Consolidated Profit and Loss Account

for the year ended 31st December 2020

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

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2020

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

Consolidated Balance Sheet

at 31st December 2020

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

Approved by the Board of Directors

John Witt
Graham Baker
Directors

11th March 2021

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

Consolidated Statement of Changes in Equity

for the year ended 31st December 2020

	Share capital US$m	Share premium US$m	Capital reserves US$m	Revenue reserves US$m
2020				
At 1st January	183	–	32	34,903
Total comprehensive expense	–	–	–	(371)
Dividends paid by the Company	–	–	–	(637)
Dividends paid to non-controlling interests	–	–	–	–
Unclaimed dividends forfeited	–	–	–	1
Issue of shares	–	2	–	–
Employee share option schemes	–	–	1	–
Scrip issued in lieu of dividends	1	(1)	–	134
Repurchase of shares	(3)	(2)	–	(549)
Subsidiaries disposed of	–	–	–	–
Capital contribution from non-controlling interests	–	–	–	–
Change in interests in subsidiaries	–	–	–	18
Change in interests in associates and joint ventures	–	–	–	(3)
Transfer	–	1	(2)	1
At 31st December	**181**	**–**	**31**	**33,497**
2019				
At 1st January	184	36	182	32,739
Total comprehensive income	–	–	–	2,859
Dividends paid by the Company	–	–	–	(646)
Dividends paid to non-controlling interests	–	–	–	–
Unclaimed dividends forfeited	–	–	–	1
Issue of shares	–	3	–	–
Employee share option schemes	–	–	4	–
Scrip issued in lieu of dividends	1	(1)	–	133
Repurchase of shares	(2)	(40)	–	(286)
Increase in own shares held	–	–	–	–
Subsidiaries acquired	–	–	–	–
Capital contribution from non-controlling interests	–	–	–	–
Change in interests in subsidiaries	–	–	–	(50)
Change in interests in associates and joint ventures	–	–	–	1
Transfer	–	2	(154)	152
At 31st December	183	–	32	34,903

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
2,167	(22)	(1,630)	(5,282)	30,351	34,720	**65,071**
–	(33)	478	–	74	(517)	**(443)**
–	–	–	–	(637)	111	**(526)**
–	–	–	–	–	(840)	**(840)**
–	–	–	–	1	–	**1**
–	–	–	–	2	–	**2**
–	–	–	–	1	1	**2**
–	–	–	–	134	–	**134**
–	–	–	–	(554)	–	**(554)**
–	–	–	–	–	(13)	**(13)**
–	–	–	–	–	39	**39**
–	–	–	–	18	(45)	**(27)**
–	–	–	–	(3)	–	**(3)**
–	–	–	–	–	–	**–**
2,167	**(55)**	**(1,152)**	**(5,282)**	**29,387**	**33,456**	**62,843**
213	(20)	(2,020)	(5,245)	26,069	32,729	58,798
1,954	(2)	390	–	5,201	2,999	8,200
–	–	–	–	(646)	113	(533)
–	–	–	–	–	(964)	(964)
–	–	–	–	1	–	1
–	–	–	–	3	–	3
–	–	–	–	4	–	4
–	–	–	–	133	–	133
–	–	–	–	(328)	–	(328)
–	–	–	(37)	(37)	37	–
–	–	–	–	–	14	14
–	–	–	–	–	18	18
–	–	–	–	(50)	(227)	(277)
–	–	–	–	1	1	2
–	–	–	–	–	–	–
2,167	(22)	(1,630)	(5,282)	30,351	34,720	65,071

Consolidated Cash Flow Statement

for the year ended 31st December 2020

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

Notes to the Financial Statements

1 Basis of Preparation

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

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

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

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

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

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

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

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

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

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

Apart from the above, there are no other amendments which are effective in 2020 and relevant to the Group's operations, that have a significant impact on the Group's results, financial position and accounting policies.

The Group has not early adopted any standard, interpretation or amendments that have been issued but not yet effective *(refer note 42)*.

The principal operating subsidiaries, associates and joint ventures have different functional currencies in line with the economic environments of the locations in which they operate. The functional currency of the Company is United States dollars. The consolidated financial statements are presented in United States dollars.

The Group's reportable segments are set out in note 2 and are described on page 8 and pages 9 to 23.

2 Segmental Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company for the purpose of resource allocation and performance assessment. The Group has seven operating

	Jardine Pacific US$m	Jardine Motors US$m	Hongkong Land US$m	Dairy Farm US$m
2020				
Revenue *(refer note 3)*	1,906	5,031	2,094	10,269
Net operating costs	(1,819)	(4,882)	(1,135)	(9,857)
Change in fair value of investment properties	–	–	–	–
Operating profit/(loss)	87	149	959	412
Net financing charges				
– financing charges	(10)	(16)	(195)	(145)
– financing income	1	3	79	2
	(9)	(13)	(116)	(143)
Share of results of associates and joint ventures				
– before change in fair value of investment properties	117	135	268	76
– change in fair value of investment properties	–	–	–	–
	117	135	268	76
Profit/(loss) before tax	195	271	1,111	345
Tax	(11)	(34)	(150)	(74)
Profit/(loss) after tax	184	237	961	271
Non-controlling interests	(2)	(23)	(549)	(90)
Profit/(loss) attributable to shareholders	**182**	**214**	**412**	**181**
Net (borrowings)/cash (excluding net borrowings of financial services companies)*	**75**	**125**	**(4,568)**	**(817)**
Total equity	**1,504**	**1,865**	**35,738**	**1,528**
2019				
Revenue *(refer note 3)*	2,635	5,690	2,320	11,192
Net operating costs	(2,562)	(5,553)	(1,150)	(10,757)
Change in fair value of investment properties	–	–	–	–
Operating profit	73	137	1,170	435
Net financing charges				
– financing charges	(17)	(19)	(205)	(165)
– financing income	1	4	84	7
	(16)	(15)	(121)	(158)
Share of results of associates and joint ventures				
– before change in fair value of investment properties	124	116	273	115
– change in fair value of investment properties	–	–	–	–
	124	116	273	115
Profit before tax	181	238	1,322	392
Tax	(14)	(23)	(247)	(70)
Profit after tax	167	215	1,075	322
Non-controlling interests	(3)	(19)	(615)	(112)
Profit attributable to shareholders	164	196	460	210
Net (borrowings)/cash (excluding net borrowings of financial services companies)*	(63)	23	(3,591)	(821)
Total equity	1,133	1,599	38,290	1,430

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

segments *(2019: seven)* as more fully described on page 8. No operating segments have been aggregated to form the reportable segments. Set out below is an analysis of the Group's underlying profit, net borrowings and total equity by reportable segment.

Mandarin Oriental US$m	Jardine Cycle & Carriage US$m	Astra US$m	Corporate and other interests US$m	Intersegment transactions US$m	Underlying business performance US$m	Non-trading items US$m	Group US$m
184	1,269	11,965	–	(71)	32,647	–	**32,647**
(370)	(1,216)	(11,042)	(60)	71	(30,310)	458	**(29,852)**
–	–	–	–	–	–	(3,477)	**(3,477)**
(186)	53	923	(60)	–	2,337	(3,019)	**(682)**
(14)	(25)	(233)	1	–	(637)	–	**(637)**
2	–	121	34	–	242	–	**242**
(12)	(25)	(112)	35	–	(395)	–	**(395)**
(27)	85	202	(12)	–	844	(268)	**576**
–	–	–	–	–	–	(177)	**(177)**
(27)	85	202	(12)	–	844	(445)	**399**
(225)	113	1,013	(37)	–	2,786	(3,464)	**(678)**
19	(11)	(220)	(2)	–	(483)	(3)	**(486)**
(206)	102	793	(39)	–	2,303	(3,467)	**(1,164)**
68	(38)	(596)	12	–	(1,218)	1,988	**770**
(138)	**64**	**197**	**(27)**	**–**	**1,085**	**(1,479)**	**(394)**
(506)	**(1,480)**	**626**	**2,825**	**–**			**(3,720)**
3,619	**1,353**	**14,062**	**3,348**	**(174)**			**62,843**
567	1,788	16,803	–	(73)	40,922	–	40,922
(496)	(1,701)	(14,711)	(74)	73	(36,931)	1,576	(35,355)
–	–	–	–	–	–	(832)	(832)
71	87	2,092	(74)	–	3,991	744	4,735
(18)	(45)	(318)	–	–	(787)	–	(787)
3	1	92	61	–	253	–	253
(15)	(44)	(226)	61	–	(534)	–	(534)
(2)	108	493	(6)	–	1,221	20	1,241
–	–	–	–	–	–	(11)	(11)
(2)	108	493	(6)	–	1,221	9	1,230
54	151	2,359	(19)	–	4,678	753	5,431
(13)	(16)	(555)	(3)	–	(941)	(16)	(957)
41	135	1,804	(22)	–	3,737	737	4,474
(14)	(51)	(1,349)	15	–	(2,148)	512	(1,636)
27	84	455	(7)	–	1,589	1,249	2,838
(300)	(1,494)	(1,554)	3,014	–			(4,786)
4,222	1,393	13,701	3,479	(176)			65,071

2 Segmental Information (continued)

Set out below are analyses of the Group's underlying profit attributable to shareholders and non-current assets, by geographical areas:

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

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

3 Revenue

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

3 Revenue (continued)

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

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

No interest income calculated using effective interest method had been included in revenue from contracts with customers in 2020 and 2019.

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

3 Revenue (continued)

Contract balances

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed, and are transferred to receivables when the rights become unconditional which usually occurs when the customers are billed.

Costs to fulfil contracts includes costs recognised to fulfil future performance obligations on existing contracts that have not yet been satisfied. Costs to obtain contracts include costs such as sales commission and stamp duty paid, as a result of obtaining contracts. The Group has capitalised these costs and recognised in profit and loss when the related revenue is recognised.

Contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised over time.

Contract assets and contract liabilities are further analysed as follows:

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

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

3 Revenue (continued)

Revenue recognised in relation to contract liabilities

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

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

Revenue expected to be recognised on unsatisfied contracts with customers

Timing of revenue to be recognised on unsatisfied performance obligations:

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

As permitted under IFRS 15 'Revenue from Contracts with Customers', the revenue expected to be recognised in the next reporting periods arising from unsatisfied performance obligations for contracts that have original expected durations of one year or less is not disclosed.

4 Net Operating Costs

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

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

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

5 Net Financing Charges

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

6 Share of Results of Associates and Joint Ventures

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

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

In relation to the COVID-19 pandemic, included in share of results of associates and joint ventures were the Group's share of the government grants, the majority of which were in support of employee retention, and rent concessions of US$125 million and US$30 million, respectively, for the year ended 31st December 2020.

7 Tax

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

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

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

8 Earnings/(Loss) per Share

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

Diluted earnings/(loss) per share are calculated on loss attributable to shareholders of US$394 million *(2019: profit of US$2,838 million)*, which is after adjusting for the effects of the conversion of dilutive potential ordinary shares of subsidiaries, associates or joint ventures, and on the weighted average number of 368 million *(2019: 375 million)* shares in issue during the year.

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

	Ordinary shares in millions	
	2020	2019
Weighted average number of shares in issue	**731**	737
Company's share of shares held by subsidiaries	**(363)**	(362)
Weighted average number of shares for basic earnings per share calculation	**368**	375
Adjustment for shares deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes	**–**	–
Weighted average number of shares for diluted earnings per share calculation	**368**	375

Additional basic and diluted earnings per share are also calculated based on underlying profit attributable to shareholders. A reconciliation of earnings is set out below:

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

9 Non-trading Items

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

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

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

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

10 Intangible Assets

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

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

10 Intangible Assets (continued)

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

Key assumptions used for value-in-use calculations for the significant balances of Dairy Farm goodwill include budgeted gross margins between 22% and 26% and average sales growth rates are between 1% and 5% to project cash flows, which vary across the Group's business segments and geographical locations, over the weighted average number of years of the remaining lease terms, and are based on management expectations for the market development; and pre-tax discount rates between 5% and 12% applied to the cash flow projections. The discount rates used reflect specific risks relating to the relevant industry, business life-cycle and geographical location. On the basis of this review, management concluded that an impairment charge of US$39 million relating to the Grocery Retail business in Indonesia was recognised in the profit and loss in 2020.

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

Goodwill relating to Astra mainly represents goodwill arising from acquisition of shares in Astra which is regarded as an operating segment. Accordingly, for the purpose of impairment review, the carrying value of Astra is compared with the recoverable amount measured by reference to the quoted market price of the shares held. On the basis of this review, management concluded that no impairment has occurred.

Franchise rights are rights under franchise agreements with automobile and heavy equipment manufacturers. These franchise agreements are deemed to have indefinite lives because either they do not have any term of expiry or their renewal would be probable and would not involve significant costs, taking into account the history of renewal and the relationships between the franchisee and the contracting parties. The carrying amounts of franchise rights comprise mainly Astra's automotive of US$55 million and heavy equipment of US$96 million, are not amortised as such rights will contribute cash flows for an indefinite period. Management has performed an impairment review of the carrying amounts of franchise rights at 31st December 2020 and has concluded that no impairment has occurred. The impairment review was made by comparing the carrying amounts of the cash-generating units in which the franchise rights reside with the recoverable amounts of the cash-generating units. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on budgets covering a three-year period. Cash flows beyond the three-year period are extrapolated using growth rates between 3% and 4%. Pre-tax discount rates between 13% and 14% reflecting specific risks relating to the relevant industry, are applied to the cash flow projections.

Other intangible assets comprise trademarks, computer software, deferred acquisition costs for insurance contracts and customer contracts.

The amortisation charges are all recognised in arriving at operating profit and are included in cost of sales, selling and distribution costs and administration expenses.

The remaining amortisation periods for intangible assets are as follows:

Concession rights	by traffic volume over 35 to 39 years
Computer software	up to 7 years
Deferred exploration costs	by unit of production
Other	various

11 Tangible Assets

	Freehold properties US$m	Buildings on leasehold land US$m	Leasehold improve-ments US$m	Mining properties US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2020							
Cost	1,167	2,702	1,604	1,820	5,686	2,181	**15,160**
Depreciation and impairment	(139)	(973)	(985)	(825)	(3,488)	(1,371)	**(7,781)**
Net book value at 1st January	1,028	1,729	619	995	2,198	810	**7,379**
Exchange differences	54	8	16	1	(29)	(1)	**49**
New subsidiaries	–	6	–	–	3	2	**11**
Additions	67	136	40	–	190	282	**715**
Disposals	(15)	(12)	(16)	–	(20)	(17)	**(80)**
Transfer from investment properties	–	3	–	–	–	–	**3**
Transfer to stock and work in progress	–	–	–	–	–	(24)	**(24)**
Classified as held for sale	(35)	(7)	–	–	–	–	**(42)**
Depreciation charge	(14)	(168)	(111)	(77)	(512)	(223)	**(1,105)**
(Impairment charge)/reversal of impairment charge	(2)	3	(10)	–	(9)	(26)	**(44)**
Net book value at 31st December	**1,083**	**1,698**	**538**	**919**	**1,821**	**803**	**6,862**
Cost	1,231	2,777	1,546	1,811	5,723	2,197	**15,285**
Depreciation and impairment	(148)	(1,079)	(1,008)	(892)	(3,902)	(1,394)	**(8,423)**
	1,083	**1,698**	**538**	**919**	**1,821**	**803**	**6,862**
2019							
Cost	1,154	2,605	1,518	1,797	5,019	2,064	14,157
Depreciation and impairment	(126)	(903)	(988)	(700)	(3,062)	(1,307)	(7,086)
Net book value at 1st January	1,028	1,702	530	1,097	1,957	757	7,071
Exchange differences	7	47	9	(3)	67	24	151
New subsidiaries	–	–	–	–	1	–	1
Additions	9	115	230	–	714	320	1,388
Disposals	(5)	(22)	(13)	–	(22)	(23)	(85)
Transfer from investment properties	–	3	–	–	–	–	3
Transfer from/(to) stock and work in progress	–	–	–	–	3	(38)	(35)
Depreciation charge	(11)	(122)	(134)	(99)	(522)	(230)	(1,118)
Reversal of impairment charge/ (impairment charge)	–	6	(3)	–	–	–	3
Net book value at 31st December	1,028	1,729	619	995	2,198	810	7,379
Cost	1,167	2,702	1,604	1,820	5,686	2,181	15,160
Depreciation and impairment	(139)	(973)	(985)	(825)	(3,488)	(1,371)	(7,781)
	1,028	1,729	619	995	2,198	810	7,379

11 Tangible Assets (continued)

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

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

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

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

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

12 Right-of-use Assets

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

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

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

12 Right-of-use Assets (continued)

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

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

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

13 Investment Properties

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

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2020 and 2019 have been determined on the basis of valuations carried out by independent valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The completed commercial properties were principally held by Hongkong Land. The under development commercial properties were principally held by Mandarin Oriental, which was transferred from right-of-use assets upon change of use in 2019 *(refer note 12)*.

Hongkong Land and Mandarin Oriental employed Jones Lang LaSalle to value their commercial investment properties in Hong Kong, the Chinese mainland, Singapore, Vietnam and Cambodia which are either freehold or held under leases with unexpired lease terms of more than 20 years. The valuations, which conform to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors, were arrived at by reference to the net income, allowing for reversionary potential, of each property. The valuations are comprehensively reviewed by Hongkong Land and Mandarin Oriental.

Fair value measurements of residential properties using no significant unobservable inputs
Fair values of completed residential properties are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

13 Investment Properties (continued)

Fair value measurements of commercial properties using significant unobservable inputs

Fair values of completed commercial properties in Hong Kong, the Chinese mainland and Singapore are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' views of recent lettings, within the subject properties and other comparable properties.

Fair values of completed commercial properties in Vietnam and Cambodia are generally derived using the discounted cash flow method. The net present value of the income stream is estimated by applying an appropriate discount rate which reflects the risk profile.

Fair values of under development commercial properties in Hongkong Land are generally derived using the residual method. This valuation is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completion as at the date of valuation.

Fair value of Mandarin Oriental's investment property under development is derived using the direct comparison method and the residual method. The direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. The residual method is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completion as at the date of valuation. For the direct comparison method and the estimated capital value of the residual method, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

The Group's policy is to recognise transfers between fair value measurements as of the date of the event or change in circumstances that caused the transfer.

Information about fair value measurements of Hongkong Land's and Mandarin Oriental's commercial properties using significant unobservable inputs at 31st December 2020:

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

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

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

13 Investment Properties (continued)

Prevailing market rents are estimated based on independent valuers' view of recent lettings, within the subject properties and other comparable properties. Average unit prices are estimated based on independent valuers' view of recent transactions of comparable properties. The higher the rents/unit prices, the higher the fair value.

Capitalisation and discount rates are estimated by independent valuers based on the risk profile of the properties being valued. The lower the rates, the higher the fair value.

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

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

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

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

14 Bearer Plants

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

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

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

15 Associates and Joint Ventures

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

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

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

15 Associates and Joint Ventures (continued)

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

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

(a) Investment in associates
The material associates of the Group are listed below. These associates have share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investments in material associates in 2020 and 2019:

Name of entity	Nature of business	Country of incorporation/ principal place of business/ place of listing	% of ownership interest 2020	% of ownership interest 2019
Maxim's Caterers Limited ('Maxim's')	Restaurants	Hong Kong/Hong Kong/ Unlisted	**50**	50
Yonghui Superstores Co., Limited ('Yonghui')	Grocery retail	China/ Chinese mainland/ Shanghai	**20**	20
Siam City Cement Public Company Limited ('Siam City Cement')	Cement manufacturing	Thailand/Thailand/ Thailand/	**26**	26
Truong Hai Automotive Corporation ('Thaco')	Automotive, property development and agriculture	Vietnam/Vietnam/ Unlisted	**27**	27
PT Astra Daihatsu Motor	Automotive	Indonesia/Indonesia/ Unlisted	**32**	32

15 Associates and Joint Ventures (continued)

Summarised financial information for material associates

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

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

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

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

15 Associates and Joint Ventures (continued)

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

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

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

The information contained in the summarised balance sheets and statements of comprehensive income reflect the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates, and fair value of the associates at the time of acquisition.

15 Associates and Joint Ventures (continued)

Reconciliation of the summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in its material associates for the year ended 31st December:

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

15 Associates and Joint Ventures (continued)

The Group has interests in a number of individually immaterial associates. The following table analyses, in aggregate, the share of profit and other comprehensive expense and carrying amount of these associates.

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

Contingent liabilities relating to the Group's interest in associates

	2020 US$m	2019 US$m
Financial guarantee in respect of facilities made available to an associate	20	20

(b) Investment in joint ventures

The material joint ventures of the Group are listed below. These joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investments in material joint ventures in 2020 and 2019:

	Nature of business	Country of incorporation and principal place of business	% of ownership interest 2020	2019
Hongkong Land				
– Properties Sub F, Ltd	Property investment	Macau	49	49
– BFC Development LLP	Property investment	Singapore	33	33
– Central Boulevard Development Pte Ltd	Property investment	Singapore	33	33
– One Raffles Quay Pte Ltd	Property investment	Singapore	33	33
Astra				
– PT Astra Honda Motor	Automotive	Indonesia	50	50

15 Associates and Joint Ventures (continued)

Summarised financial information for material joint ventures

Summarised balance sheets at 31st December:

	Properties Sub F, Ltd	BFC Development LLP	Central Boulevard Development Pte Ltd	One Raffles Quay Pte Ltd	PT Astra Honda Motor	Total
	US$m	US$m	US$m	US$m	US$m	US$m
2020						
Non-current assets	1,261	3,700	2,875	2,808	1,431	**12,075**
Current assets						
Cash and cash equivalents	81	13	23	15	524	**656**
Other current assets	36	3	2	4	306	**351**
Total current assets	117	16	25	19	830	**1,007**
Non-current liabilities						
Financial liabilities*	–	(1,294)	(1,258)	(802)	–	**(3,354)**
Other non-current liabilities*	(134)	–	(21)	(204)	(290)	**(649)**
Total non-current liabilities	(134)	(1,294)	(1,279)	(1,006)	(290)	**(4,003)**
Current liabilities						
Financial liabilities*	–	(1)	(13)	(5)	–	**(19)**
Other current liabilities*	(54)	(62)	(35)	(49)	(643)	**(843)**
Total current liabilities	(54)	(63)	(48)	(54)	(643)	**(862)**
Net assets	**1,190**	**2,359**	**1,573**	**1,767**	**1,328**	**8,217**
2019						
Non-current assets	1,357	3,756	2,910	2,858	1,545	12,426
Current assets						
Cash and cash equivalents	58	11	23	12	651	755
Other current assets	35	1	2	5	432	475
Total current assets	93	12	25	17	1,083	1,230
Non-current liabilities						
Financial liabilities*	–	(1,269)	(1,207)	(775)	–	(3,251)
Other non-current liabilities*	(145)	–	(21)	(210)	(268)	(644)
Total non-current liabilities	(145)	(1,269)	(1,228)	(985)	(268)	(3,895)
Current liabilities						
Financial liabilities*	–	(1)	(13)	(5)	–	(19)
Other current liabilities*	(48)	(56)	(36)	(43)	(991)	(1,174)
Total current liabilities	(48)	(57)	(49)	(48)	(991)	(1,193)
Net assets	1,257	2,442	1,658	1,842	1,369	8,568

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

15 Associates and Joint Ventures (continued)

Summarised statements of comprehensive income for the year ended 31st December:

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

The information contained in the summarised balance sheets and statements of comprehensive income reflect the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures, and fair value of the joint ventures at the time of acquisition.

15 Associates and Joint Ventures (continued)

Reconciliation of the summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in its material joint ventures for the year ended 31st December:

	Properties Sub F, Ltd US$m	BFC Development LLP US$m	Central Boulevard Development Pte Ltd US$m	One Raffles Quay Pte Ltd US$m	PT Astra Honda Motor US$m	Total US$m
2020						
Net assets	1,190	2,359	1,573	1,767	1,328	**8,217**
Interest in joint ventures (%)	*49*	*33*	*33*	*33*	*50*	
Group's share of net assets in joint ventures	583	786	524	589	664	**3,146**
Amounts due from joint ventures	–	431	–	37	–	**468**
Carrying value	**583**	**1,217**	**524**	**626**	**664**	**3,614**
2019						
Net assets	1,257	2,442	1,658	1,842	1,369	8,568
Interest in joint ventures (%)	*49*	*33*	*33*	*33*	*50*	
Group's share of net assets in joint ventures	616	814	553	614	685	3,282
Amounts due from joint ventures	–	423	–	36	–	459
Carrying value	616	1,237	553	650	685	3,741

The Group has interests in a number of individually immaterial joint ventures. The following table analyses, in aggregate, the share of profit and other comprehensive income and carrying amount of these joint ventures.

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

Commitments and contingent liabilities in respect of joint ventures

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

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

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

16 Other Investments

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

Debt investments comprised of listed bonds.

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

Movements of equity investments and limited partnership investment funds, which were valued based on unobservable inputs during the year, are disclosed in note 43.

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

17 Debtors

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

17 Debtors (continued)

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

*Excluding prepayments and other non-financial debtors.

The fair values of financing debtors are determined based on a discounted cash flow method using unobservable inputs, which are mainly rates of 11% to 38% per annum *(2019: 10% to 36% per annum)*. The higher the discount rates, the lower the fair value.

The fair values of trade debtors and other debtors, other than short-term debtors, are estimated using the expected future receipts discounted at market rates ranging from 5% to 15% *(2019: 5% to 14%)* per annum. The fair value of short-term debtors approximates their carrying amounts. Derivative financial instruments are stated at fair value. The higher the discount rates, the lower the fair value.

Financing debtors
Financing debtors comprise consumer financing debtors and financing lease receivables. They relate primarily to Astra's motor vehicle and motorcycle financing.

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

An analysis of financing lease receivables is set out below:

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

17 Debtors (continued)

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

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

Impairment of financing debtors

Before accepting any new customer, the Group assesses the potential customer's credit quality and sets credit limits by customer using internal scoring systems. These limits and scoring are reviewed periodically. The Group obtains collateral in the form of motor vehicles and motorcycles from consumer financing debtors.

The loan period ranges from 6 to 60 months for motor vehicles and motorcycles. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment are factors in determining the credit risk of financing debtors. To measure the expected credit losses, the financing debtors have been grouped based on shared credit risk characteristics and the days past due. The calculation reflects the probability weighted outcome, the time value of money, historical loss rate, reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, and higher credit risks of financing debtors who restructure their loans during the COVID-19 pandemic, as allowed under the Indonesia regulations. Changes in certain macroeconomic information, such as GDP and inflation rate, are relevant for determining expected credit loss rates. Financing debtors are performing when timely repayments are being made. Financing debtors are underperforming and subject to a significant increase in credit risk when motor vehicle and motorcycle financing debtors are overdue for 30 days, or for certain motorcycles financing debtors who had restructured their loans. Lifetime expected credit losses are provided at this stage. Financing debtors are non-performing if they are overdue for 90 days. Financing debtors are written off when they are overdue for 150 days and there is no reasonable expectation of recovery. In case of default, the Group facilitates the customer to sell the collateral vehicles under fiduciary arrangements for the purpose of recovering the outstanding receivables.

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

	2020		2019	
	Expected credit loss rate	Estimated gross carrying amount at default	Expected credit loss rate	Estimated gross carrying amount at default
	%	US$m	%	US$m
Performing	**0.91 – 8.25**	**3,112**	0.79 – 6.38	3,849
Underperforming	**1.50 – 19.30**	**1,614**	0.71 – 10.67	1,252
Non-performing	**19.68 – 100.00**	**56**	17.21 – 100.00	59
		4,782		5,160

Movements in the provisions for impairment are as follows:

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

17 Debtors (continued)

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

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

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

Trade and other debtors

The average credit period on sale of goods and services varies among Group businesses and is generally not more than 60 days.

Other debtors are further analysed as follows:

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

Impairment of trade debtors and contract assets

Before accepting any new customer, the individual Group business assesses the potential customer's credit quality and sets credit limits by customer using internal credit scoring systems. These limits and scoring are reviewed periodically.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment are considered indicators that the debtor is impaired and an allowance for impairment is made based on the estimated irrecoverable amount determined by reference to past default experience.

The Group applied the simplified approach to measure expected credit loss, that is a lifetime expected loss allowance for trade debtors and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Changes in certain macroeconomic information, such as GDP and inflation rate, are relevant for determining expected credit loss rates. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade debtors for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors and industry trends affecting the ability of the customers to settle the receivables.

17 Debtors (continued)

The loss allowance for both trade debtors and contract assets at 31st December 2020 and 2019 were determined as follows:

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

Movements in the provisions for impairment are as follows:

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

Trade debtors, contract assets and other debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

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

18 Deferred Tax Assets/(Liabilities)

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

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are netted when the taxes relate to the same taxation authority and where offsetting is allowed.

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

Deferred tax liabilities of US$620 million *(2019: US$587 million)* arising on temporary differences associated with investments in subsidiaries of US$6,205 million *(2019: US$5,875 million)* have not been recognised as there is no current intention of remitting the retained earnings of these subsidiaries to the holding companies in the foreseeable future.

19 Pension Plans

The Group operates defined benefit pension plans in the main territories in which it operates, with the major plans in Hong Kong and the United Kingdom. Most of the pension plans are final salary defined benefits, calculated based on members' length of service and their salaries in the final years leading up to retirement. In Hong Kong, the pension benefits are usually paid in one lump sum. With the exception of certain plans in Hong Kong, all the defined benefit plans are closed to new members. In addition, although all plans are impacted by the discount rate, liabilities in Hong Kong are driven by salary growth, whilst the United Kingdom plans are driven by inflationary rates and life expectancy.

The Group's defined benefit plans are either funded or unfunded, with the assets of the funded plans held independently of the Group's assets in separate trustee administered funds. Plan assets held in trusts are governed by local regulations and practices in each country. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the company and the boards of trustees. The Group's major plans are valued by independent actuaries annually using the projected unit credit method.

The amounts recognised in the consolidated balance sheet are as follows:

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

19 Pension Plans (continued)

The movement in the net pension liabilities is as follows:

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

19 Pension Plans (continued)

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

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

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

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

	Hong Kong		United Kingdom		Others	
	2020 %	2019 %	**2020** %	2019 %	**2020** %	2019 %
Discount rate	**1.9**	3.0	**1.4**	2.0	**7.0**	7.5
Salary growth rate	**3.8**	4.8	**–**	–	**6.2**	6.6
Inflation rate	**N/A**	N/A	**3.1**	3.1	**N/A**	N/A

Life expectancy for pensioners in the United Kingdom plans at the age of 65 for male and female are 22 years and 24 years *(2019: 22 years and 24 years)*, respectively. As participants of the plans relating to Hong Kong usually take lump sum amounts upon retirement, mortality rate is not a principal assumption for these plans.

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

		(Increase)/decrease on defined benefit obligations	
	Change in assumption %	Increase in assumption US$m	Decrease in assumption US$m
Discount rate	1	**158**	**(186)**
Salary growth rate	1	**(113)**	**95**
Inflation rate	1	**(21)**	**20**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

19 Pension Plans (continued)

The analysis of the fair value of plan assets at 31st December is as follows:

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

At 31st December 2020, 100% of equity investments, 99% of debt investments and 86% of investment funds were quoted on active markets *(2019: 100%, 100% and 88%, respectively)*.

The strategic asset allocation is derived from the asset-liability modelling ('ALM') review, done triennially to ensure the plans can meet future funding and solvency requirements. The last ALM review was completed in 2018, with modified strategic asset allocations adopted in 2018. The next ALM review is scheduled for 2021.

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

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

20 Properties for Sale

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

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

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

21 Stocks and Work in Progress

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

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

22 Bank Balances and Other Liquid Funds

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

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

23 Share Capital

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

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

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

24 Share-based Long-term Incentive Plans

Share-based long-term incentive plans ('LTIP') have been put in place to provide incentives for selected executives. Awards take the form of share options to purchase ordinary shares in the Company with exercise prices based on the then prevailing market prices; however, share awards which will vest free of payment may also be made. Awards normally vest on or after the third anniversary of the date of grant and may be subject to the achievement of performance conditions.

The Jardine Matheson Holdings Share-based Long-term Incentive Plan (the '2015 LTIP') was adopted by the Company on 5th March 2015. Since the adoption of the 2015 LTIP, awards were granted in the form of options with exercise prices based on the then prevailing market prices and no free shares were granted. No awards were granted under the 2015 LTIP in 2020 and 2019.

Prior to the adoption of the 2015 LTIP, The Jardine Matheson International Share Option Plan 2005 and The Jardine Matheson Holdings Limited Tax-Qualified Share Option Plan 2005 (formerly The Jardine Matheson Holdings Limited Approved Share Option Plan 2005) provided selected executives with options to purchase ordinary shares in the Company.

The exercise prices of the options granted in prior years were based on the average market prices for the five trading days immediately preceding the dates of grant of the options. Options normally vest in tranches over a period of three to five years, and are exercisable for up to ten years following the date of grant.

Movements during the year:

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

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

Outstanding at 31st December:

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

25 Share Premium and Capital Reserves

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

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

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

26 Dividends

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

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

27 Own Shares Held

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

28 Non-controlling Interests

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

28 Non-controlling Interests (continued)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised balance sheets at 31st December:

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

28 Non-controlling Interests (continued)

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

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

28 Non-controlling Interests (continued)

Summarised cash flows at 31st December:

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

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

The information above is before any inter-company eliminations.

29 Borrowings

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

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 0.3% to 12.4% *(2019: 0.3% to 10.0%)* per annum. This is in line with the definition of 'observable current market transactions' under the fair value measurement hierarchy. The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

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

Secured borrowings at 31st December 2020 included Hongkong Land's bank borrowings of US$801 million *(2019: US$653 million)* which were secured against its investment properties and properties for sale, Mandarin Oriental's bank borrowings of US$607 million *(2019: US$549 million)* which were secured against its tangible assets and right-of-use assets, and Astra's bonds and notes of US$92 million *(2019: US$467 million)* and bank borrowings of US$743 million *(2019: US$1,437 million)* which were secured against its various assets.

29 Borrowings (continued)

By currency:	Weighted average interest rates %	Fixed rate borrowings: Weighted average period outstanding Years	Fixed rate borrowings: US$m	Floating rate borrowings US$m	Total US$m
2020					
Chinese renminbi	4.9	–	–	909	**909**
Hong Kong dollar	2.8	7.1	3,358	2,310	**5,668**
Indonesian rupiah	7.3	1.7	4,324	479	**4,803**
Malaysian ringgit	2.9	–	–	245	**245**
Singapore dollar	1.9	12.5	348	627	**975**
Thai baht	1.8	–	–	356	**356**
United Kingdom sterling	1.2	3.3	55	160	**215**
United States dollar	1.3	1.4	425	1,959	**2,384**
Other	1.2	6.6	3	139	**142**
			8,513	**7,184**	**15,697**
2019					
Chinese renminbi	5.0	–	–	635	635
Hong Kong dollar	3.9	6.3	2,521	1,960	4,481
Indonesian rupiah	7.9	2.0	4,598	1,100	5,698
Malaysian ringgit	4.1	–	–	266	266
Singapore dollar	2.9	11.4	397	514	911
Thai baht	1.8	–	–	376	376
United Kingdom sterling	1.7	4.4	53	161	214
United States dollar	2.5	2.8	400	2,223	2,623
Other	2.5	10.3	2	57	59
			7,971	7,292	15,263

The weighted average interest rates and period of fixed rate borrowings are stated after taking into account hedging transactions.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at 31st December after taking into account hedging transactions are as follows:

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

29 Borrowings (continued)

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

	Maturity	Interest rates %	Nominal values	2020 Current US$m	2020 Non-current US$m	2019 Current US$m	2019 Non-current US$m
Hongkong Land							
4.22% 10-year notes	2020	4.22	HK$500 million	–	–	64	–
4.24% 10-year notes	2020	4.24	HK$500 million	–	–	64	–
3.43% 10-year notes	2020	3.43	S$150 million	–	–	112	–
3.95% 10-year notes	2020	3.95	HK$500 million	–	–	64	–
4.28% 12-year notes	2021	4.28	HK$500 million	**66**	–	–	65
3.86% 10-year notes	2022	3.86	HK$410 million	–	**53**	–	52
4.50% 10-year notes	2022	4.50	US$500 million	–	**505**	–	498
3.00% 10-year notes	2022	3.00	HK$305 million	–	**39**	–	39
2.90% 10-year notes	2022	2.90	HK$200 million	–	**26**	–	26
3.95% 10-year notes	2023	3.95	HK$1,100 million	–	**142**	–	141
3.95% 10-year notes	2023	3.95	HK$300 million	–	**39**	–	38
4.625% 10-year notes	2024	4.625	US$400 million	–	**414**	–	407
4.10% 15-year notes	2025	4.10	HK$300 million	–	**39**	–	38
4.50% 15-year notes	2025	4.50	US$600 million	–	**608**	–	609
3.75% 15-year notes	2026	3.75	HK$302 million	–	**39**	–	39
4.00% 15-year notes	2027	4.00	HK$785 million	–	**100**	–	100
4.04% 15-year notes	2027	4.04	HK$473 million	–	**61**	–	61
3.95% 15-year notes	2027	3.95	HK$200 million	–	**26**	–	26
3.15% 15-year notes	2028	3.15	HK$300 million	–	**38**	–	38
4.22% 15-year notes	2028	4.22	HK$325 million	–	**42**	–	41
3.83% 10-year notes	2028	3.83	HK$450 million	–	**58**	–	58
3.75% 10-year notes	2028	3.75	HK$355 million	–	**46**	–	45
4.40% 15-year notes	2029	4.40	HK$400 million	–	**51**	–	51
2.93% 10-year notes	2029	2.93	HK$550 million	–	**71**	–	71
2.875% 10-year notes	2030	2.875	US$600 million	–	**595**	–	–
4.11% 20-year notes	2030	4.11	HK$800 million	–	**103**	–	103
4.125% 20-year notes	2031	4.125	HK$200 million	–	**25**	–	25
4.00% 20-year notes	2032	4.00	HK$240 million	–	**30**	–	30
2.83% 12-year notes	2032	2.83	HK$863 million	–	**110**	–	–
4.12% 15-year notes	2033	4.12	HK$700 million	–	**90**	–	89
3.67% 15-year notes	2034	3.67	HK$604 million	–	**77**	–	77
2.72% 15-year notes	2035	2.72	HK$400 million	–	**51**	–	–
2.90% 15-year notes	2035	2.90	HK$400 million	–	**51**	–	–
2.90% 15-year notes	2035	2.90	HK$400 million	–	**51**	–	–
2.65% 15-year notes	2035	2.65	HK$800 million	–	**102**	–	–
3.95% 20-year notes	2038	3.95	S$150 million	–	**111**	–	109
3.45% 20-year notes	2039	3.45	S$150 million	–	**112**	–	110
5.25% 30-year notes	2040	5.25	HK$250 million	–	**32**	–	32
Astra Sedaya Finance ('ASF')							
Berkelanjutan III Tahap III bonds	2022	8.75	Rp375 billion	–	**26**	81	27
Berkelanjutan III Tahap IV bonds	2022	7.65	Rp200 billion	–	**14**	45	14
Berkelanjutan IV Tahap I bonds	2021	7.50	Rp550 billion	**38**	–	–	38
Berkelanjutan IV Tahap II bonds	2022 – 2024	8.80 – 9.20	Rp1,293 billion	–	**88**	67	86
Berkelanjutan IV Tahap III bonds	2022 – 2024	7.70 – 7.95	Rp1,037 billion	–	**66**	37	67
Berkelanjutan IV Tahap IV bonds	2021 – 2023	5.80 – 7.00	Rp2,183 billion	**62**	**87**	–	–
Berkelanjutan V Tahap I bonds	2021 – 2023	6.40 – 7.60	Rp1,500 billion	**73**	**31**	–	–
Sukuk Mudharabah							
Berkelanjutan I Tahap I bonds	2021	7.50	Rp175 billion	**12**	–	–	13
Euro Medium Term Notes	2021	7.20	Rp723 billion	**51**	–	–	49

29 Borrowings (continued)

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

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

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

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

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

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

29 Borrowings (continued)

The movements in borrowings are as follows:

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

30 Lease Liabilities

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

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The Group is not exposed to any residual guarantees in respect of the leases entered into at 31st December 2020 and 2019.

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

31 Creditors

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

Derivative financial instruments are stated at fair value. Other creditors are stated at amortised cost. The fair values of these creditors approximate their carrying amounts.

32 Provisions

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

Motor vehicle warranties are estimated liabilities that fall due under the warranty terms offered on sale of new and used vehicles beyond that which are reimbursed by the manufacturers.

Closure cost provisions are established when legal or constructive obligations arise on closure or disposal of businesses.

Provisions for reinstatement and restoration costs comprised the estimated costs, to be incurred by the Group as lessees, in dismantling and removing the underlying assets, restoring the sites on which they are located or restoring the underlying assets to the condition required by the terms and conditions of the leases.

Other provisions principally comprise provisions in respect of indemnities on disposal of businesses and legal claims.

33 Notes to Consolidated Cash Flow Statement

(a) Cash generated from operations

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

33 Notes to Consolidated Cash Flow Statement (continued)

(b) Depreciation and amortisation

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

(c) Purchase of subsidiaries

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

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

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

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

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

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

33 Notes to Consolidated Cash Flow Statement (continued)

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

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

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

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

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

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

(i) Sale of subsidiaries

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

33 Notes to Consolidated Cash Flow Statement (continued)

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

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

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

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

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

(l) Change in interests in subsidiaries

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

(m) Cash outflows for leases

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

(n) Analysis of balances of cash and cash equivalents

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

34 Derivative Financial Instruments

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

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

Forward foreign exchange contracts
The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2020 were US$1,002 million *(2019: US$813 million)*.

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

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

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

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

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

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

35 Commitments

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

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

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

36 Contingent Liabilities

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

37 Related Party Transactions

In the normal course of business the Group undertakes a variety of transactions with certain of its associates and joint ventures.

The most significant of such transactions relate to the purchases of motor vehicles and spare parts from its associates and joint ventures in Indonesia including PT Toyota-Astra Motor, PT Astra Honda Motor and PT Astra Daihatsu Motor. Total cost of motor vehicles and spare parts purchased in 2020 amounted to US$3,104 million *(2019: US$5,446 million)*. The Group also sells motor vehicles and spare parts to its associates and joint ventures in Indonesia including PT Astra Honda Motor, PT Astra Daihatsu Motor and PT Tunas Ridean. Total revenue from sale of motor vehicles and spare parts in 2020 amounted to US$387 million *(2019: US$664 million)*.

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

Amounts of outstanding balances with associates and joint ventures are included in debtors and creditors, as appropriate *(refer notes 17 and 31)*.

Details of Directors' remuneration (being the key management personnel compensation) are shown on pages 157 and 158 under the heading of Remuneration.

38 Summarised Balance Sheet of the Company

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

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

Subsidiaries are shown at cost less amounts provided.

39 Post Balance Sheet Event

On 8th March 2021, the Company announced a plan to simplify the Group's parent company structure, including the acquisition for cash of the 15% of Jardine Strategic Holdings Limited's ('Jardine Strategic') issued share capital that the Company and its wholly-owned subsidiaries do not already own (the 'Acquisition'). The Acquisition will be implemented by way of an amalgamation of Jardine Strategic and a wholly-owned subsidiary of the Company, under the Bermuda Law. The total Acquisition value is approximately US$5.5 billion, which will be financed by an acquisition financing facility, as well as existing cash resources and available lines of credit.

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

40 Principal Subsidiaries

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

	Country of incorporation/ principal place of business	Nature of business	Attributable interests 2020 %	Attributable interests 2019 %	Proportion of ordinary shares and voting powers at 31st December 2020 held by the Group %	Proportion of ordinary shares and voting powers at 31st December 2020 held by non-controlling interests %
Dairy Farm International Holdings Ltd	Bermuda/ China and Southeast Asia	Grocery retail, convenience stores, health and beauty, home furnishings, restaurants and other retailing	**66**	66	**78**	**22**
Hongkong Land Holdings Ltd	Bermuda/ China and Southeast Asia	Property development & investment, leasing & management	**43**	43	**50**	**50**
Jardine Cycle & Carriage Ltd	Singapore/ Southeast Asia	A 50.1% interest in PT Astra International Tbk, motor trading and holding	**64**	64	**75**	**25**
Jardine Matheson Ltd	Bermuda/ Hong Kong	Group management	**100**	100	**100**	**–**
Jardine Motors Group Holdings Ltd	Bermuda/ China and United Kingdom	Motor trading	**100**	100	**100***	**–**
Jardine Pacific Holdings Ltd	Bermuda/ China and Southeast Asia	Engineering & construction, transport services and restaurants	**100**	100	**100**	**–**
Jardine Strategic Holdings Ltd†	Bermuda/ China and Southeast Asia	Holding	**85**	85	**85**	**15**
Mandarin Oriental International Ltd	Bermuda/ Worldwide	Hotel management & ownership	**67**	66	**79**	**21**
Matheson & Co., Ltd	England/ United Kingdom	Holding and management	**100**	100	**100**	**–**
PT Astra International Tbk	Indonesia/ Indonesia	Automotive, financial services, heavy equipment, mining and construction, agribusiness, infrastructure and logistics, information technology and property	**32**	32	**50**	**50**

All subsidiaries are included in the consolidation.

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

*Jardine Motors is directly held by the Company. All other subsidiaries are held through subsidiaries.

† Jardine Strategic held 59% *(2019: 58%)* of the share capital of the Company.

41 Principal Accounting Policies

Basis of consolidation

(i) The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the Group's interests in associates and joint ventures.

(ii) A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition includes the fair value at the acquisition date of any contingent consideration. The Group recognises the non-controlling interest's proportionate share of the recognised identifiable net assets of the acquired subsidiary. In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss in profit and loss. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognised in profit and loss.

All material intercompany transactions, balances and unrealised surpluses and deficits on transactions between Group companies have been eliminated. The cost of and related income arising from shares held in the Company by subsidiaries are eliminated from shareholders' funds and non-controlling interests, and profit, respectively.

(iii) An associate is an entity, not being a subsidiary or joint venture, over which the Group exercises significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associates and joint ventures are included on the equity basis of accounting.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognised in the consolidated financial statements only to the extent of unrelated investor's interests in the associates and joint ventures.

(iv) Non-controlling interests represent the proportion of the results and net assets of subsidiaries and their associates and joint ventures not attributable to the Group.

(v) The results of subsidiaries, associates and joint ventures are included or excluded from their effective dates of acquisition or disposal, respectively. The results of entities other than subsidiaries, associates and joint ventures are included to the extent of dividends received when the right to receive such dividend is established.

Foreign currencies

Transactions in foreign currencies are accounted for at the exchange rates ruling at the transaction dates.

Assets and liabilities of subsidiaries, associates and joint ventures, together with all other monetary assets and liabilities expressed in foreign currencies, are translated into United States dollars at the rates of exchange ruling at the year end. Results expressed in foreign currencies are translated into United States dollars at the average rates of exchange ruling during the year, which approximate the exchange rates at the dates of the transactions.

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries, associates and joint ventures, and of financial instruments which are designated as hedges of such investments, are recognised in other comprehensive income and accumulated in equity under exchange reserves. On the disposal of these investments, such exchange differences are recognised in profit and loss. Exchange differences on other investments measured at fair value through other comprehensive income are recognised in other comprehensive income as part of the gains and losses arising from changes in their fair value. All other exchange differences are recognised in profit and loss.

Goodwill and fair value adjustments arising on acquisition of a foreign entity after 1st January 2003 are treated as assets and liabilities of the foreign entity and translated into United States dollars at the rate of exchange ruling at the year end.

Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the assets may be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the units may be impaired. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment annually.

Intangible assets

(i) Goodwill represents the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of any previously held equity interest in the acquiree over the acquisition-date fair value of the Group's share of the net identifiable assets acquired. Non-controlling interests are measured at their proportionate share of the net identifiable assets at the acquisition date. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in profit and loss. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and joint ventures is included in investment in associates and joint ventures. Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing and is carried at cost less accumulated impairment loss.

The profit or loss on disposal of subsidiaries, associates and joint ventures is stated after deducting the carrying amount of goodwill relating to the entity sold.

(ii) Franchise rights, which are rights under franchise agreements, are separately identified intangible assets acquired as part of a business combination. These franchise agreements are deemed to have indefinite lives because either they do not have any term of expiry or their renewal by the Group would be probable and would not involve significant costs, taking into account the history of renewal and the relationships between the franchisee and the contracting parties. The useful lives are reviewed at each balance sheet date. Franchise rights are carried at cost less accumulated impairment loss.

(iii) Concession rights are operating rights for toll roads under service concession arrangements. The cost of the construction services is amortised based on traffic volume projections.

(iv) Deferred exploration costs relating to mining resources are capitalised when the rights of tenure of a mining area are current and is considered probable that the costs will be recouped through successful development and exploitation of the area. Deferred exploration costs are amortised using the unit of production method, and are assessed for impairment if facts and circumstances indicate that impairment may exist.

(v) Other intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated on the straight line basis to allocate the cost of intangible assets over their estimated useful lives.

Tangible fixed assets and depreciation

Freehold properties comprised land and buildings. Freehold land is stated at cost less any impairment. No depreciation is provided on freehold land as it is deemed to have an indefinite life. Buildings on freehold and leasehold land are stated at cost less any accumulated depreciation and impairment. Mining properties, which are contractual rights to mine and own coal and gold reserves in specified concession areas, and other tangible fixed assets are stated at cost less amounts provided for depreciation. Cost of mining properties includes expenditure to restore and rehabilitate coal and gold mining areas following the completion of production.

Depreciation of tangible fixed assets other than mining properties is calculated on the straight-line basis to allocate the cost or valuation of each asset to its residual value over its estimated useful life. The residual values and useful lives are reviewed at each balance sheet date. The estimated useful lives are as follows:

Buildings	
– hotels	21 to 150 years
– others	14 to 116 years
Surface, finishes and services of hotel properties	20 to 30 years
Leasehold improvements	shorter of unexpired lease term or useful life
Plant and machinery	2 to 25 years
Furniture, equipment and motor vehicles	2 to 25 years

Mining properties are depreciated using the unit of production method.

Where the carrying amount of a tangible fixed asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The profit or loss on disposal of tangible fixed assets is recognised by reference to their carrying amount.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease contracts may contain lease and non-lease components. The Group allocates the consideration in the contract to lease and non-lease component based on their relative stand-alone prices. For property leases where the Group is a lessee, it has elected not to separate lease and immaterial non-lease components and accounts for these items as a single lease component.

(i) As a lessee

The Group enters into property leases for use as retail stores and offices, as well as leases for plant & machinery and motor vehicles for use in its operations.

The Group recognises right-of-use assets and lease liabilities at the lease commencement dates, that is the dates the underlying assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use assets includes amounts of the initial measurement of lease liabilities recognised, lease payments made at or before the commencement dates less any lease incentives received, initial direct costs incurred and restoration costs. Right-of-use assets are depreciated using the straight-line method over the shorter of their estimated useful lives and the lease terms.

When right-of-use assets meet the definition of investment properties, they are presented in investment properties, and are initially measured at cost and subsequently measured at fair value, in accordance with the Group's accounting policy.

The Group also has interests in leasehold land for use in its operations. Lump sum payments were made upfront to acquire these land interests from their previous registered owners or governments in the jurisdictions where the land is located. There are no ongoing payments to be made under the term of the land leases, other than insignificant lease renewal costs or payments based on rateable value set by the relevant government authorities. These payments are stated at cost and are amortised over the term of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

Lease liabilities are measured at the present value of lease payments to be made over the lease terms. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised and payments of penalties for terminating a lease, if the lease term reflects the Group exercising that option. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease liabilities are measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased by the interest costs on the lease liabilities and decreased by lease payments made.

The carrying amount of lease liabilities is remeasured when there is a change in the lease term, or there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise an extension or a termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets (i.e. US$5,000 or less) and short-term leases. Low value assets comprised IT equipment and small items of office furniture. Short-term leases are leases with a lease term of 12 months or less. Lease payments associated with these leases are recognised on a straight-line basis as an expense in profit and loss over the lease term.

Lease liabilities are classified as non-current liabilities unless payments are within 12 months from the balance sheet date.

(ii) As a lessor
The Group enters into contracts with lease components as a lessor primarily on its investment properties. These leases are operating leases as they do not transfer the risk and rewards incidental to the underlying investment properties. The Group recognises the lease payments received under these operating leases on a straight line basis over the lease term as part of revenue in the profit and loss.

Investment properties
Properties including those under operating leases which are held for long-term rental yields or capital gains are classified and accounted for as investment properties, but the business model does not necessarily envisage that the properties will be held for their entire useful life. Investment properties are carried at fair value, representing estimated open market value determined annually by independent qualified valuers who have recent experience in the location and category of the investment property being valued. The market value of commercial properties are calculated on the discounted net rental income allowing for reversionary potential. The market value of residential properties are arrived at by reference to market evidence of transaction prices for similar properties. Changes in fair value are recognised in profit and loss.

Bearer plants
Bearer plants are stated at cost less any accumulated depreciation and impairment loss. The cost of bearer plants includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the development of immature bearer plants and an allocation of other indirect costs based on planted hectares. Bearer plants are considered mature three to four years after planting and once they are generating fresh fruit bunches which average four to six tonnes per hectare per year. Depreciation of mature bearer plants commences in the year when the bearer plants are mature using the straight-line method over the estimated useful life of 20 years. Agricultural produce growing on bearer plants comprise oil palm fruits which are measured at fair value. Changes in fair value are recorded in the profit and loss.

Investments
The Group classifies its investments into the following measurement categories:

(i) Those to be measured subsequently at fair value, either through other comprehensive income or through profit and loss; and

(ii) Those to be measured at amortised cost.

The classification is based on the management's business model and their contractual cash flows characteristics.

Equity investments are measured at fair value with fair value gains and losses recognised in profit and loss, unless management has elected to recognise the fair value gains and losses through other comprehensive income. For equity investments measured at fair value through other comprehensive income, gains or losses realised upon disposal are not reclassified to profit and loss. Dividends from equity investments are recognised in profit and loss when the right to receive payments is established.

Debt investments that are held for collection of contractual cash flows and for sale, where the cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. On disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit and loss. Interest income calculated using the effective interest rate method is recognised in profit and loss.

Debt investments that are held for collection of contractual cash flows till maturity, where the cash flows represent solely payments of principal and interest, are measured at amortised cost. Any gain or loss arising on disposal is recognised in profit and loss. Interest income calculated using the effective interest rate method is recognised in profit and loss.

Limited partnership investment funds, which are structured in the form of limited partnerships for the purpose of managing investments for the benefit of its investors, are measured at fair value with fair value gains and losses recognised in profit and loss. Distributions from these investment funds are recognised in profit and loss when the right to receive payments is established.

At initial recognition, the Group measures an investment at its fair value plus, in the case of the investment not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the investment. Transaction costs of investments carried at fair value through profit and loss are expensed in profit and loss.

Investments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group assesses on a forward-looking basis the expected credit losses associated with both types of debt investments. They are considered 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows have occurred. Any impairment is recognised in profit and loss.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments.

Investments are classified as non-current assets, unless in the case of debt investments with maturities less than 12 months after the balance sheet date, are classified as current assets.

Properties for sale

Properties for sale, which comprise land and buildings held for resale, are stated at the lower of cost and net realisable value. The cost of properties for sale comprises land costs, construction and other development costs, and borrowing costs.

Stocks and work in progress

Stocks, which principally comprise goods held for resale, are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method, specific identification method and weighted average method. The cost of finished goods and work in progress comprises raw materials, labour and an appropriate proportion of overheads.

Debtors

Financing and trade debtors are recognised initially at the amount of consideration that is unconditional and measured subsequently at amortised cost using the effective interest method. Finance lease receivables are shown as the finance lease receivables plus the guaranteed residual values at the end of the lease period, net of unearned finance lease income, security deposits and provision for doubtful receivables. A contract asset arises if the Group has a right to consideration in exchange for goods or services the Group has transferred to a customer, that is conditional on something other than the passage of time. Repossessed collateral of finance companies are measured at the lower of the carrying amount of the debtors in default and fair value less costs to sell. All other debtors, excluding derivative financial instruments, are measured at amortised cost except where the effect of discounting would be immaterial. The Group assesses on a forward-looking basis using the three stages expected credit losses model on potential losses associated with its consumer financing debtors and financing lease receivables. The impairment measurement is subject to whether there has been a significant increase in credit risk. For trade debtors and contract assets, the Group applied the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the debtors. Provision for impairment is established by considering potential financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in arriving at operating profit. When a debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited to profit and loss.

Debtors with maturities greater than 12 months after the balance sheet date are classified under non-current assets.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks and financial institutions, bank and cash balances, and liquid investments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current borrowings.

Liquid investments, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, are included in bank balances and other liquid funds and are stated at market value. Increases or decreases in market value are recognised in profit and loss.

Provisions

Provisions are recognised when the Group has present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligations can be made.

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method.

On the issue of bonds which are convertible into a fixed number of ordinary shares of the issuing entity, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is included in long-term borrowings on the amortised cost basis until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option which is recognised and included in shareholders' funds. On the issue of convertible bonds which are not convertible into the issuing entity's own shares or which are not convertible into a fixed number of ordinary shares of the issuing entity, the fair value of the conversion option component is determined and included in current liabilities, and the residual amount is allocated to the carrying amount of the bond. Any conversion option component included in current liabilities is shown at fair value with changes in fair value recognised in profit and loss.

Borrowing costs relating to major development projects are capitalised until the asset is substantially completed. Capitalised borrowing costs are included as part of the cost of the asset. All other borrowing costs are expensed as incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or direct in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Provision for deferred tax is made on the revaluation of certain non-current assets and, in relation to acquisitions, on the difference between the fair value of the net assets acquired and their tax base. Deferred tax is provided on temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Employee benefits
(i) Pension obligations
The Group operates a number of defined benefit and defined contribution plans, the assets of which are held in trustee administered funds.

Pension accounting costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the costs of providing pensions are charged to profit and loss spreading the regular cost over the service lives of employees in accordance with the advice of qualified actuaries, who carry out a full valuation of major plans every year. The pension obligations are measured as the present value of the estimated future cash outflows by reference to market yields on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Plan assets are measured at fair value.

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

Past service costs are recognised immediately in profit and loss.

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

(ii) Share-based compensation
The Company and its subsidiaries and associates operate a number of equity settled employee share option schemes. The fair value of the employee services received in exchange for the grant of the options in respect of options granted after 7th November 2002 is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted as determined on the grant date. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. The impact of the revision of original estimates, if any, is recognised in profit and loss.

Derivative financial instruments
The Group only enters into derivative financial instruments in order to hedge underlying exposures and not as speculative investments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as a hedge of the fair value of a recognised asset or liability ('fair value hedge'), or a hedge of a forecasted transaction or of the foreign currency risk on a firm commitment ('cash flow hedge'), or a hedge of a net investment in a foreign entity.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recognised in profit and loss, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit and loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit and loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit and loss over the residual period to maturity.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognised in other comprehensive income and accumulated in equity under hedging reserves. Changes in the fair value relating to the ineffective portion is recognised immediately in profit and loss. Where the hedged item results in the recognition of a non-financial asset or of a non-financial liability, the deferred gains and losses are included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in profit and loss as the hedged item affects profit and loss. Otherwise, amounts deferred in hedging reserves are transferred to profit and loss in the same periods during which the hedged firm commitment or forecasted transaction affects profit and loss. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit and loss within finance cost at the same time as the interest expense on the hedged borrowings. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserves at that time remains in the hedging reserves and is recognised when the committed or forecasted transaction ultimately is recognised in profit and loss. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserves is immediately transferred to profit and loss.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IFRS 9. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IFRS 9 are recognised immediately in profit and loss.

Hedges of net investments in foreign entities are accounted for on a similar basis to that used for cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in exchange reserves; the gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

The fair value of derivatives which are designated and qualify as effective hedges are classified as non-current assets or liabilities if the remaining maturities of the hedged assets or liabilities are greater than 12 months after the balance sheet date.

Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk.

Premiums on insurance contracts are recognised as revenue proportionately over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Claims and loss adjustment expenses are charged to profit and loss as incurred based on the estimated liabilities for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the balance sheet date even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported.

Financial guarantee contracts under which the Group accepts significant risk from a third party by agreeing to compensate that party on the occurrence of a specified uncertain future event are accounted for in a manner similar to insurance contracts. Provisions are recognised when it is probable that the Group has obligations under such guarantees and an outflow of resources embodying economic benefits will be required to settle the obligations.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Non-trading items
Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading items include fair value gains or losses on revaluation of investment properties and equity investments which are measured at fair value through profit and loss; gains and losses arising from the sale of businesses, investments and properties; impairment of non-depreciable intangible assets, associates and joint ventures and other investments; provisions for the closure of businesses; acquisition-related costs in business combinations; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into underlying business performance.

Earnings per share
Basic earnings per share are calculated on profit attributable to shareholders and on the weighted average number of shares in issue during the year. The weighted average number excludes the Company's share of the shares held by subsidiaries. For the purpose of calculating diluted earnings per share, profit attributable to shareholders is adjusted for the effects of the conversion of dilutive potential ordinary shares of subsidiaries, associates or joint ventures, and the weighted average number of shares is adjusted for the number of shares which are deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes based on the average share price during the year.

Dividends
Dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date.

The nominal amount of the ordinary shares issued as a result of election for scrip is capitalised out of the share premium account or other reserves, as appropriate.

Revenue recognition
(i) Property
Properties for sale
Revenue from properties for sale is recognised when or as the control of the property is transferred to the customer. Revenue consists of the fair value of the consideration received and receivable, net of value added tax, rebates and discounts. Proceeds received in advance for pre-sale are recorded as contract liabilities. Depending on the terms of the contract and the laws that apply to the contract, control of the property may transfer over time or at a point in time.

If control of the property transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the property.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For properties for sale under development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

Investment properties
Rental income from investment properties are accounted for on an accrual basis over the lease terms.

(ii) Motor vehicles
Revenue from the sale of motor vehicles, including motorcycles, and rendering of aftersales services, is recognised through dealership structures. In instances where the contracts with customers include multiple deliverables, the separate performance obligations are identified. The transaction price, which is represented by the consideration fixed in the contract and net of discounts if any, is then allocated to each performance obligation based on their relative stand-alone selling prices. When a stand-alone selling price is not directly observable, it is estimated. Revenue from the sale of motor vehicles is recognised when control of the motor vehicles is transferred to the customer, which generally coincides with the point of delivery. Revenue from the aftersales services is recognised when the services are rendered. In instances where payments are received in advance from customers but there are unfulfilled aftersales services obligations by the Group, a contract liability is recognised for which revenue is subsequently recognised over time as the services are rendered.

(iii) Retail and restaurants
Revenue from retail includes sales from the supermarket and hypermarkets, health and beauty stores, and home furnishing stores. Revenue consists of the fair value of goods sold to customers, net of returns, discounts and sales related taxes. Sale of goods is recognised at the point of sale, when the control of the asset is transferred to the customers, and is recorded at the net amount received from customers.

Revenue from restaurants comprises the sale of food and beverages and is recognised at the point when the Group sells the food and beverages to the customer and payment is due immediately when the customer purchases the food and beverages.

(iv) Financial services
Revenue from consumer financing and finance leases is recognised over the term of the respective contracts based on a constant rate of return on the net investment, using the effective interest method. Revenue from insurance premiums is recognised proportionately over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability.

(v) Engineering, heavy equipment, mining, construction and energy
Engineering
Revenue from engineering, including supplying, installing and servicing engineering equipment is recognised over time based on the enforceable right to payment for the performance completed to date and using the output method on the basis of direct measurements of the value to customer of the Group's performance to date, as evidenced by the certification by qualified architects and/or surveyors. When there is more than one single performance obligation under a contract or any contract modification creates a separate performance obligation, the revenue will be allocated to each performance obligation based on their relative stand-alone selling prices. Payments received in advance from customers but there are unfulfilled obligations, are recognised as contract liabilities.

Claims, variations and liquidated damages are accounted for as variable consideration and are included in contract revenue provided that it is highly probable that a significant reversal will not occur in the future.

Heavy equipment
Revenue from heavy equipment includes sale of heavy equipment and rendering of maintenance services. In instances where the contracts with customers include multiple deliverables, the separate performance obligations are identified and generally referred as sale of heavy equipment and rendering of maintenance services. The transaction price, which is represented by the consideration fixed in the contract and net of discounts if any, is then allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from the sale of heavy equipment is recognised when control of the heavy equipment is transferred to the customer, which generally coincides with the point of delivery. Payments from customers for maintenance services are received in advance and recognised as a contract liability. Revenue from the maintenance services is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be reported, as soon as it can be estimated reliably. The stage of completion is measured by reference to cost incurred to date compared to estimated total costs for each contract.

Mining

Revenue from mining includes contract mining services and through the Group's own production. The performance obligations identified under contract mining services relate to the extraction of mining products and removal of overburden on behalf of the customers. Revenue is recognised when the services are rendered by reference to the volume of mining products extracted and overburden removed at contracted rates, and payment is due upon delivery. Revenue from its own mining production is recognised when control of the output is transferred to the customer, which generally coincides with the point of delivery.

Construction

Revenue from construction includes contracts to provide construction and foundation services for building, civil and maritime works. Under the contracts, the Group's construction activities creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, and hence revenue is recognised over time by reference to the progress towards completing the construction works. Under this method, the revenue recognised is based on the latest estimate of the total value of the contract and actual completion rate determined by reference to the physical state of progress of the works.

Claims, variations and liquidated damages are accounted for as variable consideration and are included in contract revenue provided that it is highly probable that a significant reversal will not occur in the future.

(vi) Hotels

Revenue from hotel ownership comprises amounts earned in respect of rental of rooms, food and beverage sales, and other ancillary services and goods supplied by the subsidiary hotels. Revenue is recognised over the period when rooms are occupied or services are performed. Revenue from the sale of food and beverages and goods is recognised at the point of sale when the food and beverages and goods are delivered to customers. Payment is due immediately when the hotel guest occupies the room and receives the services and goods.

Revenue from hotel and residences branding and management comprises gross fees earned from the branding and management of all the hotels and residences operated by the Group. Branding and management fees are recognised over time as determined by the relevant contract, taking into account the performance of the hotels, and the sales and operating expenses of the residences. Fees charged to the subsidiary hotels are eliminated upon consolidation. Hotels and residences are invoiced in accordance with the terms of contract and fees are payable when invoiced.

Pre-operating costs

Pre-operating costs are expensed as they are incurred.

Government grants

Grants from government are recognised at their fair values where there is reasonable assurance that the grants will be received, and the Group will comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred are recognised in the profit and loss as other income on a systematic basis in the period in which the expenses are recognised. Unconditional grants are recognised in the profit and loss as other income when they become receivable.

Grants related to assets are deducted in arriving at the carrying value of the related assets.

42 Standards and Amendments Issued But Not Yet Effective

A number of new standard and amendments effective for accounting periods beginning after 2020 have been published and will be adopted by the Group from their effective dates. The Group is currently assessing the potential impact of these standard and amendments but expects their adoption will not have a significant impact on the Group's consolidated financial statements. The more important standard and amendments are set out below.

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

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

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

(iv) IFRS 17 'Insurance Contracts' (effective from 1st January 2023) will mainly have effect on the Group's insurance companies in Indonesia. The Group is assessing the potential impact on the Group's consolidated financial statements.

43 Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group's treasury function co-ordinates, under the directions of the board of Jardine Matheson Limited, financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and foreign exchange rates and to minimise the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, caps and collars, cross-currency swaps, forward foreign exchange contracts, foreign currency options, and commodity forward contracts and options as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third party banks and the Group entity that is directly exposed to the risk being hedged. Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through other comprehensive income and will be recognised in profit and loss when the hedged item affects profit and loss. In general, the volatility in profit or loss can be reduced by applying hedge accounting.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group assesses whether the derivative designated in each hedging relationship has been and expected to be effective in offsetting changes in cash flow of the hedged item using the hypothetical derivative method.

Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated for hedges of foreign currency purchases, or if there are changes in the credit risk of the Group or the derivative counterparty.

The Group enters into interest rate swaps and caps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, effective economic relationship existed between the swaps and the loans.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

(i) The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan;

(ii) Differences in critical terms between the interest rate swaps and loans; and

(iii) The effects of the forthcoming reforms to IBOR, because these might take effect at a different time and have a different impact on the hedged item (the floating-rate debt) and the hedging instrument (the interest rate swap used to hedge the debt).

The ineffectiveness during 2020 or 2019 in relation to interest rate swaps was not material.

(i) Market risk

Foreign exchange risk

Entities within the Group are exposed to foreign exchange risk from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

Entities in the Group use cross-currency swaps, forward foreign exchange contracts and foreign currency options in a consistent manner to hedge firm and anticipated foreign exchange commitments and manage their foreign exchange risk arising from future commercial transactions. The Group does not usually hedge its net investments in foreign operations except in circumstances where there is a material exposure arising from a currency that is anticipated to be volatile and the hedging is cost effective. Group entities are required to manage their foreign exchange risk against their functional currency. Foreign currency borrowings are swapped into the entity's functional currency using cross-currency swaps except where the foreign currency borrowings are repaid with cash flows generated in the same foreign currency. The purpose of these hedges is to mitigate the impact of movements in foreign exchange rates on assets and liabilities and the profit and loss account of the Group.

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. At 31st December 2020 the Group's Indonesian rupiah functional entities had United States dollar denominated net monetary liabilities of US$189 million *(2019: US$320 million)*. At 31st December 2020, if the United States dollar had strengthened/weakened by 10% against the Indonesian rupiah with all other variables unchanged, the Group's profit after tax would have been US$15 million lower/higher *(2019: US$24 million lower/higher)*, arising from foreign exchange gains/losses taken on translation. The impact on amounts attributable to the shareholders of the Company would be US$2 million lower/higher *(2019: US$4 million lower/higher)*. This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. There are no other significant monetary balances held by Group companies at 31st December 2020 that are denominated in a non-functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Since the Group manages the interdependencies between foreign exchange risk and interest rate risk of foreign currency borrowings using cross-currency swaps, the sensitivity analysis on financial impacts arising from cross-currency swaps is included in the sensitivity assessment on interest rates under the interest rate risk section.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments such as interest rate swaps, caps and collars. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% to 60% of its gross borrowings, exclusive of the financial services companies, in fixed rate instruments. At 31st December 2020 the Group's interest rate hedge exclusive of the financial services companies was 44% *(2019: 40%)*, with an average tenor of six years *(2019: six years)*. The financial services companies borrow predominately at a fixed rate. The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in note 29.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. Borrowings at floating rates therefore expose the Group to cash flow interest rate risk. The Group manages this risk by using forward rate agreements to a maturity of one year, and by entering into interest rate swaps, caps and collars for a maturity of up to five years. Forward rate agreements and interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate, caps provide protection against a rise in floating rates above a pre-determined rate, whilst collars combine the purchase of a cap and the sale of a floor to specify a range in which an interest rate will fluctuate. Details of interest rate swaps and cross currency swaps are set out in note 34.

Fair value interest rate risk is the risk that the value of a financial asset or liability and derivative financial instruments will fluctuate because of changes in market interest rates. The Group manages its fair value interest rate risk by entering into interest rate swaps which have the economic effect of converting borrowings from fixed rate to floating rate, to maintain the Group's fixed rate instruments within the Group's guideline.

At 31st December 2020, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been US$23 million *(2019: US$9 million)* higher/lower, and hedging reserves would have been US$129 million *(2019: US$99 million)* higher/lower as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. There is no significant sensitivity resulting from interest rate caps and collars. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the United States, Hong Kong and Indonesian rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in the fair value of the hedged items caused by interest rate movements balance out in the profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

Price risk

The Group is exposed to securities price risk because of its equity investments and limited partnership investment funds ('LP investment funds') which are measured at fair value through profit and loss, and debt investments which are measured at fair value through other comprehensive income. Gains and losses arising from changes in the fair value of these investments are recognised in profit and loss or other comprehensive income according to their classification. The performance of these investments are monitored regularly, together with an assessment of their relevance to the Group's long-term strategic plans. Details of these investments are contained in note 16.

The Group's interest in these investments are unhedged. At 31st December 2020, if the price of these investments had been 25% higher/lower with all other variables held constant, total equity would have been US$750 million *(2019: US$687 million)* higher/lower, of which US$570 million *(2019: US$517 million)* relating to equity investments would be reflected in operating profit as non-trading items. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

The Group is exposed to financial risks arising from changes in commodity prices, primarily coal, gold, steel rebar and copper. The Group considers the outlook for coal, gold, steel rebar and copper prices regularly in considering the need for active financial risk management. The Group's policy is generally not to hedge commodity price risk, although limited hedging may be undertaken for strategic reasons. In such cases the Group uses forward contracts and foreign currency options to hedge the price risk. To mitigate or hedge the price risk, Group entities may enter into a forward contract and foreign currency options to buy the commodity at a fixed price at a future date, or a forward contract to sell the commodity at a fixed price or pre-determined range of prices at a future date.

(ii) Credit risk
The Group's credit risk is primarily attributable to deposits with banks, contractual cash flows of debt investments carried at amortised cost and those measured at fair value through other comprehensive income, credit exposures to customers and derivative financial instruments with a positive fair value. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks and financial institutions and transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, and limiting the aggregate risk to any individual counterparty. The utilisation of credit limits is regularly monitored. Similarly transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios. In developing countries it may be necessary to deposit money with banks that have a lower credit rating, however the Group only enters into derivative transactions with counterparties which have credit ratings of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

The Group's debt investments are considered to be low risk investments. The investments are monitored for credit deterioration based on credit ratings from major rating agencies.

In respect of credit exposures to customers, the Group has policies in place to ensure that sales on credit without collateral are made principally to corporate companies with an appropriate credit history and credit insurance is purchased for businesses where it is economically effective. The Group normally obtains collateral over vehicles from consumer financing debtors towards settlement of vehicle receivables. Customers give the right to the Group to sell the repossessed collateral or take any other action to settle the outstanding receivable. Sales to other customers are made in cash or by major credit cards.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

(iii) Liquidity risk
Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group's ability to fund its existing and prospective debt requirements is managed by maintaining diversified funding sources with adequate committed funding lines from high quality lenders, and by monitoring rolling short-term forecasts of the Group's cash and gross debt on the basis of expected cash flows. In addition long-term cash flows are projected to assist with the Group's long-term debt financing plans.

At 31st December 2020, total available borrowing facilities amounted to US$25.9 billion *(2019: US$25.3 billion)* of which US$15.7 billion *(2019: US$15.3 billion)* was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, and undrawn uncommitted facilities totalled US$7.0 billion *(2019: US$6.7 billion)* and US$3.2 billion *(2019: US$3.3 billion)*, respectively.

The following table analyses the Group's non-derivative financial liabilities, net-settled derivative financial liabilities and gross-settled derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within one year US$m	Between one and two years US$m	Between two and three years US$m	Between three and four years US$m	Between four and five years US$m	Beyond five years US$m	Total undiscounted cash flows US$m
At 31st December 2020							
Borrowings	6,404	2,875	1,432	1,582	2,211	3,184	**17,688**
Lease liabilities	961	734	535	398	305	1,562	**4,495**
Creditors	6,258	34	11	13	4	9	**6,329**
Net settled derivative financial instruments	26	6	4	1	–	–	**37**
Gross settled derivative financial instruments							
– inflow	1,943	1,328	478	611	690	678	**5,728**
– outflow	2,037	1,378	496	623	690	681	**5,905**
Estimated losses on insurance contracts	238	–	–	–	–	–	**238**
At 31st December 2019							
Borrowings	7,189	2,354	2,720	925	1,393	2,712	17,293
Lease liabilities	1,069	868	644	483	356	1,617	5,037
Creditors	8,104	25	14	2	3	13	8,161
Net settled derivative financial instruments	39	6	1	–	–	–	46
Gross settled derivative financial instruments							
– inflow	1,667	898	1,076	341	582	623	5,187
– outflow	1,769	965	1,105	350	601	618	5,408
Estimated losses on insurance contracts	193	–	–	–	–	–	193

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

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst seeking to maximise benefits to shareholders and other stakeholders. Capital is equity as shown in the consolidated balance sheet plus net borrowings.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, purchase Group shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's consolidated gearing ratio and consolidated interest cover before taking into account the impact of IFRS 16 'Leases'. The gearing ratio is calculated as net borrowings divided by total equity. Net borrowings is calculated as total borrowings less bank balances and other liquid funds. Interest cover is calculated as the sum of underlying operating profit, before the deduction of amortisation/depreciation of right-of-use assets, net of actual lease payments; and share of results of associates and joint ventures, divided by net financing charges excluding interest on lease liabilities. The ratios are monitored both inclusive and exclusive of the Group's financial services companies, which by their nature are generally more highly leveraged than the Group's other businesses. The Group does not have a defined gearing or interest cover benchmark or range.

The ratios at 31st December 2020 and 2019 are as follows:

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

Fair value estimation

(i) Financial instruments that are measured at fair value

For financial instruments that are measured at fair value in the balance sheet, the corresponding fair value measurements are disclosed by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities ('quoted prices in active markets')

The fair values of listed securities and bonds are based on quoted prices in active markets at the balance sheet date. The quoted market price used for listed investments held by the Group is the current bid price.

(b) Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')

The fair values of derivative financial instruments are determined using rates quoted by the Group's bankers at the balance sheet date. The rates for interest rate swaps and caps, cross-currency swaps and forward foreign exchange contracts are calculated by reference to market interest rates and foreign exchange rates.

The fair values of unlisted investments mainly include club and school debentures, are determined using prices quoted by brokers at the balance sheet date.

(c) Inputs for assets or liabilities that are not based on observable market data ('unobservable inputs')

The fair values of other unlisted equity investments and LP investment funds are determined using valuation techniques by reference to observable current market transactions (including price-to earnings and price-to book ratios of listed securities of entities engaged in similar industries) or the market prices of the underlying investments with certain degree of entity specific estimates or discounted cash flow by projecting the cash inflows from these investments.

There were no changes in valuation techniques during the year.

The table below analyses financial instruments carried at fair value, by the levels in the fair value measurement hierarchy:

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

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

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

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

(ii) Financial instruments that are not measured at fair value
The fair values of current debtors, bank balances and other liquid funds, current creditors, current borrowings and current lease liabilities are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings are based on market prices or are estimated using the expected future payments discounted at market interest rates. The fair values of non-current lease liabilities are estimated using the expected future payments discounted at market interest rates.

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 31st December 2020 and 2019 are as follows:

	Fair value of hedging instruments	Fair value through profit and loss	Fair value through other comprehensive income	Financial assets at amortised costs	Other financial liabilities	Total carrying amount	Fair value
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
2020							
Financial assets measured at fair value							
Other investments							
– equity investments	–	2,278	–	–	–	2,278	2,278
– debt investments	–	–	698	–	–	698	698
– LP investments funds	–	25	–	–	–	25	25
Derivative financial instruments	46	–	–	–	–	46	46
	46	**2,303**	**698**	**–**	**–**	**3,047**	**3,047**
Financial assets not measured at fair value							
Debtors	–	–	–	7,705	–	7,705	7,918
Bank balances	–	–	–	9,203	–	9,203	9,203
	–	**–**	**–**	**16,908**	**–**	**16,908**	**17,121**
Financial liabilities measured at fair value							
Derivative financial instruments	(209)	–	–	–	–	(209)	(209)
Contingent consideration payable	–	(9)	–	–	–	(9)	(9)
	(209)	**(9)**	**–**	**–**	**–**	**(218)**	**(218)**
Financial liabilities not measured at fair value							
Borrowings	–	–	–	–	(15,697)	(15,697)	(16,018)
Lease liabilities	–	–	–	–	(3,890)	(3,890)	(3,885)
Trade and other payable excluding non-financial liabilities	–	–	–	–	(6,320)	(6,320)	(6,320)
	–	**–**	**–**	**–**	**(25,907)**	**(25,907)**	**(26,223)**

	Fair value of hedging instruments US$m	Fair value through profit and loss US$m	Fair value through other comprehensive income US$m	Financial assets at amortised costs US$m	Other financial liabilities US$m	Total carrying amount US$m	Fair value US$m
2019							
Financial assets measured at fair value							
Other investments							
– equity investments	–	2,067	–	–	–	2,067	2,067
– debt investments	–	–	669	–	–	669	669
– LP investments funds	–	13	–	–	–	13	13
Derivative financial instruments	49	–	–	–	–	49	49
	49	2,080	669	–	–	2,798	2,798
Financial assets not measured at fair value							
Debtors	–	–	–	8,603	–	8,603	8,689
Bank balances	–	–	–	7,183	–	7,183	7,183
	–	–	–	15,786	–	15,786	15,872
Financial liabilities measured at fair value							
Derivative financial instruments	(144)	–	–	–	–	(144)	(144)
Contingent consideration payable	–	(19)	–	–	–	(19)	(19)
	(144)	(19)	–	–	–	(163)	(163)
Financial liabilities not measured at fair value							
Borrowings	–	–	–	–	(15,263)	(15,263)	(15,451)
Lease liabilities	–	–	–	–	(4,162)	(4,162)	(4,162)
Trade and other payable excluding non-financial liabilities	–	–	–	–	(8,142)	(8,142)	(8,142)
	–	–	–	–	(27,567)	(27,567)	(27,755)

44 Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable according to circumstances and conditions available. The existing and potential impacts arising from the COVID-19 pandemic have been considered when applying estimates and assumptions in the preparation of the financial statements, including the Group's assessment of impairment of assets and the independent valuers' valuation of the Group's investment properties. Given the uncertainty of the impact of COVID-19, the actual results may differ from these accounting estimates.

The estimates and assumptions that have a significant effect on the reported amounts of assets and liabilities, and income and expenses are discussed below.

Acquisition of subsidiaries, associates and joint ventures

The initial accounting on the acquisition of subsidiaries, associates and joint ventures involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities. The fair values of franchise rights, concession rights, tangible assets, right-of-use assets, investment properties and bearer plants are determined by independent valuers by reference to market prices or present value of expected net cash flows from the assets. Any changes in the assumptions used and estimates made in determining the fair values, and management's ability to measure reliably the contingent liabilities of the acquired entity will impact the carrying amount of these assets and liabilities.

On initial acquisition or acquisition of further interests in an entity, an assessment of the level of control or influence exercised by the Group is required. For entities where the Group has a shareholding of less than 50%, an assessment of the Group's level of voting rights, board representation and other indicators of influence is performed to consider whether the Group has de facto control, requiring consolidation of that entity, or significant influence, requiring classification as an associate, or joint control, requiring classification as a joint venture.

Investment properties

The fair values of investment properties, which are principally held by Hongkong Land, are determined by independent valuers on an open market for existing-use basis calculated on the discounted net income allowing for reversionary potential. For investment properties in Hong Kong, the Chinese mainland and Singapore, capitalisation rates in the range of 2.75% to 3.50% for office *(2019: 2.75% to 3.50%)* and 3.75% to 5.00% for retail *(2019: 3.75% to 5.00%)* are used by Hongkong Land in the fair value determination.

Consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

Impairment of assets

The Group tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is determined based on the higher of its fair value less costs to sell and its value-in-use, calculated on the basis of management's assumptions and estimates. Changing the key assumptions, including the amount of estimated coal and gold reserves, the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the value-in-use calculations.

The results of the impairment reviews undertaken at 31st December 2020 on the Group's indefinite life franchise rights indicated that no impairment charge was necessary. If there is a significant increase in the discount rate and/or a significant adverse change in the projected performance of the business to which these rights attach, it may be necessary to take an impairment charge to profit and loss in the future.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the balance sheet date *(refer note 17)*.

Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Provision for deferred tax follows the way management expects to recover or settle the carrying amount of the related assets or liabilities, which the management may expect to recover through use, sale or combination of both. Accordingly, deferred tax will be calculated at income tax rate, capital gains tax rate or combination of both. There is a rebuttable presumption in International Financial Reporting Standards that investment properties measured at fair value are recovered through sale. Thus, deferred tax on revaluation of investment properties held by the Group are calculated at the capital gains tax rate.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

Pension obligations
The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

Leases
Liabilities and the corresponding right-of-use assets arising from leases are initially measured at the present value of the lease payments at the commencement date, discounted using the interest rates implicit in the leases, or if that rate cannot be readily determinable, the Group uses the incremental borrowing rate. The Group generally uses the incremental borrowing rate as the discount rate.

The Group applies the incremental borrowing rate with reference to the rate of interest that the Group would have to pay to borrow, over a similar term as that of the lease, the funds necessary to obtain an asset of a similar value to the right-of-use asset in the country where it is located.

Lease payments to be made during the lease term will be included in the measurement of a lease liability. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew. The assessment of whether the Group is reasonably certain to exercise the options impacts the lease terms, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Revenue recognition
The Group uses the percentage of completion method to account for its contract revenue of certain development properties sales. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

For revenue from the heavy equipment maintenance contracts, the Group exercises judgement in determining the level of actual service provided to the end of the reporting period as a proportion of the total services to be reported, and estimated total costs of the maintenance contracts. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognised as a current year expense.

For other contracts with customers which include multiple deliverables, the separate performance obligations are identified. The transaction price is then allocated to each performance obligation based on their stand-alone selling prices. From time to time, when a stand-alone selling price may not be directly observable, the Group estimated the selling price using expected costs of rendering such services and adding an appropriate margin.

Non-trading items
The Group uses underlying business performance in its internal financial reporting to distinguish between the underlying profits and non-trading items. The identification of non-trading items requires judgement by management, but follows the consistent methodology as set out in the Group's accounting policies.

Interest rate benchmark reform
Following the financial crisis, the reform and replacement of benchmark interest rates such as US$ LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes.

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

Group Treasury is managing the Group's IBORs transition plan. The greatest change will be amendments to the contractual terms of the IBORs-referenced floating-rate debt and the associated swap and the corresponding update of the hedge designation. However, the changed reference rate may also affect other systems, processes, risk and valuation models, as well as having tax and accounting implications.

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

(i) When considering the 'highly probable' requirement, the Group has assumed that the IBORs interest rate on which the Group's hedged debt is based does not change as a result of IBORs reform.

(ii) In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Group has assumed that the IBORs interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by IBORs reform.

(iii) The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

Assumptions made
In calculating the change in fair value attributable to the hedged risk of floating-rate debt, the Group has made the following assumptions that reflect its current expectations:

(i) The IBORs-referenced floating-rate debt will move to RFRs during 2023 and the spread will be similar to the spread included in the interest rate swap used as the hedging instrument.

(ii) No other changes to the terms of the floating-rate debt are anticipated.

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