

Consolidated Profit and Loss Account

for the year ended 31st December 2023

	Note	2023			2022		
		Underlying business performance US\$m	Non-trading items US\$m	Total US\$m	Underlying business performance US\$m restated	Non-trading items US\$m	Total US\$m restated
Revenue	3	36,049	–	36,049	37,496	–	37,496
Net operating costs	4	(31,760)	(75)	(31,835)	(33,370)	(363)	(33,733)
Change in fair value of investment properties	13	–	(1,779)	(1,779)	–	(930)	(930)
Operating profit		4,289	(1,854)	2,435	4,126	(1,293)	2,833
Net financing charges	5						
– financing charges		(769)	–	(769)	(625)	–	(625)
– financing income		253	–	253	197	–	197
		(516)	–	(516)	(428)	–	(428)
Share of results of associates and joint ventures	6						
– before change in fair value of investment properties		1,261	107	1,368	1,232	(411)	821
– change in fair value of investment properties		–	18	18	–	(3)	(3)
		1,261	125	1,386	1,232	(414)	818
Profit before tax		5,034	(1,729)	3,305	4,930	(1,707)	3,223
Tax	7	(932)	(11)	(943)	(964)	4	(960)
Profit after tax		4,102	(1,740)	2,362	3,966	(1,703)	2,263
Attributable to:							
Shareholders of the Company	8 & 9	1,661	(975)	686	1,584	(1,230)	354
Non-controlling interests		2,441	(765)	1,676	2,382	(473)	1,909
		4,102	(1,740)	2,362	3,966	(1,703)	2,263
		US\$		US\$	US\$		US\$
Earnings per share	8						
– basic		5.74		2.37	5.49		1.22
– diluted		5.73		2.37	5.49		1.22

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2023

	Note	2023 US\$m	2022 US\$m
Profit for the year		2,362	2,263
Other comprehensive income/(expense)			
Items that will not be reclassified to profit and loss:			
Net exchange translation gain/(loss) arising during the year		88	(761)
Remeasurements of defined benefit plans	19	(18)	37
Net revaluation surplus before transfer to investment properties			
– tangible assets	11	1	–
– right-of-use assets	12	63	39
Tax on items that will not be reclassified		4	(7)
		138	(692)
Share of other comprehensive income/(expense) of associates and joint ventures		24	(467)
		162	(1,159)
Items that may be reclassified subsequently to profit and loss:			
Net exchange translation differences			
– net gain/(loss) arising during the year		29	(526)
– transfer to profit and loss		111	4
		140	(522)
Revaluation of other investments at fair value through other comprehensive income			
– net loss arising during the year	16	(12)	(20)
– transfer to profit and loss		–	(2)
		(12)	(22)
Cash flow hedges			
– net (loss)/gain arising during the year		(40)	92
– transfer to profit and loss		(36)	(7)
		(76)	85
Tax relating to items that may be reclassified		9	(11)
Share of other comprehensive expense of associates and joint ventures		(78)	(487)
		(17)	(957)
Other comprehensive income/(expense) for the year, net of tax		145	(2,116)
Total comprehensive income for the year		2,507	147
Attributable to:			
Shareholders of the Company		729	(660)
Non-controlling interests		1,778	807
		2,507	147

Consolidated Balance Sheet

at 31st December 2023

		At 31st December	
		2023	2022
		US\$m	US\$m
	Note		restated
Assets			
Intangible assets	10	2,274	2,485
Tangible assets	11	6,585	5,853
Right-of-use assets	12	4,080	4,184
Investment properties	13	30,166	31,813
Bearer plants	14	481	465
Associates and joint ventures	15	18,473	17,856
Other investments	16	3,329	2,801
Non-current debtors	17	3,833	3,269
Deferred tax assets	18	644	575
Pension assets	19	8	17
Non-current assets		69,873	69,318
Properties for sale	20	3,480	3,311
Stocks and work in progress	21	3,664	3,513
Current debtors	17	6,691	6,799
Current investments	16	55	18
Current tax assets		159	156
Cash and bank balances	22		
– non-financial services companies		4,519	5,526
– financial services companies		361	372
		4,880	5,898
		18,929	19,695
Assets classified as held for sale	23	380	65
Current assets		19,309	19,760
Total assets		89,182	89,078

Approved by the Board of Directors

John Witt
Graham Baker
Directors

7th March 2024

	Note	At 31st December	
		2023 US\$m	2022 US\$m restated
Equity			
Share capital	24	72	73
Share premium and capital reserves	26	22	26
Revenue and other reserves		28,916	28,751
Shareholders' funds		29,010	28,850
Non-controlling interests	28	26,921	27,410
Total equity		55,931	56,260
Liabilities			
Long-term borrowings	29		
– non-financial services companies		9,486	10,541
– financial services companies		1,647	1,532
		11,133	12,073
Non-current lease liabilities	30	2,966	2,951
Deferred tax liabilities	18	862	791
Pension liabilities	19	370	368
Non-current creditors	31	268	200
Non-current provisions	32	359	336
Non-current liabilities		15,958	16,719
Current borrowings	29		
– non-financial services companies		3,419	2,500
– financial services companies		2,094	1,663
		5,513	4,163
Current lease liabilities	30	754	772
Current tax liabilities		471	671
Current creditors	31	10,308	10,318
Current provisions	32	203	175
		17,249	16,099
Liabilities directly associated with assets classified as held for sale	23	44	–
Current liabilities		17,293	16,099
Total liabilities		33,251	32,818
Total equity and liabilities		89,182	89,078

Consolidated Statement of Changes in Equity

for the year ended 31st December 2023

	Share capital US\$m	Share premium US\$m	Capital reserves US\$m	Revenue reserves US\$m
2023				
At 1st January				
– as previously reported	73	–	26	28,887
– change in accounting policies (<i>refer note 1</i>)	–	–	–	24
– as restated	73	–	26	28,911
Total comprehensive income	–	–	–	662
Dividends paid by the Company (<i>refer note 27</i>)	–	–	–	(637)
Dividends paid to non-controlling interests	–	–	–	–
Unclaimed dividends forfeited	–	–	–	2
Employee share option schemes	–	–	10	–
Scrip issued in lieu of dividends	–	(1)	–	183
Repurchase of shares	(1)	–	–	(208)
Capital contribution from non-controlling interests	–	–	–	–
Share purchased for a share-based incentive plan in a subsidiary	–	–	–	(7)
Subsidiaries acquired	–	–	–	–
Subsidiaries disposed of	–	–	–	–
Change in interests in subsidiaries	–	–	–	75
Change in interests in associates and joint ventures	–	–	–	15
Transfer	–	1	(14)	13
At 31st December	72	–	22	29,009
2022				
At 1st January				
– as previously reported	179	–	25	34,926
– change in accounting policies (<i>refer note 1</i>)	–	–	–	24
– as restated	179	–	25	34,950
Total comprehensive income	–	–	–	374
Dividends paid by the Company (<i>refer note 27</i>)	–	–	–	(607)
Dividends paid to non-controlling interests	–	–	–	–
Unclaimed dividends forfeited	–	–	–	2
Issue of shares	–	1	–	–
Employee share option schemes	–	–	4	–
Scrip issued in lieu of dividends	1	(1)	–	184
Repurchase of shares	(1)	(2)	–	(168)
Reduction of capital	(106)	(1)	–	(6,116)
Capital contribution from non-controlling interests	–	–	–	–
Share purchased for a share-based incentive plan in a subsidiary	–	–	–	(15)
Change in interests in subsidiaries	–	–	–	322
Change in interests in associates and joint ventures	–	–	–	(15)
Transfer	–	3	(3)	–
At 31st December	73	–	26	28,911

At the Company's annual general meeting on 5th May 2022, shareholders approved the cancellation of the 59% shareholding in the Company held by its subsidiaries by way of a reduction of capital in the Company. The capital reduction, which was effective on 18th May 2022, constituted the final stage in the Group's simplification of its parent company structure that commenced in 2021.

Consolidated Statement of Changes in 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
2,272	55	(2,487)	—	28,826	27,371	56,197
—	—	—	—	24	39	63
2,272	55	(2,487)	—	28,850	27,410	56,260
51	(44)	60	—	729	1,778	2,507
—	—	—	—	(637)	—	(637)
—	—	—	—	—	(2,037)	(2,037)
—	—	—	—	2	1	3
—	—	—	—	10	3	13
—	—	—	—	182	—	182
—	—	—	—	(209)	—	(209)
—	—	—	—	—	41	41
—	—	—	—	(7)	(2)	(9)
—	—	—	—	—	37	37
—	—	—	—	—	5	5
—	—	—	—	75	(315)	(240)
—	—	—	—	15	—	15
—	—	—	—	—	—	—
2,323	11	(2,427)	—	29,010	26,921	55,931
2,242	(18)	(1,350)	(6,223)	29,781	28,587	58,368
—	—	—	—	24	39	63
2,242	(18)	(1,350)	(6,223)	29,805	28,626	58,431
30	73	(1,137)	—	(660)	807	147
—	—	—	—	(607)	—	(607)
—	—	—	—	—	(994)	(994)
—	—	—	—	2	—	2
—	—	—	—	1	—	1
—	—	—	—	4	2	6
—	—	—	—	184	—	184
—	—	—	—	(171)	—	(171)
—	—	—	6,223	—	—	—
—	—	—	—	—	4	4
—	—	—	—	(15)	(5)	(20)
—	—	—	—	322	(1,030)	(708)
—	—	—	—	(15)	—	(15)
—	—	—	—	—	—	—
2,272	55	(2,487)	—	28,850	27,410	56,260

Consolidated Cash Flow Statement

for the year ended 31st December 2023

	Note	2023 US\$m	2022 US\$m
Operating activities			
Cash generated from operations	33 (a)	5,549	5,287
Interest received		217	177
Interest and other financing charges paid		(758)	(564)
Tax paid		(1,307)	(1,006)
		3,701	3,894
Dividends from associates and joint ventures		883	931
Cash flows from operating activities		4,584	4,825
Investing activities			
Purchase of subsidiaries	33 (c)	(378)	(19)
Purchase of associates and joint ventures	33 (d)	(1,166)	(658)
Purchase of other investments	33 (e)	(671)	(645)
Purchase of intangible assets		(114)	(154)
Purchase of tangible assets		(1,667)	(1,014)
Additions to leasehold land under right-of-use assets		(31)	(53)
Additions to investment properties		(151)	(123)
Additions to bearer plants		(35)	(39)
Advances to associates and joint ventures	33 (f)	(455)	(802)
Repayments from associates and joint ventures	33 (g)	1,252	416
Sale of subsidiaries	33 (h)	365	–
Sale of associates and joint ventures	33 (i)	134	30
Sale of other investments	33 (j)	161	228
Sale of intangible assets		–	3
Sale of tangible assets	33 (k)	364	230
Sale of right-of-use assets		38	7
Cash flows from investing activities		(2,354)	(2,593)
Financing activities			
Issue of shares		–	1
Capital contribution from non-controlling interests		41	4
Acquisition of the remaining interest in Jardine Strategic		(5)	(21)
Change in interests in other subsidiaries	33 (l)	(240)	(708)
Purchase of own shares	24	(209)	(173)
Purchase of shares for a share-based incentive plan in a subsidiary		(9)	(20)
Drawdown of borrowings	29	9,873	9,047
Repayment of borrowings	29	(9,475)	(9,113)
Principal elements of lease payments	33 (m)	(856)	(875)
Dividends paid by the Company		(455)	(423)
Dividends paid to non-controlling interests		(2,037)	(994)
Cash flows from financing activities		(3,372)	(3,275)
Net decrease in cash and cash equivalents		(1,142)	(1,043)
Cash and cash equivalents at 1st January		5,879	7,278
Effect of exchange rate changes		59	(356)
Cash and cash equivalents at 31st December	33 (n)	4,796	5,879

Notes to the Financial Statements

General Information

Jardine Matheson Holdings Limited (the “Company”) is incorporated in Bermuda and has a primary listing in the standard segment of the London Stock Exchange, with secondary listings in Bermuda and Singapore.

1 Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (‘IFRS Accounting Standards’), including International Accounting Standards (‘IAS’) and Interpretations as issued by the International Accounting Standards Board (‘IASB’). 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 material accounting policies are included in note 40.

The Group has adopted the following standard and amendments for the annual reporting period commencing 1st January 2023.

IFRS 17 ‘Insurance Contracts’ (effective from 1st January 2023)

The standard covers recognition, measurement, presentation and disclosure for insurance contracts and is applicable to the Group’s insurance businesses in Indonesia. Prior to the adoption of IFRS 17, profits were recognised in the profit and loss on initial recognition of certain insurance contracts. Under IFRS 17, all profits are recognised in the profit and loss over the life of the contracts as insurance services are provided. The adoption of IFRS 17 resulted in certain restatements to the Group’s financial statements.

The effect of adopting IFRS 17 on the consolidated profit and loss account for the year ended 31st December 2022 was as follows:

(a) On the consolidated profit and loss account

	As previously reported US\$m	Adjustment upon adoption of IFRS 17 Increase/ (decrease) US\$m	Restated US\$m
For the year ended 31st December 2022			
Revenue	37,724	(228)	37,496
Net operating costs	(33,961)	228	(33,733)
Change in fair value of investment properties	(930)	–	(930)
Operating profit	2,833	–	2,833

1 Basis of Preparation (continued)

(b) On the consolidated balance sheet

At 31st December 2022	As previously reported US\$m	Adjustment upon adoption of IFRS 17 Increase/ (decrease) US\$m	Restated US\$m
Assets			
Intangible assets	2,528	(43)	2,485
Non-current debtors	3,222	47	3,269
Debtors	6,873	(74)	6,799
Total assets	89,148	(70)	89,078
Equity			
Revenue and other reserves	28,727	24	28,751
Non-controlling interests	27,371	39	27,410
Total equity	56,197	63	56,260
Liabilities			
Non-current creditors	191	9	200
Current tax liabilities	672	(1)	671
Current creditors	10,459	(141)	10,318
Total liabilities	32,951	(133)	32,818
Total equity and liabilities	89,148	(70)	89,078

The consolidated balance sheet on 1st January 2022 has not been presented, as the impact of adoption of IFRS 17 is not significant.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (effective from 1st January 2023)

The amendments require entities to disclose material rather than significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. Material accounting policy information is information that, when considered together with other information included in an entity’s financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. IASB further clarifies that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The material accounting policies following the adoption of IAS 1 are included in note 40.

Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1st January 2023)

The amendment requires deferred tax to be recognised 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 require the recognition of additional deferred tax assets and liabilities. On adoption of the amendment, the deferred tax assets and liabilities had been restated in the notes to the financial statements (*refer note 18*) with no impact on the balance sheet.

1 Basis of Preparation *(continued)*

Amendment to IAS 12 - International Tax Reform - Pillar Two Model Rules (effective for annual reporting period commencing on or after 1st January 2023)

The amendment provides a temporary mandatory exception from deferred tax accounting in respect of Pillar Two income taxes and certain additional disclosure requirements. The Group is within the scope of the OECD Pillar Two model rules, and has applied the amendment from 1st January 2023.

Pillar Two legislation has been enacted or substantially enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's annual reporting period commencing 1st January 2024. Since the Pillar Two legislation was not effective at 31st December 2023, the Group has no related current tax exposure.

The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes when the legislation comes into effect. The assessment of the potential exposure to Pillar Two income taxes is based on the latest financial information for the year ended 31st December 2023 of the constituent entities in the Group. Based on the assessment, the effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the effective tax rate is slightly below or close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

There are no other amendments which are effective in 2023 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 6 to 7 and pages 20 to 37.

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 segments (2022: seven) as more fully described on pages 6 to 7. No operating segments have been aggregated

	Jardine Pacific US\$m	Jardine Motor Interests US\$m	Hongkong Land US\$m	DFI Retail US\$m
2023				
Revenue (refer note 3)	2,135	165	1,844	9,170
Net operating costs	(2,072)	(164)	(1,051)	(8,876)
Change in fair value of investment properties	–	–	–	–
Operating profit	63	1	793	294
Net financing charges				
– financing charges	(19)	(1)	(266)	(152)
– financing income	2	–	82	8
	(17)	(1)	(184)	(144)
Share of results of associates and joint ventures				
– before change in fair value of investment properties	132	139	235	43
– change in fair value of investment properties	–	–	–	–
	132	139	235	43
Profit before tax	178	139	844	193
Tax	(14)	–	(107)	(42)
Profit after tax	164	139	737	151
Non-controlling interests	–	–	(348)	(31)
Profit attributable to shareholders	164	139	389	120
Net (borrowings)/cash (excluding net borrowings of financial services companies)*	(90)	24	(5,371)	(618)
Total equity	1,229	1,548	31,922	1,083
2022				
Revenue (refer note 3)	2,079	2,044	2,244	9,174
Net operating costs	(1,982)	(1,994)	(1,399)	(8,965)
Change in fair value of investment properties	–	–	–	–
Operating profit	97	50	845	209
Net financing charges				
– financing charges	(14)	(10)	(235)	(126)
– financing income	–	3	67	5
	(14)	(7)	(168)	(121)
Share of results of associates and joint ventures				
– before change in fair value of investment properties	113	263	229	(35)
– change in fair value of investment properties	–	–	–	–
	113	263	229	(35)
Profit before tax	196	306	906	53
Tax	(14)	(7)	(132)	(32)
Profit after tax	182	299	774	21
Non-controlling interests	–	–	(369)	1
Profit attributable to shareholders	182	299	405	22
Net (borrowings)/cash (excluding net borrowings of financial services companies)*	34	(14)	(5,817)	(866)
Total equity	1,336	1,703	33,264	1,121

*Net (borrowings)/cash is total borrowings less cash and bank balances (including balances classified as asset held for sale (refer note 23)). Net borrowings of financial services companies amounted to US\$3,380 million at 31st December 2023 (2022: US\$2,823 million) and relates to Astra.

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
558	1,629	20,606	–	(58)	36,049	–	36,049
(456)	(1,545)	(17,610)	(44)	58	(31,760)	(75)	(31,835)
–	–	–	–	–	–	(1,779)	(1,779)
102	84	2,996	(44)	–	4,289	(1,854)	2,435
(18)	(67)	(204)	(42)	–	(769)	–	(769)
8	8	141	4	–	253	–	253
(10)	(59)	(63)	(38)	–	(516)	–	(516)
–	122	609	(19)	–	1,261	107	1,368
–	–	–	–	–	–	18	18
–	122	609	(19)	–	1,261	125	1,386
92	147	3,542	(101)	–	5,034	(1,729)	3,305
(11)	(13)	(742)	(3)	–	(932)	(11)	(943)
81	134	2,800	(104)	–	4,102	(1,740)	2,362
(16)	(32)	(2,014)	–	–	(2,441)	765	(1,676)
65	102	786	(104)	–	1,661	(975)	686
(225)	(1,269)	124	(947)	–			(8,372)
2,991	1,505	16,409	(312)	(444)			55,931
454	1,589	19,977	–	(65)	37,496	–	37,496
(433)	(1,517)	(17,061)	(84)	65	(33,370)	(363)	(33,733)
–	–	–	–	–	–	(930)	(930)
21	72	2,916	(84)	–	4,126	(1,293)	2,833
(17)	(37)	(141)	(45)	–	(625)	–	(625)
2	1	119	–	–	197	–	197
(15)	(36)	(22)	(45)	–	(428)	–	(428)
10	159	529	(36)	–	1,232	(411)	821
–	–	–	–	–	–	(3)	(3)
10	159	529	(36)	–	1,232	(414)	818
16	195	3,423	(165)	–	4,930	(1,707)	3,223
(8)	(16)	(753)	(2)	–	(964)	4	(960)
8	179	2,670	(167)	–	3,966	(1,703)	2,263
(2)	(44)	(1,979)	11	–	(2,382)	473	(1,909)
6	135	691	(156)	–	1,584	(1,230)	354
(376)	(1,456)	2,349	(1,369)	–			(7,515)
3,324	981	15,628	(853)	(244)			56,260

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:

	2023 US\$m	2022 US\$m
<i>Underlying profit attributable to shareholders:</i>		
China	661	682
South East Asia	991	957
United Kingdom	11	35
Rest of the world	102	66
	1,765	1,740
Corporate and other interests	(104)	(156)
	1,661	1,584
<i>Non-current assets*:</i>		
China	38,625	40,287
South East Asia	19,708	17,332
United Kingdom	319	590
Rest of the world	1,033	1,431
	59,685	59,640

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

3 Revenue

	Jardine Pacific US\$m	Jardine Motor Interests 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
2023									
By product and service:									
Property	4	–	1,844	1	–	–	58	(8)	1,899
Motor vehicles	539	165	–	–	–	1,629	8,301	–	10,634
Retail and restaurants	836	–	–	9,169	–	–	–	–	10,005
Financial services	–	–	–	–	–	–	1,757	–	1,757
Engineering, heavy equipment, mining and construction	756	–	–	–	–	–	8,429	(49)	9,136
Hotels	–	–	–	–	558	–	–	(1)	557
Other*	–	–	–	–	–	–	2,061	–	2,061
	2,135	165	1,844	9,170	558	1,629	20,606	(58)	36,049
By geographical location of customers:									
China	1,504	–	1,766	6,276	136	–	–	(56)	9,626
South East Asia	199	–	78	2,494	15	1,629	20,606	(2)	25,019
United Kingdom	–	165	–	–	110	–	–	–	275
Rest of the world	432	–	–	400	297	–	–	–	1,129
	2,135	165	1,844	9,170	558	1,629	20,606	(58)	36,049
From contracts with customers:									
Recognised at a point in time	1,456	165	706	9,157	163	1,578	18,234	–	31,459
Recognised over time	674	–	204	12	376	44	318	(50)	1,578
	2,130	165	910	9,169	539	1,622	18,552	(50)	33,037
From other sources:									
Rental income from investment properties	5	–	934	1	–	–	10	(8)	942
Revenue from financial services companies	–	–	–	–	–	–	1,758	–	1,758
Other	–	–	–	–	19	7	286	–	312
	5	–	934	1	19	7	2,054	(8)	3,012
	2,135	165	1,844	9,170	558	1,629	20,606	(58)	36,049

3 Revenue (continued)

	Jardine Pacific US\$m	Jardine Motor Interests 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
<i>2022</i>									
<i>By product and service:</i>									
Property	4	–	2,244	–	–	–	65	(8)	2,305
Motor vehicles	504	2,044	–	–	–	1,589	7,999	–	12,136
Retail and restaurants	838	–	–	9,174	–	–	–	–	10,012
Financial services	–	–	–	–	–	–	1,552	–	1,552
Engineering, heavy equipment, mining and construction	733	–	–	–	–	–	8,259	(56)	8,936
Hotels	–	–	–	–	454	–	–	(1)	453
Other*	–	–	–	–	–	–	2,102	–	2,102
	2,079	2,044	2,244	9,174	454	1,589	19,977	(65)	37,496
<i>By geographical location of customers:</i>									
China	1,421	–	2,023	5,906	80	–	–	(64)	9,366
South East Asia	223	–	221	2,842	21	1,589	19,977	(1)	24,872
United Kingdom	–	2,044	–	–	88	–	–	–	2,132
Rest of the world	435	–	–	426	265	–	–	–	1,126
	2,079	2,044	2,244	9,174	454	1,589	19,977	(65)	37,496
<i>From contracts with customers:</i>									
Recognised at a point in time	1,420	2,044	953	9,161	141	1,519	17,946	–	33,184
Recognised over time	655	–	173	13	295	66	213	(57)	1,358
	2,075	2,044	1,126	9,174	436	1,585	18,159	(57)	34,542
<i>From other sources:</i>									
Rental income from investment properties	4	–	927	–	–	–	12	(8)	935
Revenue from financial services companies	–	–	–	–	–	–	1,552	–	1,552
Other	–	–	191	–	18	4	254	–	467
	4	–	1,118	–	18	4	1,818	(8)	2,954
	2,079	2,044	2,244	9,174	454	1,589	19,977	(65)	37,496

*Included revenue from Agribusiness and Infrastructure & Logistics of US\$1,363 million (2022: US\$1,463 million) and US\$551 million (2022: US\$487 million), respectively.

No interest income calculated using effective interest method had been included in revenue from contracts with customers in 2023 and 2022.

Rental income from investment properties included variable rents of US\$41 million (2022: US\$31 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 relating to properties for sale, sale of motor vehicles, unredeemed gift vouchers and loyalty points.

Contract assets and contract liabilities are further analysed as follows:

	2023 US\$m	2022 US\$m
Contract assets (<i>refer note 17</i>)		
– properties for sale	10	5
– engineering, heavy equipment, mining and construction	129	91
– other	18	17
	<u>157</u>	<u>113</u>
– provision for impairment	(61)	(59)
	<u>96</u>	<u>54</u>
Contract liabilities (<i>refer note 31</i>)		
– properties for sale	571	538
– motor vehicles	320	330
– retail and restaurants	209	239
– engineering, heavy equipment, mining and construction	163	148
– other	54	50
	<u>1,317</u>	<u>1,305</u>

At 31st December 2023, costs to fulfil contracts and costs to obtain contracts amounted to US\$90 million (2022: US\$80 million) and US\$15 million (2022: US\$7 million) were capitalised, and US\$226 million (2022: US\$370 million) and US\$1 million (2022: US\$5 million) had 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:

	2023 US\$m	2022 US\$m
Properties for sale	405	643
Motor vehicles	189	199
Retail and restaurants	214	175
Engineering, heavy equipment, mining and construction	82	64
Other	41	60
	931	1,141

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
2023					
Within one year	751	107	790	50	1,698
Between one and two years	82	36	313	6	437
Between two and three years	21	17	114	1	153
Between three and four years	4	8	36	1	49
Between four and five years	3	8	24	–	35
Beyond five years	2	–	70	–	72
	863	176	1,347	58	2,444
2022					
Within one year	600	117	818	61	1,596
Between one and two years	234	47	331	22	634
Between two and three years	42	20	111	1	174
Between three and four years	2	9	44	–	55
Between four and five years	1	5	32	–	38
Beyond five years	–	1	81	–	82
	879	199	1,417	84	2,579

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

	2023 US\$m	2022 US\$m
Cost of sales	(25,775)	(27,310)
Other operating income	634	493
Selling and distribution costs	(3,918)	(4,017)
Administration expenses	(2,385)	(2,296)
Other operating expenses	(391)	(603)
	(31,835)	(33,733)
The following credits/(charges) are included in net operating costs:		
Cost of stocks recognised as expense	(20,798)	(22,241)
Cost of properties for sale recognised as expense	(686)	(1,004)
Amortisation of intangible assets	(138)	(184)
Depreciation of tangible assets	(997)	(957)
Amortisation/depreciation of right-of-use assets	(913)	(939)
Depreciation of bearer plants	(30)	(28)
Impairment of intangible assets		
– goodwill	(226)	(6)
– other	(14)	(1)
	(240)	(7)
Impairment of tangible assets	(9)	(47)
Impairment of right-of-use assets	(10)	(3)
Write down of properties for sale	(29)	(6)
Write down of stocks and work in progress	(45)	(48)
Reversal of write down of stocks and work in progress	28	28
Impairment of financing debtors	(95)	(166)
Impairment of trade debtors, contract assets and other debtors	(28)	(14)
Operating expenses arising from investment properties	(177)	(169)
Employee benefit expense		
– salaries and benefits in kind	(3,617)	(3,526)
– share options granted	(12)	(6)
– defined benefit pension plans	(50)	(46)
– defined contribution pension plans	(85)	(87)
	(3,764)	(3,665)
Expenses relating to low-value leases	(1)	(3)
Expenses relating to short-term leases	(180)	(129)
Expenses relating to variable lease payment not included in lease liabilities	(46)	(30)
Auditors' remuneration		
– audit	(23)	(22)
– non-audit services	(7)	(4)
	(30)	(26)
Gain on lease modification and termination	3	7
Sublease income	7	22
Dividend income from equity investments	70	61
Interest income from debt investments	61	53
Rental income from properties	11	13
Net operating costs included the following gains/(losses) from non-trading items:		
Change in fair value of other investments	11	(395)
Impairment of goodwill (refer note 10)	(226)	(6)
Impairment of other assets	–	(3)
Sale and closure of businesses	36	(15)
Sale of a hotel property	–	41
Sale of property interests	123	31
Restructuring of businesses	(13)	(7)
Other	(6)	(9)
	(75)	(363)

5 Net Financing Charges

	2023 US\$m	2022 US\$m
Interest expense		
– bank loans and advances	(354)	(269)
– interest on lease liabilities	(130)	(114)
– other	(255)	(180)
	(739)	(563)
Interest capitalised	22	11
Commitment and other fees	(52)	(73)
Financing charges	(769)	(625)
Financing income	253	197
	(516)	(428)

6 Share of Results of Associates and Joint Ventures

	2023 US\$m	2022 US\$m
By business:		
Jardine Pacific	130	12
Jardine Motor Interests	238	263
Hongkong Land	253	193
DFI Retail	53	(212)
Mandarin Oriental	(1)	10
Jardine Cycle & Carriage	122	45
Astra	611	531
Corporate and other interests	(20)	(24)
	1,386	818
Share of results of associates and joint ventures included the following gains/(losses) from non-trading items:		
Change in fair value of investment properties	18	(3)
Change in fair value of other investments	11	(26)
Impairment		
– investment in Robinsons Retail (refer note 15)	–	(171)
– investment in Siam City Cement (refer note 15)	–	(114)
– other	–	(100)
	–	(385)
Share of Zhongsheng's results from 1st July 2022 to 31st December 2022 (refer note 9)	101	–
Other	(5)	–
	125	(414)

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

7 Tax

	2023 US\$m	2022 US\$m
<i>Tax charged to profit and loss is analysed as follows:</i>		
Current tax	(1,043)	(1,022)
Deferred tax	100	62
	(943)	(960)
China	(160)	(139)
South East Asia	(761)	(793)
United Kingdom	(2)	(6)
Rest of the world	(20)	(22)
	(943)	(960)
<i>Reconciliation between tax expense and tax at the applicable tax rate*:</i>		
Tax at applicable tax rate	(509)	(543)
Income not subject to tax		
– change in fair value of investment properties	8	–
– other items	216	123
Expenses not deductible for tax purposes		
– change in fair value of investment properties	(318)	(139)
– other items	(246)	(266)
Tax losses and temporary differences not recognised	(37)	(51)
Utilisation of previously unrecognised tax losses and temporary differences	28	28
Recognition of previously unrecognised tax losses and temporary differences	7	5
Deferred tax assets written off	(2)	–
Deferred tax liabilities written back	2	12
Overprovision/(underprovision) in prior years	1	(13)
Withholding tax	(92)	(100)
Overprovision/(provision) of land appreciation tax in Chinese mainland	3	(11)
Change in tax rate	–	(3)
Other	(4)	(2)
	(943)	(960)
<i>Tax relating to components of other comprehensive income is analysed as follows:</i>		
Remeasurements of defined benefit plans	4	(7)
Cash flow hedges	9	(11)
	13	(18)

Share of tax charge of associates and joint ventures of US\$282 million (2022: US\$490 million) is included in share of results of associates and joint ventures. Share of tax credit of US\$1 million (2022: tax charge of US\$30 million) is included in other comprehensive income of associates and joint ventures.

*The applicable tax rate for the year was 26.5% (2022: 22.6%) 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 per Share

Basic earnings per share are calculated on profit attributable to shareholders of US\$686 million (2022: US\$354 million) and on the weighted average number of 290 million (2022: 289 million) shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US\$686 million (2022: US\$354 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 290 million (2022: 289 million) shares in issue during the year.

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

	Ordinary shares in millions	
	2023	2022
Weighted average number of shares in issue	290	467
Company's share of shares held by subsidiaries (refer note 24)	–	(178)
Weighted average number of shares for basic and diluted earnings per share calculation	290	289

There was no shares deemed to be issued for no consideration for the calculation of diluted earnings per share under the Senior Share Executive Incentive Schemes for the year ended 31st December 2023 (2022: 721 shares).

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

	2023		2022	
	Basic earnings per share	Diluted earnings per share	Basic earnings per share	Diluted earnings per share
	US\$m	US\$	US\$m	US\$
Profit attributable to shareholders	686	2.37	354	1.22
Non-trading items (refer note 9)	975		1,230	
Underlying profit attributable to shareholders	1,661	5.74	1,584	5.49

9 Non-trading Items

	2023		2022	
	Profit before tax US\$m	Attributable to shareholders US\$m	Profit before tax US\$m	Attributable to shareholders US\$m
By business:				
Jardine Pacific	25	23	(305)	(305)
Jardine Motor Interests	165	165	(22)	(30)
Hongkong Land	(1,290)	(701)	(646)	(335)
DFI Retail	(201)	(156)	(143)	(112)
Mandarin Oriental	(489)	(394)	(64)	(46)
Jardine Cycle & Carriage	55	54	(308)	(234)
Astra	(40)	(12)	(88)	(37)
Corporate and other interests	46	46	(131)	(131)
	(1,729)	(975)	(1,707)	(1,230)
An analysis of non-trading items is set out below:				
Change in fair value of investment properties				
– Hongkong Land	(1,307)	(710)	(646)	(335)
– other	(454)	(356)	(287)	(269)
	(1,761)	(1,066)	(933)	(604)
Change in fair value of other investments	22	35	(421)	(327)
Impairment of goodwill (refer note 10)	(226)	(172)	(6)	(5)
Impairment of associates (refer note 15)	–	–	(385)	(320)
Impairment of other assets	–	–	(3)	(2)
Share of Zhongsheng's results from 1st July 2022 to 31st December 2022	101	101	–	–
Sale and closure of businesses	35	44	(15)	(24)
Sale of hotel properties	–	(2)	41	37
Sale of property interests	123	105	31	23
Restructuring of businesses	(15)	(11)	(7)	(5)
Other	(8)	(9)	(9)	(3)
	(1,729)	(975)	(1,707)	(1,230)

Zhongsheng's annual results have historically been reported after the Group's results announcement. In previous years, the Group recognised its 21% share of Zhongsheng's results based on publicly available reported results as at the Group's reporting date. Hence, Zhongsheng's contribution to the Group's 2022 results represented its share of Zhongsheng's results for the period from 1st July 2021 to 30th June 2022. From 2023, however, the Group has determined that a better representation of Zhongsheng's current performance would be given using management's estimate of its share of Zhongsheng's results on a calendar year basis, based on an average of recent external analyst estimates.

This change has been adopted prospectively from 1st January 2023 as a change in estimate such that the Group's 2023 results included its share of Zhongsheng's results for an eighteen-month period from 1st July 2022 to 31st December 2023. The Group's share of Zhongsheng's results for the year ended 31st December 2023 are presented as underlying profit, and the results for 1st July 2022 to 31st December 2022 have been presented as a non-trading item so as not to distort the current year's underlying performance.

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
2023						
Cost						
– as previously reported	1,273	136	623	1,270	663	3,965
– change in accounting policies (<i>refer note 1</i>)	–	–	–	–	(76)	(76)
– as restated	1,273	136	623	1,270	587	3,889
Amortisation and impairment						
– as previously reported	(188)	(1)	(62)	(772)	(414)	(1,437)
– change in accounting policies (<i>refer note 1</i>)	–	–	–	–	33	33
– as restated	(188)	(1)	(62)	(772)	(381)	(1,404)
Net book value at 1st January as restated	1,085	135	561	498	206	2,485
Exchange differences	8	2	11	1	1	23
New subsidiaries	45	–	–	–	38	83
Additions	–	–	29	51	69	149
Disposals	(72)	–	–	–	(6)	(78)
Amortisation	–	–	(13)	(60)	(65)	(138)
Impairment charge	(236)	–	–	(12)	(2)	(250)
Net book value at 31st December	830	137	588	478	241	2,274
Cost	1,194	139	665	1,320	652	3,970
Amortisation and impairment	(364)	(2)	(77)	(842)	(411)	(1,696)
	830	137	588	478	241	2,274
2022						
Cost						
– as previously reported	1,297	150	660	1,219	636	3,962
– change in accounting policies (<i>refer note 1</i>)	–	–	–	–	(76)	(76)
– as restated	1,297	150	660	1,219	560	3,886
Amortisation and impairment						
– as previously reported	(189)	(2)	(55)	(706)	(375)	(1,327)
– change in accounting policies (<i>refer note 1</i>)	–	–	–	–	33	33
– as restated	(189)	(2)	(55)	(706)	(342)	(1,294)
Net book value at 1st January as restated	1,108	148	605	513	218	2,592
Exchange differences	(43)	(13)	(57)	1	(14)	(126)
New subsidiaries	26	–	–	–	–	26
Additions	–	–	26	55	107	188
Disposals	–	–	–	–	(4)	(4)
Amortisation	–	–	(13)	(70)	(101)	(184)
Impairment charge	(6)	–	–	(1)	–	(7)
Net book value at 31st December	1,085	135	561	498	206	2,485
Cost	1,273	136	623	1,270	587	3,889
Amortisation and impairment	(188)	(1)	(62)	(772)	(381)	(1,404)
	1,085	135	561	498	206	2,485

10 Intangible Assets (continued)

	2023 US\$m	2022 US\$m
Goodwill allocation by business:		
Jardine Pacific	31	74
Jardine Motor Interests	–	50
DFI Retail	266	457
Mandarin Oriental	37	39
Astra	496	465
	830	1,085

Goodwill relating to DFI Retail is allocated to groups of cash-generating units ('CGU') identified by banners or groups of stores acquired in each geographical segment. Management has assessed the recoverable amount of each CGU based on value-in-use calculations using cash flow projections in the approved budgets which have forecasts covering a period of three years and projections for a further two years. Cash flows beyond the projection periods were extrapolated using the assumptions on average sales growth rates, average annual profit growth rates, pre-tax discount rates and long-term growth rates. The pre-tax discount rates reflected business specific risks relating to the relevant industries, business life-cycle and the risk related to the places of operation.

Following the above impairment review, total goodwill relating to DFI Retail of US\$171 million was impaired in 2023. Included in the impairment were impairment charges of US\$60 million and US\$83 million against goodwill relating to its San Miu business in Macau and Giant business in Singapore, respectively. Goodwill relating to San Miu in Macau was reduced to its recoverable amount of US\$120 million and goodwill relating to Giant business in Singapore was fully impaired.

The recoverable amounts based on the value-in-use calculation under the impairment review in DFI Retail in 2023 was inherently sensitive to changes in assumptions. Summary of the significant assumptions used and sensitivities on how the recoverable amounts would change if the assumptions changed by a reasonable amount for San Miu are listed below:

	DFI Retail US\$m	Group's attributable share US\$m
Principal countries of operation	Macau	
Goodwill allocated after impairment	120	
Assumptions used:		
Cashflow projection period	5 years	
Average sales growth rate	5.1%	
Average gross profit growth rate	6.3%	
Pre-tax discount rate	10.9%	
Long-term growth rate	2.5%	
Sensitivities on recoverable amounts:		
A further impairment charge if:		
– average sales growth rate conforms to long-term growth rate of 2.5%	(34)	(26)
– average gross profit growth rate 1.5% lower	(36)	(28)
– pre-tax discount rate 1.0% higher	(16)	(13)
– long-term growth rate 1.0% lower	(12)	(9)

For Giant business in Singapore, key assumptions used for value-in-use calculation included average sales growth rate of 1.0% and average gross profit growth rate of 0.3%. Cash flows beyond the five-year period are extrapolated using long-term growth rate of 1.0% and pre-tax discount rate of 9.6%.

10 Intangible Assets (continued)

Key assumptions used for value-in-use calculations for the remaining significant balances of DFI Retail goodwill in 2023 include budgeted gross margins between 27% and 36% (2022: 21% and 29%) and long-term sales growth rates between 1% and 4.5% (2022: 2% and 5%) to project cash flows, which vary across the group's business segments and geographical locations, over a five-year period, and are based on management expectations for the market development; and pre-tax discount rates between 12% and 13% (2022: 8% and 16%) applied to the cash flow projections. The discount rates used reflect business specific risks relating to the relevant industry, business life-cycle and geographical location. On the basis of this review, DFI Retail management concluded that no further impairment was required.

Goodwill relating to Astra mainly represents goodwill arising from acquisition of shares in Astra which is regarded as an operating segment, and those arising from Astra's acquisition of subsidiaries. For the purpose of impairment review on goodwill arising from acquisition of Astra's shares, 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 had 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\$49 million (2022: US\$49 million) and heavy equipment of US\$88 million (2022: US\$86 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 2023 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 financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using growth rates between 3% and 4% (2022: 3% and 4%). Pre-tax discount rates between 20% and 23% (2022: 19% and 20%) reflecting specific risks relating to the relevant industries, are applied to the cash flow projections.

Other intangible assets comprise trademarks and computer software.

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 32 to 36 years
Computer software	up to 8 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
2023							
Cost	975	2,344	1,558	1,746	5,738	2,124	14,485
Depreciation and impairment	(117)	(1,053)	(1,049)	(989)	(4,084)	(1,340)	(8,632)
Net book value at 1st January	858	1,291	509	757	1,654	784	5,853
Exchange differences	29	83	(49)	(4)	19	2	80
New subsidiaries	–	–	–	471	2	–	473
Additions	1	82	121	–	1,258	337	1,799
Disposals	(114)	(35)	(23)	–	(40)	(21)	(233)
Revaluation surplus before transfer to investment properties	–	1	–	–	–	–	1
Transfer to investment properties	–	(9)	–	–	–	–	(9)
Transfer from/(to) stock and work in progress	–	–	–	–	16	(22)	(6)
Reclassified from assets held for sale	–	17	–	–	–	–	17
Classified as held for sale	(307)	(51)	(7)	–	(16)	(3)	(384)
Depreciation charge	(10)	(92)	(110)	(66)	(490)	(229)	(997)
Impairment charge	(1)	(2)	(4)	–	(1)	(1)	(9)
Net book value at 31st December	456	1,285	437	1,158	2,402	847	6,585
Cost	541	2,378	1,472	2,223	6,807	2,297	15,718
Depreciation and impairment	(85)	(1,093)	(1,035)	(1,065)	(4,405)	(1,450)	(9,133)
	456	1,285	437	1,158	2,402	847	6,585
2022							
Cost	1,173	2,415	1,569	1,804	5,731	2,254	14,946
Depreciation and impairment	(154)	(1,048)	(1,046)	(968)	(4,097)	(1,449)	(8,762)
Net book value at 1st January	1,019	1,367	523	836	1,634	805	6,184
Exchange differences	(66)	(106)	(28)	(5)	(119)	(61)	(385)
Additions	5	65	131	–	628	303	1,132
Disposals	(85)	(12)	(4)	–	(9)	(19)	(129)
Transfer from investment properties	–	74	–	–	–	–	74
Transfer from/(to) stock and work in progress	–	–	–	–	2	(20)	(18)
Classified as held for sale	–	(1)	–	–	–	–	(1)
Depreciation charge	(13)	(97)	(113)	(74)	(436)	(224)	(957)
(Impairment charge)/reversal of impairment charge	(2)	1	–	–	(46)	–	(47)
Net book value at 31st December	858	1,291	509	757	1,654	784	5,853
Cost	975	2,344	1,558	1,746	5,738	2,124	14,485
Depreciation and impairment	(117)	(1,053)	(1,049)	(989)	(4,084)	(1,340)	(8,632)
	858	1,291	509	757	1,654	784	5,853

11 Tangible Assets (continued)

Rental income from properties and other tangible assets amounted to US\$347 million (2022: US\$292 million) with no contingent rents for both 2023 and 2022.

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

	2023 US\$m	2022 US\$m
Within one year	112	107
Between one and two years	60	55
Between two and five years	70	47
Beyond five years	25	22
	267	231

At 31st December 2023, the carrying amount of tangible assets pledged as security for borrowings amounted to US\$367 million (2022: US\$349 million) (refer note 29).

12 Right-of-use Assets

	Leasehold land US\$m	Properties US\$m	Plant & machinery US\$m	Motor vehicles US\$m	Total US\$m
2023					
Cost	1,378	6,933	274	200	8,785
Amortisation/depreciation and impairment	(465)	(3,779)	(198)	(159)	(4,601)
Net book value at 1st January	913	3,154	76	41	4,184
Exchange differences	12	(1)	2	–	13
New subsidiaries	12	–	–	–	12
Additions	37	279	46	28	390
Disposals	(26)	(145)	–	–	(171)
Revaluation surplus before transfer to investment properties	63	–	–	–	63
Transfer to investment properties	(74)	–	–	–	(74)
Transfer to stock and work in progress	–	–	(1)	–	(1)
Reclassified from assets held for sale	29	–	–	–	29
Classified as held for sale	(34)	(18)	–	–	(52)
Modifications to lease terms	(12)	624	(1)	(1)	610
Amortisation/depreciation charge	(54)	(784)	(47)	(28)	(913)
Impairment charge	–	(10)	–	–	(10)
Net book value at 31st December	866	3,099	75	40	4,080
Cost	1,369	7,187	145	86	8,787
Amortisation/depreciation and impairment	(503)	(4,088)	(70)	(46)	(4,707)
	866	3,099	75	40	4,080

12 Right-of-use Assets (continued)

	Leasehold land US\$m	Properties US\$m	Plant & machinery US\$m	Motor vehicles US\$m	Total US\$m
<i>2022</i>					
Cost	1,372	7,020	223	183	8,798
Amortisation/depreciation and impairment	(452)	(3,745)	(173)	(154)	(4,524)
Net book value at 1st January	920	3,275	50	29	4,274
Exchange differences	(65)	(108)	(7)	(3)	(183)
Additions	49	303	78	39	469
Disposals	(1)	–	–	–	(1)
Revaluation surplus before transfer to investment properties	39	–	–	–	39
Transfer from investment properties	29	–	–	–	29
Reclassified from assets held for sale	2	–	–	–	2
Classified as held for sale	(6)	–	–	–	(6)
Modifications to lease terms	–	505	(2)	–	503
Amortisation/depreciation charge	(53)	(819)	(43)	(24)	(939)
Impairment charge	(1)	(2)	–	–	(3)
Net book value at 31st December	913	3,154	76	41	4,184
Cost	1,378	6,933	274	200	8,785
Amortisation/depreciation and impairment	(465)	(3,779)	(198)	(159)	(4,601)
	913	3,154	76	41	4,184

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

Leasehold land	6 to 99 years
Properties	1 to 20 years
Plant & machinery	1 to 6 years
Motor vehicles	1 to 6 years

Leasehold land included a hotel property in Hong Kong with carrying value of US\$122 million which is amortised over 894 years.

At 31st December 2023, the carrying amount of leasehold land pledged as security for borrowings amounted to US\$122 million (2022: US\$122 million) (refer note 29). None of the other right-of-use assets were pledged at 31st December 2023 and 2022.

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
2023					
At 1st January	28,291	2,560	661	301	31,813
Exchange differences	(59)	(5)	(2)	(1)	(67)
Additions	59	80	–	–	139
Disposals	(23)	–	–	–	(23)
Net transfer from tangible assets	7	2	–	–	9
Transfer from right-of-use assets	74	–	–	–	74
Change in fair value	(1,331)	(487)	17	22	(1,779)
At 31st December	27,018	2,150	676	322	30,166
Freehold properties					149
Leasehold properties					30,017
					30,166
2022					
At 1st January	28,887	2,636	903	421	32,847
Exchange differences	(124)	1	(1)	–	(124)
Additions	94	26	3	–	123
Transfer to tangible assets	(7)	–	(59)	(8)	(74)
Transfer to right-of-use assets	(16)	–	(13)	–	(29)
Change in fair value [#]	(543)	(103)	(172)	(112)	(930)
At 31st December	28,291	2,560	661	301	31,813
Freehold properties					140
Leasehold properties					31,673
					31,813

[#] Change in fair value of completed and under development residential properties in 2022 included US\$146 million and US\$118 million, respectively, relating to the unwinding of historical fair value gains on certain investment properties that have been reclassified to tangible assets and right-of-use assets in 2022.

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2023 and 2022 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 engaged 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 completed commercial property and residual method for under development commercial properties. 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 and Mandarin Oriental 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.

Prior to 2023, the fair value of Mandarin Oriental's under development commercial property was derived using the direct comparison method and the residual method with equal weighting. Due to a lack of recent comparable transactions which reflect the current market conditions, it is considered that the previous comparable site transactions used in the direct comparison method have become outdated. As a result, the direct comparison method was not considered appropriate and does not form part of the basis for assessment of value of the site at 31st December 2023. As such, the fair value of the under development commercial property was derived using the residual method at 31st December 2023. The change in the valuation methodology to reflect residual, value-in-use estimates, is in line with the market practice as the development of the site progresses toward completion.

The Group's policy is to recognise transfers between fair value measurement categories 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 2023 and 2022:

	Fair value at 31st December 2023 US\$m	Valuation method	Range of significant unobservable inputs Prevailing market rent per month US\$	Capitalisation/ discount rate %
Hongkong Land				
Completed properties:				
Hong Kong	24,757	Income capitalisation	5.9 to 28.2 per square foot	2.90 to 5.00
Chinese mainland	952	Income capitalisation	104.4 per square metre	3.75
Singapore	597	Income capitalisation	7.7 per square foot	3.35 to 4.80
Cambodia	82	Discounted cash flow	21.0 to 30.0 per square metre	12.50 to 13.50
Total	<u>26,388</u>			
Mandarin Oriental				
Under development property:				
Hong Kong	1,972	Residual*	8.2 to 10.4 per square foot	2.55 to 3.95

13 Investment Properties (continued)

	Fair value at 31st December 2022 US\$m	Valuation method	Range of significant unobservable inputs Prevailing market rent per month/ average unit price US\$	Capitalisation/ discount rate %
Hongkong Land				
Completed properties:				
Hong Kong	26,131	Income capitalisation	5.8 to 28.2 per square foot	2.80 to 5.00
Chinese mainland	936	Income capitalisation	106.1 per square metre	3.75
Singapore	589	Income capitalisation	7.4 to 7.7 per square foot	3.35 to 4.80
Vietnam and Cambodia	104	Discounted cash flow	21.0 to 42.8 per square metre	12.50 to 15.00
Total	<u>27,760</u>			
Mandarin Oriental				
Under development property:				
Hong Kong	<u>2,385</u>	Direct comparison	Average unit price of 3,951.6 per square foot	N/A
		Residual*	Prevailing market rent per month of 8.3 to 10.0 per square foot	2.45 to 3.85

*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 been used.

Prevailing market rents are estimated based on independent valuers' view of recent lettings, within the subject properties and other comparable properties. Capitalisation and discount rates are estimated by independent valuers based on the risk profile of the properties being valued.

13 Investment Properties (continued)

An increase/decrease to prevailing market rent will increase/decrease valuations, while an increase/decrease to capitalisation/discount rate will decrease/increase valuations. Sensitivity analyses have been performed to assess the impact on the valuations of changes in the two significant unobservable inputs for prevailing market rents and capitalisation rates on Hongkong Land's completed commercial properties and Mandarin Oriental's under development commercial property in Hong Kong, which contributed 89% of the total investment properties at 31st December 2023. The impact of any reasonably possible change in the assumptions for other investment properties would not be material. The Group believes this captures the range of variations in these key valuation assumptions. The results are shown in the table below:

	Change in assumption %	Increase/(decrease) in valuations			
		Hongkong Land Completed properties		Mandarin Oriental Under development property	
		Increase in assumption US\$m	Decrease in assumption US\$m	Increase in assumption US\$m	Decrease in assumption US\$m
Prevailing market rent per month	5.00	1,159	(1,150)	110	(115)
Capitalisation rate	0.10	(710)	755	(83)	83

The maturity analysis of lease payments, showing the undiscounted lease payments to be received over the remainder of the contractual lease term after the balance sheet date, including the estimated impact on lease payments from contractual rent reviews, are as follows:

	2023 US\$m	2022 US\$m
Within one year	769	787
Between one and two years	585	648
Between two and three years	440	479
Between three and four years	316	365
Between four and five years	177	276
Beyond five years	318	386
	2,605	2,941

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

At 31st December 2023, the carrying amount of investment properties pledged as security for borrowings amounted to US\$952 million (2022: US\$936 million) (refer note 29).

14 Bearer Plants

	2023	2022
	US\$m	US\$m
Cost	702	734
Depreciation	(237)	(235)
Net book value at 1st January	465	499
Exchange differences	9	(47)
Additions	37	41
Depreciation charge	(30)	(28)
Net book value at 31st December	481	465
Immature bearer plants	97	104
Mature bearer plants	384	361
	481	465
Cost	749	702
Depreciation	(268)	(237)
	481	465

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

At 31st December 2023 and 2022, the Group's bearer plants had not been pledged as security for borrowings.

15 Associates and Joint Ventures

	2023 US\$m	2022 US\$m
Associates		
Listed associates		
– Yonghui	315	380
– Zhongsheng	1,301	1,207
– Siam City Cement	309	309
– Robinsons Retail	308	284
– Nickel Industries	609	–
– other	275	318
	3,117	2,498
Unlisted associates	1,969	1,683
Share of attributable net assets	5,086	4,181
Goodwill on acquisition	1,199	1,202
	6,285	5,383
Amounts due from associates	466	461
	6,751	5,844
Joint ventures		
Share of attributable net assets of unlisted joint ventures	9,703	9,345
Goodwill on acquisition	96	94
	9,799	9,439
Amounts due from joint ventures	1,923	2,573
	11,722	12,012
	18,473	17,856

Fair value of the Group's listed associates at 31st December 2023, which were based on the quoted prices in active markets, amounted to US\$3,468 million (2022: US\$4,907 million).

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 11% per annum and are repayable within one to twelve years.

	Associates		Joint ventures	
	2023 US\$m	2022 US\$m	2023 US\$m	2022 US\$m
Movements of associates and joint ventures during the year:				
At 1st January	5,844	6,328	12,012	11,652
Share of results after tax and non-controlling interests	528	146	858	672
Share of net exchange translation (loss)/gain arising during the year after non-controlling interests	(99)	(439)	44	(669)
Share of other comprehensive (expense)/income after tax and non-controlling interests	(5)	131	6	23
Dividends received	(235)	(265)	(648)	(666)
Acquisitions, other increases in attributable interests and advances	817	69	862	2,101
Other disposals, decreases in attributable interests and repayment of advances	(102)	(128)	(1,408)	(1,098)
Other	3	2	(4)	(3)
At 31st December	6,751	5,844	11,722	12,012

15 Associates and Joint Ventures (continued)

An impairment review was performed by management on the carrying values of investment in associates and joint ventures at 31st December 2023 and concluded that no impairment had occurred.

At 31st December 2023, the fair values of DFI Retail's investment in Yonghui and Robinsons Retail, and Jardine Cycle & Carriage's investment in Siam City Cement were below their respective carrying values. Management had performed impairment reviews on their carrying values and concluded that the value-in-use calculations supported no impairment charges were required.

In 2022, partial impairments of investments in Robinsons Retail of US\$171 million (Group's attributable share of US\$133 million) and Siam City Cement of US\$114 million (Group's attributable share of US\$87 million) were recognised within non-trading items under the share of results of associates and joint ventures in the profit and loss in 2022.

The impairment reviews were performed by comparing the carrying amounts of the associates with the recoverable amounts. The recoverable amounts were determined based on value-in-use calculations using cashflow projections approved by management covering projection periods considered appropriate. Cashflows beyond the projection periods were extrapolated using the estimates. The growth rates did not exceed the long-term average industry growth rates in the countries of operation, and the pre-tax discount rates reflected business specific risks relating to the relevant industries and the risk related to the countries of operation.

The recoverable amounts based on the value-in-use calculations under the impairment reviews on Yonghui, Robinsons Retail and Siam City Cement in 2023 and 2022 were inherently sensitive to changes in assumptions. Summary of significant assumptions used and sensitivities on recoverable amounts for these impairment reviews in 2023 and 2022 were as follows:

	Yonghui		Robinsons Retail		Siam City Cement	
	DFI Retail	Group's attributable share	DFI Retail	Group's attributable share	Jardine Cycle & Carriage	Group's attributable share
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
2023						
Principal countries of operation	China		The Philippines		Thailand and Vietnam	
Goodwill allocated	477		125		94	
Assumptions used:						
Cashflow projection period	5 years		5 years		4 years	
Average revenue growth rate	3.6%		4.0%		N/A	
Average PBIT growth rate	1.6%		10.7%		N/A	
Pre-tax discount rate	8.4%		13.7%		13.4%	
Long-term growth rate	2.0%		3.0%		2.6 – 3.5%	
Sensitivities on recoverable amounts:						
An impairment charge if:						
– average revenue growth 1.0% lower	(322)	(250)	(29)	(22)	N/A	N/A
– EBITDA margin 4.0% lower	N/A	N/A	N/A	N/A	(83)	(65)
– PBIT margin 0.4% lower	(121)	(93)	N/A	N/A	N/A	N/A
– pre-tax discount rate 1.0% higher	(113)	(88)	–	–	(13)	(10)
– long-term growth rate						
– 0.5% lower	(21)	(17)	N/A	N/A	–	–
– 1.0% lower	N/A	N/A	–	–	N/A	N/A

15 Associates and Joint Ventures (continued)

	Robinsons Retail		Siam City Cement	
	DFI Retail	Group's attributable share	Jardine Cycle & Carriage	Group's attributable share
	US\$m	US\$m	US\$m	US\$m
2022				
Principal countries of operation	The Philippines		Thailand and Vietnam	
Goodwill allocated	124		94	
Assumptions used:				
Cashflow projection period	5 years		4 years	
Average revenue growth rate	4.0%		N/A	
Average PBIT growth rate	11.0%		N/A	
Pre-tax discount rate	15.2%		11.9%	
Long-term growth rate	3.0%		2.6% – 3.5%	
Sensitivities on recoverable amounts:				
A further impairment charge if:				
– average revenue growth 1.0% lower	(62)	(48)	N/A	N/A
– cement selling prices 2.0% lower	N/A	N/A	(63)	(48)
– EBITDA margin 1.0% lower	N/A	N/A	(45)	(34)
– average PBIT growth rate 1.0% lower	(15)	(12)	N/A	N/A
– pre-tax discount rate 1.0% higher	(31)	(24)	(52)	(40)
– long-term growth rate				
– 0.5% lower	N/A	N/A	(27)	(21)
– 1.0% lower	(30)	(23)	N/A	N/A

(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 2023 and 2022:

Name of entity	Nature of business	Place of incorporation/ principal place of business/ place of listing	% of ownership interest	
			2023	2022
Zhongsheng Group Holdings Limited ('Zhongsheng')	Automotive	Cayman Islands/ Chinese mainland/ Hong Kong	21	21
Maxim's Caterers Limited ('Maxim's')	Restaurants	Hong Kong/Hong Kong/ Unlisted	50	50
Yonghui Superstores Co., Limited ('Yonghui')	Food	China/Chinese mainland/ Shanghai	21	21
Robinsons Retail Holdings, Inc. ('Robinsons Retail')	Food, convenience, health and beauty, department stores, specialty and DIY stores	The Philippines/ The Philippines/ The Philippines	21	21
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

15 Associates and Joint Ventures (continued)**Summarised financial information for material associates**

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

	Zhongsheng ^o US\$m	Maxim's US\$m	Yonghui [†] US\$m	Robinsons Retail [†] US\$m	Siam City Cement US\$m	THACO US\$m	Total US\$m
2023							
Non-current assets	6,214	2,663	5,321	2,024	1,841	3,765	21,828
Current assets							
Cash and cash equivalents	2,257	201	931	164	176	66	3,795
Other current assets	5,190	291	1,725	591	268	3,264	11,329
Total current assets	7,447	492	2,656	755	444	3,330	15,124
Non-current liabilities							
Financial liabilities*	(2,181)	(933)	(2,980)	(632)	(424)	(1,313)	(8,463)
Other non-current liabilities*	(488)	(169)	(32)	(104)	(151)	(182)	(1,126)
Total non-current liabilities	(2,669)	(1,102)	(3,012)	(736)	(575)	(1,495)	(9,589)
Current liabilities							
Financial liabilities*	(2,524)	(708)	(999)	(179)	(224)	(1,728)	(6,362)
Other current liabilities*	(2,401)	(107)	(2,628)	(382)	(249)	(1,639)	(7,406)
Total current liabilities	(4,925)	(815)	(3,627)	(561)	(473)	(3,367)	(13,768)
Non-controlling interests	(43)	(131)	(7)	(82)	(26)	(297)	(586)
Net assets	6,024	1,107	1,331	1,400	1,211	1,936	13,009
2022							
Non-current assets	6,681	2,506	6,131	1,598	1,893	3,436	22,245
Current assets							
Cash and cash equivalents	1,706	219	1,137	227	99	57	3,445
Other current assets	4,672	284	1,954	553	379	3,152	10,994
Total current assets	6,378	503	3,091	780	478	3,209	14,439
Non-current liabilities							
Financial liabilities*	(2,049)	(992)	(3,638)	(385)	(550)	(616)	(8,230)
Other non-current liabilities*	(485)	(164)	(35)	(101)	(155)	(188)	(1,128)
Total non-current liabilities	(2,534)	(1,156)	(3,673)	(486)	(705)	(804)	(9,358)
Current liabilities							
Financial liabilities*	(1,969)	(597)	(1,243)	(180)	(85)	(1,689)	(5,763)
Other current liabilities*	(2,293)	(113)	(2,618)	(368)	(334)	(1,975)	(7,701)
Total current liabilities	(4,262)	(710)	(3,861)	(548)	(419)	(3,664)	(13,464)
Non-controlling interests	(71)	(124)	(39)	(81)	(36)	(236)	(587)
Net assets	6,192	1,019	1,649	1,263	1,211	1,941	13,275

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

^o Based on the unaudited summarised balance sheets at 30th June 2023 and 2022.[†] Based on the unaudited summarised balance sheets at 30th September 2023 and 2022.

15 Associates and Joint Ventures (continued)

Summarised financial information on comprehensive income for the year ended 31st December (unless otherwise indicated):

	Zhongsheng ^o US\$m	Maxim's US\$m	Yonghui [†] US\$m	Robinsons Retail [†] US\$m	Siam City Cement US\$m	THACO US\$m	Total US\$m
2023							
Revenue	24,172	3,109	10,719	3,411	1,206	2,836	45,453
Depreciation and amortisation	N/A	(441)	(485)	(131)	(104)	(150)	N/A
Interest income	N/A	3	19	6	3	89	N/A
Interest expense	N/A	(46)	(192)	(51)	(37)	(224)	N/A
Profit/(loss) from underlying business performance	N/A	204	(194)	110	84	155	N/A
Tax	N/A	(41)	(1)	(28)	(17)	(10)	N/A
Profit/(loss) after tax from underlying business performance	N/A	163	(195)	82	67	145	N/A
Profit/(loss) after tax from non-trading items	N/A	(2)	(51)	98	—	—	N/A
Profit/(loss) after tax	670	161	(246)	180	67	145	977
Other comprehensive income/(expense)	N/A	4	—	(12)	(2)	—	N/A
Total comprehensive income/(expense)	670	165	(246)	168	65	145	967
Dividends received from associates	71	35	—	11	20	27	164
2022							
Revenue	26,587	2,524	13,054	3,237	1,416	3,702	50,520
Depreciation and amortisation	(421)	(406)	(655)	(138)	(108)	(144)	(1,872)
Interest income	35	2	36	7	2	122	204
Interest expense	(180)	(35)	(343)	(36)	(29)	(192)	(815)
Profit/(loss) from underlying business performance	1,323	88	(457)	148	87	346	1,535
Tax	(345)	(10)	12	(21)	(32)	(34)	(430)
Profit/(loss) after tax from underlying business performance	978	78	(445)	127	55	312	1,105
Profit/(loss) after tax from non-trading items	—	28	(93)	(7)	—	—	(72)
Profit/(loss) after tax	978	106	(538)	120	55	312	1,033
Other comprehensive (expense)/income	(134)	(23)	—	(6)	3	—	(160)
Total comprehensive income/(expense)	844	83	(538)	114	58	312	873
Dividends received from associates	54	28	6	11	20	55	174

^o 2023 information was based on management's estimate, using an average of analyst estimates for the year ended 31st December 2023 as financial data for Zhongsheng is not available when the Group produces its consolidated financial results. 2022 information was based on the audited summarised statements of comprehensive income for the 12 months ended 31st December 2022.

[†] Based on the unaudited summarised statements of comprehensive income for the 12 months ended 30th September 2023 and 2022.

The information contained in the summarised balance sheets and financial information on 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:

	Zhongsheng ^o US\$m	Maxim's US\$m	Yonghui [†] US\$m	Robinsons Retail [†] US\$m	Siam City Cement US\$m	THACO US\$m	Total US\$m
2023							
Net assets	6,024	1,107	1,331	1,400	1,211	1,936	13,009
Interest in associates (%)	21	50	21	21	26	27	
Group's share of net assets in associates	1,277	554	285	301	309	515	3,241
Goodwill	285	–	477	125	94	158	1,139
Other	24	–	30	7	–	–	61
Carrying value	1,586	554	792	433	403	673	4,441
Fair value [#]	1,209	N/A	760	226	301	N/A	N/A
2022							
Net assets	6,192	1,019	1,649	1,263	1,211	1,941	13,275
Interest in associates (%)	21	50	21	21	26	27	
Group's share of net assets in associates	1,306	510	349	269	309	516	3,259
Goodwill	291	–	476	124	94	163	1,148
Other	(99)	–	31	15	–	–	(53)
Carrying value	1,498	510	856	408	403	679	4,354
Fair value [#]	2,605	N/A	1,004	305	388	N/A	N/A

The 2022 comparative figures for Zhongsheng have been re-presented.

[#] Fair values of the listed associates were based on quoted prices in active markets at 31st December 2023 and 2022.

^o Based on the unaudited summarised balance sheets at 30th June 2023 and 2022.

[†] Based on the unaudited summarised balance sheets at 30th September 2023 and 2022.

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 income and carrying amount of these associates.

	2023 US\$m	2022 US\$m
Share of profit	127	199
Share of other comprehensive (expense)/income	(6)	62
Share of total comprehensive income	121	261
Carrying amount of interests in these associates	2,310	1,490

Contingent liabilities relating to the Group's interest in associates

	2023 US\$m	2022 US\$m
Financial guarantee in respect of facilities made available to an associate	–	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 2023 and 2022:

	Nature of business	Place of incorporation and principal place of business	% of ownership interest	
			2023	2022
Hongkong Land				
– Shanghai Yibin Property Co. Ltd.	Property investment	Shanghai	43	43
– 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:

	Shanghai Yibin Property Co. Ltd. US\$m	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
2023							
Non-current assets	3,411	1,137	3,883	2,990	2,987	1,301	15,709
Current assets							
Cash and cash equivalents	66	98	29	29	12	932	1,166
Other current assets	1,304	44	4	3	2	466	1,823
Total current assets	1,370	142	33	32	14	1,398	2,989
Non-current liabilities							
Financial liabilities*	(325)	–	(1,302)	(1,223)	(802)	–	(3,652)
Other non-current liabilities*	(31)	(126)	–	(21)	(218)	(264)	(660)
Total non-current liabilities	(356)	(126)	(1,302)	(1,244)	(1,020)	(264)	(4,312)
Current liabilities							
Financial liabilities*	–	–	(1)	(8)	(2)	–	(11)
Other current liabilities*	(148)	(41)	(77)	(46)	(49)	(1,134)	(1,495)
Total current liabilities	(148)	(41)	(78)	(54)	(51)	(1,134)	(1,506)
Net assets	4,277	1,112	2,536	1,724	1,930	1,301	12,880
2022							
Non-current assets	3,301	1,166	3,752	2,901	2,916	1,182	15,218
Current assets							
Cash and cash equivalents	13	55	19	27	11	820	945
Other current assets	1,240	46	4	3	3	512	1,808
Total current assets	1,253	101	23	30	14	1,332	2,753
Non-current liabilities							
Financial liabilities*	(97)	–	(1,272)	(1,181)	(765)	–	(3,315)
Other non-current liabilities*	(28)	(127)	–	(21)	(215)	(240)	(631)
Total non-current liabilities	(125)	(127)	(1,272)	(1,202)	(980)	(240)	(3,946)
Current liabilities							
Financial liabilities*	–	–	(1)	(10)	(2)	–	(13)
Other current liabilities*	(74)	(46)	(58)	(43)	(47)	(1,073)	(1,341)
Total current liabilities	(74)	(46)	(59)	(53)	(49)	(1,073)	(1,354)
Net assets	4,355	1,094	2,444	1,676	1,901	1,201	12,671

*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:

	Shanghai Yibin Property Co. Ltd. US\$m	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
2023							
Revenue	–	81	171	133	131	6,160	6,676
Depreciation and amortisation	–	(4)	–	–	–	(101)	(105)
Interest income	1	1	–	–	–	43	45
Interest expense	–	–	(54)	(44)	(29)	–	(127)
Profit from underlying business performance	(3)	31	74	57	70	693	922
Tax	1	(4)	(12)	(10)	(12)	(145)	(182)
Profit/(loss) after tax from underlying business performance	(2)	27	62	47	58	548	740
Profit/(loss) after tax from non-trading items	9	(7)	55	22	–	–	79
Profit after tax	7	20	117	69	58	548	819
Other comprehensive income/(expense)	(85)	(2)	38	26	30	(4)	3
Total comprehensive income/(expense)	(78)	18	155	95	88	544	822
Dividends received from joint ventures	–	–	21	16	19	234	290
2022							
Revenue	–	66	158	118	119	5,393	5,854
Depreciation and amortisation	–	(5)	–	–	–	(131)	(136)
Interest income	–	–	–	–	–	18	18
Interest expense	–	–	(48)	(31)	(19)	–	(98)
Profit from underlying business performance	(3)	27	67	55	67	532	745
Tax	1	(3)	(11)	(9)	(11)	(118)	(151)
Profit/(loss) after tax from underlying business performance	(2)	24	56	46	56	414	594
Profit/(loss) after tax from non-trading items	8	(29)	(1)	–	(1)	–	(23)
Profit/(loss) after tax	6	(5)	55	46	55	414	571
Other comprehensive income/(expense)	(394)	–	13	43	28	2	(308)
Total comprehensive income/(expense)	(388)	(5)	68	89	83	416	263
Dividends received from joint ventures	–	–	17	15	19	217	268

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:

	Shanghai Yibin Property Co. Ltd. US\$m	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
2023							
Net assets	4,277	1,112	2,536	1,724	1,930	1,301	12,880
Interest in joint ventures (%)	43	49	33	33	33	50	
Group's share of net assets in joint ventures	1,839	545	845	575	643	651	5,098
Amounts due from joint ventures	–	–	–	–	39	–	39
Carrying value	1,839	545	845	575	682	651	5,137
2022							
Net assets	4,355	1,094	2,444	1,676	1,901	1,201	12,671
Interest in joint ventures (%)	43	49	33	33	33	50	
Group's share of net assets in joint ventures	1,873	536	815	559	634	600	5,017
Amounts due from joint ventures	–	–	424	–	38	–	462
Carrying value	1,873	536	1,239	559	672	600	5,479

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.

	2023 US\$m	2022 US\$m
Share of profit	491	413
Share of other comprehensive expense	(29)	(326)
Share of total comprehensive income	462	87
Carrying amount of interests in these joint ventures	6,585	6,533

Commitments and contingent liabilities in respect of joint ventures

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

	2023 US\$m	2022 US\$m
Commitment to provide funding if called	745	945

There were no contingent liabilities relating to the Group's interest in the joint ventures at 31st December 2023 and 2022.

16 Other Investments

	2023 US\$m	2022 US\$m
Equity investments measured at fair value through profit and loss		
Listed securities		
– Schindler Holdings	301	229
– Toyota Motor Corporation	265	198
– Vietnam Dairy Products Joint Stock Company ('Vinamilk')	618	715
– Other	311	342
	1,495	1,484
Unlisted securities	255	306
	1,750	1,790
Debt investments measured at fair value through profit and loss	418	10
Debt investments measured at fair value through other comprehensive income	916	763
Limited partnership investment funds measured at fair value through profit and loss	300	256
	3,384	2,819
Non-current	3,329	2,801
Current	55	18
	3,384	2,819
Debt investments comprised of listed bonds.		
Movements during the year:		
At 1st January	2,819	2,954
Exchange differences	55	(119)
Additions	685	643
Disposals and capital repayments	(160)	(229)
Reclassification of other investments to associates and joint ventures	(35)	–
Unwinding of premium	(1)	–
Change in fair value recognised in profit and loss	33	(410)
Change in fair value recognised in other comprehensive income	(12)	(20)
At 31st December	3,384	2,819

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

	2023 US\$m	2022 US\$m
Consumer financing debtors		
– gross	4,847	4,448
– provision for impairment	(330)	(340)
	4,517	4,108
Financing lease receivables		
– gross investment	680	569
– unearned finance income	(70)	(64)
– net investment	610	505
– provision for impairment	(35)	(31)
	575	474
Financing debtors	5,092	4,582
Trade debtors		
– third parties	2,053	2,425
– associates	46	49
– joint ventures	163	118
	2,262	2,592
– provision for impairment	(73)	(98)
	2,189	2,494
Contract assets (<i>refer note 3</i>)		
– gross	157	113
– provision for impairment	(61)	(59)
	96	54
Other debtors		
– third parties	2,926	2,712
– associates	130	140
– joint ventures	137	121
	3,193	2,973
– provision for impairment	(46)	(35)
	3,147	2,938
	10,524	10,068
Non-current		
– consumer financing debtors	2,342	2,013
– financing lease receivables	248	227
– trade debtors	2	–
– other debtors	1,241	1,029
	3,833	3,269
Current		
– consumer financing debtors	2,175	2,095
– financing lease receivables	327	247
– trade debtors	2,187	2,494
– contract assets	96	54
– other debtors	1,906	1,909
	6,691	6,799
	10,524	10,068

17 Debtors (continued)

	2023 US\$m	2022 US\$m
Analysis by geographical area of operation:		
China	922	852
South East Asia	9,488	9,024
United Kingdom	18	78
Rest of the world	96	114
	10,524	10,068
Analysis by fair value:		
Consumer financing debtors	4,010	3,741
Financing lease receivables	550	451
Financing debtors	4,560	4,192
Trade debtors	2,189	2,494
Other debtors*	1,452	1,506
	8,201	8,192

*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 10% to 37% per annum (2022: 10% to 37% per annum). The higher the discount rates, the lower the fair value.

The fair values of other debtors, other than short-term debtors, are estimated using the expected future receipts discounted at market rates ranging from 5% to 13% per annum (2022: 6% to 13% 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 primarily relate to Astra's motor vehicle and motorcycle financing businesses.

Financing debtors are due within five years (2022: five years) from the balance sheet date and the interest rates range from 7% to 48% per annum (2022: 7% to 45% per annum).

An analysis of financing lease receivables is set out below:

	2023 US\$m	2022 US\$m
Lease receivables	680	569
Guaranteed residual value	241	182
Security deposits	(241)	(182)
Gross investment	680	569
Unearned finance income	(70)	(64)
Net investment	610	505

17 Debtors (continued)

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

	2023		2022	
	Gross investment	Net investment	Gross investment	Net investment
	US\$m	US\$m	US\$m	US\$m
Within one year	396	347	306	263
Between one and two years	213	196	191	174
Between two and five years	68	64	72	68
Beyond five years	3	3	–	–
	680	610	569	505

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. 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 motor vehicle and motorcycle 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:

	2023		2022	
	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	1.46 – 8.00	4,187	2.15 – 13.58	3,666
Underperforming	1.46 – 32.57	1,165	2.15 – 37.60	1,161
Non-performing	34.20 – 66.00	105	42.00 – 66.00	126
		5,457		4,953

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

	Performing US\$m	Underperforming US\$m	Non-performing US\$m	Total US\$m
2023				
At 1st January	(164)	(117)	(90)	(371)
Exchange differences	(3)	(3)	(2)	(8)
(Additional provisions)/writeback	79	(114)	(60)	(95)
Transfer	(94)	62	32	–
Write off/utilisation	–	55	54	109
At 31st December	(182)	(117)	(66)	(365)
2022				
At 1st January	(182)	(148)	(34)	(364)
Exchange differences	16	13	6	35
(Additional provisions)/writeback	46	(177)	(35)	(166)
Transfer	(44)	133	(89)	–
Write off/utilisation	–	62	62	124
At 31st December	(164)	(117)	(90)	(371)

At 31st December 2023 and 2022, 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 net of provision for impairment are further analysed as follows:

	2023 US\$m	2022 US\$m
Derivative financial instruments (<i>refer note 34</i>)	73	185
Loans to employees	38	32
Other amounts due from associates	130	140
Other amounts due from joint ventures	137	121
Rental and other deposits	182	182
Repossessed collateral of finance companies	41	16
Restricted bank balances and deposits	49	43
Other receivables	810	793
Financial assets	1,460	1,512
Costs to fulfil contracts (<i>refer note 3</i>)	90	80
Costs to obtain contracts (<i>refer note 3</i>)	15	7
Prepayments	974	943
Insurance contract assets	68	46
Reinsurance contract assets	131	100
Other	409	250
	3,147	2,938

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 2023 and 2022 were determined as follows:

	Below 30 days	Between 31 and 60 days	Between 61 and 120 days	More than 120 days	Total
2023					
Trade debtors					
Expected loss rate (%)	0.9	3.5	4.5	46.4	
Gross carrying amount (US\$m)	1,950	133	76	103	2,262
Loss allowance (US\$m)	(17)	(5)	(3)	(48)	(73)
Contract assets					
Expected loss rate (%)	39.1	N/A	N/A	N/A	
Gross carrying amount (US\$m)	157	–	–	–	157
Loss allowance (US\$m)	(61)	–	–	–	(61)
2022					
Trade debtors					
Expected loss rate (%)	0.2	1.9	5.2	57.5	
Gross carrying amount (US\$m)	2,220	150	69	153	2,592
Loss allowance (US\$m)	(4)	(3)	(3)	(88)	(98)
Contract assets					
Expected loss rate (%)	52.3	N/A	N/A	N/A	
Gross carrying amount (US\$m)	113	–	–	–	113
Loss allowance (US\$m)	(59)	–	–	–	(59)

Movements in the provisions for impairment are as follows:

	Trade debtors		Contract assets		Other debtors	
	2023	2022	2023	2022	2023	2022
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
At 1st January						
– as previously reported	(100)	(101)	(59)	(64)	(35)	(38)
– change in accounting policies (refer note 1)	2	2	–	–	–	–
– as restated	(98)	(99)	(59)	(64)	(35)	(38)
Exchange differences	(2)	7	(1)	6	–	3
Additional provisions	(19)	(17)	(1)	(2)	(21)	(10)
Unused amounts reversed	8	5	–	1	5	9
Amounts written off	38	6	–	–	5	1
At 31st December	(73)	(98)	(61)	(59)	(46)	(35)

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 2023, the carrying amount of consumer financing debtors and other debtors pledged as security for borrowings amounted to US\$16 million and US\$12 million (2022: US\$17 million and US\$16 million), respectively (refer note 29). Financing lease receivables, trade debtors and contract assets had not been pledged as security for borrowings at 31st December 2023 and 2022.

18 Deferred Tax Assets/(Liabilities)

	Accelerated tax depreciation US\$m	Fair value gains/ (losses) US\$m	Losses US\$m	Employee benefits US\$m	Lease liabilities and other temporary differences US\$m	Total US\$m
2023						
At 1st January						
– as previously reported	(124)	(349)	77	107	73	(216)
– change in accounting policies (refer note 1)	(300)	–	–	–	300	–
– as restated	(424)	(349)	77	107	373	(216)
Exchange differences	(6)	–	–	2	11	7
New subsidiaries	–	(112)	–	–	(12)	(124)
Disposals	7	–	–	(3)	(1)	3
Credited/(charged) to profit and loss	(51)	(3)	14	11	129	100
Credited to other comprehensive income	–	9	–	4	–	13
Classified as held for sale	11	–	–	–	(12)	(1)
At 31st December	(463)	(455)	91	121	488	(218)
Deferred tax assets	(149)	(49)	53	113	676	644
Deferred tax liabilities	(314)	(406)	38	8	(188)	(862)
	(463)	(455)	91	121	488	(218)
2022						
At 1st January						
– as previously reported	(133)	(367)	38	114	123	(225)
– change in accounting policies (refer note 1)	(291)	–	–	–	291	–
– as restated	(424)	(367)	38	114	414	(225)
Exchange differences	6	7	(2)	(11)	(30)	(30)
Disposals	–	–	–	–	(5)	(5)
Credited/(charged) to profit and loss	(6)	22	41	11	(6)	62
Charged to other comprehensive income	–	(11)	–	(7)	–	(18)
At 31st December	(424)	(349)	77	107	373	(216)
Deferred tax assets	(166)	(48)	74	102	613	575
Deferred tax liabilities	(258)	(301)	3	5	(240)	(791)
	(424)	(349)	77	107	373	(216)

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\$226 million (2022: US\$296 million) arising from unused tax losses of US\$1,022 million (2022: US\$1,308 million) have not been recognised in the financial statements. Included in the unused tax losses, US\$357 million have no expiry date and the remaining balance will expire at various dates up to and including 2031.

Deferred tax liabilities of US\$644 million (2022: US\$627 million) arising on temporary differences associated with investments in subsidiaries of US\$6,206 million (2022: US\$6,445 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. Most of the pension plans are final salary defined benefit plans, 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 other defined benefit plans are closed to new members. In addition, although all plans are impacted by the discount rate, liabilities in Hong Kong are driven by salary growth.

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

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

	2023 US\$m	2022 US\$m
Fair value of plan assets	595	742
Present value of funded obligations	(595)	(775)
	–	(33)
Present value of unfunded obligations	(362)	(318)
Net pension liabilities	(362)	(351)
Analysis of net pension liabilities:		
Pension assets	8	17
Pension liabilities	(370)	(368)
	(362)	(351)

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
2023			
At 1st January	742	(1,093)	(351)
Current service cost	–	(60)	(60)
Interest income/(expense)	27	(15)	12
Past services cost and losses on settlements	–	(1)	(1)
Administration expenses	(1)	–	(1)
	26	(76)	(50)
	768	(1,169)	(401)
Exchange differences	8	(16)	(8)
New subsidiaries	–	(1)	(1)
Disposals	(154)	165	11
Remeasurements			
– return on plan assets, excluding amounts included in interest income	14	–	14
– change in financial assumptions	–	(20)	(20)
– experience losses	–	(12)	(12)
	14	(32)	(18)
Contributions from employers	33	–	33
Contributions from plan participants	3	(3)	–
Benefit payments	(77)	99	22
At 31st December	595	(957)	(362)
2022			
At 1st January	971	(1,390)	(419)
Current service cost	–	(29)	(29)
Interest income/(expense)	21	(38)	(17)
Past services cost and losses on settlements	–	3	3
Administration expenses	(3)	–	(3)
	18	(64)	(46)
	989	(1,454)	(465)
Exchange differences	(44)	83	39
Remeasurements			
– return on plan assets, excluding amounts included in interest income	(151)	–	(151)
– change in financial assumptions	–	202	202
– experience losses	–	(14)	(14)
	(151)	188	37
Contributions from employers	19	–	19
Contributions from plan participants	4	(4)	–
Benefit payments	(73)	92	19
Settlements	(2)	2	–
At 31st December	742	(1,093)	(351)

19 Pension Plans (continued)

The weighted average duration of the defined benefit obligations at 31st December 2023 is 10 years (2022: 11 years).

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

	2023 US\$m	2022 US\$m
Within one year	126	131
Between one and two years	105	105
Between two and five years	288	309
Between five and ten years	496	512
Between ten and fifteen years	595	620
Between fifteen and twenty years	892	796
Beyond twenty years	2,976	2,471
	5,478	4,944

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

	Hong Kong		Others	
	2023	2022	2023	2022
	%	%	%	%
Discount rate	4.3	5.2	6.3	6.2
Salary growth rate	4.0	4.0	6.3	5.4
Inflation rate	N/A	N/A	3.4	3.2

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	71	(82)
Salary growth rate	1	(76)	65
Inflation rate	1	(1)	1

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:

	2023 US\$m	2022 US\$m
Equity investments		
Asia Pacific	9	13
Europe	4	4
North America	8	9
Global	1	–
	22	26
Debt investments		
Asia Pacific	24	27
Europe	4	4
North America	9	8
Global	3	3
	40	42
Investment funds		
Asia Pacific	97	93
Europe	126	305
North America	221	216
Global	90	86
	534	700
Total investments	596	768
Cash and cash equivalents	27	38
Benefits payable and other	(28)	(64)
	595	742

At 31st December 2023, 92% of equity investments, 93% of debt investments and 67% of investment funds were quoted on active markets (2022: 93%, 98% and 52%, 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 2023, the Hong Kong and United Kingdom plans had assets of US\$473 million and US\$87 million (2022: US\$466 million and US\$233 million), respectively. The decrease in plan assets was due to the Group's sale of its automotive dealership business in the United Kingdom.

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2023 were US\$33 million and the estimated amount of contributions expected to be paid to all its plans in 2024 is US\$31 million.

20 Properties for Sale

	2023 US\$m	2022 US\$m
Properties in the course of development	1,960	2,536
Completed properties	1,520	775
	3,480	3,311

At 31st December 2023, properties in the course of development amounting to US\$822 million (2022: US\$1,749 million) were not scheduled for completion within the next twelve months.

At 31st December 2023, the carrying amount of properties for sale pledged as security for borrowings amounted to US\$848 million (2022: US\$1,329 million) (refer note 29).

21 Stocks and Work in Progress

	2023 US\$m	2022 US\$m
Finished goods	3,153	3,040
Work in progress	59	65
Raw materials	162	149
Spare parts	127	98
Other	163	161
	3,664	3,513

At 31st December 2023, no stocks and work in progress were pledged as security for borrowings (2022: US\$1 million) (refer note 29).

22 Cash and Bank Balances

	2023 US\$m	2022 US\$m
Deposits with banks and financial institutions	2,614	2,323
Bank balances	2,064	3,412
Cash balances	202	163
	4,880	5,898
Analysis by currency:		
Chinese renminbi	531	455
Euro	24	57
Hong Kong dollar	360	269
Indonesian rupiah	2,120	2,588
Japanese yen	24	14
Macau patacas	25	21
Malaysian ringgit	48	41
New Taiwan dollar	70	67
Singapore dollar	315	545
United Kingdom sterling	24	60
United States dollar	1,312	1,743
Other	27	38
	4,880	5,898

The weighted average interest rate on deposits with banks and financial institutions at 31st December 2023 was 3.6% (2022: 2.4%) per annum.

Deposits and bank balances at 31st December 2023 included US\$82 million related to property sale proceeds placed with banks in accordance with the requirements of property development on the Chinese mainland and were restricted for use until certain conditions were fulfilled.

23 Assets and Liabilities Classified as Held for Sale

The major classes of assets and liabilities directly associated with assets classified as held for sale are set out below:

	2023 US\$m	2022 US\$m
Tangible assets	325	22
Right-of-use assets	25	43
Deferred tax assets	1	–
Current assets*	29	–
Total assets	380	65
Current liabilities	44	–

* Included cash and bank balances of US\$14 million (2022: nil) (refer note 33(n)).

23 Assets and Liabilities Classified as Held for Sale (continued)

At 31st December 2023, assets and liabilities classified as held for sale principally related to Mandarin Oriental's hotel in Paris (the 'Paris Hotel') with net assets of US\$308 million.

In December 2023, Mandarin Oriental has signed a preliminary sale agreement with an option to sell its interests in the Paris Hotel for US\$227 million. The two retail units at the main entrance of the Paris Hotel are not included in the sale and were being actively marketed for sale at 31st December 2023. Mandarin Oriental will retain a long-term management agreement to manage and brand the Hotel.

Mandarin Oriental's acceptance of the offer for its interests in the Paris Hotel is subject to completion of a consultation process with the relevant Works Council. Subject to that process and to the statutory right of pre-emption by the City of Paris, among other conditions, it is anticipated that final documentation will be signed and completion of the sale will take place on or after 31st March 2024.

24 Share Capital

		2023 US\$m	2022 US\$m
Authorised:			
1,000,000,000 shares of US\$25 each		250	250
	Ordinary shares in millions		
	2023	2022	
		2023 US\$m	2022 US\$m
Issued and fully paid:			
At 1st January	289	716	73
Scrip issued in lieu of dividends	4	3	–
Repurchased and cancelled	(4)	(3)	(1)
Reduction of capital	–	(427)	–
At 31st December	289	289	72

During the year, the Company repurchased 4 million (2022: 3 million) ordinary shares from the stock market at a cost of US\$209 million (2022: US\$171 million), which was accounted for by charging US\$1 million (2022: US\$1 million) to share capital, nil (2022: US\$2 million) to share premium and US\$208 million (2022: US\$168 million) to revenue reserves.

The Company reduced its share capital by 427 million or the 59% shareholding held by subsidiaries, on 18th May 2022 at a cost of US\$6,223 million, constituting the final stage in the Group's simplification of its parent company structure. The amount was accounted for by charging US\$106 million to share capital, US\$1 million to share premium and US\$6,116 million to revenue reserves.

25 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 2023 and 2022.

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:

	2023		2022	
	Weighted average exercise price US\$	Options in millions	Weighted average exercise price US\$	Options in millions
At 1st January	59.9	1.3	58.9	1.7
Exercised	–	–	51.3	(0.2)
Cancelled	64.5	(0.2)	61.6	(0.2)
At 31st December	58.8	1.1	59.9	1.3

The average share price during the year was US\$46.8 (2022: US\$53.2) per share.

Outstanding at 31st December:

Expiry date	Exercise price US\$	Options in millions	
		2023	2022
2023	64.9	–	0.1
2024	59.6	–	0.1
2025	63.4	0.1	0.1
2026	53.9 – 56.6	0.5	0.5
2027	65.6	0.2	0.2
2028	63.4	0.3	0.3
Total outstanding		1.1	1.3
of which exercisable		1.1	1.2

26 Share Premium and Capital Reserves

	Share premium US\$m	Capital reserves US\$m	Total US\$m
2023			
At 1st January	–	26	26
Capitalisation arising on scrip issued in lieu of dividends	(1)	–	(1)
Employee share option schemes			
– value of employee services	–	10	10
Transfer	1	(14)	(13)
At 31st December	–	22	22
2022			
At 1st January	–	25	25
Capitalisation arising on scrip issued in lieu of dividends	(1)	–	(1)
Repurchase of shares (<i>refer note 24</i>)	(2)	–	(2)
Reduction of capital (<i>refer note 24</i>)	(1)	–	(1)
Employee share option schemes			
– exercise of share options	1	–	1
– value of employee services	–	4	4
Transfer	3	(3)	–
At 31st December	–	26	26

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

At 31st December 2023, US\$13 million (2022: US\$17 million) related to the Company's Senior Executive Share Incentive Schemes.

27 Dividends

	2023 US\$m	2022 US\$m
Final dividend in respect of 2022 of US\$1.60 (2021: US\$1.56) per share	463	1,114
Interim dividend in respect of 2023 of US\$0.60 (2022: US\$0.55) per share	174	159
	637	1,273
Company's share of dividends paid on the shares held by subsidiaries	–	(666)
	637	607
Shareholders elected to receive scrip in respect of the following:		
Final dividend in respect of previous year	132	138
Interim dividend in respect of current year	50	46
	182	184

A final dividend in respect of 2023 of US\$1.65 (2022: US\$1.60) per share amounting to a total of US\$477 million (2022: US\$463 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2024 Annual General Meeting and will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2024. Final dividend in respect of 2022 of US\$463 million was charged to reserves in the year ended 31st December 2023.

28 Non-controlling Interests

	2023 US\$m	2022 US\$m
By business:		
Hongkong Land	14,895	15,689
DFI Retail	228	224
Mandarin Oriental	566	670
Jardine Cycle & Carriage	337	241
Astra	10,895	10,586
	26,921	27,410

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
2023					
Current					
Assets	4,556	1,386	598	11,564	11,157
Liabilities	(2,674)	(3,527)	(625)	(9,197)	(7,935)
Total current net assets/(liabilities)	1,882	(2,141)	(27)	2,367	3,222
Non-current					
Assets	36,209	5,725	3,147	20,829	17,610
Liabilities	(6,104)	(2,596)	(154)	(5,381)	(4,629)
Total non-current net assets	30,105	3,129	2,993	15,448	12,981
Net assets	31,987	988	2,966	17,815	16,203
Non-controlling interests	22	8	5	9,776	3,377
2022					
Current					
Assets	4,686	1,440	329	12,057	11,639
Liabilities	(2,415)	(3,673)	(186)	(8,431)	(7,401)
Total current net assets/(liabilities)	2,271	(2,233)	143	3,626	4,238
Non-current					
Assets	37,911	5,886	3,924	17,176	14,466
Liabilities	(6,855)	(2,712)	(769)	(4,290)	(3,249)
Total non-current net assets	31,056	3,174	3,155	12,886	11,217
Net assets	33,327	941	3,298	16,512	15,455
Non-controlling interests	24	(6)	4	9,341	3,272

*Jardine Cycle & Carriage has 50.1% 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
2023					
Revenue	1,844	9,170	558	22,235	20,606
Profit after tax from underlying business performance	737	151	81	2,943	2,871
Profit/(loss) after tax from non-trading items	(1,314)	(121)	(446)	34	(37)
Profit/(loss) after tax	(577)	30	(365)	2,977	2,834
Other comprehensive income/(expense)	(186)	70	52	237	4
Total comprehensive income/(expense)	(763)	100	(313)	3,214	2,838
Total comprehensive income allocated to non-controlling interests	4	3	1	1,909	689
Dividends paid to non-controlling interests	(1)	–	–	(1,683)	(816)
2022					
Revenue	2,244	9,174	454	21,566	19,977
Profit after tax from underlying business performance	776	21	8	2,855	2,756
Loss after tax from non-trading items	(576)	(142)	(57)	(399)	(91)
Profit/(loss) after tax	200	(121)	(49)	2,456	2,665
Other comprehensive income/(expense)	(642)	(90)	34	(1,221)	118
Total comprehensive income/(expense)	(442)	(211)	(15)	1,235	2,783
Total comprehensive income/(expense) allocated to non-controlling interests	(10)	(6)	–	1,078	812
Dividends paid to non-controlling interests	(1)	–	–	(642)	(261)

*Jardine Cycle & Carriage has 50.1% 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
2023					
Cash flows from operating activities					
Cash generated from operations	1,059	1,183	148	3,048	2,959
Interest received	46	9	9	146	141
Interest and other financing charges paid	(251)	(153)	(18)	(273)	(210)
Tax paid	(287)	(41)	(3)	(956)	(854)
Dividends from associates and joint ventures	135	46	5	506	451
Cash flows from operating activities	702	1,044	141	2,471	2,487
Cash flows from investing activities	269	(95)	31	(3,039)	(2,842)
Cash flows from financing activities	(1,021)	(868)	(215)	(724)	(933)
Net increase/(decrease) in cash and cash equivalents	(50)	81	(43)	(1,292)	(1,288)
Cash and cash equivalents at 1st January	1,171	214	226	4,018	3,896
Effect of exchange rate changes	(9)	3	7	56	61
Cash and cash equivalents at 31st December	1,112	298	190	2,782	2,669
2022					
Cash flows from operating activities					
Cash generated from operations	943	1,058	78	3,044	3,006
Interest received	46	3	2	122	140
Interest and other financing charges paid	(228)	(123)	(16)	(130)	(120)
Tax paid	(125)	(43)	(8)	(682)	(630)
Dividends from associates and joint ventures	222	45	—	496	414
Cash flows from operating activities	858	940	56	2,850	2,810
Cash flows from investing activities	(727)	(201)	87	(1,524)	(1,478)
Cash flows from financing activities	(416)	(728)	(122)	(1,590)	(1,610)
Net increase/(decrease) in cash and cash equivalents	(285)	11	21	(264)	(278)
Cash and cash equivalents at 1st January	1,476	210	213	4,589	4,482
Effect of exchange rate changes	(20)	(7)	(8)	(307)	(308)
Cash and cash equivalents at 31st December	1,171	214	226	4,018	3,896

*Jardine Cycle & Carriage has 50.1% interest in Astra.

The information above is before any inter-company eliminations.

29 Borrowings

	2023		2022	
	Carrying amount US\$m	Fair value US\$m	Carrying amount US\$m	Fair value US\$m
Current				
– bank overdrafts	16	16	19	19
– other bank advances	1,243	1,243	1,260	1,260
– other advances	1	1	3	3
	1,260	1,260	1,282	1,282
Current portion of long-term borrowings				
– bank loans	3,293	3,293	2,340	2,340
– bonds and notes	960	960	540	540
– other loans	–	–	1	1
	4,253	4,253	2,881	2,881
	5,513	5,513	4,163	4,163
Long-term borrowings				
– bank loans	5,389	5,367	6,648	6,626
– bonds and notes	5,733	5,304	5,418	4,816
– other loans	11	11	7	7
	11,133	10,682	12,073	11,449
	16,646	16,195	16,236	15,612

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 2.1% to 9.2% (2022: 2.1% to 8.5%) 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.

	2023 US\$m	2022 US\$m
Secured	1,422	1,524
Unsecured	15,224	14,712
	16,646	16,236

Secured borrowings at 31st December 2023 included Hongkong Land’s bank borrowings of US\$943 million (2022: US\$873 million) which were secured against its investment properties and properties for sale, Mandarin Oriental’s bank borrowings of US\$415 million (2022: US\$600 million) which were secured against its tangible assets and right-of-use assets, and Astra’s bank borrowings of US\$64 million (2022: US\$51 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	Floating rate borrowings		Total US\$m
			US\$m	US\$m	
2023					
Chinese renminbi	3.5	3.0	187	1,299	1,486
Hong Kong dollar	4.2	5.7	4,013	1,437	5,450
Indonesian rupiah	5.9	1.7	4,189	1,261	5,450
Malaysian ringgit	4.3	–	–	16	16
Singapore dollar	3.9	15.4	225	654	879
Thai baht	3.6	–	–	336	336
United Kingdom sterling	3.0	0.3	51	13	64
United States dollar	4.0	6.3	1,792	1,161	2,953
Other	3.4	0.1	4	8	12
			10,461	6,185	16,646
2022					
Chinese renminbi	4.3	–	–	1,050	1,050
Hong Kong dollar	4.1	5.8	3,825	2,189	6,014
Indonesian rupiah	6.1	1.8	3,965	463	4,428
Malaysian ringgit	4.5	0.3	1	230	231
Singapore dollar	3.5	12.7	287	665	952
Thai baht	2.3	–	–	348	348
United Kingdom sterling	3.5	1.3	48	92	140
United States dollar	3.1	6.0	2,000	1,063	3,063
Other	6.8	–	–	10	10
			10,126	6,110	16,236

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:

	2023 US\$m	2022 US\$m
Floating rate borrowings	6,185	6,110
Fixed rate borrowings		
– within one year	2,799	2,676
– between one and two years	2,264	2,010
– between two and three years	1,022	1,419
– between three and four years	245	144
– between four and five years	220	207
– beyond five years	3,911	3,670
	10,461	10,126
	16,646	16,236

29 Borrowings (continued)

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

	Maturity	Interest rates %	Nominal values	2023		2022	
				Current US\$m	Non- current US\$m	Current US\$m	Non- current US\$m
Hongkong Land							
3.95% 10-year notes	2023	3.95	HK\$1,100 million	–	–	141	–
3.95% 10-year notes	2023	3.95	HK\$300 million	–	–	38	–
4.625% 10-year notes	2024	4.625	US\$400 million	400	–	–	395
4.10% 15-year notes	2025	4.10	HK\$300 million	–	38	–	38
4.50% 15-year notes	2025	4.50	US\$600 million	–	603	–	604
3.75% 15-year notes	2026	3.75	HK\$302 million	–	39	–	39
3.50% 3-year notes	2026	3.50	CNY330 million	–	46	–	–
3.50% 3-year notes	2026	3.50	CNY1,000 million	–	140	–	–
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	–	41	–	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	–	45
4.40% 15-year notes	2029	4.40	HK\$400 million	–	51	–	51
2.93% 10-year notes	2029	2.93	HK\$550 million	–	70	–	70
2.875% 10-year notes	2030	2.875	US\$600 million	–	596	–	596
4.11% 20-year notes	2030	4.11	HK\$800 million	–	102	–	102
2.25% 10-year notes	2031	2.25	US\$500 million	–	496	–	496
1.957% 10-year notes	2031	1.957	HK\$375 million	–	48	–	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
5.25% 10-year notes	2033	5.25	US\$400 million	–	398	–	–
4.12% 15-year notes	2033	4.12	HK\$700 million	–	89	–	89
4.85% 10-year notes	2033	4.85	HK\$300 million	–	38	–	–
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	–	101
3.95% 20-year notes	2038	3.95	S\$150 million	–	112	–	110
3.45% 20-year notes	2039	3.45	S\$150 million	–	113	–	111
5.25% 30-year notes	2040	5.25	HK\$250 million	–	32	–	32
Astra Sedaya Finance (‘ASF’)							
Berkelanjutan IV Tahap II bonds	2024	9.20	Rp623 billion	39	–	–	38
Berkelanjutan IV Tahap III bonds	2024	7.95	Rp236 billion	15	–	–	15
Berkelanjutan IV Tahap IV bonds	2023	7.00	Rp1,301 billion	–	–	78	–
Berkelanjutan V Tahap I bonds	2023	7.60	Rp473 billion	–	–	28	–
Berkelanjutan V Tahap II bonds	2024	6.35	Rp1,608 billion	101	–	–	99
Berkelanjutan V Tahap III bonds	2024	5.30	Rp1,459 billion	86	–	–	85
Berkelanjutan V Tahap IV bonds	2025	5.70	Rp1,972 billion	–	121	65	119
Berkelanjutan V Tahap V bonds	2025 – 2027	6.35 – 6.50	Rp380 billion	–	25	30	24
Berkelanjutan VI Tahap I bonds	2024 – 2026	5.50 – 6.00	Rp2,500 billion	34	128	–	–
Berkelanjutan VI Tahap II bonds	2024 – 2028	6.05 – 6.45	Rp1,000 billion	12	50	–	–

29 Borrowings (continued)

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

	Maturity	Interest rates %	Nominal values	2023		2022	
				Current US\$m	Non- current US\$m	Current US\$m	Non- current US\$m
Federal International Finance ('FIF')							
Berkelanjutan IV Tahap II bonds	2023	7.25	Rp645 billion	–	–	41	–
Berkelanjutan V Tahap I bonds	2024	6.25	Rp872 billion	57	–	–	55
Berkelanjutan V Tahap II bonds	2024	5.30	Rp775 billion	44	–	–	43
Berkelanjutan V Tahap III bonds	2025	5.60	Rp807 billion	–	43	74	42
Berkelanjutan V Tahap IV bonds	2025	6.80	Rp676 billion	–	40	27	40
Berkelanjutan V Tahap V bonds	2024 – 2026	6.00 – 6.80	Rp3,000 billion	66	127	–	–
Berkelanjutan VI Tahap I bonds	2024 – 2026	5.50 – 6.00	Rp1,000 billion	35	28	–	–
Berkelanjutan VI Tahap II bonds	2024 – 2026	6.40 – 6.75	Rp1,100 billion	50	16	–	–
SAN Finance							
Berkelanjutan IV Tahap I bonds	2025	7.05	Rp750 billion	–	32	7	32
Berkelanjutan IV Tahap II bonds	2024 – 2028	6.00 – 7.25	Rp1,500 billion	21	65	–	–
Serasi Autoraya ('SERA')							
Berkelanjutan I Tahap I bonds	2023	8.35	Rp167 billion	–	–	11	–
Jardine Matheson							
2031 bonds	2031	2.50	US\$800 million	–	790	–	788
2036 bonds	2036	2.875	US\$400 million	–	392	–	391
				960	5,733	540	5,418

All notes and bonds were unsecured at 31st December 2023 and 2022.

The ASF bonds, FIF bonds, SAN Finance bonds and SERA bonds were issued by wholly-owned subsidiaries of Astra.

The movements in borrowings are as follows:

	Bank overdrafts US\$m	Long-term borrowings US\$m	Short-term borrowings US\$m	Total US\$m
2023				
At 1st January	19	12,073	4,144	16,236
Exchange differences	(1)	(1)	(6)	(8)
New subsidiaries	–	–	26	26
Disposals	–	(12)	(10)	(22)
Amortisation of borrowing costs	–	6	10	16
Transfer	–	(4,507)	4,507	–
Change in fair value	–	2	–	2
Change in bank overdrafts	(2)	–	–	(2)
Drawdown of borrowings	–	7,273	2,600	9,873
Repayment of borrowings	–	(3,701)	(5,774)	(9,475)
At 31st December	16	11,133	5,497	16,646

29 Borrowings (continued)

	Bank overdrafts US\$m	Long-term borrowings US\$m	Short-term borrowings US\$m	Total US\$m
<i>2022</i>				
At 1st January	4	12,299	4,355	16,658
Exchange differences	(1)	(236)	(203)	(440)
New subsidiaries	–	66	3	69
Amortisation of borrowing costs	–	5	12	17
Transfer	–	(3,298)	3,298	–
Change in fair value	–	(18)	–	(18)
Change in bank overdrafts	16	–	–	16
Drawdown of borrowings	–	5,852	3,195	9,047
Repayment of borrowings	–	(2,597)	(6,516)	(9,113)
At 31st December	19	12,073	4,144	16,236

30 Lease Liabilities

	2023 US\$m	2022 US\$m
At 1st January	3,723	3,834
Exchange differences	2	(131)
Additions	348	416
Disposals	(240)	–
Classified as held for sale	(20)	–
Modifications to lease terms	763	479
Lease payments	(986)	(989)
Interest expense	130	114
At 31st December	3,720	3,723
Non-current	2,966	2,951
Current	754	772
	3,720	3,723

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 2023 and 2022.

The Group has not entered into any material lease contracts which have not commenced at 31st December 2023 and 2022.

31 Creditors

	2023 US\$m	2022 US\$m
Trade creditors		
– third parties	4,294	4,336
– associates	91	136
– joint ventures	286	267
	4,671	4,739
Accruals	2,154	2,427
Other amounts due to joint ventures	138	141
Rental and other refundable deposits	315	359
Contingent consideration payable	11	9
Derivative financial instruments (<i>refer note 34</i>)	70	24
Other creditors	720	492
Financial liabilities	8,079	8,191
Contract liabilities (<i>refer note 3</i>)	1,317	1,305
Insurance contract liabilities	921	813
Rental income received in advance	28	26
Other	231	183
	10,576	10,518
Non-current	268	200
Current	10,308	10,318
	10,576	10,518
<i>Analysis by geographical area of operation:</i>		
China	3,964	3,782
South East Asia	6,187	6,010
United Kingdom	24	296
Rest of the world	401	430
	10,576	10,518

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
2023						
At 1st January	71	25	209	171	35	511
Exchange differences	1	–	–	3	1	5
New subsidiaries	–	–	1	–	–	1
Additional provisions	4	7	18	27	46	102
Disposals	–	–	(12)	–	–	(12)
Unused amounts reversed	(3)	(17)	(6)	–	–	(26)
Utilised	(1)	(2)	(1)	(2)	(13)	(19)
At 31st December	72	13	209	199	69	562
Non-current	–	1	171	171	16	359
Current	72	12	38	28	53	203
	72	13	209	199	69	562
2022						
At 1st January	70	36	204	163	29	502
Exchange differences	–	(2)	(3)	(15)	(3)	(23)
Additional provisions	6	5	14	25	13	63
Unused amounts reversed	(2)	(5)	(2)	–	–	(9)
Utilised	(3)	(9)	(4)	(2)	(4)	(22)
At 31st December	71	25	209	171	35	511
Non-current	–	–	172	145	19	336
Current	71	25	37	26	16	175
	71	25	209	171	35	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.

Statutory employee entitlements include long service leave and jubilee awards for employees.

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

	2023 US\$m	2022 US\$m
By nature:		
Operating profit	2,435	2,833
Adjustments for:		
Depreciation and amortisation (<i>refer note 33(b)</i>)	2,078	2,108
Change in fair value of investment properties	1,779	930
Profit on sale of subsidiaries	(7)	(42)
(Profit)/loss on sale of associates and joint ventures	(39)	29
Profit on sale of other investments	–	(2)
Loss on sale of right-of-use assets	1	1
Loss on sale of intangible assets	2	1
Profit on sale of tangible assets	(132)	(37)
Loss on sale of repossessed collateral of finance companies	55	37
Fair value (gain)/loss on other investments	(33)	410
Fair value (gain)/loss on agricultural produce	(2)	11
Impairment of intangible assets	240	7
Impairment of tangible assets	9	47
Impairment of right-of-use assets	10	3
Impairment of debtors	123	180
Write down of properties for sale	29	6
Write down of stocks and work in progress	45	48
Reversal of write down of stocks and work in progress	(28)	(28)
Gain on lease modification and termination	(3)	(7)
Rent concessions	–	(17)
Change in provisions	80	44
Net foreign exchange (gain)/loss	(3)	55
Gain on bargain purchase on acquisition of businesses	(32)	(37)
Amortisation of borrowing costs for financial services companies	8	9
Options granted under employee share option schemes	12	6
	4,192	3,762
	6,627	6,595
Change in working capital:		
Increase in concession rights	(31)	(25)
Decrease in properties for sale	10	28
Increase in stocks and work in progress	(588)	(1,074)
Increase in debtors	(702)	(1,149)
Increase in creditors and provisions	239	905
(Decrease)/increase in pension obligations	(6)	7
	(1,078)	(1,308)
	5,549	5,287

33 Notes to Consolidated Cash Flow Statement (continued)

(b) Depreciation and amortisation

	2023 US\$m	2022 US\$m
By business:		
Jardine Pacific	143	145
Jardine Motor Interests	2	20
Hongkong Land	18	18
DFI Retail	827	861
Mandarin Oriental	51	58
Jardine Cycle & Carriage	23	21
Astra	1,014	985
	2,078	2,108

(c) Purchase of subsidiaries

	2023 Fair value US\$m
Non-current assets	(526)
Current assets	(371)
Non-current liabilities	137
Current liabilities	164
Non-controlling interests	38
Fair value of identifiable net assets acquired	(558)
Goodwill	(45)
Gain on bargain purchase	32
Total consideration	(571)
Carrying value of associates and joint ventures	102
Cash and cash equivalents of subsidiaries acquired	91
Net cash outflow	(378)

For the subsidiaries acquired during 2023, the fair values of the identifiable assets and liabilities at the acquisition dates are provisional and will be finalised within one year after the acquisition dates.

Net cash outflow for purchase of subsidiaries in 2023 included a total of US\$285 million for Astra's acquisition of 67% of PT Anugerah Surya Pasific Resources ('ASPR'), 70% of PT Stargate Pasific Resources ('SPR') and 70% of PT Stargate Mineral Asia ('SMA'), which engage in nickel mining and processing in Indonesia. ASPR has 30% interest in each of SPR and SMA, thus the Group has direct and indirect attributable interest totalling 90% in each of SPR and SMA. In addition, Astra acquired a 100% interest in PT Tokobagus, a company operating a leading classifieds platform in Indonesia under the OLX brand, for US\$63 million.

Goodwill in 2023 mainly arose from the acquisition of PT Tokobagus, which provides synergy with the Group's existing automotive business creating a leading used car omnichannel platform and further expand the automotive value chain. The goodwill is not expected to be deductible for tax purposes.

Revenue and profit after tax since acquisition in respect of subsidiaries acquired during the year amounted to US\$43 million and US\$7 million, respectively. Had the acquisitions occurred on 1st January 2023, consolidated revenue and profit after tax for the year ended 31st December 2023 would have been US\$36,091 million and US\$2,345 million, respectively.

33 Notes to Consolidated Cash Flow Statement (continued)

(d) Purchase of associates and joint ventures in 2023 included US\$287 million for Hongkong Land's investment on the Chinese mainland; US\$14 million for Jardine Cycle & Carriage's additional interest in Refrigeration Electrical Engineering Corporation; US\$616 million, US\$53 million, US\$25 million and US\$99 million for Astra's acquisition of a 20% interest in Nickel Industries, a 49.6% interest in PT Supreme Energy Sriwijaya, a 25% interest in PT Equinix Indonesia JKT and an additional 14% interest in Halodoc (after which became a 21%-held associate), respectively.

Purchase in 2022 included US\$213 million for Hongkong Land's investments on the Chinese mainland; US\$34 million for Jardine Cycle & Carriage's additional interest in Refrigeration Electrical Engineering Corporation; US\$260 million, US\$44 million and US\$41 million for Astra's investments in PT Bank Jasa Jakarta, toll road concession business and PT Mobilitas Digital Indonesia, respectively.

(e) Purchase of other investments in 2023 included US\$357 million for Jardine Cycle & Carriage's subscription to THACO's convertible bonds and US\$285 million for Astra acquisition of securities in relation to its financial services businesses.

Purchase in 2022 included Astra's acquisition of securities in relation to its financial services businesses of US\$327 million, investments in healthcare services of US\$99 million, an online consumer credit platform of US\$31 million and a technology-based logistics startup of US\$14 million; and Corporate's investment in limited partnership investments funds for US\$151 million.

(f) Advances to associates and joint ventures in 2023 included Hongkong Land's advances to its property joint ventures of US\$434 million and Mandarin Oriental's advance to its associate hotel of US\$20 million.

Advances to associates and joint ventures in 2022 included Hongkong Land's advances to its property joint ventures.

(g) Repayments from associates and joint ventures in 2023 included Hongkong Land's repayments from its property joint ventures of US\$1,184 million and Mandarin Oriental's repayments from its associate and joint venture hotels of US\$67 million.

Repayments from associates and joint ventures in 2022 included repayments from Hongkong Land's property joint ventures.

33 Notes to Consolidated Cash Flow Statement (continued)

(h) Sale of subsidiaries

	2023
	US\$m
Non-current assets	441
Current assets	467
Non-current assets held for sale	50
Non-current liabilities	(232)
Current liabilities	(466)
Non-controlling interests	(3)
Net assets	257
Cumulative exchange translation losses	118
Profit on disposal	7
Transaction costs and other payable	47
Sales proceeds	429
Cash and cash equivalents of subsidiaries disposed of	(64)
Net cash inflow	365

Net cash inflow for sale of subsidiaries in 2023 comprised US\$359 million inflow from the Group's sale of its automotive dealership business in the United Kingdom and US\$29 million inflow from Hongkong Land's sale of a property interest in Vietnam; offset by US\$23 million cash outflow from DFI Retail's divestment of its Malaysia grocery retail business.

(i) Sale of associates and joint ventures included US\$126 million for Jardine Pacific's sale of Greatview Aseptic Packaging.

(j) Sale of other investments in 2023 and 2022 included Astra's sale of securities in relation to its financial services businesses.

(k) Sale of tangible assets in 2023 included US\$106 million for DFI Retail's sale and sale and leaseback of properties in Singapore, Malaysia and Indonesia; and US\$225 million for Jardine Cycle & Carriage's sale of its properties in Singapore under a sale and leaseback arrangement.

Sale in 2022 included US\$131 million for Mandarin Oriental's sale of a hotel property.

33 Notes to Consolidated Cash Flow Statement (continued)

(l) Change in interests in subsidiaries

	2023 US\$m	2022 US\$m
Increase in attributable interests		
– Hongkong Land	(83)	(352)
– Jardine Cycle & Carriage	(136)	(130)
– Mandarin Oriental	(18)	(1)
– other	(3)	(225)
	(240)	(708)

Increase in 2022 included US\$214 million for repurchase of shares in Astra's subsidiary, United Tractors, which consequentially increased Astra's interest from 59.5% to 61.1%.

(m) Cash outflows for leases

	2023 US\$m	2022 US\$m
Lease rentals paid	(1,213)	(1,151)
Additions to leasehold land under right-of-use assets	(31)	(53)
	(1,244)	(1,204)
The above cash outflows are included in		
– operating activities	(357)	(276)
– investing activities	(31)	(53)
– financing activities	(856)	(875)
	(1,244)	(1,204)

(n) Analysis of balances of cash and cash equivalents

	2023 US\$m	2022 US\$m
Cash and bank balances* (refer note 22)	4,798	5,898
Bank overdrafts (refer note 29)	(16)	(19)
Cash and bank balances of subsidiaries classified as held for sale (refer note 23)	14	–
	4,796	5,879

*Excluding deposits and bank balances of US\$82 million not available for use within three months from 31st December 2023 (2022: nil).

34 Derivative Financial Instruments

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

	2023		2022	
	Positive fair value US\$m	Negative fair value US\$m	Positive fair value US\$m	Negative fair value US\$m
Designated as cash flow hedges				
– forward foreign exchange contracts	2	4	22	5
– interest rate swaps and caps	18	–	40	–
– cross currency swaps	51	66	123	15
	71	70	185	20
Designated as fair value hedges				
– forward foreign exchange contracts	–	–	–	1
– cross currency swaps	1	–	–	3
	1	–	–	4
Non-qualifying as hedges				
– forward foreign exchange contracts	1	–	–	–

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2023 were US\$522 million (2022: US\$812 million).

Interest rate swaps and caps

The notional principal amounts of the outstanding interest rate swap and cap contracts at 31st December 2023 were US\$1,010 million (2022: US\$850 million).

At 31st December 2023, the fixed interest rates relating to interest rate swaps and caps varied from 0.7% to 4.7% (2022: 0.4% to 2.1%) per annum.

The fair values of interest rate swaps at 31st December 2023 were based on the estimated cash flows discounted at market rates ranging from 0.9% to 6.0% (2022: 0.9% to 6.0%) per annum.

Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts at 31st December 2023 were US\$3,603 million (2022: US\$3,543 million).

Commodity options and commodity zero collars

The Group had no outstanding commodity options and commodity zero collars at 31st December 2023. The contract amounts of the outstanding commodity options and commodity zero collars at 31st December 2022 were US\$38 million and US\$10 million, respectively.

35 Commitments

	2023 US\$m	2022 US\$m
Capital commitments:		
Authorised not contracted		
– investments in joint ventures	–	26
– capital expenditure and investments	739	576
	739	602
Contracted not provided		
– investments in joint ventures	745	945
– capital expenditure and investments	799	953
	1,544	1,898
	2,283	2,500

Operating lease commitments for short-term and low-value leases which were due within one year amounted to US\$13 million at 31st December 2023 (2022: US\$19 million).

Total future sublease payments receivable amounted to US\$2 million at 31st December 2023 (2022: US\$19 million).

36 Contingent Liabilities

Following the acquisition of the 15% 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 ongoing. It is anticipated that the court appraisal process will not be concluded for at least a further 12 months and will likely extend further. 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.

	2023 US\$m	2022 US\$m
Sales to associates and joint ventures		
– motor vehicles and spare parts	810	763
– coal	977	640
– crude palm oil	440	416
	2,227	1,819
Purchases from associates and joint ventures		
– motor vehicles and spare parts	6,484	6,142
– ready-to-eat products	47	42
	6,531	6,184
Services received from associates and joint ventures		
– point-of-sale system implementation and consultancy services	17	13

The Group manages six (2022: six) associate and joint venture hotels. Management fees received by the Group in 2023 from these managed hotels amounted to US\$14 million (2022: US\$15 million).

The Group has engaged one of its joint ventures in the construction business for the redevelopment of a Group's commercial property in Hong Kong. The value of works completed amounted to US\$60 million as of 31st December 2023 (2022: US\$14 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 81 under the heading of 'Remuneration Outcomes in 2023'.

The Company's Directors' remuneration includes payments made by a trust created in 1947 (the '1947 Trust') which represents distributions from the income of the 1947 Trust. The 1947 Trust's income consists solely of ordinary dividends it receives on its shareholding in the Company. The 1947 Trust was established and acts independently of, and is not controlled by the Company. Accordingly, the dividends that the Company paid to the 1947 Trust on its shareholding are accounted for as ordinary dividends and the amounts paid to the Company's Directors by the 1947 Trust are not accounted for as expenses of the Group. However, as the amounts paid to the directors related to their service to the Company and depends on their performance, they have been included as part of the disclosure of Directors' 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.

	2023 US\$m	2022 US\$m
Subsidiaries	1,659	1,659
Current assets	586	467
Total assets	2,245	2,126
Share capital (<i>refer note 24</i>)	72	73
Share premium and capital reserves (<i>refer note 26</i>)	13	17
Revenue and other reserves	1,481	1,823
Shareholders' funds	1,566	1,913
Current liabilities	679	213
Total equity and liabilities	2,245	2,126

Subsidiaries are shown at cost less amounts provided.

39 Principal Subsidiaries

The Group's principal subsidiaries at 31st December 2023 are set out below:

	Place of incorporation/ principal place of business	Nature of business	Attributable interests		Proportion of ordinary shares and voting powers at 31st December 2023 held by the Group	
			2023	2022		non-controlling interests
			%	%	%	%
DFI Retail Group Holdings Ltd	Bermuda/ China and South East Asia	Food, health and beauty, 7-Eleven, IKEA, restaurants and other retailing	78	78	78	22
Hongkong Land Holdings Ltd	Bermuda/ China and South East Asia	Property investment, management & development	53	53	53	47
Jardine Cycle & Carriage Ltd	Singapore/ South East Asia	A 50.1% interest in PT Astra International Tbk, motor trading and holding	78	76	78	22
Jardine Matheson Ltd	Bermuda/ Hong Kong	Group management	100	100	100	–
Jardine Pacific Holdings Ltd	Bermuda/ China and South East Asia	Engineering & construction, motor trading, transport services and restaurants	100	100	100	–
Jardine Strategic Ltd	Bermuda/ China and South East Asia	Holding	100	100	100	–
Mandarin Oriental International Ltd	Bermuda/ Worldwide	Hotel investment & management	80	79	80	20
Matheson & Co., Ltd	England/ United Kingdom	Holding and management	100	100	100	–
PT Astra International Tbk	Indonesia/ Indonesia	Automotive, financial services, heavy equipment, mining and construction and energy, agribusiness, infrastructure and logistics, information technology and property	39	38	50	50

All subsidiaries are included in the consolidation.

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

40 Material 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 profit and loss are recognised in profit and loss as part of the gains and losses arising from changes in their fair value. Exchange differences on other investments measured at fair value through other comprehensive income are recognised in other comprehensive income as part of the gains and losses arising from changes in their fair value. All other exchange differences are recognised in profit and loss.

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

Impairment of non-financial assets

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

Intangible assets

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

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

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

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

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

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

Tangible fixed assets and depreciation

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

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

Buildings	
– hotels	21 to 150 years
– others	20 to 40 years
Surface, finishes and services of hotel properties	20 to 30 years
Leasehold improvements	shorter of unexpired lease term or useful life
Plant and machinery	2 to 25 years
Furniture, equipment and motor vehicles	2 to 25 years

Mining properties are depreciated using the unit of production method.

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

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

Leases

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

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

(i) As a lessee

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

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

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

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

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

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

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

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

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

(ii) As a lessor

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

Investment properties

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

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.

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 realizable value. A portion of the properties for sale is leased out prior to sales to enhance shareholder profitability. These leased properties are classified and accounted for as properties for sale. 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 bank balances

Cash and deposits with banks, which are restricted in use ('restricted cash and bank balances'), are classified as cash and bank balances. If such balances are restricted in use for a period exceeding one year, they are classified as part of other debtors.

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks and financial institutions, bank and cash balances, and other liquid investments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current borrowings. Restricted cash and bank balances that are not available for use within three months from the balance sheet date are excluded from cash and cash equivalents.

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 cash and bank balances 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

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.

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

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts.

On initial recognition, insurance contracts are measured as the total of (a) the fulfilment cash flows ("FCF"), adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the contractual service margin ("CSM"). The FCF are the current estimates of the future cash flows within the contract boundary that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. The CSM is a component of the carrying amount of the insurance contract asset or liability representing the unearned profit that the Group will recognise as it provides insurance contract services in the future. Subsequently, the carrying amount at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the FCF that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the FCF for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

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 and debt 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 contracts recognised in the period represents the transfer of services provided at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services. For insurance contracts not measured under the premium allocation approach, the Group reduces the liability for remaining coverage and recognises insurance revenue for the services provided.

*(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 when customer has received and consumed benefit from the services.

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.

41 Standards and Amendments Issued But Not Yet Effective

A number of amendments effective for accounting periods beginning after 2023 have been published and will be adopted by the Group from their effective dates. The Group is currently assessing the potential impact of these amendments but expects their adoption will not have a significant impact on the Group's consolidated financial statements.

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

The ineffectiveness during 2023 or 2022 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 2023, the Group's Indonesian rupiah functional entities had United States dollar denominated net monetary liabilities of US\$391 million (2022: assets of US\$438 million). At 31st December 2023, 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\$30 million lower/higher (2022: US\$34 million higher/lower), arising from foreign exchange gains/losses taken on translation. The impact on amounts attributable to the shareholders of the Company would be US\$13 million lower/higher (2022: US\$17 million higher/lower). 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 2023 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 2023, the Group's interest rate hedge exclusive of the financial services companies was 55% (2022: 55%), with an average tenor of six years (2022: 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 2023, 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\$4 million (2022: US\$12 million) higher/lower, and hedging reserves would have been US\$124 million (2022: US\$107 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 is unhedged. At 31st December 2023, if the price of these investments had been 25% higher/lower with all other variables held constant, total equity would have been US\$846 million (2022: US\$705 million) higher/lower, of which US\$437 million (2022: US\$447 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 these commodities 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 contractually provide the Group with the right 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 2023, total available borrowing facilities amounted to US\$29.4 billion (2022: US\$26.8 billion) of which US\$16.6 billion (2022: US\$16.2 billion) was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, and undrawn uncommitted facilities totalled US\$9.0 billion (2022: US\$7.1 billion) and US\$3.8 billion (2022: US\$3.5 billion), respectively.

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

	Within one year US\$m	Between one and two years US\$m	Between two and three years US\$m	Between three and four years US\$m	Between four and five years US\$m	Beyond five years US\$m	Total undiscounted cash flows US\$m
At 31st December 2023							
Borrowings	6,098	3,994	2,510	645	639	5,259	19,145
Lease liabilities	884	710	531	421	373	1,378	4,297
Creditors	7,824	64	35	23	16	48	8,010
Gross settled derivative financial instruments							
– inflow	1,447	992	266	52	50	1,648	4,455
– outflow	1,419	983	267	53	50	1,639	4,411
At 31st December 2022							
Borrowings	4,755	4,183	3,095	1,306	410	4,791	18,540
Lease liabilities	868	691	509	392	306	1,460	4,226
Creditors	7,958	66	44	20	22	57	8,167
Net settled derivative financial instruments	–	1	1	–	–	–	2
Gross settled derivative financial instruments							
– inflow	1,145	630	362	30	–	–	2,167
– outflow	1,063	892	949	43	30	1,180	4,157

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 cash and bank balances. 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 2023 and 2022 are as follows:

	2023	2022
Gearing ratio exclusive of financial services companies (%)	15	13
Gearing ratio inclusive of financial services companies (%)	21	18
Interest cover exclusive of financial services companies (times)	12	15
Interest cover inclusive of financial services companies (times)	14	17

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 and debt 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
2023				
Assets				
Other investments				
– equity investments	1,495	56	199	1,750
– debt investments	916	–	418	1,334
– limited partnership investment funds	–	–	300	300
	2,411	56	917	3,384
Derivative financial instruments at fair value				
– through other comprehensive income	–	71	–	71
– through profit and loss	–	2	–	2
	2,411	129	917	3,457
Liabilities				
Contingent consideration payable	–	–	(11)	(11)
Derivative financial instruments at fair value				
– through other comprehensive income	–	(70)	–	(70)
	–	(70)	(11)	(81)
2022				
Assets				
Other investments				
– equity investments	1,484	54	252	1,790
– debt investments	763	–	10	773
– limited partnership investment funds	–	–	256	256
	2,247	54	518	2,819
Derivative financial instruments at fair value				
– through other comprehensive income	–	185	–	185
	2,247	239	518	3,004
Liabilities				
Contingent consideration payable	–	–	(9)	(9)
Derivative financial instruments at fair value				
– through other comprehensive income	–	(20)	–	(20)
– through profit and loss	–	(4)	–	(4)
	–	(24)	(9)	(33)

Movement of unlisted equity and debt investments, and limited partnership investment funds, which are valued based on unobservable inputs during the year ended 31st December are as follows:

	2023 US\$m	2022 US\$m
At 1st January	518	559
Exchange differences	18	(28)
Additions	398	217
Disposals	(4)	(2)
Reclassification of other investments to associates and joint ventures	(35)	–
Transfer to ‘quoted prices in active markets’	–	(233)
Net change in fair value during the year included in profit and loss	22	5
At 31st December	917	518

An investment of US\$233 million which was valued using ‘unobservable inputs’ in 2021 was transferred to valued using ‘quoted prices in active markets’ during 2022, upon flotation of the shares on a recognised stock exchange. There were no transfers among the three categories during the year ended 31st December 2023.

(ii) Financial instruments that are not measured at fair value

The fair values of current debtors, cash and bank balances, 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 2023 and 2022 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
2023							
Financial assets							
measured at							
fair value							
Amounts due from associates	–	–	–	466	–	466	466
Amounts due from joint ventures	–	–	–	1,923	–	1,923	1,923
Other investments							
– equity investments	–	1,750	–	–	–	1,750	1,750
– debt investments	–	418	916	–	–	1,334	1,334
– limited partnership investment funds	–	300	–	–	–	300	300
Derivative financial instruments	73	–	–	–	–	73	73
	73	2,468	916	2,389	–	5,846	5,846
Financial assets							
not measured at							
fair value							
Debtors	–	–	–	8,668	–	8,668	8,128
Bank balances	–	–	–	4,880	–	4,880	4,880
	–	–	–	13,548	–	13,548	13,008
Financial liabilities							
measured at							
fair value							
Derivative financial instruments	(70)	–	–	–	–	(70)	(70)
Contingent consideration payable	–	(11)	–	–	–	(11)	(11)
	(70)	(11)	–	–	–	(81)	(81)
Financial liabilities							
not measured at							
fair value							
Borrowings	–	–	–	–	(16,646)	(16,646)	(16,195)
Lease liabilities	–	–	–	–	(3,720)	(3,720)	(3,720)
Trade and other payable excluding non-financial liabilities	–	–	–	–	(7,998)	(7,998)	(7,998)
	–	–	–	–	(28,364)	(28,364)	(27,913)

	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
2022							
<i>Financial assets measured at fair value</i>							
Amounts due from associates	–	–	–	461	–	461	461
Amounts due from joint ventures	–	–	–	2,573	–	2,573	2,573
Other investments							
– equity investments	–	1,790	–	–	–	1,790	1,790
– debt investments	–	10	763	–	–	773	773
– limited partnership investment funds	–	256	–	–	–	256	256
Derivative financial instruments	185	–	–	–	–	185	185
	185	2,056	763	3,034	–	6,038	6,038
<i>Financial assets not measured at fair value</i>							
Debtors	–	–	–	8,403	–	8,403	8,007
Bank balances	–	–	–	5,898	–	5,898	5,898
	–	–	–	14,301	–	14,301	13,905
<i>Financial liabilities measured at fair value</i>							
Derivative financial instruments	(24)	–	–	–	–	(24)	(24)
Contingent consideration payable	–	(9)	–	–	–	(9)	(9)
	(24)	(9)	–	–	–	(33)	(33)
<i>Financial liabilities not measured at fair value</i>							
Borrowings	–	–	–	–	(16,236)	(16,236)	(15,612)
Lease liabilities	–	–	–	–	(3,723)	(3,723)	(3,723)
Trade and other payable excluding non-financial liabilities	–	–	–	–	(8,158)	(8,158)	(8,158)
	–	–	–	–	(28,117)	(28,117)	(27,493)

The 2022 comparative figures have been re-presented to include amounts due from associates and joint ventures.

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 has 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.

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

Significant areas of estimation uncertainty

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 completed commercial investment properties, which are 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 these investment properties in Hong Kong, the Chinese mainland and Singapore, capitalisation rates in the range of 2.90% to 3.50% for office (2022: 2.80% to 3.40%) and 3.75% to 5.00% for retail (2022: 3.75% to 5.00%) are used by Hongkong Land in the fair value determination.

The fair value of the under development commercial property in Hong Kong, which are held by Mandarin Oriental, is determined by independent valuers on an open market basis using the residual method. The residual method is also based on assumptions about the estimated costs to complete the development, the developer's estimated profit and margin for risk, prevailing market rent and capitalisation rates in the range of 2.55% to 3.95% (2022: 2.45% to 3.85%).

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.

An insignificant portion of the Group's completed commercial investment properties in Hong Kong are being used for its own purposes including as offices, hotel and retail outlets. These represented approximately 3% (2022: 3%) of the total fair value of the Group's investment properties at 31st December 2023.

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 2023 on the Group's goodwill were included in note 10.

The results of the impairment reviews undertaken at 31st December 2023 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.

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.

Significant areas of judgement

Impairment of financial assets

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.

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.
