

# Consolidated Profit and Loss Account

for the year ended 31st December 2021

	Note	2021			2020		
		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	35,862	–	35,862	32,647	–	32,647
Net operating costs	4	(32,534)	1,114	(31,420)	(30,310)	458	(29,852)
Change in fair value of investment properties	13	–	(1,410)	(1,410)	–	(3,477)	(3,477)
Operating profit/(loss)		3,328	(296)	3,032	2,337	(3,019)	(682)
Net financing charges	5						
– financing charges		(595)	–	(595)	(637)	–	(637)
– financing income		206	–	206	242	–	242
		(389)	–	(389)	(395)	–	(395)
Share of results of associates and joint ventures	6						
– before change in fair value of investment properties		1,178	10	1,188	844	(268)	576
– change in fair value of investment properties		–	81	81	–	(177)	(177)
		1,178	91	1,269	844	(445)	399
Profit/(loss) before tax		4,117	(205)	3,912	2,786	(3,464)	(678)
Tax	7	(828)	(123)	(951)	(483)	(3)	(486)
Profit/(loss) after tax		3,289	(328)	2,961	2,303	(3,467)	(1,164)
Attributable to:							
Shareholders of the Company	8 & 9	1,513	368	1,881	1,085	(1,479)	(394)
Non-controlling interests		1,776	(696)	1,080	1,218	(1,988)	(770)
		3,289	(328)	2,961	2,303	(3,467)	(1,164)
		US\$		US\$	US\$		US\$
Earnings/(loss) per share	8						
– basic		4.83		6.01	2.95		(1.07)
– diluted		4.83		6.01	2.95		(1.07)

# Consolidated Statement of Comprehensive Income

for the year ended 31st December 2021

	Note	2021 US\$m	2020 US\$m
Profit/(loss) for the year		<b>2,961</b>	(1,164)
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	19	<b>86</b>	6
Net revaluation surplus before transfer to investment properties			
– tangible assets	11	<b>75</b>	–
– right-of-use assets	12	<b>3</b>	–
Tax on items that will not be reclassified		<b>(9)</b>	(1)
		<b>155</b>	5
Share of other comprehensive income of associates and joint ventures		<b>9</b>	1
		<b>164</b>	6
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net (loss)/gain arising during the year		<b>(227)</b>	712
– transfer to profit and loss		<b>(21)</b>	(227)
		<b>(248)</b>	485
Revaluation of other investments at fair value through other comprehensive income			
– net (loss)/gain arising during the year	16	<b>(2)</b>	19
– transfer to profit and loss		<b>(3)</b>	(4)
		<b>(5)</b>	15
Cash flow hedges			
– net gain/(loss) arising during the year		<b>75</b>	(70)
– transfer to profit and loss		<b>12</b>	5
		<b>87</b>	(65)
Tax relating to items that may be reclassified		<b>(21)</b>	12
Share of other comprehensive (expense)/income of associates and joint ventures		<b>(16)</b>	268
		<b>(203)</b>	715
Other comprehensive (expense)/income for the year, net of tax		<b>(39)</b>	721
Total comprehensive income/(expense) for the year		<b>2,922</b>	(443)
Attributable to:			
Shareholders of the Company		<b>1,908</b>	74
Non-controlling interests		<b>1,014</b>	(517)
		<b>2,922</b>	(443)

# Consolidated Balance Sheet

at 31st December 2021

		At 31st December	
		2021	2020
	Note	US\$m	US\$m
<b>Assets</b>			
Intangible assets	10	2,635	2,695
Tangible assets	11	6,184	6,862
Right-of-use assets	12	4,274	4,768
Investment properties	13	32,847	34,273
Bearer plants	14	499	497
Associates and joint ventures	15	17,980	16,545
Other investments	16	2,908	2,940
Non-current debtors	17	2,961	3,032
Deferred tax assets	18	518	485
Pension assets	19	32	11
Non-current assets		<u>70,838</u>	<u>72,108</u>
Properties for sale	20	3,345	2,339
Stocks and work in progress	21	2,793	2,849
Current debtors	17	6,928	6,753
Current investments	16	46	61
Current tax assets		172	158
Bank balances and other liquid funds	22		
– non-financial services companies		6,904	8,801
– financial services companies		378	402
		<u>7,282</u>	<u>9,203</u>
		20,566	21,363
Asset classified as held for sale		85	55
Current assets		<u>20,651</u>	<u>21,418</u>
<b>Total assets</b>		<b>91,489</b>	<b>93,526</b>

Approved by the Board of Directors

**John Witt**  
**Graham Baker**  
*Directors*

3rd March 2022

	Note	At 31st December	
		2021 US\$m	2020 US\$m
<b>Equity</b>			
Share capital	23	179	181
Share premium and capital reserves	25	25	31
Revenue and other reserves		35,800	34,457
Own shares held	27	(6,223)	(5,282)
Shareholders' funds		29,781	29,387
Non-controlling interests	28	28,587	33,456
Total equity		58,368	62,843
<b>Liabilities</b>			
Long-term borrowings	29		
– non-financial services companies		11,026	8,576
– financial services companies		1,273	1,246
		12,299	9,822
Non-current lease liabilities	30	3,022	3,040
Deferred tax liabilities	18	743	699
Pension liabilities	19	451	507
Non-current creditors	31	250	366
Non-current provisions	32	309	322
Non-current liabilities		17,074	14,756
Current creditors	31	10,074	8,645
Current borrowings	29		
– non-financial services companies		2,513	3,945
– financial services companies		1,846	1,930
		4,359	5,875
Current lease liabilities	30	812	850
Current tax liabilities		609	368
Current provisions	32	193	189
Current liabilities		16,047	15,927
Total liabilities		33,121	30,683
Total equity and liabilities		91,489	93,526

# Consolidated Statement of Changes in Equity

for the year ended 31st December 2021

	Share capital US\$m	Share premium US\$m	Capital reserves US\$m	Revenue reserves US\$m
<b>2021</b>				
At 1st January	181	–	31	33,497
Total comprehensive income	–	–	–	1,966
Dividends paid by the Company	–	–	–	(505)
Dividends paid to non-controlling interests	–	–	–	–
Unclaimed dividends forfeited	–	–	–	1
Issue of shares	–	3	–	–
Employee share option schemes	–	–	1	–
Scrip issued in lieu of dividends	1	(1)	–	152
Repurchase of shares	(3)	(8)	–	(569)
Acquisition of the remaining interest in Jardine Strategic	–	–	–	–
Subsidiaries disposed of	–	–	–	–
Change in interests in subsidiaries	–	–	–	282
Change in interests in associates and joint ventures	–	–	–	73
Transfer	–	6	(7)	29
<b>At 31st December</b>	<b>179</b>	<b>–</b>	<b>25</b>	<b>34,926</b>
<b>2020</b>				
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
<b>At 31st December</b>	<b>181</b>	<b>–</b>	<b>31</b>	<b>33,497</b>

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 did not already own (the 'Acquisition'). The Acquisition was implemented by way of an amalgamation of Jardine Strategic and a wholly-owned subsidiary of the Company, under the Companies Act 1981 of Bermuda. The total Acquisition value was approximately US\$5.6 billion, of which US\$5.5 billion had been settled and reflected in the consolidated cash flow statement for the year ended 31st December 2021. The Acquisition was financed by the issuance of a total of US\$1.2 billion bonds on 9th April 2021 (*refer note 29*), new revolving credit facilities and existing cash resources.

The Acquisition was completed on 14th April 2021, following shareholders' approval at Jardine Strategic's special general meeting on 12th April 2021. The Acquisition value and the related transaction costs resulted in a reduction of the Group's total equity.

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	(55)	(1,152)	(5,282)	29,387	33,456	<b>62,843</b>
76	37	(171)	—	1,908	1,014	<b>2,922</b>
—	—	—	—	(505)	—	<b>(505)</b>
—	—	—	—	—	(669)	<b>(669)</b>
—	—	—	—	1	1	<b>2</b>
—	—	—	—	3	—	<b>3</b>
—	—	—	—	1	—	<b>1</b>
—	—	—	—	152	—	<b>152</b>
—	—	—	—	(580)	—	<b>(580)</b>
—	—	—	(941)	(941)	(4,627)	<b>(5,568)</b>
—	—	—	—	—	(5)	<b>(5)</b>
—	—	—	—	282	(581)	<b>(299)</b>
—	—	—	—	73	(2)	<b>71</b>
(1)	—	(27)	—	—	—	<b>—</b>
<b>2,242</b>	<b>(18)</b>	<b>(1,350)</b>	<b>(6,223)</b>	<b>29,781</b>	<b>28,587</b>	<b>58,368</b>
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

# Consolidated Cash Flow Statement

for the year ended 31st December 2021

	Note	2021 US\$m	2020 US\$m
<b>Operating activities</b>			
Cash generated from operations	33 (a)	5,383	5,930
Interest received		194	209
Interest and other financing charges paid		(573)	(692)
Tax paid		(728)	(804)
		4,276	4,643
Dividends from associates and joint ventures		800	632
Cash flows from operating activities		5,076	5,275
<b>Investing activities</b>			
Purchase of subsidiaries	33 (c)	(24)	(87)
Purchase of associates and joint ventures	33 (d)	(194)	(206)
Purchase of other investments	33 (e)	(467)	(494)
Purchase of intangible assets		(158)	(131)
Purchase of tangible assets		(620)	(659)
Additions to right-of-use assets		(25)	(37)
Additions to investment properties	33 (f)	(118)	(4,660)
Additions to bearer plants		(32)	(35)
Advances to and repayments to associates and joint ventures	33 (g)	(1,100)	(725)
Advances from and repayments from associates and joint ventures	33 (h)	850	1,437
Sale of subsidiaries	33 (i)	1,510	2,821
Sale of associates and joint ventures	33 (j)	60	1,138
Sale of other investments	33 (k)	398	445
Sale of intangible assets		—	1
Sale of tangible assets		135	47
Sale of right-of-use assets		13	—
Sale of investment properties		3	11
Cash flows from investing activities		231	(1,134)
<b>Financing activities</b>			
Issue of shares		3	2
Capital contribution from non-controlling interests		—	39
Acquisition of the remaining interest in Jardine Strategic		(5,490)	—
Change in interests in subsidiaries	33 (l)	(299)	(27)
Purchase of own shares	23	(584)	(549)
Drawdown of borrowings	29	12,572	7,967
Repayment of borrowings	29	(11,467)	(7,557)
Principal elements of lease payments	33 (m)	(894)	(962)
Dividends paid by the Company		(353)	(392)
Dividends paid to non-controlling interests		(669)	(840)
Cash flows from financing activities		(7,181)	(2,319)
Net (decrease)/increase in cash and cash equivalents		(1,874)	1,822
Cash and cash equivalents at 1st January		9,153	7,157
Effect of exchange rate changes		(1)	174
Cash and cash equivalents at 31st December	33 (n)	7,278	9,153

# 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 40.

The Group has adopted the following amendments for the annual reporting period commencing 1st January 2021.

### ***Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective 1st January 2021)***

The amendments provide practical expedient from certain requirements under the IFRSs 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 applied the amendments from 1st January 2021 and there is no significant impact on the Group's consolidated financial statements.

### ***COVID-19 Related Rent Concessions beyond 30th June 2021: Amendment to IFRS 16 Leases (effective 1st April 2021)***

The Group adopted and applied the practical expedient of the COVID-19 Related Rent Concessions: Amendment to IFRS 16 Leases, published in June 2020 ('2020 amendment'), in the 2020 annual financial statements. The 2021 amendment extends the practical expedient in the 2020 amendment to eligible lease payments due on or before 30th June 2022. By using the 2021 amendment, the Group continues to apply the practical expedient consistently to all lease contracts with similar characteristics and in similar circumstances, and does not assess these concessions as lease modifications.

Apart from the above, there are no other amendments which are effective in 2021 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 41*).

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 pages 14 to 15 and pages 20 to 43.

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## 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 <sup>#</sup> US\$m	Hongkong Land US\$m	DFI Retail US\$m
<b>2021</b>				
Revenue ( <i>refer note 3</i> )	1,533	4,988	2,384	9,015
Net operating costs	(1,448)	(4,805)	(1,441)	(8,702)
Change in fair value of investment properties	–	–	–	–
Operating profit/(loss)	85	183	943	313
Net financing charges				
– financing charges	(10)	(14)	(222)	(120)
– financing income	1	5	67	1
	(9)	(9)	(155)	(119)
Share of results of associates and joint ventures				
– before change in fair value of investment properties	117	206	356	(40)
– change in fair value of investment properties	–	–	–	–
	117	206	356	(40)
Profit/(loss) before tax	193	380	1,144	154
Tax	(17)	(47)	(179)	(60)
Profit/(loss) after tax	176	333	965	94
Non-controlling interests	(1)	(15)	(491)	(12)
Profit/(loss) attributable to shareholders	<b>175</b>	<b>318</b>	<b>474</b>	<b>82</b>
Net (borrowings)/cash (excluding net borrowings of financial services companies)*	<b>126</b>	<b>153</b>	<b>(5,104)</b>	<b>(844)</b>
Total equity	<b>1,623</b>	<b>1,726</b>	<b>34,618</b>	<b>1,453</b>
<b>2020</b>				
Revenue ( <i>refer note 3</i> )	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

\*Net (borrowings)/cash is total borrowings less bank balances and other liquid funds. Net borrowings of financial services companies amounted to US\$2,741 million at 31st December 2021 (2020: US\$2,774 million) and relates to Astra.

<sup>#</sup> During 2021, the operations under Jardine Motors had been restructured. The motor trading business in the Chinese mainland ('Zung Fu China') was sold to the Group's associate, Zhongsheng, in October 2021 (*refer notes 15 and 33(i)*). Subsequent to the sale, the motor trading businesses in Hong Kong and Macau are managed by Jardine Pacific. Accordingly, the results of these operations are presented under Jardine Pacific from October 2021. Operations in the United Kingdom and Zhongsheng remain unchanged with results presented under Jardine Motors.

segments (2020: seven) as more fully described on pages 14 to 15. 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
317	1,403	16,285	–	(63)	35,862	–	<b>35,862</b>
(343)	(1,330)	(14,496)	(32)	63	(32,534)	1,114	<b>(31,420)</b>
–	–	–	–	–	–	(1,410)	<b>(1,410)</b>
(26)	73	1,789	(32)	–	3,328	(296)	<b>3,032</b>
(14)	(19)	(159)	(37)	–	(595)	–	<b>(595)</b>
1	–	126	5	–	206	–	<b>206</b>
(13)	(19)	(33)	(32)	–	(389)	–	<b>(389)</b>
(22)	128	453	(20)	–	1,178	10	<b>1,188</b>
–	–	–	–	–	–	81	<b>81</b>
(22)	128	453	(20)	–	1,178	91	<b>1,269</b>
(61)	182	2,209	(84)	–	4,117	(205)	<b>3,912</b>
(7)	(16)	(499)	(3)	–	(828)	(123)	<b>(951)</b>
(68)	166	1,710	(87)	–	3,289	(328)	<b>2,961</b>
20	(47)	(1,236)	6	–	(1,776)	696	<b>(1,080)</b>
<b>(48)</b>	<b>119</b>	<b>474</b>	<b>(81)</b>	<b>–</b>	<b>1,513</b>	<b>368</b>	<b>1,881</b>
<b>(517)</b>	<b>(1,463)</b>	<b>2,233</b>	<b>(1,219)</b>	<b>–</b>			<b>(6,635)</b>
<b>3,418</b>	<b>1,235</b>	<b>15,268</b>	<b>(762)</b>	<b>(211)</b>			<b>58,368</b>
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

**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:

	2021 US\$m	2020 US\$m
<b><i>Underlying profit attributable to shareholders:</i></b>		
China	882	815
Southeast Asia	669	381
United Kingdom	27	(25)
Rest of the world	16	(59)
	<b>1,594</b>	<b>1,112</b>
Corporate and other interests	(81)	(27)
	<b>1,513</b>	<b>1,085</b>
<b><i>Non-current assets*:</i></b>		
China	40,869	42,187
Southeast Asia	17,724	18,174
United Kingdom	642	674
Rest of the world	1,628	1,600
	<b>60,863</b>	<b>62,635</b>

\*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	DFI Retail US\$m	Mandarin Oriental US\$m	Jardine Cycle & Carriage US\$m	Astra US\$m	Intersegment transactions US\$m	Group US\$m
<b>2021</b>									
<b>Gross Revenue</b>	5,665	31,568	6,845	27,684	510	6,434	30,909	(245)	<b>109,370</b>
<b>Revenue</b>									
<b>By product and service:</b>									
Property	4	–	2,384	–	–	–	56	(8)	<b>2,436</b>
Motor vehicles	104	4,988	–	–	–	1,403	6,642	(13)	<b>13,124</b>
Retail and restaurants	853	–	–	9,015	–	–	–	–	<b>9,868</b>
Financial services	–	–	–	–	–	–	1,735	–	<b>1,735</b>
Engineering, heavy equipment, mining and construction	572	–	–	–	–	–	5,524	(41)	<b>6,055</b>
Hotels	–	–	–	–	317	–	–	(1)	<b>316</b>
Other	–	–	–	–	–	–	2,328	–	<b>2,328</b>
	<b>1,533</b>	<b>4,988</b>	<b>2,384</b>	<b>9,015</b>	<b>317</b>	<b>1,403</b>	<b>16,285</b>	<b>(63)</b>	<b>35,862</b>
<b>By geographical location of customers:</b>									
China	905	2,765	1,770	5,714	89	–	–	(59)	<b>11,184</b>
Southeast Asia	176	2	614	2,885	14	1,403	16,285	(4)	<b>21,375</b>
United Kingdom	–	2,221	–	–	44	–	–	–	<b>2,265</b>
Rest of the world	452	–	–	416	170	–	–	–	<b>1,038</b>
	<b>1,533</b>	<b>4,988</b>	<b>2,384</b>	<b>9,015</b>	<b>317</b>	<b>1,403</b>	<b>16,285</b>	<b>(63)</b>	<b>35,862</b>
<b>From contracts with customers:</b>									
Recognised at a point in time	1,038	4,984	688	9,015	111	1,337	14,073	(13)	<b>31,233</b>
Recognised over time	491	4	567	–	186	64	245	(42)	<b>1,515</b>
	<b>1,529</b>	<b>4,988</b>	<b>1,255</b>	<b>9,015</b>	<b>297</b>	<b>1,401</b>	<b>14,318</b>	<b>(55)</b>	<b>32,748</b>
<b>From other sources:</b>									
Rental income from investment properties	4	–	946	–	–	–	12	(8)	<b>954</b>
Revenue from financial services companies	–	–	–	–	–	–	1,735	–	<b>1,735</b>
Other	–	–	183	–	20	2	220	–	<b>425</b>
	<b>4</b>	<b>–</b>	<b>1,129</b>	<b>–</b>	<b>20</b>	<b>2</b>	<b>1,967</b>	<b>(8)</b>	<b>3,114</b>
	<b>1,533</b>	<b>4,988</b>	<b>2,384</b>	<b>9,015</b>	<b>317</b>	<b>1,403</b>	<b>16,285</b>	<b>(63)</b>	<b>35,862</b>

**3 Revenue** (continued)

	Jardine Pacific US\$m	Jardine Motors US\$m	Hongkong Land US\$m	DFI Retail US\$m	Mandarin Oriental US\$m	Jardine Cycle & Carriage US\$m	Astra US\$m	Intersegment transactions and other US\$m	Group US\$m
<b>2020</b>									
Gross Revenue	6,178	22,931	4,948	28,159	298	6,189	22,388	(185)	90,906
Revenue									
<i>By product and service:</i>									
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
<i>By geographical location of customers:</i>									
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
<i>From contracts with customers:</i>									
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
<i>From other sources:</i>									
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

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 2021 and 2020.

Rental income from investment properties included variable rents of US\$29 million (2020: US\$20 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:

	2021 US\$m	2020 US\$m
Contract assets ( <i>refer note 17</i> )		
– properties for sale	448	290
– engineering, heavy equipment, mining and construction	92	103
– other	15	20
	<b>555</b>	413
– provision for impairment	(64)	(46)
	<b>491</b>	367
Contract liabilities ( <i>refer note 31</i> )		
– properties for sale	1,015	527
– motor vehicles	349	307
– retail and restaurants	210	161
– engineering, heavy equipment, mining and construction	122	104
– other	71	60
	<b>1,767</b>	1,159

At 31st December 2021, costs to fulfil contracts and costs to obtain contracts amounted to US\$144 million (2020: US\$395 million) and US\$6 million (2020: US\$17 million) were capitalised, and US\$591 million (2020: US\$610 million) and US\$19 million (2020: US\$17 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:

	2021 US\$m	2020 US\$m
Properties for sale	390	202
Motor vehicles	178	176
Retail and restaurants	155	140
Engineering, heavy equipment, mining and construction	48	69
Other	38	28
	809	615

**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
<b>2021</b>					
Within one year	943	118	546	65	1,672
Between one and two years	430	50	137	19	636
Between two and three years	22	27	58	1	108
Between three and four years	–	10	18	–	28
Between four and five years	–	4	1	1	6
Beyond five years	–	–	1	–	1
	1,395	209	761	86	2,451
<b>2020</b>					
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

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

	2021 US\$m	2020 US\$m
Cost of sales	(26,755)	(24,349)
Other operating income	1,940	1,422
Selling and distribution costs	(4,024)	(4,367)
Administration expenses	(2,283)	(2,213)
Other operating expenses	(298)	(345)
	(31,420)	(29,852)
<b>The following credits/(charges) are included in net operating costs:</b>		
Cost of stocks recognised as expense	(22,368)	(20,137)
Cost of properties for sale recognised as expense	(1,069)	(808)
Amortisation of intangible assets	(195)	(180)
Depreciation of tangible assets	(1,016)	(1,105)
Amortisation/depreciation of right-of-use assets	(983)	(1,115)
Depreciation of bearer plants	(27)	(27)
Impairment of intangible assets	(15)	(84)
Impairment of tangible assets	(43)	(44)
Impairment of right-of-use assets	(2)	(58)
Write down of stocks and work in progress	(53)	(86)
Reversal of write down of stocks and work in progress	52	52
Impairment of financing debtors	(161)	(274)
Impairment of trade debtors, contract assets and other debtors	(55)	(93)
Operating expenses arising from investment properties	(192)	(167)
Net foreign exchange losses	–	(14)
Employee benefit expense		
– salaries and benefits in kind	(3,407)	(3,471)
– share options granted	(1)	(2)
– defined benefit pension plans (refer note 19)	(99)	(108)
– defined contribution pension plans	(90)	(79)
	(3,597)	(3,660)
Expenses relating to low-value leases	(4)	(2)
Expenses relating to short-term leases	(125)	(99)
Expenses relating to variable lease payment not included in lease liabilities	(21)	(27)
Gain on lease modification and termination	26	15
Sublease income	20	24
Auditors' remuneration		
– audit	(20)	(21)
– non-audit services	(4)	(4)
	(24)	(25)
Dividend income from equity investments	62	59
Interest income from debt investments	51	40
Rental income from properties	16	24

In relation to the COVID-19 pandemic, the Group had received government grants and rent concessions of US\$58 million (2020: US\$255 million) and US\$49 million (2020: US\$76 million), respectively, for the year ended 31st December 2021. These subsidies were accounted for as other operating income.

<b>Net operating costs included the following gains/(losses) from non-trading items:</b>		
Change in fair value of other investments	(103)	142
Asset impairment	(5)	(65)
Sale of Zung Fu China (refer notes 15 and 33 (i))	899	–
Sale and closure of other businesses	–	422
Sale of Zung Fu properties in Hong Kong	336	–
Sale of other property interests	25	9
Restructuring of businesses	(31)	(62)
Reclassification of joint ventures as subsidiaries	–	10
Other	(7)	2
	1,114	458



## 5 Net Financing Charges

	2021 US\$m	2020 US\$m
Interest expense		
– bank loans and advances	(235)	(279)
– interest on lease liabilities	(120)	(148)
– other	(181)	(150)
	(536)	(577)
Fair value (losses)/gains on fair value hedges	(14)	12
Fair value adjustment on hedged items attributable to the hedged risk	14	(12)
	–	–
	(536)	(577)
Interest capitalised	11	29
Commitment and other fees	(70)	(89)
Financing charges	(595)	(637)
Financing income	206	242
	(389)	(395)

## 6 Share of Results of Associates and Joint Ventures

	2021 US\$m	2020 US\$m
<b>By business:</b>		
Jardine Pacific	118	49
Jardine Motors	206	135
Hongkong Land	434	92
DFI Retail	(41)	85
Mandarin Oriental	(22)	(27)
Jardine Cycle & Carriage	139	(99)
Astra	452	199
Corporate and other interests	(17)	(35)
	1,269	399
<b>Share of results of associates and joint ventures included the following gains/(losses) from non-trading items:</b>		
Change in fair value of investment properties	81	(177)
Change in fair value of other investments	12	9
Asset impairment (refer note 15)	(14)	(275)
Sale and closure of businesses	3	–
Bargain purchase on acquisition	8	(2)
Other	1	–
	91	(445)

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 and rent concessions of US\$18 million (2020: US\$125 million) and US\$19 million (2020: US\$30 million), respectively, for the year ended 31st December 2021.

## 7 Tax

	2021 US\$m	2020 US\$m
<b><i>Tax charged to profit and loss is analysed as follows:</i></b>		
Current tax	(974)	(603)
Deferred tax	23	117
	(951)	(486)
China	(355)	(209)
Southeast Asia	(560)	(277)
United Kingdom	(12)	4
Rest of the world	(24)	(4)
	(951)	(486)
<b><i>Reconciliation between tax expense and tax at the applicable tax rate*:</i></b>		
Tax at applicable tax rate	(575)	141
Income not subject to tax		
– change in fair value of investment properties	9	73
– other items	380	270
Expenses not deductible for tax purposes		
– change in fair value of investment properties	(254)	(641)
– other items	(225)	(218)
Tax losses and temporary differences not recognised	(76)	(87)
Utilisation of previously unrecognised tax losses and temporary differences	24	5
Recognition of previously unrecognised tax losses and temporary differences	2	2
Deferred tax assets written off	(3)	(8)
Deferred tax liabilities written back	3	15
(Underprovision)/overprovision in prior years	(11)	1
Withholding tax	(175)	(10)
Land appreciation tax in Chinese mainland	(39)	(30)
Change in tax rate	(6)	19
Other	(5)	(18)
	(951)	(486)
<b><i>Tax relating to components of other comprehensive income is analysed as follows:</i></b>		
Remeasurements of defined benefit plans	(9)	(1)
Cash flow hedges	(21)	12
	(30)	11

Share of tax charge of associates and joint ventures of US\$456 million (2020: US\$301 million) is included in share of results of associates and joint ventures. Share of tax charge of US\$11 million (2020: tax credit of US\$9 million) is included in other comprehensive income of associates and joint ventures.

\*The applicable tax rate for the year was 21.7% (2020: 13.1%) and represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates. The increase in applicable tax rate is mainly caused by a change in the geographic mix of the Group's profits.

## 8 Earnings/(Loss) per Share

Basic earnings per share are calculated on profit attributable to shareholders of US\$1,881 million (2020: loss of US\$394 million) and on the weighted average number of 313 million (2020: 368 million) shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US\$1,881 million (2020: loss of US\$394 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 313 million (2020: 368 million) shares in issue during the year.

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

	2021	Ordinary shares in millions 2020
Weighted average number of shares in issue	721	731
Company's share of shares held by subsidiaries	(408)	(363)
Weighted average number of shares for basic earnings per share calculation	313	368
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	313	368

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

	2021			2020		
		Basic earnings per share	Diluted earnings per share		Basic (loss)/ earnings per share	Diluted (loss)/ earnings per share
	US\$m	US\$	US\$	US\$m	US\$	US\$
Profit/(loss) attributable to shareholders	1,881	6.01	6.01	(394)	(1.07)	(1.07)
Non-trading items (refer note 9)	(368)			1,479		
Underlying profit attributable to shareholders	1,513	4.83	4.83	1,085	2.95	2.95

## 9 Non-trading Items

	2021 US\$m	2020 US\$m
<b>By business:</b>		
Jardine Pacific	382	332
Jardine Motors	789	(23)
Hongkong Land	(663)	(1,545)
DFI Retail	(4)	(3)
Mandarin Oriental	(58)	(316)
Jardine Cycle & Carriage	(85)	(49)
Astra	(1)	120
Corporate and other interests	8	5
	368	(1,479)
<b>An analysis of non-trading items after interest, tax and non-controlling interests is set out below:</b>		
Change in fair value of investment properties		
– Hongkong Land	(664)	(1,546)
– other	(17)	122
	(681)	(1,424)
Change in fair value of other investments	(62)	100
Asset impairment	(12)	(223)
Sale of Zung Fu China (refer notes 15 and 33 (i))	791	–
Sale and closure of other businesses	2	93
Sale of Zung Fu properties in Hong Kong	337	–
Sale of other property interests	18	9
Restructuring of businesses	(23)	(37)
Reclassification of joint ventures as subsidiaries	–	3
Bargain purchase on acquisition	6	–
Other	(8)	–
	368	(1,479)

Asset impairment in 2020 included a partial impairment of 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.

## 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
<b>2021</b>						
Cost	1,331	152	653	1,159	605	<b>3,900</b>
Amortisation and impairment	(203)	(2)	(47)	(619)	(334)	<b>(1,205)</b>
Net book value at 1st January	1,128	150	606	540	271	<b>2,695</b>
Exchange differences	(12)	(2)	(7)	–	(1)	<b>(22)</b>
Additions	–	–	14	60	106	<b>180</b>
Disposals	(2)	–	–	–	(6)	<b>(8)</b>
Amortisation	–	–	(8)	(79)	(108)	<b>(195)</b>
Impairment charge	(6)	–	–	(8)	(1)	<b>(15)</b>
Net book value at 31st December	<b>1,108</b>	<b>148</b>	<b>605</b>	<b>513</b>	<b>261</b>	<b>2,635</b>
Cost	1,297	150	660	1,219	636	<b>3,962</b>
Amortisation and impairment	(189)	(2)	(55)	(706)	(375)	<b>(1,327)</b>
	<b>1,108</b>	<b>148</b>	<b>605</b>	<b>513</b>	<b>261</b>	<b>2,635</b>
<b>2020</b>						
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

	<b>2021</b> US\$m	2020 US\$m
<b>Goodwill allocation by business:</b>		
Jardine Pacific	<b>61</b>	61
Jardine Motors	<b>56</b>	59
DFI Retail	<b>456</b>	461
Mandarin Oriental	<b>39</b>	40
Astra	<b>496</b>	507
	<b>1,108</b>	1,128

## 10 Intangible Assets (continued)

Goodwill relating to DFI Retail is allocated to groups of cash-generating units ('CGU') identified by banners or group of stores acquired in each geographical segment. 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 and projections based on the weighted average number of years of the remaining lease terms of stores ranging from four to twelve years.

Key assumptions used for value-in-use calculations for the significant balances of DFI Retail goodwill include budgeted gross margins between 22% and 27% and average sales growth rates are between 2% 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 9% 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 no impairment has occurred during the year.

During 2020, DFI Retail sold its entire interest in Rose Pharmacy, Inc. ('Rose Pharmacy') with related goodwill disposed of which 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\$53 million (2020: US\$55 million) and heavy equipment of US\$95 million (2020: 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 2021 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 17% and 20% reflecting specific risks relating to the relevant industries, 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 34 to 38 years
Computer software	up to 10 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
<b>2021</b>							
Cost	1,231	2,777	1,546	1,811	5,723	2,197	<b>15,285</b>
Depreciation and impairment	(148)	(1,079)	(1,008)	(892)	(3,902)	(1,394)	<b>(8,423)</b>
Net book value at 1st January	1,083	1,698	538	919	1,821	803	<b>6,862</b>
Exchange differences	(37)	(31)	(4)	1	(3)	(9)	<b>(83)</b>
Additions	4	60	126	–	300	283	<b>773</b>
Disposals	(8)	(177)	(19)	–	(17)	(25)	<b>(246)</b>
Revaluation surplus before transfer to investment properties	–	75	–	–	–	–	<b>75</b>
Transfer to investment properties	–	(77)	–	–	–	–	<b>(77)</b>
Transfer to stock and work in progress	–	–	–	–	–	(26)	<b>(26)</b>
Classified as held for sale	(7)	(28)	–	–	–	–	<b>(35)</b>
Depreciation charge	(16)	(111)	(119)	(84)	(464)	(222)	<b>(1,016)</b>
(Impairment charge)/reversal of impairment charge	–	(42)	1	–	(3)	1	<b>(43)</b>
Net book value at 31st December	<b>1,019</b>	<b>1,367</b>	<b>523</b>	<b>836</b>	<b>1,634</b>	<b>805</b>	<b>6,184</b>
Cost	1,173	2,415	1,569	1,804	5,731	2,254	<b>14,946</b>
Depreciation and impairment	(154)	(1,048)	(1,046)	(968)	(4,097)	(1,449)	<b>(8,762)</b>
	<b>1,019</b>	<b>1,367</b>	<b>523</b>	<b>836</b>	<b>1,634</b>	<b>805</b>	<b>6,184</b>
<b>2020</b>							
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

**11 Tangible Assets** (continued)

Freehold properties include a hotel property of US\$94 million (2020: US\$98 million), which is stated net of a grant of US\$18 million (2020: US\$19 million).

Rental income from properties and other tangible assets amounted to US\$260 million (2020: US\$204 million) with no contingent rents (2020: nil).

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

	<b>2021</b>	2020
	US\$m	US\$m
Within one year	<b>125</b>	113
Between one and two years	<b>77</b>	66
Between two and five years	<b>83</b>	60
Beyond five years	<b>29</b>	37
	<b>314</b>	276

At 31st December 2021, the carrying amount of tangible assets pledged as security for borrowings amounted to US\$449 million (2020: US\$465 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
<b>2021</b>						
Cost	1,734	7,405	201	162	1	<b>9,503</b>
Amortisation/depreciation and impairment	(435)	(4,040)	(134)	(125)	(1)	<b>(4,735)</b>
Net book value at 1st January	1,299	3,365	67	37	–	<b>4,768</b>
Exchange differences	(12)	(34)	(1)	–	–	<b>(47)</b>
Additions	25	341	31	32	–	<b>429</b>
Disposals	(281)	(87)	–	–	–	<b>(368)</b>
Revaluation surplus before transfer to investment properties	3	–	–	–	–	<b>3</b>
Transfer from investment properties	(3)	–	–	–	–	<b>(3)</b>
Classified as held for sale	(50)	–	–	–	–	<b>(50)</b>
Modifications to lease terms	–	543	(7)	(9)	–	<b>527</b>
Amortisation/depreciation charge	(59)	(853)	(40)	(31)	–	<b>(983)</b>
Impairment charge	(2)	–	–	–	–	<b>(2)</b>
Net book value at 31st December	<b>920</b>	<b>3,275</b>	<b>50</b>	<b>29</b>	<b>–</b>	<b>4,274</b>
Cost	1,372	7,020	223	183	–	<b>8,798</b>
Amortisation/depreciation and impairment	(452)	(3,745)	(173)	(154)	–	<b>(4,524)</b>
	<b>920</b>	<b>3,275</b>	<b>50</b>	<b>29</b>	<b>–</b>	<b>4,274</b>

**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
<i>2020</i>						
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 95 years
Properties	1 to 20 years
Plant & machinery	1 to 5 years
Motor vehicles	1 to 10 years

Leasehold land of a hotel property in Hong Kong with carrying value of US\$122 million is amortised over 895 years.

At 31st December 2021, the carrying amount of leasehold land pledged as security for borrowings amounted to US\$122 million (2020: US\$125 million) (refer note 29). None of the other right-of-use assets were pledged at 31st December 2021 and 2020.

### 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
<b>2021</b>					
At 1st January	30,287	2,717	882	387	<b>34,273</b>
Exchange differences	(160)	(15)	(7)	(1)	<b>(183)</b>
Additions	58	23	1	16	<b>98</b>
Disposal	(8)	–	(3)	–	<b>(11)</b>
Transfer	12	(12)	–	–	<b>–</b>
Transfer from tangible assets	77	–	–	–	<b>77</b>
Transfer from right-of-use assets	3	–	–	–	<b>3</b>
Change in fair value	(1,382)	(77)	30	19	<b>(1,410)</b>
At 31st December	<b>28,887</b>	<b>2,636</b>	<b>903</b>	<b>421</b>	<b>32,847</b>
Freehold properties					<b>138</b>
Leasehold properties					<b>32,709</b>
					<b>32,847</b>
<b>2020</b>					
At 1st January	33,394	3,166	660	156	37,376
Exchange differences	193	445	3	1	642
Additions ( <i>refer note 33 (f)</i> )	117	4,533	2	14	4,666
Disposal ( <i>refer note 33 (i)</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

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2021 and 2020 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.

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 with equal weighting. 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 2021:

Hongkong Land Completed properties	Fair value US\$m	Valuation method	Range of significant unobservable inputs	
			Prevailing market rent per month US\$	Capitalisation/ discount rates %
Hong Kong	26,552	Income capitalisation	6.0 to 28.2 per square foot	2.75 to 5.00
Chinese mainland	1,040	Income capitalisation	114.0 per square metre	3.75
Singapore	588	Income capitalisation	7.4 to 7.8 per square foot	3.35 to 4.80
Vietnam and Cambodia	103	Discounted cash flow	18.6 to 42.8 per square metre	12.50 to 15.00
Total	28,283			

  

Mandarin Oriental Under development property	Fair value US\$m	Valuation method	Range of significant unobservable inputs	
			Average unit price US\$	Capitalisation rates %
Hong Kong	2,462	Direct comparison	4,066.0 per square foot	n/a
		residual*	3,480.2 to 4,156.8 per square foot	2.40 to 3.80

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

**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:

	2021 US\$m	2020 US\$m
Within one year	800	807
Between one and two years	603	607
Between two and five years	742	802
Beyond five years	209	288
	<b>2,354</b>	2,504

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

At 31st December 2021, the carrying amount of investment properties pledged as security for borrowings amounted to US\$1,040 million (2020: US\$964 million) (refer note 29).

**14 Bearer Plants**

	2021 US\$m	2020 US\$m
Cost	711	687
Depreciation	(214)	(184)
Net book value at 1st January	497	503
Exchange differences	(6)	(7)
Additions	35	37
Disposals	–	(9)
Depreciation charge	(27)	(27)
Net book value at 31st December	499	497
Immature bearer plants	113	109
Mature bearer plants	386	388
	<b>499</b>	497
Cost	734	711
Depreciation	(235)	(214)
	<b>499</b>	497

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

At 31st December 2021 and 2020, the Group's bearer plants had not been pledged as security for borrowings.

## 15 Associates and Joint Ventures

	2021 US\$m	2020 US\$m
Associates		
Listed associates		
– Yonghui	526	669
– Zhongsheng	1,379	708
– Siam City Cement	356	361
– Robinsons Retail	301	318
– other	295	273
	<b>2,857</b>	2,329
Unlisted associates	<b>1,681</b>	1,563
Share of attributable net assets	<b>4,538</b>	3,892
Goodwill on acquisition	<b>1,329</b>	1,272
	<b>5,867</b>	5,164
Amounts due from associates	<b>461</b>	465
	<b>6,328</b>	5,629
Joint ventures		
Listed joint ventures		
– PT Tunas Ridean	136	127
Unlisted joint ventures	<b>8,378</b>	8,210
Share of attributable net assets	<b>8,514</b>	8,337
Goodwill on acquisition	<b>28</b>	27
	<b>8,542</b>	8,364
Amounts due from joint ventures	<b>3,110</b>	2,552
	<b>11,652</b>	10,916
	<b>17,980</b>	16,545

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 10% per annum and are repayable within one to fourteen years.

**15 Associates and Joint Ventures** (continued)

	Associates		Joint ventures	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
<b>Movements of associates and joint ventures during the year:</b>				
At 1st January	5,629	5,300	10,916	10,340
Share of results after tax and non-controlling interests	412	94	857	305
Share of other comprehensive income after tax and non-controlling interests	(1)	135	(6)	134
Dividends received	(160)	(173)	(640)	(459)
Additional interest in Zhongsheng in exchange for the Group's interest in Zung Fu China (refer note 33(i))	428	–	–	–
Acquisitions, other increases in attributable interests and advances	307	532	1,522	469
Reclassification from a subsidiary upon partial disposal in Hongkong Land (refer note 33(i))	–	–	–	2,119
Other disposals, decreases in attributable interests and repayment of advances	(287)	(259)	(1,000)	(1,992)
Other	–	–	3	–
At 31st December	6,328	5,629	11,652	10,916
Fair value <sup>#</sup> of listed associates and joint ventures	6,539	6,738	235	238

<sup>#</sup> Fair values of the listed associates and joint ventures were based on quoted prices in active markets at the respective balance sheet dates.

Impairment review was performed by management on carrying values of investment in associates and joint ventures at 31st December 2021 and concluded that no impairment has occurred.

Following an impairment review performed at 31st December 2020, 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%. As a result of the impairment of Siam City Cement to a value-in-use recoverable amount in 2020, the calculation used in the 2021 impairment review was inherently sensitive to changes in assumptions. However, based on the impairment review performed, it was concluded that the carrying value remained supportable.

**(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 2021 and 2020:

Name of entity	Nature of business	Country of incorporation/ principal place of business/ place of listing	% of ownership interest	
			2021	2020
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	21	20
Siam City Cement Public Company Limited ('Siam City Cement')	Cement manufacturing	Thailand/Thailand/ Thailand/	26	26
Truong Hai Group 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
<b>2021</b>						
Non-current assets	2,558	7,520	2,135	3,169	591	<b>15,973</b>
Current assets						
Cash and cash equivalents	247	1,942	290	97	446	<b>3,022</b>
Other current assets	272	2,426	296	2,571	710	<b>6,275</b>
Total current assets	519	4,368	586	2,668	1,156	<b>9,297</b>
Non-current liabilities						
Financial liabilities*	(878)	(3,801)	(521)	(896)	(1)	<b>(6,097)</b>
Other non-current liabilities*	(191)	(52)	(167)	(144)	(71)	<b>(625)</b>
Total non-current liabilities	(1,069)	(3,853)	(688)	(1,040)	(72)	<b>(6,722)</b>
Current liabilities						
Financial liabilities*	(769)	(2,358)	(321)	(1,105)	(1)	<b>(4,554)</b>
Other current liabilities*	(121)	(3,261)	(275)	(1,548)	(778)	<b>(5,983)</b>
Total current liabilities	(890)	(5,619)	(596)	(2,653)	(779)	<b>(10,537)</b>
Non-controlling interests	(124)	(92)	(45)	(250)	–	<b>(511)</b>
Net assets	<b>994</b>	<b>2,324</b>	<b>1,392</b>	<b>1,894</b>	<b>896</b>	<b>7,500</b>
<b>2020</b>						
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

\*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 2021 and 2020.



**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 <sup>†</sup> US\$m	Siam City Cement US\$m	THACO US\$m	PT Astra Daihatsu Motor US\$m	Total US\$m
<b>2021</b>						
Revenue	2,455	13,904	1,286	2,646	4,223	<b>24,514</b>
Depreciation and amortisation	(426)	(602)	(121)	(127)	(108)	<b>(1,384)</b>
Interest income	2	45	2	93	9	<b>151</b>
Interest expense	(36)	(407)	(39)	(97)	(1)	<b>(580)</b>
Profit/(loss) from underlying business performance	123	(578)	126	302	229	<b>202</b>
Tax	(24)	58	–	(23)	(53)	<b>(42)</b>
Profit/(loss) after tax from underlying business performance	99	(520)	126	279	176	<b>160</b>
Loss after tax from non-trading items	–	(7)	–	–	–	<b>(7)</b>
Profit/(loss) after tax	99	(527)	126	279	176	<b>153</b>
Other comprehensive expense	(15)	–	(7)	–	(4)	<b>(26)</b>
Total comprehensive income/ (expense)	<b>84</b>	<b>(527)</b>	<b>119</b>	<b>279</b>	<b>172</b>	<b>127</b>
Dividends received from associates	<b>28</b>	<b>6</b>	<b>21</b>	<b>–</b>	<b>40</b>	<b>95</b>
<b>2020</b>						
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

<sup>†</sup> Based on the unaudited summarised statements of comprehensive income for the 12 months ended 30th September 2021 and 30th September 2020.

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
<b>2021</b>						
Net assets	994	2,324	1,392	1,894	896	<b>7,500</b>
Interest in associates (%)	50	21	26	27	32	
Group's share of net assets in associates	497	490	356	504	286	<b>2,133</b>
Goodwill	–	518	215	169	–	<b>902</b>
Other	–	36	–	–	–	<b>36</b>
Carrying value	<b>497</b>	<b>1,044</b>	<b>571</b>	<b>673</b>	<b>286</b>	<b>3,071</b>
Fair value <sup>#</sup>	<b>N/A</b>	<b>1,215</b>	<b>357</b>	<b>N/A</b>	<b>N/A</b>	<b>1,572</b>
<b>2020</b>						
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 <sup>#</sup>	N/A	2,107	345	N/A	N/A	2,452

<sup>#</sup> Fair values of the listed associates were based on quoted prices in active markets at the respective balance sheet dates.

**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.

	2021 US\$m	2020 US\$m
Share of profit	294	178
Share of other comprehensive income	49	63
Share of total comprehensive income	343	241
Carrying amount of interests in these associates	3,257	2,565

**Contingent liabilities relating to the Group's interest in associates**

	2021 US\$m	2020 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 2021 and 2020:

	Nature of business	Country of incorporation and principal place of business	% of ownership interest 2021	2020
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 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
<b>2021</b>						
Non-current assets	1,202	3,733	2,885	2,900	1,362	<b>12,082</b>
Current assets						
Cash and cash equivalents	32	11	24	10	779	<b>856</b>
Other current assets	38	3	3	4	428	<b>476</b>
Total current assets	70	14	27	14	1,207	<b>1,332</b>
Non-current liabilities						
Financial liabilities*	–	(1,265)	(1,209)	(778)	–	<b>(3,252)</b>
Other non-current liabilities*	(131)	–	(21)	(214)	(248)	<b>(614)</b>
Total non-current liabilities	(131)	(1,265)	(1,230)	(992)	(248)	<b>(3,866)</b>
Current liabilities						
Financial liabilities*	–	(1)	(9)	(2)	–	<b>(12)</b>
Other current liabilities*	(42)	(55)	(40)	(46)	(978)	<b>(1,161)</b>
Total current liabilities	(42)	(56)	(49)	(48)	(978)	<b>(1,173)</b>
Net assets	<b>1,099</b>	<b>2,426</b>	<b>1,633</b>	<b>1,874</b>	<b>1,343</b>	<b>8,375</b>
<b>2020</b>						
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

\*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
<b>2021</b>						
Revenue	82	157	123	112	5,114	<b>5,588</b>
Depreciation and amortisation	(5)	–	–	–	(137)	<b>(142)</b>
Interest income	–	–	–	–	18	<b>18</b>
Interest expense	–	(31)	(23)	(13)	–	<b>(67)</b>
Profit from underlying business performance	39	86	69	66	544	<b>804</b>
Tax	(4)	(14)	(11)	(11)	(119)	<b>(159)</b>
Profit after tax from underlying business performance	35	72	58	55	425	<b>645</b>
Profit/(loss) after tax from non-trading items	(42)	114	74	134	–	<b>280</b>
Profit/(loss) after tax	(7)	186	132	189	425	<b>925</b>
Other comprehensive expense	(7)	(53)	(13)	(28)	(6)	<b>(107)</b>
Total comprehensive income/ (expense)	<b>(14)</b>	<b>133</b>	<b>119</b>	<b>161</b>	<b>419</b>	<b>818</b>
Dividends received from joint ventures	<b>38</b>	<b>22</b>	<b>19</b>	<b>18</b>	<b>209</b>	<b>306</b>
<b>2020</b>						
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

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
<b>2021</b>						
Net assets	1,099	2,426	1,633	1,874	1,343	<b>8,375</b>
Interest in joint ventures (%)	49	33	33	33	50	
Group's share of net assets in joint ventures	538	809	544	625	671	<b>3,187</b>
Amount due from joint ventures	–	421	–	38	–	<b>459</b>
Carrying value	<b>538</b>	<b>1,230</b>	<b>544</b>	<b>663</b>	<b>671</b>	<b>3,646</b>
<b>2020</b>						
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
Amount due from joint ventures	–	431	–	37	–	468
Carrying value	583	1,217	524	626	664	3,614

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.

	<b>2021</b> US\$m	2020 US\$m
Share of profit	<b>465</b>	267
Share of other comprehensive income	<b>115</b>	206
Share of total comprehensive income	<b>580</b>	473
Carrying amount of interests in these joint ventures	<b>8,006</b>	7,302

### Commitments and contingent liabilities in respect of joint ventures

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

	<b>2021</b> US\$m	2020 US\$m
Commitment to provide funding if called	<b>1,067</b>	729

There were no contingent liabilities relating to the Group's interest in the joint ventures at 31st December 2021 and 2020.

## 16 Other Investments

	2021 US\$m	2020 US\$m
Equity investments measured at fair value through profit and loss		
Listed securities		
– Schindler Holdings	340	344
– The Bank of N.T. Butterfield & Son	89	74
– Toyota Motor Corporation	264	223
– Vietnam Dairy Products Vinamilk	841	1,046
– Rothschild & Co	–	134
– Other	31	52
	<b>1,565</b>	<b>1,873</b>
Unlisted securities	490	405
	<b>2,055</b>	<b>2,278</b>
Debt investments measured at fair value through other comprehensive income	777	698
Limited partnership investment funds measured at fair value through profit and loss	122	25
	<b>2,954</b>	<b>3,001</b>
Non-current	<b>2,908</b>	<b>2,940</b>
Current	46	61
	<b>2,954</b>	<b>3,001</b>
Debt investments comprised of listed bonds.		
<b>Movements during the year:</b>		
At 1st January	3,001	2,749
Exchange differences	(40)	16
Additions	466	519
Disposals and capital repayments	(404)	(447)
Change in fair value recognised in profit and loss	(67)	145
Change in fair value recognised in other comprehensive income	(2)	19
At 31st December	<b>2,954</b>	<b>3,001</b>

Movements of equity investments and limited partnership investment funds which were valued based on unobservable inputs during the year are disclosed in note 42.

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

	2021 US\$m	2020 US\$m
Consumer financing debtors		
– gross	4,597	4,484
– provision for impairment	(340)	(329)
	4,257	4,155
Financing lease receivables		
– gross investment	419	332
– unearned finance income	(48)	(34)
– net investment	371	298
– provision for impairment	(24)	(18)
	347	280
Financing debtors	4,604	4,435
Trade debtors		
– third parties	1,952	1,816
– associates	32	15
– joint ventures	111	84
	2,095	1,915
– provision for impairment	(101)	(87)
	1,994	1,828
Contract assets (refer note 3)		
– gross	555	413
– provision for impairment	(64)	(46)
	491	367
Other debtors		
– third parties	2,589	2,947
– associates	110	84
– joint ventures	139	147
	2,838	3,178
– provision for impairment	(38)	(23)
	2,800	3,155
	9,889	9,785
Non-current	2,961	3,032
Current	6,928	6,753
	9,889	9,785
<b>Analysis by geographical area of operation:</b>		
China	872	1,040
Southeast Asia	8,838	8,509
United Kingdom	73	76
Rest of the world	106	160
	9,889	9,785



**17 Debtors** (continued)

	2021 US\$m	2020 US\$m
<b>Fair value:</b>		
Consumer financing debtors	<b>4,320</b>	4,364
Financing lease receivables	<b>351</b>	289
Financing debtors	<b>4,671</b>	4,653
Trade debtors	<b>1,994</b>	1,829
Other debtors*	<b>1,443</b>	1,482
	<b>8,108</b>	7,964

\*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 7% to 45% per annum (2020: 11% to 38% 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 4% to 15% (2020: 5% to 15%) 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 (2020: five years) from the balance sheet date and the interest rates range from 7% to 45% per annum (2020: 11% to 38% per annum).

An analysis of financing lease receivables is set out below:

	2021 US\$m	2020 US\$m
Lease receivables	<b>419</b>	332
Guaranteed residual value	<b>165</b>	137
Security deposits	<b>(165)</b>	(137)
Gross investment	<b>419</b>	332
Unearned lease income	<b>(48)</b>	(34)
Net investment	<b>371</b>	298

**17 Debtors** (continued)

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

	2021		2020	
	Gross investment US\$m	Net investment US\$m	Gross investment US\$m	Net investment US\$m
Within one year	227	196	199	175
Between one and two years	129	116	97	89
Between two and five years	63	59	36	34
	419	371	332	298

**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 restructured 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.

**17 Debtors** (continued)

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

	<b>2021</b>		<b>2020</b>	
	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	<b>2.00 – 12.25</b>	<b>3,526</b>	0.91 – 8.25	3,112
Underperforming	<b>2.00 – 31.29</b>	<b>1,386</b>	1.50 – 19.30	1,614
Non-performing	<b>39.00 – 100.00</b>	<b>56</b>	19.68 – 100.00	56
		<b>4,968</b>		4,782

Movements of provisions for impairment of financing debtors are as follows:

	Performing US\$m	Underperforming US\$m	Non-performing US\$m	Total US\$m
<b>2021</b>				
At 1st January	(142)	(159)	(46)	<b>(347)</b>
Exchange differences	1	2	–	<b>3</b>
(Additional provisions)/writeback	4	(143)	(22)	<b>(161)</b>
Transfer	(45)	71	(26)	–
Write off/utilisation	–	81	60	<b>141</b>
At 31st December	<b>(182)</b>	<b>(148)</b>	<b>(34)</b>	<b>(364)</b>
<b>2020</b>				
At 1st January	(110)	(77)	(42)	(229)
Exchange differences	1	(2)	–	(1)
Additional provisions	(36)	(202)	(36)	(274)
Transfer	3	24	(27)	–
Write off/utilisation	–	98	59	157
At 31st December	(142)	(159)	(46)	(347)

At 31st December 2021 and 2020, there are no financing debtors that are written off but still subject to enforcement activities.

**17 Debtors** (continued)**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:

	2021 US\$m	2020 US\$m
Derivative financial instruments ( <i>refer note 34</i> )	54	46
Loans to employees	34	34
Other amounts due from associates	110	84
Other amounts due from joint ventures	139	147
Rental and other deposits	209	225
Repossessed collateral of finance companies	20	16
Restricted bank balances and deposits	67	88
Other receivables	816	848
Financial assets	1,449	1,488
Cost to fulfil contracts ( <i>refer note 3</i> )	144	395
Costs to obtain contracts ( <i>refer note 3</i> )	6	17
Prepayments	912	960
Reinsurers' share of estimated losses on insurance contracts	83	88
Other	206	207
	<b>2,800</b>	<b>3,155</b>

**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 2021 and 2020 were determined as follows:

	Below 30 days	Between 31 and 60 days	Between 61 and 120 days	More than 120 days	Total
<b>2021</b>					
Weighted average expected loss rate	2.9%	1.4%	6.0%	58.9%	
Gross carrying amount – trade debtors (US\$m)	1,739	139	57	160	2,095
Gross carrying amount – contract assets (US\$m)	555	–	–	–	555
Loss allowance (US\$m)	<b>(66)</b>	<b>(2)</b>	<b>(3)</b>	<b>(94)</b>	<b>(165)</b>
<b>2020</b>					
Weighted average 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)	<b>(53)</b>	<b>(1)</b>	<b>(4)</b>	<b>(75)</b>	<b>(133)</b>

Movements in the provisions for impairment are as follows:

	Trade debtors		Contract assets		Other debtors	
	<b>2021</b>	2020	<b>2021</b>	2020	<b>2021</b>	2020
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
At 1st January	<b>(87)</b>	(56)	<b>(46)</b>	(1)	<b>(23)</b>	(10)
Exchange differences	<b>1</b>	(1)	<b>1</b>	(2)	<b>1</b>	–
Additional provisions	<b>(29)</b>	(46)	<b>(19)</b>	(43)	<b>(19)</b>	(16)
Unused amounts reversed	<b>9</b>	10	–	–	<b>3</b>	2
Amounts written off	<b>5</b>	6	–	–	–	1
At 31st December	<b>(101)</b>	(87)	<b>(64)</b>	(46)	<b>(38)</b>	(23)

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 2021, the carrying amount of consumer financing debtors, financing lease receivables and other debtors pledged as security for borrowings amounted to US\$84 million, US\$1 million and US\$7 million (2020: US\$276 million, US\$5 million and US\$12 million), respectively (refer note 29). Trade debtors and contract assets had not been pledged as security for borrowings at 31st December 2021 and 2020.

**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
<b>2021</b>						
At 1st January	(144)	(346)	50	115	111	<b>(214)</b>
Exchange differences	–	11	(1)	(1)	(1)	<b>8</b>
Disposals	(2)	1	(1)	–	(10)	<b>(12)</b>
Credited/(charged) to profit and loss	13	(12)	(10)	9	23	<b>23</b>
Charged to other comprehensive income	–	(21)	–	(9)	–	<b>(30)</b>
At 31st December	<b>(133)</b>	<b>(367)</b>	<b>38</b>	<b>114</b>	<b>123</b>	<b>(225)</b>
Deferred tax assets	146	(41)	37	108	268	<b>518</b>
Deferred tax liabilities	(279)	(326)	1	6	(145)	<b>(743)</b>
	<b>(133)</b>	<b>(367)</b>	<b>38</b>	<b>114</b>	<b>123</b>	<b>(225)</b>
<b>2020</b>						
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)

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\$301 million (2020: US\$283 million) arising from unused tax losses of US\$1,339 million (2020: US\$1,287 million) have not been recognised in the financial statements. Included in the unused tax losses, US\$392 million have no expiry date and the balance will expire at various dates up to and including 2037.

Deferred tax liabilities of US\$644 million (2020: US\$620 million) arising on temporary differences associated with investments in subsidiaries of US\$6,206 million (2020: US\$6,205 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:

	2021 US\$m	2020 US\$m
Fair value of plan assets	971	954
Present value of funded obligations	(1,019)	(1,054)
	(48)	(100)
Present value of unfunded obligations	(371)	(396)
Net pension liabilities	(419)	(496)
<b><i>Analysis of net pension liabilities:</i></b>		
Pension assets	32	11
Pension liabilities	(451)	(507)
	(419)	(496)

**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
<b>2021</b>			
At 1st January	954	(1,450)	<b>(496)</b>
Current service cost	–	(66)	<b>(66)</b>
Interest income/(expense)	17	(45)	<b>(28)</b>
Past services cost and losses on settlements	–	(3)	<b>(3)</b>
Administration expenses	(2)	–	<b>(2)</b>
	15	(114)	<b>(99)</b>
	969	(1,564)	<b>(595)</b>
Exchange differences	(8)	13	<b>5</b>
Remeasurements			
– return on plan assets, excluding amounts included in interest income	52	–	<b>52</b>
– change in financial assumptions	–	10	<b>10</b>
– experience losses	–	24	<b>24</b>
	52	34	<b>86</b>
Contributions from employers	29	–	<b>29</b>
Contributions from plan participants	4	(4)	<b>–</b>
Benefit payments	(75)	103	<b>28</b>
Settlements	–	28	<b>28</b>
At 31st December	<b>971</b>	<b>(1,390)</b>	<b>(419)</b>
<b>2020</b>			
At 1st January	912	(1,371)	<b>(459)</b>
Current service cost	–	(60)	<b>(60)</b>
Interest income/(expense)	25	(53)	<b>(28)</b>
Past services cost and losses on settlements	–	(17)	<b>(17)</b>
Administration expenses	(3)	–	<b>(3)</b>
	22	(130)	<b>(108)</b>
	934	(1,501)	<b>(567)</b>
Exchange differences	16	(16)	<b>–</b>
New subsidiaries	–	(3)	<b>(3)</b>
Disposal	(10)	18	<b>8</b>
Remeasurements			
– return on plan assets, excluding amounts included in interest income	50	–	<b>50</b>
– change in financial assumptions	–	(56)	<b>(56)</b>
– experience losses	–	12	<b>12</b>
	50	(44)	<b>6</b>
Contributions from employers	35	–	<b>35</b>
Contributions from plan participants	3	(3)	<b>–</b>
Benefit payments	(58)	80	<b>22</b>
Settlements	(16)	19	<b>3</b>
At 31st December	<b>954</b>	<b>(1,450)</b>	<b>(496)</b>



**19 Pension Plans** (continued)

The weighted average duration of the defined benefit obligations at 31st December 2021 is 12 years (2020: 12 years).

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

	2021 US\$m	2020 US\$m
Within one year	103	108
Between one and two years	110	103
Between two and five years	333	349
Between five and ten years	556	621
Between ten and fifteen years	638	689
Between fifteen and twenty years	844	844
Beyond twenty years	2,915	3,406
	<b>5,499</b>	6,120

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

	Hong Kong		United Kingdom		Others	
	2021	2020	2021	2020	2021	2020
	%	%	%	%	%	%
Discount rate	2.4	1.9	1.8	1.4	6.9	7.0
Salary growth rate	3.8	3.8	—	—	6.2	6.2
Inflation rate	N/A	N/A	3.5	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 (2020: 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:

	Change in assumption %	(Increase)/decrease on defined benefit obligations	
		Increase in assumption US\$m	Decrease in assumption US\$m
Discount rate	1	149	(173)
Salary growth rate	1	(108)	91
Inflation rate	1	(19)	18

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:

	2021 US\$m	2020 US\$m
Equity investments		
Asia Pacific	30	48
Europe	128	72
North America	21	37
Global	1	14
	180	171
Debt investments		
Asia Pacific	34	37
Europe	158	166
North America	11	11
Global	4	4
	207	218
Investment funds		
Asia Pacific	114	131
Europe	127	116
North America	250	199
Global	74	89
	565	535
Total investments	952	924
Cash and cash equivalents	42	48
Benefits payable and other	(23)	(18)
	971	954

At 31st December 2021, 99% of equity investments, 100% of debt investments and 82% of investment funds were quoted on active markets (2020: 100%, 99% and 86%, 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 latest ALM review was completed in 2021. The next ALM review is scheduled for 2024.

At 31st December 2021, the Hong Kong and United Kingdom plans had assets of US\$546 million and US\$373 million (2020: US\$525 million and US\$373 million), respectively.

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2021 were US\$29 million and the estimated amount of contributions expected to be paid to all its plans in 2022 is US\$24 million.

## 20 Properties for Sale

	2021 US\$m	2020 US\$m
Properties in the course of development	<b>2,399</b>	2,082
Completed properties	<b>946</b>	257
	<b>3,345</b>	2,339

At 31st December 2021, properties in the course of development amounting to US\$1,890 million (2020: US\$1,338 million) were not scheduled for completion within the next twelve months.

At 31st December 2021, the carrying amount of properties for sale pledged as security for borrowings amounted to US\$724 million (2020: US\$474 million) (refer note 29).

## 21 Stocks and Work in Progress

	2021 US\$m	2020 US\$m
Finished goods	<b>2,418</b>	2,535
Work in progress	<b>54</b>	35
Raw materials	<b>130</b>	95
Spare parts	<b>73</b>	90
Other	<b>118</b>	94
	<b>2,793</b>	2,849

At 31st December 2021 and 2020, the Group's stocks and work in progress had not been pledged as security for borrowings.

## 22 Bank Balances and Other Liquid Funds

	2021 US\$m	2020 US\$m
Deposits with banks and financial institutions	3,450	6,434
Bank balances	3,700	2,647
Cash balances	132	122
	7,282	9,203
<b>Analysis by currency:</b>		
Chinese renminbi	831	1,564
Euro	85	36
Hong Kong dollar	300	342
Indonesian rupiah	3,437	2,862
Japanese yen	10	15
Macau patacas	27	46
Malaysian ringgit	41	44
New Taiwan dollar	69	93
Singapore dollar	603	483
United Kingdom sterling	37	39
United States dollar	1,791	3,643
Other	51	36
	7,282	9,203

The weighted average interest rate on deposits with banks and financial institutions at 31st December 2021 was 1.4% (2020: 1.6%) per annum.

## 23 Share Capital

	2021 US\$m	2020 US\$m
<b>Authorised:</b>		
1,000,000,000 shares of US\$25 each	250	250
	Ordinary shares in millions	
	2021	2020
<b>Issued and fully paid:</b>		
At 1st January	724	733
Scrip issued in lieu of dividends	2	3
Repurchased and cancelled	(10)	(12)
At 31st December	716	724

During the year, the company repurchased 10 million (2020: 12 million) ordinary shares from the stock market at a cost of US\$580 million (2020: US\$554 million), which was accounted for by charging US\$3 million (2020: US\$3 million) to share capital, US\$8 million (2020: US\$2 million) to share premium and US\$569 million (2020: US\$549 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 2021 and 2020.

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:

	2021		2020	
	Weighted average exercise price US\$	Options in millions	Weighted average exercise price US\$	Options in millions
At 1st January	58.4	2.2	57.9	2.3
Exercised	56.2	(0.5)	42.0	(0.1)
Cancelled	58.9	–	62.7	–
At 31st December	58.9	1.7	58.4	2.2

The average share price during the year was US\$59.0 (2020: US\$46.9) per share.

### Outstanding at 31st December:

Expiry date	Exercise price US\$	Options in millions	
		2021	2020
2021	46.8	–	0.1
2022	51.2	0.2	0.3
2023	64.9	0.2	0.2
2024	59.6	0.1	0.1
2025	52.8 – 63.4	0.1	0.2
2026	53.9 – 56.6	0.6	0.7
2027	65.6	0.2	0.3
2028	63.4	0.3	0.3
Total outstanding		1.7	2.2
of which exercisable		1.4	1.5

## 25 Share Premium and Capital Reserves

	Share premium US\$m	Capital reserves US\$m	Total US\$m
<b>2021</b>			
At 1st January	–	31	<b>31</b>
Capitalisation arising on scrip issued in lieu of dividends	(1)	–	<b>(1)</b>
Repurchase of shares ( <i>refer note 23</i> )	(8)	–	<b>(8)</b>
Employee share option schemes			
– exercise of share options	3	–	<b>3</b>
– value of employee services	–	1	<b>1</b>
Transfer	6	(7)	<b>(1)</b>
At 31st December	–	<b>25</b>	<b>25</b>
<b>2020</b>			
At 1st January	–	32	32
Capitalisation arising on scrip issued in lieu of dividends	(1)	–	(1)
Repurchase of shares ( <i>refer note 23</i> )	(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

Capital reserves represent the value of employee services under the Group's employee share option schemes.

At 31st December 2021, US\$22 million (2020: US\$27 million) related to the Company's Senior Executive Share Incentive Schemes.

## 26 Dividends

	2021 US\$m	2020 US\$m
Final dividend in respect of 2020 of US\$128.00 (2019: US\$128.00) per share	921	938
Interim dividend in respect of 2021 of US\$44.00 (2020: US\$44.00) per share	318	322
	<b>1,239</b>	1,260
Company's share of dividends paid on the shares held by subsidiaries	(734)	(623)
	<b>505</b>	637
<b>Shareholders elected to receive scrip in respect of the following:</b>		
Final dividend in respect of previous year	112	97
Interim dividend in respect of current year	40	37
	<b>152</b>	134

A final dividend in respect of 2021 of US\$156.00 (2020: US\$128.00) per share amounting to a total of US\$1,118 million (2020: US\$921 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2022 Annual General Meeting. The net amount after deducting the dividends payable on the shares held by the Company's subsidiaries of US\$666 million (2020: US\$546 million) will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2022.

## 27 Own Shares Held

Own shares held of US\$6,223 million (2020: US\$5,282 million) represent the Company's share of the cost of 427 million (2020: 427 million) ordinary shares in the Company held by subsidiaries and are deducted in arriving at shareholders' funds.

## 28 Non-controlling Interests

	2021 US\$m	2020 US\$m
<b>By business:</b>		
Hongkong Land	16,897	20,443
DFI Retail	303	494
Mandarin Oriental	693	1,149
Jardine Cycle & Carriage	310	506
Astra	10,384	10,221
Jardine Strategic	–	1,439
Other	–	145
	<b>28,587</b>	34,397
Less own shares held attributable to non-controlling interests	–	(941)
	<b>28,587</b>	33,456

**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	DFI Retail US\$m	Mandarin Oriental US\$m	Jardine Cycle & Carriage* US\$m	Astra* US\$m
<b>2021</b>					
Current					
Assets	5,508	1,325	292	11,814	11,484
Liabilities	(3,263)	(3,541)	(176)	(7,583)	(7,251)
Total current net assets/(liabilities)	2,245	(2,216)	116	4,231	4,233
Non-current					
Assets	38,355	6,280	4,125	17,240	14,225
Liabilities	(5,982)	(2,797)	(929)	(5,076)	(3,413)
Total non-current net assets	32,373	3,483	3,196	12,164	10,812
Net assets	<b>34,618</b>	<b>1,267</b>	<b>3,312</b>	<b>16,395</b>	<b>15,045</b>
Non-controlling interests	<b>34</b>	<b>–</b>	<b>4</b>	<b>9,027</b>	<b>3,045</b>
<b>2020</b>					
Current					
Assets	5,042	1,443	245	10,057	9,648
Liabilities	(2,415)	(3,725)	(225)	(7,963)	(6,057)
Total current net assets/(liabilities)	2,627	(2,282)	20	2,094	3,591
Non-current					
Assets	39,220	6,457	4,329	17,456	14,346
Liabilities	(6,109)	(2,839)	(836)	(4,243)	(4,101)
Total non-current net assets	33,111	3,618	3,493	13,213	10,245
Net assets	35,738	1,336	3,513	15,307	13,836
Non-controlling interests	29	14	4	8,333	2,818

\*Jardine Cycle & Carriage has 50% interest in Astra.



**28 Non-controlling Interests** (continued)

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

	Hongkong Land US\$m	DFI Retail US\$m	Mandarin Oriental US\$m	Jardine Cycle & Carriage* US\$m	Astra* US\$m
<b>2021</b>					
Revenue	<b>2,384</b>	<b>9,015</b>	<b>317</b>	<b>17,688</b>	<b>16,285</b>
Profit/(loss) after tax from underlying business performance	965	94	(68)	1,845	1,742
Loss after tax from non-trading items	(1,309)	(3)	(73)	(127)	(3)
Profit/(loss) after tax	(344)	91	(141)	1,718	1,739
Other comprehensive income/(expense)	(68)	17	(60)	(39)	112
Total comprehensive income/(expense)	<b>(412)</b>	<b>108</b>	<b>(201)</b>	<b>1,679</b>	<b>1,851</b>
Total comprehensive income/(expense) allocated to non-controlling interests	<b>8</b>	<b>(12)</b>	<b>–</b>	<b>1,066</b>	<b>397</b>
Dividends paid to non-controlling interests	<b>(1)</b>	<b>(2)</b>	<b>–</b>	<b>(314)</b>	<b>(124)</b>
<b>2020</b>					
Revenue	2,094	10,269	184	13,234	11,965
Profit/(loss) after tax from underlying business performance	961	271	(206)	916	768
Profit/(loss) after tax from non-trading items	(3,613)	(14)	(474)	330	409
Profit/(loss) after tax	(2,652)	257	(680)	1,246	1,177
Other comprehensive income/(expense)	627	101	77	(259)	(103)
Total comprehensive income/(expense)	(2,025)	358	(603)	987	1,074
Total comprehensive income/(expense) allocated to non-controlling interests	–	(16)	1	559	134
Dividends paid to non-controlling interests	(1)	–	–	(391)	(135)

\*Jardine Cycle &amp; Carriage has 50% interest in Astra.

**28 Non-controlling Interests** (continued)

Summarised cash flows at 31st December:

	Hongkong Land US\$m	DFI Retail US\$m	Mandarin Oriental US\$m	Jardine Cycle & Carriage* US\$m	Astra* US\$m
<b>2021</b>					
Cash flows from operating activities					
Cash generated from operations	619	1,122	39	3,096	2,971
Interest received	43	1	–	137	137
Interest and other financing charges paid	(216)	(117)	(14)	(174)	(156)
Tax paid	(157)	(110)	(2)	(375)	(343)
Dividends from associates and joint ventures	239	46	–	344	317
Cash flows from operating activities	528	942	23	3,028	2,926
Cash flows from investing activities	(432)	(125)	(29)	(688)	(660)
Cash flows from financing activities	(629)	(841)	61	(1,230)	(1,140)
Net increase/(decrease) in cash and cash equivalents	(533)	(24)	55	1,110	1,126
Cash and cash equivalents at 1st January	1,990	234	165	3,498	3,371
Effect of exchange rate changes	19	–	(7)	(19)	(15)
Cash and cash equivalents at 31st December	<b>1,476</b>	<b>210</b>	<b>213</b>	<b>4,589</b>	<b>4,482</b>
<b>2020</b>					
Cash flows from operating activities					
Cash generated from/(used in) operations	1,314	1,252	(62)	3,002	2,869
Interest received	42	3	2	112	112
Interest and other financing charges paid	(220)	(146)	(14)	(284)	(259)
Tax paid	(268)	(110)	(10)	(362)	(321)
Dividends from associates and joint ventures	113	68	–	286	248
Cash flows from operating activities	981	1,067	(84)	2,754	2,649
Cash flows from investing activities	(1,416)	(86)	(108)	585	605
Cash flows from financing activities	943	(1,043)	82	(1,759)	(1,704)
Net increase/(decrease) in cash and cash equivalents	508	(62)	(110)	1,580	1,550
Cash and cash equivalents at 1st January	1,418	288	271	1,844	1,750
Effect of exchange rate changes	64	8	4	74	71
Cash and cash equivalents at 31st December	<b>1,990</b>	<b>234</b>	<b>165</b>	<b>3,498</b>	<b>3,371</b>

\* Jardine Cycle &amp; Carriage has 50% interest in Astra.

The information above is before any inter-company eliminations.

## 29 Borrowings

	2021		2020	
	Carrying amount US\$m	Fair value US\$m	Carrying amount US\$m	Fair value US\$m
Current				
– bank overdrafts	4	4	50	50
– other bank advances	1,099	1,099	2,814	2,814
– other advances	18	18	14	14
	1,121	1,121	2,878	2,878
Current portion of long-term borrowings				
– bank loans	2,040	2,040	2,154	2,154
– bonds and notes	1,163	1,163	808	808
– other loans	35	35	35	35
	3,238	3,238	2,997	2,997
	4,359	4,359	5,875	5,875
Long-term borrowings				
– bank loans	6,745	6,753	5,278	5,240
– bonds and notes	5,551	5,829	4,511	4,870
– other loans	3	3	33	33
	12,299	12,585	9,822	10,143
	16,658	16,944	15,697	16,018

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 8.9% (2020: 0.3% to 12.4%) 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.

	2021 US\$m	2020 US\$m
Secured	1,689	2,243
Unsecured	14,969	13,454
	16,658	15,697

Secured borrowings at 31st December 2021 included Hongkong Land’s bank borrowings of US\$871 million (2020: US\$801 million) which were secured against its investment properties and properties for sale, Mandarin Oriental’s bank borrowings of US\$641 million (2020: US\$607 million) which were secured against its tangible assets and right-of-use assets, and Astra’s bonds and notes of US\$42 million (2020: US\$92 million) and bank borrowings of US\$135 million (2020: US\$743 million) which were secured against its various assets.

**29 Borrowings** (continued)

<i>By currency:</i>	Weighted average interest rates %	Fixed rate borrowings Weighted average period outstanding Years	US\$m	Floating rate borrowings US\$m	Total US\$m
<b>2021</b>					
Chinese renminbi	4.7	–	–	1,001	<b>1,001</b>
Hong Kong dollar	2.9	6.3	4,081	1,544	<b>5,625</b>
Indonesian rupiah	6.9	1.9	4,164	386	<b>4,550</b>
Malaysian ringgit	3.6	–	–	222	<b>222</b>
Singapore dollar	1.9	12.5	316	636	<b>952</b>
Thai baht	1.5	–	–	336	<b>336</b>
United Kingdom sterling	1.6	2.4	54	167	<b>221</b>
United States dollar	1.7	6.2	2,241	1,499	<b>3,740</b>
Other	2.6	10.0	1	10	<b>11</b>
			<b>10,857</b>	<b>5,801</b>	<b>16,658</b>
<b>2020</b>					
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

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:

	2021 US\$m	2020 US\$m
Floating rate borrowings	<b>5,801</b>	7,184
Fixed rate borrowings		
– within one year	<b>3,039</b>	2,154
– between one and two years	<b>1,830</b>	1,772
– between two and three years	<b>1,232</b>	996
– between three and four years	<b>757</b>	689
– between four and five years	<b>113</b>	722
– beyond five years	<b>3,886</b>	2,180
	<b>10,857</b>	8,513
	<b>16,658</b>	15,697

**29 Borrowings** (continued)

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

	Maturity	Interest rates %	Nominal values	2021		2020	
				Current	Non-current	Current	Non-current
				US\$m	US\$m	US\$m	US\$m
<b>Hongkong Land</b>							
4.28% 12-year notes	2021	4.28	HK\$500 million	—	—	66	—
3.86% 10-year notes	2022	3.86	HK\$410 million	53	—	—	53
4.50% 10-year notes	2022	4.50	US\$500 million	503	—	—	505
3.00% 10-year notes	2022	3.00	HK\$305 million	39	—	—	39
2.90% 10-year notes	2022	2.90	HK\$200 million	25	—	—	26
3.95% 10-year notes	2023	3.95	HK\$1,100 million	—	141	—	142
3.95% 10-year notes	2023	3.95	HK\$300 million	—	38	—	39
4.625% 10-year notes	2024	4.625	US\$400 million	—	407	—	414
4.10% 15-year notes	2025	4.10	HK\$300 million	—	38	—	39
4.50% 15-year notes	2025	4.50	US\$600 million	—	606	—	608
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	—	42
3.83% 10-year notes	2028	3.83	HK\$450 million	—	58	—	58
3.75% 10-year notes	2028	3.75	HK\$355 million	—	45	—	46
4.40% 15-year notes	2029	4.40	HK\$400 million	—	51	—	51
2.93% 10-year notes	2029	2.93	HK\$550 million	—	70	—	71
2.875% 10-year notes	2030	2.875	US\$600 million	—	595	—	595
4.11% 20-year notes	2030	4.11	HK\$800 million	—	102	—	103
2.25% 10-year notes	2031	2.25	US\$500 million	—	495	—	—
1.957% 10-year notes	2031	1.957	HK\$375 million	—	48	—	—
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	—	110
4.12% 15-year notes	2033	4.12	HK\$700 million	—	89	—	90
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	—	51
2.90% 15-year notes	2035	2.90	HK\$400 million	—	51	—	51
2.90% 15-year notes	2035	2.90	HK\$400 million	—	51	—	51
2.65% 15-year notes	2035	2.65	HK\$800 million	—	101	—	102
3.95% 20-year notes	2038	3.95	S\$150 million	—	109	—	111
3.45% 20-year notes	2039	3.45	S\$150 million	—	110	—	112
5.25% 30-year notes	2040	5.25	HK\$250 million	—	32	—	32

## 29 Borrowings (continued)

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

				2021		2020	
	Maturity	Interest rates %	Nominal values	Current US\$m	Non-current US\$m	Current US\$m	Non-current US\$m
<b>Astra Sedaya Finance ('ASF')</b>							
Berkelanjutan III Tahap III bonds	2022	8.75	Rp375 billion	26	–	–	26
Berkelanjutan III Tahap IV bonds	2022	7.65	Rp200 billion	14	–	–	14
Berkelanjutan IV Tahap I bonds	2021	7.50	Rp500 billion	–	–	38	–
Berkelanjutan IV Tahap II bonds	2022 – 2024	8.80 – 9.20	Rp1,293 billion	42	40	–	88
Berkelanjutan IV Tahap III bonds	2022 – 2024	7.70 – 7.95	Rp1,037 billion	49	17	–	66
Berkelanjutan IV Tahap IV bonds	2023	7.00	Rp1,301 billion	–	86	62	87
Berkelanjutan V Tahap I bonds	2023	7.60	Rp473 billion	–	31	73	31
Berkelanjutan V Tahap II bonds	2022 – 2024	4.85 – 6.35	Rp2,500 billion	63	108	–	–
Berkelanjutan V Tahap III bonds	2022 – 2024	3.75 – 5.30	Rp2,000 billion	37	93	–	–
Sukuk Mudharabah							
Berkelanjutan I Tahap I bonds	2021	7.50	Rp175 billion	–	–	12	–
Euro Medium Term Notes	2021	7.20	Rp723 billion	–	–	51	–
<b>Federal International Finance ('FIF')</b>							
Berkelanjutan III Tahap III bonds	2021	7.45	Rp1,408 billion	–	–	90	–
Berkelanjutan III Tahap IV bonds	2021	8.75	Rp661 billion	–	–	42	–
Berkelanjutan III Tahap V bonds	2022	8.80	Rp1,370 billion	90	–	–	91
Berkelanjutan IV Tahap I bonds	2022	8.55	Rp1,042 billion	66	–	–	66
Berkelanjutan IV Tahap II bonds	2023	7.25	Rp645 billion	–	45	60	46
Berkelanjutan V Tahap I bonds	2022 – 2024	4.60 – 6.25	Rp1,500 billion	44	58	–	–
Berkelanjutan V Tahap II bonds	2022 – 2024	3.60 – 5.30	Rp1,750 billion	68	47	–	–
Medium Term Notes	2022	7.99	Rp372 billion	26	–	299	29
<b>SAN Finance</b>							
Berkelanjutan II Tahap II bonds	2022	9.25	Rp31 billion	2	–	–	2
Berkelanjutan III Tahap I bonds	2022	8.75	Rp281 billion	16	–	–	16
<b>Serasi Autoraya ('SERA')</b>							
Berkelanjutan I Tahap I bonds	2023	8.35	Rp167 billion	–	12	15	12
<b>Jardine Matheson</b>							
2031 Bonds	2031	2.50	US\$800 million	–	787	–	–
2036 bonds	2036	2.875	US\$400 million	–	391	–	–
				<b>1,163</b>	<b>5,551</b>	<b>808</b>	<b>4,511</b>

Notes issued by Hongkong Land and bonds issued by Jardine Matheson were unsecured.

The ASF bonds were issued by a wholly-owned subsidiary of Astra. The ASF Berkelanjutan III Tahap III and IV bonds were collateralised by fiduciary guarantee over financing debtors of the subsidiary which amounting to 50% of the total outstanding principal of the bonds. All other ASF bonds were unsecured.

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
<b>2021</b>				
At 1st January	50	9,822	5,825	<b>15,697</b>
Exchange differences	–	(76)	(29)	<b>(105)</b>
Amortisation of borrowing costs	–	10	10	<b>20</b>
Transfer	–	(3,489)	3,489	<b>–</b>
Change in fair value	–	(13)	–	<b>(13)</b>
Change in bank overdrafts	(46)	–	–	<b>(46)</b>
Drawdown of borrowings	–	10,407	2,165	<b>12,572</b>
Repayment of borrowings	–	(4,362)	(7,105)	<b>(11,467)</b>
At 31st December	<b>4</b>	<b>12,299</b>	<b>4,355</b>	<b>16,658</b>
<b>2020</b>				
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

### 30 Lease Liabilities

	2021 US\$m	2020 US\$m
At 1st January	<b>3,890</b>	4,162
Exchange differences	<b>(42)</b>	79
New subsidiaries	–	1
Additions	<b>514</b>	430
Disposals	<b>(100)</b>	(121)
Modifications to lease terms	<b>466</b>	301
Lease payments	<b>(1,014)</b>	(1,110)
Interest expense	<b>120</b>	148
At 31st December	<b>3,834</b>	3,890
Non-current	<b>3,022</b>	3,040
Current	<b>812</b>	850
	<b>3,834</b>	3,890

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 2021 and 2020.

The Group has not entered into any material lease contracts which have not commenced at 31st December 2021 and 2020.



### 31 Creditors

	2021 US\$m	2020 US\$m
Trade creditors		
– third parties	3,798	3,370
– associates	95	42
– joint ventures	231	152
	4,124	3,564
Accruals	2,164	1,992
Other amounts due to joint ventures	140	141
Rental and other refundable deposits	363	126
Deferred consideration payable	47	1
Contingent consideration payable	9	9
Derivative financial instruments	78	209
Other creditors	533	496
Financial liabilities	7,458	6,538
Contract liabilities ( <i>refer note 3</i> )	1,767	1,159
Gross estimated losses on insurance contracts	259	238
Rental income received in advance	31	319
Unearned premiums on insurance contracts	293	299
Other	516	458
	10,324	9,011
Non-current	250	366
Current	10,074	8,645
	10,324	9,011
<b><i>Analysis by geographical area of operation:</i></b>		
China	4,213	3,731
Southeast Asia	5,381	4,592
United Kingdom	219	281
Rest of the world	511	407
	10,324	9,011

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
<b>2021</b>						
At 1st January	74	29	207	172	29	<b>511</b>
Exchange differences	(2)	–	(2)	(2)	–	<b>(6)</b>
Additional provisions	4	44	8	1	4	<b>61</b>
Unused amounts reversed	(3)	(8)	(5)	(5)	–	<b>(21)</b>
Utilised	(3)	(29)	(4)	(3)	(4)	<b>(43)</b>
At 31st December	<b>70</b>	<b>36</b>	<b>204</b>	<b>163</b>	<b>29</b>	<b>502</b>
Non-current	–	1	164	129	15	<b>309</b>
Current	70	35	40	34	14	<b>193</b>
	<b>70</b>	<b>36</b>	<b>204</b>	<b>163</b>	<b>29</b>	<b>502</b>
<b>2020</b>						
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

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

	2021 US\$m	2020 US\$m
<b>By nature:</b>		
Operating profit/(loss)	<b>3,032</b>	(682)
Adjustments for:		
Depreciation and amortisation ( <i>refer note 33(b)</i> )	<b>2,221</b>	2,427
Change in fair value of investment properties	<b>1,410</b>	3,477
Profit on sale of subsidiaries	<b>(1,266)</b>	(46)
Profit on sale of associates and joint ventures	<b>(35)</b>	(428)
Loss/(profit) on sale of other investments	<b>4</b>	(2)
Profit on sale of right-of-use assets	<b>3</b>	–
Loss on sale of intangible assets	<b>1</b>	1
Profit on sale of tangible assets	<b>(44)</b>	(13)
Profit on sale of investment properties	<b>–</b>	(10)
Loss on sale of repossessed collateral of finance companies	<b>65</b>	81
Fair value loss on cash flow hedge	<b>–</b>	2
Fair value loss/(gain) on other investments	<b>67</b>	(145)
Fair value gain on agricultural produce	<b>(4)</b>	(6)
Fair value loss on livestock	<b>–</b>	3
Impairment of intangible assets	<b>15</b>	84
Impairment of tangible assets	<b>43</b>	44
Impairment of right-of-use assets	<b>2</b>	58
Impairment of debtors	<b>216</b>	371
Write down of stocks and work in progress	<b>53</b>	86
Reversal of write down of stocks and work in progress	<b>(52)</b>	(52)
Gain on lease modification and termination	<b>(26)</b>	(15)
Rent concessions	<b>(49)</b>	(76)
Change in provisions	<b>43</b>	44
Net foreign exchange (gain)/loss	<b>(3)</b>	18
Amortisation of borrowing costs for financial services companies	<b>8</b>	10
Options granted under employee share option schemes	<b>1</b>	2
	<b>2,673</b>	5,915
	<b>5,705</b>	5,233
Change in working capital:		
Increase in concession rights	<b>(15)</b>	(10)
(Increase)/decrease in properties for sale	<b>(981)</b>	167
(Increase)/decrease in stocks and work in progress	<b>(244)</b>	755
(Increase)/decrease in debtors	<b>(638)</b>	1,136
Increase/(decrease) in creditors and provisions	<b>1,542</b>	(1,398)
Increase in pension obligations	<b>14</b>	47
	<b>(322)</b>	697
	<b>5,383</b>	5,930

**33 Notes to Consolidated Cash Flow Statement** (continued)

## (b) Depreciation and amortisation

	2021 US\$m	2020 US\$m
<b>By business:</b>		
Jardine Pacific	139	123
Jardine Motors	47	75
Hongkong Land	16	15
DFI Retail	886	984
Mandarin Oriental	69	124
Jardine Cycle & Carriage	21	21
Astra	1,043	1,085
	<b>2,221</b>	<b>2,427</b>

## (c) Purchase of subsidiaries

Net cash outflow for purchase of subsidiaries in 2021 principally related to Jardine Pacific's acquisition of a healthcare engineering solution provider in Hong Kong and Macau.

Net cash outflow in 2020 included US\$14 million for Jardine Motors' acquisition of a dealership business in the Chinese mainland; US\$21 million for DFI Retail'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.

(d) Purchase of associates and joint ventures in 2021 mainly included US\$115 million for Hongkong Land's investments in the Chinese mainland, US\$9 million for Jardine Cycle & Carriage's additional interest in Refrigeration Electrical Engineering Corporation, and US\$66 million for Astra's investments in toll road concession business.

Purchase in 2020 mainly included US\$153 million for Hongkong Land's investments primarily in the Chinese mainland; US\$15 million for DFI Retail'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.

(e) Purchase of other investments in 2021 included US\$375 million for acquisition of securities in Astra and US\$69 million for investment in limited partnership investment funds in Corporate. Purchase in 2020 included US\$478 million for Astra's acquisition of securities.

(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) Advances to and repayments to associates and joint ventures in 2021 mainly included Hongkong Land's advances to its property joint ventures. Advances to and repayments to associates and joint ventures in 2020 comprised US\$684 million for Hongkong Land's advances to its property joint ventures and US\$41 million for Mandarin Oriental's advances to its associate and joint venture hotels.

**33 Notes to Consolidated Cash Flow Statement** (continued)

(h) Advances from and repayments from associates and joint ventures in 2021 and 2020 mainly included advances from and repayments from Hongkong Land's property joint ventures.

## (i) Sale of subsidiaries

	2021 US\$m	2020 US\$m
Non-current assets	605	5,192
Current assets	423	398
Non-current liabilities	(86)	(101)
Current liabilities	(250)	(268)
Non-controlling interests	(5)	(13)
Net assets	687	5,208
Cumulative exchange translation difference	(25)	(248)
Profit on disposal	1,266	46
Deferred gain on sale and leaseback of properties	126	–
Sales proceeds	2,054	5,006
Adjustment for carrying value of an associate ( <i>refer note 15</i> )	(428)	–
Adjustment for carrying value of a joint venture	–	(2,119)
Adjustment for deferred payments	–	14
Cash and cash equivalents of subsidiaries disposed of	(116)	(80)
Net cash inflow	1,510	2,821
<i>Analysis of net cash inflow from sale of subsidiaries:</i>		
Proceeds received	1,510	4,827
Deposits refunded	–	(2,006)
	1,510	2,821

Net cash inflow for sale of subsidiaries in 2021 included US\$738 million from Jardine Pacific's sale of property holding subsidiaries which hold the Zung Fu Hong Kong properties in Hung Hom and Chai Wan with sale and leaseback arrangements, and US\$754 million (net of tax of US\$115 million) from Jardine Motors' sale of Zung Fu China to the Group's associate, Zhongsheng, for a total consideration of US\$1.3 billion, comprised US\$886 million in cash and US\$428 million worth of new shares in Zhongsheng (*refer note 15*), increasing the Group's shareholding in Zhongsheng to 20.9%.

Net cash inflow 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 DFI Retail's sale of its entire 100% interest in Wellcome Taiwan and US\$84 million for DFI Retail'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\$2,399 million and US\$53 million, respectively.

**33 Notes to Consolidated Cash Flow Statement** (continued)

(j) Sale of associates and joint ventures in 2021 mainly comprised Hongkong Land's sale of its interest in a property joint venture in Chinese mainland. Sale 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 2021 comprised sale of securities of US\$246 million and US\$152 million in Astra and Corporate, respectively. Sale in 2020 comprised Astra's sale of securities.

## (l) Change in interests in subsidiaries

	2021 US\$m	2020 US\$m
Increase in attributable interests		
– Hongkong Land	(192)	–
– Mandarin Oriental	–	(25)
– other	(107)	(2)
	(299)	(27)

Increase in attributable interests in other subsidiaries in 2021 included US\$18 million and US\$19 million for Jardine Cycle & Carriage's additional 30% and 25% interests in Cycle & Carriage Bintang and Republic Auto, respectively, and US\$70 million for Astra's acquisition of the remaining 33% interest in PT Astra Modern Land.

## (m) Cash outflows for leases

	2021 US\$m	2020 US\$m
Lease rentals paid	(1,163)	(1,238)
Additions to right-of-use assets	(25)	(37)
	(1,188)	(1,275)
The above cash outflows are included in		
– operating activities	(269)	(276)
– investing activities	(25)	(37)
– financing activities	(894)	(962)
	(1,188)	(1,275)

## (n) Analysis of balances of cash and cash equivalents

	2021 US\$m	2020 US\$m
Bank balances and other liquid funds (refer note 22)	7,282	9,203
Bank overdrafts (refer note 29)	(4)	(50)
	7,278	9,153

### 34 Derivative Financial Instruments

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

	2021		2020	
	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	10	2	2	13
– interest rate swaps and caps	5	9	–	27
– cross currency swaps	26	67	18	131
– forward commodity contracts	–	–	–	33
– commodity zero options	–	–	1	–
– commodity zero collars	–	–	–	5
	41	78	21	209
Designated as fair value hedges				
– interest rate swaps and caps	–	–	2	–
– cross currency swaps	12	–	22	–
	12	–	24	–
Non-qualifying as hedges				
– forward foreign exchange contracts	1	–	1	–

#### Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2021 were US\$1,192 million (2020: US\$1,002 million).

#### Interest rate swaps and caps

The notional principal amounts of the outstanding interest rate swap and cap contracts at 31st December 2021 were US\$1,088 million (2020: US\$828 million).

At 31st December 2021, the fixed interest rates relating to interest rate swaps and caps varied from 0.4% to 2.7% (2020: 0.4% to 2.7%) per annum.

The fair values of interest rate swaps at 31st December 2021 were based on the estimated cash flows discounted at market rates ranging from 0.2% to 4.7% (2020: 0.2% to 2.4%) per annum.

#### Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts at 31st December 2021 were US\$4,652 million (2020: US\$4,699 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 2021 were nil (2020: US\$152 million), US\$82 million (2020: US\$72 million) and US\$37 million (2020: US\$286 million), respectively.

The Group has aggregated notional principal and contract amounts of US\$1.2 billion in interest rate swaps and cross currency swaps referencing to US\$ LIBOR that will expire beyond 30th June 2023, the cessation date of US\$ LIBOR. These have carrying values of US\$8 million and US\$32 million included in debtors and creditors, respectively, at 31st December 2021. Further details in relation to the transition plan for these contracts are shown on page 178.

### 35 Commitments

	2021 US\$m	2020 US\$m
<b>Capital commitments:</b>		
Authorised not contracted		
– joint ventures	64	41
– other	954	973
	1,018	1,014
Contracted not provided		
– joint ventures	1,067	729
– other	779	955
	1,846	1,684
	2,864	2,698

The Group had no material operating lease commitments for short-term and low-value leases outstanding at 31st December 2021 and 2020.

Total future sublease payments receivable amounted to US\$16 million at 31st December 2021 (2020: US\$29 million).

### 36 Contingent Liabilities

Following the acquisition of the 15 per cent of Jardine Strategic not previously owned by the Company and its wholly-owned subsidiaries, which was effected on 14th April 2021, a number of former Jardine Strategic shareholders are seeking an appraisal of the fair value of their shares in Jardine Strategic by the Bermuda court, relying upon the process referred to in the shareholder circular issued in connection with the acquisition. These shareholders claim the consideration of US\$33 per share that Jardine Strategic considered to be fair value for its shares, and that all shareholders have already received, did not represent fair value. Although the proceedings were commenced in April 2021, they are still at an early stage and it is anticipated that the court appraisal process will not be concluded for at least a further 12 months. The Board believes that the US\$33 per share that was paid represented fair value to Jardine Strategic minority shareholders and is of the opinion that no provision is required in relation to these claims.

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 2021 amounted to US\$4,970 million (2020: US\$3,104 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 2021 amounted to US\$604 million (2020: US\$387 million).

The Group manages six (2020: six) associate and joint venture hotels. Management fees received by the Group in 2021 from these managed hotels amounted to US\$7 million (2020: US\$4 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 page 68 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.

	2021 US\$m	2020 US\$m
Subsidiaries	1,659	1,659
Current assets	1,506	1,128
Total assets	3,165	2,787
Share capital (refer note 23)	179	181
Share premium and capital reserves (refer note 25)	22	27
Revenue and other reserves	2,935	2,549
Shareholders' funds	3,136	2,757
Current liabilities	29	30
Total equity and liabilities	3,165	2,787

Subsidiaries are shown at cost less amounts provided.

### 39 Principal Subsidiaries

The Group's principal subsidiaries at 31st December 2021 are set out below:

	Country of incorporation/ principal place of business	Nature of business	Attributable interests		Proportion of ordinary shares and voting powers at 31st December 2021 held by the Group non-controlling interests	
			2021 %	2020 %	%	%
Dairy Farm International Holdings Ltd	Bermuda/ China and Southeast Asia	Grocery retail, convenience stores, health and beauty, home furnishings, restaurants and other retailing	<b>78</b>	66	<b>78</b>	<b>22</b>
Hongkong Land Holdings Ltd	Bermuda/ China and Southeast Asia	Property development & investment, leasing & management	<b>51</b>	43	<b>51</b>	<b>49</b>
Jardine Cycle & Carriage Ltd	Singapore/ Southeast Asia	A 50.1% interest in PT Astra International Tbk, motor trading and holding	<b>75</b>	64	<b>75</b>	<b>25</b>
Jardine Matheson Ltd	Bermuda/ Hong Kong	Group management	<b>100</b>	100	<b>100</b>	–
Jardine Motors Group Holdings Ltd*	Bermuda/ China and United Kingdom	Motor trading	<b>100</b>	100	<b>100</b>	–
Jardine Pacific Holdings Ltd	Bermuda/ China and Southeast Asia	Engineering & construction, motor trading, transport services and restaurants	<b>100</b>	100	<b>100</b>	–
Jardine Strategic Ltd† (previously Jardine Strategic Holdings Ltd)	Bermuda/ China and Southeast Asia	Holding	<b>100</b>	85	<b>100</b>	–
Mandarin Oriental International Ltd	Bermuda/ Worldwide	Hotel management & ownership	<b>79</b>	67	<b>79</b>	<b>21</b>
Matheson & Co., Ltd	England/ United Kingdom	Holding and management	<b>100</b>	100	<b>100</b>	–
PT Astra International Tbk	Indonesia/ Indonesia	Automotive, financial services, heavy equipment, mining and construction and energy, agribusiness, infrastructure and logistics, information technology and property	<b>38</b>	32	<b>50</b>	<b>50</b>

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 60% (2020: 59%) of the share capital of the Company.

## 40 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. Owner-occupied portions of multi-purpose properties are accounted for as tangible fixed assets unless the portion is considered insignificant, in which case this portion is treated as part of investment properties. 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	20 to 50 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 period in which employees accrue benefits, in accordance with the advice of qualified actuaries, who carry out a full valuation of major plans every year. 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.

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#### 41 Standards and Amendments Issued But Not Yet Effective

A number of new standard and amendments effective for accounting periods beginning after 2021 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) 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.

(ii) 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.

(iii) Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1st January 2023) requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The Group is assessing the potential impact on the Group's consolidated financial statements.

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## 42 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 2021 or 2020 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 2021 the Group's Indonesian rupiah functional entities had United States dollar denominated net monetary assets of US\$87 million (2020: liabilities of US\$189 million). At 31st December 2021, 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\$7 million higher/lower (2020: US\$15 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\$5 million higher/lower (2020: US\$2 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 2021 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 2021 the Group's interest rate hedge exclusive of the financial services companies was 59% (2020: 44%), with an average tenor of seven years (2020: 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 2021, 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\$9 million (2020: US\$23 million) higher/lower, and hedging reserves would have been US\$161 million (2020: US\$129 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 2021, if the price of these investments had been 25% higher/lower with all other variables held constant, total equity would have been US\$738 million (2020: US\$750 million) higher/lower, of which US\$514 million (2020: US\$570 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 2021, total available borrowing facilities amounted to US\$28.8 billion (2020: US\$25.9 billion) of which US\$16.7 billion (2020: US\$15.7 billion) was drawn down. Of the committed facilities, US\$4.5 billion which are referenced to US\$ LIBOR will expire beyond 30th June 2023, the cessation date of US\$ LIBOR. Undrawn committed facilities, in the form of revolving credit and term loan facilities, and undrawn uncommitted facilities totalled US\$8.0 billion (2020: US\$7.0 billion) and US\$4.1 billion (2020: US\$3.2 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
<b>At 31st December 2021</b>							
Borrowings	4,860	2,663	3,605	1,569	1,113	5,093	<b>18,903</b>
Lease liabilities	903	668	501	387	304	1,584	<b>4,347</b>
Creditors	7,164	78	51	23	13	51	<b>7,380</b>
Net settled derivative financial instruments	6	1	–	–	–	–	<b>7</b>
Gross settled derivative financial instruments							
– inflow	2,322	861	892	745	57	1,213	<b>6,090</b>
– outflow	2,091	834	759	743	59	1,210	<b>5,696</b>
Estimated losses on insurance contracts	259	–	–	–	–	–	<b>259</b>
<b>At 31st December 2020</b>							
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

Included in total undiscounted borrowings at 31st December 2021, US\$1,983 million are referenced to US\$ LIBOR and mature beyond 30th June 2023, the cessation date of US\$ LIBOR.

### 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 2021 and 2020 are as follows:

	2021	2020
Gearing ratio exclusive of financial services companies (%)	11	6
Gearing ratio inclusive of financial services companies (%)	16	10
Interest cover exclusive of financial services companies (times)	14	11
Interest cover inclusive of financial services companies (times)	17	13

### **Fair value estimation**

(i) Financial instruments that are measured at fair value

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

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

The fair values of listed securities and bonds are based on quoted prices in active markets at the balance sheet date.

The quoted market price used for listed investments held by the Group is the current bid price.

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

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

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

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

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

There were no changes in valuation techniques during the year.

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

	Quoted prices in active markets US\$m	Observable current market transactions US\$m	Unobservable inputs US\$m	Total US\$m
<b>2021</b>				
<b>Assets</b>				
Other investments				
– equity investments	1,565	53	437	2,055
– debt investments	777	–	–	777
– LP investment funds	–	–	122	122
	2,342	53	559	2,954
Derivative financial instruments at fair value				
– through other comprehensive income	–	42	–	42
– through profit and loss	–	12	–	12
	2,342	107	559	3,008
<b>Liabilities</b>				
Contingent consideration payable	–	–	(9)	(9)
Derivative financial instruments at fair value				
– through other comprehensive income	–	(78)	–	(78)
– through profit and loss	–	–	–	–
	–	(78)	(9)	(87)
<b>2020</b>				
<b>Assets</b>				
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
<b>Liabilities</b>				
Contingent consideration payable	–	–	(9)	(9)
Derivative financial instruments at fair value				
– through other comprehensive income	–	(209)	–	(209)
	–	(209)	(9)	(218)

There were no transfers among the three categories during the year ended 31st December 2021 and 2020.

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	
	2021	2020
	US\$m	US\$m
At 1st January	379	361
Exchange differences	(4)	(4)
Additions	152	15
Net change in fair value during the year included in profit and loss	32	7
At 31st December	559	379

(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 2021 and 2020 are as follows:

	Fair value of hedging instruments US\$m	Fair value through profit and loss US\$m	Fair value through other comprehensive income US\$m	Financial assets at amortised costs US\$m	Other financial liabilities US\$m	Total carrying amount US\$m	Fair value US\$m
<b>2021</b>							
<b>Financial assets</b>							
<b>measured at fair value</b>							
Other investments							
– equity investments	–	2,055	–	–	–	2,055	2,055
– debt investments	–	–	777	–	–	777	777
– LP investments funds	–	122	–	–	–	122	122
Derivative financial instruments	54	–	–	–	–	54	54
	<b>54</b>	<b>2,177</b>	<b>777</b>	<b>–</b>	<b>–</b>	<b>3,008</b>	<b>3,008</b>
<b>Financial assets not measured at fair value</b>							
Debtors	–	–	–	7,993	–	7,993	8,054
Bank balances	–	–	–	7,282	–	7,282	7,282
	<b>–</b>	<b>–</b>	<b>–</b>	<b>15,275</b>	<b>–</b>	<b>15,275</b>	<b>15,336</b>
<b>Financial liabilities</b>							
<b>measured at fair value</b>							
Derivative financial instruments	(78)	–	–	–	–	(78)	(78)
Contingent consideration payable	–	(9)	–	–	–	(9)	(9)
	<b>(78)</b>	<b>(9)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(87)</b>	<b>(87)</b>
<b>Financial liabilities not measured at fair value</b>							
Borrowings	–	–	–	–	(16,658)	(16,658)	(16,944)
Lease liabilities	–	–	–	–	(3,834)	(3,834)	(3,829)
Trade and other payable excluding non-financial liabilities	–	–	–	–	(7,371)	(7,371)	(7,371)
	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(27,863)</b>	<b>(27,863)</b>	<b>(28,144)</b>

	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
<i>2020</i>							
<i>Financial assets</i>							
<i>measured at</i>							
<i>fair value</i>							
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
<i>Financial assets</i>							
<i>not measured at</i>							
<i>fair value</i>							
Debtors	–	–	–	7,705	–	7,705	7,918
Bank balances	–	–	–	9,203	–	9,203	9,203
	–	–	–	16,908	–	16,908	17,121
<i>Financial liabilities</i>							
<i>measured at</i>							
<i>fair value</i>							
Derivative financial instruments	(209)	–	–	–	–	(209)	(209)
Contingent consideration payable	–	(9)	–	–	–	(9)	(9)
	(209)	(9)	–	–	–	(218)	(218)
<i>Financial liabilities</i>							
<i>not measured at</i>							
<i>fair value</i>							
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)

The financial instruments of the Group at 31st December 2021 which are referenced to IBOR with maturities beyond the cessation of the respective benchmarks comprised long term borrowings amounted to US\$1,846 million.



### 43 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 climate change and 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 3.35% for office (2020: 2.75% to 3.50%) and 3.75% to 5.00% for retail (2020: 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.

The independent valuers have considered climate change, sustainability, resilience and environmental, social and governance ('ESG') within their valuations. Properties held by the Group are considered to currently display ESG characteristics that would be expected in the market, and therefore there were no direct and tangible pricing adjustments required to the valuation of investment properties. The Group will monitor these considerations for each reporting period.

#### ***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 2021 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 on some IBORs.

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. 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 might also affect other systems, processes, risk and valuation models, as well as having tax and accounting implications.

Group Treasury is managing the IBORs transition plan, which has progressed throughout 2021. GBP LIBOR ceased on 31st December 2021 and all existing contracts and agreements with a reference to GBP LIBOR were transitioned by this date. All material contracts referencing the Singapore Swap Offer Rate had also been transitioned in 2021. US\$ LIBOR is expected to cease on 30th June 2023, and the Group's transition plan is on track to ensure conversion of existing US\$ LIBOR contracts by the date of cessation.

### **Relief applied**

The Group has applied the following reliefs that were introduced by the amendments made to IFRS 9 Financial Instruments in September 2019 and August 2020:

- (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 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.

(iv) For financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised.

(v) For lease liabilities where there is a change to the basis for determining the contractual cash flows, the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform.

*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.

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