

Chairman's Statement

Ben Keswick
Executive Chairman

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

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

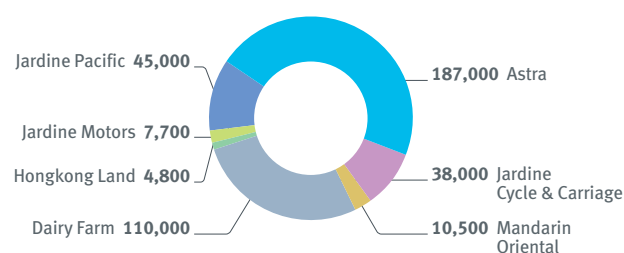
As announced separately on 8th March, we are taking the important step of simplifying our parent company structure – a move that will create value for our shareholders and increase the Group's operational and financial flexibility. This is further proof that, even in these turbulent times, Jardines is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

2020 In Review

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

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

403,000 Employees by Business Units



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

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

We have a long track record of successfully navigating change and challenge throughout our history spanning nearly two centuries. The resilience the Group demonstrated in 2020

provides the Board with the confidence, and our Group with the resources, to continue to take advantage of the best long-term opportunities in Asia, while adapting to the changing external environment and evolving expectations of our stakeholders.

Performance

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

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

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

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

Significant developments

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

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

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

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

As separately announced on 8th March, the Company is planning to simplify the parent company structure of the Group so that it has a single holding company. The planned simplification will include the acquisition by the Company, for cash, of the c.15% of the issued share capital of Jardine Strategic Holdings Limited ('JSH') that it does not already

own. The Company also intends subsequently to effect the cancellation of JSH's almost 59% shareholding in the Company. The proposed simplification will be materially earnings-enhancing for the Group, streamlines the Group to a conventional ownership structure and increases the Group's financial and operational flexibility.

Sustainability

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

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

We have already seen strong initiatives by many of our businesses in a number of these areas, including the long-established social inclusion contributions made by Astra in Indonesia; the focus on addressing climate change by our property and construction businesses; and the efforts to reduce waste by our hotels, restaurants and other businesses. For the first time, however, we now have a clear Group-wide sustainability strategy (which is described

in more detail on page 24) which will enable Jardines to make a real difference at scale in the communities where we operate. Our priority now is to ensure we deliver on our commitments in each of these areas, and we will be driving forward our agenda in the coming year.

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

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

Governance

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

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

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

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

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

Conclusion

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

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