



**Jardine Strategic**

Jardine Strategic Holdings Limited  
Jardine House, Reid Street  
Hamilton, Bermuda

## Announcement

[www.jardines.com](http://www.jardines.com)

11th March 2021

For immediate release

To: Business Editor

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

### **Jardine Strategic Holdings Limited 2020 Preliminary Announcement of Results**

#### ***Resilient performance in challenging conditions***

##### **Headlines**

- Underlying net profit attributable to shareholders down 35% to US\$1,094 million and underlying earnings per share down 34% to US\$1.96
- Southeast Asian businesses and Mandarin Oriental severely impacted by the pandemic, but resilience in Hongkong Land, Dairy Farm, Jardine Pacific and Jardine Motors
- Continued investment for the long-term exemplified by US\$4.5 billion investment by Hongkong Land in West Bund in Shanghai

*“2020 has brought major challenges to our teams and businesses, but also demonstrated once again the Group’s ability to adapt and thrive as our businesses accelerated the pace at which they adopt technology and embraced digital ways of working. High levels of uncertainty remain in respect of this year, however, given the continuing impact of the pandemic. The Group’s performance in the first part of 2021 is expected to be affected in particular by the continuing headwinds faced by our businesses in Southeast Asia and the ongoing low levels of Chinese mainland and other visitors to Hong Kong. There is continued robust economic activity on the Chinese mainland, but it is uncertain whether this will be maintained. It remains too soon to predict what the impact of the pandemic will be on the Group’s performance for the full year. However, we remain confident in our long-term strategy, rooted in the growth markets of Asia, and we will continue to focus on our core priorities of driving operational excellence, evolving the Group’s portfolio and finding new growth opportunities, in order to deliver long-term value.*”

John Witt, *Managing Director*

*“2020 was a year of exceptional challenge for everyone, with the global pandemic fundamentally changing the way we do business, and carry out our day-to-day lives, against the backdrop of changes in the wider society and the global economy. I am grateful to our teams across all 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 resilient performance in the face of these challenges. We have a long track record of successfully navigating change and challenge throughout a history spanning nearly two centuries. The resilience the Group demonstrated in 2020 provides the Board with the confidence to continue to take advantage of long-term opportunities in Asia, while adapting to the changing external environment and rapidly evolving expectations of our stakeholders.”*

Ben Keswick, *Executive Chairman*

- more -

Issued by: Jardine Matheson Limited  
48th Floor Jardine House, Central, Hong Kong

Incorporated in Bermuda with limited liability

**Results Summary**

	Year ended 31st December		
	<b>2020</b> <b>US\$m</b>	2019 US\$m	Change %
Gross revenue including 100% of Jardine Matheson, associates and joint ventures	<b>90,906</b>	103,308	-12
Revenue	<b>25,778</b>	32,665	-21
Underlying profit* before tax	<b>2,608</b>	4,500	-42
Underlying profit* attributable to shareholders	<b>1,094</b>	1,681	-35
(Loss)/profit attributable to shareholders	<b>(863)</b>	2,178	n/a
	<b>US\$</b>	US\$	%
Underlying earnings per share*	<b>1.96</b>	2.98	-34
(Loss)/earnings per share	<b>(1.54)</b>	3.86	n/a
Dividends per share	<b>0.105<sup>(1)</sup></b>	0.355	n/a
Net asset value per share <sup>#</sup>	<b>58.22</b>	57.98	-
* The Group uses 'underlying profit' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 43 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.			
<sup>#</sup> Net asset value per share is calculated on a market value basis, details of which are set out in note 16.			

Note (1) : As announced on 8th March 2021, the Company has entered into an Implementation Agreement under the terms of which it has undertaken not to declare or pay any dividend prior to the effective date of the Acquisition of the Company by way of an Amalgamation under the Bermuda Companies Act.

## **Jardine Strategic Holdings Limited (the 'Company') 2020 Preliminary Announcement of Results**

### **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 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*

## MANAGING DIRECTOR'S REVIEW

### INTRODUCTION

I was excited to become 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 US\$m	2019 US\$m
<b>Analysis of Jardine Pacific's contribution:</b>			
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
		<b>182</b>	<b>164</b>

\*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*

**Jardine Strategic Holdings Limited**  
**Consolidated Profit and Loss Account**  
**for the year ended 31st December 2020**

	2020			2019		
	Underlying business performance US\$m	Non- trading items US\$m	Total US\$m	Underlying business performance US\$m	Non- trading items US\$m	Total US\$m
Revenue ( <i>note 2</i> )	25,778	-	25,778	32,665	-	32,665
Net operating costs ( <i>note 3</i> )	(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						
- financing charges	(612)	-	(612)	(751)	-	(751)
- financing income	229	-	229	221	-	221
	(383)	-	(383)	(530)	-	(530)
Share of results of Jardine Matheson ( <i>note 4</i> )	182	216	398	187	946	1,133
Share of results of associates and joint ventures ( <i>note 5</i> )						
- 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 ( <i>note 6</i> )	(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 ( <i>notes 7 &amp; 9</i> )	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 ( <i>note 8</i> )						
- basic	1.96		(1.54)	2.98		3.86
- diluted	1.96		(1.54)	2.98		3.86

**Jardine Strategic Holdings Limited**  
**Consolidated Statement of Comprehensive Income**  
**for the year ended 31st December 2020**

	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	8	(8)
Net revaluation surplus before transfer to investment properties		
- right-of-use assets	-	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	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

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**Jardine Strategic Holdings Limited**  
**Consolidated Balance Sheet**  
**at 31st December 2020**


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

(Consolidated Balance Sheet continued on page 22)

**Jardine Strategic Holdings Limited**  
**Consolidated Balance Sheet**  
**at 31st December 2020** (continued)

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

**Jardine Strategic Holdings Limited**  
**Consolidated Statement of Changes in Equity**  
**for the year ended 31st December 2020**

	Share capital US\$m	Share premium US\$m	Capital reserves US\$m	Revenue reserves US\$m	Contributed surplus US\$m	Asset revaluation reserves US\$m	Hedging reserves US\$m	Exchange reserves US\$m	Own shares held US\$m	Attributable to shareholders of the Company US\$m	Attributable to non-controlling interests US\$m	Total equity US\$m
<b>2020</b>												
At 1st January	56	816	125	36,085	304	2,566	(27)	(1,874)	(2,294)	35,757	29,903	<b>65,660</b>
Total comprehensive expense	-	-	-	(841)	-	-	(41)	519	-	(363)	(398)	<b>(761)</b>
Dividends paid by the Company (note 10)	-	-	-	(199)	-	-	-	-	-	(199)	-	<b>(199)</b>
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(785)	<b>(785)</b>
Unclaimed dividends forfeited	-	-	-	1	-	-	-	-	-	1	-	<b>1</b>
Employee share option schemes	-	-	1	-	-	-	-	-	-	1	-	<b>1</b>
Scrip issued in lieu of dividends	-	-	-	6	-	-	-	-	-	6	-	<b>6</b>
Increase in own shares held	-	-	-	-	-	-	-	-	(31)	(31)	-	<b>(31)</b>
Subsidiaries disposed of	-	-	-	-	-	-	-	-	-	-	(13)	<b>(13)</b>
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	39	<b>39</b>
Change in interests in subsidiaries	-	-	-	19	-	-	-	-	-	19	(46)	<b>(27)</b>
Change in interests in associates and joint ventures	-	-	-	(1)	-	-	-	-	-	(1)	-	<b>(1)</b>
Transfer	-	-	(1)	1	-	-	-	-	-	-	-	<b>-</b>
At 31st December	<b>56</b>	<b>816</b>	<b>125</b>	<b>35,071</b>	<b>304</b>	<b>2,566</b>	<b>(68)</b>	<b>(1,355)</b>	<b>(2,325)</b>	<b>35,190</b>	<b>28,700</b>	<b>63,890</b>
<b>2019</b>												
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 (note 10)	-	-	-	(195)	-	-	-	-	-	(195)	-	(195)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(905)	(905)
Unclaimed dividends forfeited	-	-	-	1	-	-	-	-	-	1	-	<b>1</b>
Employee share option schemes	-	-	2	-	-	-	-	-	-	2	-	<b>2</b>
Scrip issued in lieu of dividends	-	-	-	6	-	-	-	-	-	6	-	<b>6</b>
Increase in own shares held	-	-	-	-	-	-	-	-	(155)	(155)	-	<b>(155)</b>
Subsidiaries acquired	-	-	-	-	-	-	-	-	-	-	14	<b>14</b>
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	18	<b>18</b>
Change in interests in subsidiaries	-	-	-	(7)	-	-	-	-	-	(7)	(8)	<b>(15)</b>
Change in interests in associates and joint ventures	-	-	-	1	-	-	-	-	-	1	-	<b>1</b>
Transfer	-	-	(86)	86	-	-	-	-	-	-	-	<b>-</b>
At 31st December	<b>56</b>	<b>816</b>	<b>125</b>	<b>36,085</b>	<b>304</b>	<b>2,566</b>	<b>(27)</b>	<b>(1,874)</b>	<b>(2,294)</b>	<b>35,757</b>	<b>29,903</b>	<b>65,660</b>

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.

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**Jardine Strategic Holdings Limited**  
**Consolidated Cash Flow Statement**  
**for the year ended 31st December 2020**


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	2020 US\$m	2019 US\$m
<b>Operating activities</b>		
Cash generated from operations	5,413	4,728
Interest received	189	180
Interest and other financing charges paid	(664)	(744)
Tax paid	(751)	(927)
	<u>4,187</u>	<u>3,237</u>
Dividends from Jardine Matheson	734	734
Dividends from associates and joint ventures	506	992
Cash flows from operating activities	<b>5,427</b>	4,963
<b>Investing activities</b>		
Purchase of subsidiaries ( <i>note 11(a)</i> )	(73)	(28)
Purchase of associates and joint ventures ( <i>note 11(b)</i> )	(206)	(1,088)
Purchase of other investments ( <i>note 11(c)</i> )	(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 ( <i>note 11(d)</i> )	(4,645)	(168)
Additions to bearer plants	(35)	(44)
Advance to and repayment to associates and joint ventures ( <i>note 11(e)</i> )	(725)	(1,025)
Advance from and repayment from associates and joint ventures ( <i>note 11(f)</i> )	1,437	920
Sale of subsidiaries ( <i>note 11(g)</i> )	2,806	-
Sale of associates and joint ventures ( <i>note 11(h)</i> )	1,138	3
Sale of other investments ( <i>note 11(i)</i> )	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	<b>(1,041)</b>	(2,730)
<b>Financing activities</b>		
Capital contribution from non-controlling interests	39	18
Change in interests in subsidiaries ( <i>note 11(j)</i> )	(27)	(15)
Drawdown of borrowings	6,834	7,336
Repayment of borrowings	(6,321)	(6,454)
Principal elements of lease payments	(851)	(893)
Dividends paid by the Company	(387)	(376)
Dividends paid to non-controlling interests	(785)	(905)
Cash flows from financing activities	<u>(1,498)</u>	<u>(1,289)</u>
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	<u><b>8,621</b></u>	<u><b>5,583</b></u>

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**Jardine Strategic Holdings Limited**  
**Notes**

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1. Accounting Policies and Basis of Preparation

The financial information contained in this announcement has been based on the audited results for the year ended 31st December 2020 which have been prepared in conformity with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board.

The Group has 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.

## 2. Revenue

	Gross revenue		Revenue	
	2020	2019	2020	2019
	US\$m	US\$m	US\$m	US\$m
<i>By business:</i>				
Jardine Matheson	<b>29,097</b>	29,728	-	-
Hongkong Land	<b>4,948</b>	4,437	<b>2,094</b>	2,320
Dairy Farm	<b>28,159</b>	27,665	<b>10,269</b>	11,192
Mandarin Oriental	<b>298</b>	908	<b>184</b>	567
Jardine Cycle & Carriage	<b>6,189</b>	6,958	<b>1,269</b>	1,788
Astra	<b>22,388</b>	33,887	<b>11,965</b>	16,803
Intersegment transactions	<b>(173)</b>	(275)	<b>(3)</b>	(5)
	<b><u>90,906</u></b>	<u>103,308</u>	<b><u>25,778</u></b>	<u>32,665</u>

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

## 3. Net Operating Costs

	2020	2019
	US\$m	US\$m
Cost of sales	<b>(18,719)</b>	(23,816)
Other operating income	<b>1,363</b>	712
Selling and distribution costs	<b>(3,547)</b>	(3,583)
Administration expenses	<b>(1,981)</b>	(2,109)
Other operating expenses	<b>(299)</b>	(95)
	<b><u>(23,183)</u></b>	<u>(28,891)</u>

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.

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

Change in fair value of other investments	<b>144</b>	75
Sale and closure of other businesses	<b>494</b>	-
Asset impairment	<b>(65)</b>	-
Sale of property interests	-	16
Restructuring of businesses	<b>(59)</b>	(15)
Reclassification of joint ventures as subsidiaries	<b>10</b>	(14)
Closure of a hotel	-	(32)
Other	<b>2</b>	9
	<b><u>526</u></b>	<u>39</u>

## 4. Share of Results of Jardine Matheson

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

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.

## 5. Share of Results of Associates and Joint Ventures

	<b>2020</b>	2019
	<b>US\$m</b>	US\$m
<i>By business:</i>		
Jardine Matheson	<b>80</b>	128
Hongkong Land	<b>92</b>	240
Dairy Farm	<b>85</b>	126
Mandarin Oriental	<b>(27)</b>	(2)
Jardine Cycle & Carriage	<b>(99)</b>	128
Astra	<b>199</b>	494
Corporate and other interests	<b>(35)</b>	(5)
	<b><u>295</u></b>	<u>1,109</u>
Share of results of associates and joint ventures included the following gains/(losses) from non-trading items:		
Change in fair value of investment properties	<b>(177)</b>	(11)
Change in fair value of other investments	<b>9</b>	(1)
Asset impairment	<b>(275)</b>	-
Sale of businesses	<b>-</b>	12
Other	<b>(2)</b>	1
	<b><u>(445)</u></b>	<u>1</u>

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.

## 6. Tax

	<b>2020</b> <b>US\$m</b>	2019 US\$m
Tax charged to profit and loss is analysed as follows:		
Current tax	<b>(550)</b>	(935)
Deferred tax	<b>115</b>	15
	<b><u>(435)</u></b>	<u>(920)</u>
China	<b>(164)</b>	(291)
Southeast Asia	<b>(274)</b>	(607)
United Kingdom	<b>3</b>	(3)
Rest of the world	<b>-</b>	(19)
	<b><u>(435)</u></b>	<u>(920)</u>
Tax relating to components of other comprehensive income is analysed as follows:		
Remeasurements of defined benefit plans	<b>(3)</b>	4
Cash flow hedges	<b>12</b>	29
	<b><u>9</u></b>	<u>33</u>

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

Share of tax charge of Jardine Matheson of US\$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.

## 7. Profit attributable to Shareholders

	<b>2020</b>	2019
	<b>US\$m</b>	US\$m
<i>Operating segments:</i>		
Jardine Matheson	<b>330</b>	314
Hongkong Land	<b>485</b>	542
Dairy Farm	<b>214</b>	248
Mandarin Oriental	<b>(162)</b>	32
Jardine Cycle & Carriage	<b>75</b>	99
Astra	<b>232</b>	537
	<b>1,174</b>	1,772
Corporate and other interests	<b>(80)</b>	(91)
Underlying profit attributable to shareholders*	<b>1,094</b>	1,681
Decrease in fair value of investment properties	<b>(1,934)</b>	(447)
Sale of Jardine Lloyd Thompson	<b>-</b>	874
Other non-trading items	<b>(23)</b>	70
(Loss)/profit attributable to shareholders	<b>(863)</b>	2,178

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

## 8. 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 (note 9)	1,957			(497)		
Underlying profit attributable to shareholders	1,094	1.96	1.96	1,681	2.98	2.98

## 9. Non-trading items

Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading items include fair value gains or losses on revaluation of investment properties and equity investments which are measured at fair value through profit and loss; gains and losses arising from the sale of businesses, investments and properties; impairment of non-depreciable intangible assets, 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.

	<b>2020</b>	2019
	<b>US\$m</b>	US\$m
<i>By business:</i>		
Jardine Matheson	<b>149</b>	947
Hongkong Land	<b>(1,820)</b>	(443)
Dairy Farm	<b>(4)</b>	2
Mandarin Oriental	<b>(372)</b>	(76)
Jardine Cycle & Carriage	<b>(58)</b>	11
Astra	<b>141</b>	3
Corporate and other interests	<b>7</b>	53
	<b><u>(1,957)</u></b>	<u>497</u>

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	<b>(1,820)</b>	(460)
- other	<b>(114)</b>	13
	<b>(1,934)</b>	(447)
Change in fair value of other investments	<b>119</b>	61
Asset impairment	<b>(263)</b>	-
Sale of Jardine Lloyd Thompson	-	874
Sale and closure of other businesses	<b>155</b>	33
Sale of property interests	<b>5</b>	12
Restructuring of businesses	<b>(42)</b>	(10)
Reclassification of joint ventures as subsidiaries	<b>4</b>	(11)
Closure of a hotel	-	(22)
Other	<b>(1)</b>	7
	<b><u>(1,957)</u></b>	<u>497</u>

Asset impairment in 2020 included impairment of goodwill in Jardine Cycle & Carriage's investment in Siam City Cement of US\$137 million.

Profit for 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.

## 10. Dividends

	<b>2020</b> <b>US\$m</b>	2019 US\$m
Final dividend in respect of 2019 of US¢25.00 (2018: US¢24.00) per share	<b>277</b>	266
Interim dividend in respect of 2020 of US¢10.50 (2019: US¢10.50) per share	<b>116</b>	116
	<b>393</b>	382
Company's share of dividends paid on the shares held by Jardine Matheson	<b>(194)</b>	(187)
	<b>199</b>	195

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

## 11. Notes to Consolidated Cash Flow Statement

## (a) Purchase of subsidiaries

	<b>2020</b> Fair value <b>US\$m</b>	2019 Fair value US\$m
Non-current assets	<b>(106)</b>	(3)
Current assets	<b>(404)</b>	(72)
Non-current liabilities	<b>8</b>	8
Current liabilities	<b>380</b>	3
Fair value of identifiable net assets acquired	<b>(122)</b>	(64)
Goodwill	<b>(57)</b>	(4)
Adjustment for non-controlling interests	<b>-</b>	14
Total consideration	<b>(179)</b>	(54)
Adjustment for contingent consideration	<b>-</b>	10
Payment for deferred consideration	<b>(21)</b>	-
Carrying value of associates and joint ventures	<b>39</b>	15
Cash and cash equivalents of subsidiaries acquired	<b>88</b>	1
Net cash outflow	<b>(73)</b>	(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.

11. Notes to Consolidated Cash Flow Statement (continued)

- (b) 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.

- (c) 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.
- (d) 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.
- (e) 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.
- (f) 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.

## 11. Notes to Consolidated Cash Flow Statement (continued)

## (g) 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	(2,119)	-
Adjustment for deferred payments	14	-
Cash and cash equivalents of subsidiaries disposed of	(44)	-
Net cash inflow	<u>2,806</u>	<u>-</u>
<i>Analysis of net cash inflow from sale of subsidiaries:</i>		
Proceeds received	4,812	-
Deposits refunded	(2,006)	-
	<u>2,806</u>	<u>-</u>

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.

- (h) 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.
- (i) 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.

## 11. Notes to Consolidated Cash Flow Statement (continued)

## (j) Change in interests in subsidiaries

	2020 US\$m	2019 US\$m
Increase in attributable interests		
- Mandarin Oriental	(25)	(5)
- other	(2)	(10)
	<u>(27)</u>	<u>(15)</u>

## 12. 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
	<u>1,478</u>	<u>1,548</u>
Other operating cash flows	(84)	(108)
Cash flows from operating activities	<u>1,394</u>	<u>1,440</u>
Investing activities		
Purchase of a joint venture	-	(64)
Purchase of other investments	(9)	(7)
Cash flows from investing activities	<u>(9)</u>	<u>(71)</u>
Financing activities		
Purchase of additional shares in subsidiaries	(25)	(5)
Dividends paid by the Company	(387)	(376)
Cash flows from financing activities	<u>(412)</u>	<u>(381)</u>
Net increase in cash	<u>973</u>	<u>988</u>
Cash at 1st January	<u>1,762</u>	<u>774</u>
Cash at 31st December	<u>2,735</u>	<u>1,762</u>
<i>Represented by:</i>		
Bank balances and other liquid funds	<u>2,735</u>	<u>1,762</u>

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

### 13. Capital Commitments and Contingent Liabilities

Total capital commitments at 31st December 2020 amounted to US\$2,610 million (2019: US\$2,878 million).

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

### 14. Related Party Transactions

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

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

Amounts of outstanding balances with Jardine Matheson, associates and joint ventures are included in debtors and creditors, as appropriate. A subsidiary of the Company has also committed to provide loan facilities to a subsidiary of Jardine Matheson. Undrawn facilities at 31st December 2020 amounted to US\$400 million (2019: US\$400 million).

### 15. 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.

## 16. Market Value Basis Net Assets

	<b>2020</b> <b>US\$m</b>	2019 US\$m
Jardine Matheson	<b>13,556</b>	8,973
Hongkong Land	<b>4,859</b>	6,765
Dairy Farm	<b>4,377</b>	5,993
Mandarin Oriental	<b>1,706</b>	1,799
Jardine Cycle & Carriage	<b>4,385</b>	6,622
Other holdings	<b>621</b>	610
	<b>29,504</b>	30,762
Jardine Strategic Corporate	<b>2,709</b>	1,733
	<b>32,213</b>	32,495
	<b>US\$</b>	US\$
Net asset value per share	<b>58.22</b>	57.98

'Market value basis net assets' are calculated based on the market price of the Company's holdings for listed companies, with the exception of the holding in Jardine Matheson which has been calculated by reference to the market value of US\$23,909 million (2019: US\$23,738 million) less the Company's share of the market value of Jardine Matheson's interest in the Company. For unlisted companies a Directors' valuation has been used.

Net asset value per share is calculated on 'market value basis net assets' of US\$32,213 million (2019: US\$32,495 million) and on 553 million (2019: 561 million) shares outstanding at the year end which excludes the Company's share of the shares held by Jardine Matheson of 555 million (2019: 548 million) shares.

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**Jardine Strategic Holdings Limited**  
**Principal Risks and Uncertainties**

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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.

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**Jardine Strategic Holdings Limited**  
**Principal Risks and Uncertainties** (continued)

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**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.

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## Responsibility Statement

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

- (a) the 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*

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## About Jardine Strategic

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Jardine Strategic is a holding company which makes long-term strategic investments in multinational businesses, particularly those with an Asian focus, and in other high quality companies with existing or potential links with the Group. Its principal attributable interests are in Jardine Matheson (59%), Hongkong Land (50%), Dairy Farm (78%), Mandarin Oriental (79%) and Jardine Cycle & Carriage (75%), which in turn has a 50% interest in Astra. It also has minority interests in Greatview Aseptic Packaging and Zhongsheng. Jardine Strategic is 85% held by Jardine Matheson.

The Group companies operate in the fields of motor vehicles and related operations, property investment and development, food retailing, health and beauty, home furnishings, engineering and construction, transport services, restaurants, luxury hotels, financial services, heavy equipment, mining and agribusiness.

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

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For further information, please contact:

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Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2020 can be accessed through the internet at [www.jardines.com](http://www.jardines.com).