assets and other debtors	**(93)**	(19)
Operating expenses arising from investment properties	**(213)**	(208)
Net foreign exchange losses	**(3)**	–
Employee benefit expense		
– salaries and benefits in kind	**(2,766)**	(3,075)
– share options granted	**(1)**	–
– defined benefit pension plans *(refer note 21)*	**(95)**	(99)
– defined contribution pension plans	**(61)**	(71)
	(2,923)	(3,245)
Expenses relating to low-value leases	**(1)**	(8)
Expenses relating to short-term leases	**(94)**	(92)
Expenses relating to variable lease payment not included in lease liabilities	**(25)**	(52)
Gain on lease modification and termination	**13**	4
Sublease income	**24**	44
Auditors' remuneration		
– audit	**(15)**	(16)
– non-audit services	**(4)**	(5)
	(19)	(21)
Dividend income from equity investments	**59**	70
Interest income from debt investments	**40**	46
Rental income from properties	**22**	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$189 million and US$72 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	**144**	75
Sale and closure of other businesses	**494**	–
Asset impairment	**(65)**	–
Sale of property interests	**–**	16
Restructuring of businesses	**(59)**	(15)
Reclassification of joint ventures as subsidiaries	**10**	(14)
Closure of a hotel	**–**	(32)
Other	**2**	9
	526	39

5 Net Financing Charges

	2020 US$m	2019 US$m
Interest expense		
– bank loans and advances	**(275)**	(346)
– interest on lease liabilities	**(133)**	(134)
– other	**(146)**	(143)
	(554)	(623)
Fair value gains on fair value hedges	**12**	12
Fair value adjustment on hedged items attributable to the hedged risk	**(12)**	(12)
	–	–
	(554)	(623)
Interest capitalised	**29**	9
Commitment and other fees	**(87)**	(137)
Financing charges	**(612)**	(751)
Financing income	**229**	221
	(383)	(530)

6 Share of Results of Jardine Matheson

	2020 US$m	2019 US$m
By business:		
Jardine Pacific	**330**	159
Jardine Motors	**44**	59
Corporate and other interests	**24**	915
	398	1,133
Share of results of Jardine Matheson included the following gains/(losses) from non-trading items:		
Change in fair value of investment properties	**258**	48
Change in fair value of other investments	**(1)**	(2)
Sale of Jardine Lloyd Thompson	**–**	874
Sale and closure of other businesses	**(45)**	24
Sale of property interests	**6**	–
Restructuring of businesses	**(2)**	–
Other	**–**	2
	216	946

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

In relation to the COVID-19 pandemic, included in share of results of Jardine Matheson were the Group's share of the government grants, the majority of which were in support of employee retention, and rent concessions of US$63 million and US$2 million, respectively, for the year ended 31st December 2020.

7 Share of Results of Associates and Joint Ventures

	2020 US$m	2019 US$m
By business:		
Jardine Matheson	**80**	128
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)
	295	1,109
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 17)*	**(275)**	–
Sale of businesses	**–**	12
Other	**(2)**	1
	(445)	1

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$80 million and US$29 million, respectively, for the year ended 31st December 2020.

8 Tax

	2020 US$m	2019 US$m
Tax charged to profit and loss is analysed as follows:		
Current tax	**(550)**	(935)
Deferred tax	**115**	15
	(435)	(920)
China	**(164)**	(291)
Southeast Asia	**(274)**	(607)
United Kingdom	**3**	(3)
Rest of the world	**–**	(19)
	(435)	(920)
Reconciliation between tax expense and tax at the applicable tax rate*:		
Tax at applicable tax rate	**250**	(572)
Income not subject to tax		
– change in fair value of investment properties	**1**	1
– other items	**258**	188
Expenses not deductible for tax purposes		
– change in fair value of investment properties	**(641)**	(168)
– other items	**(203)**	(213)
Tax losses and temporary differences not recognised	**(83)**	(42)
Utilisation of previously unrecognised tax losses and temporary differences	**4**	5
Recognition of previously unrecognised tax losses and temporary differences	**2**	1
Deferred tax assets written off	**(3)**	–
Deferred tax liabilities written back	**15**	–
Overprovision/(underprovision) in prior years	**1**	(7)
Withholding tax	**(8)**	(66)
Land appreciation tax in Chinese mainland	**(30)**	(49)
Change in tax rate	**20**	(2)
Other	**(18)**	4
	(435)	(920)
Tax relating to components of other comprehensive income is analysed as follows:		
Remeasurements of defined benefit plans	**(3)**	4
Cash flow hedges	**12**	29
	9	33

Share of tax charge of Jardine Matheson of US$30 million *(2019: US$21 million)* is included in share of results of Jardine Matheson. No tax charge *(2019: US$2 million)* is included in other comprehensive income of Jardine Matheson.

Share of tax charge of associates and joint ventures of US$288 million *(2019: US$409 million)* is included in share of results of associates and joint ventures. Share of tax credit of US$10 million *(2019: US$18 million)* is included in other comprehensive income of associates and joint ventures.

*The applicable tax rate for the year was 14.7% *(2019: 24.6%)* 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 mainly due to a change in a geographic mix of the Group's profit and a reduction in the corporate tax rates in Indonesia.

9 Earnings/(Loss) per Share

Basic earnings/(loss) per share are calculated on loss attributable to shareholders of US$863 million *(2019: profit of US$2,178 million)* and on the weighted average number of 559 million *(2019: 564 million)* shares in issue during the year.

Diluted earnings/(loss) per share are calculated on loss attributable to shareholders of US$863 million *(2019: profit of US$2,177 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 559 million *(2019: 564 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	**1,108**	1,108
Company's share of shares held by Jardine Matheson	**(549)**	(544)
Weighted average number of shares for earnings per share calculation	**559**	564

Additional basic and diluted earnings per share are also calculated based on underlying loss 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	**(863)**	**(1.54)**	**(1.54)**	2,178	3.86	3.86
Non-trading items *(refer note 10)*	**1,957**			(497)		
Underlying profit attributable to shareholders	**1,094**	**1.96**	**1.96**	1,681	2.98	2.98

10 Non-trading Items

	2020 US$m	2019 US$m
By business:		
Jardine Matheson	**149**	947
Hongkong Land	**(1,820)**	(443)
Dairy Farm	**(4)**	2
Mandarin Oriental	**(372)**	(76)
Jardine Cycle & Carriage	**(58)**	11
Astra	**141**	3
Corporate and other interests	**7**	53
	(1,957)	497
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	**(1,820)**	(460)
– other	**(114)**	13
	(1,934)	(447)
Change in fair value of other investments	**119**	61
Asset impairment	**(263)**	–
Sale of Jardine Lloyd Thompson	**–**	874
Sale and closure of other businesses	**155**	33
Sale of property interests	**5**	12
Restructuring of businesses	**(42)**	(10)
Reclassification of joint ventures as subsidiaries	**4**	(11)
Closure of a hotel	**–**	(22)
Other	**(1)**	7
	(1,957)	497

Asset impairment in 2020 included impairment of goodwill in Jardine Cycle & Carriage's investment in Siam City Cement of US$137 million *(refer note 17)*.

Profit on sale and closure of other businesses in 2020 included profit of US$141 million from sale of Astra's 44.6% interest in Permata Bank with net proceeds of US$1,136 million.

In 2019, Jardine Matheson sold its 41% interest in Jardine Lloyd Thompson with net proceeds of US$2.1 billion, generating a profit on sale of US$0.9 billion to the Group.

11 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	1,212	154	656	1,107	558	**3,687**
Amortisation and impairment	(125)	–	(41)	(551)	(277)	**(994)**
Net book value at 1st January	1,087	154	615	556	281	**2,693**
Exchange differences	4	(2)	(9)	(1)	1	**(7)**
New subsidiaries	–	–	–	–	32	**32**
Additions	56	–	6	53	69	**184**
Disposals	(104)	–	–	–	(7)	**(111)**
Amortisation	–	–	(6)	(61)	(108)	**(175)**
Impairment charge	(64)	(2)	–	(7)	(10)	**(83)**
Net book value at 31st December	**979**	**150**	**606**	**540**	**258**	**2,533**
Cost	1,156	152	653	1,159	575	**3,695**
Amortisation and impairment	(177)	(2)	(47)	(619)	(317)	**(1,162)**
	979	**150**	**606**	**540**	**258**	**2,533**
2019						
Cost	1,182	148	552	989	475	3,346
Amortisation and impairment	(119)	–	(34)	(479)	(222)	(854)
Net book value at 1st January	1,063	148	518	510	253	2,492
Exchange differences	24	6	23	1	5	59
Additions	4	–	80	117	130	331
Disposals	–	–	–	–	(1)	(1)
Amortisation	–	–	(6)	(72)	(90)	(168)
Impairment charge	(4)	–	–	–	(16)	(20)
Net book value at 31st December	1,087	154	615	556	281	2,693
Cost	1,212	154	656	1,107	558	3,687
Amortisation and impairment	(125)	–	(41)	(551)	(277)	(994)
	1,087	154	615	556	281	2,693

	2020 US$m	2019 US$m
Goodwill allocation by business:		
Dairy Farm	**468**	604
Mandarin Oriental	**24**	24
Astra	**487**	459
	979	1,087

11 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 terms 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 34(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

12 Tangible Assets

	Freehold properties US$m	Buildings on leasehold land US$m	Leasehold improvements US$m	Mining properties US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2020							
Cost	1,023	2,503	1,301	1,820	5,527	2,041	**14,215**
Depreciation and impairment	(128)	(932)	(823)	(825)	(3,388)	(1,278)	**(7,374)**
Net book value at 1st January	895	1,571	478	995	2,139	763	**6,841**
Exchange differences	49	1	12	1	(32)	(2)	**29**
New subsidiaries	–	–	–	–	2	1	**3**
Additions	67	123	22	–	177	261	**650**
Disposals	(15)	(12)	(12)	–	(19)	(12)	**(70)**
Transfer from investment properties	–	3	–	–	–	–	**3**
Transfer to stock and work in progress	–	–	–	–	–	(22)	**(22)**
Classified as held for sale	(35)	(7)	–	–	–	–	**(42)**
Depreciation charge	(12)	(161)	(78)	(77)	(497)	(206)	**(1,031)**
(Impairment charge)/reversal of impairment charge	(2)	3	(4)	–	(7)	(23)	**(33)**
Net book value at 31st December	**947**	**1,521**	**418**	**919**	**1,763**	**760**	**6,328**
Cost	1,081	2,548	1,230	1,811	5,548	2,047	**14,265**
Depreciation and impairment	(134)	(1,027)	(812)	(892)	(3,785)	(1,287)	**(7,937)**
	947	**1,521**	**418**	**919**	**1,763**	**760**	**6,328**
2019							
Cost	1,015	2,410	1,214	1,797	4,869	1,915	13,220
Depreciation and impairment	(118)	(861)	(813)	(700)	(2,970)	(1,210)	(6,672)
Net book value at 1st January	897	1,549	401	1,097	1,899	705	6,548
Exchange differences	2	47	8	(3)	66	23	143
New subsidiaries	–	–	–	–	1	–	1
Additions	5	103	180	–	698	295	1,281
Disposals	–	(22)	(5)	–	(20)	(15)	(62)
Transfer from investment properties	–	3	–	–	–	–	3
Transfer from/(to) stock and work in progress	–	–	–	–	3	(35)	(32)
Depreciation charge	(9)	(115)	(103)	(99)	(508)	(210)	(1,044)
(Impairment charge)/reversal of impairment charge	–	6	(3)	–	–	–	3
Net book value at 31st December	895	1,571	478	995	2,139	763	6,841
Cost	1,023	2,503	1,301	1,820	5,527	2,041	14,215
Depreciation and impairment	(128)	(932)	(823)	(825)	(3,388)	(1,278)	(7,374)
	895	1,571	478	995	2,139	763	6,841

12 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 30)*.

13 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	1,432	6,350	141	109	1	**8,033**
Amortisation/depreciation and impairment	(364)	(3,121)	(61)	(80)	(1)	**(3,627)**
Net book value at 1st January	1,068	3,229	80	29	–	**4,406**
Exchange differences	(9)	63	(2)	–	–	**52**
New subsidiaries	1	1	–	–	–	**2**
Additions	28	216	64	54	–	**362**
Disposals	(1)	(105)	–	–	–	**(106)**
Transfer from investment properties	9	–	–	–	–	**9**
Classified as held for sale	(13)	–	–	–	–	**(13)**
Modifications to lease terms	–	388	(4)	(3)	–	**381**
Amortisation/depreciation charge	(57)	(824)	(71)	(44)	–	**(996)**
Impairment charge	(1)	(47)	–	–	–	**(48)**
Net book value at 31st December	**1,025**	**2,921**	**67**	**36**	**–**	**4,049**
Cost	1,441	6,405	201	160	1	**8,208**
Amortisation/depreciation and impairment	(416)	(3,484)	(134)	(124)	(1)	**(4,159)**
	1,025	**2,921**	**67**	**36**	**–**	**4,049**

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

Leasehold land	4 to 895 years
Properties	1 to 20 years
Plant & machinery	1 to 5 years
Motor vehicles	1 to 10 years

13 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	1,423	6,107	68	96	1	7,695
Amortisation/depreciation and impairment	(305)	(2,622)	(27)	(56)	(1)	(3,011)
Net book value at 1st January	1,118	3,485	41	40	–	4,684
Exchange differences	31	30	3	1	–	65
New subsidiaries	–	2	–	–	–	2
Additions	61	194	71	12	–	338
Disposals	(5)	–	–	–	–	(5)
Revaluation surplus before transfer to investment properties	2,943	–	–	–	–	2,943
Transfer to investment properties, net	(3,025)	–	–	–	–	(3,025)
Transfer to stock and work in progress	–	–	–	(1)	–	(1)
Modifications to lease terms	–	372	–	–	–	372
Amortisation/depreciation charge	(46)	(852)	(35)	(23)	–	(956)
Impairment charge	(9)	(2)	–	–	–	(11)
Net book value at 31st December	1,068	3,229	80	29	–	4,406
Cost	1,432	6,350	141	109	1	8,033
Amortisation/depreciation and impairment	(364)	(3,121)	(61)	(80)	(1)	(3,627)
	1,068	3,229	80	29	–	4,406

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$3,109 million was transferred to investment properties *(refer note 14)*.

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 30)*. None of the other right-of-use assets were pledged at 31st December 2020 and 2019.

14 Investment Properties

	Completed commercial properties US$m	Under development commercial properties US$m	Completed residential properties US$m	Total US$m
2020				
At 1st January	33,394	3,149	274	**36,817**
Exchange differences	193	445	1	**639**
Additions *(refer note 34(f))*	117	4,533	1	**4,651**
Disposals *(refer note 34(i))*	–	(4,921)	–	**(4,921)**
Transfer	6	(6)	–	**–**
Transfer to right-of-use assets	–	(9)	–	**(9)**
Transfer to tangible assets	(3)	–	–	**(3)**
Change in fair value	(3,420)	(491)	(4)	**(3,915)**
At 31st December	**30,287**	**2,700**	**272**	**33,259**
Freehold properties				**161**
Leasehold properties				**33,098**
				33,259
2019				
At 1st January	33,970	50	279	34,299
Exchange differences	212	25	2	239
Additions	141	31	–	172
Transfer (to)/from right-of-use assets	(84)	3,109	–	3,025
Transfer to tangible assets	(3)	–	–	(3)
Change in fair value	(842)	(66)	(7)	(915)
At 31st December	33,394	3,149	274	36,817
Freehold properties				173
Leasehold properties				36,644
				36,817

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 13)*.

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.

14 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:

			Range of significant unobservable inputs	
Hongkong Land completed properties	Fair value US$m	Valuation method	Prevailing market rent per month US$	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			

			Range of significant unobservable inputs	
Mandarin Oriental under development property	Fair value US$m	Valuation method	Average unit price US$	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.

14 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	**806**	882
Between one and two years	**606**	659
Between two and five years	**802**	980
Beyond five years	**288**	364
	2,502	2,885

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 30)*.

15 Bearer Plants

	2020 US$m	2019 US$m
Movements during the year:		
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.

16 Investment in Jardine Matheson

	2020 US$m	2019 US$m
Share of attributable net assets including own shares held	**3,826**	4,112
Own shares held *(refer note 28)*	**(2,325)**	(2,294)
Share of attributable net assets	**1,501**	1,818
Goodwill on acquisition	**2,080**	1,885
	3,581	3,703
Fair value	**23,909**	23,738
Movements during the year:		
At 1st January	**3,703**	3,187
Share of results after tax and non-controlling interests	**398**	1,133
Share of other comprehensive income after tax and non-controlling interests	**51**	86
Share of dividends of the Company *(refer note 27)*	**194**	187
Dividends received	**(734)**	(734)
Share of employee share options schemes	**–**	2
Change in attributable interests	**–**	(3)
Change in own shares held	**(31)**	(155)
At 31st December	**3,581**	3,703

Financial information of Jardine Matheson for the year ended 31st December 2020 and 2019 can be accessed through the internet at www.jardines.com.

17 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	**1,560**	1,500
Share of attributable net assets	**3,889**	3,589
Goodwill on acquisition	**1,272**	1,451
	5,161	5,040
Amounts due from associates	**465**	257
	5,626	5,297
Joint ventures		
Listed joint ventures		
– Permata Bank *(refer note 10)*	**–**	723
– PT Tunas Ridean	**127**	131
	127	854
Unlisted joint ventures	**7,869**	6,497
Share of attributable net assets	**7,996**	7,351
Goodwill on acquisition	**26**	61
	8,022	7,412
Amounts due from joint ventures	**2,552**	2,579
	10,574	9,991
	16,200	15,288

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

Amounts due from joint ventures bear interest at fixed rates up to 8% per annum and are repayable within one to fifteen years.

17 Associates and Joint Ventures (continued)

	Associates 2020 US$m	Associates 2019 US$m	Joint ventures 2020 US$m	Joint ventures 2019 US$m
Movements of associates and joint ventures during the year:				
At 1st January	**5,297**	4,955	**9,991**	8,780
Share of results after tax and non-controlling interests	**94**	487	**201**	622
Share of other comprehensive income after tax and non-controlling interests	**135**	42	**119**	156
Dividends received	**(173)**	(236)	**(333)**	(756)
Acquisitions, increases in attributable interests and advances	**516**	542	**469**	1,868
Reclassification from a subsidiary upon partial disposal in Hongkong Land *(refer note 34(i))*	**–**	–	**2,119**	–
Disposals, decreases in attributable interests and repayment of advances	**(243)**	(137)	**(1,992)**	(1,035)
Reclassification	**–**	(356)	**–**	356
At 31st December	**5,626**	5,297	**10,574**	9,991
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 value of investment in associates and joint ventures at 31st December 2020. Following the review, total impairment charge of US$275 million *(refer note 7)* 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$137 million *(refer note 10)*, 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	% of ownership interest 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
Troung Hai Automotive Corporation ('Thaco')	Automotive, property development and agriculture	Vietnam/Vietnam/ Unlisted	**27**	27
PT Astra Daihatsu Motor	Automotive	Indonesia/Indonesia/ Unlisted	**32**	32

17 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 unaudited summarised balance sheets at 30th September 2020 and 2019.

17 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 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.

17 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

17 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/(expense)	**63**	(50)
Share of total comprehensive income	**241**	157
Carrying amount of interests in these associates	**2,562**	2,180

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

17 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.

17 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.

17 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	**165**	300
Share of other comprehensive income/(expense)	**191**	(8)
Share of total comprehensive income	**356**	292
Carrying amount of interests in these joint ventures	**6,960**	6,250

Commitments and contingent liabilities in respect of joint ventures

The Group has the following commitments relating to its joint ventures as 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.

18 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	**359**	355
	2,232	2,022
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
	2,955	2,704
Non-current	**2,895**	2,675
Current	**60**	29
	2,955	2,704

Debt investment comprised of listed bonds.

	2020 US$m	2019 US$m
Movements during the year:		
At 1st January	**2,704**	2,593
Exchange differences	**13**	52
Additions	**519**	411
Disposals and capital repayments	**(447)**	(447)
Change in fair value recognised in profit and loss	**147**	75
Change in fair value recognised in other comprehensive income	**19**	20
At 31st December	**2,955**	2,704

Movements of equity investments and limited partnership investment funds, which were valued based on unobservable inputs during the year, are disclosed in note 45.

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

19 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	**1,353**	1,839
– associates	**15**	24
– joint ventures	**84**	72
	1,452	1,935
– provision for impairment	**(80)**	(49)
	1,372	1,886
Contract assets *(refer note 3)*		
– gross	**413**	666
– provision for impairment	**(46)**	(1)
	367	665
Other debtors		
– third parties	**2,768**	2,736
– associates	**95**	65
– joint ventures	**147**	174
	3,010	2,975
– provision for impairment	**(23)**	(10)
	2,987	2,965
	9,161	10,447
Non-current	**3,009**	3,023
Current	**6,152**	7,424
	9,161	10,447
Analysis by geographical area of operation:		
China	**577**	763
Southeast Asia	**8,441**	9,519
United Kingdom	**5**	16
Rest of the world	**138**	149
	9,161	10,447

19 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	**1,372**	1,886
Other debtors*	**1,435**	1,174
	7,460	8,087

*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

19 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)

19 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 were 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 35)*	**45**	48
Loans to employees	**34**	38
Other amounts due from associates	**95**	65
Other amounts due from joint ventures	**147**	174
Rental and other deposits	**190**	205
Repossessed collateral of finance companies	**16**	19
Restricted bank balances and deposits	**88**	112
Other receivables	**827**	523
Financial assets	**1,442**	1,184
Costs to fulfil contracts *(refer note 3)*	**364**	345
Costs to obtain contracts *(refer note 3)*	**17**	14
Prepayments	**891**	1,112
Reinsurers' share of estimated losses on insurance contracts	**82**	88
Other	**191**	222
	2,987	2,965

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.

19 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	3.3%	0.9%	4.3%	37.1%	
Gross carrying amount – trade debtors (US$m)	1,135	53	74	190	1,452
Gross carrying amount – contract assets (US$m)	413	–	–	–	413
Loss allowance (US$m)	**(52)**	**(1)**	**(3)**	**(70)**	**(126)**
2019					
Expected loss rate	0.3%	–	1.0%	33.2%	
Gross carrying amount – trade debtors (US$m)	1,614	115	80	126	1,935
Gross carrying amount – contract assets (US$m)	666	–	–	–	666
Loss allowance (US$m)	(7)	–	(1)	(42)	(50)

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	**(49)**	(69)	**(1)**	–	**(10)**	(7)
Exchange differences	**–**	(2)	**(2)**	–	**–**	–
Additional provisions	**(44)**	(25)	**(43)**	(1)	**(16)**	(4)
Unused amounts reversed	**8**	11	**–**	–	**2**	–
Amounts written off	**5**	36	**–**	–	**1**	1
At 31st December	**(80)**	(49)	**(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 30)*. Trade debtors and contract assets had not been pledged as security for borrowings at 31st December 2020 and 2019.

20 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	(120)	(410)	22	110	46	**(352)**
Exchange differences	20	(24)	1	(2)	(3)	**(8)**
New subsidiaries	–	(5)	–	1	–	**(4)**
Disposals	(2)	–	–	(2)	7	**3**
Credited/(charged) to profit and loss	(40)	91	16	–	48	**115**
Credited/(charged) to other comprehensive income	–	12	–	(3)	–	**9**
At 31st December	**(142)**	**(336)**	**39**	**104**	**98**	**(237)**
Deferred tax assets	131	(21)	36	92	201	**439**
Deferred tax liabilities	(273)	(315)	3	12	(103)	**(676)**
	(142)	**(336)**	**39**	**104**	**98**	**(237)**
2019						
At 1st January	(73)	(441)	23	93	12	(386)
Exchange differences	2	(4)	1	4	4	7
New subsidiaries	–	–	–	–	(6)	(6)
Credited/(charged) to profit and loss	(49)	6	(2)	9	51	15
Credited to other comprehensive income	–	29	–	4	–	33
Other	–	–	–	–	(15)	(15)
At 31st December	(120)	(410)	22	110	46	(352)
Deferred tax assets	156	(40)	21	94	184	415
Deferred tax liabilities	(276)	(370)	1	16	(138)	(767)
	(120)	(410)	22	110	46	(352)

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$270 million *(2019: US$213 million)* arising from unused tax losses of US$1,230 million *(2019: US$902 million)* have not been recognised in the financial statements. Included in the unused tax losses, US$342 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.

21 Pension Plans

The Group operates defined benefit pension plans in the main territories in which it operates, with the major plans in Hong Kong. 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.

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	**319**	317
Present value of funded obligations	**(336)**	(355)
	(17)	(38)
Present value of unfunded obligations	**(382)**	(324)
Net pension liabilities	**(399)**	(362)
Analysis of net pension liabilities:		
Pension assets	**6**	2
Pension liabilities	**(405)**	(364)
	(399)	(362)

21 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	317	(679)	**(362)**
Current service cost	–	(51)	**(51)**
Interest income/(expense)	11	(37)	**(26)**
Past service cost and losses on settlements	–	(16)	**(16)**
Administration expenses	(2)	–	**(2)**
	9	(104)	**(95)**
	326	(783)	**(457)**
Exchange differences	1	–	**1**
New subsidiaries	–	(3)	**(3)**
Disposals	(10)	18	**8**
Remeasurements			
– return on plan assets, excluding amounts included in interest income	16	–	**16**
– change in financial assumptions	–	(2)	**(2)**
– experience losses	–	(6)	**(6)**
	16	(8)	**8**
Contributions from employers	18	–	**18**
Contributions from plan participants	1	(1)	**–**
Benefit payments	(18)	40	**22**
Settlements	(14)	18	**4**
Transfer from other plans	(1)	1	**–**
At 31st December	**319**	**(718)**	**(399)**
2019			
At 1st January	319	(623)	(304)
Current service cost	–	(61)	(61)
Interest income/(expense)	13	(36)	(23)
Past service cost and losses on settlements	–	(13)	(13)
Administration expenses	(2)	–	(2)
	11	(110)	(99)
	330	(733)	(403)
Exchange differences	4	(16)	(12)
Remeasurements			
– return on plan assets, excluding amounts included in interest income	21	–	21
– change in financial assumptions	–	(33)	(33)
– experience losses	–	4	4
	21	(29)	(8)
Contributions from employers	25	–	25
Contributions from plan participants	2	(2)	–
Benefit payments	(36)	58	22
Settlements	(27)	41	14
Transfer from other plans	(2)	2	–
At 31st December	317	(679)	(362)

21 Pension Plans (continued)

The weighted average duration of the defined benefit obligations at 31st December 2020 is 12 years *(2019: 11 years)*.

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

	2020	2019
	US$m	US$m
Within one year	**59**	56
Between one and two years	**61**	51
Between two and five years	**219**	225
Between five and ten years	**416**	431
Between ten and fifteen years	**488**	496
Between fifteen and twenty years	**687**	707
Beyond twenty years	**3,136**	3,745
	5,066	5,711

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

	Hong Kong		Others	
	2020	2019	**2020**	2019
	%	%	%	%
Discount rate	**1.9**	3.0	**7.3**	7.8
Salary growth rate	**3.8**	4.8	**6.4**	6.8

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	Decrease in assumption
	%	US$m	US$m
Discount rate	**1**	**73**	**(89)**
Salary growth rate	**1**	**(95)**	**78**

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.

21 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	**20**	21
Europe	**4**	4
North America	**10**	8
	34	33
Debt investments		
Asia Pacific	**33**	42
Europe	**5**	6
North America	**8**	8
Global	**2**	2
	48	58
Investments funds		
Asia Pacific	**61**	58
Europe	**44**	47
North America	**97**	89
Global	**25**	21
	227	215
Total investments	**309**	306
Cash and cash equivalents	**24**	17
Benefits payable and other	**(14)**	(6)
	319	317

As at 31st December 2020, 100% of equity investments, 97% of debt investments and 93% of investments funds were quoted on active markets *(2019: 100%, 99% and 95%, 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.

As at 31st December 2020, the Hong Kong plans had assets of US$273 million *(2019: US$253 million)*.

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2020 were US$18 million and the estimated amount of contributions expected to be paid to all its plans in 2021 is US$23 million.

22 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 of borrowings amounted to US$474 million *(2019: 258 million) (refer note 30)*.

23 Stocks and Work in Progress

	2020 US$m	2019 US$m
Finished goods	**1,848**	2,501
Work in progress	**35**	40
Raw materials	**66**	74
Spare parts	**64**	61
Other	**93**	135
	2,106	2,811

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

24 Bank Balances and Other Liquid Funds

	2020 US$m	2019 US$m
Deposits with banks and financial institutions	**6,179**	3,748
Bank balances	**2,377**	1,732
Cash balances	**115**	122
	8,671	5,602
Analysis by currency:		
Chinese renminbi	**1,321**	630
Euro	**26**	45
Hong Kong dollar	**163**	233
Indonesian rupiah	**2,862**	1,232
Japanese yen	**15**	31
Macau patacas	**41**	31
Malaysian ringgit	**44**	58
New Taiwan dollar	**78**	38
Singapore dollar	**479**	238
United Kingdom sterling	**24**	42
United States dollar	**3,602**	2,993
Other	**16**	31
	8,671	5,602

The weighted average interest rate on deposits with banks and financial institutions at 31st December 2020 was 1.6% *(2019: 2.7%)* per annum.

25 Share Capital

	2020 US$m	2019 US$m
Authorised:		
1,500,000,000 shares of US¢5 each	**75**	75
1,000,000 shares of US$800 each	**800**	800
	875	875

	Ordinary shares in millions 2020	Ordinary shares in millions 2019	2020 US$m	2019 US$m
Issued and fully-paid shares of US¢5 each:				
At 1st January and 31st December	**1,108**	1,108	**56**	56

26 Share Premium and Capital Reserves

	Share premium US$m	Capital reserves US$m	Total US$m
2020			
At 1st January	816	125	**941**
Value of employee services under share option schemes	–	1	**1**
Transfer	–	(1)	**(1)**
At 31st December	**816**	**125**	**941**
2019			
At 1st January	816	209	1,025
Value of employee services under share option schemes	–	2	2
Transfer	–	(86)	(86)
At 31st December	816	125	941

Capital reserves include US$104 million *(2019: US$104 million)* representing the share capital and share premium of Jardine Securities Limited, the holding company of the Group prior to the reorganisation in 1987 when Jardine Strategic Holdings Limited became the new holding company and are non-distributable. The balance represents the value of employee services under the Group's employee share option schemes.

The transfer of capital reserves in 2019 primarily related to Jardine Llyod Thompson in Jardine Matheson which was disposed of during 2019 *(refer note 10)*.

27 Dividends

	2020 US$m	2019 US$m
Final dividend in respect of 2019 of US¢25.00 *(2018: US¢24.00)* per share	**277**	266
Interim dividend in respect of 2020 of US¢10.50 *(2019: US¢10.50)* per share	**116**	116
	393	382
Company's share of dividends paid on the shares held by Jardine Matheson	**(194)**	(187)
	199	195
Shareholders elected to receive scrip in respect of the following:		
Final dividend in respect of previous year	**4**	4
Interim dividend in respect of current year	**2**	2
	6	6

No final dividend in respect of 2020 *(2019: US¢25.00 per share)* is proposed by the Board.

28 Own Shares Held

Own shares held of US$2,325 million *(2019: US$2,294 million)* represent the Company's share of the cost of 941 million *(2019: 941 million)* ordinary shares in the Company held by Jardine Matheson and are deducted in arriving at shareholders' funds.

29 Non-controlling Interests

	2020 US$m	2019 US$m
By business:		
Hongkong Land	**17,729**	19,001
Dairy Farm	**310**	301
Mandarin Oriental	**731**	909
Jardine Cycle & Carriage	**360**	371
Astra	**9,570**	9,321
	28,700	29,903

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
2020				
Current				
Assets	5,042	1,443	245	9,648
Liabilities	(2,415)	(3,725)	(225)	(6,057)
Total current net assets/(liabilities)	2,627	(2,282)	20	3,591
Non-current				
Assets	39,220	6,457	4,329	14,346
Liabilities	(6,109)	(2,839)	(836)	(4,101)
Total non-current net assets	33,111	3,618	3,493	10,245
Net assets	**35,738**	**1,336**	**3,513**	**13,836**
Non-controlling interests	**29**	**14**	**4**	**2,818**
2019				
Current				
Assets	4,627	1,505	376	9,800
Liabilities	(2,437)	(4,165)	(195)	(7,216)
Total current net assets/(liabilities)	2,190	(2,660)	181	2,584
Non-current				
Assets	40,632	6,865	4,733	15,716
Liabilities	(4,532)	(2,966)	(797)	(4,785)
Total non-current net assets	36,100	3,899	3,936	10,931
Net assets	38,290	1,239	4,117	13,515
Non-controlling interests	43	30	4	2,807

29 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
2020				
Revenue	**2,094**	**10,269**	**184**	**11,965**
Profit/(loss) after tax from underlying performance	961	271	(206)	768
Profit/(loss) after tax from non-trading items	(3,613)	(14)	(474)	409
Profit/(loss) after tax	(2,652)	257	(680)	1,177
Other comprehensive income/(expense)	627	101	77	(103)
Total comprehensive income/(expense)	**(2,025)**	**358**	**(603)**	**1,074**
Total comprehensive income/(expense) allocated to non-controlling interests	**–**	**(16)**	**1**	**124**
Dividends paid to non-controlling interests	**(1)**	**–**	**–**	**(125)**
2019				
Revenue	2,320	11,192	567	16,803
Profit after tax from underlying business performance	1,075	324	41	1,835
Profit/(loss) after tax from non-trading items	(873)	1	(97)	8
Profit/(loss) after tax	202	325	(56)	1,843
Other comprehensive income/(expense)	219	39	2,974	(157)
Total comprehensive income	421	364	2,918	1,686
Total comprehensive income allocated to non-controlling interests	3	2	–	302
Dividends paid to non-controlling interests	(1)	–	–	(190)

29 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
2020				
Cash flows from operating activities				
Cash generated from/(used in) operations	1,314	1,252	(62)	2,869
Interest received	42	3	2	112
Interest and other financing charges paid	(220)	(146)	(14)	(259)
Tax paid	(268)	(110)	(10)	(321)
Dividends from associates and joint ventures	113	68	–	248
Cash flows from operating activities	981	1,067	(84)	2,649
Cash flows from investing activities	(1,416)	(86)	(108)	605
Cash flows from financing activities	943	(1,043)	82	(1,704)
Net increase/(decrease) in cash and cash equivalents	508	(62)	(110)	1,550
Cash and cash equivalents at 1st January	1,418	288	271	1,750
Effect of exchange rate changes	64	8	4	71
Cash and cash equivalents at 31st December	**1,990**	**234**	**165**	**3,371**
2019				
Cash flows from operating activities				
Cash generated from operations	1,023	1,384	129	2,265
Interest received	50	7	3	86
Interest and other financing charges paid	(195)	(167)	(19)	(316)
Tax paid	(116)	(25)	(6)	(726)
Dividends from associates and joint ventures	420	89	6	398
Cash flows from operating activities	1,182	1,288	113	1,707
Cash flows from investing activities	(658)	(283)	(80)	(1,485)
Cash flows from financing activities	(491)	(1,008)	(11)	(250)
Net increase/(decrease) in cash and cash equivalents	33	(3)	22	(28)
Cash and cash equivalents at 1st January	1,369	285	247	1,722
Effect of exchange rate changes	16	6	2	56
Cash and cash equivalents at 31st December	1,418	288	271	1,750

The information above is before any inter-company eliminations.

30 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**	19	19
– other bank advances	**2,718**	**2,718**	3,989	3,989
– other advances	**–**	**–**	2	2
	2,768	**2,768**	4,010	4,010
Current portion of long-term borrowings				
– bank loans	**2,154**	**2,154**	1,299	1,299
– bonds and notes	**808**	**808**	901	901
– other loans	**35**	**35**	11	11
	2,997	**2,997**	2,211	2,211
	5,765	**5,765**	6,221	6,221
Long-term borrowings				
– bank loans	**5,146**	**5,108**	4,682	4,697
– bonds and notes	**4,511**	**4,870**	3,980	4,153
– other loans	**33**	**33**	11	11
	9,690	**10,011**	8,673	8,861
	15,455	**15,776**	14,894	15,082

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	**13,212**	11,788
	15,455	14,894

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.

30 Borrowings (continued)

By currency:	Fixed rate borrowings: Weighted average interest rates %	Fixed rate borrowings: Weighted average period outstanding Years	Fixed rate borrowings: 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	2,227	**5,585**
Indonesian rupiah	7.3	1.7	4,324	479	**4,803**
Malaysian ringgit	2.9	–	–	245	**245**
Singapore dollar	1.9	12.6	347	627	**974**
Thai baht	1.8	–	–	356	**356**
United Kingdom sterling	1.5	3.4	55	55	**110**
United States dollar	1.3	1.4	425	1,918	**2,343**
Other	1.0	11.0	2	128	**130**
			8,511	**6,944**	**15,455**
2019					
Chinese renminbi	5.0	–	–	635	635
Hong Kong dollar	4.0	6.3	2,521	1,817	4,338
Indonesian rupiah	7.9	2.0	4,598	1,100	5,698
Malaysian ringgit	4.2	–	–	251	251
Singapore dollar	2.9	11.4	397	506	903
Thai baht	1.8	–	–	376	376
United Kingdom sterling	1.9	4.4	53	53	106
United States dollar	2.5	2.8	400	2,141	2,541
Other	1.9	12.0	2	44	46
			7,971	6,923	14,894

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	**6,944**	6,923
Fixed rate borrowings		
– within one year	**2,152**	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
	8,511	7,971
	15,455	14,894

30 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

30 Borrowings (continued)

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

				2020		2019	
	Maturity	Interest rates %	Nominal values	Current US$m	Non-current US$m	Current US$m	Non-current US$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.

30 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	19	8,673	6,202	**14,894**
Exchange differences	3	101	(109)	**(5)**
Amortisation of borrowing costs	–	5	10	**15**
Transfer	–	(3,025)	3,025	**–**
Change in fair value	–	10	–	**10**
Change in bank overdrafts	28	–	–	**28**
Drawdown of borrowings	–	5,493	1,341	**6,834**
Repayment of borrowings	–	(1,567)	(4,754)	**(6,321)**
As 31st December	**50**	**9,690**	**5,715**	**15,455**
2019				
At 1st January	35	6,946	6,872	13,853
Exchange differences	–	42	107	149
Amortisation of borrowing costs	–	4	10	14
Transfer	–	(2,364)	2,364	–
Change in fair value	–	12	–	12
Change in bank overdrafts	(16)	–	–	(16)
Drawdown of borrowings	–	4,817	2,519	7,336
Repayment of borrowings	–	(784)	(5,670)	(6,454)
As 31st December	19	8,673	6,202	14,894

31 Lease Liabilities

	2020 US$m	2019 US$m
At 1st January	**3,637**	3,853
Exchange differences	**70**	37
New subsidiaries	**1**	2
Additions	**330**	271
Disposals	**(111)**	–
Modifications to lease terms	**311**	367
Lease payments	**(984)**	(1,027)
Interest expense	**133**	134
At 31st December	**3,387**	3,637
Non-current	**2,640**	2,842
Current	**747**	795
	3,387	3,637

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 have not commenced at 31st December 2020 *(2019: US$108 million)*.

32 Creditors

	2020 US$m	2019 US$m
Trade creditors		
– third parties	**2,768**	3,934
– associates	**42**	63
– joint ventures	**152**	210
	2,962	4,207
Accruals	**1,610**	1,679
Amounts due to Jardine Matheson	**29**	31
Other amounts due to joint ventures	**2**	5
Rental and other refundable deposits	**36**	36
Contingent consideration payable	**9**	19
Derivative financial instruments *(refer note 35)*	**209**	144
Other creditors	**480**	669
Financial liabilities	**5,337**	6,790
Contract liabilities *(refer note 3)*	**1,093**	940
Gross estimated losses on insurance contracts	**230**	184
Rental income received in advance	**319**	321
Unearned premiums on insurance contracts	**293**	335
Other	**454**	73
	7,726	8,643
Non-current	**365**	356
Current	**7,361**	8,287
	7,726	8,643
Analysis by geographical area of operation:		
China	**2,906**	2,812
Southeast Asia	**4,534**	5,469
United Kingdom	**14**	22
Rest of the world	**272**	340
	7,726	8,643

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.

33 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	29	192	137	25	**453**
Exchange differences	2	–	1	(1)	(1)	**1**
Additional provisions	5	20	8	25	4	**62**
Disposal	–	–	(6)	–	–	**(6)**
Unused amounts reversed	–	(14)	(8)	–	–	**(22)**
Utilised	(3)	(14)	(4)	–	(5)	**(26)**
At 31st December	**74**	**21**	**183**	**161**	**23**	**462**
Non-current	–	1	153	128	14	**296**
Current	74	20	30	33	9	**166**
	74	**21**	**183**	**161**	**23**	**462**
2019						
At 1st January	63	66	190	116	23	458
Exchange differences	1	1	2	5	1	10
Additional provisions	9	10	9	16	5	49
Unused amounts reversed	–	(8)	(2)	–	–	(10)
Utilised	(3)	(40)	(7)	–	(4)	(54)
At 31st December	70	29	192	137	25	453
Non-current	–	1	164	110	14	289
Current	70	28	28	27	11	164
	70	29	192	137	25	453

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.

34 Notes to Consolidated Cash Flow Statement

(a) Cash generated from operations

	2020 US$m	2019 US$m
By nature:		
Operating (loss)/profit	**(1,320)**	2,859
Adjustments for:		
Depreciation and amortisation *(refer note 34(b))*	**2,229**	2,195
Change in fair value of investment properties	**3,915**	915
Profit on sale of subsidiaries	**(82)**	–
(Profit)/loss on sale of associates and joint ventures	**(428)**	9
Profit on sale of other investments	**(2)**	(3)
Profit on sale of right-of-use assets	**–**	(3)
Loss on sale of intangible assets	**1**	–
Profit on sale of tangible assets	**(14)**	(3)
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	**(147)**	(75)
Fair value gain on agricultural produce	**(6)**	(5)
Fair value loss on livestock	**3**	–
Impairment of intangible assets	**83**	20
Impairment/(reversal of impairment) of tangible assets	**33**	(3)
Impairment of right-of-use assets	**48**	11
Impairment of bearer plants	**–**	8
Impairment of debtors	**368**	119
Write down of stocks and work in progress	**76**	61
Reversal of write down of stocks and work in progress	**(46)**	(28)
Gain on lease modification and termination	**(13)**	(4)
Rent concessions	**(72)**	–
Change in provisions	**31**	32
Net foreign exchange losses	**4**	4
Amortisation of borrowing costs for financial services companies	**10**	10
Options granted under employee share option schemes	**1**	1
	6,075	3,321
	4,755	6,180
Change in working capital:		
Increase in concession rights	**(10)**	(77)
Decrease/(increase) in properties for sale	**167**	(29)
Decrease in stocks and work in progress	**500**	109
Decrease/(increase) in debtors	**1,081**	(437)
Decrease in creditors	**(1,130)**	(1,056)
Increase in pension obligations	**50**	38
	658	(1,452)
	5,413	4,728

34 Notes to Consolidated Cash Flow Statement (continued)

(b) Depreciation and amortisation

	2020 US$m	2019 US$m
Hongkong Land	**15**	13
Dairy Farm	**984**	1,003
Mandarin Oriental	**124**	92
Jardine Cycle & Carriage	**21**	18
Astra	**1,085**	1,069
	2,229	2,195

(c) Purchase of subsidiaries

	2020 Fair value US$m	2019 Fair value US$m
Non-current assets	**(106)**	(3)
Current assets	**(404)**	(72)
Non-current liabilities	**8**	8
Current liabilities	**380**	3
Fair value of identifiable net assets acquired	**(122)**	(64)
Goodwill	**(57)**	(4)
Adjustment for non-controlling interests	**–**	14
Total consideration	**(179)**	(54)
Adjustment for contingent consideration	**–**	10
Payment for deferred consideration	**(21)**	–
Carrying value of associates and joint ventures	**39**	15
Cash and cash equivalents of subsidiaries acquired	**88**	1
Net cash outflow	**(73)**	(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$21 million for Dairy Farm's payment of 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$27 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$25,992 million and US$1,446 million, respectively.

34 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 injections 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 the Company'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. Purchases in 2019 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	**5,179**	–
Current assets	**190**	–
Non-current liabilities	**(100)**	–
Current liabilities	**(131)**	–
Non-controlling interests	**(13)**	–
Net assets	**5,125**	–
Cumulative exchange translation difference	**(252)**	–
Profit on disposal	**82**	–
Sales proceeds	**4,955**	–
Adjustment for carrying value of a joint venture *(refer note 17)*	**(2,119)**	–
Adjustment for deferred payments	**14**	–
Cash and cash equivalents of subsidiaries disposed of	**(44)**	–
Net cash inflow	**2,806**	–
Analysis of net cash inflow from sale of subsidiaries:		
Proceeds received	**4,812**	–
Deposits refunded	**(2,006)**	–
	2,806	–

34 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$240 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.

Revenue and profit after tax in respect of subsidiaries disposed of during the year amounted to US$613 million and US$10 million, respectively.

(j) Sale of 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)
– other	**(2)**	(10)
	(27)	(15)

(m) Cash outflows for leases

	2020 US$m	2019 US$m
Lease rentals paid	**(1,106)**	(1,182)
Additions to right-of-use assets	**(18)**	(60)
	(1,124)	(1,242)
The above cash outflows are included in		
– operating activities	**(255)**	(289)
– investing activities	**(18)**	(60)
– financing activities	**(851)**	(893)
	(1,124)	(1,242)

(n) Analysis of balances of cash and cash equivalents

	2020 US$m	2019 US$m
Bank balances and other liquid funds *(refer note 24)*	**8,671**	5,602
Bank overdrafts *(refer note 30)*	**(50)**	(19)
	8,621	5,583

35 Derivative Financial Instruments

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

	2020		2019	
	Positive fair value US$m	Negative fair value US$m	Positive fair value US$m	Negative fair value US$m
Designated as cash flow hedges				
– forward foreign exchange contracts	**1**	**13**	1	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
	20	**209**	37	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$920 million *(2019: US$603 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 vary 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 zero collars and commodity options

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 interests 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.

36 Commitments

	2020 US$m	2019 US$m
Capital commitments:		
Authorised not contracted		
– joint ventures	**41**	–
– other	**960**	1,494
	1,001	1,494
Contracted not provided		
– joint ventures	**729**	1,054
– other	**880**	330
	1,609	1,384
	2,610	2,878

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)*.

37 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.

38 Related Party Transactions

The ultimate holding company of the Group is Jardine Matheson Holdings Limited ('Jardine Matheson'), a company incorporated in Bermuda. As at 31st December 2020, the Company held a 59% *(2019: 58%)* interest in Jardine Matheson.

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 2020 amounted to US$102 million *(2019: US$130 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 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 Jardine Matheson, associates and joint ventures are included in debtors and creditors, as appropriate *(refer notes 19 and 32)*. A subsidiary of the Company has also committed to provide loan facilities to a subsidiary of Jardine Matheson. Undrawn facilities at 31st December 2020 amounted to US$400 million *(2019: US$400 million)*.

For the year ended 31st December 2020, Directors' fees payable by the Company amounted to US$594,180 *(2019: US$594,863)*.

39 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	**4,865**	4,823
Investment in Jardine Matheson	**4,370**	4,370
Current assets	**885**	442
Total assets	**10,120**	9,635
Share capital *(refer note 25)*	**56**	56
Share premium and capital reserves *(refer note 26)*	**816**	816
Revenue and other reserves	**8,834**	8,361
Shareholders' funds	**9,706**	9,233
Current liabilities	**414**	402
Total equity and liabilities	**10,120**	9,635

Subsidiaries and investment in Jardine Matheson are shown at cost less amounts provided.

40 Jardine Strategic Corporate Cash Flow

	2020 US$m	2019 US$m
Dividends receivable		
Subsidiaries	**695**	767
Jardine Matheson	**734**	734
Associates and joint ventures	**39**	34
Other holdings	**10**	13
	1,478	1,548
Other operating cash flows	**(84)**	(108)
Cash flows from operating activities	**1,394**	1,440
Investing activities		
Purchase of a joint venture	**–**	(64)
Purchase of other investments	**(9)**	(7)
Cash flows from investing activities	**(9)**	(71)
Financing activities		
Purchase of additional shares in subsidiaries	**(25)**	(5)
Dividends paid by the Company	**(387)**	(376)
Cash flows from financing activities	**(412)**	(381)
Net increase in cash	**973**	988
Cash at 1st January	**1,762**	774
Cash at 31st December	**2,735**	1,762
Represented by:		
Bank balances and other liquid funds	**2,735**	1,762
	2,735	1,762

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

41 Post Balance Sheet Event

On 8th March 2021, Jardine Matheson announced a plan to simplify the Group's parent company structure, including the acquisition for cash of the 15% of the Company's issued share capital that Jardine Matheson and its wholly-owned subsidiaries do not already own (the 'Acquisition'). The Acquisition will be implemented by way of an amalgamation of the Company and a wholly-owned subsidiary of Jardine Matheson, under the Bermuda Law. Under the terms of the Acquisition, the Company's shareholders (other than Jardine Matheson and its wholly-owned subsidiaries) shall be entitled to receive US$33.00 in cash for each of the Company share they hold. The total Acquisition value is approximately US$5.5 billion and the Acquisition is expected to become effective in April 2021.

42 Ultimate Holding Company and Principal Subsidiaries

The ultimate holding company and principal subsidiaries of the Group at 31st December 2020 are set out below:

	Country of incorporation/ principal place of business	Nature of business	Attributable interests		Proportion of ordinary shares and voting powers at 31st December 2020 held by	
			2020	2019	the Group	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	**78**	78	**78**	**22**
Hongkong Land Holdings Ltd*	Bermuda/ China and Southeast Asia	Property development & investment, leasing & management	**50**	50	**50**	**50**
Jardine Cycle & Carriage Ltd*	Singapore/ Southeast Asia	A 50.1% interest in PT Astra International Tbk, motor trading and holding	**75**	75	**75**	**25**
Jardine Matheson Holdings Ltd†	Bermuda/ China, United Kingdom and Southeast Asia	Holding, engineering & construction, transport services, restaurants and motor trading	**59**	58	**59**	**N/A**
Mandarin Oriental International Ltd*	Bermuda/ Worldwide	Hotel management & ownership	**79**	78	**79**	**21**
PT Astra International Tbk*	Indonesia/ Indonesia	Automotive, financial services, heavy equipment, mining and construction, agribusiness, infrastructure and logistics, information technology and property	**38**	38	**50**	**50**

All subsidiaries are included in the consolidation.

Attributable interests represent the proportional holdings of the Company, held directly or through its subsidiaries, in the issued share capitals of the respective companies, after the deduction of any shares held by the trustees of the employee share option schemes of any such company and any shares in any such company owned by its wholly-owned subsidiaries.

*Subsidiaries

† Ultimate holding company *(refer note 38)*. Jardine Matheson held 85% *(2019: 85%)* of the share capital of the Company.

43 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 and its investment in Jardine Matheson.

(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.

(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) The Company has a 59% interest in its ultimate holding company, Jardine Matheson Holdings Limited. The results of Jardine Matheson are included on the equity basis of accounting. The cost of and related income arising from shares held in the Company by Jardine Matheson are eliminated from shareholders' funds and profit, respectively.

(v) 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.

(vi) The results of subsidiaries, associates and joint ventures, and Jardine Matheson are included or excluded from their effective dates of acquisition or disposal, respectively. The results of entities other than subsidiaries, associates and joint ventures, and Jardine Matheson 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	25 to 40 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 Group operates 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 Jardine Matheson. 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 Jardine Matheson, subsidiaries, associates or joint ventures.

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.

44 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.

45 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 flows 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 *(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 *(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 45% *(2019: 41%)*, 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 30.

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 35.

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 higher/lower *(2019: US$2 million lower/higher)*, and hedging reserves would have been US$128 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 18.

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$739 million *(2019: US$676 million)* higher/lower, of which US$558 million *(2019: US$506 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 to buy the commodity at a fixed price at a future date, or a forward contract and foreign currency options to sell the commodity at a fixed price on a 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$24.7 billion *(2019: US$24.0 billion)* of which US$15.5 billion *(2019: US$14.9 billion)* was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, and undrawn uncommitted facilities totalled US$6.7 billion *(2019: US$6.5 billion)* and US$2.5 billion *(2019: US$2.6 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	6,293	2,840	1,431	1,581	2,112	3,184	**17,441**
Lease liabilities	842	639	463	338	258	1,387	**3,927**
Creditors	5,057	34	11	13	4	9	**5,128**
Net settled derivative financial instruments	26	6	4	1	–	–	**37**
Gross settled derivative financial instruments							
– inflow	1,867	1,321	478	611	690	678	**5,645**
– outflow	1,961	1,372	496	623	690	681	**5,823**
Estimated losses on insurance contracts	230	–	–	–	–	–	**230**
At 31st December 2019							
Borrowings	6,814	2,354	2,720	925	1,393	2,713	16,919
Lease liabilities	946	767	565	421	305	1,435	4,439
Creditors	6,590	24	14	2	3	13	6,646
Net settled derivative financial instruments	39	6	1	–	–	–	46
Gross settled derivative financial instruments							
– inflow	1,462	893	1,076	340	582	623	4,976
– outflow	1,565	959	1,105	350	601	618	5,198
Estimated losses on insurance contracts	184	–	–	–	–	–	184

Included in total undiscounted borrowings at 31st December 2020, US$3,671 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 Jardine Matheson and 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**	9
Gearing ratio inclusive of financial services companies (%)	**11**	14
Interest cover exclusive of financial services companies (times)	**10**	11
Interest cover inclusive of financial services companies (times)	**12**	13

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	11	348	**2,232**
– debt investments	698	–	–	**698**
– LP investment funds	–	–	25	**25**
	2,571	11	373	**2,955**
Derivative financial instruments at fair value				
– through other comprehensive income	–	20	–	**20**
– through profit and loss	–	25	–	**25**
	2,571	**56**	**373**	**3,000**
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	12	343	2,022
– debt investments	669	–	–	669
– LP investment funds	–	–	13	13
	2,336	12	356	2,704
Derivative financial instruments at fair value				
– through other comprehensive income	–	37	–	37
– through profit and loss	–	11	–	11
	2,336	60	356	2,752
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	**356**	248
Exchange differences	**(5)**	10
Additions	**15**	112
Disposals	**–**	(16)
Net change in fair value during the year included in profit and loss	**7**	2
At 31st December	**373**	356

(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 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
2020							
Financial assets measured at fair value							
Other investments							
– equity investments	–	2,232	–	–	–	2,232	2,232
– debt investments	–	–	698	–	–	698	698
– LP investments funds	–	25	–	–	–	25	25
Derivative financial instruments	45	–	–	–	–	45	45
	45	**2,257**	**698**	**–**	**–**	**3,000**	**3,000**
Financial assets not measured at fair value							
Debtors	–	–	–	7,204	–	7,204	7,415
Bank balances	–	–	–	8,671	–	8,671	8,671
	–	**–**	**–**	**15,875**	**–**	**15,875**	**16,086**
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	–	–	–	–	(15,455)	(15,455)	(15,776)
Lease liabilities	–	–	–	–	(3,387)	(3,387)	(3,383)
Trade and other payable excluding non-financial liabilities	–	–	–	–	(5,119)	(5,119)	(5,119)
	–	**–**	**–**	**–**	**(23,961)**	**(23,961)**	**(24,278)**

	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	–	2,022	–	–	–	2,022	2,022
– debt investments	–	–	669	–	–	669	669
– LP investments funds	–	13	–	–	–	13	13
Derivative financial instruments	48	–	–	–	–	48	48
	48	2,035	669	–	–	2,752	2,752
Financial assets not measured at fair value							
Debtors	–	–	–	7,953	–	7,953	8,039
Bank balances	–	–	–	5,602	–	5,602	5,602
	–	–	–	13,555	–	13,555	13,641
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	–	–	–	–	(14,894)	(14,894)	(15,082)
Lease liabilities	–	–	–	–	(3,637)	(3,637)	(3,637)
Trade and other payable excluding non-financial liabilities	–	–	–	–	(6,627)	(6,627)	(6,627)
	–	–	–	–	(25,158)	(25,158)	(25,346)

46 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 19)*.

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 Strategic Holdings Limited

Report on the audit of the group financial statements

Opinion

In our opinion, Jardine Strategic 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 2020 Audited Financial Statements and Other Information, 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").

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, capped to the overall materiality level used for the Group's parent, Jardine Matheson Holdings Limited *(2019: based on 5% of consolidated profit before tax)*.
- Specific Group materiality: US$207.0 million *(2019: US$225.0 million)*, based on 5% of a three year average of consolidated underlying profit before tax.

Audit scope

- A full scope audit was performed on four entities – Jardine Cycle & Carriage Limited (which includes PT Astra International Tbk), Hongkong Land Holdings Limited, Dairy Farm International Holdings Limited and Mandarin Oriental International Limited.
- These entities, together with procedures performed on central functions and at the Group level, accounted for 99% of the Group's revenue, 89% of the Group's loss before tax, and 90% of the Group's underlying profit before tax.
- A full scope audit of three subsidiaries of Jardine Matheson Holdings Limited was also performed. These accounted for a further 3% of the Group's loss before tax and 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 debtor
- 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 46 (Critical Accounting Estimates and Judgements) and note 14 (Investment Properties) to the financial statements.* *The fair value of the Group's investment properties amounted to US$33,259 million at 31st December 2020, with a revaluation loss of US$3,915 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 46 (Critical Accounting Estimates and Judgements) and note 17 (Associates and Joint Ventures) to the financial statements.* *As at 31st December 2020, investments in associates and joint ventures totalled US$16,200 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 43 (Principal Accounting Policies) and note 19 (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 Strategic 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 four entities – Jardine Cycle & Carriage Limited (which includes PT Astra International Tbk), Hongkong Land Holdings Limited, Dairy Farm International Holdings Limited and Mandarin Oriental International Limited – 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 99% of the Group's revenue, 89% of the Group's loss before tax, and 90% of the Group's underlying profit before tax. A full scope audit of the complete financial information of three subsidiaries of Jardine Matheson Holdings Limited was also performed. These accounted for a further 3% of the Group's loss before tax and 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, capped to the overall materiality level used for the Group's parent, Jardine Matheson Holdings Limited *(2019: 5% of consolidated profit before tax)*.
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$225.0 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 consolidated three year average underlying profit before tax, considering consolidated underlying profit before tax for the years ended 31 December 2018, 31 December 2019 and 31 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 2020 Audited Financial Statements and Other Information, 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, 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 Strategic 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.

Chairman’s Statement

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.

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 35% at US$1,094 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 (‘JC&C’), 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.

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.

Simplification of Jardine Matheson Holdings Parent Company Structure and Acquisition of Jardine Strategic Holdings Limited

As announced on 8th March 2021, Jardine Matheson Holdings Limited ('Jardine Matheson') plans to simplify the Group's parent company structure, including the acquisition for cash of the c.15% of the Company's issued share capital that Jardine Matheson and its wholly owned subsidiaries does not already own. It is intended that the acquisition will be implemented by way of an Amalgamation under the Bermuda Companies Act. Full details of the terms of the Simplification and acquisition are outlined in the announcement documents.

The Company's Board has appointed a Transaction Committee, comprising only those Directors who are not also members of Jardine Matheson's board, to consider the terms of the Acquisition offer. The Transaction Committee has taken independent financial advice from Evercore Partners International LLP and considers the terms of the Acquisition to be fair and reasonable insofar as the Company's independent shareholders are concerned. Accordingly, the Transaction Committee is unanimously in favour of the Acquisition.

In connection with the Acquisition and related matters, the Company and Jardine Matheson have entered into an Implementation Agreement. Under the terms of the Implementation Agreement, the Company has undertaken not to declare or pay any dividend prior to the Effective Time of the Amalgamation.

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; responsible consumption; and 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 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 as Executive Chairman and John Witt has taken on the role of Permanent and 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 2020, Graham Baker replaced John as Chief Financial Officer, 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. Simon Keswick retired as a Director on 1st January 2020.

In January 2021, Stuart Gulliver, who joined the board of Jardine Matheson 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 the Group's 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.

Ben Keswick
Executive Chairman

11th March 2021

Managing Director’s Review

Introduction

I was excited to become Permanent and Managing Director in June 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 CSR (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 will continue to seek mutually beneficial and enduring partnerships with local leaders to support our growth plans in priority markets.

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 ESG (environmental, social and governance) 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 35% to US$1,094 million, with underlying earnings per share down 34% to US$1.96.

The reduction in profit was primarily driven by the weaker performances of the Group's Southeast Asian businesses in Astra and 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$268 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$1.9 billion, the Group recorded a net loss of US$863 million.

The Group's balance sheet remains strong with gearing of 6%, down from 9% at the end of December 2019.

The Group's capital investment, including expenditure on properties for sale, was US$7.5 billion in 2020, and capital investment at Jardine Matheson, and the Group's associates and joint ventures was US$2.6 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.

Individual Business Performance

Jardine Matheson

Jardine Matheson achieved an underlying profit before tax for the year of US$2,786 million, a decrease of 40%. The underlying profit attributable to shareholders was down 32% at US$1,085 million, while underlying earnings per share fell by 30% to US$2.95. There was loss attributable to shareholders for the year of US$394 million, mainly due to a decrease in property valuations totalling some US$1.4 billion.

Businesses Held By Jardine Matheson

Jardine Pacific

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.

	Group Interest	Group Share of Underlying profit	
		2020	2019
	%	US$m	US$m
Analysis of Jardine Pacific's contribution:			
Jardine Schindler	50	**32**	48
JEC	50-100	**51**	41
Gammon	50	**38**	36
Jardine Restaurants	100	**32**	13
Transport Services	42-50	**24**	18
JTH	100	**5**	7
Corporate, property and other interests*		**–**	1
		182	164

*including Greatview, held through Jardine Strategic

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.

Jardine Motors

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.

Businesses Held by the Company

Hongkong Land

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 SPV (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 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.

Dairy Farm
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.

Mandarin Oriental
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.

Jardine Cycle & Carriage

JC&C's 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 from 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.

Astra

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 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 7.7km 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.

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

John Witt
Managing Director

11th March 2021

Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. 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 and Managing Director's Review.

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.

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.

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 Chairman's Statement and Managing Director's Review and the Principal Risks and Uncertainties, 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
Y.K. Pang
Directors

11th March 2021