

ANNUAL REPORTS AND RELATED DOCUMENTS::

Issuer & Securities

Issuer/ Manager

JARDINE CYCLE & CARRIAGE LIMITED

Securities

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Please see the attached documents:

1. Annual Report 2022
2. Letter to Shareholders dated 30th March 2023

These documents are also available on the 'AGM 2023' page under the 'Investors' section on the Company's website at the URL <https://www.jcclgroup.com/>.

Additional Details

Period Ended

31/12/2022

Attachments

[JCC AR2022.pdf](#)

[LTS - AGM 2023 30 Mar 23 - FOR PUBLICATION.pdf](#)

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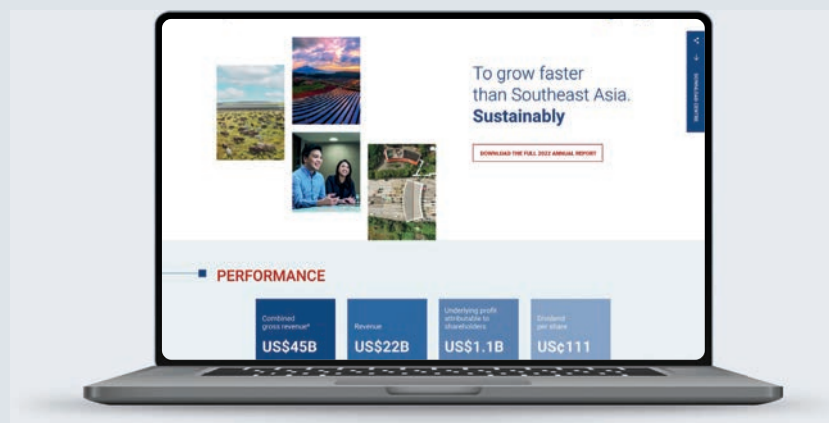
ANNUAL REPORT 2022

To grow faster
than Southeast Asia.
Sustainably

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For more information
on JC&C and our businesses,
visit www.jcclgroup.com



CORPORATE PROFILE

Jardine Cycle & Carriage ("**JC&C**" or "**the Group**") is the investment holding company of the Jardine Matheson Group ("**Jardines**") in Southeast Asia. Listed on the Mainboard of the Singapore Exchange and a constituent of the Straits Times Index and MSCI Singapore Index, the Group is 76%-owned by Jardines.

By investing in the region's market leaders, we aim to deliver sustainable growth to create evermore opportunities for our stakeholders in Southeast Asia. Together with our subsidiaries and associates, JC&C provides over 240,000 jobs across the region.

- Astra (50.1%-owned), a prominent Indonesian group participating in automotive, financial services, heavy equipment, mining, construction & energy, agribusiness, infrastructure, IT and property.
- Truong Hai Group Corporation (26.6%-owned), Vietnam's fast-growing business group with market-leading positions in automotive, real estate and agriculture.
- Direct Motor Interests making up an extensive dealership network through the Cycle & Carriage businesses in Singapore (100%-owned), Malaysia (96.9%-owned) and Myanmar (60%-owned), and Tunas Ridean (49.9%-owned) in Indonesia.
- Other Strategic Interests comprising Refrigeration Electrical Engineering Corporation (33.6%-owned) in Vietnam with interests in power and utilities including renewable energy, property development and office leasing, and mechanical & electrical engineering; Siam City Cement (25.5%-owned) operating in Thailand, Vietnam, Sri Lanka, Cambodia and Bangladesh; and Vinamilk (10.6%-owned), the leading dairy producer in Vietnam.

FINANCIAL HIGHLIGHTS

Combined gross revenue*

US\$45B

Revenue

US\$22B

Underlying profit
attributable to shareholders

US\$1.1B

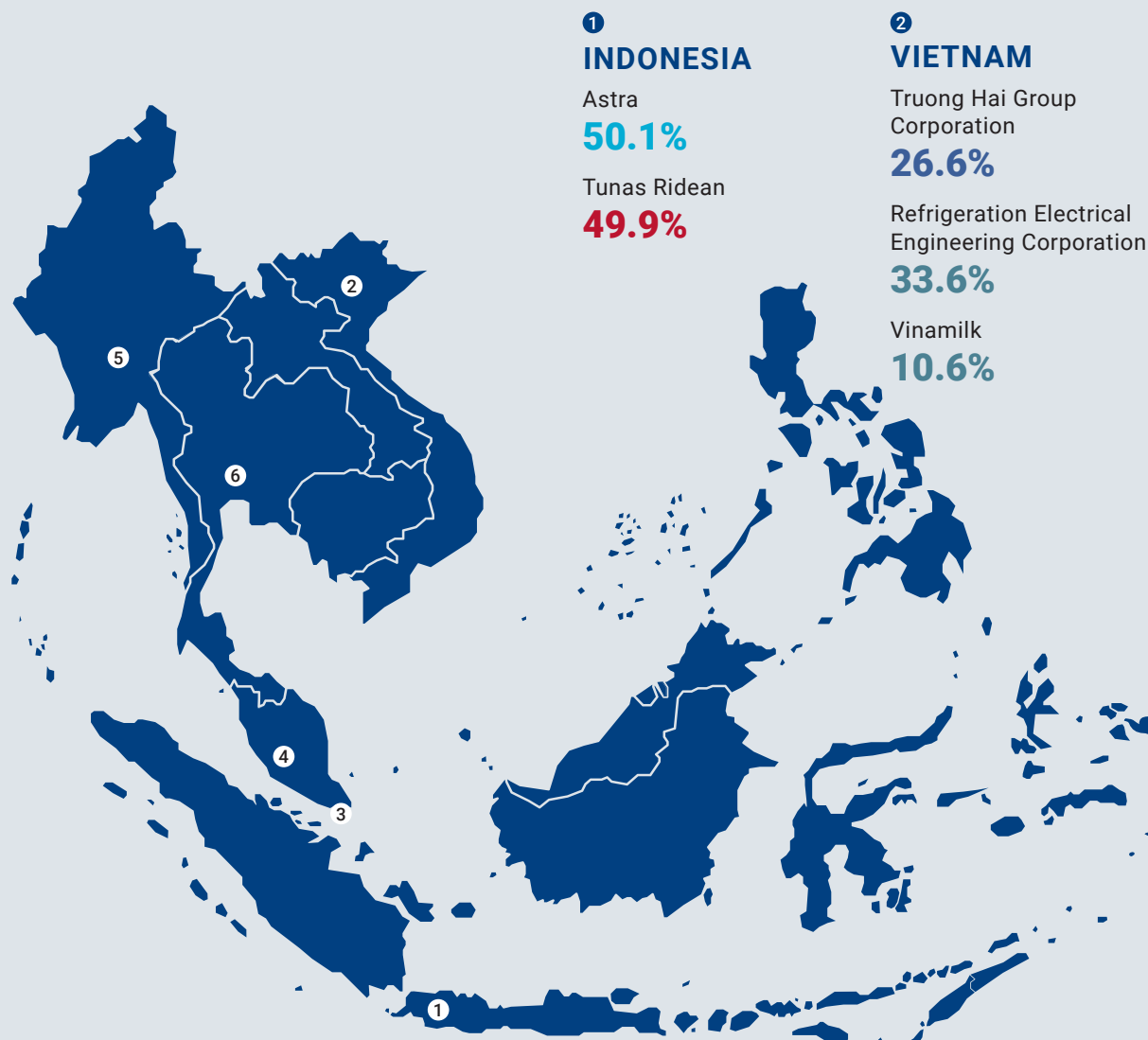
Dividend per share

US¢111

* Includes 100% of revenue from associates and joint ventures

GROUP OVERVIEW

Our objective is to grow faster than Southeast Asia and elevate the communities within which we operate.



GROUP RESULTS

	Year ended 31st December			
	2022 US\$m	2021 US\$m	Change %	2022 S\$m
Revenue	21,793	17,688	23	30,065
Profit after tax	2,456	1,718	43	3,388
Underlying profit attributable to shareholders*	1,096	786	39	1,512
Profit attributable to shareholders	740	661	12	1,021
Shareholders' funds	7,140	7,368	(3)	9,600
	US¢	US¢	%	S¢
Underlying earnings per share*	277	199	39	383
Earnings per share	187	167	12	258
Dividends per share	111	80	39	153
	US\$	US\$	%	S\$
Net asset value per share	18.07	18.64	(3)	24.29

3 SINGAPORE

Cycle & Carriage
Singapore

100%

4 MALAYSIA

Cycle & Carriage
Bintang

96.9%

5 MYANMAR

Cycle & Carriage
Myanmar

60.0%

6 THAILAND

Siam City Cement

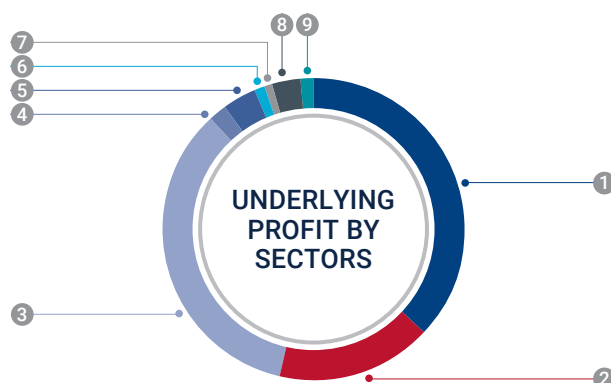
25.5%

- Astra
- Truong Hai Group Corporation
- Direct Motor Interests
- Other Strategic Interests

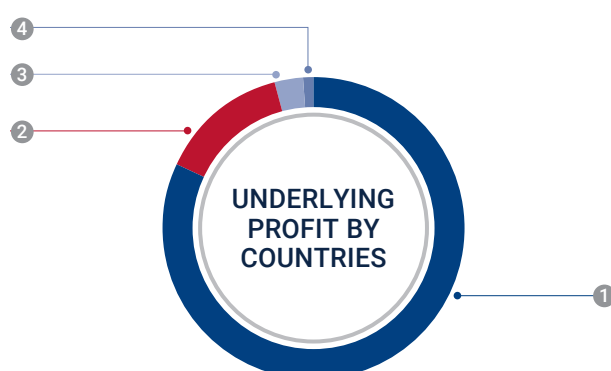
The exchange rate of US\$1=SG\$1.34 (31st December 2021: US\$1=SG\$1.35) was used for translating assets and liabilities at the balance sheet date, and US\$1=SG\$1.38 (2021: US\$1=SG\$1.34) was used for translating the results for the period.

* The Group uses 'underlying profit attributable to shareholders' in its internal financial reporting to distinguish between ongoing business performance and non-trading items. Items classified as non-trading items include: fair value gains or losses on revaluation of investment properties, agricultural produce and equity investments which are measured at fair value through profit and loss; gains or losses arising from sale of businesses, investments and properties; impairment of non-depreciable intangible assets, associates and joint ventures and other investments; provisions for 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 the Group's underlying business performance.

GROUP HIGHLIGHTS



1	Automotive	37.2%
2	Financial Services	16.5%
3	Heavy Equipment & Mining	34.5%
4	Agribusiness	1.9%
5	Utilities & Infrastructure	3.7%
6	Property	1.1%
7	Cement	0.9%
8	Consumer Products	3.0%
9	Others	1.2%



1	Indonesia	82%
2	Vietnam	14%
3	Singapore	3%
4	Thailand	1%

CONVERSATION WITH GROUP MANAGING DIRECTOR

Q

What are some of JC&C's 2022 highlights?

A

We are pleased to post record earnings for 2022, with an underlying profit of US\$1.1 billion, up 39% from 2021. This reflected the strong performance of our Southeast Asian portfolio businesses.

In line with earnings, the Board has proposed a final dividend of US¢83 per share. Together with the interim dividend of US¢28 per share, the total dividend for 2022 is US\$1.11 per share. This is a 39% increase year-on-year and reflects a consistent payout ratio from past years.

During the year, we also took steps to reduce our holding company debt from US\$1.5 billion to around US\$900 million in 2023, which will improve our balance sheet position.

For 2022, our largest portfolio company, Astra, delivered record profits. 2022 also marked a record contribution of US\$232 million, or 20%, of JC&C's underlying profit from our non-Astra businesses.

We see exciting potential in Truong Hai Group Corporation ("THACO") and Refrigeration Electrical Engineering Corporation ("REE"), both fast-growing and high performing companies in Vietnam. They participate in key sectors such as automotive, real estate, agriculture and renewable energy. THACO and REE are JC&C's future champions and will provide attractive new business opportunities that will strengthen

the overall quality and resilience of the JC&C portfolio.

At JC&C, we aim to grow faster than Southeast Asia, sustainably. We seek to create opportunities for our shareholders, employees and communities to benefit from long-term growth through our portfolio of market-leading businesses in the region.

Q

Can you share more on JC&C's future champions, THACO and REE?

A

JC&C first invested in THACO in 2008 and over the years, we increased our stake in the company to 26.6% today.

THACO is the market leader in Vietnam's high growth automotive sector with a market share of 23% in 2022. THACO has the advantages of integration, participating across the automotive value chain of assembly, distribution and retail, for premium and mass market brands.

The highly cash-generative automotive business has built a valuable platform that enables THACO to grow profit and invest in new sectors such as agriculture and real estate that will provide future growth opportunities.

In recent years, THACO has invested in over 50,000ha of agricultural land in Vietnam, Cambodia and Laos for fruit plantation, primarily bananas, pineapples and mangoes, as well as for pig and cattle farming. Its real estate business, mainly in the Thu Thiem New Urban Area, District 2, is well-positioned to benefit from

the promising real estate market of Ho Chi Minh City.

Our investment in REE started in 2012 when it was primarily a M&E company. REE has since evolved into a renewable energy provider and also diversified into property.

For 2022, REE delivered record profits of US\$110 million. We are particularly excited about REE's renewable energy portfolio. Currently, REE has interests in solar, hydro and wind energy, with an equity-adjusted power generation capacity of about 770MW.

REE will continue to expand its renewables portfolio and be well-positioned to support Vietnam's energy transition. We are supportive of REE's plans and increased our stake in the company to 33.6% in 2022, enabling JC&C to enjoy greater contributions from REE.

Q

How is JC&C improving its ESG performance?

A

We strive to outperform Southeast Asia's growth rates in a sustainable way. Continuing to improve our ESG performance is vital to the long-term success of our businesses, and for the development and progress of the communities in which our businesses operate.

As part of our ongoing commitment to climate action, we formulated and announced in 2022 our position to manage our exposure to coal and will no longer invest in new coal mines or coal-fired power plants.

“
We see exciting
potential in THACO and
REE, both fast-growing
and high performing
companies in Vietnam.
”

We aim to grow non-coal related revenue from 76% in 2022 to 90% by 2030. Astra's subsidiary, United Tractors, also diversified into nickel mining and will continue to explore opportunities in non-coal mineral mining.

During the year, JC&C published our first Task Force on Climate-Related Financial Disclosures (“TCFD”) report and has integrated the findings into our risk management system and business strategies.

In validation of our strong corporate governance standards, JC&C was shortlisted for the Best Managed Board at the Singapore Corporate Awards 2022, the top award for Singapore-listed companies with the Best Managed Board as its highest honour category.

Finally, mental health remains a clear focus of our social agenda, a cause we have supported over the past decade. We are delighted that Jardines' mental health charity, MINDSET, was awarded the “Charity Transparency Award” and the “Charity Governance Award” by the Charity Council and Ministry of Culture, Community and Youth in 2022.

Ben Birks

Group Managing Director



■ CONVERSATION WITH GROUP FINANCE DIRECTOR



Q

Having joined JC&C in 2022 as Group Finance Director, can you share your thoughts on the year's achievements?

A

It is exciting to return and be a part of JC&C again. I joined the Jardine Matheson Group in 2012 and JC&C was my first posting. In the last 10 years, JC&C has evolved into a portfolio that reflects the engines of growth in Southeast Asia, with investments in market leaders in the region's highest growth countries.

Our portfolio demonstrated its resilience during the pandemic and stayed profitable in 2020. In 2021, it bounced back with a strong recovery. In 2022, we delivered a strong financial performance with record underlying profits of US\$1.1 billion, an increase from US\$786 million the year before. We saw higher contributions across our portfolio businesses, with some of them reporting record earnings as well.

JC&C's objective is to grow faster than Southeast Asia, sustainably. It is important that the investment community understands our growth story. As part of our continued commitment to stakeholder engagement, in 2022, we undertook a comprehensive investor perception study to help us better understand how the community perceives JC&C. This comprised in-depth conversations with key shareholders and sell-side analysts, who provided valuable insight into their views of JC&C's overall strategy and capital allocation plan. The study was an important

initiative that will contribute to shaping our engagement strategy with shareholders and investors going forward.

We are delighted to note that in 2022, JC&C returned to the MSCI Singapore Index, placing us among the top 21 SGX-listed companies.

Q

How will JC&C be managing the parent company debt in 2023?

A

At the end of 2022, JC&C parent company's net debt stood at US\$1.5 billion.

For 2022, Astra declared an enhanced dividend on the back of high profits from unprecedented coal prices. In addition, the sale and leaseback of the Singapore properties also unlocked capital of around US\$230 million. Together, these proceeds will be utilised to reduce JC&C's holding company debt to around US\$900 million in 2023.

JC&C's balance sheet strategy is not to have significant long-term debt at the holding company level, as we believe leverage should be held in the operating companies instead. Moving forward, we will continue to assess the different options available to reduce the debt further when appropriate.

Meanwhile, JC&C is taking proactive steps to manage its corporate debt and has refinanced the loan facilities with maturities over the next two to three years.

“

In 2022, we delivered a strong financial performance with record underlying profits of US\$1.1 billion, an increase from US\$786 million the year before.

”

Q

Can you share how JC&C is managing the financial impact of climate change on its businesses?

A

In building a sustainable business, we need to understand our portfolio's climate risks and opportunities. It is also vital to provide key disclosures to our stakeholders to enhance their understanding of the impact climate change may have on our businesses in the long run.

JC&C published its first TCFD report in 2022, which included an analysis that highlighted the importance of reducing our exposure to the coal industry, increasing our investments in renewable energy, and a timely transition to electric vehicles for our automotive business. We have since integrated the findings of the

TCFD assessment into our strategies and management systems.

Having started measuring our Scope 1 and 2 emissions in 2022, we are also developing reduction targets to support climate action. In addition, we completed analyses of the decarbonisation pathways of the key sectors we are invested in. Moving forward, we plan to further map out these pathways and sharpen our goals and targets.

With these initiatives, we will be better positioned to achieve sustainable growth. ESG remains a key consideration in our investment decision and capital allocation strategy. We strive to safeguard shareholder value and allocate capital effectively to optimise returns from our portfolio and ensure that our businesses remain relevant for the future.

Amy Hsu
Group Finance Director

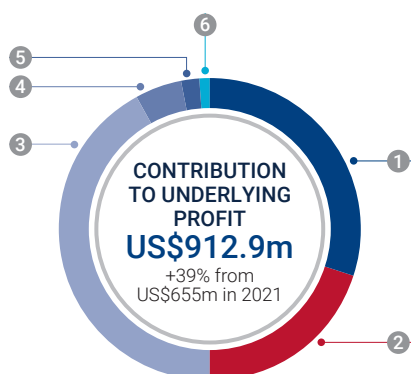
ASTRA

A prominent Indonesian market leader

INDONESIA

Astra

50.1%



1	Automotive	30%
2	Financial Services	20%
3	Heavy Equipment, Mining, Construction & Energy	42%
4	Agribusiness	5%
5	Infrastructure & Logistics	2%
6	Property	1%
	Information Technology*	

* Insignificant contribution

Toyota	● ● ●
Daihatsu	● ● ●
Isuzu	● ● ●
UD trucks	● ● ●
Peugeot	● ● ●
Honda – motorcycles	● ● ●
BMW	● ●
Lexus	●

● Manufacturer/Assembler
● Dealer ● Distributor

Astra is a diversified business group operating in Indonesia. It is listed on the Indonesia Stock Exchange.

Automotive

Astra is one of the largest independent automotive groups in Southeast Asia. It manufactures, assembles, distributes, retails motor vehicles, and provides aftersales services. It also manufactures and distributes automotive components. To build adjacencies within the wider automotive ecosystem, Astra Digital develops new initiatives and products to enhance online and digital interaction with customers.

Financial Services

Astra delivers a range of financial services including consumer and automotive financing, insurance, heavy equipment financing, fintech, e-money and digital venture. In 2022, Astra acquired 49.6% of Bank Jasa Jakarta, with plans to transform it into an innovative digital bank in Indonesia. Astra also launched SEVA, an online platform focusing on providing new car financing for customers.

Heavy Equipment, Mining, Construction & Energy

Astra provides comprehensive mining services across all stages of production and expansion. It owns a few mines and thermal power assets. Astra is also building its non-coal mineral mining portfolio, as well as investing in renewable energy. Astra supplies heavy equipment and provides aftersales services. It is the sole distributor of Komatsu, UD Trucks, Scania, Bomag and Tadano heavy equipment.

Agribusiness

Astra cultivates, harvests and processes palm oil. It is a major palm oil company in Indonesia. It has a sustainability policy covering commitment to no deforestation, conservation of peatland and respect for human rights.

Infrastructure & Logistics

Astra develops and manages toll roads. It has a total interest in 396km of operational toll roads. This includes the Tangerang-Merak, Cikopo-Palimanan, Semarang-Solo, Jombang-Mojokerto, Surabaya-Mojokerto and Pandaan-Malang toll roads, which form the Trans-Java network, enabling one to cross the island of Java from end-to-end, from Jakarta to Surabaya. Astra also operates the Kunciran-Serpong and Kebon Jeruk-Ulujami toll roads, which make up the Jakarta Outer Ring Road.

Information Technology

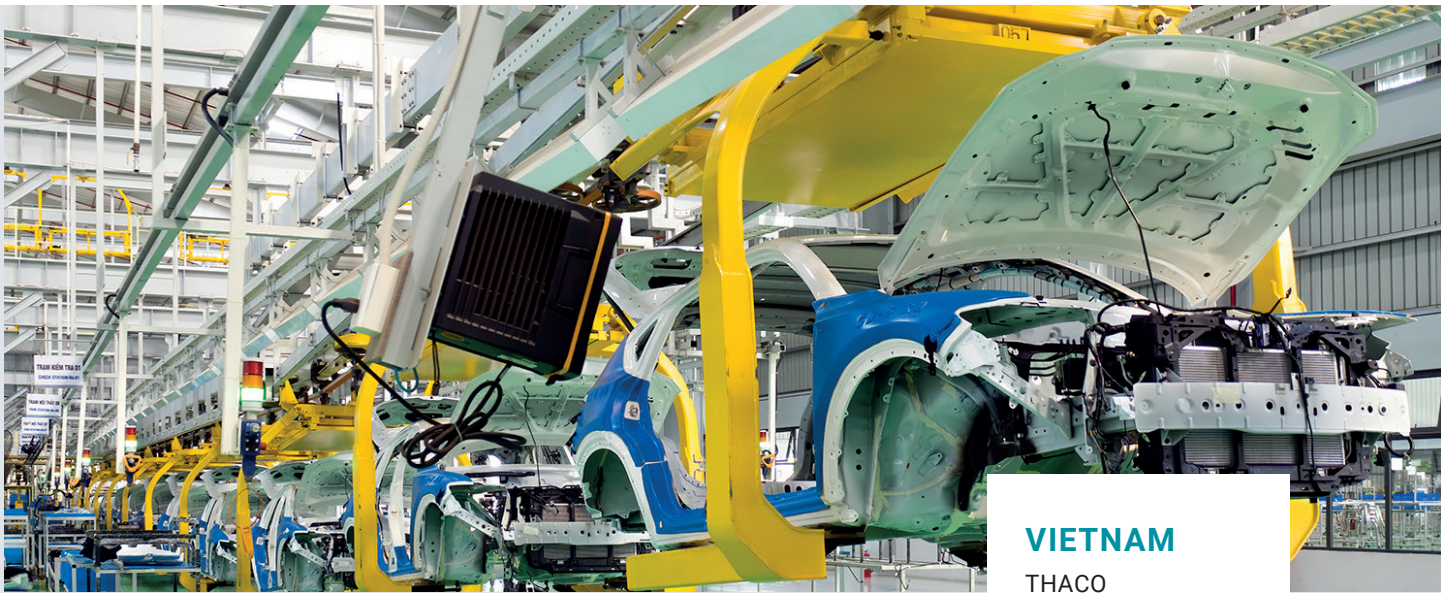
Astra's information technology business provides printing and digital services solutions. It is the sole distributor of FUJIFILM Business Innovation in Indonesia.

Property

Astra develops commercial and residential properties in Jakarta, including Menara Astra, Anandamaya Residences, Arumaya Residences and Asya Residences. Astra is also developing and managing modern logistics warehousing.

Digital Investments

Astra has been investing in new digital businesses. They include Halodoc, a healthtech online ecosystem; Sayurbox, an e-commerce grocery platform; Mapan, a community-based e-commerce platform; and Poxel, a technology-based logistics business.



VIETNAM
THACO
26.6%

THACO

Vietnam’s fast-growing business group with market-leading positions

Truong Hai Group Corporation (“THACO”) is a multi-industry group headquartered in Vietnam.

Automotive

THACO imports, manufactures, assembles, distributes and retails commercial vehicles and passenger cars. It has 2.4 million sqm of industrial park for the manufacturing of vehicles in Chu Lai, as well as a retail network of over 400 dealerships across Vietnam.

Real Estate

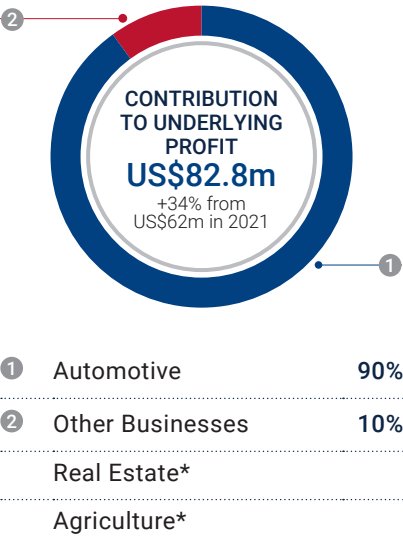
THACO is a developer of residential and commercial properties, including Sala City in the Thu Thiem New Urban Area of Ho Chi Minh City’s District 2. THACO also owns residential and commercial assets in Yangon, Myanmar.

Agriculture

THACO’s agriculture business in Vietnam, Cambodia and Laos covers over 50,000ha of fruit cultivation and livestock pig and cattle farming.

Other Businesses

The group is also involved in public infrastructure construction, retail and e-commerce, warehousing, freight forwarding and seaport services.



* Insignificant contribution

Kia	● ● ●
Mazda	● ● ●
Peugeot	● ● ●
FUSO	● ● ●
Frontier	● ● ●
Foton	● ● ●
Hyundai	● ● ●
BMW	● ● ●
MINI	● ●

● Manufacturer/Assembler
● Dealer ● Distributor

DIRECT MOTOR INTERESTS

An extensive dealership network across Southeast Asia

Cycle & Carriage

Cycle & Carriage is a regional automotive group with operations in Singapore, Malaysia and Myanmar. It distributes and retails new and used motor vehicles, provides vehicle aftersales as well as delivers vehicle financing and insurance solutions.

SINGAPORE

A leading automotive group in Singapore representing a number of marques, Cycle & Carriage Singapore also retails used cars under its Republic Auto brand and provides vehicle leasing. It participates in the extended automotive value chain by providing electric vans fleets and deliveries for major retailers and logistics companies. Cycle & Carriage Singapore is also the exclusive distributor of Gogoro electric scooters and BYD electric forklifts.

MALAYSIA

Cycle & Carriage Bintang is one of the leading Mercedes-Benz dealers in Malaysia with a network of 11 outlets, encompassing sales and aftersales facilities in Peninsula Malaysia.

MYANMAR

Cycle & Carriage Myanmar operates six facilities across Yangon and Mandalay.

Tunas Ridean

Tunas Ridean is a leading automotive dealer group in Indonesia. It owns a network of 91 motorcycle and 70 passenger car facilities across Indonesia. In addition, Tunas Ridean provides automotive rental and fleet management services, and offers vehicle financing through its associate, Mandiri Tunas Finance.

SINGAPORE

Cycle & Carriage Singapore

100%

MALAYSIA

Cycle & Carriage Bintang

96.9%

MYANMAR

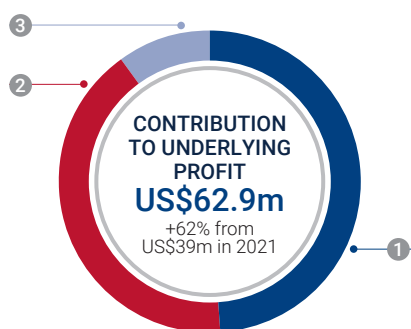
Cycle & Carriage Myanmar

60.0%

INDONESIA

Tunas Ridean

49.9%



1	Singapore	49%
2	Tunas Ridean	41%
3	Malaysia	10%
	Myanmar*	

* Insignificant contribution

Cycle & Carriage

Mercedes-Benz (Singapore, Malaysia, Myanmar)	●
Mitsubishi (Singapore)	● ●
Kia (Singapore)	● ●
Citroën (Singapore)	● ●
DS Automobiles (Singapore)	● ●
Maxus (Singapore)	● ●
BYD Forklifts (Singapore)	● ●
Gogoro – scooters (Singapore)	● ●
FUSO (Malaysia, Myanmar)	●
Mazda (Myanmar)	● ●

Tunas Ridean

Toyota	●
BMW	●
Daihatsu	●
Isuzu	●
Honda – motorcycles	●

● Dealer ● Distributor



VIETNAM

Refrigeration Electrical
Engineering Corporation

33.6%

Vinamilk

10.6%

THAILAND

Siam City Cement

25.5%

OTHER STRATEGIC INTERESTS

Southeast Asian interests supporting the region's development

Refrigeration Electrical Engineering Corporation ("REE")

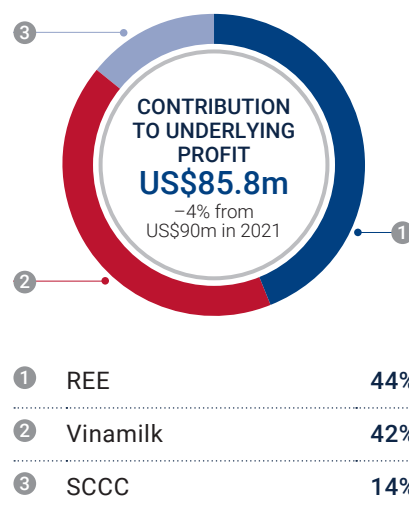
REE is listed on the Ho Chi Minh Stock Exchange. It is a diversified business group in Vietnam with operations in power and utilities, real estate and, mechanical and electrical engineering ("M&E") services. REE has strategic interests in renewable energies such as solar, hydro and wind with a total of over 2,800MW installed power capacity. REE also develops and manages close to 145,000 sqm of commercial office properties in Ho Chi Minh City, and is a leading M&E contractor with deep experience in commercial, industrial and infrastructure projects.

Siam City Cement ("SCCC")

SCCC is listed on the Stock Exchange of Thailand. Operating in Thailand, South Vietnam, Sri Lanka, Bangladesh and Cambodia. SCCC holds market-leading positions in most of its markets. SCCC produces cement, concrete and aggregates, fibre cement and other building materials, as well as participates in trading and industrial waste management solutions.

Vinamilk

Vietnam Dairy Products Joint Stock Company ("Vinamilk") is the largest food & beverage company on the Ho Chi Minh Stock Exchange by market capitalisation. It has 15 farms and 16 factories, with operations across Vietnam, Laos, Cambodia and the USA. Vinamilk is Vietnam's largest dairy producer with a dominant market share and a strong network of over 250,000 distribution points across the country.



CHAIRMAN'S STATEMENT

Combined
gross revenue*

US\$45B

* Includes 100% of revenue from
associates and joint ventures

Revenue

US\$22B

Underlying profit
attributable to shareholders

US\$1.1B

Dividend per share

US¢111





OVERVIEW

JC&C achieved a record underlying profit in 2022, reflecting improvements in the performance of most parts of the portfolio.

Astra contributed US\$913 million to the Group's underlying profit, 39% higher than the previous year, driven primarily by the recovery in the Indonesian economy and higher commodity prices.

THACO contributed US\$83 million, 34% higher than the previous year, mainly due to a strong performance from its automotive business.

Direct Motor Interests contributed US\$63 million, an increase of 62%, with higher profits in Singapore, Malaysia and Indonesia.

The contribution from the Group's Other Strategic Interests was 4% lower at US\$86 million, due to a weaker performance by SCCC, although REE continued to perform well, particularly from its renewable energy business.

Corporate costs fell from US\$59 million to US\$48 million, primarily due to the translation of foreign currency loans, which led to a foreign exchange gain of US\$4 million in 2022, compared to a loss of US\$28 million in the previous year. This foreign exchange impact more than offset a US\$17 million increase in net financing charges.

The Group's underlying profit attributable to shareholders increased by 39% to US\$1,096 million. After accounting for non-trading items, the Group's profit attributable to shareholders was US\$740 million, 12% higher than the previous year. The non-trading items recorded in the year mainly comprised unrealised fair value losses of US\$238 million related to non-current investments, and an impairment loss of US\$114 million in respect of the Group's investment in SCCC, necessary due to a challenging operating environment.

The Group's financial position remains strong. The consolidated net cash position, excluding the

net borrowings within Astra's financial services subsidiaries, was US\$893 million at the end of 2022, compared to US\$770 million at the end of 2021, mainly due to strong operating cash flows. Net debt within Astra's financial services subsidiaries increased from US\$2.7 billion at the end of 2021 to US\$2.8 billion. JC&C corporate net debt was US\$1.5 billion, similar to the previous year-end.

“

The Group expects to face challenges ahead arising from uncertainties around the global economic outlook, but we remain confident in the Group's prospects and it is well-positioned to achieve sustainable growth through the opportunities in Southeast Asia.

”

STRATEGIC DEVELOPMENTS

Astra

Over the past year, Astra has continued to make a number of strategic investments in new businesses. Continuing its focus on providing a compelling financial services offer to its customers, it acquired a 49.6% interest in Bank Jasa Jakarta for US\$260 million, with plans to transform it into a digital bank in Indonesia.

Astra also continued its diversification away from coal. United Tractors has signed a conditional sale and purchase agreement to acquire 90% interests in Stargate Pasific Resources and Stargate Mineral Asia, a nickel mining and processing business, for a total of US\$272 million. It has also acquired a 31.5% interest in Arkora Hydro, a company focused on hydro-based energy power generation.

Astra also acquired a 7.4% interest in Medikaloka Hermina, one of Indonesia's largest hospital groups, as part of its growing focus on medical services.

Direct Motor Interests

During the year, JC&C further increased its interest in Cycle & Carriage Bintang from 89.0% to 96.9% through on-market purchases, acceptances under its Voluntary General Offer and direct purchases from the minority shareholders. Cycle & Carriage Bintang was successfully delisted from Bursa Malaysia in September.

In February 2023, Cycle & Carriage Singapore completed a sale and leaseback arrangement of its properties for around US\$230 million.





Other Strategic Interests

During the year, JC&C increased its interest in REE, from 31.0% to 33.6%, through a series of on-market purchases, for around US\$34 million.

DIVIDENDS

The Board is recommending a final one-tier tax-exempt dividend of US\$83 per share (2021: US\$62 per share) which, together with the interim dividend of US\$28 per share (2021: US\$18 per share), will produce a total dividend for the year of US\$111 per share (2021: US\$80 per share), 39% higher than 2021.

SUSTAINABILITY

ESG is firmly embedded in JC&C's management system. It is an important part of its long-term portfolio strategy and is one of the considerations when deploying capital. In 2022, JC&C published its

commitments around coal, carbon, energy and biodiversity as part of the Group's role in supporting a just energy transition. In addition, JC&C has published its first Climate Change Report in line with the TCFD recommendations.

PEOPLE

On behalf of the Board, I would like to thank our 240,000 employees across the region for their commitment and effort, which have enabled the Group to achieve a strong performance in 2022.

I am delighted to welcome Amy Hsu, who was appointed as Group Finance Director and joined the Board in August. Amy previously carried out various senior finance roles in the Jardine Matheson Group. Stephen Gore, our previous Group Finance Director, has taken on a new role focused on driving business development across Southeast Asia for the Jardine Matheson Group. He remains a Board director of JC&C.

OUTLOOK

The Group expects to face challenges ahead arising from uncertainties around the global economic outlook, but we remain confident in the Group's prospects and it is well-positioned to achieve sustainable growth through the opportunities in Southeast Asia.

Ben Keswick

Chairman

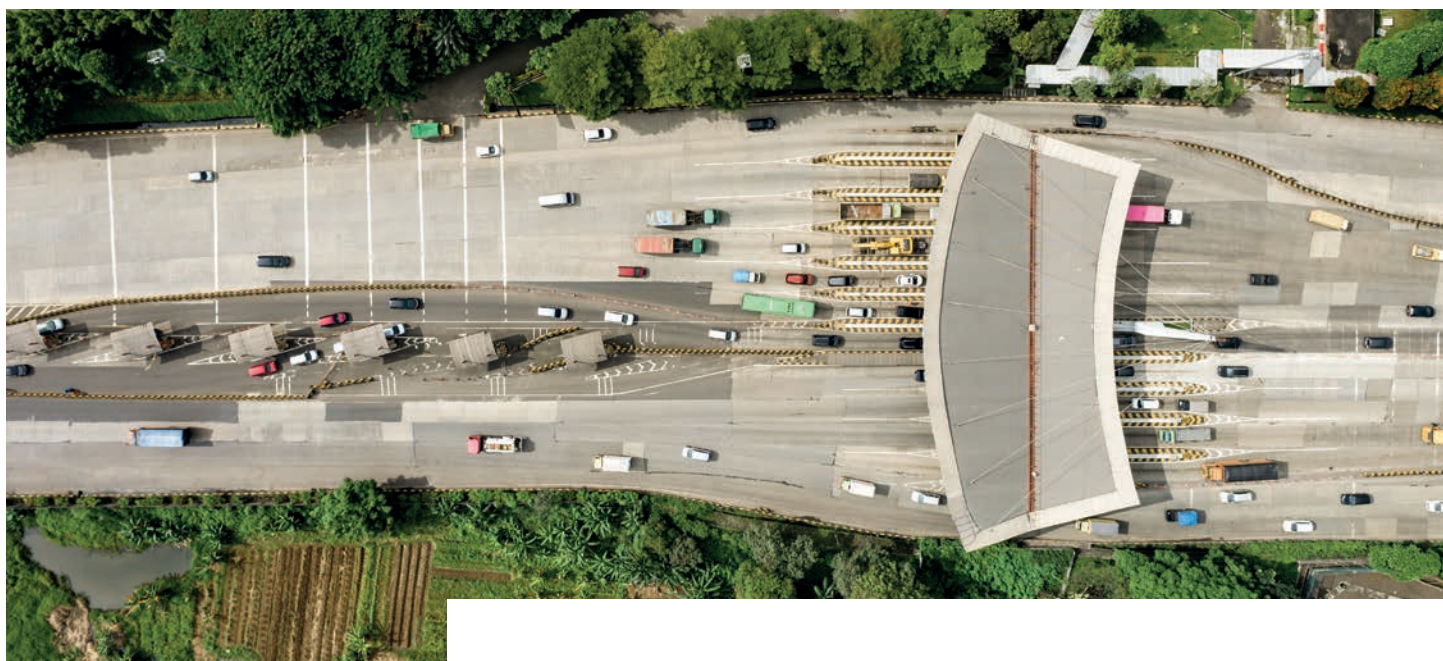
GROUP MANAGING DIRECTOR'S REVIEW

GROUP REVIEW

The contributions to JC&C's underlying profit attributable to shareholders by business segment were as follows:

Underlying Profit Attributable to Shareholders by Business

	2022 US\$m	2021 US\$m
Astra		
Automotive	296.8	232.4
Financial services	202.3	172.5
Heavy equipment, mining, construction & energy	423.7	216.9
Agribusiness	49.6	53.9
Infrastructure & logistics	17.7	2.4
Information technology	2.5	2.3
Property	5.4	5.7
	998.0	686.1
Less: withholding tax on dividend	(85.1)	(31.3)
	912.9	654.8
THACO		
Automotive	97.7	54.4
Real estate	(0.3)	4.7
Agriculture	(25.6)	(3.0)
Other businesses	11.0	5.8
	82.8	61.9
Direct Motor Interests		
Singapore	32.9	29.1
Malaysia	6.9	0.8
Myanmar	(3.3)	(5.3)
Indonesia (Tunas Ridean)	28.1	16.4
Less: central overheads	(1.7)	(2.2)
	62.9	38.8
Other Strategic Interests		
REE	37.7	22.2
SCCC	11.6	28.5
Vinamilk	36.5	38.9
	85.8	89.6
Corporate costs		
Central overheads	(23.0)	(20.4)
Dividend income from other investments	4.8	5.6
Net financing charges	(33.9)	(16.9)
Exchange differences	3.9	(27.5)
	(48.2)	(59.2)
Underlying profit attributable to shareholders	1,096.2	785.9



ASTRA

Astra contributed US\$913 million to JC&C's underlying profit, 39% higher than the previous year, led by stronger performances from most of its businesses, particularly its automotive, financial services, heavy equipment and mining operations. Total unrealised fair value losses of US\$52 million in respect of its GoTo and Hermina investments were reported under JC&C's non-trading items.

Automotive

Net income increased by 33% to US\$648 million, reflecting higher sales volumes.

- The wholesale car market increased by 18% to 1.0 million units in 2022. Astra's car sales were 17% higher at 574,000 units, with its market share relatively stable at 55%.
- The wholesale market for motorcycles increased by 3% to 5.2 million units in 2022. Astra's Honda motorcycle sales were 2% higher at 4.0 million units, which led to a slight decrease in market share from 78% to 77%.
- Components business, Astra Otoparts, reported an increase in

net income from US\$43 million to US\$87 million, mainly due to higher revenues from the original equipment manufacturer and replacement market segments.

Financial Services

Net income for the Financial Services division increased by 22% to US\$404 million, due to higher contributions from the consumer finance businesses on the back of the strong automotive performance.

- Consumer finance businesses saw a 21% increase in the amounts financed to US\$6.8 billion. The net income contribution

from the group's car-focused finance companies increased by 35% to US\$121 million, and the contribution from the motorcycle-focused financing business increased by 29% to US\$214 million, due to larger loan portfolios and lower loss rates.

- General insurance company, Asuransi Astra Buana, reported a 12% increase in net income to US\$80 million, primarily as a result of higher underwriting income and investment income.

“Astra's car sales were 17% higher at 574,000 units, with its market share relatively stable at 55%.”

GROUP MANAGING DIRECTOR'S REVIEW

Heavy Equipment, Mining, Construction & Energy

Net income from Heavy Equipment, Mining, Construction & Energy increased significantly from US\$427 million to US\$850 million, mainly due to improved profits from heavy equipment sales, mining contracting and coal mining, all of which benefitted from higher coal prices.

- Komatsu heavy equipment sales were 86% higher at 5,750 units, while revenue from the parts and service businesses was also higher.
- Mining contracting operations saw a 12% increase in overburden removal volume at 954 million bank cubic metres, while coal production was stable at 116 million tonnes.
- Coal mining subsidiaries reported a 10% increase in coal sales at 9.9 million tonnes, including 2.4 million tonnes of metallurgical coal.
- Agincourt Resources reported a 13% decrease in gold sales at 286,000 oz.
- General contractor, Acset Indonusa, reported a lower net loss of US\$30 million compared to US\$49 million last year. The company continued to be impacted by the slowdown of ongoing projects and reduced construction project opportunities.

Agribusiness

Net income from Agribusiness decreased by 12% to US\$92 million, mainly due to lower crude palm oil sales and production, which offset an increase in selling prices.

Infrastructure & Logistics

Astra's Infrastructure & Logistics division reported an increase in net profit from US\$5 million to US\$35 million, due to improved performance in its toll road businesses, which saw a 29% increase in toll road revenues. Astra has 396km of operational toll roads along the Trans-Java network and in the Jakarta Outer Ring Road.

THACO

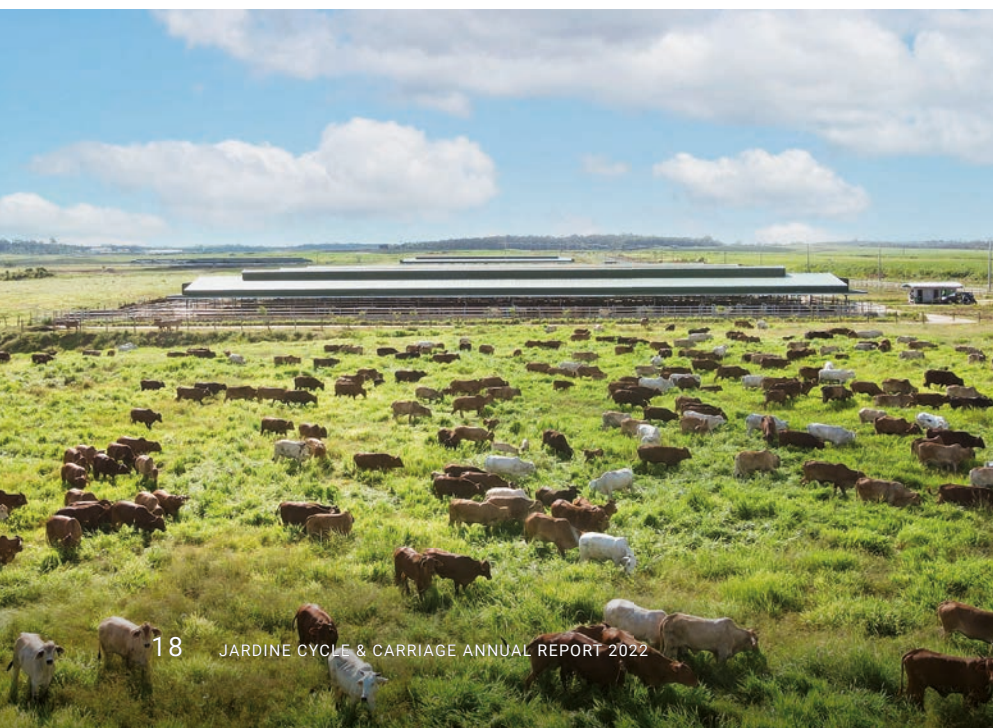
THACO contributed a profit of US\$83 million, 34% higher than the previous year. The profit from its automotive business continued to grow, supported by strong production levels and a temporary reduction in registration fees for locally-assembled vehicles. Its unit sales were 30% higher, with market share increasing from 22% to 23%. Margins benefitted from strong demand and an improved sales mix. The group continues to expand its investment in agriculture and, as a result, saw an increase in losses from this business as substantial pre-production costs were incurred.



DIRECT MOTOR INTERESTS

The Group's Direct Motor Interests contributed a US\$63 million profit, 62% up compared to the previous year.

- Cycle & Carriage Singapore's contribution was 13% higher at US\$33 million, due to increased profits from its premium and used car operations. New passenger car sales volume, however, fell by 15% to 5,761 units, particularly in respect of its mass market models, which were adversely impacted by the tightened COE cycle. Nevertheless, overall market share in Singapore has increased from 15% to 19%.
- Cycle & Carriage Bintang in Malaysia contributed a profit of US\$7 million, compared to US\$1 million in the previous year, mainly due to improved sales volumes and margins backed by a larger order book, arising from a temporary reduction in government sales tax.
- In Indonesia, Tunas Ridean contributed US\$28 million, 71% higher than the previous year, with higher profits across its automotive, financial services and leasing businesses.





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The Group expects continuing uncertainties around the global economic outlook, but we remain confident in JC&C's prospects and our abilities to achieve sustainable growth.

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OTHER STRATEGIC INTERESTS

The Group's Other Strategic Interests contributed a US\$86 million profit, 4% down compared to the previous year.

- REE's contribution of US\$38 million was 70% higher than the previous year, mainly due to an improved performance from its renewable energy investments as a result of favourable hydrology and an increase in renewable wind capacity.
- SCCC's contribution fell by 59% to US\$12 million, as the business was adversely impacted by higher energy costs and inflationary pressure, as well as increased tax rates in Sri Lanka and the depreciation of the rupee, which offset improved cement volumes and prices in most of its markets.

- The Group's investment in Vinamilk produced a slightly lower dividend income of US\$37 million, compared to US\$39 million in the previous year. Vinamilk reported a 20% decrease in net profit, mainly due to higher raw material costs.

CORPORATE COSTS

Corporate costs were US\$48 million, compared to US\$59 million in the previous year, improving the overall underlying profit of the Group. This was primarily due to a foreign exchange gain of US\$4 million recorded on the translation of foreign currency loans in 2022, compared to a loss of US\$28 million in the previous year. This foreign exchange impact more than offset an increase in net financing charges of US\$17 million.

SUMMARY

The Group achieved a strong set of results in 2022. The Group expects continuing uncertainties around the global economic outlook, but we remain confident in JC&C's prospects and our abilities to achieve sustainable growth.

Ben Birks

Group Managing Director

GROUP FINANCE DIRECTOR'S REVIEW

ACCOUNTING POLICIES

The Company and Group accounts have been prepared under the dual compliance framework of both Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs"), collectively referred to as "IFRSs". The Directors continue to review the appropriateness of the accounting policies adopted by the Group, having regard to developments in IFRSs. From 1st January 2022, the Group has adopted the new or amended IFRSs and Interpretations of IFRSs that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRSs and Interpretations of IFRSs.

The adoption of these new or amended IFRSs and Interpretations of IFRSs did not result in substantial changes to the Group's accounting

policies and had no material effect on the amounts reported for the current or prior financial years.

RESULTS

In 2022, the Group's revenue increased by 23% to US\$21.8 billion, mainly due to improvement in Astra's automotive, financial services, heavy equipment, mining, construction & energy businesses, which benefitted from Indonesia's strong economic recovery and high commodity prices. Direct Motor Interests also reported higher revenue in Malaysia and Singapore, particularly in Singapore's premium and used car operations. The Group's gross revenue, including 100% of revenue from associates and joint ventures, which is a measure of the full extent of the Group's operations, increased by 22% to US\$45.2 billion, with higher revenue mainly from the automotive businesses under Astra's associates and joint ventures, and THACO.

Underlying operating profit from the Group's parent company and

subsidiaries of US\$2,994 million was 63% higher than the previous year. Astra's underlying operating profit increased by 63% to US\$2,916 million compared to the previous year, largely contributed by its automotive, financial services, heavy equipment, mining, construction & energy businesses. The Group's Direct Motor Interests reported a 22% increase in profit mainly due to higher earnings by Cycle & Carriage Singapore and Cycle & Carriage Bintang. Dividends from Vinamilk contributed US\$37 million. Corporate costs excluding net financing charges were lower mainly due to an exchange gain arising from the translation of foreign currency loans compared to an exchange loss in the previous year.

Net financing charges, excluding those relating to the Group's consumer finance and leasing activities, increased by 11% to US\$58 million, mainly due to higher interest rates at the Group's parent company but was partially offset by improved funding positions at Astra's parent company as well as

	2022			2021		
	Underlying profit US\$m	Non-trading items US\$m	Total US\$m	Underlying profit US\$m	Non-trading items US\$m	Total US\$m
Revenue	21,793	–	21,793	17,668	–	17,668
Operating profit	2,994	(284)	2,710	1,831	(136)	1,695
Net financing charges	(58)	–	(58)	(52)	–	(52)
Share of results of associates and joint ventures	688	(113)	575	580	10	590
Profit before tax	3,624	(397)	3,227	2,359	(126)	2,233
Tax	(769)	(2)	(771)	(514)	(1)	(515)
Profit after tax	2,855	(399)	2,456	1,845	(127)	1,718
Attributable to:						
Shareholders of the Company	1,096	(356)	740	786	(125)	661
Non-controlling interests	1,759	(43)	1,716	1,059	(2)	1,057
	2,855	(399)	2,456	1,845	(127)	1,718



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The Group's underlying profit attributable to shareholders for the year was 39% higher at US\$1,096 million.

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Astra's heavy equipment, mining, construction & energy operations. Interest cover* excluding the financial services companies increased significantly to 53 times (2021: 38 times), as a result of higher profit.

The Group's share of underlying results of associates and joint ventures increased by 19% to US\$688 million. Contributions from Astra's associates and joint ventures increased by 17% mainly due to improved performances by its automotive and toll road businesses. THACO reported 34% higher profit than the previous year, mainly due to stronger automotive results. The contribution from Direct Motor Interests' joint ventures

increased by US\$13 million mainly due to higher profits in Tunas Ridean. In Other Strategic Interests, the contribution from REE was higher than the previous year due to improved performances from its renewable energy investments as a result of favourable hydrology and an increase in renewable wind capacity.

The underlying effective tax rate of the Group in 2022, excluding associates and joint ventures was 26%.

The Group's underlying profit attributable to shareholders for the year was 39% higher at US\$1,096 million.

* Calculated as 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

GROUP FINANCE DIRECTOR'S REVIEW

NON-TRADING ITEMS

In 2022, the Group had net non-trading losses of US\$356 million compared to losses of US\$125 million in 2021. These non-trading items in 2022 comprised mainly the unrealised fair value losses related to non-current investments, as well as an impairment loss of US\$114 million in respect of the Group's investment in SCCC.

DIVIDENDS

The Board is recommending a final one-tier tax exempt dividend of US¢83 per share (2021: US¢62 per share), which together with the interim dividend, will produce a total dividend for the year of US¢111 per share (2021: US¢80 per share). The final dividend will be payable on 30th June 2023, to those persons registered as shareholders on 31st May 2023, subject to approval at the Annual General Meeting to be held on 28th April 2023. Dividends are usually declared on a semi-annual basis for every six-month period ending 30th June (in respect of an interim dividend) and 31st December (in respect of a final dividend).

CASH FLOW

Cash inflow from the Group's operating activities was strong at US\$2.9 billion, although this was US\$0.1 billion lower than the previous year, mainly due to higher outflow from working capital changes, partly offset by higher dividends received from associates and joint ventures.

Cash outflow from investing activities before disposals amounted to US\$1.8 billion, and this included the following:

- US\$119 million for the addition of intangible assets, which mainly included US\$38 million for the acquisition costs of contracts in Astra's general insurance business and US\$60 million for the mining exploration costs in Astra's mining business;
- US\$727 million of property, plant and equipment which mainly included US\$565 million of heavy equipment and machinery for Astra's heavy equipment, mining, construction & energy businesses, US\$57 million of equipment and network development for its automotive businesses, and US\$53 million for its agribusiness;
- US\$39 million for additions to bearer plants in Astra;
- US\$398 million for acquisitions and capital injections into various subsidiaries, associates and joint ventures, which included US\$260 million for Astra's 49.6% interest in Bank Jasa Jakarta; and
- US\$481 million for investments mainly by Astra's insurance business as well as Astra's 7.4% interest in Medikaloka Hermina.

The contribution to the Group's cash flow from disposals for the year amounted to US\$0.3 billion, which arose mainly from the sale of investments by Astra's insurance business.

TREASURY POLICY

The Group manages its exposure to financial risks using a variety of techniques and instruments. The main objectives are to limit foreign exchange and interest rate risks to provide a degree of certainty about costs. The investment of the Group's cash resources is managed so as to minimise risk, while seeking to enhance yield. Appropriate credit guidelines are in place to manage counterparty risk.

When economically sensible to do so, borrowings are taken in local currency to minimise foreign exchange exposures on investments. A portion of borrowings is denominated in fixed rates. Adequate headroom in committed facilities is maintained to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties. Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt from banks and capital markets, both short- and long-term in tenor, to give flexibility to develop the business.

The Group's treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures.

The Group's financial risk factors are set out on pages 96 to 101.

Summarised Cash Flow

	2022 US\$m	2021 US\$m
Operating cash flow	2,355	2,684
Dividends from associates and joint ventures	496	344
Cash flow from operating activities	2,851	3,028
Capital expenditure and investments	(1,789)	(966)
Disposals	265	278
Cash flow from investing activities	(1,524)	(688)
Cash flow before financing activities	1,327	2,340

FUNDING

The Group is well-financed with strong liquidity. The Group's consolidated net cash, excluding Astra's financial services subsidiaries, was US\$0.9 billion at the end of December 2022, as compared to net cash of US\$0.8 billion at the end of 2021. Net debt within Astra's financial services subsidiaries increased from US\$2.7 billion to US\$2.8 billion. JC&C corporate net debt was US\$1.5 billion, similar to the previous year-end.

At the year-end, the Group had undrawn committed facilities of some US\$2.0 billion. In addition, the Group had available liquid funds of US\$4.0 billion.

78% of the Group's borrowings were non-US dollar denominated and directly related to the Group's businesses in the countries of the currencies concerned. At the year-end, approximately 44% of the Group's borrowings, exclusive of Astra's financial services companies, were at floating rates and the remaining 56% were at fixed rates including those hedges with derivative instruments with major creditworthy financial institutions. For Astra's financial services companies, 93% of their borrowings were at fixed rates.

SHAREHOLDERS' FUNDS

Shareholders' funds as at 31st December 2022 are analysed by business. There were no significant changes from the prior year.

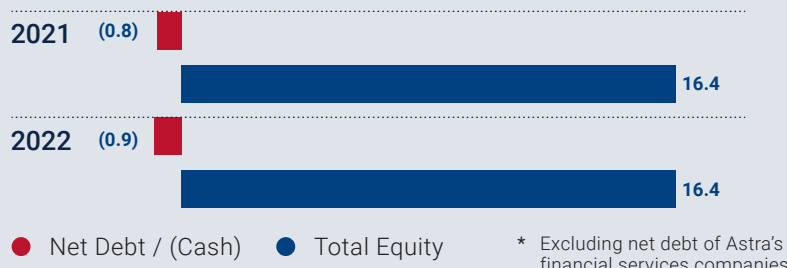
RISK MANAGEMENT REVIEW

A review of the major risks facing the Group is set out on pages 44 to 47.

Amy Hsu

Group Finance Director

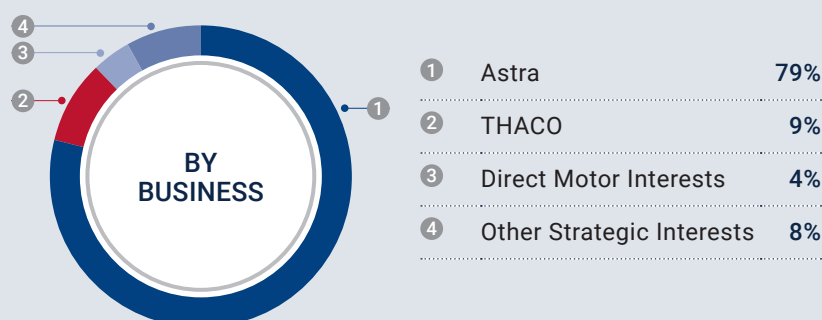
Net Debt* and Total Equity (US\$ billion)



Debt Profile as at 31st December 2022



Shareholders' Funds as at 31st December 2022



BOARD OF DIRECTORS



BENJAMIN KESWICK

Non-Executive Chairman



Mr Keswick, 50, was appointed Non-Executive Chairman on 1st April 2012. He was last re-elected as a director on 27th April 2021. He is a member of the Nominating Committee and Remuneration Committee. He was Group Managing Director and Executive Director from 1st April 2007 to 31st March 2012.

Mr Keswick is the Executive Chairman of Jardine Matheson Holdings and Chairman of DFI Retail Group, Hongkong Land and Mandarin Oriental. He is also a commissioner of Astra and a director of Yonghui Superstores.

He has been with Jardines since 1998, undertaking a variety of roles before being appointed as Finance Director and then Chief Executive Officer of Jardine Pacific between 2003 and 2007. He was previously the Managing Director of Jardine Matheson Holdings, Jardine Strategic Holdings, DFI Retail Group, Hongkong Land and Mandarin Oriental from 2012 to 2020. He was formerly the Executive Chairman of Jardine Strategic Holdings.

Mr Keswick graduated from Newcastle University with a Bachelor of Science degree in Agricultural Economics and Food Marketing and obtained a Master of Business Administration degree from INSEAD.

Past directorships in listed companies in the last three years:

- Jardine Strategic Holdings



BENJAMIN BIRKS

Group Managing Director and Executive Director

Mr Birks, 49, was appointed Group Managing Director and Executive Director on 1st October 2019. He was last re-elected as a Director on 27th April 2022.

As Group Managing Director, Mr Birks leads the long-term portfolio strategy of the Group, including having direct oversight over the sustainability strategy.

He joined Jardine Matheson in 2000 and has held senior positions within the retail, automotive, business outsourcing and IT businesses of Jardines. Prior to his current appointment, he was the Chief Executive of Jardine International Motors, Zung Fu Group and Jardine Pacific between 2012 to 2019.

Mr Birks is a commissioner of Astra and United Tractors, and a director of THACO. He is also the Chairman of MINDSET, a registered charity of Jardine Matheson in Singapore. He was previously the Vice Chairman of REE and a director of SCCC.

He graduated from the University of St Andrews in Scotland with a Master of Arts (Honours) and has completed the General Management Programme at Harvard Business School.

Past directorships in listed companies in the last three years:

- REE
- SCCC



AMY HSU

Group Finance Director and Executive Director

Ms Hsu, 38, was appointed Group Finance Director and Executive Director on 1st August 2022.

Ms Hsu oversees the Group's portfolio investments and leads financial strategy and planning, treasury, tax, risk management, and investor relations.

Ms Hsu joined Jardines in 2012, where she assumed various responsibilities including Head of Finance at IKEA Taiwan and Regional Finance Director of DFI IKEA. She was most recently Chief Financial Officer of Jardine International Motors, which had strategic oversight of Zung Fu and JC&C's Direct Motor Interests businesses. Prior to joining Jardines, Ms Hsu was at Samsung Securities and PricewaterhouseCoopers handling mergers & acquisitions, initial public offerings, corporate finance advisory and audit.

Ms Hsu is a Certified Public Accountant from the American Institute of Certified Public Accountants. She graduated from New York University Stern School of Business in Finance & CPA Accounting, and has completed the Stanford Executive Program at Stanford Graduate School of Business.

Past directorships in listed companies in the last three years:

- Nil

**STEPHEN GORE****Group Director, Business Development and Executive Director**

Mr Gore, 51, joined the Board on 1st April 2019 as an Executive Director and was Group Finance Director from 1st April 2019 to 31st July 2022. He was appointed Group Director, Business Development on 1st August 2022. He was last re-elected as a director on 27th April 2021.

Mr Gore oversees the Group's investment strategy across Southeast Asia and focuses on optimising the Group's portfolio businesses to accelerate growth. He has also been instrumental in developing the Group's capital allocation plan.

Mr Gore joined Jardines in 2017 as Chief Financial Officer, Jardine Pacific and Jardine Motors Group. He was previously Managing Director, Head of Mergers & Acquisitions and Financial Sponsors Group, Asia Pacific at Bank of America Merrill Lynch from 2012 to 2017. Prior to that, he was Managing Director, Head of Mergers & Acquisitions and Corporate Finance, Asia at UBS AG's Investment Bank Division.

Mr Gore is a commissioner of Astra and a director of SCCC and REE.

He graduated from the University of Oxford with a Bachelor of Arts (Honours) degree in Politics, Philosophy and Economics.

Past directorships in listed companies in the last three years:

- Nil

**MRS LIM HWEE HUA****Non-Executive and Lead Independent Director**

Mrs Lim, 64, joined the Board on 29th July 2011 and was last re-elected as a director on 27th April 2021. She is the Lead Independent Director, Chairperson of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee.

Mrs Lim is Co-Chairman of Tembusu Partners and Chairman of Asia-Pacific Exchange. She is a director of Nippon Paint Holdings Co. and Re Sustainability as well as a senior advisor to Kohlberg Kravis Roberts & Co. and Vice Chairman of the Board of Trustees of International Valuation Standards Council. She was formerly a director of United Overseas Bank.

She was first elected to the Singapore Parliament in December 1996 and served till May 2011, the last appointment as Minister in the Prime Minister's Office and concurrently as Second Minister for Finance and Transport. Prior to that, she had a varied career in financial services, including with Temasek Holdings, Jardine Fleming and Swiss Bank Corporation.

Mrs Lim has a Master/Bachelor of Arts (Honours) in Mathematics/Engineering from Cambridge University and a Master of Business Administration from the University of California at Los Angeles.

Past directorships in listed companies in the last three years:

- United Overseas Bank

**DR MARTY NATALEGAWA****Non-Executive and Independent Director**

Dr Natalegawa, 60, joined the Board on 24th February 2015 and was last re-elected as a director on 27th April 2022. He is a member of the Nominating Committee.

He is an Independent Commissioner of Prudential Life Assurance (Prudential Indonesia) and a member of the Honorary Board of the Bank of Indonesia Institute of the Indonesian Central Bank. He is also a member of the United Nations Secretary-General's High-Level Advisory Board on Mediation and the Advisory Board on Disarmament Matters. He was previously Indonesia's Foreign Minister from 2009 to 2014.

He is a director of the Global Centre for Pluralism, Ottawa, and is a Distinguished Fellow of Asia Society Policy Institute (New York). He is presently a Distinguished Visiting Fellow in the S. Rajaratnam School of International Studies.

Dr Natalegawa obtained a Doctor of Philosophy from the Australian National University, a Master of Philosophy from Cambridge University, and a Bachelor of Science (Honours) from the London School of Economics and Political Science.

Past directorships in listed companies in the last three years:

- Nil

BOARD OF DIRECTORS



STEVEN PHAN

Non-Executive and Independent Director

A

Mr Phan, 65, joined the Board on 25th April 2019 and was last re-elected as a director on 27th April 2022. He is the Chairman of the Audit Committee.

Mr Phan has over 37 years of auditing and advisory experience with firms Ernst & Young and Arthur Andersen, of which close to a decade was spent overseas. Prior to his retirement in June 2018, Mr Phan was the Area Managing Partner and Chairman of Ernst & Young Asia Pacific and had overall responsibility for the organisation in the area. He was also a member of Ernst & Young's global leadership team, the Global Executive.

Mr Phan is a director of United Overseas Bank, Advanced MedTech Holdings and the Singapore Accountancy Commission. He is a fellow member of the Institute of Singapore Chartered Accountants and was a member of the Institute of Chartered Accountants in England and Wales. He graduated from the University of Aston, United Kingdom, with a Bachelor of Science in Managerial and Administrative Studies.

Past directorships in listed companies in the last three years:

- Nil

Notes:

1. Information as at 17th March 2023.
2. Mr Benjamin Keswick, Mr Stephen Gore, Ms Tan Yen Yen and Ms Amy Hsu will be seeking re-election at the Company's 2023 Annual General Meeting.



TAN YEN YEN

Non-Executive and Independent Director

R

Ms Tan, 57, joined the Board on 1st January 2021 and was last re-elected as a director on 27th April 2021. She is the Chairperson of the Remuneration Committee.

Ms Tan was the President (Asia Pacific) of Vodafone Singapore until her retirement in 2020. Prior to that, she held senior executive positions at SAS Institute, Oracle Corporation and Hewlett-Packard. She has played an active role in Singapore's infocomm industry, having served as Chairman of the Singapore Infocomm Technology Federation and board member of Infocomm Development Authority of Singapore.

Ms Tan is a director of OCBC Bank, InCorp Global, ams OSRAM AG (SIX Swiss), Barry Callebaut AG (SIX Swiss) and EdgeConnex Inc. She is the Chairman of the Singapore Science Centre and the High Performance Sports SpexBusiness Network Advisory Board for Sports SG. She was formerly a director of Singapore Press Holdings.

She holds an Executive MBA from Helsinki School of Economics Executive Education and a Bachelor of Science (Computer Science) from the National University of Singapore.

Past directorships in listed companies in the last three years:

- Singapore Press Holdings



SAMUEL TSIENT

Non-Executive and Independent Director

A

Mr Tsien, 68, joined the Board on 1st October 2021 and was last re-elected as a director on 27th April 2022. He is a member of the Audit Committee.

Mr Tsien is a director of Singapore Exchange, Mapletree Investments, MPACT Management and OCBC Wing Hang Bank. He was Group CEO and Executive Director of OCBC Bank until his retirement in April 2021, and subsequently became the Adviser to the Board of OCBC Bank until April 2022. Before joining OCBC Bank in 2007, Mr Tsien was President and CEO of China Construction Bank (Asia) and Bank of America (Asia) respectively from 1995 to 2007.

Prior to his retirement from OCBC Bank, Mr Tsien was concurrently Chairman of the Association of Banks in Singapore and Vice Chairman of the Council of the Institute of Banking and Finance. He also held several financial services industry leadership roles by appointment of the Monetary Authority of Singapore and was a member of the National Jobs Council.

He graduated from the University of California at Los Angeles with a Bachelor of Arts (Honours) degree in Economics and is a Distinguished Fellow of the Institute of Banking and Finance, Singapore.

Past directorships in listed companies in the last three years:

- OCBC Bank
- Great Eastern Holdings
- Bank OCBC NISP



BENJAMIN BIRKS

Group Managing Director

Please refer to information on the Board of Directors on page 24.



AMY HSU

Group Finance Director

Please refer to information on the Board of Directors on page 24.



STEPHEN GORE

**Group Director,
Business Development**

Please refer to information on the Board of Directors on page 25.



CHEAH KIM TECK

**Director,
Business Development**

Mr Cheah, 71, is Director, Business Development since January 2014. He is responsible for overseeing the Group's investment in THACO and developing new lines of business for the Group in the region.

Prior to that, he was Chief Executive Officer of the Group's motor operations excluding those held by Astra, until he stepped down from his position in December 2013. Mr Cheah also served on the Board of JC&C from 2005 until he retired as director in 2014. He is a director of THACO, Mapletree Investments and Mapletree Industrial Trust Management.

Prior to joining the Group, he held several senior marketing positions in multinational companies, namely, McDonald's Restaurant, Kentucky Fried Chicken and Coca-Cola. Mr Cheah was conferred The Public Service Star and The Public Service Medal by the President of Singapore in 2016 and 2012 respectively, for his distinguished achievements and valuable public service.

He holds a Master of Marketing degree from Lancaster University, United Kingdom.



JEFFERY TAN

Group General Counsel; Chief Sustainability Officer; Director of Legal & Corporate Affairs; and Company Secretary

Mr Tan, 61, is Group General Counsel; Chief Sustainability Officer; Director of Legal & Corporate Affairs; and Company Secretary since April 2016. He is responsible for legal, compliance, company secretarial, sustainability matters, communications and public affairs at the Group level. He is also the Chief Executive Officer and Company Secretary of MINDSET, a registered charity of Jardine Matheson in Singapore.

He was previously Group General Counsel, Chief Compliance Officer and Board Secretary for UTAC Holdings. Prior to that, he has over 20 years of legal experience with Allen & Gledhill, DLA Piper, Siemens and Motorola. He was also President of Motorola Singapore for five years.

He is a Board member of the Singapore International Chamber of Commerce, MindForward Alliance Singapore and One Mind's Global Guiding Council.

Mr Tan has an LLB (Honours) from the National University of Singapore. He is a senior Advocate & Solicitor of the Supreme Court of Singapore, and a senior Solicitor of England & Wales. He also completed the Senior Executive Management Program at Northwestern University – Kellogg School of Management and the Driving Strategic Innovation Program by MIT's Sloan School of Management and IMD.

SUBSIDIARIES & ASSOCIATES

Astra

DJONY BUNARTO TJONDRO
President Director

Truong Hai Group
Corporation

TRAN BA DUONG
Chairman

Cycle & Carriage
Singapore

WILFRID FOO
Managing Director

Cycle & Carriage
Bintang

THOMAS TOK
Chief Executive Officer

Cycle & Carriage
Myanmar

ADRIAN SHORT
General Manager

Tunas Ridean

RICO SETIAWAN
President Director

Refrigeration Electrical
Engineering Corporation

NGUYEN THI MAI THANH
Chairwoman

Siam City Cement

AIDAN JOHN LYNAM
Group Chief Executive Officer

BOARD OF DIRECTORS

Benjamin Keswick	Chairman
Benjamin Birks*	Group Managing Director
Amy Hsu*	Group Finance Director
Stephen Gore*	Group Director, Business Development

Mrs Lim Hwee Hua#

Dr Marty Natalegawa+

Steven Phan+

Tan Yen Yen+

Samuel Tsien+

AUDIT COMMITTEE

Steven Phan+	Chairperson
Mrs Lim Hwee Hua#	
Samuel Tsien+	

NOMINATING COMMITTEE

Mrs Lim Hwee Hua#	Chairperson
Benjamin Keswick	
Dr Marty Natalegawa+	

REMUNERATION COMMITTEE

Tan Yen Yen+	Chairperson
Benjamin Keswick	
Mrs Lim Hwee Hua#	

COMPANY SECRETARY

Jeffery Tan

REGISTERED COMPANY

239 Alexandra Road
Singapore 159930
Telephone: (65) 6473 3122
Fax: (65) 6475 7088
Website: www.jcclgroup.com
Company registration no. 196900092R

AUDITORS

PricewaterhouseCoopers LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936
Partner-in-charge: Hans Koopmans
Appointment: 2022

REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Telephone: (65) 6227 6660
Fax: (65) 6225 1452

Information as at 17th March 2023

* Executive Director
+ Independent Director
Lead Independent Director

CORPORATE GOVERNANCE

The JC&C Board of Directors (the “**Board**”) collectively holds the view that sound corporate governance is integral to JC&C’s success.

JC&C has in place corporate governance policies, practices and terms of reference for the Board, audit committee, nominating committee and remuneration committee. These are in line with the requirements of the Singapore Exchange (“**SGX**”) and the Code of Corporate Governance 2018 (the “**Corporate Governance Code**”). They are continually reviewed and refined in accordance with new and changing requirements.

This report describes the corporate governance practices of JC&C for the financial year ended 31st December 2022 (“**2022**”). JC&C has complied in all material aspects with

the principles and guidelines of the Corporate Governance Code.

In 2022, JC&C was shortlisted for the Best Managed Board at the Singapore Corporate Awards (“**SCA**”). The SCA is the top award for Singapore-listed companies, and the Best Managed Board award is its highest honour category.

The nomination was a recognition of the overall quality of JC&C’s corporate governance as reflected in its board leadership and composition, accountability and transparency as well as risk management.

Board Responsibilities

BOARD SIZE AND COMPOSITION

At the start of 2022, the Board comprised ten directors. Two non-

executive directors retired from the Board during the year and a new executive director was appointed.

At the end of 2022, the Board comprised nine directors, six of whom were non-executive directors and three were executive directors.

Five of the nine directors were independent, making it an independent-majority board. The Board was led by a non-executive non-independent chairman who represented the major shareholder of JC&C.

The three executive directors held the positions of Group Managing Director, Group Finance Director and Group Director, Business Development.

No alternate director has been appointed to the Board.

JC&C Board Composition as at 31st December 2022:

Director	Date of first appointment to the Board	Date of last re-election to the Board	Tenure as a JC&C Director* (years)	No. of meetings in 2022 attended/held whilst in office				
				Board	AGM	AC	NC	RC
Non-Independent Non-Executive Director								
Benjamin Keswick	1st April 2007 (formerly: Group Managing Director) 1st April 2012 (currently: Chairman)	27th April 2021	15.8	5/5 <div></div>	1/1	–	2/2 <div></div>	2/2 <div></div>
Executive Directors								
Benjamin Birks	1st October 2019 (Group Managing Director)	27th April 2022	3.3	5/5	1/1	4/4 #	1/1 #	–
Amy Hsu	1st August 2022 (Group Finance Director)	N.A.	0.4	2/2	–	1/1 #	–	–
Stephen Gore	1st April 2019 (formerly: Group Finance Director) 1st August 2022 (currently: Group Director, Business Development)	27th April 2021	3.8	5/5	1/1	3/3 #	–	–

AGM: Annual General Meeting **AC:** Audit Committee **NC:** Nominating Committee **RC:** Remuneration Committee

● Chairman ● Member

* As at 31st December 2022. The average board tenure is 8.0 years

Attended not as a member but on *ex officio* basis

Director	Date of first appointment to the Board	Date of last re-election to the Board	Tenure as a JC&C Director* (years)	No. of meetings in 2022 attended/held whilst in office					
				Board	AGM	AC	NC	RC	
Independent Non-Executive Directors									
Mrs Lim Hwee Hua	29th July 2011 (Director) 1st January 2022 (Lead Independent Director)	27th April 2021	11.4	5/5	1/1	4/4	2/2	2/2	
Dr Marty Natalegawa	24th February 2015	27th April 2022	7.8	5/5	1/1	–	1/1	–	
Steven Phan	25th April 2019	27th April 2022	3.7	5/5	1/1	4/4	–	–	
Tan Yen Yen	1st January 2021	27th April 2021	2.0	5/5	1/1	–	–	2/2	
Samuel Tsien	1st October 2021	27th April 2022	1.3	5/5	1/1	4/4	–	–	
Non-Independent Non-Executive Director who stepped down from the Board on 31st July 2022:									
Anthony Nightingale	2nd February 1993 (Director) 27th November 2002 (Chairman) 1st April 2012 (Director)	22nd May 2020	29.5	3/3	0/1	–	–	–	
Independent Non-Executive Director who stepped down from the Board on 31st March 2022:									
Michael Kok	1st April 2013	22nd May 2020	9.0	1/1	–	–	–	1/1	

SEPARATE CHAIRMAN AND GROUP MANAGING DIRECTOR (CEO)

The Chairman of the Board is a separate role from that of the Group Managing Director and both roles are held by different individuals who are not related to each other. In 2022, the Chairman of the Board was Benjamin Keswick and the Group Managing Director was Benjamin Birks.

There is a clear division of responsibilities between the two roles to ensure effective oversight, an appropriate balance of power, increased accountability and more independent decision-making.

The Chairman occupies a non-executive position, leads the Board and oversees all of its functions to ensure that the Board performs effectively. The Group Managing Director is the organisation's Chief Executive Officer who manages JC&C's

day-to-day business in accordance with the strategies, budgets and plans approved by the Board.

LEAD INDEPENDENT DIRECTOR

Since the Chairman is not an independent director, a Lead Independent Director, Mrs Lim Hwee Hua, has been appointed to provide shareholders with an independent channel for contact with JC&C, and to lead the non-executive directors in situations where the Chairman may be conflicted.

The independent directors regularly connect without the presence of the Executive Directors and management to discuss various matters concerning JC&C. Such engagements are led by the Lead Independent Director or another independent director, and feedback about the discussions is given to the Board or the Chairman as appropriate.

BOARD DIVERSITY POLICY

JC&C believes that having the appropriate balance and mix of diversity will enhance the Board's decision-making and the Group's performance. It remains committed to maintaining and continually strengthening this diversity through its Board Diversity Policy.

Under the policy, the Nominating Committee leads the annual process of board succession planning and the appointment and re-appointment of directors, making its recommendations to the Board accordingly. It continually reviews and ensures an adequate mix of competencies among the Board members in terms of skills, knowledge and experience to meet the Board's responsibilities and effectively lead the Group. Other important aspects of diversity, such as gender, age, ethnicity, geography, nationality and

CORPORATE GOVERNANCE

tenure of service on the Board, are also considered in determining the Board's optimum composition and ensuring the breadth of viewpoints. Where relevant, objectives may be set and monitored.

In line with this, the Nominating Committee will strive to consider candidates from different groups and backgrounds. All director appointments will ultimately be made based on merit, having due regard to the overall balance and effectiveness of the Board, and the benefits of board diversity for JC&C.

The Nominating Committee will monitor the implementation of the Board Diversity Policy and report yearly on the Board's composition in terms of diversity. It will also review the effectiveness of the policy and discuss and recommend any changes to the Board, as appropriate.

PROGRESS IN IMPLEMENTING BOARD DIVERSITY

The 2022 and current compositions of the Board reflect the Board Diversity Policy in action. There is a diversity

of skills and experience with Board members from the industrial conglomerate, finance, banking, automotive, consumer-related and technology sectors, all of which are industries that are relevant to JC&C's portfolio of investments. Details of each director's professional background can be found on pages 24 to 26 of this Annual Report.

The directors also possess a range of critical competencies as set out in the table of competencies matrix below.

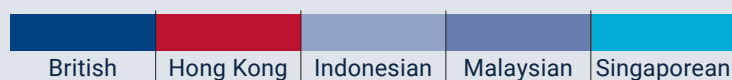
JC&C appoints well-qualified directors who are best suited for its needs based on merit, regardless of gender. It has had female representation on the Board for many years dating back to 1994. In 2022 and until today, three out of nine of its directors are women,

Directors' Competencies Matrix

Categories	No. of directors with these competencies
Executive leadership and management	9/9
Experience as director of a public-listed company	8/9
Strategic/business planning and decision	8/9
Finance/accounting	6/9
Risk management	6/9
Public policy/regulatory/legal	5/9
People and organisational change management	5/9
Innovation	3/9
ESG/Sustainability	6/9

Board Composition (as at 31st December 2022)

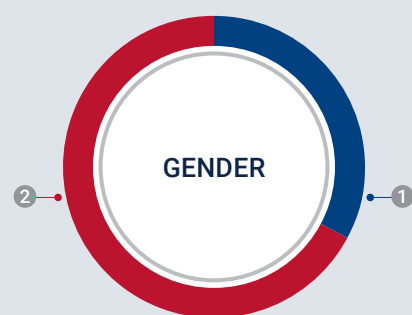
NATIONALITY



ETHNICITY



GEOGRAPHY



①	Female	33%
②	Male	67%

achieving 33% female representation in line with the practice of leading markets and the Council for Board Diversity's 2030 target. Its female directors all hold leadership roles of Lead Independent Director, Chairperson of the Nominating Committee, Chairperson of the Remuneration Committee and Group Finance Director.

To have continued female representation, the Board will ensure that there continues to be high-calibre female candidates included in the search process for new Board members.

There is a good mix of age representation on the Board ranging from late thirties to late sixties. Five nationalities are represented on the Board including three Southeast Asian countries. The directors are from three different ethnic groups and geographical backgrounds. Their tenures on the Board range from 16 years to less than a year.

Further progress on implementing the Board Diversity Policy will be shared in future corporate governance reports, as appropriate.

JC&C directors are of the view that the Board and Board committees are of an appropriate size, and that the directors, individually and collectively, have the right combination and balance of skills, knowledge, experience and diversity that facilitates constructive debate and avoids groupthink. The Board is able to effectively set strategic objectives and review, approve and monitor the execution of plans developed by management to deliver performance and value creation.

ORIENTATION PROGRAMME FOR NEW DIRECTORS

Each new director who joins the Board undergoes a comprehensive orientation programme that includes introduction and briefing sessions by the Group Managing Director and the heads of the key functions and business units, including finance and legal. Besides being briefed on the Group's businesses, the new director will also receive a formal appointment letter and information regarding his or her duties as a listed company director and how to discharge those duties.

For first-time directors, JC&C will tailor a programme that will include training under the Singapore Institute of Directors' Listed Company Director Programme, the training prescribed by SGX.

BOARD'S DUTIES AND RESPONSIBILITIES

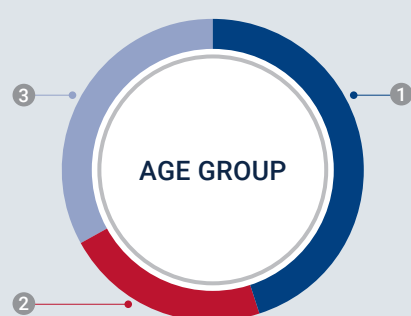
The Board has adopted a comprehensive set of Terms of Reference defining its roles and responsibilities:

1. Strategy, Planning and Sustainability

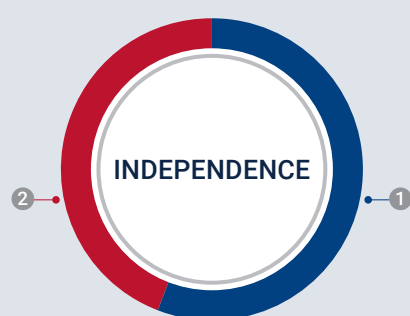
The Board provides entrepreneurial leadership and sets strategic objectives including an appropriate focus on value creation, innovation and sustainability. It ensures that the necessary resources are available to meet these objectives.

2. Risk Management and Internal Control Systems

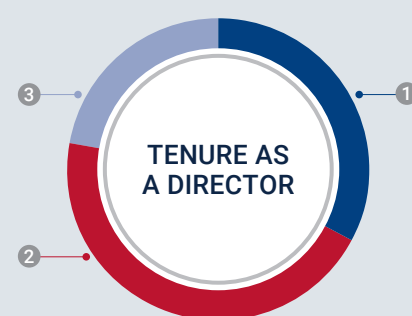
The Board works with management to oversee JC&C's business and affairs to safeguard the interests of JC&C, its shareholders and stakeholders.



1	38-50 years old	45%
2	51-60 years old	22%
3	61-68 years old	33%



1	Independent	56%
2	Non-independent	44%



1	0-3 years	33%
2	3-9 years	45%
3	Above 9 years	22%

It is responsible for the governance of risks and ensures that JC&C has adequate and effective systems of internal controls and risk management, including regularly reviewing risk management and internal audit reports. Internal controls include but are not limited to financial, operational, compliance and information technology controls, while risk management includes but is not limited to climate and tax risks.

Please refer to the *Risk Management and Internal Control Systems* section on pages 41 to 42 for further details.

3. Measuring and Monitoring Performance

The Board ensures proper financial reporting by reviewing JC&C's results announcements, including interim management statements, before their release to verify that they present a balanced and clear assessment of the Group's performance, position and prospects. The Board receives monthly management accounts and information, enabling it to make a balanced and informed assessment throughout the year.

The Board also has oversight over the Group's non-financial performance indicators. As Environmental, Social & Governance ("ESG") metrics and targets are defined and refined, the Board will continue to receive regular updates from management.

The Board constructively challenges and reviews the performance of management, who is accountable to the Board for both financial and non-financial performance indicators.

4. Remuneration of Directors and Key Management Personnel

The Board is responsible for reviewing and approving the remuneration framework for the directors and key management personnel. It ensures that remuneration levels and structures are appropriate and proportionate to sustain JC&C's performance and value creation in view of its strategic

objectives. Please refer to pages 39 to 40 for further details.

5. Transactions Requiring Approval from the Board

The Board reviews and approves important matters specifically reserved for its approval. These include acquisitions, disposals, capital expenditure, lease commitments, financial assistance, capital investment, bank facilities and derivative transactions which are material in nature as per the specified limits. The Board also approves the operating plan and budget. An analysis of the relevant ESG risks and opportunities, including climate risks, is a part of the approval process.

To safeguard JC&C's and the shareholders' interests, there are internal guidelines on financial authorisation and approval limits for various operational matters. Significant matters and material transactions exceeding the threshold limits are referred to the Board for review and approval, including major and disclosable transactions as referred to in the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST Listing Manual**"). Matters below the threshold limits are approved by the various levels of management according to the applicable financial authority limits.

6. Succession Planning

The Board reviews the annual succession planning of directors and key management personnel, the appointment and re-appointment of directors and the progressive renewal of the Board. Please refer to the *Board Succession Planning* section on pages 36 to 37 and *Key Management Succession Planning* section on page 38 for further details.

7. Business Ethics, Code of Conduct and Conflicts of Interest

The Board instils an ethical corporate culture and sets JC&C's values and standards of doing business through its Code of Conduct and other compliance/ethics policies.

It monitors and ensures proper accountability from management through various internal controls and reporting mechanisms to deter non-compliance and reduce exposure to unethical opportunities.

Please refer to the *Risk Management and Internal Control Systems* section on pages 41 to 42 and the *Code of Conduct, Anti-Corruption and Bribery, Group Tax Governance Policy (Singapore)* and *Whistle-Blowing Policy* sections on pages 50 to 52 for further details.

The Board also ensures that directors facing conflicts of interest recuse themselves from board-level discussions and decisions. Please refer to the *Management of Conflicts of Interest* section on page 49 for further details.

8. Shareholders' Rights and Engagement

The Board ensures that JC&C regards all shareholders fairly and equitably. It facilitates the exercise of the shareholders' ownership rights, including the opportunity to communicate their views and participate during general meetings and other dialogues. An Investor Relations Policy has been established for regular engagement, and fair and effective communication with shareholders.

Please refer to the *Rights of Shareholders* section (which includes the Dividend Policy) on pages 47 to 49 and the *Investor Relations, Medium of Communication and Results Briefings* section on pages 54 to 55 for further details.

9. Engagement with Stakeholders

Focusing on the best interests of JC&C, the Board ensures that the needs and interests of JC&C's material stakeholders are taken into consideration and that arrangements are in place to manage them. Please refer to the *Engagement with Stakeholders* section on pages 50 to 53 for further details on the key focus areas.

BOARD AND COMMITTEE MEETINGS AND ATTENDANCE

In 2022, the Board and Board committees met regularly to deliberate upon and approve the matters as set out under the *Board's Duties and Responsibilities* section on pages 33 to 34.

Board and Committees	No. of meetings in 2022
Board	5
Audit Committee	4
Nominating Committee	2
Remuneration Committee	2

Please refer to the table on pages 30 to 31 for each director's attendance at the Board and committee meetings and the Annual General Meeting ("AGM") of 2022.

The dates of all Board and committee meetings and the AGM are scheduled a year in advance to allow the directors to plan ahead. JC&C's Constitution allows directors to participate in meetings via teleconferencing or video conferencing.

Due to safe distancing measures and travel restrictions during the COVID-19 pandemic which continued in 2022, some of the Board and committee meetings as well as the AGM were conducted by virtual means. The AGM was held in compliance with Singapore's prevailing COVID-19 regulations.

BOARD'S ACCESS TO COMPLETE, ADEQUATE AND TIMELY INFORMATION

To fulfil their duties, the directors have access to complete, adequate and timely information provided by management, including monthly management accounts and regular sustainability updates.

For Board and committee meetings, all directors are provided with a detailed agenda and papers that contain relevant materials, background and explanatory information on each agenda item. Where budgets are concerned, the paper will also address any material variances between the projections and actual results. Minutes of Board and committee meetings are also sent to every member of the Board or committee respectively.

The meeting agenda and papers are generally made available to the directors at least a week before the scheduled regular meetings to allow adequate preparation time. The materials are digitally available on a secured site which can be conveniently accessed at any time via handheld devices. Printed copies are also provided for those who prefer them.

Apart from the regular meetings, the Board or committees would pass decisions via circular resolutions on *ad hoc* matters as warranted by circumstances. In such cases, Board and committee papers will be circulated to the directors, giving full information regarding the matter and management will be available to answer any questions a director may have.

Management acknowledges that should the information provided in the Board and committee papers not be sufficient for the Board to decide on a particular matter, it is the Board's duty to question and challenge management as part of its oversight function.

The Group Managing Director, Group Finance Director and the Company Secretary (who is also the Group General Counsel and Chief Sustainability Officer) are present at all Board and Audit Committee meetings to provide further information and address

queries. JC&C's internal auditors attend every Audit Committee meeting to present their reports and address questions. Management makes available other senior executives at the meetings where the situation warrants.

BOARD'S ACCESS TO MANAGEMENT, COMPANY SECRETARY AND INDEPENDENT ADVISORS

Management ensures that it is separately and independently accessible to the Board to address queries and provide additional information on a timely basis.

The Board has separate and independent access to the Company Secretary, whose appointment and removal is a decision of the Board as a whole.

The Board is also empowered to seek independent professional advice as considered necessary, at JC&C's expense.

BOARD TRAINING

Besides timely access to internal information, the directors also need to maintain their knowledge and skills and develop new competencies to fulfil their roles effectively. All directors are encouraged to attend courses and seminars that suit their needs at JC&C's expense.

JC&C incorporates opportunities for Board members to update their knowledge in the course of Board and committee meetings. Briefings and training are carried out mainly through live presentations by management, the auditors, external consultants or a Board member who is knowledgeable about a particular subject matter. These are supplemented with specially written Board papers as well as externally sourced articles and reports. Separate training sessions are arranged where required.

The topics covered in 2022 included market outlook and business trends, accounting standards, risk management, listing rules, regulations, ESG and geopolitics. Some specific areas were:

- Briefings by the external auditor, PricewaterhouseCoopers LLP, on the areas of audit focus and accounting standards that affected JC&C (e.g. SSA 315 governing the auditor's identification and assessment of audit risks impairment testing)
- Updates by the internal auditors on the development of internal control practices and heightened risk areas due to global economic challenges and geopolitical developments, including the COVID-19 pandemic
- The Singapore Institute of Directors' professional development course for Board directors on ESG Essentials
- The Cambridge-Earth on Board sustainability programme for Singapore directors
- Briefing papers on listing rules and regulatory updates such as SGX's enhanced disclosures on climate reporting and board diversity and the Code of Practice on Chief Executives' and Board of Directors' Workplace Safety & Health Duties

Amy Hsu was newly appointed to the Board in 2022 and will be completing the mandatory training on the roles and responsibilities of a director of a listed issuer as prescribed by SGX.

BOARD COMMITTEES

To assist the Board in the discharge of its responsibilities, the Board has established the following committees and delegated specific authority to them whilst retaining overall oversight:

- Nominating Committee
- Remuneration Committee
- Audit Committee

From time to time, the Board also establishes *ad hoc* committees on specific matters for operational and business efficiency.

Nominating Committee

Composition of the Nominating Committee in 2022:

Director	Position	Status
Mrs Lim Hwee Hua	Chairperson	Lead Independent Director
Dr Marty Natalegawa	Member	Independent Director
Benjamin Keswick	Member	Non-independent Director

The Nominating Committee consists entirely of non-executive directors. The majority of the Committee is independent and it is chaired by an independent director. It meets the minimum size requirement of three members under the Corporate Governance Code.

The Nominating Committee met twice in 2022.

The terms of reference of the Nominating Committee include the following:

- Review and make recommendations to the Board on matters relating to the succession plans for directors and key management personnel, taking into account the Board Diversity Policy
- Develop and maintain a formal and transparent process for the selection, nomination, appointment and re-appointment of directors
- Identify the mix of skills, qualities and experience and the appropriate diversity factors that the Board requires to function competently and efficiently and apply them to the process of appointment and re-appointment of directors
- Recommend an appropriate size of the Board and Board committees
- Determine the independence of directors on an annual basis and when required by circumstances
- Develop, maintain and oversee a formal annual assessment of the Board's effectiveness as a whole, and that of each of its Board committees and individual directors, including recommending the objective performance criteria
- Decide if a director is able to and has been adequately carrying out his or her duties as a director,

taking into account the director's number of directorships and principal commitments

- Review and recommend training and professional development programmes for the directors and ensure that new directors are aware of their duties and obligations

BOARD SUCCESSION PLANNING

The Nominating Committee leads the annual Board succession planning process, including the appointment of new directors and the re-election of existing directors. It makes recommendations to the Board on these matters.

Board renewal is carried out progressively with the retirement of long-serving directors and the addition of carefully selected new members every few years to maintain an appropriate balance of skills, experience, independence and diversity within JC&C and on the Board.

Appointment of New Directors

For new director appointments, candidates are identified via the recommendation of a Board member or management or sourced through JC&C's extensive network of contacts or external search consultants.

The candidates should have the requisite skillsets and experience in one or more of the following competencies: executive leadership and management, experience as director of a public-listed company, strategic/business planning and decision, finance/accounting, risk management, legal/regulatory/public policy, people and organisational change management, innovation or ESG/sustainability, and with experience in Southeast Asia.

Additional factors such as integrity and the ability to make independent and sound decisions will be taken into account. Other diversity factors such as gender, age, nationality, ethnicity and geographical background will be considered where appropriate.

The Corporate Governance Code requires that independent directors make up a majority of the Board where the chairman is not independent. To ensure that the majority-independent Board composition is maintained, the candidates should also meet the independence criteria set by the Board if they are being considered for the role of an independent director.

Once identified, shortlisted candidates will be interviewed by the Nominating Committee. If found to be suitable, the Nominating Committee will nominate the candidate to the Board for approval.

Under JC&C's Constitution, a new director is required to stand for re-election at the first AGM that takes place after his or her appointment. At the upcoming AGM in 2023, Amy Hsu will stand for re-election pursuant to this rule.

Re-election of Directors

The Nominating Committee makes recommendations to the Board on the annual re-election of existing directors, taking into account the Board's succession plan. Other factors such as attendance, preparedness, participation and candour during meetings are also considered.

JC&C's Constitution requires one-third of the Board, including the Group Managing Director and other executive directors, to retire by rotation and submit themselves for re-election by shareholders at each AGM. Retiring directors are those who have been the longest in office since their last re-election. This rotational retirement results in a director standing for re-election every two to three years. This complies with Rule 720(4) of the SGX-ST Listing Manual which requires that all directors submit themselves for re-nomination and re-election at least once every three years. The annual

re-election of the entire Board is not a regulatory requirement in Singapore.

At the upcoming AGM in 2023, Benjamin Keswick, Stephen Gore and Tan Yen Yen will retire by rotation, and Amy Hsu will retire pursuant to the rule for new directors.

The Nominating Committee has recommended that all of them be put up for re-election at the AGM. They will each stand for re-election on an individual basis. Their names are reflected in the Notice of Annual General Meeting which is published on JC&C's website at www.jcclgroup.com and SGX's website at www.sgx.com. Key information about them can be found on pages 24 to 26 and 61 to 62 of the Annual Report.

ASSESSMENT OF DIRECTORS' INDEPENDENCE

The Nominating Committee is responsible for the assessment of the independence of the non-executive directors.

The assessment is carried out for new independent director appointments and an annual review is carried out for existing directors. The Nominating Committee submits its assessment to the Board for the Board's consideration and declaration of a director's independence.

The Board considers a director to be independent if he or she is independent in conduct, character and judgement and has no relationship with JC&C, its related corporations, its substantial shareholders (i.e. having at least a 5% interest in JC&C) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of JC&C.

Under the SGX-ST Listing Manual rules applicable for 2022, a director would not be considered independent where any of the following circumstances existed:

- (i) a director being employed by JC&C or any of its related corporations for the current or any of the past three financial years, or

- (ii) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by JC&C or any of its related corporations and whose remuneration is determined by the Remuneration Committee, or
- (iii) a director who has been a director of JC&C for an aggregate period of more than nine years and whose continued appointment as an independent director has not been sought and approved in separate resolutions by shareholders of JC&C under a two-tier vote.

The term 'related corporations' includes major shareholders.

The directors were asked to declare if such a relationship or circumstance existed. They were also asked to assess if there were other circumstances, relationships or salient factors by reason of which they would consider themselves to be not independent vis-à-vis JC&C.

For 2022, the Board concurred with the Nominating Committee and considered Benjamin Keswick as a non-independent director as he is the Executive Chairman of Jardine Matheson Holdings Limited, the 76% major shareholder of JC&C and a related corporation of JC&C. Mr Anthony Nightingale was also determined to be a non-independent director as he has served on the Board for an aggregate period of more than nine years. The remaining non-executive directors, namely Mrs Lim Hwee Hua, Michael Kok, Dr Marty Natalegawa, Steven Phan, Samuel Tsien and Tan Yen Yen were declared independent according to the requirements of the Corporate Governance Code and the SGX-ST Listing Manual.

In accordance with the Board succession plan, shareholders' two-tier vote was obtained in 2021 for Mrs Lim Hwee Hua to continue as an independent director and two other long-serving directors, Anthony Nightingale and Michael Kok, have stepped off the Board in 2022. No other independent director has served beyond nine years on the Board and no director is being put up for the two-tier vote at the upcoming AGM in 2023.

The majority of the Board is independent and the Board complies with Rule 210(5)(c) of the SGX-ST Listing Manual which requires the Board to be at least one-third independent and have at least two independent directors.

ASSESSMENT OF BOARD PERFORMANCE

The assessment of the effectiveness of the Board as a whole, and that of each Board committee and individual director, is carried out annually. This formal assessment process is overseen by the Nominating Committee.

The assessment is carried out through questionnaires that employ an objective set of performance criteria as recommended by the Nominating Committee and approved by the Board. The performance criteria remain unchanged from year to year unless a review is required in line with changes to corporate governance requirements and practices. In such a case, the Nominating Committee may recommend updates to the questionnaires or assessment process.

Each director is required to complete the assessment questionnaires. The responses are collated and presented to the Nominating Committee for review and discussion as well as shared with the Board. The Nominating Committee, together with the Chairman of the Board, will decide on any follow-up or action plans that may be required.

For the evaluation of the Board's performance as a whole, the questionnaire focuses on the effectiveness of board practices in relation to its oversight role. The performance criteria cover board structure, strategy and planning, performance monitoring and enhancement, board risk management and internal controls, board procedures and conduct of meetings, the information provided to the Board and the Board's interaction as a group and with management.

The individual director's evaluation covers the following assessment criteria: attendance and adequacy of preparation for Board and Board Committee meetings, maintenance of independence and disclosure of related

party transactions, contributions in board decision-making and the individual's areas of expertise, and generation of constructive debate. The assessment is designed to encourage the director to reflect on his or her performance and contribution during the year.

Each Board committee's assessment reviews its functions and processes, examining areas such as whether the committee has fulfilled its responsibilities as set out in its terms of reference, and whether it has met compliance and disclosure requirements. Other assessment criteria include whether the committee size and mix of skills are appropriate, attendance at meetings, generation of constructive debate, the rigour of decision-making and availability of information.

DIRECTOR'S TIME COMMITMENT

The Board is made up of high-calibre individuals who are leaders in their respective fields and are naturally sought after to serve on multiple boards and take on other principal commitments. Rather than being a limiting factor, the Board views it as an advantage that its members continue to gain regional and international exposure and experience in a range of industries and countries. Accordingly, the Board has decided not to set a maximum number of listed company board representations which any director may concurrently hold. The individual directors are responsible for monitoring their time commitments and ensuring that they can effectively discharge their duties as a director of JC&C.

The Nominating Committee annually assesses whether JC&C's directors who have other principal commitments and who serve on multiple boards are able to and have been diligently discharging their duties as a JC&C director. In making this determination, the Nominating Committee considers the results of the director's annual self-evaluation as well as their attendance, attentiveness, participation and contribution at Board and Board committee meetings.

The Nominating Committee is satisfied that for 2022, each of the directors gave sufficient time and

attention to the affairs of JC&C and was able to effectively discharge their duties as a director of JC&C.

The Executive Directors, Benjamin Birks, Stephen Gore and Amy Hsu, do not hold any external directorships. They sit on the boards of companies that are JC&C's subsidiaries and associated companies.

KEY MANAGEMENT SUCCESSION PLANNING

The Board works closely with the Nominating Committee, Remuneration Committee and the human resources department for the succession planning of each key management role. This also involves the identification of competencies necessary to perform the role. These plans are reviewed and updated according to business needs.

Talent development, recruitment and compensation programmes are important parts of the succession planning process.

As part of the larger Jardine Matheson Group of companies, JC&C has access to and benefits from Jardines' talent pool. Under its executive management development programmes, talent is recruited from diverse disciplines and geographical backgrounds. They are given opportunities to work in a variety of businesses across the Jardine Matheson Group and are involved in strategic and operational planning and finance roles. Talented individuals are identified and provided with exposure and training to prepare them for future senior roles, including at JC&C.

Depending on the competencies and business needs identified, external candidates for key management roles are sometimes also considered in order to find the best person for the role. Expertise in such recruitment comes from JC&C's human resources department and is supplemented by external search consultants.

The Nominating Committee will make the final recommendation to the Board regarding the candidate for a key management role and the Remuneration Committee will review the compensation package.

Remuneration Committee

Composition of the Remuneration Committee in 2022:

Director	Position	Status
Tan Yen Yen ¹	Chairperson	Independent Director
Mrs Lim Hwee Hua	Member	Lead Independent Director
Benjamin Keswick	Member	Non-independent Director
Michael Kok ²	Chairman (former)	Independent Director

¹ Became Chairperson on 1st April 2022 succeeding Michael Kok

² Was Chairman up to 31st March 2022. Stepped down from the Board on 31st March 2022

The Remuneration Committee consists entirely of non-executive directors. The majority of the Committee is independent and it is chaired by an independent director. It meets the minimum size requirement of three members under the Corporate Governance Code.

The Remuneration Committee met twice in 2022.

The terms of reference of the Remuneration Committee include the following:

- Review and recommend to the Board a framework of remuneration for non-executive directors and the specific remuneration packages for each non-executive director
- Recommend to the Board the aggregate remuneration of the non-executive directors for approval at the AGM
- Review and recommend to the Board a framework of remuneration for executive directors (including the Group Managing Director) and key management personnel and the specific remuneration packages for each of these persons to attract, retain and motivate them to provide good stewardship and management
- Ensure that the recommended remuneration framework is appropriate and proportionate to the sustained performance and value creation of JC&C, including having a significant and appropriate proportion linked to corporate and individual performance with appropriate and meaningful measures for assessing the individual's performance

- Review and recommend the eligibility of executive directors and key management personnel for benefits under any long-term incentives
- Cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind and termination terms and payments and to ensure fairness and avoid rewarding poor performance
- Consider implementing schemes to encourage non-executive directors to hold shares in JC&C

EXECUTIVE DIRECTORS & KEY MANAGEMENT'S REMUNERATION

The Remuneration Committee is responsible for advising the Board on the remuneration framework for executive directors and senior executives. It considers all aspects of remuneration, including termination terms where applicable, to ensure that they are appropriate, proportionate and fair. The remuneration policies are designed to attract, retain and motivate the executives to align their interests with JC&C's long-term growth and success, to increase shareholder value.

Several members of the Remuneration Committee are knowledgeable in executive compensation. The Remuneration Committee will seek expert advice from consultants on executive compensation matters, if necessary.

The remuneration of executive directors and key management personnel are structured to link rewards to corporate and individual performance.

Consisting of both a fixed and variable component, the performance conditions are based on JC&C's strategy and business plans for the year and are aligned with the interests of shareholders and other stakeholders. The fixed component comprises salary, provident fund contributions and other allowances. The variable component comprises a performance-based bonus payable on the achievement of individual and corporate performance conditions which are set or refreshed annually via a balanced scorecard and covers a performance period of one year.

Since 2021, JC&C has embedded ESG into all strategic decision-making and a component of the remuneration of executive directors and key management is linked to ESG considerations, including managing climate risk.

The Remuneration Committee reviews the remuneration of executive directors and key management personnel annually. The Board approves such remuneration via the Remuneration Committee to whom the Board has delegated authority for such approval.

For 2022, the Remuneration Committee confirmed that the level and structure of remuneration were aligned with the long-term interests and risk management policies of JC&C. No executive director was involved in deciding his or her own remuneration.

INCENTIVE PLANS

Short-term incentive plans have been designed to strengthen the pay-for-performance framework and to reward participants for the success of the business units and the Group.

Performance targets to be met under the short-term incentive plans include annual earnings, which are benchmarked against the budget, and individual qualitative key performance indicators, other than earnings, that focus on short- and long-term growth, success and profitability.

Individual payments are accorded based on performance targets and objectives set in appraisals. The performance conditions under the plans were reviewed annually to ensure that they were met in respect of any payout for 2022.

CORPORATE GOVERNANCE

The Group does not use any contractual provisions to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss of the Group.

JC&C does not currently operate any share-based incentive plan.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The Remuneration Committee advises the Board on the remuneration framework for non-executive directors. The directors' fees are determined having regard to best market practice, the level of duties and responsibilities of the directors and the size and diversity

of the Group's operations. The fees are reviewed every few years to ensure that they remain appropriate.

The fee structure reflects a non-executive director's level of responsibility, effort and time commitment. The Chairperson of the Board or a Board committee receives higher fees, and separate fees are paid for committee membership.

The total amount of non-executive directors' fees is tabled for shareholders'

approval annually at the AGM. At the last AGM in 2022, the shareholders approved the non-executive directors' fees of up to S\$1,139,000 for 2022. No director is involved in deciding his or her own remuneration.

No directors' fees are paid to executive directors.

The non-executive directors' fee structure was last revised in 2022 and remains unchanged as follows:

Fees payable per director per annum	Chairman S\$	Member S\$
Board	140,000	80,000
Audit Committee	50,000	28,000
Remuneration Committee	22,000	12,000
Nominating Committee	22,000	12,000

DISCLOSURE OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The remuneration of the directors and the top five key management personnel (who are not also directors) of JC&C for 2022, including their names, is shown in the following tables, broken down into various elements in dollar terms.

In 2022, no employees were substantial shareholders of JC&C or the immediate family members of a director, the Group Managing Director or a substantial shareholder of JC&C.

Directors	Directors' fees S\$'000	Base salary S\$'000	Variable bonus S\$'000	Defined benefits/ contribution plans S\$'000	Benefits-in-kind S\$'000	Total S\$'000
Benjamin Keswick	164	—	—	—	—	164
Benjamin Birks [#]	—	728	2,759	116	661	4,264
Stephen Gore [#]	—	721	1,155	116	588	2,580
Amy Hsu [#]	—	172	235	27	91	525
Mrs Lim Hwee Hua	142	—	—	—	—	142
Dr Marty Natalegawa	92	—	—	—	—	92
Steven Phan	130	—	—	—	—	130
Tan Yen Yen	100	—	—	—	—	100
Samuel Tsien	108	—	—	—	—	108
Directors who stepped down from the Board in the course of 2022:						
Michael Kok	25	—	—	—	—	25
Anthony Nightingale	47	—	—	—	—	47

[#] Executive Director

Key Management Personnel	Base salary S\$'000	Variable bonus S\$'000	Defined benefits/ contribution plans S\$'000	Benefits-in-kind S\$'000	Total S\$'000
Jeffery Tan	530	517	10	16	1,073
Wilfrid Foo	397	476	16	11	900
Kent Teo	334	287	17	186	824
Jason Wen	346	269	14	11	640
Collin Teo	276	284	17	14	591

Notes:

- Directors' fees for non-executive directors were approved by the shareholders as a lump sum at the AGM held in 2022.
- Benefits-in-kind refer to benefits such as car, housing and club membership made available as appropriate.
- The total remuneration of the top five key management personnel for 2022 was S\$4,028,000.
- No stock options or share-based incentives or awards were paid to directors and key management personnel in 2022.

Audit Committee

Composition of the Audit Committee in 2022:

Director	Position	Status
Steven Phan* ^ ~	Chairman	Independent Director
Mrs Lim Hwee Hua^ ~	Member	Lead Independent Director
Samuel Tsien^ ~	Member	Independent Director

* Chartered accountant

^ Expertise in financial management

~ Expertise in risk management

The Audit Committee consists entirely of non-executive directors, all of whom are independent directors. It is chaired by an independent director who is a chartered accountant. It meets the minimum size requirement of three members under the Companies Act 1967 and the Corporate Governance Code.

All the members have recent and relevant accounting or related financial management expertise or experience. They also have expertise in risk management. No one was a former member or director of JC&C's existing auditing firm.

The primary function of the Audit Committee is to help the Board fulfil its statutory and fiduciary responsibilities in relation to the Group's financial reporting. It ensures the integrity of financial statements, reviews financial and control risks and monitors the internal control systems.

The Audit Committee has access to management and has the discretion to invite any director or executive officer to attend its meetings. It has access to reasonable resources to enable it to discharge its functions properly.

The Audit Committee met four times in 2022.

The terms of reference of the Audit Committee include the following:

- Review at least annually the adequacy and effectiveness of JC&C's systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems,

and commission an independent audit on internal controls and risk management systems, if necessary

- Review the significant financial reporting issues and judgements to ensure the integrity of JC&C's financial statements and any announcements relating to its financial performance, and review with the external auditors their evaluation of the system of internal accounting controls
- Review the assurance from the Group Managing Director and the Group Finance Director on the financial records and financial statements
- Review with the external auditors their audit report and conduct a post-audit review of the statutory financial statements and audit findings, including any significant suggestions for improvements provided to management by the external auditors
- Recommend to the Board on the adoption of the annual consolidated financial statements and annual report
- Recommend to the Board on the adoption of the interim and full year announcements of financial results and interim management statements
- Review the adequacy, effectiveness, independence, scope and results of JC&C's internal audit function
- Review with the external auditors their audit plan
- Review the adequacy, effectiveness, independence, scope and results of the external audit and assistance

given by management to the external auditors

- Assess the independence and objectivity of the external auditors, including the aggregate and respective fees paid for audit and non-audit services
- Make recommendations to the Board on the proposals to the shareholders on (i) the appointment, re-appointment and removal of the external auditors, and (ii) the remuneration and terms of engagement of the external auditors
- Consider the terms of interested person transactions of JC&C, whether they are on normal commercial terms and are not prejudicial to the interests of JC&C and its minority shareholders
- Carry out its duties as set out in the annual general mandate for interested person transactions approved by JC&C shareholders
- Review the Whistle-Blowing Policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board believes in the importance of sound systems of internal control and risk management to sustainably safeguard shareholders' interests and JC&C's assets as well as to achieve corporate objectives.

The Board has overall responsibility for the Group's internal controls and risk management. It reviews the adequacy and effectiveness of these control and risk management systems, including financial, operational, compliance and information technology controls (which includes cybersecurity).

The Board receives periodic updates and risk management education during the regular Board meetings as well as separately arranged training sessions on specific matters as and when necessary.

CORPORATE GOVERNANCE

Management is required to ensure good corporate governance through implementing and managing policies and procedures relevant to the Group's business scope, ethical standards and environment.

Business units are required to conduct a self-assessment exercise and submit twice-yearly control and compliance declarations on issues relating to matters of serious concern and significant incidents, code of conduct compliance and adequacy of control framework, and compliance with licences, permits and regulatory requirements. Where required, action plans are developed to remedy identified control gaps.

In addition, business units submit a summary comfort checklist regarding the adequacy and effectiveness of their internal control and risk management systems. Such assurances are also sought from the Group's internal and external auditors based on their independent assessments.

For 2022, the Board reviewed the assurances from the Group Managing Director and Group Finance Director on the financial records and financial

statements of JC&C. To elaborate, the Board assessed that the financial records have been properly maintained and that the financial statements gave a true and fair view of the Group's operations and finances.

The Group Managing Director and Group Finance Director also gave assurances to the Board that the systems of risk management and internal control in place were adequate and effective in addressing the material risks of the Group in its business environment at that point in time.

The Board, with the concurrence of the Audit Committee, was satisfied that adequate and effective internal controls (including financial, operational, compliance and information technology controls) and risk management systems had been in place and met the needs of the Group in its business environment at that point in time. The conclusion was based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management throughout 2022, as well as assurances received from the Group Managing Director

and other key management personnel responsible for these areas.

The Board notes that the Group's internal control systems are designed to manage the Group's risks within an acceptable risk profile, rather than eliminate business risks completely. The Group's internal control and risk management systems provide reasonable but not absolute assurance that the Group will not be adversely affected materially by any event that can be reasonably foreseen and do not provide absolute assurance against material misstatements, the occurrence of material or human errors, poor judgement in decision-making, losses, fraud or other irregularities.

JC&C does not have a separate board-level risk committee but has in place a risk management programme, under the purview of the Audit Committee, to identify and report on areas of potential business risks, and to recommend counteracting measures to prevent and minimise any loss arising from the business risks identified. This programme is further elaborated upon under the *Risk Management Review* section on pages 44 to 47.

KEY AUDIT MATTERS

For 2022, the Key Audit Matters ("KAMs") of the Group and the Audit Committee's commentary on them are set out below:

KAMs	Audit Committee's Comments
Impairment of investment in an associate – Siam City Cement Public Company Limited ("SCCC")	<p>The Audit Committee reviewed and was satisfied with the reasonableness of management's judgement, assumptions and the methodology used in the impairment review of the Group's investment in SCCC.</p> <p>Following the review and discussions with management and the external auditor, the Audit Committee concurred with management that an impairment charge of US\$114 million was required in 2022 in view of the challenging operating environment and outlook.</p>
Valuation of consumer financing debtors	<p>The Audit Committee reviewed and was satisfied with the methodology used by management in calculating the allowances for impairment, ageing profiles of the consumer financing debtors and the reasonableness of management's assumptions made and data used in calculating allowance.</p> <p>Following the review and discussions with management and the external auditor, the Audit Committee concurred with the judgement made by management in making the allowance for impairment for the consumer financing debtors and was satisfied that the data used were supportable.</p>
Valuation of mining properties and related assets	<p>The Audit Committee reviewed and was satisfied with the reasonableness of management's judgement, assumptions and methodology used in the impairment review of the mining properties and related assets.</p> <p>Following the review and discussions with management and the external auditor, the Audit Committee concurred with management that the valuation of these assets was supportable.</p>

INTERNAL AUDIT

The primary reporting line of JC&C's internal audit function is to the Audit Committee.

The internal audit function reviews the effectiveness of JC&C's internal control systems and management control systems. These reviews are conducted regularly throughout the year in accordance with an agreed plan to ensure that material internal controls are in place.

The internal audit function provides independent and objective assurance on internal controls and assists the Audit Committee in reviewing how principal business risks in the Group are evaluated.

The Audit Committee approves the annual internal audit plans, regularly reviews the internal audit findings and follows up on implementation plans.

For 2022, the Audit Committee was satisfied that JC&C's internal audit function was independent of the business, effective and adequately resourced.

The internal audit function of the Group (excluding Astra) is performed by the internal audit team of its holding company, Jardine Matheson. Group Audit and Risk Management ("GARM") functions independently of the operating companies of the Group and employs qualified professionals to handle the work in accordance with the prevailing Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors ("IIA").

The Audit Committee receives quarterly reports from GARM which cover matters like the overall control environment, audit findings, implementation statuses and significant non-compliance and matters of serious concern.

The internal audit function of the Astra group is overseen by Astra's Group Audit and Risk

Advisory ("GANRA"), the internal audit department of Astra's parent company. GANRA audits all the automotive sales operations under Astra's parent company. It supports and participates in joint audits and regular reviews with the various internal audit units of the subsidiaries within the Astra group.

GANRA complies with the prevailing Standards for the Professional Practice of Internal Auditing set by the IIA.

The various internal audit units of Astra's subsidiaries report to the respective boards of commissioners within the Astra group, and GANRA reports to the audit committee of Astra's parent company. The Audit Committee receives quarterly reports on internal audit plans, audit findings, implementation plans and Astra group's top risks from GANRA.

EXTERNAL AUDIT

For 2022, the Audit Committee made recommendations to the Board on the re-appointment of JC&C's external auditor, PricewaterhouseCoopers, and the remuneration to be paid to them.

JC&C has complied with Rule 713 of the SGX-ST Listing Manual, which requires the rotation of the external audit partner-in-charge.

The Audit Committee also approved audit plans for the external audit and reviewed the adequacy, effectiveness, independence, scope and results of the external audit. It met with the external auditor to discuss significant accounting and auditing issues

arising from its audit, other audit findings and recommendations.

As per its yearly practice, the Audit Committee met with both internal and external auditors without the presence of management to discuss matters that the Audit Committee or auditors believe should be discussed privately.

REVIEW OF RESULTS ANNOUNCEMENTS AND INTERIM MANAGEMENT STATEMENTS

The Audit Committee serves as an independent party to review financial information prepared by management for shareholders, as well as the channel of communication between the Board and external auditors.

In 2022, before announcing the half year and full year results, the Audit Committee and JC&C's senior management reviewed the Group's financial information to ensure that it was properly presented and that appropriate accounting policies had been applied in preparing the financial information. Interim management statements for the first and third quarters were also reviewed before they were announced to ensure sufficient information was presented.

NON-AUDIT SERVICES BY EXTERNAL AUDITOR

In 2022, the Audit Committee reviewed the range and value of non-audit services provided by the external auditors of the Group. The Audit Committee was satisfied that the provision of such services had not affected the independence of the external auditors. The breakdown of the 2022 fees is as follows:

	US\$m
Total fees for audit services	10.7
Total fees for non-audit services	2.1
Total fees	12.8

JC&C has complied with Rules 712 and 715 of the SGX-ST Listing Manual with regards to the auditing firms.

CORPORATE GOVERNANCE

Risk Management Review

Management oversees the implementation of the systems of internal control within the Group's operating companies, the responsibility for which rests with each company's board and its management.

The Group has an established risk management process that is reviewed regularly and covers all business units. This includes the maintenance of risk registers that detail the emerging and existing risks to the future success of the business and the relevant key controls and mitigating factors that address those risks. These are reviewed on a regular basis.

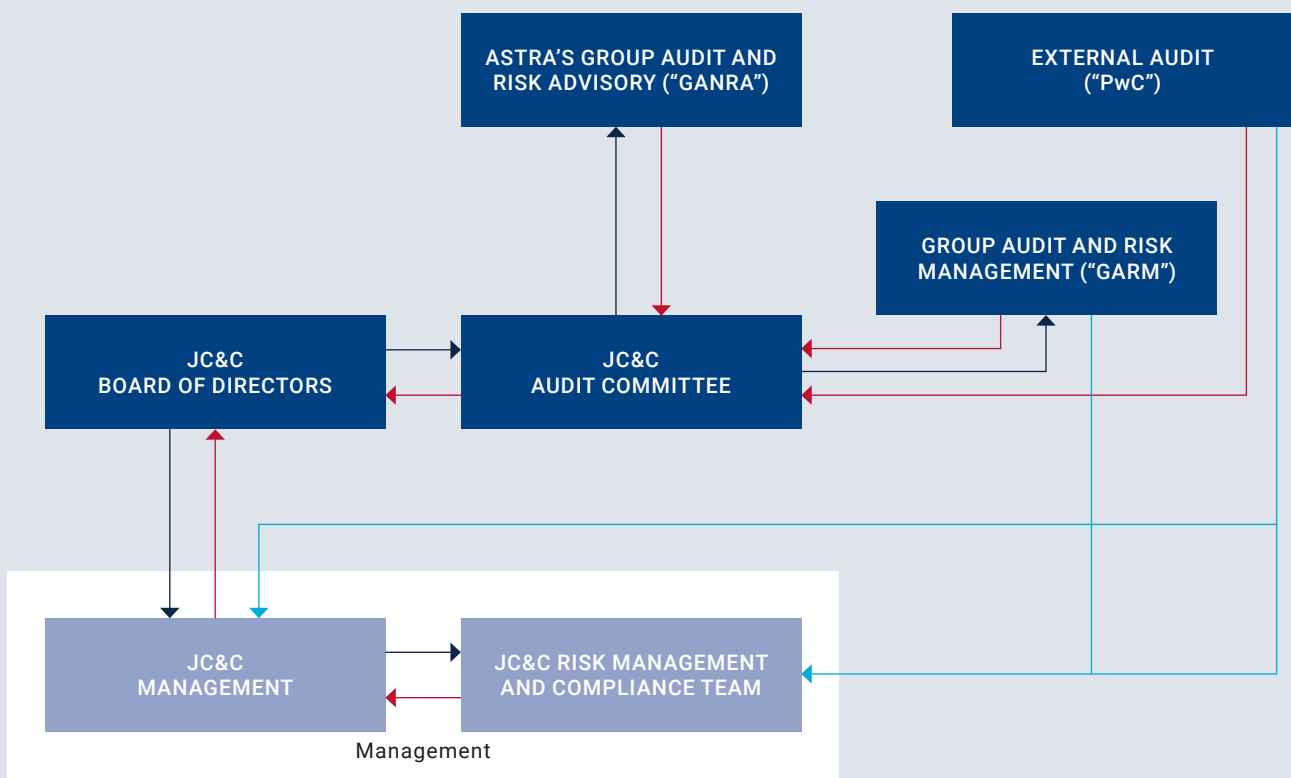
RISK GOVERNANCE STRUCTURE

Each business unit is responsible for:

- Identifying and assessing principal risks and uncertainties to which it is exposed;
- Implementing the most appropriate actions to mitigate and control those risks to an acceptable level;
- Providing adequate resources to minimise, offset or transfer the effects of any loss that may occur while managing acceptable risk/benefit relationships;
- Monitoring the effectiveness of the systems of risk management and internal control; and
- Reporting periodically to its board of directors and GARM/GANRA on the principal risks and uncertainties.

Information and guidelines for reporting principal risks and risks and uncertainties are regularly communicated to the business units. Risk management initiatives, such as training and sharing sessions are undertaken by the Group. Furthermore, Jardine Matheson has an interactive platform where employees across the Jardine Matheson group are able to share the latest trends in risk management to support an effective risk culture.

Risk identification, evaluation, review and reporting form part of management responsibility. Based on the Group's risk evaluation, management is expected to implement risk management measures (as described in its risk



→ Oversight → Report → Monitor/Review

management framework) to address the identified risk. Executives' remunerations are tied to measures that reflect the successful execution of business strategies including risk management. Line managers are expected to execute controls that reflect risk management while executing their day-to-day tasks. Their remuneration is tied to measures that reflect the successful execution of operations while keeping risk in mind via the execution of controls.

RISK MANAGEMENT FRAMEWORK

Risk management is integrated into each business unit's strategic planning, budgeting, decision-making and operations. Central to this is the continuous and systematic application of:

- Risk Identification
- Risk Assessment
- Risk Treatment
- Risk Reporting & Monitoring

Our Risk Management Framework, based on ISO 31000 and COSO principles, is an integrated multi-disciplinary company-wide process to identify, assess and define strategies to be adopted to monitor risks. The risk registers prepared by each business unit provide the basis for an aggregation process, summarising the principal risks and uncertainties facing the Group as a whole.

The key elements of the Risk Management Framework are as follows:

Risk Identification

- Identify and document the Group's exposure to uncertainty with existing strategic objectives
- Adopt structured and methodical techniques to identify critical risks

Risk Assessment

- Evaluate risks by estimating likelihood, financial and reputational damage, and the speed at which the risk materialises, based on its inherent and residual level

- Determine risk rating using the risk heatmap, with four levels of residual risk status

Risk Treatment

- **Tolerate** – accept if within the Group's risk appetite
- **Terminate** – dispose or avoid risks where there is no appetite
- **Transfer** – take up insurance or share risk through contractual arrangements with business partners
- **Treat** – redesign or monitor existing controls or introduce new controls

Risk Reporting & Monitoring

- Periodic review of principal risks and uncertainties
- Setting key risk indicators to enhance monitoring and mitigation of risks
- Regular reporting of principal risks and uncertainties from business units to the Group's Board of Directors via the Audit Committee

The risk registers are updated bi-annually and a Risk Management Report is presented to the Audit Committee on the significant residual risk exposures impacting the Group. The report includes considerations such as the likelihood of occurrence, financial impact, velocity and impact ratings.

PRINCIPAL RISKS AND UNCERTAINTIES

The following were classified as major residual risk exposures (including operational risks) for 2022:

1. Geopolitical Situation

In the past year, the impacts of the global geopolitical situation have significantly increased. External risks created from political tensions, such as the dynamic between Russia and Ukraine and its Western alliances, could affect global markets, dampen economic activity, disrupt supply chains and place more pressure on rising inflation and interest rates.

While the Group does not have direct business relationships in these countries, the consequences of these armed conflicts are unpredictable and, therefore, may pose significant uncertainty to the portfolio.

The Group monitors the situation closely to manage any operational changes collectively; for example, sourcing alternative suppliers to prepare for potential supply chain disruption.

2. Cybersecurity

The global pandemic has triggered an exponential rise in the adoption of technologies. The Group's businesses have increased their online operations and, as such, are more dependent on the network infrastructure and critical supporting systems. Given the leading positions of the Group's businesses in their industries, any security breaches resulting in the leakage of sensitive data may result in regulatory fines and/or litigations. This external risk could potentially have a long-term impact if the Group's reputation is affected.

The Group continually reviews its network infrastructure and critical supporting systems to ensure resilience. A cyber incident response plan is defined for the Group to respond to emergencies and catastrophic events. In addition, business continuity plans and insurance policies are in place.

3. Dependence on Astra

Astra is the major contributor to the Group's earnings and represents a significant proportion of the Group's total assets. Consequently, any adverse changes in Astra or Indonesia's political, social or economic situation will significantly impact the Group's earnings and total assets. Such adverse changes include changes in laws, regulations and policies by the Indonesian

or other foreign governments, any termination of or material changes to key licensing and distribution agreements between Astra and its strategic partners, supply chain disruptions or any pricing actions Astra may have to take in response to competition that have a material adverse impact on Astra's financial performance.

The Group is exposed to foreign currency fluctuations, mainly through Astra. Any significant depreciation of the rupiah will have an adverse impact on the Group's earnings and total assets.

Over the years, the Group has increased its exposure in Other Strategic Interests, which, together with the Direct Motor Interests and THACO, account for 20% of JC&C's underlying profits in 2022.

4. Climate Change

Climate change has been recognised as a key long-term risk businesses faced globally.

Physical risks such as forest fires, floods and other natural disasters may directly impact the Group's physical facilities or those of its suppliers and customers and adversely impact the Group's earnings and total assets. Such risks cannot be eliminated completely. However, the Group takes appropriate mitigating measures such as procuring appropriate insurance as part of its risk management. Additionally, the Group maintains operational resilience by regularly reviewing its Business Continuity Management ("BCM") plans.

Aside from physical risks arising from climate change, the Group is exposed to transition risks such as the shift towards electric vehicles, increased carbon taxes and investments in low-carbon technologies.

The Group manages climate change risk by conducting climate risk assessments and scenario

analyses following the TCFD framework, to identify key focus areas for its portfolio businesses and build overall climate resilience.

5. Outbreak of Contagious or Virulent Diseases

A pandemic outbreak or spread of contagious or virulent diseases such as COVID-19, severe acute respiratory syndrome and avian influenza may result in lockdowns or quarantine restrictions on the Group's employees, suppliers and customers, and limit access to the Group's facilities, products and services.

During the COVID-19 pandemic, the Group activated its BCM plans and carried out enhanced health and safety programmes to mitigate the risk impact.

The COVID-19 pandemic has also triggered an exponential growth of demand for semiconductor chips, outpacing supply capacity, resulting in a global chip shortage which affected the production of certain products offered by the Group. The Group worked closely with its suppliers to manage its logistics capacity, production planning and inventory control to mitigate such impact.

6. Competition, Economic Cycle, Commodity Prices and Government Regulations

The Group faces competition in each of its businesses, and more so with advancements in energy-efficient and low-carbon products and technology. If the Group is unable to compete successfully against its existing competitors or new entrants to the industries in which it operates, its business, financial position and results of its operations will be adversely affected.

The Group's financial performance fluctuates with the economic cycle. Market forces and their resultant movements can significantly impact the earnings and asset position of the Group.

The Group is also exposed to financial risks arising from changes in commodity prices, primarily crude palm oil and coal.

The Group regularly considers the outlook of commodity prices 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.

Government regulations and policies relevant to the respective industries and territories impact the Group's businesses. Free trade agreements may also result in increased competition which may adversely affect the Group's earnings and total assets. In addition, if the Group does not transition to low-carbon products and technology in time, it will not benefit from subsidy schemes and policy support provided by the countries where it operates.

To manage the risk of competition, the Group regularly assesses whether its products and services can meet customers' expectations. For instance, the Group actively reviews its product strategy with its principals in the automotive sector and introduces electric vehicles to its product line-up.

The Group also works closely with the respective local management to leverage local expertise and knowledge to manage political and regulatory risks.

7. Exclusive Business Arrangements

The Group currently has subsidiaries, associates and joint ventures in Indonesia, Vietnam, Singapore, Malaysia and Myanmar engaged in the automotive business that enjoys exclusive rights in various forms as a manufacturer, assembler, distributor or dealer.

Management works to meet targets and improve business performance. Notwithstanding

this, any change in the principals' strategies may be beyond management's control. In certain cases, any withdrawal or dilution of the exclusive rights can potentially have a significant impact on the Group's earnings and total assets.

The Group manages the risk by maintaining good partnerships with the principals and closely monitoring changes in their policies and corporate plans. The Group also ensures strict compliance and governance to their standards and regularly updates the principals on the local market's regulatory and business environment.

8. Financial Risk

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity markets, foreign currency exchange rates and interest rates. It manages its exposure to financial risks by using a variety of techniques and instruments as set out in further detail under 'Financial Risk Management' of Note 2.32 to the Financial Statements, on pages 96 to 106 of this Annual Report.

The Group has an internal policy that prohibits speculative transactions. It enters into derivative financial instruments solely for hedging underlying exposures that mainly affect cash flow. The objective is to provide a degree of certainty on costs.

The Group's surplus cash is managed in a way that minimises credit risk while enhancing yield. The Group also has a system of internal controls, as described in this report.

Notwithstanding the risk management policies of the Group, any unanticipated fluctuations in debt and equity market prices, foreign currency exchange rates and interest

rates may have an adverse effect on the Group's earnings and total assets.

Rights of Shareholders

DIVIDEND POLICY AND PAYMENT

JC&C's dividend policy aims to provide a return to shareholders through the payment of a cash dividend, usually on a semi-annual basis, taking into consideration the Group's financial performance, short- and long-term capital requirements, future investment plans and broader business and economic conditions.

In 2022, JC&C made two dividend payments to all shareholders; a final dividend of US\$0.62 per share on 29th June 2022 and an interim dividend of US\$0.28 per share on 29th September 2022.

SHAREHOLDERS' RIGHT TO PARTICIPATE EFFECTIVELY AND VOTE IN SHAREHOLDERS' MEETINGS

Shareholders are informed of shareholders' meetings through notices, physical copies of which are sent to all shareholders in advance of the meetings. The notices contain the detailed meeting agenda and are accompanied by explanatory notes, reports or circulars containing detailed information on each agenda item and the proxy form. The notices of general meetings and the accompanying documents are also published and publicly available on SGX's website at www.sgx.com and JC&C's website at www.jcclgroup.com.

Specifically for AGMs, the notices are accompanied by the annual report, a letter to shareholders (containing further information about specific agenda items) and the proxy form, all of which are available via the avenues mentioned above. Annual reports containing the audited financial statements are issued simultaneously with the AGM notice by the end of March. This is within 90 days of the end of JC&C's financial year of 31st December and is at least 28 days before the date of the AGM.

At shareholders' meetings, each specific matter is proposed as a separate resolution and shareholders are given the opportunity to raise questions on each of the motions. All relevant questions, answers and comments are recorded in substantial detail in the meeting minutes and posted on JC&C's website.

At every AGM, shareholders have the opportunity to approve the remuneration for non-executive directors, including any increases in such remuneration, and to vote for the re-election of individual directors who are either retiring by rotation or retiring because they are newly appointed.

JC&C only has one class of shares, namely ordinary shares, and each ordinary share carries one vote.

All resolutions at the AGM are voted by poll. The poll voting is conducted electronically by an external service provider under the scrutiny of an independent scrutineer. The scrutineer explains the voting and vote tabulation procedure to the meeting attendees before starting the voting process. For greater transparency, votes cast for and against each resolution, and the respective percentages, are immediately tallied and displayed 'live-on-screen' to shareholders at the meeting. The scrutineer is present throughout the meeting to ensure that the voting exercise is conducted properly and signs off on the voting results.

Within the same day after the AGM, JC&C releases a detailed announcement publicly available on SGX's website (www.sgx.com/securities/company-announcements), showing the voting results in terms of the number of votes cast for and against each agenda item and the respective percentages. This announcement is also available on JC&C's website.

If any shareholder is unable to attend a shareholders' meeting, he/she is allowed under JC&C's Constitution to appoint up to two proxies to vote on his/her behalf at the meeting. Printed copies of proxy forms are sent in advance to all shareholders with clear instructions on how they should be completed and returned to JC&C before the relevant deadline. The proxy forms are also available on JC&C's and SGX's websites.

Nominee agencies such as banks, securities custodians and the Central Provident Fund ("CPF") are allowed to appoint more than two proxies. Therefore, shareholders who hold shares through these nominees, including CPF investors, can attend and participate in the meetings as proxies of these agencies. Voting in absentia by mail, facsimile or email is currently not allowed.

CONDUCT OF AGM DURING THE COVID-19 PANDEMIC

The AGM in 2022 was conducted via electronic means on 27th April 2022 pursuant to temporary laws on alternative arrangements for holding general meetings in Singapore during the COVID-19 pandemic. JC&C complied with all regulatory requirements for the holding of such meetings.

Notice of the virtual AGM containing the detailed agenda and explanatory notes, as well as the Annual Report 2021 (containing the audited financial statements), letter to shareholders and proxy form, were all sent to shareholders solely by electronic means through publication on the websites of JC&C and SGX. These documents were published on 29th March 2022, at least 28 days before the AGM date and within 90 days of JC&C's financial year-end of 31st December 2021.

Shareholders were invited to submit their questions for the AGM in advance. JC&C provided its full responses to substantial and relevant questions via an announcement on the websites

of JC&C and SGX before the proxy form submission deadline.

Pursuant to the temporary laws, voting at the AGM was carried out via the appointment of the Chairman of the meeting as the proxy for the shareholders. The voting results were verified by an independent scrutineer appointed for the AGM and were published on the same day as the AGM on JC&C's and SGX's websites.

As in-person attendance at the AGM was not allowed, pre-registered shareholders attended the AGM virtually via live webcast and audio stream. The members of the Board were present virtually at the meeting, including the Chairman of the Board, the Group Managing Director and the respective Chairpersons of the Audit, Nominating and Remuneration Committees, as well as JC&C's external auditors.

INTERESTED PERSON TRANSACTIONS

JC&C operates under the interested person transactions ("IPT") rules of the SGX-ST Listing Manual.

These rules guard against the risk that interested persons could influence JC&C or companies within the Group to enter into IPT transactions that may adversely affect the interests of JC&C or its shareholders. For example, where an IPT requires shareholders' approval, a shareholder who is interested in the transaction and its associates will not be allowed to vote on the resolution.

JC&C's interested persons are its Board directors and its controlling shareholder, Jardine Matheson Holdings Limited, and the associates of such persons as defined under the SGX-ST Listing Manual.

IPTs entered into during 2022 as recorded in the Register of IPTs (excluding transactions less than S\$100,000) were approved in accordance with the Group's procedures for such transactions.

JC&C's general mandate for IPTs is approved annually by shareholders at its AGM. Detailed information on the general mandate, including the categories of applicable interested persons and transactions and review and approval procedures, are set out in a letter to shareholders that accompanies the AGM notice. This is sent to shareholders together with the AGM notice and is available on JC&C's and SGX's websites.

The general mandate enables companies within the Group to enter into approved categories of transactions with specified interested persons, provided that such transactions are on normal commercial terms in the ordinary course of business and will not be prejudicial to the interests of JC&C and its minority shareholders. The transactions will undergo the review process before being approved by the Group Managing Director or the Audit Committee, as applicable, depending on the value of the transaction.

For 2022, as in previous years, all IPTs entered into pursuant to the general mandate were reviewed by JC&C's internal auditor as part of its annual audit plan.

Save for the transactions disclosed on the following page, no material contract has been entered into by the Group involving the interests of the Group Managing Director, a director or a controlling shareholder, either as at the end of the financial year or since the end of the financial year.

The list of JC&C's IPTs for 2022 are set out below:

Name of interested person and nature of transaction	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) US\$m	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) US\$m
Associate of JC&C's controlling shareholder		
Hongkong Land (Singapore) Pte Ltd		
• purchase of motor vehicle	–	0.2
Jardine Matheson Limited		
• management support services	–	4.0
• cybersecurity services	–	0.3
• business support services (including human resource support and management, and internal audit and risk management)	–	0.2
• digital, digital support and innovation services	1.7	–
Jardine Matheson & Co., Ltd		
• human resource and administration services	–	0.5
The Dairy Farm Company Ltd		
• data analytics services	–	0.4
Hongkong Land (Unicode) Investments Limited		
• subscription of shares in a joint venture	10.4	–
PT Astra Land Indonesia		
• subscription of shares by a subsidiary	10.4	–
Director of JC&C		
Tan Yen Yen		
• purchase of a motor vehicle	0.2	–
	22.7	5.6

Note: The terms "associate" and "controlling shareholder" are as defined in Chapter 9 of the SGX-ST Listing Manual.

**MANAGEMENT OF
CONFLICTS OF INTEREST**

At Board meetings, the directors regularly disclose updates to their directorships and major appointments in other companies and organisations as part of their disclosure of interests to address any potential conflict of interest situation.

Directors are also required to disclose any specific interest they may have in a particular transaction being contemplated or agenda item being discussed.

In the case of a conflict of interest, the director would be required to abstain from voting on the resolution and refrain from participating in the Board discussions.

INSTITUTIONAL INVESTORS

An analysis of JC&C's share register carried out on 30th December 2022 showed that more than 5% of its share ownership were held by institutional investors other than its controlling shareholder.

Engagement with Stakeholders

SUSTAINABILITY REPORT

JC&C has been publishing an annual sustainability report since 2017, referencing the Global Reporting Initiative ("GRI") framework. The reports reflect JC&C's approach to business sustainability and disclose what is important to JC&C and its stakeholders.

As part of the process, JC&C undertakes stakeholder engagement and engages both internal and external stakeholders, such as its subsidiaries, employees, shareholders, business partners and regulatory bodies. JC&C is committed to publishing and improving disclosures in its reporting and continues to strengthen its engagement with stakeholders.

In 2022, JC&C published its first climate change report, following the TCFD framework. In 2022 JC&C will integrate its climate change report into its annual sustainability report.

A summary of JC&C's 2022 Sustainability Report can be found on pages 56 to 59 of this Annual Report. The full sustainability report will be issued in May 2023.

JC&C's sustainability reports are available on its corporate website at www.jcclgroup.com/sustainability.

COMMUNITY ENGAGEMENT

JC&C strives to be an active community partner through corporate social responsibility initiatives. It focuses its efforts on three United Nations Sustainable Development Goals ("SDG"): SDG 3 (Good Health and Well-being), SDG 4 (Quality Education) and SDG 8 (Decent Work and Economic Growth).

Please refer to the JC&C 2022 Sustainability Report summary on pages 56 to 59 for JC&C's community engagement and interaction details.

CODE OF CONDUCT

The Board has put in place a corporate Code of Conduct ("CoC") containing the core ethical principles upon which the Group operates and conducts itself. This is based on the Code of Conduct of the Jardine Matheson group, which JC&C is a part of.

The CoC is published on JC&C's website at www.jcclgroup.com/sustainability/governance. The principles under the CoC are:

- **Treating each other with respect:** Non-discrimination and anti-harassment are strictly upheld. In addition, diversity and inclusion are encouraged and supported.
- **Acting with integrity:** Anti-corruption, anti-bribery and conflicts of interest policies are clearly set out and strictly enforced. There is freedom to support political parties and campaigns responsibly as private individuals but not as representatives of JC&C or the Group. The Group's resources should not be used for charitable purposes unless properly authorised by the Group.
- **Protecting the Group and its assets:** Personal views, actions and social media conduct should be made responsibly and not bring disrepute to the Group. Assets and resources of the Group, as well as intellectual property rights, personal data and confidential information, should be safeguarded at all times. Honest and accurate business records should be kept and information about the Group shared publicly should be accurate and complete. The health and safety of employees, customers, contractors and communities are promoted and protected.
- **Complying with laws and regulations:** Legal compliance is essential, particularly in the areas of anti-competition,

share dealings (including insider trading), business licences and corporate and personal taxes.

- **Embedding sustainability:** Sustainability needs to be a core part of how business is conducted, being closely aligned with strategy and business planning and integrated into all levels of decision-making.

The CoC applies to everyone working for the Group, including all employees and directors. JC&C expects all contractors, consultants, suppliers and other business partners to follow its CoC in their dealings with the Group. For its employees, all new employees are given a digital copy of the CoC and must complete the mandatory CoC training as part of their onboarding process. Existing employees are enrolled for regular e-training to be kept updated on the principles of the CoC.

Besides the CoC, ethical standards of doing business are also upheld through additional compliance policies and guidelines, such as the Anti-Corruption and Bribery Policy, Group Tax Governance Policy (Singapore), Whistle-Blowing Policy and Securities Dealing Policy.

The Board oversees the matters under the CoC through the Audit Committee. To monitor and ensure proper accountability, JC&C conducts twice-yearly control and compliance declarations on areas that include illicit payments and favours, criminal offence and internal and external fraud, besides providing a whistle-blowing platform for reporting matters of serious concern on an anonymous basis. The control and compliance declarations are signed off by the management team and reported to the Audit Committee. Internal audits are also conducted on these areas and regularly reported to the Audit Committee.

For 2022, no cases of breaches against its CoC or any other ethics policies have been reported for the JC&C head office.

As per the CoC, there were zero direct or indirect political contributions made at the JC&C head office level in 2022.

ANTI-CORRUPTION AND BRIBERY

JC&C adopts a zero-tolerance policy to any form of bribery and corrupt action as set out in its Anti-Corruption and Bribery Policy published on its website, www.jcclgroup.com/sustainability/governance. It is also one of the core principles under its CoC.

The Board has oversight over anti-corruption and bribery matters through the Audit Committee. Management is responsible for ensuring adherence to JC&C's Anti-Corruption and Bribery Policy through the following programmes and procedures:

- Procedures and guidelines for employees have been set out in the Anti-Corruption and Bribery Policy which cover dealings with agents and third parties, keeping proper financial records and reporting of concerns and suspicions.
- Employees can raise ethical issues and concerns via the whistle-blowing programme, further elaborated in the next section.
- To evaluate JC&C's anti-corruption effectiveness, business units are required to submit twice-yearly control and compliance declarations on areas that include illicit payments and favours.
- Procedures are in place for business units to report matters of serious concern, including corruption and bribery cases.
- Training on anti-corruption and bribery is carried out as part of the CoC training, which is mandatory for all new employees. A refresher course is mandatory for regular employees. Some business units also conduct additional anti-corruption and bribery training tailored to their business operations.

GROUP TAX GOVERNANCE POLICY (SINGAPORE)

JC&C has put in place the Group Tax Governance Policy (Singapore) which sets out its approach towards conducting its Singapore tax affairs. The policy covers all taxes, including corporate income tax, goods and services tax and transfer pricing matters. A statement of the policy is published on its website, www.jcclgroup.com/sustainability/governance.

The policy outlines the Group's commitment to comply with tax laws and regulations, its view on tax, including tax risk culture and appetite, its governance structure for managing tax risks and its approach to tax risk management. The policy is endorsed by the Board and reviewed periodically.

The principles under the policy are:

- **Compliance with Tax Laws:** JC&C will comply with its tax obligations, including making accurate and complete returns covering all areas of applicable taxes and ensuring taxes due are paid in a timely and compliant manner. It is committed to embracing transfer pricing principles, and paying tax that commensurate with the activities it performs, the value it generates and the substance it has, in accordance with applicable laws and regulations. It keeps abreast of changes in tax rules and regulations through training and seminars, and periodically reviews and updates its internal policies and procedures to reflect relevant changes in tax laws and regulations.
- **Tax Risk Management:** The Group operates a risk-based system of controls and processes to manage its tax risks and minimise instances of error in the making of its tax returns. It has a low-risk appetite and a low tolerance for tax uncertainties and will raise them with the tax authorities and seek external advice from qualified advisors.

The Group reports any significant tax risks and judgements to the Group Tax Function of its holding company, Jardine Matheson, on a half-yearly basis. Significant non-compliance issues and matters of serious concern, if any, are reported by the internal audit function to the Audit Committee on a half-yearly basis.

- **Approach to Tax Planning:** The Group adopts a prudent and low-risk approach to tax planning and will only utilise tax planning measures and opportunities to optimise tax efficiency, to the extent that these comply with prevailing tax legislation and are aligned with the commercial and economic activities of the Group.

It will not use artificial structures that are intended solely for tax avoidance without bona fide business purposes, have no commercial substance or do not meet the intention of any prevailing domestic or international law. The Group has a zero-tolerance policy towards tax evasion, any deliberate concealment of taxable income and benefits, or facilitating others in undertaking such activities.

- **Corporate Governance:** There is a formalised governance structure for tax risk management where the roles and responsibilities are clearly defined.

The Board has ultimate responsibility for tax governance and tax risk management of the Group, and directly oversees such matters through the Audit Committee. The Group Finance Director is responsible for the establishment of an effective tax risk management framework which includes overseeing the policy and providing updates on significant tax matters to the Audit Committee. The Audit Committee may further escalate any issue of material tax uncertainty, significant tax non-compliance or matter of serious concern to the Board.

The Group's Tax Manager supports the Group Finance Director and works closely with the Group's finance managers to ensure compliance with the policy, and is also responsible for corporate tax compliance matters and communication with external advisors and tax authorities.

- **Tax Transparency:** The Group will disclose relevant tax data to the public, balancing the need for confidentiality, including business-critical information and the public's legitimate interest. It communicates its tax affairs in a clear and timely manner. A breakdown of corporate taxes paid domestically and internationally is included in its audited financial statements published in its annual report.
- **Working with Tax Authorities:** The Group maintains an open, proactive and constructive dialogue on tax matters with tax authorities. It performs periodic internal reviews of its tax filing positions and are committed to making accurate and timely disclosures on significant tax errors to the tax authorities. Any action or decision on dispute resolution will be referred to the Board and/or the Audit Committee for approval and guidance, depending on the degree of tax risk and the nature of the transaction.
- **Retention of Tax Document Policy:** All electronic tax filings, work papers and documents are stored on a secured network by the Group. All tax records and documents (including correspondences with tax authorities) are retained for at least five years as required by current regulation.

WHISTLE-BLOWING POLICY

JC&C encourages the early reporting of matters of serious concern that may affect the professional and compliant operation of its businesses and reputation. It has a Whistle-Blowing

Policy with procedures on how employees and third parties can report any workplace malpractice. It is committed to protecting and supporting anyone who reports non-malicious or non-vexatious matters of concern.

The policy comes under the purview of the Audit Committee to ensure independent investigation and appropriate follow-up action on any concerns raised. The policy is published on JC&C's website at www.jcclgroup.com/sustainability/governance.

Under the Whistle-Blowing Policy, employees who feel that they are unable to raise concerns within normal reporting lines can do so using the JMSpeakOut platform on an anonymous basis.

JMSpeakOut is an independent, confidential whistle-blowing service managed by Deloitte and is available 24/7 in various languages such as Chinese, English and Thai. Third parties can also make use of the same platform. The policy lists several ways to do the reporting: online, by email or via hotlines with local numbers in Singapore, Indonesia, Malaysia, Myanmar, Thailand and Vietnam. Reports can be made in the reporter's local language and are completely confidential, that is, the person making the report is not required to reveal his or her identity until he or she chooses to do so. Reports will be channelled to the designated person at JC&C which is the Group General Counsel.

PROTECTING CREDITORS' RIGHTS

All banking transactions, including the taking up of and use of credit facilities, making of payments and opening of bank accounts, are carried out strictly according to bank mandates, approval limits and signing authorisations approved by the JC&C Board. Copies of the Board approval are provided to the banks together with all supporting documents. The banks will carry out the necessary verification according to their internal processes.

HEALTH AND SAFETY OF EMPLOYEES AND CUSTOMERS

JC&C is committed to maintaining a safe and secure working environment at its business locations for all employees, customers, contractors, visitors and other stakeholders.

It has a Health and Safety Policy for its head office and Singapore operations, published on the JC&C website at www.jcclgroup.com/sustainability.

To deliver on its health and safety commitment, JC&C will:

- Comply with or exceed all applicable health and safety laws and regulations in the relevant jurisdictions, and meet or exceed relevant industry best practices where reasonably practicable;
- Incorporate health and safety considerations into all business activities;
- Maintain a robust health and safety risk management process to identify and eliminate potential hazards and risks in its activities and workplaces;
- Adopt measures to remove and/or mitigate health and safety hazards and risks, including, but not limited to, introducing and implementing guidelines, control procedures and suitable equipment;
- Allocate adequate budget and resources to meet health and safety commitments and targets;
- Ensure that the necessary training, skills and resources are available to all employees and contractors to carry out their job duties safely;
- Provide an accessible and trusted incident reporting mechanism, investigate any reported incidents promptly and analyse incidents to gain and share insights for continual improvement;
- Conduct regular safety audits and inspections to identify and mitigate unsafe work practices or environments proactively;

- Regularly assess the health and safety standards and performance of contractors and suppliers;
- Build and promote a strong health and safety culture by effectively communicating relevant policies, guidelines, practices and initiatives to employees, contractors and suppliers; and
- Measure its health and safety performance, set improvement targets for regular monitoring and review, and provide updates on the progress towards targets with annual disclosure.

WELFARE OF EMPLOYEES

JC&C has policies, practices and initiatives to look after the welfare of its employees. They include flexible work hours, working-from-home arrangements, part-time working options, breastfeeding facilities, parental and child-care leave as well as up to six days of unpaid infant care leave. Moreover, apart from providing retirement provisions as required under the law, JC&C also provides benefits such as life, accident and medical insurance for all full-time employees. In addition, in Singapore for mental health, JC&C has an Employee Assistance Programme where all employees can access a 24-hours anonymous hotline to receive free counselling and mental health support as and when needed.

EMPLOYEE TRAINING AND CAREER DEVELOPMENT PROGRAMMES

JC&C has a Human Resources Policy covering hiring and employment practices, including compensation and benefits, as well as learning and development aspects. The policy is reviewed regularly by JC&C's Human Resources department in consultation with the business leaders and takes into consideration the external changing business landscapes, feedback from new hire/exit interviews, performance reviews and employee engagement results.

JC&C's recruitment practices are in accordance with the Singapore Tripartite Guidelines for fair and progressive practices. Recruitment is based on an individual's merit regardless of age, race, gender, religion, marital status or family responsibilities, and is conducted in a fair, just, open and transparent manner.

Career opportunities are available for internal mobility and progression to enable career enrichment, and applicants are given fair opportunities.

To encourage further learning, JC&C has an Education Assistance Programme that sponsors employees' education, providing them with further professional and personal development opportunities. An analysis is conducted annually to identify employees for individualised programmes as part of their career development.

Recognising that learning and development can be extended to a wider group of employees by leveraging digital technology, JC&C is part of the Jardines Learning Academy and has introduced virtual programmes since 2019. Conducted over an interactive e-learning platform, employees can engage effectively with the trainer and other employees across the wider Jardine group on topics that are helpful to their work and relevant to their career pathways. In 2022, JC&C's employees attended functional and professional training programmes such as the Finance & Procurement Academy, Personal Excellence series and Digital & Innovation Academy conducted virtually and/or via e-learning.

In 2022, JC&C recorded an annual average of 27 hours of training per head office employee. This was an increase from 2021.

Annually, all eligible employees will undergo an individualised and transparent performance review as part of JC&C's career management framework. This ensures that employees are on track in their career development and aligns the

training needs of employees with business objectives. JC&C head office achieved its target of 100% of eligible employees receiving a performance review in 2022.

A full breakdown of training, performance and career development reviews is given in the ESG data section of JC&C's Sustainability Report, available on its website at www.jcclgroup.com/sustainability.

SECURITIES DEALING POLICY

JC&C has an internal compliance policy on dealings in its securities by directors and employees who, by the nature of their position within JC&C, are deemed to be in possession of unpublished material price-sensitive information. The policy incorporates the best practices issued by SGX.

Under the policy, directors cannot deal in JC&C's shares without prior approval of the Board, which approval is delegated to the Chairman of the Board.

Further, directors and employees are to refrain from dealings in JC&C's securities at any time while in possession of unpublished material price-sensitive information, on short-term considerations, and during closed periods which are from one month before, and up to the date of announcement of JC&C's half year and full year results, and such other closed periods as may be notified by JC&C from time to time. Periodic reminders are sent out to affected parties to remind them of the policy and closed periods.

Directors are required to notify JC&C within two business days of their dealings in JC&C's securities, and such dealings will be made known to investors by the next day through a public announcement on JC&C's and SGX's websites.

JC&C does not impose stock ownership requirements on the Group Managing Director or other senior executives.

Disclosure and Transparency

INFORMATION IN THE ANNUAL REPORT

JC&C's corporate objectives can be found on pages 2 to 7 of this Annual Report.

JC&C's financial performance indicators and highlights can be found on pages 2 to 3 of this Annual Report.

JC&C's non-financial performance indicators are set out in the summary of JC&C's Sustainability Report 2022 on pages 56 to 59 of this Annual Report. JC&C's annual sustainability reports are accessible at its corporate website www.jcclgroup.com/sustainability.

Information on key risks (including operational risks) and the risk assessment and management process can be found on pages 44 to 47 of this Annual Report.

Please refer to the *Interested Person Transactions* section on pages 48 to 49 for further details on interested person transactions, including the identity of related parties, JC&C's relationship with each party and the nature and value of the transactions.

For material transactions that require Board approval, please refer to section 5. *Transactions Requiring Approval from the Board* on page 34 for the details.

Key information on the directors' direct and indirect (deemed) shareholding in JC&C and its related corporations can be found on pages 61 to 62 of this Annual Report. As at 31st December 2022, the Group Managing Director, Benjamin Birks, and the Group Director, Business Development, Stephen Gore, held 25,000 shares each in JC&C.

Key information regarding the directors relating to their age, academic and professional qualifications, date of the first appointment as director, date of the last re-appointment, directorships or chairmanships both present and those held over the preceding three

years in other listed companies, and other principal commitments can be found on pages 24 to 26 of this Annual Report.

JC&C does not have a cross-holding ownership structure. 76% of its shares are owned by its major shareholder, Jardine Matheson Holdings Limited. Please refer to the substantial shareholders' information on pages 173 to 174 of this Annual Report for details of the ownership structure.

TIMELINESS OF RELEASE OF RESULTS

JC&C's full year results for 2022 were released on 28th February 2023, within 60 days after the end of its financial year of 31st December 2022.

INVESTOR RELATIONS, MEDIUM OF COMMUNICATION AND RESULTS BRIEFINGS

JC&C developed a comprehensive investor relations ("IR") framework and engagement plan to strengthen shareholder communication. The IR plan aims to improve investor understanding of JC&C's business and strategy, build long-term investor relationships and maintain or improve the accuracy of market expectations. In addition, JC&C's IR Policy was also developed and made available on the corporate website at www.jcclgroup.com.

The implementation of the new IR plan began to show results when JC&C's Annual Report 2019, a key investor communications document with a clearer articulation of the business strategy, won the "Best Annual Report" at the IR Magazine Southeast Asia Awards 2020.

In 2022, JC&C's Annual Report was distributed electronically to all shareholders before the AGM. Copies of the latest Annual Report and those of the last four years are available on JC&C's website in downloadable format. Additionally, to improve the readability of the annual report online, a microsite was developed to provide contents

in easily digestible formats and distil key topics of interest for its shareholders through the innovative design of the microsite.

Shareholders receive regular and timely communication from JC&C through announcements on SGX's website at www.sgx.com, which are simultaneously posted on JC&C's website, www.jcclgroup.com, as well as the reporting of its results. The results are also available on JC&C's website under the "Investors" section and provide shareholders and the public with regular updates on the financial performance, position and prospects of JC&C.

Announcements released via SGX's website contain adequate information per the SGX-ST Listing Manual's requirements and guidelines. JC&C ensures that the announcements are prepared by persons familiar with these requirements, including the finance, legal and investor relations teams, external lawyers and other advisors where applicable. The Board delegates authority to senior management to approve the final drafts for release.

JC&C holds an analysts' briefing twice a year after announcing its full year and half year results. These briefings provide the opportunity to gather views and address issues or concerns from the investing community. In 2022, JC&C made its results briefings available via on-demand webcasts on the corporate website, to reach out to a wider group of investors. The briefing material was also published on SGX's and JC&C's websites before the meeting.

JC&C also regularly meets with institutional investors as part of its efforts to directly engage with shareholders, gather feedback or address specific concerns. It also participates in investor conferences and post-results investor meetings. Designated management spokespersons are present at such meetings. They

include the Group Managing Director, Group Finance Director, Company Secretary and Head of Investor Relations.

In 2022, JC&C also conducted an investor perceptions study to gather feedback from investors and analysts to improve its IR engagement efforts. The study was well-received by the participants who viewed it as an open channel for feedback and input.

JC&C has a dedicated and enhanced "Investors" section on its website, providing relevant information and resources to investors. It offers easily accessible features and resources such as financial results snapshots, announcements and results briefing webcasts, a highly navigable annual report microsite, and interactive share price charts. The section has an IR contact (corporate.affairs@jcclgroup.com), and JC&C will respond to emails typically within the next working day.

JC&C's website also contains useful up-to-date information, including its group corporate structure, various business interests and constitution.

Summary of Disclosures – Corporate Governance

Rule 710 of the SGX-ST Listing Manual requires Singapore-listed companies to describe their corporate governance practices in their annual report with specific reference to the Corporate Governance Code. This summary of disclosures describes JC&C's corporate governance practices with specific reference to the express disclosure requirements in the principles and provisions of the Corporate Governance Code.

BOARD MATTERS

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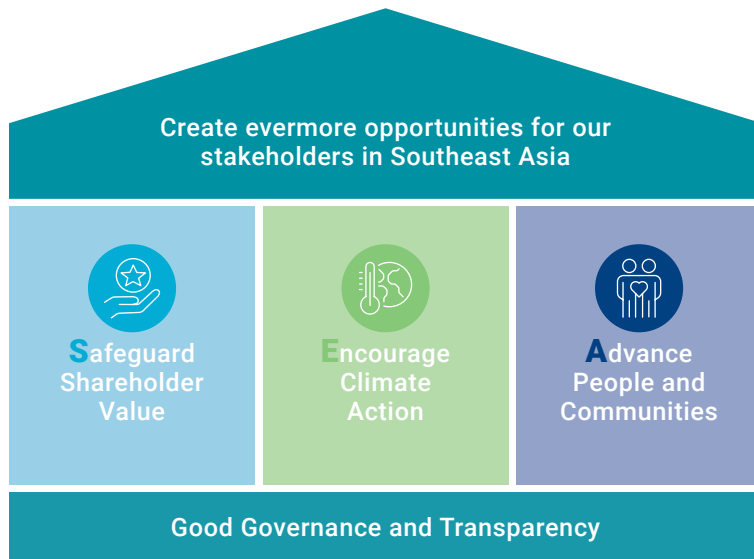
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OUR SUSTAINABILITY FRAMEWORK

JC&C aims to create evermore opportunities for our stakeholders in Southeast Asia and elevate the communities we engage with. We recognise that embedding sustainability into our business strategies and everyday operations is critical to ensuring resilience within our portfolio. To do so, we have developed an ESG framework that enables our collective long-term success and generates sustainable value for our stakeholders.



Being firmly rooted in good governance and transparency, our framework focuses on safeguarding shareholder value with long-term portfolio management, encouraging climate action in our everyday operations, and advancing people by investing in local communities and individual professional growth. Executing our framework allows us to support the United Nations Sustainable Development Goals while adding value to our businesses and creating positive opportunities within our communities.

With investments in established market leaders of Southeast Asia, we continue to grow these businesses for the long run. Our portfolio companies critically evaluate the sustainability of their operations and design appropriate roadmaps that will enable them to remain competitive and maintain their market-leading positions. JC&C adds value by providing strategic advice and expertise to our portfolio companies, influencing decisions through an ESG-conscious lens.

Our 2030 ESG Ambitions and Targets



Safeguard Shareholder Value

Grow non-coal revenue to **90%** by 2030



Encourage Climate Action

Reduce **30%** of Scope 1 and 2 emissions by 2030

At least **50%** renewables in energy consumption by 2030

Divert **99%** of solid waste by 2030

Reduce **15%** in water withdrawal intensity by 2030



Advance People and Communities

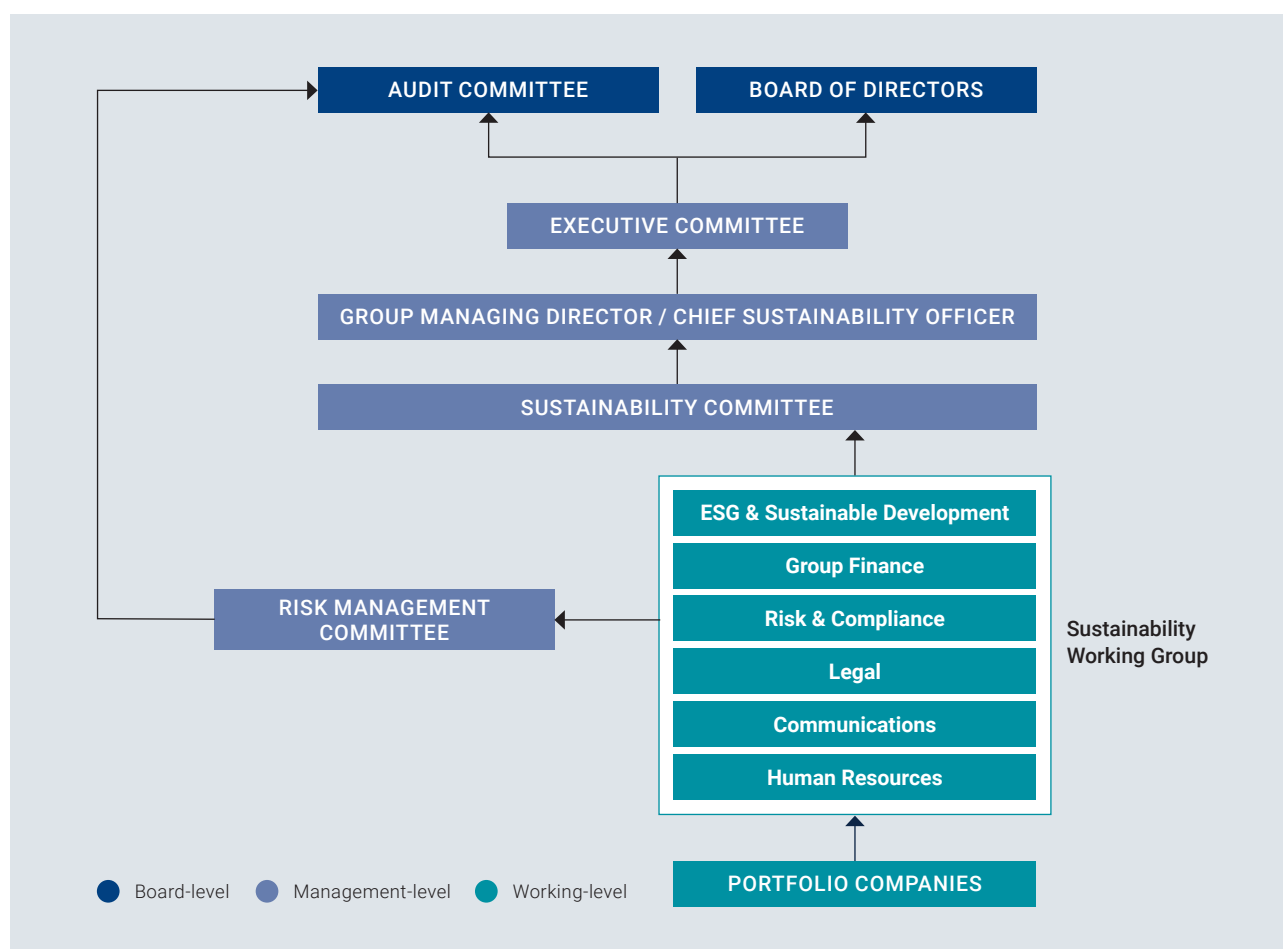
Zero group-wide workforce fatalities by 2030

At least **50%** female representation in management by 2030 at JC&C head office

Pledge **S\$2 million** to MINDSET by 2030

Award **60** scholarships by 2030

Our Sustainability Governance



At JC&C, we integrate sustainability at the highest governance level. The Board provides strategic guidance on all ESG matters and is responsible for overseeing the Group's sustainability reporting. ESG is a standing item on the agenda of every Board meeting. The Board reviews and approves the material ESG topics on an annual basis, ensuring that these factors are considered in the determination of the Group's overall direction and portfolio strategy as well as monitored and managed by management. Specifically for new investments and significant capital expenditure decisions, the Board assesses the ESG due diligence conducted by management, which includes an analysis of various ESG issues including climate risk. Supporting the Board is the board-level Audit Committee that

is responsible for overseeing the management of all risks faced by the Group, including ESG risks.

The JC&C leadership team ("Excom") is responsible for shaping the Group's sustainability strategy by steering the ESG agenda and incorporating relevant elements into annual budget discussions, long-term portfolio strategy and capital allocation plans. Given this, ESG considerations are factored into management's performance incentives.

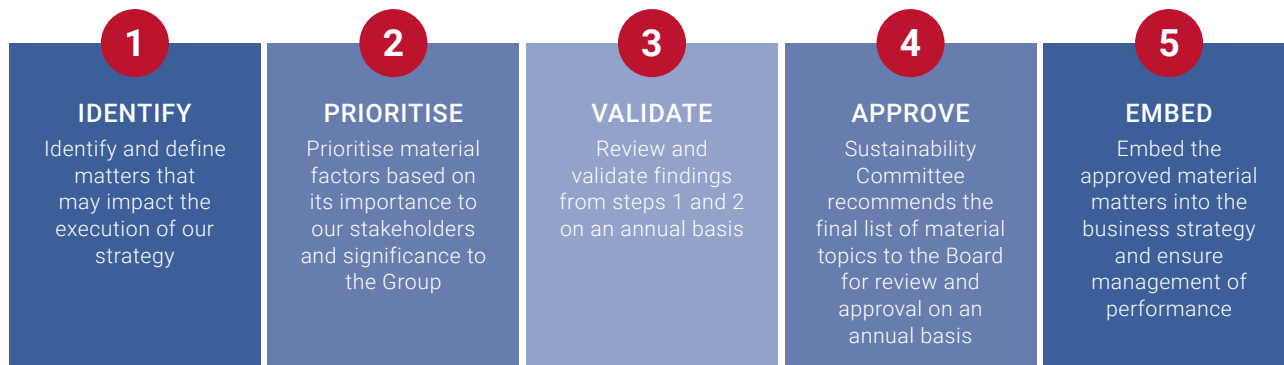
The majority of the discussions and decisions take place at the management-level Sustainability Committee meetings, which comprises Excom members as well as heads of departments from ESG & Sustainable Development, Group Finance, Risk & Compliance, Legal, Communications and Human

Resources. This committee convenes quarterly and is responsible for planning Group-wide initiatives in addition to setting goals and targets. These action plans are then executed by the Sustainability Working Group, which is composed of a wider range of employees from different levels. The working group convenes monthly to implement strategy, monitor trends and discuss issues.

There is a standalone ESG & Sustainable Development department, reporting directly to the Group Managing Director. This team coordinates the sustainability efforts across the Group by working closely with the different departments within JC&C as well as the sustainability teams within each portfolio company. In addition, they provide advice on sustainability matters and is responsible for collating ESG data for reporting purposes.

Our Approach to ESG Materiality

JC&C's approach to determining, monitoring and managing ESG material topics is a five-step process.



SUSTAINABILITY REPORT 2022 – SUMMARY

The Sustainability Report 2022 ("SR2022") is prepared with reference to the Global Reporting Initiative ("GRI") Standards.

Three GRI topics that were previously reported on in 2021 (namely, GRI 201 Economic performance, GRI 207 Tax and GRI 413 Local communities) are no longer determined to be material in 2022.

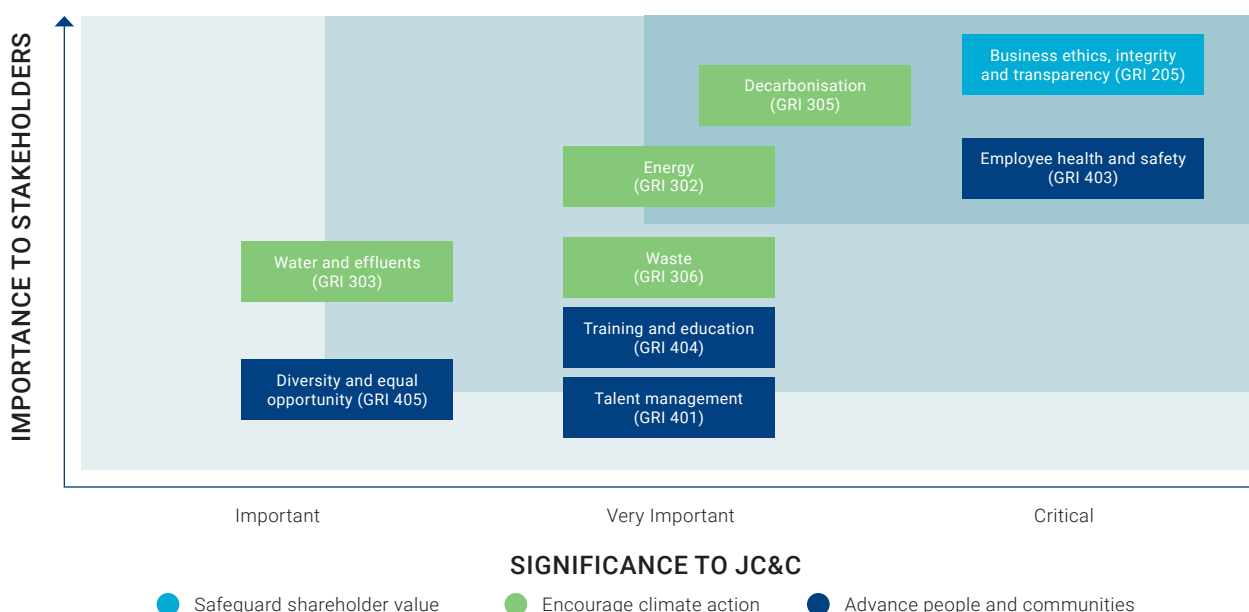
The first two topics are comprehensively covered on pages 76, 113 to 117 of this annual report. For the third topic, we are focusing on our disclosures

around our philanthropic activities and community initiatives, as we are an investment holding company that does not directly operate any of our portfolio businesses.

SR2022 also adheres to SGX Rule 771A on preparing an annual sustainability report, which requires us to describe our sustainability practices with reference to the primary components set out in Listing Rule 711B on a "comply or explain" basis.

Furthermore, JC&C published our first Climate Change Report in May 2022 based on the recommendations from TCFD. For SR2022, we have voluntarily integrated the recommendations into our report to demonstrate our commitment as an official TCFD supporter.

In 2022, nine ESG factors were determined by the Board to be material. The materiality matrix maps out each material topic based on its importance to our stakeholders and significance to the Group.



The reporting scope of SR2022 continues to cover the material ESG disclosures for JC&C and our operationally controlled portfolio companies, namely Astra and the Cycle & Carriage businesses in Singapore, Malaysia and Myanmar.

More information on our ESG performance as well as our climate-related risks and opportunities will be detailed in the full report to be published in May 2023.

SAFEGUARD SHAREHOLDER VALUE

Long-term portfolio management is how JC&C strives to safeguard shareholder value. We are building resiliency into our portfolio by adopting an ESG-conscious mindset when allocating capital and managing risks.

Our Climate Change Report that was published in 2022 outlined the different climate-related risks and opportunities present in our portfolio, with coal being identified as the biggest risk. To transition away from coal, we developed the target to grow our non-coal revenue to 90% by 2030. To support this goal, we are committed to:

- Scale up investments in renewable energy and related innovation;
- Diversify into non-coal mineral mining;
- Make no investments in new thermal or metallurgical coal mines; and
- Make no investments in new thermal coal-fired power plants.

ENCOURAGE CLIMATE ACTION

JC&C is committed to contributing to the global climate action agenda. We believe that our focus on climate action will support the long-term sustainability of our businesses and enable them to be future-ready.

In 2022, we adopted Jardine Matheson's policies on climate change as well as resources and circularity. These policies formally guide the Group's direction towards decarbonisation and responsible consumption, and we actively drive the agenda by working closely with our businesses on our collective targets. Moving forward, we plan to map out the decarbonisation pathways for our key sectors.

ADVANCE PEOPLE AND COMMUNITIES

Based on our belief that mental health is as important as physical health, JC&C strives to make a significant impact in this area. We are committed to upholding good standards for the mental well-being of our employees and adhering to the Singapore Tripartite advisory on mental well-being at workplaces.

In 2022, JC&C launched the "Pause for a Cause" concept at our head office to promote awareness and support for mental health. The programme allows employees to take a pause from their everyday work to focus on a cause, which in our case is mental health. The programme was launched in October with an event at Gardens by the Bay Singapore, where our head

office employees took an afternoon off work to accompany mental health persons-in-recovery on a walk followed by craft activities.

As part of the Jardine Matheson Group, JC&C supports and invests in mental health through the Jardine charity, MINDSET Care Limited ("**MINDSET**"). MINDSET supports the social reintegration of people with mental health issues by promoting awareness, providing employment opportunities and social enterprise initiatives, as well as raising funds and allocating resources to related projects and programmes. In partnership with other Jardine companies in Singapore, our total contributions to mental health is as stated in the table below.

During the year, MINDSET was awarded with the Charity Governance Award and Transparency Award by Singapore's Charity Council, becoming the first charity in the city state to be a two-time recipient of the prestigious Governance Award. The Jardine Matheson Group and MINDSET were also awarded Champions of Good by the National Volunteer & Philanthropy Centre for the third time.

	JC&C Group		Jardine Matheson Group*	
	2022	From 2011 to 2022	2022	From 2011 to 2022
Total funds donated and committed to mental health programmes*	S\$0.5 million	S\$2.7 million	S\$1.7 million	S\$10 million
No. of employee volunteer hours	267	9,558	4,098	51,384

Including business associates and employees

* Including total pledged and *ad hoc* donations

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■ DIRECTORS' STATEMENT

The directors of Jardine Cycle & Carriage Limited (the "Company") present their statement to the members together with the audited financial statements for the financial year ended 31st December 2022.

In the opinion of the directors,

- (a) the accompanying financial statements set out on pages 71 to 170 are drawn up so as to give a true and fair view of the financial position of Jardine Cycle & Carriage Limited and its subsidiaries (the "Group") and of the Company as at 31st December 2022, the financial performance and the changes in equity of the Group and of the Company and the cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1. Directors

The directors of the Company in office at the date of this statement are as follows:

Benjamin Keswick (Chairman)
 Benjamin Birks (Group Managing Director)
 Amy Hsu (Group Finance Director) (appointed on 1st August 2022)
 Stephen Gore (Group Director, Business Development)
 Mrs Lim Hwee Hua#
 Dr Marty Natalegawa
 Steven Phan#
 Tan Yen Yen
 Samuel Tsien#

Audit Committee member

2. Directors' Interests

As at 31st December 2022 and 1st January 2022, the directors of the Company had interests set out below in the ordinary shares of Jardine Cycle & Carriage Limited and its related companies. These were direct interests except where otherwise indicated:

Name of director/ Par value per share	Jardine Cycle & Carriage Limited	Jardine Matheson Holdings Limited
	US\$0.25	
As at 31st December 2022		
Benjamin Keswick	–	4,208,293
		44,428,876*
Benjamin Birks	25,000	19,500
Stephen Gore	25,000	35,000
As at 1st January 2022		
Benjamin Keswick	–	4,044,489
		43,189,404*
Benjamin Birks	25,000	–
Stephen Gore	25,000	–

* Deemed interest in shares held by family trusts in which Benjamin Keswick is a beneficiary

DIRECTORS' STATEMENT (continued)

2. Directors' Interests (continued)

In addition:

- (a) At 31st December 2022, Benjamin Keswick, Benjamin Birks, Amy Hsu and Stephen Gore held options in respect of 120,000 (1.1.22: 190,000), 30,000 (1.1.22: 70,000), 10,000 (1.8.22: 10,000) and 35,000 (1.1.22: 35,000) ordinary shares, respectively, in Jardine Matheson Holdings Limited issued pursuant to that company's Senior Executive Share Incentive Schemes.
- (b) At 31st December 2022 and 1st January 2022, Benjamin Keswick had deemed interests in 36,327,391 ordinary shares in Jardine Matheson Holdings Limited as a discretionary object under the 1947 Trust, the income of which is available for distribution to senior executive officers and employees of Jardine Matheson Holdings Limited and its wholly-owned subsidiaries.
- (c) At 31st December 2022 and 21st January 2023, Benjamin Birks and Stephen Gore held 25,000 ordinary shares each in the Company.

Other than as mentioned above, no person who was a director of the Company as at the end of the financial year had an interest in any shares or debentures of the Company either at the beginning or end of the financial year or on 21st January 2023.

At no time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3. Audit Committee

In relation to the financial statements of the Group and the Company for the financial year ended 31st December 2022, the Audit Committee reviewed the audit plans and scope of the audit examination of the internal and external auditors of the Company. The internal and external auditors' findings on the internal controls of the companies within the Group and management's response to these findings were also discussed with the internal and external auditors and management. The Audit Committee's activities included a review of the financial statements of the Group and the Company for the financial year ended 31st December 2022 and the reports of the external auditors thereon. The Audit Committee has had four meetings since the report of the previous financial year.

The Audit Committee has recommended to the Board of Directors the re-appointment of our auditors, PricewaterhouseCoopers LLP, as external auditors of the Company at the forthcoming Annual General Meeting.

4. Share Options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

5. Auditors

Our auditors, PricewaterhouseCoopers LLP, being eligible, have expressed their willingness to accept re-appointment at the Annual General Meeting.

On behalf of the directors

Benjamin Keswick

Director

Steven Phan

Director

Singapore

15th March 2023

■ INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Jardine Cycle & Carriage Limited (the "Company") and its subsidiaries (the "Group") and the profit and loss account, the statement of comprehensive income, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31st December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the financial performance and changes in equity of the Company for the financial year ended on that date.

Separate Opinion in relation to International Financial Reporting Standards

As explained in Note 2.1 to the financial statements, the Group and the Company, in addition to applying SFRS(I)s, have also applied International Financial Reporting Standards ("IFRSs"). In our opinion, the consolidated financial statements of the Group and the profit and loss account, the statement of comprehensive income, the balance sheet and the statement of changes in equity of the Company give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31st December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the financial performance and changes in equity of the Company for the financial year then ended in accordance with IFRSs.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated profit and loss account of the Group for the year ended 31st December 2022;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated balance sheet of the Group as at 31st December 2022;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the profit and loss account of the Company for the year then ended;
- the statement of comprehensive income of the Company for the year then ended;
- the balance sheet of the Company as at 31st December 2022;
- the statement of changes in equity of the Company for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT (continued)

Our Audit Approach (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31st December 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment of investment in an associate – Siam City Cement Public Company Limited (“SCCC”)</p> <p><i>Refer to Note 2.33 (Critical accounting estimates and judgements) and Note 16 (Interests in associates and joint ventures) to the financial statements.</i></p> <p>As at 31st December 2022, the Group has a 25.5% interest in SCCC, an associate listed on the Stock Exchange of Thailand.</p> <p>Management undertook an impairment assessment on the basis that the carrying amount of the investment in SCCC as at 31st December 2022 was higher than its fair value based on the prevailing market share price, as well as the heightened market uncertainties brought about by the impact of climate change.</p> <p>The determination of the recoverable amount requires significant judgements by management, particularly management's view on key internal inputs and external market conditions including climate change related and other risks which impact future cash flows, discount rates and long-term growth rates.</p> <p>We focused on the impairment assessment of the investment in SCCC due to the significant judgements involved in determining the recoverable amount of the investment.</p> <p>Based on management's assessment, as the recoverable amount determined using the value-in-use computation was lower than the carrying amount of the investment, an impairment charge of US\$114.0 million (2021: nil) was recognised in view of the challenging market conditions. Subsequent to the impairment charge recognised, the carrying amount of SCCC was US\$402.6 million (2021: US\$570.7 million) as at 31st December 2022.</p>	<p>We evaluated the key controls over the impairment assessment process, including the identification of indicators of impairment and appropriateness of the key inputs used in the valuation model used to determine the recoverable amount.</p> <p>With the support of our valuation experts, we assessed the appropriateness of the methodology used, and benchmarked and challenged key assumptions in management's valuation model. This included assumptions of projected profit of the business, expected levels of capital expenditure, long-term growth rates and discount rates appropriate for the countries under review, using external data as well as our knowledge and experience. We also understood how management has considered the impact of climate change and the resulting heightened market uncertainties, as well as other risks in its estimation.</p> <p>We tested the discounted cash flow model used by management in their assessment, re-performed the calculations to check their accuracy, and compared management's projections against historical budgeted performance and actual results to assess the reasonableness of the cash flows used in the model.</p> <p>We compared the discount rates and growth rates used to the range of typical rates used in similar businesses, considering whether management had incorporated all relevant macro-economic and country-specific factors, as well as those specific to SCCC, in their determination of discount rates and growth rates. We also considered whether management had incorporated the impact of climate change related risks on future cash flows, discount rates and long-term growth rates used in the model.</p> <p>We tested management's historical estimation accuracy by comparing previous projected growth rates to the actual growth rates achieved. Where differences were noted, we understood management's rationale and performed procedures to obtain evidence, such as actual recent performance, to support management's estimate.</p> <p>We evaluated the sensitivity analysis performed by management and, in addition, performed our independent sensitivity analysis on the key assumptions, considering a range of alternative outcomes to determine the sensitivity of the valuation model to changes in assumptions.</p> <p>Based on our work performed, we found that the methodology used by management was appropriate and the judgements made by management to determine the key assumptions used in management's valuation model were reasonable.</p>

Our Audit Approach (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of consumer financing debtors</p> <p><i>Refer to Note 2.33 (Critical accounting estimates and judgements) and Note 20 (Financing debtors) to the financial statements.</i></p> <p>As at 31st December 2022, consumer financing debtors of the Group amounted to US\$4,107.8 million (2021: US\$4,257.0 million), inclusive of an allowance for impairment of US\$340.5 million (2021: US\$339.7 million), primarily relating to two subsidiaries of the Group, PT Astra Sedaya Finance and PT Federal International Finance.</p> <p>Assessing the provisions for impairment of the amounts due from consumer financing debtors requires management to make complex and significant judgements over both the timing of recognition and estimation of any impairment required.</p> <p>Provisions for impairment are calculated on a collective basis using models driven by a number of observable inputs and management assumptions. Assumptions and parameters used in the calculations are based on historical data and current customer credit data, and include the delinquency status of the customers.</p> <p>The historical loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the settlement of the amounts due from consumer financing debtors. There is an inherent degree of uncertainty in determining the expected future losses, particularly for those financing debtors which have been previously restructured due to COVID-19.</p> <p>We focused on the valuation of consumer financing debtors due to the complex nature of the models and significant judgements involved in determining the impairment provisions required.</p>	<p>We understood management's controls and processes for determining the provisions for consumer financing debtors and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the complexity of management's models and judgements involved in determining the assumptions applied.</p> <p>We tested the design and operation of key controls over the credit review and approval processes that management has in place on the granting of financing. In addition, for consumer financing debtors' data and impairment calculations, we performed the following:</p> <ul style="list-style-type: none"> understood the identification of impairment events and how management identified all such events; assessed the classification of financing debtors that were impaired; and independently recalculated the provisions for impairment of financing debtors and compared it with management's calculation. <p>We understood management's basis for determining whether a financing debtor is impaired and assessed whether the basis was justified through discussions with management, our understanding of the Group's lending portfolios and our broader industry knowledge.</p> <p>We assessed the models used and the assumptions applied by management, such as the basis on which the probability of default is calculated and estimated losses in the event of default, and how these compared with historical data adjusting for current market conditions and trends. We assessed whether historical experience considered by management was representative of current circumstances and of recent losses incurred in the portfolios.</p> <p>We re-performed provision calculations independently and understood any significant differences identified.</p> <p>We tested, to related information technology systems, the completeness of the consumer financing debtors' data used in the calculations and models to determine the impairment provisions. We also tested the accuracy of these data, on a sample basis, to relevant supporting documents.</p>

■ INDEPENDENT AUDITOR'S REPORT (continued)

Our Audit Approach (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
	<p>In considering the appropriateness of provisions, we assessed whether consumer financing debtors in higher risk segments had been appropriately considered and captured in the impairment assessment by challenging management on their key areas of judgement based on our understanding of the customers and current market conditions. This included: the segmentation of the portfolio of consumer financing debtors; the period of historical loss data used; identification of the most relevant macroeconomic factors affecting the settlement of the amounts due from consumer financing debtors; and the estimated market value for collateral held.</p> <p>We assessed whether management's assumptions were supported by available industry data, historical data and actual loss rate data. We also verified whether the assumptions used within management's expected credit loss models had considered the impact of financing debtors previously restructured due to COVID-19 when estimating expected future losses.</p> <p>Based on our work performed, we found that management's expected credit loss models were appropriate and the judgements made by management to determine the key assumptions in these models were reasonable.</p>
<p>Valuation of mining properties and related assets</p> <p><i>Refer to Note 2.33 (Critical accounting estimates and judgements) and Note 12 (Property, plant and equipment) to the financial statements.</i></p> <p>As at 31st December 2022, the carrying value of the Group's mining properties was US\$756.9 million. The other non-financial assets related to the gold mining properties includes goodwill.</p> <p>We focused on the valuation of mining properties and other non-financial assets due to the significant judgements and estimates involved to determine whether the carrying values of these assets are supportable.</p>	<p>We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgements involved in determining assumptions applied.</p>

Our Audit Approach (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Coal mining properties <p>Management performs an impairment assessment on the coal mining properties when indicators of impairment or reversal of impairment are identified, as required by accounting standards. In reviewing these indicators, management considers the remaining useful lives of the coal mining properties and considers whether the carrying value remains supportable by the ability of the assets to generate future economic benefits.</p> <p>There is inherent estimation uncertainty in determining the remaining useful lives of the coal mining properties, due to increasing climate change related risks and their potential impact to production levels. When required, the determination of the recoverable amount of the coal mining properties involves significant management judgements in preparing the discounted cash flow models, particularly management's view on key inputs and market conditions.</p> <p>Based on management's assessment, the carrying value of the coal mining properties remain supportable by the ability of the assets to generate future economic benefits and the consideration of impairment or reversal of impairment was not required.</p>	<p>We have understood and reviewed management's valuation assessment process, particularly the identification of whether there were indicators of impairment or reversal of impairment. In assessing the indicators of impairment or reversal of impairment, we considered the available information and market analysts forecasts of long-term coal prices.</p> <p>We assessed management's consideration of the impact of climate change related risks in the valuation assessment, including their impact on the remaining useful lives of the coal mining properties.</p> <p>We compared the coal production quantity used by management to calculate the amortisation of the coal mining properties, to actual production data. We also compared the basis of the calculation of amortisation to the reserve report issued by management's expert and evaluated the expert's competence, capabilities and objectivity.</p> <p>Based on our work performed, we found that the judgements made by management on the key assumptions used in the review of whether the carrying value of the coal mining properties remains supportable, were reasonable.</p>

INDEPENDENT AUDITOR'S REPORT (continued)

Our Audit Approach (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Gold mining properties</p> <p>Management performs an impairment assessment on the gold mining properties when indicators of impairment are identified, and an annual impairment assessment on goodwill, as required by accounting standards. In making the assessment, management compares the carrying amounts of these non-financial assets with their recoverable amounts. The recoverable amount is determined by considering the higher of the assets' value-in-use, based on a discounted cash flow model, and their fair value less costs to sell.</p> <p>There is uncertainty in estimating the recoverable amount of non-financial assets in respect of gold mining properties, which principally arises from key inputs used in the discounted cash flow model, including: the forecast gold price, the discount rate and expected production levels.</p> <p>Based on management's assessment, as the recoverable amount determined using fair value less costs to sell computation was higher than the carrying amounts of the non-financial assets related to the gold mining properties, no impairment charge was recognised.</p>	<p>We understood management's impairment assessment process and reviewed the appropriateness of the valuation model used.</p> <p>We benchmarked and challenged key assumptions used in management's valuation model against market data. This included whether assumptions of the projected cash flows and the discount rate for the non-financial assets related to gold mining properties were supportable, based on our knowledge and experience.</p> <p>We checked the mathematical accuracy of the discounted cash flow model used in the assessment and compared historical budgeted performance with actual results to assess management's ability to accurately forecast the cash flows used in the model. We also compared the financial information used with management's approved budget and considered the reasonableness of those cash flows.</p> <p>With the support of our valuation experts, we evaluated the discount rate used by assessing the inputs to the calculation and recalculating the discount rate. We compared the gold price forecast used with that of market analysts' estimates, and considered whether management had incorporated all relevant macro-economic factors, as well as those factors specific to the non-financial assets related to gold mining properties.</p> <p>We evaluated the sensitivity analyses performed by management and performed our own independent sensitivity analyses on the key assumptions and considered a range of alternative outcomes to determine the sensitivity of the valuation models to changes in these assumptions.</p> <p>We compared the gold production quantity used by management to calculate the amortisation of the gold mining properties, to actual production data. We also compared the basis of the calculation of amortisation to the reserve report issued by management's expert and evaluated the expert's competence, capabilities, and objectivity.</p> <p>Based on our work performed, we found that the methodology used by management was appropriate and the judgements made by management to determine the key assumptions used in management's valuation model were reasonable.</p>

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages 61 to 62 but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the other sections of the annual report (the "Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

■ INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Hans Koopmans.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore

15th March 2023

■ CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2022

	Note	2022 US\$m	2021 US\$m
Revenue	3	21,793.5	17,688.0
Net operating costs	4	(19,083.5)	(15,992.7)
Operating profit		2,710.0	1,695.3
Financing income		120.0	126.1
Financing charges		(178.2)	(178.4)
Net financing charges	6	(58.2)	(52.3)
Share of associates' and joint ventures' results after tax	16	575.4	590.6
Profit before tax		3,227.2	2,233.6
Tax	7	(771.3)	(515.3)
Profit after tax		2,455.9	1,718.3
Profit attributable to:			
Shareholders of the Company		739.8	660.6
Non-controlling interests		1,716.1	1,057.7
		2,455.9	1,718.3
		US¢	US¢
Earnings per share:			
– basic	9	187	167
– diluted	9	187	167

The notes on pages 81 to 170 form an integral part of the financial statements.

■ CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2022

	Note	2022 US\$m	2021 US\$m
Profit for the year		2,455.9	1,718.3
Items that will not be reclassified to profit and loss:			
Translation difference		(718.2)	(62.1)
Asset revaluation			
– surplus during the year		0.9	3.3
Remeasurements of defined benefit pension plans	28	13.6	(8.8)
Tax relating to items that will not be reclassified	7	(2.7)	2.7
Share of other comprehensive income/(expense) of associates and joint ventures, net of tax		6.0	(5.2)
		(700.4)	(70.1)
Items that may be reclassified subsequently to profit and loss:			
Translation difference			
– loss arising during the year		(622.7)	(90.9)
Financial assets at FVOCI ⁽¹⁾			
– loss arising during the year	17	(20.4)	(2.1)
– transfer to profit and loss		(1.9)	(2.5)
		(22.3)	(4.6)
Cash flow hedges			
– gain arising during the year		34.7	95.5
Tax relating to items that may be reclassified	7	(7.6)	(18.6)
Share of other comprehensive income/(expense) of associates and joint ventures, net of tax		97.6	49.9
		(520.3)	31.3
Other comprehensive income/(expense) for the year		(1,220.7)	(38.8)
Total comprehensive income for the year		1,235.2	1,679.5
Attributable to:			
Shareholders of the Company		157.2	613.8
Non-controlling interests		1,078.0	1,065.7
		1,235.2	1,679.5

(1) Fair value through other comprehensive income ("FVOCI")

The notes on pages 81 to 170 form an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

As at 31st December 2022

	Note	2022 US\$m	2021 US\$m
Non-current assets			
Intangible assets	10	1,675.4	1,775.9
Right-of-use assets	11	733.2	769.4
Property, plant and equipment	12	3,692.4	3,852.1
Investment properties	13	455.9	529.1
Bearer plants	14	464.7	498.6
Interests in associates and joint ventures	16	4,576.1	4,385.5
Non-current investments	17	2,128.9	2,255.3
Non-current debtors	21	3,041.5	2,782.7
Deferred tax assets	27	404.0	391.6
		17,172.1	17,240.2
Current assets			
Current investments	17	18.2	45.6
Properties for sale	18	400.2	374.7
Stocks	19	2,130.2	1,531.9
Current debtors	21	5,495.2	5,147.1
Current tax assets		69.2	125.4
Bank balances and other liquid funds			
– non-financial services companies		3,645.7	4,210.7
– financial services companies		372.4	378.1
	22	4,018.1	4,588.8
		12,131.1	11,813.5
Total assets		29,303.2	29,053.7
Non-current liabilities			
Non-current creditors	23	154.5	201.5
Non-current provisions	24	207.3	183.8
Non-current lease liabilities	25	87.6	64.4
Long-term borrowings			
– non-financial services companies		1,575.5	2,597.1
– financial services companies		1,532.4	1,273.2
	26	3,107.9	3,870.3
Deferred tax liabilities	27	385.9	358.9
Pension liabilities	28	337.9	396.6
		4,281.1	5,075.5

The notes on pages 81 to 170 form an integral part of the financial statements.

■ CONSOLIDATED BALANCE SHEET (continued)

As at 31st December 2022

	Note	2022 US\$m	2021 US\$m
Current liabilities			
Current creditors	23	5,276.9	4,488.4
Current provisions	24	107.2	113.0
Current lease liabilities	25	68.0	52.6
Current borrowings			
– non-financial services companies		1,177.4	843.3
– financial services companies		1,662.9	1,846.6
	26	2,840.3	2,689.9
Current tax liabilities		280.2	239.0
		8,572.6	7,582.9
Total liabilities		12,853.7	12,658.4
Net assets		16,449.5	16,395.3
Equity			
Share capital	29	1,381.0	1,381.0
Revenue reserve	30	7,737.1	7,374.3
Other reserves	31	(1,978.3)	(1,387.1)
Shareholders' funds		7,139.8	7,368.2
Non-controlling interests	32	9,309.7	9,027.1
Total equity		16,449.5	16,395.3

The notes on pages 81 to 170 form an integral part of the financial statements.

■ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2022

		Attributable to shareholders of the Company							
	Note	Share capital US\$m	Revenue reserve US\$m	Asset revaluation reserve US\$m	Translation reserve US\$m	Fair value and other reserves US\$m	Total US\$m	Attributable to non-controlling interests US\$m	Total equity US\$m
2022									
Balance at 1st January		1,381.0	7,374.3	404.7	(1,774.6)	(17.2)	7,368.2	9,027.1	16,395.3
Total comprehensive income		–	748.1	0.4	(622.7)	31.4	157.2	1,078.0	1,235.2
Dividends paid by the Company	8	–	(357.0)	–	–	–	(357.0)	–	(357.0)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(642.4)	(642.4)
Issue of shares to non-controlling interests		–	–	–	–	–	–	46.2	46.2
Change in shareholding		–	(28.2)	–	–	–	(28.2)	(198.9)	(227.1)
Other		–	(0.1)	(0.3)	–	–	(0.4)	(0.3)	(0.7)
Balance at 31st December		1,381.0	7,737.1	404.8	(2,397.3)	14.2	7,139.8	9,309.7	16,449.5
2021									
Balance at 1st January		1,381.0	6,937.7	403.4	(1,683.7)	(64.3)	6,974.1	8,332.5	15,306.6
Total comprehensive income		–	656.3	1.3	(90.9)	47.1	613.8	1,065.7	1,679.5
Dividends paid by the Company	8	–	(204.7)	–	–	–	(204.7)	–	(204.7)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(313.8)	(313.8)
Issue of shares to non-controlling interests		–	–	–	–	–	–	36.5	36.5
Change in shareholding		–	(14.9)	–	–	–	(14.9)	(92.5)	(107.4)
Other		–	(0.1)	–	–	–	(0.1)	(1.3)	(1.4)
Balance at 31st December		1,381.0	7,374.3	404.7	(1,774.6)	(17.2)	7,368.2	9,027.1	16,395.3

The notes on pages 81 to 170 form an integral part of the financial statements.

■ PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2022

	Note	2022 US\$m	2021 US\$m
Revenue	3	493.7	245.9
Net operating income/(costs)	4	(196.9)	0.6
Operating profit		296.8	246.5
Financing income		0.7	0.1
Financing charges		(34.6)	(17.1)
Net financing charges	6	(33.9)	(17.0)
Profit before tax		262.9	229.5
Tax	7	(42.9)	(22.4)
Profit after tax		220.0	207.1

The notes on pages 81 to 170 form an integral part of the financial statements.

■ STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2022

	2022 US\$m	2021 US\$m
Profit for the year	220.0	207.1
Items that may be reclassified subsequently to profit and loss:		
Translation difference		
– gain/(loss) arising during the year	8.1	(49.7)
Other comprehensive income/(expense) for the year	8.1	(49.7)
Total comprehensive income for the year	228.1	157.4

The notes on pages 81 to 170 form an integral part of the financial statements.

BALANCE SHEET

As at 31st December 2022

	Note	2022 US\$m	2021 US\$m
Non-current assets			
Property, plant and equipment	12	33.6	33.1
Interests in subsidiaries	15	1,432.7	1,416.5
Interests in associates and joint ventures	16	864.3	976.0
Non-current investment	17	197.6	264.5
		2,528.2	2,690.1
Current assets			
Current debtors	21	1,115.4	1,129.8
Bank balances and other liquid funds	22	72.6	24.2
		1,188.0	1,154.0
Total assets		3,716.2	3,844.1
Non-current liabilities			
Long-term borrowings	26	877.5	1,535.9
Deferred tax liabilities	27	6.2	6.2
		883.7	1,542.1
Current liabilities			
Current creditors	23	118.4	109.2
Current borrowings	26	660.0	10.0
Current tax liabilities		1.7	1.5
		780.1	120.7
Total liabilities		1,663.8	1,662.8
Net assets		2,052.4	2,181.3
Equity			
Share capital	29	1,381.0	1,381.0
Revenue reserve	30	337.1	474.1
Other reserves	31	334.3	326.2
Total equity		2,052.4	2,181.3

The notes on pages 81 to 170 form an integral part of the financial statements.

■ STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2022

	Note	Share capital US\$m	Revenue reserve US\$m	Translation reserve US\$m	Total equity US\$m
2022					
Balance at 1st January		1,381.0	474.1	326.2	2,181.3
Total comprehensive income		–	220.0	8.1	228.1
Dividends paid	8	–	(357.0)	–	(357.0)
Balance at 31st December		1,381.0	337.1	334.3	2,052.4
2021					
Balance at 1st January		1,381.0	471.7	375.9	2,228.6
Total comprehensive income/(expense)		–	207.1	(49.7)	157.4
Dividends paid	8	–	(204.7)	–	(204.7)
Balance at 31st December		1,381.0	474.1	326.2	2,181.3

The notes on pages 81 to 170 form an integral part of the financial statements.

■ CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December 2022

	Note	2022 US\$m	2021 US\$m
Cash flows from operating activities			
Cash generated from operations	36	3,043.8	3,096.0
Interest paid		(90.9)	(139.1)
Interest received		122.5	137.3
Other finance costs paid		(38.7)	(35.5)
Income taxes paid		(681.9)	(374.8)
		(689.0)	(412.1)
Dividends received from associates and joint ventures (net)		495.7	344.4
		(193.3)	(67.7)
<i>Net cash flows from operating activities</i>		2,850.5	3,028.3
Cash flows from investing activities			
Sale of intangible assets		2.2	–
Sale of right-of-use assets		0.2	–
Sale of property, plant and equipment		35.5	32.2
Sale of investments		226.7	245.5
Purchase of intangible assets		(118.6)	(118.5)
Additions to right-of-use assets		(24.0)	(13.3)
Purchase of property, plant and equipment		(727.3)	(349.2)
Purchase of investment properties		(0.8)	(1.4)
Additions to bearer plants		(39.4)	(31.7)
Purchase of shares in associates and joint ventures		(397.6)	(77.1)
Purchase of investments		(481.0)	(375.0)
<i>Net cash flows from investing activities</i>		(1,524.1)	(688.5)
Cash flows from financing activities			
Drawdown of loans	26	3,058.9	4,275.7
Repayment of loans	26	(3,384.3)	(4,812.1)
Principal elements of lease payments		(86.6)	(104.0)
Changes in controlling interests in subsidiaries		(224.7)	(107.4)
Investments by non-controlling interests		46.2	36.5
Dividends paid to non-controlling interests		(642.4)	(313.8)
Dividends paid by the Company	8	(357.0)	(204.7)
<i>Net cash flows from financing activities</i>		(1,589.9)	(1,229.8)
Net change in cash and cash equivalents		(263.5)	1,110.0
Cash and cash equivalents at the beginning of the year		4,588.8	3,497.6
Effect of exchange rate changes		(307.2)	(18.8)
Cash and cash equivalents at the end of the year	37	4,018.1	4,588.8

The notes on pages 81 to 170 form an integral part of the financial statements.

■ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of its registered office is 239, Alexandra Road, Singapore 159930.

The principal activities of the Group are the manufacture, assembly, distribution and retail of motor vehicles and motorcycles, financial services, heavy equipment, mining, construction & energy, agribusiness, infrastructure & logistics, information technology and property. The Company acts as an investment holding company and a provider of management services.

On 15th March 2023, the Jardine Cycle & Carriage Limited Board of Directors authorised the financial statements for issue.

2 Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of Preparation

The financial statements of the Group and the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") under the historical cost convention, except as disclosed in the accounting policies below.

SFRS(I)s comprise standards and interpretations that are equivalent to IFRSs. All references to SFRS(I)s and IFRSs are referred to collectively as "IFRSs" in these financial statements, unless specified otherwise.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.33.

Interpretations and amendments to published standards effective 2022

On 1st January 2022, the Group has adopted the new or amended IFRSs and Interpretations of IFRSs that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRSs and Interpretations of IFRSs.

The adoption of these new or amended IFRSs and Interpretations of IFRSs did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract (effective from 1st January 2022) clarifies that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group applied the amendment from 1st January 2022 and there is no material impact on the Group's consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

2 Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

Standards and amendments issued but not yet effective

A number of new standards and amendments, which are effective for accounting periods beginning after 2022, have been published and will be adopted by the Group from their effective dates. An assessment of the impact of the standards and amendments, that are relevant or may have a material impact to the Group, is set out below.

IFRS 17 Insurance Contracts (effective from 1st January 2023) will only have effect on the Group's insurance companies in Indonesia. It is a new accounting standard for insurance contracts covering recognition, measurement, presentation and disclosure. Under IFRS 17, all profits will be recognised in the profit and loss account over the life of the contracts as insurance services are provided. The Group expects that, even though the total profit recognised over the lifetime of the insurance contracts will not change, it will emerge differently under IFRS 17. For certain insurance contracts, profits are currently recognised in the profit and loss account on initial recognition of the contracts. The different timing of profit recognition will result in an increase in liabilities on adoption of IFRS 17. A portion of profits, previously recognised and accumulated in equity under the existing standard, IFRS 4, will now be recorded as a liability under IFRS 17. The Group is in the process of assessing the estimated impact on its consolidated financial statements in the period of initial application.

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

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the Group's interests in associates and joint ventures on the basis set out below.

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 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 the profit and loss account. 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 the profit and loss account.

All material inter-company transactions, balances and unrealised gains and deficits on transactions between Group companies have been eliminated.

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.

2 Significant Accounting Policies (continued)

2.2 Consolidation (continued)

Associates and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting and are initially recorded at cost. The Group's investment in associates and joint ventures includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are included in the carrying amount of the associates and joint ventures. Its share of post-acquisition profit and loss is recognised in the profit and loss account.

Profit and loss 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.

The results of subsidiaries, associates and joint ventures are included or excluded from the consolidated financial statements from the 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.

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.

2.3 Property, Plant and Equipment

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 loss. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Mining properties, which are contractual rights to mine and own coal and gold reserves in specified concession areas, and other assets are stated at historical cost or at fair value if acquired as part of a business combination, less accumulated depreciation and impairment loss. Cost of mining properties includes expenditure to restore and rehabilitate coal and gold mining areas following the completion of production.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial year in which they are incurred.

Mining properties are depreciated using the unit of production method. Depreciation of all other assets is calculated using the straight-line method to allocate the cost of each asset to their residual values over their estimated useful lives at the following annual rates:

Building and leasehold improvements	3 ¹ / ₃ % – 50%
Plant and machinery	4% – 50%
Office furniture, fixtures and equipment	10% – 50%
Transportation equipment and motor vehicles	4% – 50%

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at each balance sheet date and adjusted, if appropriate.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

2 Significant Accounting Policies (continued)

2.4 Bearer Plants and Agricultural Produce

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 within three to four years after planting and 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 account.

2.5 Investment Properties

Investment properties are properties held for long-term rental yields or capital gains, but their business model does not necessarily envisage that the properties will be held for their entire useful lives. Investment properties are stated 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. Changes in fair values are recorded in the profit and loss account. Due to the absence of an active market, investment properties under development are measured at cost until their fair values become reliably measurable or construction is completed (whichever is earlier).

2.6 Intangible Assets

i) Goodwill

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 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 the profit and loss account. Goodwill on acquisition of associates and joint ventures is included in interests in associates and joint ventures while goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of subsidiaries is tested annually for impairment and carried at cost less accumulated impairment loss. Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing.

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

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 contracting parties. Franchise rights are not amortised, but are tested annually for impairment and carried at cost less accumulated impairment loss.

iii) Concession rights

Concession rights are operating rights for toll roads under service concession agreements. The cost of the construction services is amortised based on traffic volume projections over the period of the concession.

2 Significant Accounting Policies (continued)

2.6 Intangible Assets (continued)

- iv) Customer acquisition costs
Customer acquisition costs which are directly related to insurance contracts, such as commissions, are capitalised and subsequently amortised over the lives of the contracts that range from 1 to 10 years.
- v) Deferred exploration costs
Exploration costs are capitalised when the rights of tenure of a mining area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area. Stripping costs incurred during the production phase are capitalised when there is improved access to the ore body in future periods. Deferred exploration costs are amortised using the unit of production method, and are assessed for impairment if facts and circumstances indicate that an impairment may exist.
- vi) Computer software and other
Computer software is stated at cost less accumulated amortisation and impairment loss. These costs are amortised using the straight-line method over their estimated useful lives that range from 1 to 10 years. Other intangible assets refer to customer databases that are separately identified intangible assets acquired as part of a business combination. They are stated at cost less accumulated amortisation and impairment loss. These costs are amortised using the straight-line method over their estimated useful lives of 15 years.

2.7 Impairment of Non-Financial Assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. 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 cost to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Non-financial assets, other than goodwill, for which the Group recorded a cumulative impairment are reviewed for possible reversal of the impairment annually.

2.8 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 the profit and loss account; 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 or losses recognised in the profit and loss account, unless management has elected to recognise the fair value gains or 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 the profit and loss account. Dividends from equity investments are recognised in the profit and loss account when the right to receive payments is established.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

2 Significant Accounting Policies (continued)

2.8 Investments (continued)

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 the profit and loss account. Interest income calculated using the effective interest rate method is recognised in the profit and loss account.

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 derecognition is recognised in the profit and loss account. Interest income calculated using the effective interest rate method is recognised in the profit and loss account.

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

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 instruments. 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 the profit and loss account.

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 investment.

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

2.9 Investments in Subsidiaries, Associates and Joint Ventures

Investments in subsidiaries, associates and joint ventures are stated in the financial statements of the Company at cost. When an indication of impairment exists, the carrying amount of the investment is written down immediately to its recoverable amount. The write-down is charged to the profit and loss account.

2.10 Properties for Sale

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

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is generally determined using the first-in, first-out method, specific identification method and weighted average method. The cost of finished goods and work in progress comprises goods held for resale, raw materials, labour and an appropriate portion of overheads. The net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

2 Significant Accounting Policies (continued)

2.12 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 of 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 the potential losses associated with its consumer financing debtors and financing lease receivables, on a forward-looking basis, using the three stages expected credit losses model. 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. An allowance for impairment is established when there is objective evidence that the outstanding amounts will not be collected. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the debtor is impaired.

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 the profit and loss account.

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

2.13 Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise deposits with banks and financial institutions, bank and cash balances, net of bank overdrafts. In the balance sheet, bank overdrafts are included under current borrowings.

2.14 Borrowings

Borrowings are initially stated at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the balance sheet date. Borrowing costs that are not used in financing the acquisition or construction of qualifying assets, are recognised as an expense in the period in which they are incurred.

2.15 Provisions

Provisions are recognised when the Group has present legal or constructive obligations as a result of past events, it is more likely than not that an outflow of economic resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligation can be made.

i) Motor vehicle warranties

The Group recognises the estimated liability that falls due under the warranty terms offered on sale of new and used vehicles beyond that which is reimbursed by the manufacturer. The provision is calculated based on the past history of repairs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

2 Significant Accounting Policies (continued)

2.15 Provisions (continued)

- ii) Closure costs
The Group recognises a provision for closure costs when legal or constructive obligations arise on closure or disposal of businesses.
- iii) Statutory employee entitlements
The Group recognises a provision for statutory employee entitlements which are related to long service leave and service awards in Indonesia.

2.16 Creditors

Creditors, excluding derivative financial instruments, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Creditors are classified under non-current liabilities unless their maturities are within 12 months after the balance sheet date.

2.17 Employee Benefits

- i) Pension obligations
The Group operates a number of defined benefit and defined contribution plans.

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 the profit and loss account 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. The pension obligations are measured as the present value of the estimated future cash outflows by reference to market yields on government bonds which have terms to maturity approximating the terms of the related liability. Plan assets are measured at fair value. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised in the year in which they occur, and are recognised in other comprehensive income and accumulated under equity in the revenue reserve. Past service costs are recognised immediately in the profit and loss account.

The Group pays fixed contributions into separate entities for defined contribution plans and has no legal or constructive obligations once the contributions are paid. The Group's contributions to the defined contribution plans are charged to the profit and loss account in the period to which the contributions relate.

- ii) Share-based compensation
The fair value of the employee services received in exchange for the grant of the options in respect of shares in the Company or in its subsidiaries is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options on the grant date, excluding the impact of non-market vesting conditions. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to share option reserve.

The proceeds received net of any transaction costs are credited to share capital when the options are exercised.

2 Significant Accounting Policies (continued)

2.17 Employee Benefits (continued)

iii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

2.18 Foreign Currencies

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is the Singapore Dollar. The financial statements of the Group and the Company are presented in United States Dollars to serve the needs of the readers of the Group's and the Company's financial statements who are spread globally and reflects the international nature of the Group.

Foreign currency transactions of each entity in the Group are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains or losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except when recognised in other comprehensive income and accumulated under equity in the hedging reserve as qualifying cash flow hedges.

Translation differences on other investments measured at fair value through profit and loss are recognised in the profit and loss account as part of the gains or losses arising from changes in their fair value. Translation differences on other investments measured at fair value through other comprehensive income are recognised in other comprehensive income as part of the gains or losses arising from changes in their fair value.

For the purpose of consolidation, the balance sheets of foreign entities are translated into the Group's presentation currency in United States Dollars at the rates of exchange prevailing at the balance sheet date and the results of foreign entities are translated into United States Dollars at the average exchange rates for the financial year. The resulting exchange differences are recognised in other comprehensive income and accumulated in equity under the translation reserve. On disposal, these translation differences are recognised in the profit and loss account as part of the gain or loss on sale. None of the Group's entities has the currency of a hyperinflationary economy.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange prevailing at the balance sheet date. For the purpose of presenting the financial statements of the Company in United States Dollars, assets and liabilities of the Company are translated at the rates of exchange prevailing at the balance sheet date, the results of the Company are translated at the average exchange rates for the financial year and share capital and reserves are translated at the exchange rates prevailing at the dates of the transactions. The resulting exchange differences are taken to the Company's translation reserve.

The exchange rates used for translating assets and liabilities at the balance sheet date are US\$1=S\$1.3445 (2021: US\$1=S\$1.3517), US\$1=RM4.4125 (2021: US\$1=RM4.1735), US\$1=IDR15,731 (2021: US\$1=IDR14,269), US\$1=VND23,627 (2021: US\$1=VND22,790) and US\$1=THB34.560 (2021: US\$1=THB33.318).

The exchange rates used for translating the results for the year are US\$1=S\$1.3796 (2021: US\$1=S\$1.3433), US\$1=RM4.4104 (2021: US\$1=RM4.1485), US\$1=IDR14,922 (2021: US\$1=IDR14,345), US\$1=VND23,465 (2021: US\$1=VND22,915) and US\$1=THB35.173 (2021: US\$1=THB32.118).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

2 Significant Accounting Policies (continued)

2.19 Revenue Recognition

i) 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.

ii) Financial services

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

iii) Heavy equipment, mining, construction & energy

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 customers have received and consumed the benefits from these 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.

2 Significant Accounting Policies (continued)

2.19 Revenue Recognition (continued)

iii) Heavy equipment, mining, construction & energy (continued)

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 create or enhance 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 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.

iv) 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.

2.20 Government Grants

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

2 Significant Accounting Policies (continued)

2.21 Tax

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

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. The Group establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying values. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively 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 business acquisitions, on the difference between the fair values of the net assets acquired and their tax bases. 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 are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.22 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 and 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.

2 Significant Accounting Policies (continued)

2.22 Leases (continued)

(i) As a lessee (continued)

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 the profit and loss account 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 the profit and loss account 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 account.

2.23 Non-current Assets held for Sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Once classified as held for sale, the assets are no longer amortised or depreciated.

2 Significant Accounting Policies (continued)

2.24 Insurance Contracts

Insurance contracts are those contracts that transfer significant insurance risk. Premiums are recognised as revenue (earned premiums) proportionately over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability.

Claims and loss adjustment expenses are charged to the profit and loss account as incurred based on the estimated liabilities for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the balance sheet date even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analysis for the claims incurred but not reported.

2.25 Financial Guarantee Contracts

Financial guarantee contracts are recognised when the Group accepts significant risk from a third party by agreeing to compensate that party on the occurrence of a specified uncertain future event. They are recognised at fair value, and subsequently measured at the higher of the loss allowance and its amortised cost, using the effective interest method.

2.26 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.

2.27 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, agricultural produce and equity investments which are measured at fair value through profit and loss; gains or losses arising from sale of businesses, investments and properties; impairment of non-depreciable intangible assets, associates and joint ventures and other investments; provisions for 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 the Group's underlying business performance.

2.28 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 in the balance sheet at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair values. The method of recognising the resulting gain or loss is dependent on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either a hedge of the fair value of a recognised asset or liability (fair value hedge), 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.

2 Significant Accounting Policies (continued)

2.28 Derivative Financial Instruments (continued)

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recorded in the profit and loss account, 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 the profit and loss account within financing charges, 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 the profit and loss account. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria of hedge accounting, the cumulative adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised to the profit and loss account 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 the hedging reserve. Changes in the fair value relating to the ineffective portion are recognised immediately in the profit and loss account. Where the hedged item results in the recognition of a non-financial asset or of a non-financial liability, the deferred gains or losses are included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in the profit and loss account as the hedged item affects the profit and loss account. Otherwise, amounts deferred in equity are transferred to the profit and loss account in the same periods during which the hedged firm commitment or forecasted transaction affects the profit and loss account. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in the profit and loss account within financing charges 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 the hedging reserve at that time remains in equity and is recognised when the committed or forecasted transaction ultimately is recognised in the profit and loss account. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in the hedging reserve is immediately transferred to the profit and loss account.

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 the profit and loss account.

Hedges of net investments in foreign entities are accounted for on a similar basis to that used for cash flow hedges. Changes in the fair value of the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and accumulated in equity under the translation reserve; changes in the fair value relating to the ineffective portion are recognised immediately in the profit and loss account.

The fair value of derivative financial instruments is classified as a non-current asset or liability if the remaining maturities of the derivative financial instruments are greater than 12 months after the balance sheet date.

2.29 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board who is responsible for allocating resources and assessing performance of the operating segments.

2.30 Dividends

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

2 Significant Accounting Policies (continued)

2.31 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.32 Financial Risk Management

i) 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 co-ordinates, under the directions of the directors, 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 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, forward currency options and commodity forward contracts, options and zero collar 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 the profit and loss account when the hedged item affects the profit and loss account. In general, the volatility in profit and 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 therefore performs a qualitative assessment of effectiveness. The Group assesses whether the derivative designated in each hedging relationship has been and is 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 that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, effective economic relationship existed between the swaps and the loans.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to: (i) the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan; (ii) differences in critical terms between the interest rate swaps and loans; and (iii) the effects of the forthcoming reforms to IBOR, because these might take effect at a different time and have a different impact on the hedged item (the floating-rate debt) and the hedging instrument (the interest rate swap used to hedge the debt). The ineffectiveness during 2022 or 2021 in relation to interest rate swaps and other hedges was not material.

2 Significant Accounting Policies (continued)

2.32 Financial Risk Management (continued)

- i) Financial risk factors (continued)
 - a) 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 2022, the Group's Indonesian Rupiah functional currency entities had United States Dollar denominated net monetary assets of US\$438.6 million (2021: US\$85.9 million). At 31st December 2022, if the United States Dollar had strengthened/weakened by 10% against the Indonesian Rupiah with all other variables held constant, the profit attributable to shareholders of the Group would have been US\$11.5 million (2021: US\$3.2 million) higher/lower, arising mainly from foreign exchange gains/losses taken to the profit and loss account on translation. The 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 entities at 31st December 2022 that are denominated in a non-functional currency other than the cross-currency swap contracts with contract amounts of US\$1,443.2 million (2021: US\$2,052.4 million) and the United States Dollar denominated net monetary liabilities of the Company as described below. 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.

At 31st December 2022, the Company had United States Dollar denominated net monetary liabilities of US\$1,182.0 million (2021: US\$1,234.9 million). At 31st December 2022, if the United States Dollar had strengthened/weakened by 10% against the Singapore Dollar with all other variables held constant, the profit attributable to shareholders of the Company would have been US\$118.2 million (2021: US\$123.5 million) lower/higher, arising mainly from foreign exchange losses/gains taken to the profit and loss account on translation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

2 Significant Accounting Policies (continued)

2.32 Financial Risk Management (continued)

- i) Financial risk factors (continued)
 - a) Market risk (continued)

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 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% - 60% of its gross borrowings, exclusive of the financial services companies, in fixed rate instruments. The financial services companies borrow predominantly at a fixed rate. The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in Note 26.

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, and 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 35.

Fair value interest rate risk is the risk that the value of a financial asset or liability and derivative financial instrument will fluctuate because of changes in market interest rates. The Group may manage 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 2022, 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\$19.9 million (2021: US\$16.4 million) higher/lower and the hedging reserve would have been US\$20.8 million (2021: US\$37.4 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 variation in the sensitivity analysis as a result of interest rate caps and collars. The 100 basis point increase or decrease represents management's assessment of a reasonable possible change in those interest rates, specifically the Indonesian rates, which have the most impact on the Group over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in 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 market interest rates 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.

At 31st December 2022, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Company's profit after tax would have been US\$9.8 million (2021: US\$10.3 million) lower/higher.

2 Significant Accounting Policies (continued)

2.32 Financial Risk Management (continued)

- i) Financial risk factors (continued)
 - a) Market risk (continued)

Price risk

The Group is exposed to securities price risk because of its equity investments which are measured at fair value through profit and loss and debt investments which are measured at fair value through other comprehensive income. Gains or losses arising from changes in the fair value of these investments are recognised in the profit and loss account or other comprehensive income according to their classification. The performances of these investments are monitored regularly, together with a regular assessment of their relevance to the Group's long-term strategic plans. Details of these investments are contained in Note 17.

The Group's interests in these investments are unhedged. At 31st December 2022, if the price of the Group's investments had been 30% higher/lower with all other variables held constant, total equity would have been US\$621.8 million (2021: US\$657.9 million) higher/lower, of which US\$402.4 million (2021: US\$434.6 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.

At 31st December 2022, if the price of the Company's equity investment had been 30% higher/lower with all other variables held constant, the Company's profit after tax would have been US\$59.3 million (2021: US\$79.3 million) higher/lower.

The Group is exposed to financial risks arising from changes in commodity prices, primarily crude palm oil, gold, and coal. The Group considers the outlook for crude palm oil, gold and coal 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. To mitigate or hedge the price risk, Group companies may enter into a forward contract to buy the commodity at a fixed price at a future date, or a commodity derivative contract to sell the commodity at a fixed price or at a specific range of prices at a future date.

- b) 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, limiting the aggregate risk to any individual counterparty. The utilisation of credit limits is regularly monitored. At 31st December 2022, deposits with banks and financial institutions amounted to US\$4,010.0 million (2021: US\$4,581.8 million) of which 16% (2021: 11%) were made to financial institutions with credit ratings of no less than A- (Fitch). This is because in Indonesia, 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 Company does not have significant deposits made to financial institutions with credit rating less than A- (Fitch).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

2 Significant Accounting Policies (continued)

2.32 Financial Risk Management (continued)

- i) Financial risk factors (continued)
- b) Credit risk (continued)

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 motor vehicles and motorcycles from consumer financing debtors towards settlement of receivables.

Customers give the right to the Group to sell the collateral vehicles or take any other action to settle the outstanding receivable. Sales to other customers are made in cash or by major credit cards.

For lease receivables, the Group provides financing to its leasing customers based on applicable rules and company policies which are reviewed periodically.

The maximum exposure to credit risk of the Group and the Company are represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The Group's exposure to credit risk arising from consumer financing and trade debtors, and derivative financial instruments with a positive fair value are set out in Note 21. The Group's exposure to credit risk arising from deposits and balances with banks and financial institutions is set out in Note 22.

- c) 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 of evenly spread debt maturities 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.

The Group's total available committed and uncommitted borrowing facilities at 31st December 2022 amounted to US\$10,379.1 million (2021: US\$12,046.8 million) of which US\$5,948.2 million (2021: US\$6,560.2 million) was drawn down. Of the committed facilities, US\$2,016.9 million which are referenced to US\$ LIBOR will expire beyond 30th June 2023, the cessation date of US\$ LIBOR. Undrawn committed facilities, in the form of revolving credit and term loan facilities, totalled US\$2,036.5 million (2021: US\$2,412.1 million).

As at 31st December 2022, the Company has long-term borrowings of US\$877.5 million (2021: US\$1,535.9 million) and current borrowings of US\$660.0 million (2021: US\$10.0 million). The Company manages its liquidity risk mainly by extending the maturity of its borrowing facilities and obtaining additional borrowing facilities as appropriate.

The following table analyses the Group's non-derivative financial liabilities, derivative financial liabilities and estimated claims on insurance contracts into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. 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.

2 Significant Accounting Policies (continued)

2.32 Financial Risk Management (continued)

- i) Financial risk factors (continued)
- c) Liquidity risk (continued)

	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 US\$m
2022							
Borrowings	3,059.8	2,264.0	820.1	121.9	33.3	143.9	6,443.0
Lease liabilities	73.1	54.1	16.5	3.8	1.4	30.1	179.0
Creditors	3,935.1	2.6	2.7	3.4	0.6	0.7	3,945.1
Gross settled derivative financial instruments							
– inflow	634.9	592.4	362.4	30.1	–	–	1,619.8
– outflow	538.8	398.5	302.6	13.5	–	–	1,253.4
Estimated claims on insurance contracts	244.0	–	–	–	–	–	244.0
2021							
Borrowings	2,926.8	1,960.8	1,798.8	130.7	88.4	175.4	7,080.9
Lease liabilities	57.2	31.9	14.9	2.2	0.9	30.3	137.4
Creditors	3,073.3	2.4	2.0	2.6	3.4	0.5	3,084.2
Gross settled derivative financial instruments							
– inflow	928.7	717.3	407.5	92.0	27.9	–	2,173.4
– outflow	709.2	758.8	276.1	94.5	28.8	–	1,867.4
Estimated claims on insurance contracts	251.9	–	–	–	–	–	251.9

Included in total undiscounted borrowings at 31st December 2022, US\$1,815.6 million (2021: US\$1,365.0 million) are referenced to US\$ LIBOR and mature beyond 30th June 2023, the cessation date of US\$ LIBOR.

As at 31st December 2022, the Company has undiscounted borrowings of US\$620.7 million (2021: US\$613.8 million) that are referenced to US\$ LIBOR and mature beyond 30th June 2023, the cessation date of US\$ LIBOR.

- ii) Capital management

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

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 expenditure 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

2 Significant Accounting Policies (continued)

2.32 Financial Risk Management (continued)

ii) Capital management (continued)

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 debt divided by total equity. Net debt is calculated as total borrowings less bank balances and other liquid funds. Interest cover is calculated as 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 relevant ratios are monitored both inclusive and exclusive of the Group's financial services companies, which by their nature are generally more leveraged than the Group's other businesses. The Group does not have a defined gearing or interest cover benchmark or range.

The financing activities of PT Astra International Tbk ("Astra") are subject to a minimum paid-up capital requirement of Rp2,000 billion (2021: Rp2,000 billion), in aggregate. The insurance activities of Astra are subject to a minimum solvency ratio of 120% calculated in accordance with requirements set out by the Ministry of Finance in Indonesia, and a minimum paid-up capital requirement of Rp100 billion (2021: Rp100 billion), in aggregate.

The Group and the Company had complied with all externally imposed capital requirements throughout the reporting period.

The gearing ratios of the Group at 31st December 2022 and 2021 were as follows:

	2022	2021
Gearing ratio excluding financial services companies	nm	nm
Gearing ratio including financial services companies	12%	12%
Interest cover excluding financial services companies	53 times	38 times
Interest cover including financial services companies	78 times	59 times

nm – not meaningful

iii) Fair value estimation

a) 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:

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.

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 the market interest rates and foreign exchange rates.

2 Significant Accounting Policies (continued)

2.32 Financial Risk Management (continued)

iii) Fair value estimation (continued)

a) Financial instruments that are measured at fair value (continued)

Inputs for the asset or liability that are not based on observable market data ("unobservable inputs")

The fair values of other unlisted equity investments are determined using valuation techniques by reference to observable current market transactions or the market prices of the underlying investments with certain degree of entity-specific estimates or discounted cash flows by projecting the cash inflows from these investments. There were no changes in valuation techniques during the year.

The table below analyses the Group's 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
2022				
Assets				
Other investments				
– equity investments	1,177.6	–	206.7	1,384.3
– debt investments	762.8	–	–	762.8
	1,940.4	–	206.7	2,147.1
Derivative financial instruments at fair value				
– through other comprehensive income	–	119.8	–	119.8
– through profit and loss	–	0.2	–	0.2
	1,940.4	120.0	206.7	2,267.1
Liabilities				
Contingent consideration payable	–	–	(8.8)	(8.8)
Derivative financial instruments at fair value				
– through other comprehensive income	–	(2.0)	–	(2.0)
– through profit and loss	–	(0.4)	–	(0.4)
	–	(2.4)	–	(2.4)
	–	(2.4)	(8.8)	(11.2)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

2 Significant Accounting Policies (continued)

2.32 Financial Risk Management (continued)

iii) Fair value estimation (continued)

a) Financial instruments that are measured at fair value (continued)

	Quoted prices in active markets US\$m	Observable current market transactions US\$m	Unobservable inputs US\$m	Total US\$m
2021				
Assets				
Other investments				
– equity investments	1,136.7	–	387.8	1,524.5
– debt investments	776.4	–	–	776.4
	1,913.1	–	387.8	2,300.9
Derivative financial instruments at fair value				
– through other comprehensive income	–	15.7	–	15.7
– through profit and loss	–	0.6	–	0.6
	1,913.1	16.3	387.8	2,317.2
Liabilities				
Contingent consideration payable	–	–	(8.8)	(8.8)
Derivative financial instruments at fair value				
– through other comprehensive income	–	(54.9)	–	(54.9)
– through profit and loss	–	(0.1)	–	(0.1)
	–	(55.0)	–	(55.0)
	–	(55.0)	(8.8)	(63.8)

As at 31st December 2022, the fair value of the equity investment of the Company is US\$197.6 million (2021: US\$264.5 million), which is based on quoted prices in active markets at balance sheet date.

There were no transfers among the three categories during the year ended 31st December 2022 and 2021.

2 Significant Accounting Policies (continued)

2.32 Financial Risk Management (continued)

iii) Fair value estimation (continued)

b) Financial instruments that are not measured at fair value

The fair values of current debtors, bank balances and other liquid funds, current creditors, current borrowings and current lease liabilities of the Group and the Company 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 disclosed 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.

c) Financial instruments by category

The table below analyses financial instruments of the Group by category.

	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>							
Other investments							
– equity investments	–	1,384.3	–	–	–	1,384.3	1,384.3
– debt investments	–	–	762.8	–	–	762.8	762.8
Derivative financial instruments	119.8	0.2	–	–	–	120.0	120.0
	119.8	1,384.5	762.8	–	–	2,267.1	2,267.1
<i>Financial assets not measured at fair value</i>							
Debtors	–	–	–	7,353.7	–	7,353.7	6,957.6
Bank balances	–	–	–	4,018.1	–	4,018.1	4,018.1
	–	–	–	11,371.8	–	11,371.8	10,975.7
<i>Financial liabilities measured at fair value</i>							
Derivative financial instruments	(2.0)	(0.4)	–	–	–	(2.4)	(2.4)
Contingent consideration payable	–	(8.8)	–	–	–	(8.8)	(8.8)
	(2.0)	(9.2)	–	–	–	(11.2)	(11.2)
<i>Financial liabilities not measured at fair value</i>							
Borrowings excluding lease liabilities	–	–	–	–	(5,948.2)	(5,948.2)	(5,925.7)
Lease liabilities	–	–	–	–	(155.6)	(155.6)	(155.6)
Creditors excluding non- financial liabilities	–	–	–	–	(3,936.3)	(3,936.3)	(3,936.3)
	–	–	–	–	(10,040.1)	(10,040.1)	(10,017.6)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

2 Significant Accounting Policies (continued)

2.32 Financial Risk Management (continued)

iii) Fair value estimation (continued)

c) Financial instruments by category (continued)

	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
2021							
<i>Financial assets measured at fair value</i>							
Other investments							
– equity investments	–	1,524.5	–	–	–	1,524.5	1,524.5
– debt investments	–	–	776.4	–	–	776.4	776.4
Derivative financial instruments	15.7	0.6	–	–	–	16.3	16.3
	15.7	1,525.1	776.4	–	–	2,317.2	2,317.2
<i>Financial assets not measured at fair value</i>							
Debtors	–	–	–	7,091.7	–	7,091.7	7,153.3
Bank balances	–	–	–	4,588.8	–	4,588.8	4,588.8
	–	–	–	11,680.5	–	11,680.5	11,742.1
<i>Financial liabilities measured at fair value</i>							
Derivative financial instruments	(54.9)	(0.1)	–	–	–	(55.0)	(55.0)
Contingent consideration payable	–	(8.8)	–	–	–	(8.8)	(8.8)
	(54.9)	(8.9)	–	–	–	(63.8)	(63.8)
<i>Financial liabilities not measured at fair value</i>							
Borrowings excluding lease liabilities	–	–	–	–	(6,560.2)	(6,560.2)	(6,589.3)
Lease liabilities	–	–	–	–	(117.0)	(117.0)	(117.0)
Creditors excluding non-financial liabilities	–	–	–	–	(3,075.4)	(3,075.4)	(3,075.4)
	–	–	–	–	(9,752.6)	(9,752.6)	(9,781.7)

The following table contains details of financial instruments of the Group at 31st December 2022 which are referenced to IBOR with maturities/expiration beyond the cessation of the respective benchmarks:

	2022 US\$m
Financial instruments measured at amortised cost:	
Non-current debtors	
– US\$ LIBOR	14.0
Long-term borrowings	
– US\$ LIBOR	(1,676.7)
Other financial instruments:	
Derivative financial instruments	
– US\$ LIBOR	82.0

2 Significant Accounting Policies (continued)

2.33 Critical Accounting Estimates and Judgements

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

i) 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, certain property, plant and equipment and right-of-use assets, investment properties and bearer plants are determined by independent, professionally qualified valuers by reference to comparable 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/joint control, requiring classification as an associate/joint venture.

ii) Impairment of assets

The Group tests annually whether goodwill and other non-financial assets that have indefinite useful lives have 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 fair value less costs to sell or value-in-use calculations prepared on the basis of management's assumptions and estimates. Changing the key assumptions, including the amount of estimated coal and gold reserves, discount rates or growth rates in the cash flow projections, could materially affect the value-in-use calculations.

The results of the impairment review undertaken at 31st December 2022 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 to the projected performance of the business to which these rights attach, it may be necessary to take an impairment charge to the profit and loss account in the future.

The results of the review undertaken at 31st December 2022 on the Group's coal mining properties indicated that the consideration of impairment or reversal of impairment was not required. Significant changes to assumptions on the remaining useful lives of the coal mining properties, long-term projected prices and production levels in view of climate change related regulations could affect this assessment in the future. The results of the impairment review and assessment undertaken at 31st December 2022 on the Group's gold mining properties and related assets including goodwill indicated that no impairment charge was necessary based on a discounted cash flow analysis. Significant changes to the amount of estimated gold reserves, discount rate, projected prices and production levels could affect the valuation of these assets in the future.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

2 Significant Accounting Policies (continued)

2.33 Critical Accounting Estimates and Judgements (continued)

ii) Impairment of assets (continued)

Management undertook an impairment assessment on the basis that the carrying amount of the investment in Siam City Cement Public Company Limited ("SCCC") as at 31st December 2022 was higher than its fair value based on the prevailing market share price, as well as the challenging operating environment and outlook. The determination of the recoverable amount requires significant judgements by management, particularly management's view on key internal inputs and external market conditions which impact future cash flows, discount rates and long-term growth rates. Management foresees that the decarbonisation of cement production in the long-term will require significant operational advances and technological innovation that will further increase costs and investments. This necessitated a revision on management's assumptions over the discount rate and the long-term projected growth rates used in the discounted cash flow models. Based on management's assessment, as the recoverable amount determined using value-in-use computation is lower than the carrying amount of the investment, an impairment charge of US\$114.0 million (2021: nil) was recognised. If there are significant changes to the above estimates, it may be necessary to take an additional impairment charge to the profit and loss account in the future. The sensitivity of carrying amount to key assumptions and estimates is disclosed in Note 16.

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, including the impact of the COVID-19 pandemic. The allowance for impairment for financing debtors and trade and other debtors are disclosed in Note 20 and 21, respectively.

iii) Income taxes

The Group is subject to income taxes in multiple jurisdictions. Significant judgement is required in determining the provision for income taxes, particularly in Indonesia. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. 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.

Deferred tax follows the way management expects to recover or settle the carrying amount of the related assets or liabilities, which 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 IFRS that investment properties measured at fair value are recovered by 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 management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of the actual utilisation may be different.

iv) 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.

2 Significant Accounting Policies (continued)

2.33 Critical Accounting Estimates and Judgements (continued)

iv) Pension obligations (continued)

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 liabilities.

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

v) Revenue recognition

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.

vi) 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.

vii) 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

2 Significant Accounting Policies (continued)

2.33 Critical Accounting Estimates and Judgements (continued)

viii) Interest rate benchmark reform

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

To transition existing contracts and agreements that reference IBORs (including US\$ LIBOR) to risk free rates ("RFRs") such as US\$ LIBOR to Secured Overnight Financing Rate, adjustments for term differences and credit differences might need to be applied to RFRs, to enable the two benchmark rates to be economically equivalent on transition. The greatest change will be amendments to the contractual terms of the IBORs-referenced floating-rate debt and the associated swap and the corresponding update of the hedge designation. However, the changed reference rate may also affect other systems, processes, risk and valuation models, as well as having tax and accounting implications.

The Group's IBORs transition plan has progressed throughout 2021. All material contracts referencing the Singapore Swap Offer Rate had been transitioned in 2021. US\$ LIBOR is expected to cease on 30th June 2023, and the Group's transition plan is on track to ensure conversion of existing US\$ LIBOR contracts by the date of cessation.

Relief applied

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

- i. When considering the 'highly probable' requirement, the Group has assumed that the IBORs interest rate on which the Group's hedged debt is based does not change as a result of IBOR reform.
- ii. In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has assumed that the IBORs interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it is not altered by IBORs reform.
- iii. The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.
- iv. For financial instruments measured using amortised cost, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised.

Assumptions made

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

- i. The IBORs-referenced floating-rate debt will move to RFRs during 2023 and the spread will be similar to the spread included in the interest rate swap and cross-currency swap used as the hedging instrument.
- ii. No other changes to the terms of the floating-rate debt are anticipated.

3 Revenue

	Astra US\$m	Direct Motor Interests US\$m	Total US\$m
Group			
2022			
Property	64.6	–	64.6
Motor vehicles	7,999.1	1,588.7	9,587.8
Financial services	1,779.6	–	1,779.6
Heavy equipment, mining, construction & energy	8,261.3	–	8,261.3
Other	2,100.2	–	2,100.2
	20,204.8	1,588.7	21,793.5
<i>From contracts with customers:</i>			
Recognised at a point in time	17,946.2	1,518.3	19,464.5
Recognised over time	213.0	65.9	278.9
	18,159.2	1,584.2	19,743.4
<i>From other sources:</i>			
Rental income from investment properties	12.3	–	12.3
Revenue from financial services companies	1,779.6	–	1,779.6
Other	253.7	4.5	258.2
	2,045.6	4.5	2,050.1
	20,204.8	1,588.7	21,793.5
2021			
Property	56.6	–	56.6
Motor vehicles	6,642.0	1,402.5	8,044.5
Financial services	1,735.2	–	1,735.2
Heavy equipment, mining, construction & energy	5,524.4	–	5,524.4
Other	2,327.3	–	2,327.3
	16,285.5	1,402.5	17,688.0
<i>From contracts with customers:</i>			
Recognised at a point in time	14,072.9	1,336.4	15,409.3
Recognised over time	245.5	63.8	309.3
	14,318.4	1,400.2	15,718.6
<i>From other sources:</i>			
Rental income from investment properties	11.9	–	11.9
Revenue from financial services companies	1,735.2	–	1,735.2
Other	220.0	2.3	222.3
	1,967.1	2.3	1,969.4
	16,285.5	1,402.5	17,688.0
		2022 US\$m	2021 US\$m
Company			
Rendering of services		2.4	2.5
Dividends		491.3	243.4
		493.7	245.9

The Company's revenue arising from contracts with customers recognised over time is US\$2.4 million (2021: US\$2.5 million) and from other sources is US\$491.3 million (2021: US\$243.4 million).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

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.

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

Contract assets and contract liabilities of the Group are further analysed as follows:

	2022 US\$m	2021 US\$m
Contract assets (Note 21)		
– heavy equipment, mining, construction & energy	91.1	92.1
– other	17.2	15.4
	108.3	107.5
Less: Allowance for impairment	(59.6)	(64.5)
	48.7	43.0
Contract liabilities (Note 23)		
– properties for sale	24.3	42.6
– motor vehicles	312.1	330.2
– heavy equipment, mining, construction & energy	85.2	71.0
– other	31.9	48.2
	453.5	492.0

Revenue recognised in relation to contract liabilities

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

	2022 US\$m	2021 US\$m
Properties for sale	32.5	17.3
Motor vehicles	198.4	176.5
Heavy equipment, mining, construction & energy	49.7	41.4
Other	39.7	14.7
	320.3	249.9

3 Revenue (continued)

Revenue expected to be recognised on unsatisfied contracts with customers

Timing of revenue of the Group to be recognised on unsatisfied performance obligations:

	Properties for sale US\$m	Motor vehicles US\$m	Heavy equipment, mining, construction & energy US\$m	Other US\$m	Total US\$m
2022					
Within one year	46.7	116.2	162.1	40.4	365.4
Between one and two years	21.8	45.6	83.9	15.2	166.5
Between two and three years	41.5	20.4	1.0	–	62.9
Between three and four years	1.7	9.4	0.4	–	11.5
Between four and five years	1.2	4.9	0.1	–	6.2
Beyond five years	0.5	0.4	–	–	0.9
	113.4	196.9	247.5	55.6	613.4
2021					
Within one year	63.9	116.9	70.6	38.2	289.6
Between one and two years	25.1	48.2	9.6	11.2	94.1
Between two and three years	21.4	26.3	0.8	–	48.5
Between three and four years	0.3	9.5	0.1	–	9.9
Between four and five years	–	4.4	–	–	4.4
	110.7	205.3	81.1	49.4	446.5

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

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Cost of sales and services rendered	(16,885.1)	(13,922.9)	–	–
Other operating income	258.0	244.3	10.8	53.9
Selling and distribution expenses	(890.4)	(867.8)	–	–
Administrative expenses	(1,178.6)	(1,144.2)	(27.2)	(25.3)
Other operating expenses	(387.4)	(302.1)	(180.5)	(28.0)
	(19,083.5)	(15,992.7)	(196.9)	0.6

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

4 Net Operating Costs (continued)

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
The following credits/(charges) are included in net operating costs:				
Amortisation/depreciation of:				
– intangible assets (Note 10)	(141.8)	(151.8)	–	–
– right-of-use assets (Note 11)	(141.1)	(149.7)	–	–
– property, plant and equipment (Note 12)	(694.4)	(735.0)	(0.8)	(0.9)
– bearer plants (Note 14)	(28.2)	(27.3)	–	–
Impairment of:				
– intangible assets (Note 10)	(1.1)	(13.9)	–	–
– right-of-use assets (Note 11)	–	(2.0)	–	–
– property, plant and equipment (Note 12)	(45.6)	(37.7)	–	–
– associates (Note 16) ⁽¹⁾	–	–	(114.0)	–
– financing debtors (Note 20)	(166.4)	(161.4)	–	–
– trade debtors (Note 21)	(11.9)	(24.2)	–	–
– other debtors (Note 21)	(1.8)	(13.0)	–	–
– contract assets (Note 21)	(1.2)	(18.8)	–	–
Fair value gain/(loss) on:				
– investment properties (Note 13)	(2.8)	(3.1)	–	–
– investments (Note 17)	(269.6)	(130.9)	(66.5)	46.7
– agricultural produce	(11.4)	3.5	–	–
– derivatives not qualifying as hedges	0.1	–	–	–
Profit/(loss) on disposal of:				
– intangible assets	(0.9)	(1.0)	–	–
– right-of-use assets	0.1	(0.4)	–	–
– property, plant and equipment	12.0	20.1	0.2	0.2
– investments	1.7	2.5	–	–
Loss on disposal/write-down of receivables from collateral vehicles	(37.3)	(65.2)	–	–
Stocks:				
– cost of stocks recognised as an expense (included in cost of sales and services rendered)	(11,342.3)	(9,755.3)	–	–
– write-down of stocks	(32.8)	(34.8)	–	–
– reversal of write-down of stocks made in previous years	22.8	37.4	–	–
(Provision)/write-back for:				
– motor vehicle warranties (Note 24)	(3.5)	(1.7)	–	–
– closure costs (Note 24)	0.8	–	–	–
– statutory employee entitlements (Note 24)	(19.1)	1.6	–	–
– other (Note 24)	(20.9)	(4.2)	–	–
Operating expenses arising from investment properties	(7.6)	(7.6)	–	–

(1) Impairment of associates at the Group has been included in the share of results of associates and joint ventures.

4 Net Operating Costs (continued)

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Expenses relating to low-value leases	(0.2)	(0.3)	–	–
Expenses relating to short-term leases	(71.5)	(59.6)	(0.3)	(0.3)
Expenses relating to variable lease payment not included in lease liabilities	(0.3)	(0.3)	–	–
Gain on lease modification or termination	1.1	0.4	–	–
Auditors' remuneration for:				
– audit services	(6.9)	(6.5)	(1.1)	(0.9)
– non-audit services	(2.9)	(2.1)	(0.4)	(0.4)
Net exchange gain/(loss)	18.2	(23.7)	4.6	(28.0)
Rental income from:				
– investment properties	1.1	2.6	–	–
– other properties	2.8	2.8	–	–
Dividend income from investments	50.3	48.0	5.6	6.6
Interest income from investments	51.7	50.9	–	–

In relation to the COVID-19 pandemic, the Group had received government grants, which were in support of employee retention of US\$0.5 million (2021: US\$3.1 million). Rent concessions of US\$0.04 million was received in 2021. These subsidies were accounted for as other operating income.

5 Employee Benefits

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Salaries and benefits in kind	1,543.0	1,439.7	13.6	13.6
Pension costs – defined contribution plans	17.1	16.7	0.4	0.3
Pension costs – defined benefit plans (Note 28)	11.4	37.2	–	–
	1,571.5	1,493.6	14.0	13.9

6 Net Financing Charges

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Interest expense on:				
– bank borrowings	(130.6)	(131.9)	(33.0)	(15.7)
– lease liabilities (Note 25)	(10.5)	(11.0)	–	–
– other borrowings	(3.1)	(5.2)	–	–
	(144.2)	(148.1)	(33.0)	(15.7)
Interest capitalised	4.7	5.2	–	–
Other finance costs	(38.7)	(35.5)	(1.6)	(1.4)
Financing charges	(178.2)	(178.4)	(34.6)	(17.1)
Financing income	120.0	126.1	0.7	0.1
	(58.2)	(52.3)	(33.9)	(17.0)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

7 Tax

Tax expense attributable to profit is made up of:

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Current tax:				
– Singapore	8.2	5.8	0.4	0.1
– Foreign	779.0	517.0	42.5	22.3
	787.2	522.8	42.9	22.4
Deferred tax (Note 27)	(24.0)	(16.5)	–	–
	763.2	506.3	42.9	22.4
Under-provision in prior years:				
– Current tax	8.1	9.0	–	–
	771.3	515.3	42.9	22.4

The following sets out the differences between the tax expense on the Group's and the Company's profit before tax and the theoretical amount that would arise using the domestic tax rates applicable to profits of the respective companies.

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Profit before tax	3,227.2	2,233.6	262.9	229.5
Less: Share of associates' and joint ventures' results after tax	(575.4)	(590.6)	–	–
	2,651.8	1,643.0	262.9	229.5
Tax calculated at domestic tax rates applicable to profits in the respective countries	560.5	372.5	17.1	24.0
Income not subject to tax	(76.5)	(91.8)	(59.3)	(35.8)
Expenses not deductible for tax purposes	173.1	186.6	42.5	11.9
Utilisation of previously unrecognised tax losses	(4.3)	(11.5)	–	–
Utilisation of previously unrecognised temporary differences	(0.2)	–	–	–
Recognition of previously unrecognised tax losses	(0.5)	(0.3)	–	–
Deferred tax assets written off	0.4	–	–	–
Tax losses arising in the year not recognised	19.4	12.0	–	–
Temporary differences arising in the year not recognised	0.7	0.2	–	–
Withholding tax	87.8	36.2	42.6	22.3
Change in tax rates	2.8	2.4	–	–
Under-provision in prior years	8.1	9.0	–	–
	771.3	515.3	42.9	22.4

The effective tax rates for the Group and Company were 29% (2021: 31%) and 16% (2021: 10%), respectively.

7 Tax (continued)

Tax relating to components of other comprehensive income is analysed as follows:

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Revaluation of investments	–	0.5	–	–
Cash flow hedges	(7.6)	(19.1)	–	–
Defined benefit pension plans	(2.7)	2.7	–	–
	(10.3)	(15.9)	–	–

8 Dividends

At the Annual General Meeting in 2023, a final one-tier tax-exempt dividend in respect of 2022 of US¢83 per share amounting to a dividend of approximately US\$328.0 million is to be proposed. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31st December 2023. The dividends paid in 2022 and 2021 were as follows:

	Group and Company	
	2022 US\$m	2021 US\$m
Final one-tier tax-exempt dividend in respect of previous year of US¢62 per share (2021: in respect of 2020 of US¢34)	245.2	133.2
Interim one-tier tax-exempt dividend in respect of current year of US¢28 per share (2021: US¢18)	111.8	71.5
	357.0	204.7

9 Earnings Per Share

	Group	
	2022 US\$m	2021 US\$m
Basic and diluted earnings per share		
Profit attributable to shareholders	739.8	660.6
Weighted average number of ordinary shares in issue (millions)	395.2	395.2
Basic earnings per share	US¢187	US¢167
Diluted earnings per share	US¢187	US¢167
Basic and diluted underlying earnings per share		
Underlying profit attributable to shareholders	1,096.2	785.9
Weighted average number of ordinary shares in issue (millions)	395.2	395.2
Basic underlying earnings per share	US¢277	US¢199
Diluted underlying earnings per share	US¢277	US¢199

As at 31st December 2022 and 2021, there were no dilutive potential ordinary shares in issue.

■ NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

9 Earnings Per Share (continued)

A reconciliation of the profit attributable to shareholders and underlying profit attributable to shareholders is as follows:

	Group	
	2022 US\$m	2021 US\$m
Profit attributable to shareholders	739.8	660.6
Less:		
Non-trading items (attributable to shareholders)		
Fair value changes of agricultural produce and livestock	(3.4)	1.0
Fair value changes of investment properties	(0.9)	(1.5)
Fair value changes of investments	(238.1)	(134.3)
Impairment loss on associates and joint ventures	(114.0)	–
Impairment loss on goodwill on subsidiaries	–	(1.7)
Other	–	11.2
	(356.4)	(125.3)
Underlying profit attributable to shareholders	1,096.2	785.9

10 Intangible Assets

	Goodwill US\$m	Franchise rights US\$m	Concession rights US\$m	Customer acquisition costs US\$m	Deferred exploration costs US\$m	Computer software & other US\$m	Total US\$m
Group							
2022							
Net book value at 1st January	388.6	148.1	604.6	51.4	513.0	70.2	1,775.9
Translation adjustments	(20.5)	(13.8)	(56.9)	(4.9)	–	(6.4)	(102.5)
Additions	–	–	26.4	37.7	56.3	27.7	148.1
Disposal	–	–	–	–	–	(3.2)	(3.2)
Amortisation (Note 4)	–	–	(12.7)	(36.1)	(69.9)	(23.1)	(141.8)
Impairment (Note 4)	–	–	–	–	(1.1)	–	(1.1)
Net book value at 31st December	368.1	134.3	561.4	48.1	498.3	65.2	1,675.4
Cost	400.9	135.5	623.4	95.2	1,270.3	189.8	2,715.1
Accumulated amortisation and impairment	(32.8)	(1.2)	(62.0)	(47.1)	(772.0)	(124.6)	(1,039.7)
	368.1	134.3	561.4	48.1	498.3	65.2	1,675.4
2021							
Net book value at 1st January	398.5	149.8	605.7	54.8	539.8	68.3	1,816.9
Translation adjustments	(4.1)	(1.7)	(6.9)	(0.6)	(0.1)	0.7	(12.7)
Additions	–	–	13.7	37.6	60.3	26.8	138.4
Disposal	–	–	–	–	–	(1.0)	(1.0)
Amortisation (Note 4)	–	–	(7.9)	(40.4)	(79.0)	(24.5)	(151.8)
Impairment (Note 4)	(5.8)	–	–	–	(8.0)	(0.1)	(13.9)
Net book value at 31st December	388.6	148.1	604.6	51.4	513.0	70.2	1,775.9
Cost	424.5	149.4	659.6	104.9	1,219.5	182.7	2,740.6
Accumulated amortisation and impairment	(35.9)	(1.3)	(55.0)	(53.5)	(706.5)	(112.5)	(964.7)
	388.6	148.1	604.6	51.4	513.0	70.2	1,775.9

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

10 Intangible Assets (continued)

Goodwill included goodwill arising from acquisition of shares in Astra which is regarded as an operating segment, as well as those arising from acquisition of other subsidiaries, including those under Astra. No impairment loss was recognised in 2022. Impairment loss of US\$5.8 million was recognised in respect of goodwill arising from an Astra's subsidiary in 2021. For the purpose of impairment review of the goodwill arising from acquisition of shares in Astra, 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 and the continued expected level of profitability, management concluded that no impairment has occurred.

The carrying amounts of franchise rights comprise mainly Astra's automotive of US\$48.5 million (2021: US\$53.5 million) and Astra's heavy equipment of US\$85.8 million (2021: US\$94.6 million).

No impairment of Astra's franchise rights has occurred. The impairment review of Astra's franchise rights 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 the estimates stated below:

	2022	2021
Growth rates	3% – 4%	3% – 4%
Pre-tax discount rates	19% – 20%	17% – 20%

The growth rates do not exceed the long-term average growth rates of the industries. The pre-tax discount rates reflect business specific risks relating to the relevant industries.

The remaining amortisation lives for intangible assets are as follows:

Concession rights	Traffic volume over 33 to 37 years
Customer acquisition costs	1 to 4 years
Computer software and other	1 to 13 years
Deferred exploration costs based on unit of production method	2.8 million ounces (gold mining property) 32.7 to 119.5 million tonnes (coal mining properties)

11 Right-Of-Use Assets

	Leasehold land US\$m	Properties US\$m	Plant & machinery US\$m	Motor vehicles US\$m	Total US\$m
Group					
2022					
Net book value at 1st January	624.4	68.1	49.1	27.8	769.4
Translation adjustments	(55.8)	(4.1)	(6.3)	(3.4)	(69.6)
Additions	20.1	23.5	78.0	38.7	160.3
Disposals/terminations	(0.1)	(0.2)	(2.1)	(0.1)	(2.5)
Transfer from investment properties (Note 13)	15.7	–	–	–	15.7
Modifications to lease terms	–	0.1	–	–	0.1
Amortisation/depreciation (Note 4)	(48.8)	(26.5)	(42.6)	(23.2)	(141.1)
Surplus on revaluation	0.9	–	–	–	0.9
Net book value at 31st December	556.4	60.9	76.1	39.8	733.2
Cost	970.5	202.0	273.4	196.8	1,642.7
Accumulated amortisation/depreciation and impairment	(414.1)	(141.1)	(197.3)	(157.0)	(909.5)
	556.4	60.9	76.1	39.8	733.2
2021					
Net book value at 1st January	673.1	57.7	65.7	35.9	832.4
Translation adjustments	(8.2)	(1.0)	(0.8)	(0.5)	(10.5)
Additions	13.1	41.1	31.3	31.2	116.7
Disposals/terminations	(0.8)	(0.7)	(6.9)	(8.5)	(16.9)
Transfer to investment properties (Note 13)	(3.1)	–	–	–	(3.1)
Modifications to lease terms	–	(0.2)	–	–	(0.2)
Amortisation/depreciation (Note 4)	(50.4)	(28.8)	(40.2)	(30.3)	(149.7)
Impairment (Note 4)	(2.0)	–	–	–	(2.0)
Surplus on revaluation	2.7	–	–	–	2.7
Net book value at 31st December	624.4	68.1	49.1	27.8	769.4
Cost	1,027.8	198.6	222.0	176.6	1,625.0
Accumulated amortisation/depreciation and impairment	(403.4)	(130.5)	(172.9)	(148.8)	(855.6)
	624.4	68.1	49.1	27.8	769.4

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

Leasehold land	4 to 95 years
Properties	1 to 30 years
Plant & machinery	1 to 4 years
Motor vehicles	1 to 10 years

None of the Group's leasehold land and other right-of-use assets have been pledged as security for borrowings at 31st December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

12 Property, Plant And Equipment

	Freehold land US\$m	Buildings & leasehold improvements US\$m	Mining properties US\$m	Plant & machinery US\$m	Office furniture, fixtures & equipment US\$m	Transportation equipment & motor vehicles US\$m	Total US\$m
Group							
2022							
Net book value at 1st January	39.3	1,063.0	835.8	1,327.2	128.8	458.0	3,852.1
Translation adjustments	(0.5)	(89.9)	(4.8)	(107.0)	(11.0)	(42.5)	(255.7)
Additions	–	78.6	–	534.6	63.7	186.7	863.6
Transfer from investment properties (Note 13)	–	7.2	–	–	–	–	7.2
Transfer from/(to) stocks	–	–	–	1.9	(0.5)	(18.2)	(16.8)
Disposals	–	(3.1)	–	(6.6)	(0.9)	(7.4)	(18.0)
Depreciation (Note 4)	–	(101.3)	(74.1)	(357.8)	(60.8)	(100.4)	(694.4)
(Impairment)/reversal of impairment (Note 4)	–	0.6	–	(45.9)	(0.2)	(0.1)	(45.6)
Net book value at 31st December	38.8	955.1	756.9	1,346.4	119.1	476.1	3,692.4
Cost	38.8	1,945.1	1,746.2	4,707.8	586.6	831.5	9,856.0
Accumulated depreciation and impairment	–	(990.0)	(989.3)	(3,361.4)	(467.5)	(355.4)	(6,163.6)
	38.8	955.1	756.9	1,346.4	119.1	476.1	3,692.4
2021							
Net book value at 1st January	40.4	1,167.3	918.9	1,544.9	139.8	431.9	4,243.2
Translation adjustments	(1.1)	(13.0)	1.2	(17.0)	(1.7)	(5.0)	(36.6)
Additions	–	63.6	–	191.9	53.8	154.0	463.3
Transfer to investment properties (Note 13)	–	(1.3)	–	–	–	–	(1.3)
Transfer to stocks	–	–	–	(0.3)	(0.4)	(24.9)	(25.6)
Disposals	–	(5.4)	–	(3.5)	(0.5)	(9.4)	(18.8)
Depreciation (Note 4)	–	(110.2)	(84.3)	(388.0)	(59.1)	(93.4)	(735.0)
(Impairment)/reversal of impairment (Note 4)	–	(38.6)	–	(0.8)	(3.1)	4.8	(37.7)
Surplus on revaluation	–	0.6	–	–	–	–	0.6
Net book value at 31st December	39.3	1,063.0	835.8	1,327.2	128.8	458.0	3,852.1
Cost	39.3	2,045.8	1,803.6	4,696.2	599.8	809.5	9,994.2
Accumulated depreciation and impairment	–	(982.8)	(967.8)	(3,369.0)	(471.0)	(351.5)	(6,142.1)
	39.3	1,063.0	835.8	1,327.2	128.8	458.0	3,852.1

12 Property, Plant And Equipment (continued)

Property, plant and equipment with a net book value of US\$6.8 million (2021: nil) have been pledged as security for borrowings at 31st December 2022.

Management has performed an impairment review of the gold mining properties. The impairment review was performed by comparing the carrying amounts of the cash-generating unit, which includes the related goodwill, with the recoverable amount of the cash-generating unit determined based on fair value less costs to sell calculations. This calculation uses pre-tax cash flow projections based on financial budgets approved by management covering the remaining concession period. As at 31st December 2022, the Group has considered that any reasonable possible change in key assumptions used in the fair value less costs to sell computation would not cause an impairment charge that is material to the financial statements for the year ended 31st December 2022.

	Freehold land US\$m	Buildings & leasehold improvements US\$m	Office furniture, fixtures & equipment US\$m	Motor vehicles US\$m	Total US\$m
Company					
2022					
Net book value at 1st January	27.2	4.1	0.4	1.4	33.1
Translation adjustments	0.2	–	0.1	–	0.3
Additions	–	–	–	1.4	1.4
Disposals	–	–	–	(0.4)	(0.4)
Depreciation (Note 4)	–	(0.2)	(0.2)	(0.4)	(0.8)
Net book value at 31st December	27.4	3.9	0.3	2.0	33.6
Cost	27.4	6.4	1.4	2.5	37.7
Accumulated depreciation	–	(2.5)	(1.1)	(0.5)	(4.1)
	27.4	3.9	0.3	2.0	33.6
2021					
Net book value at 1st January	27.9	4.5	0.5	1.2	34.1
Translation adjustments	(0.7)	(0.1)	–	0.1	(0.7)
Additions	–	–	0.1	0.8	0.9
Disposals	–	–	–	(0.3)	(0.3)
Depreciation (Note 4)	–	(0.3)	(0.2)	(0.4)	(0.9)
Net book value at 31st December	27.2	4.1	0.4	1.4	33.1
Cost	27.2	6.4	1.3	2.0	36.9
Accumulated depreciation	–	(2.3)	(0.9)	(0.6)	(3.8)
	27.2	4.1	0.4	1.4	33.1

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

13 Investment Properties

	Group	
	2022 US\$m	2021 US\$m
Completed commercial properties:		
Balance at 1st January	529.1	519.7
Translation adjustments	(47.9)	(5.8)
Fair value loss (Note 4)	(2.8)	(3.1)
Additions	0.4	1.7
Transfer from commercial properties under development	–	12.2
Transfer from/(to) right-of-use assets (Note 11)	(15.7)	3.1
Transfer from/(to) property, plant and equipment (Note 12)	(7.2)	1.3
Balance at 31st December	455.9	529.1
Commercial properties under development:		
Balance at 1st January	–	12.5
Translation adjustments	–	(0.3)
Transfer to completed commercial properties	–	(12.2)
Balance at 31st December	–	–
Total	455.9	529.1

The valuations of the investment properties were conducted by independent, professionally qualified valuers, based on the open market value. Fair values of these properties are generally derived based on the direct comparison method, using observable recent market transactions. This valuation method is based on comparing the property to be valued directly with other comparable properties in close proximity. However, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

The Group's policy is to recognise transfers between the levels in the fair value measurement hierarchy as of the date of the event or change in circumstances that caused the transfer. There were no transfers between the fair value hierarchy levels for the financial years ended 31st December 2022 and 2021.

The Group's investment properties have not been pledged as security for borrowings at 31st December 2022 and 2021.

14 Bearer Plants

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

	Group	
	2022 US\$m	2021 US\$m
Net book value at 1st January	498.6	496.7
Translation adjustments	(47.0)	(5.7)
Additions	41.3	34.9
Depreciation (Note 4)	(28.2)	(27.3)
Net book value at 31st December	464.7	498.6
Immature bearer plants	104.0	113.2
Mature bearer plants	360.7	385.4
	464.7	498.6
Cost	702.3	733.9
Accumulated depreciation	(237.6)	(235.3)
	464.7	498.6

The Group's bearer plants have not been pledged as security for borrowings at 31st December 2022 and 2021.

15 Interests In Subsidiaries

	Company	
	2022 US\$m	2021 US\$m
At cost:		
– quoted equity securities (market value: 2022: US\$7,351.3 million; 2021: US\$8,150.5 million)	1,247.0	1,289.5
– unquoted equity securities	186.4	127.7
	1,433.4	1,417.2
Less: Impairment	(0.7)	(0.7)
	1,432.7	1,416.5

A list of principal subsidiaries is set out in Note 42.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

16 Interests In Associates And Joint Ventures

The amounts recognised in the balance sheet are as follows:

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
At cost:				
– quoted equity securities (Group market value: 2022: US\$736.5 million; 2021: US\$883.5 million)	940.3	939.1	782.4	833.0
– unquoted equity securities	1,958.3	1,745.6	390.8	333.9
	2,898.6	2,684.7	1,173.2	1,166.9
Post-acquisition reserves and impairment	1,677.5	1,700.8	(308.9)	(190.9)
	4,576.1	4,385.5	864.3	976.0
Associates	2,156.6	2,148.5	797.4	909.5
Joint ventures	2,419.5	2,237.0	66.9	66.5
	4,576.1	4,385.5	864.3	976.0

The market value of quoted equity securities is based on their quoted prices. In determining whether these investments are impaired, management has also considered recent arm's length transactions of a similar nature and the investment's recoverable amount computed using a value-in-use calculation.

Movements of the Group's associates and joint ventures during the year are as follows:

	Associates		Joint ventures	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Balance at 1st January	2,148.5	2,029.0	2,237.0	2,003.6
Translation adjustments	(129.2)	(41.9)	(218.9)	(20.7)
Share of results after tax and non-controlling interests	154.7	216.8	420.7	373.8
Share of other comprehensive income after tax and non-controlling interests	94.9	43.5	8.7	1.2
Dividends received	(164.9)	(65.8)	(330.8)	(278.6)
Acquisitions and increase in attributable interests	50.3	28.6	302.6	157.7
Disposals and decrease in attributable interests	(1.2)	(61.5)	–	–
Other	3.5	(0.2)	0.2	–
Balance at 31st December	2,156.6	2,148.5	2,419.5	2,237.0

16 Interests In Associates And Joint Ventures (continued)

(a) Investment in associates

The material associates of the Group are Truong Hai Group Corporation ("THACO"), SCCC and PT Astra Daihatsu Motor. These associates have share capital consisting solely of ordinary shares. The Company has a 26.6% and a 25.5% interest in THACO and SCCC, respectively, and the Group's subsidiary, Astra has a 31.9% interest in PT Astra Daihatsu Motor. THACO is a multi-industry group in Vietnam and SCCC is a cement manufacturer in Thailand. PT Astra Daihatsu Motor is principally involved in the manufacturing and distribution of Daihatsu motor vehicles in Indonesia.

In 2022, in view of the challenging market conditions faced by SCCC, management has performed an impairment review of the carrying amount of SCCC for the Group and Company, and concluded that an impairment has occurred. An impairment loss of US\$114.0 million has been included in the share of results of associates and joint ventures of US\$575.4 million. The Company has recorded an impairment loss of US\$114.0 million in the net operating costs.

In 2021, no impairment charge was recognised.

The impairment review was performed by comparing the carrying amount of SCCC with the recoverable amount. The recoverable amount was determined based on a value-in-use ("VIU") calculation using cash flow projections approved by management covering a four-year period. Cash flows beyond the four-year period were extrapolated using the estimates stated below:

Growth rates in Thailand and Vietnam	2.6% – 3.5%
Pre-tax discount rate	11.9%

The growth rates do not exceed the long-term average industry growth rates in Thailand and Vietnam, and the pre-tax discount rate reflects business specific risks relating to the relevant industry.

For the recoverable amount of SCCC:

- If the estimated operating EBITDA margin used in the VIU calculation had been 1% lower than management's estimates, the Group would have recognised a further impairment charge of US\$45 million;
- If the estimated cement selling prices used in the VIU calculation had been 2% lower than management's estimates, the Group would have recognised a further impairment charge of US\$63 million;
- If the estimated pre-tax discount rate applied to the discounted cash flows had been 1%-point higher than management's estimates, the Group would have recognised a further impairment charge of US\$52 million; and
- If the long-term growth rate applied to the discounted cash flows had been 0.5%-point lower than management's estimates, the Group would have recognised a further impairment charge of US\$27 million.

As at 31st December 2022, the fair value of the Group's interest in SCCC, which is listed on the Stock Exchange of Thailand, was US\$338.0 million (2021: US\$357.5 million).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

16 Interests In Associates And Joint Ventures (continued)

(a) Investment in associates (continued)

Set out below is the summarised financial information for the Group's material associates.

Summarised balance sheet at 31st December:

	THACO US\$m	SCCC US\$m	PT Astra Daihatsu Motor US\$m	Total US\$m
2022				
Non-current assets	3,435.9	1,893.2	532.8	5,861.9
Current assets				
Cash and cash equivalents	57.0	99.3	498.1	654.4
Other current assets	3,152.1	378.9	768.9	4,299.9
Total current assets	3,209.1	478.2	1,267.0	4,954.3
Non-current liabilities				
Financial liabilities	(615.9)	(550.0)	(0.9)	(1,166.8)
Other non-current liabilities	(188.2)	(154.9)	(99.0)	(442.1)
Total non-current liabilities	(804.1)	(704.9)	(99.9)	(1,608.9)
Current liabilities				
Financial liabilities (excluding trade payables)	(1,689.6)	(85.3)	(2.0)	(1,776.9)
Other current liabilities (including trade payables)	(1,974.8)	(334.0)	(860.4)	(3,169.2)
Total current liabilities	(3,664.4)	(419.3)	(862.4)	(4,946.1)
Non-controlling interests	(235.7)	(36.5)	–	(272.2)
Net assets attributable to associates' shareholders	1,940.8	1,210.7	837.5	3,989.0
2021				
Non-current assets	3,169.1	2,134.9	591.3	5,895.3
Current assets				
Cash and cash equivalents	97.5	290.0	446.4	833.9
Other current assets	2,570.7	296.6	710.4	3,577.7
Total current assets	2,668.2	586.6	1,156.8	4,411.6
Non-current liabilities				
Financial liabilities	(895.9)	(521.3)	(1.4)	(1,418.6)
Other non-current liabilities	(143.8)	(167.1)	(71.3)	(382.2)
Total non-current liabilities	(1,039.7)	(688.4)	(72.7)	(1,800.8)
Current liabilities				
Financial liabilities (excluding trade payables)	(1,105.6)	(320.8)	(1.3)	(1,427.7)
Other current liabilities (including trade payables)	(1,547.9)	(274.9)	(777.9)	(2,600.7)
Total current liabilities	(2,653.5)	(595.7)	(779.2)	(4,028.4)
Non-controlling interests	(250.3)	(45.4)	–	(295.7)
Net assets attributable to associates' shareholders	1,893.8	1,392.0	896.2	4,182.0

16 Interests In Associates And Joint Ventures (continued)

(a) Investment in associates (continued)

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

	THACO US\$m	SCCC US\$m	PT Astra Daihatsu Motor US\$m	Total US\$m
2022				
Revenue	3,702.2	1,416.2	5,236.7	10,355.1
Depreciation and amortisation	(143.5)	(108.4)	(123.0)	(374.9)
Financing income	122.0	2.4	11.4	135.8
Financing charges	(192.4)	(29.0)	(0.7)	(222.1)
Tax	(34.3)	(31.9)	(71.9)	(138.1)
Profit after tax	311.8	54.5	263.6	629.9
Other comprehensive income	–	3.2	2.8	6.0
Total comprehensive income	311.8	57.7	266.4	635.9
Dividends received from associates	55.3	19.5	76.6	151.4
2021				
Revenue	2,646.0	1,286.1	4,223.1	8,155.2
Depreciation and amortisation	(127.3)	(121.2)	(108.0)	(356.5)
Financing income	92.7	2.4	9.4	104.5
Financing charges	(96.8)	(38.5)	(0.5)	(135.8)
Tax	(22.9)	–	(53.1)	(76.0)
Profit after tax	279.3	125.5	175.6	580.4
Other comprehensive income/(expense)	–	(6.5)	(4.0)	(10.5)
Total comprehensive income	279.3	119.0	171.6	569.9
Dividends received from associates	–	21.3	40.2	61.5

The information above reflects 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. For associates acquired during 2022, the fair value of the identifiable assets and liabilities at the acquisition date is provisional and will be finalised within one year after the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

16 Interests In Associates And Joint Ventures (continued)

(a) Investment in associates (continued)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the material associates is set out below.

	THACO US\$m	SCCC US\$m	PT Astra Daihatsu Motor US\$m	Total US\$m
2022				
Net assets	1,940.8	1,210.7	837.5	3,989.0
Interest in associates	26.6%	25.5%	31.9%	
Group's share of net assets in associates	516.2	309.2	266.9	1,092.3
Goodwill	162.6	365.0	–	527.6
Less: Impairment	–	(271.6)	–	(271.6)
Carrying value	678.8	402.6	266.9	1,348.3
2021				
Net assets	1,893.8	1,392.0	896.2	4,182.0
Interest in associates	26.6%	25.5%	31.9%	
Group's share of net assets in associates	503.7	355.5	285.6	1,144.8
Goodwill	168.6	378.6	–	547.2
Less: Impairment	–	(163.4)	–	(163.4)
Carrying value	672.3	570.7	285.6	1,528.6

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.

	2022 US\$m	2021 US\$m
Group's share of profit	89.8	59.0
Group's share of other comprehensive income	93.2	43.1
Group's share of total comprehensive income	183.0	102.1
Carrying amount of interests in these associates	808.3	619.9

16 Interests In Associates And Joint Ventures (continued)

(b) Investment in joint ventures

The material joint venture of the Group is PT Astra Honda Motor. The joint venture has share capital consisting solely of ordinary shares, which are held by the Group's subsidiary, Astra. Astra has a 50.0% interest in PT Astra Honda Motor. PT Astra Honda Motor is principally involved in the manufacturing and distribution of Honda motorcycles in Indonesia.

Set out below is the summarised financial information for the Group's material joint venture.

Summarised balance sheet at 31st December:

	2022 US\$m	2021 US\$m
Non-current assets	1,181.7	1,362.0
Current assets		
Cash and cash equivalents	819.6	778.8
Other current assets	512.0	427.9
Total current assets	1,331.6	1,206.7
Non-current liabilities	(240.2)	(248.5)
Current liabilities (including trade and other payables)	(1,072.6)	(977.6)
Net assets	1,200.5	1,342.6

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

	2022 US\$m	2021 US\$m
Revenue	5,393.2	5,114.2
Depreciation and amortisation	(130.8)	(136.8)
Financing income	17.9	18.1
Tax	(118.2)	(118.7)
Profit after tax	413.9	425.1
Other comprehensive income/(expense)	2.5	(5.6)
Total comprehensive income	416.4	419.5
Dividends received from joint venture	217.3	209.3

The information above reflects the amounts presented in the financial statements of the joint venture, adjusted for fair value adjustments made at the time of acquisition and differences in accounting policies between the Group and the joint venture. There are no contingent liabilities relating to the Group's interest in the joint venture.

■ NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

16 Interests In Associates And Joint Ventures (continued)

(b) Investment in joint ventures (continued)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the material joint venture is set out below.

	2022 US\$m	2021 US\$m
Net assets	1,200.5	1,342.6
Interest in joint venture	50.0%	50.0%
Group's share of net assets in joint venture	600.3	671.3
Carrying value	600.3	671.3

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.

	2022 US\$m	2021 US\$m
Group's share of profit	213.8	146.7
Group's share of other comprehensive income	7.4	4.0
Group's share of total comprehensive income	221.2	150.7
Carrying amount of interests in these joint ventures	1,819.2	1,565.7

A list of the Group's principal associates and joint ventures is set out in Note 42.

17 Investments

The Group's investments consist of equity investments at fair value through profit and loss and debt investments at fair value through comprehensive income.

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Equity investments at fair value through profit and loss				
– quoted investments	1,177.6	1,136.7	197.6	264.5
– unquoted investments	206.7	387.8	–	–
	1,384.3	1,524.5	197.6	264.5
Debt investments at fair value through other comprehensive income	762.8	776.4	–	–
	2,147.1	2,300.9	197.6	264.5
Non-current	2,128.9	2,255.3	197.6	264.5
Current	18.2	45.6	–	–
	2,147.1	2,300.9	197.6	264.5

Debt investments comprised of listed bonds.

Movements during the year are as follows:

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Balance at 1st January	2,300.9	2,344.3	264.5	223.0
Translation adjustments	(117.4)	(39.1)	(0.4)	(5.2)
Change in fair value recognised in profit and loss (Note 4)	(269.6)	(130.9)	(66.5)	46.7
Change in fair value recognised in other comprehensive income	(20.4)	(2.1)	–	–
Additions	481.1	375.0	–	–
Disposals	(226.8)	(245.5)	–	–
Unwinding of discount	(0.7)	(0.8)	–	–
Balance at 31st December	2,147.1	2,300.9	197.6	264.5

The fair value measurements of investments are determined on the following bases:

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Quoted prices in active markets	1,940.4	1,913.1	197.6	264.5
Other valuation techniques using unobservable inputs	206.7	387.8	–	–
	2,147.1	2,300.9	197.6	264.5

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

17 Investments (continued)

Movements of unlisted equity and debt investments which are valued based on unobservable inputs during the year ended 31st December are as follows:

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Balance at 1st January	387.8	326.3	–	–
Translation adjustments	(28.2)	(3.4)	–	–
Change in fair value recognised in profit and loss	24.4	4.3	–	–
Additions	55.7	60.6	–	–
Transfer to quoted investments	(233.0)	–	–	–
Balance at 31st December	206.7	387.8	–	–

18 Properties For Sale

	Group	
	2022 US\$m	2021 US\$m
Properties under development	354.8	361.6
Completed properties	45.4	13.1
	400.2	374.7

As at 31st December 2022, properties under development amounting to US\$271.3 million (2021: US\$231.7 million) were not scheduled for completion within the next twelve months.

The Group's properties for sale have not been pledged as security for borrowings as at 31st December 2022 and 2021.

19 Stocks

	Group	
	2022 US\$m	2021 US\$m
Finished goods	1,711.0	1,201.1
Work in progress	64.6	54.6
Raw materials	104.3	92.5
Spare parts	90.5	67.2
Other	159.8	116.5
	2,130.2	1,531.9

The Group's stocks amounting to US\$0.9 million at 31st December 2022 (2021: nil) have been pledged as security for borrowings (Note 26).

20 Financing Debtors

	Group	
	2022 US\$m	2021 US\$m
Consumer financing debtors	4,448.3	4,596.7
Less: Allowance for impairment	(340.5)	(339.7)
	4,107.8	4,257.0
Financing lease receivables		
– gross investment	568.6	419.5
– unearned finance income	(63.5)	(47.7)
– net investment	505.1	371.8
Less: Allowance for impairment	(31.1)	(24.4)
	474.0	347.4
	4,581.8	4,604.4
Non-current	2,240.1	2,189.5
Current	2,341.7	2,414.9
	4,581.8	4,604.4

The maturity analysis of consumer financing debtors is as follows:

Including related finance income

	2022 US\$m	2021 US\$m
Within one year	3,055.1	3,225.6
Between one and two years	1,609.2	1,648.4
Between two and three years	677.7	676.9
Between three and four years	251.9	219.6
Between four and five years	78.2	57.9
	5,672.1	5,828.4

Excluding related finance income

	2022 US\$m	2021 US\$m
Within one year	2,280.6	2,423.4
Between one and two years	1,292.0	1,332.6
Between two and three years	579.9	588.0
Between three and four years	224.3	197.9
Between four and five years	71.5	54.8
	4,448.3	4,596.7

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

20 Financing Debtors (continued)

The maturity analysis of investment in financing lease receivables is as follows:

	Gross investment		Net investment	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Within one year	305.8	227.3	262.8	196.1
Between one and two years	190.9	128.7	174.2	116.1
Between two and three years	65.7	51.1	62.4	47.8
Between three and four years	5.5	11.3	5.1	10.7
Between four and five years	0.7	1.1	0.6	1.1
	568.6	419.5	505.1	371.8

Impairment of financing debtors

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

The loan period ranges from 6 to 60 months for motor vehicles and motorcycles. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment are factors in determining the credit risk of financing debtors. To measure the expected credit losses, the financing debtors have been grouped based on shared credit risk characteristics and the days past due. The calculation reflects the probability weighted outcome, the time value of money, historical loss rate, reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, and higher credit risks of financing debtors who restructure their loans during the COVID-19 pandemic, as allowed under the Indonesia regulations. Changes in certain macroeconomic information, such as GDP and inflation rate, are relevant for determining expected credit loss rates. Financing debtors are performing when timely repayments are being made. Financing debtors are underperforming and subject to a significant increase in credit risk when motor vehicle and motorcycle financing debtors are overdue for 30 days, or for certain 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.

The fair value of the financing debtors is US\$4,192.1 million (2021: US\$4,671.2 million). The fair value of financing debtors is determined based on a discounted cash flow method using unobservable inputs, which are mainly discount rates of 10% to 37% per annum (2021: 10% to 37% per annum).

Financing debtors are due within five years (2021: five years) from the balance sheet date and the interest rates range from 7% to 45% per annum (2021: 7% to 45% per annum).

Financing debtors amounting to US\$17.3 million at 31st December 2022 (2021: US\$85.3 million) have been pledged as security for borrowings (Note 26).

20 Financing Debtors (continued)

Impairment of financing debtors (continued)

The Group provides for credit losses against the financing debtors in 2022 and 2021 as follows:

	Expected credit loss rate %	Estimated gross carrying amount at default US\$m
2022		
Performing	2.15 – 13.58	3,666.0
Underperforming	2.15 – 37.60	1,161.0
Non-performing	42.00 – 66.00	126.4
2021		
Performing	2.00 – 12.25	3,526.3
Underperforming	2.00 – 31.29	1,385.9
Non-performing	39.00 – 100.00	56.3

Movements in the allowance for impairment of financing debtors are as follows:

	Performing US\$m	Under-performing US\$m	Non-performing US\$m	Total US\$m
2022				
Balance at 1st January	181.2	148.9	34.0	364.1
Translation adjustments	(15.8)	(12.9)	(6.4)	(35.1)
Additional provisions/(write-back) (Note 4)	(45.3)	176.7	35.0	166.4
Transfer	44.0	(133.4)	89.4	–
Write off/Utilisation	–	(62.1)	(61.7)	(123.8)
Balance at 31st December	164.1	117.2	90.3	371.6
2021				
Balance at 1st January	142.3	159.4	46.2	347.9
Translation adjustments	(1.4)	(1.9)	(0.6)	(3.9)
Additional provisions/(write-back) (Note 4)	(4.4)	143.2	22.6	161.4
Transfer	45.0	(71.2)	26.2	–
Write off/Utilisation	(0.3)	(80.6)	(60.4)	(141.3)
Balance at 31st December	181.2	148.9	34.0	364.1

As at 31st December 2022 and 2021, there are no financing debtors that are written off but still subject to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

21 Debtors

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Financing debtors (Note 20)	4,581.8	4,604.4	–	–
Trade debtors				
Amounts owing by third parties	1,809.4	1,496.4	–	–
Amounts owing by associates	44.2	29.7	–	–
Amounts owing by joint ventures	117.5	111.3	–	–
	1,971.1	1,637.4	–	–
Less: Allowance for impairment	(86.6)	(85.5)	–	–
	1,884.5	1,551.9	–	–
Other debtors				
Receivables from collateral vehicles	15.6	20.0	–	–
Restricted bank balances and deposits	43.4	67.1	–	–
Loans to employees	31.8	34.0	0.1	0.3
Interest receivable	9.6	13.0	–	–
Amounts owing by associates	136.6	107.1	–	–
Amounts owing by joint ventures	45.5	71.4	0.1	–
Amounts owing by subsidiaries	–	–	1,112.5	1,125.6
Sundry debtors	634.1	651.8	–	–
Less: Allowance for impairment	(29.2)	(29.0)	–	–
	604.9	622.8	–	–
Financial assets excluding derivatives	7,353.7	7,091.7	1,112.7	1,125.9
Forward foreign exchange contracts (Note 35)	0.2	0.6	–	–
Cross-currency swap contracts (Note 35)	118.9	15.5	–	–
Interest rate swap contracts (Note 35)	0.9	0.1	–	–
Commodity zero collars (Note 35)	–	0.1	–	–
	120.0	16.3	–	–
Financial assets	7,473.7	7,108.0	1,112.7	1,125.9
Contract assets (Note 3)				
Gross	108.3	107.5	–	–
Less: Allowance for impairment	(59.6)	(64.5)	–	–
	48.7	43.0	–	–
Reinsurers' share of estimated claims	74.7	77.8	–	–
Deposits	6.9	6.0	0.1	0.1
Prepayments	691.4	538.9	1.7	3.5
Other	241.3	156.1	0.9	0.3
	8,536.7	7,929.8	1,115.4	1,129.8

21 Debtors (continued)

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Non-current				
Consumer financing debtors	2,013.2	2,025.7	–	–
Financing lease receivables	226.9	163.8	–	–
Financing debtors	2,240.1	2,189.5	–	–
Trade debtors	–	3.9	–	–
Other debtors	801.4	589.3	–	–
	3,041.5	2,782.7	–	–
Current				
Consumer financing debtors	2,094.6	2,231.3	–	–
Financing lease receivables	247.1	183.6	–	–
Financing debtors	2,341.7	2,414.9	–	–
Trade debtors	1,884.5	1,548.0	–	–
Other debtors	1,220.3	1,141.2	1,115.4	1,129.8
Contract assets	48.7	43.0	–	–
	5,495.2	5,147.1	1,115.4	1,129.8
Analysis by geographical area of operation:				
Indonesia	8,442.2	7,838.1	–	–
Singapore	68.6	68.1	1,115.4	1,129.8
Malaysia	25.9	23.6	–	–
	8,536.7	7,929.8	1,115.4	1,129.8
Analysis by fair value:				
Consumer financing debtors	3,741.0	4,319.9	–	–
Financing lease receivables	451.1	351.3	–	–
Financing debtors	4,192.1	4,671.2	–	–
Trade debtors	1,884.5	1,551.9	–	–
Other debtors	2,061.7	1,766.5	1,115.4	1,129.8
	8,138.3	7,989.6	1,115.4	1,129.8

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

21 Debtors (continued)

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 applies 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.

The loss allowance for both trade debtors and contract assets as at 31st December 2022 and 2021 were determined as follows:

	Below 30 days	Between 31 and 60 days	Between 61 and 120 days	More than 120 days	Total
2022					
Expected loss rate	3.6%	1.7%	4.1%	66.6%	
Gross carrying amount – trade debtors	1,690.6	115.0	49.2	116.3	1,971.1
Gross carrying amount – contract assets	108.3	–	–	–	108.3
Loss allowance	(64.9)	(1.9)	(2.0)	(77.4)	(146.2)
2021					
Expected loss rate	4.5%	0.6%	3.9%	63.4%	
Gross carrying amount – trade debtors	1,351.2	116.2	40.7	129.3	1,637.4
Gross carrying amount – contract assets	107.5	–	–	–	107.5
Loss allowance	(65.7)	(0.7)	(1.6)	(82.0)	(150.0)

21 Debtors (continued)

Impairment of trade debtors and contract assets (continued)

Movements in the provisions for impairment are as follows:

	Trade debtors		Contract assets		Other debtors	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Balance at 1st January	85.5	66.0	64.5	46.1	29.0	16.4
Translation adjustments	(6.2)	(0.8)	(6.1)	(0.4)	(2.8)	(0.1)
Additional provisions (Note 4)	14.7	25.9	1.6	18.9	7.5	13.2
Reversals of provision (Note 4)	(2.8)	(1.7)	(0.4)	(0.1)	(5.7)	(0.2)
Write-off	(4.6)	(3.9)	–	–	1.2	(0.3)
Balance at 31st December	86.6	85.5	59.6	64.5	29.2	29.0

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.

The fair value of the non-current trade and other debtors are determined based on a discounted cash flow method using unobservable inputs, which are mainly discount rates 6% to 13% per annum (2021: 4% to 15% per annum). The fair value of the receivables from collateral vehicles held amounted to US\$15.6 million (2021: US\$20.0 million).

Trade and other debtors of the Group amounting to US\$15.5 million at 31st December 2022 (2021: US\$7.3 million) have been pledged as security for borrowings (Note 26).

The amounts owing by subsidiaries, associates and joint ventures are unsecured, interest-free except for amounts owing by associates and joint ventures amounting to US\$9.4 million (2021: US\$51.0 million) which bear weighted average interest rate of 1% to 6% (2021: 1% to 4%) per annum.

22 Bank Balances And Other Liquid Funds

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Bank and cash balances	2,989.8	2,778.4	17.3	24.2
Deposits with banks and financial institutions	1,028.3	1,810.4	55.3	–
	4,018.1	4,588.8	72.6	24.2
Analysis by currency:				
Singapore Dollar	28.9	53.9	2.7	3.9
United States Dollar	1,385.1	1,082.8	68.8	18.9
Malaysian Ringgit	6.3	6.1	–	–
Japanese Yen	6.8	3.3	0.4	0.5
Indonesian Rupiah	2,577.1	3,418.9	–	0.2
Euro	0.6	1.5	–	–
Vietnamese Dong	10.7	20.6	0.7	0.7
Other	2.6	1.7	–	–
	4,018.1	4,588.8	72.6	24.2

The weighted average effective interest rate on interest-bearing deposits at 31st December 2022 was 2.1% (2021: 1.7%) per annum.

■ NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

23 Creditors

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Trade creditors				
Amounts owing to third parties	2,044.7	1,458.8	–	–
Amounts owing to associates	132.3	91.8	–	–
Amounts owing to joint ventures	266.1	231.3	–	–
	2,443.1	1,781.9	–	–
Other creditors				
Accruals	1,184.6	938.8	15.6	14.4
Interest payable	40.7	41.7	9.7	2.8
Amounts owing to joint ventures	3.1	2.0	–	–
Amounts owing to subsidiaries	–	–	93.1	92.0
Contingent consideration payable	8.8	8.8	–	–
Sundry creditors	264.8	311.0	–	–
Financial liabilities excluding derivatives	3,945.1	3,084.2	118.4	109.2
Forward foreign exchange contracts (Note 35)	0.4	0.1	–	–
Cross-currency swap contracts (Note 35)	2.0	50.7	–	–
Interest rate swap contracts (Note 35)	–	4.2	–	–
	2.4	55.0	–	–
Financial liabilities	3,947.5	3,139.2	118.4	109.2
Contract liabilities (Note 3)	453.5	492.0	–	–
Insurance contracts – gross estimated claims	244.0	251.9	–	–
Insurance contracts – unearned premiums	278.8	289.4	–	–
Rental income received in advance	7.4	6.0	–	–
Customer deposits and advances	109.5	107.1	–	–
Other	390.7	404.3	–	–
	5,431.4	4,689.9	118.4	109.2
Non-current	154.5	201.5	–	–
Current	5,276.9	4,488.4	118.4	109.2
	5,431.4	4,689.9	118.4	109.2
Analysis by geographical area of operation:				
Indonesia	5,137.1	4,412.7	–	–
Singapore	246.0	237.7	118.4	109.2
Malaysia	48.3	39.5	–	–
	5,431.4	4,689.9	118.4	109.2

The amounts owing to subsidiaries, associates and joint ventures are unsecured, interest-free and repayable on demand. The fair value of creditors approximates their carrying amounts.

The contingent consideration payable mainly arose from Astra's acquisition of a 60% interest in PT Duta Nurcahya in 2012 and represents the fair value of service fee payable for mining services to be provided by the vendor.

24 Provisions

	Motor vehicle warranties US\$m	Closure costs US\$m	Statutory employee entitlements US\$m	Other US\$m	Total US\$m
Group					
2022					
Balance at 1st January	70.4	0.9	157.1	68.4	296.8
Translation adjustments	0.4	(0.1)	(15.4)	(3.7)	(18.8)
Provision made/(reversal of provision) during the year (Note 4)	3.5	(0.8)	19.1	20.9	42.7
Utilised during the year	(3.2)	–	(0.1)	(2.9)	(6.2)
Balance at 31st December	71.1	–	160.7	82.7	314.5
Non-current	–	–	138.1	69.2	207.3
Current	71.1	–	22.6	13.5	107.2
	71.1	–	160.7	82.7	314.5
2021					
Balance at 1st January	73.8	0.9	160.6	66.9	302.2
Translation adjustments	(1.6)	–	(1.8)	(0.4)	(3.8)
Provision made/(reversal of provision) during the year (Note 4)	1.7	–	(1.6)	4.2	4.3
Utilised during the year	(3.5)	–	(0.1)	(2.3)	(5.9)
Balance at 31st December	70.4	0.9	157.1	68.4	296.8
Non-current	–	0.9	125.6	57.3	183.8
Current	70.4	–	31.5	11.1	113.0
	70.4	0.9	157.1	68.4	296.8

■ NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

25 Lease Liabilities

	Group	
	2022 US\$m	2021 US\$m
Balance at 1st January	117.0	144.9
Translation adjustments	(11.1)	(2.2)
Additions	139.9	95.5
Terminations	(4.3)	(16.9)
Modifications to lease terms	0.7	(0.3)
Lease payments	(97.1)	(115.0)
Interest expense (Note 6)	10.5	11.0
Balance at 31st December	155.6	117.0
Non-current	87.6	64.4
Current	68.0	52.6
	155.6	117.0

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. Leased assets may not be used as security for other borrowing purposes.

The Group is not exposed to any residual guarantees in respect of the leases entered into at 31st December 2022 and 2021.

The Group has not entered into lease contracts which have not commenced at 31st December 2022 and 2021.

26 Borrowings

	Group	
	2022 US\$m	2021 US\$m
Current borrowings		
Bank loans	393.7	284.5
Current portion of long-term borrowings:		
– Bank loans	2,083.9	1,860.2
– Astra Sedaya Finance Berkelanjutan III Tahap III Bonds	–	26.3
– Astra Sedaya Finance Berkelanjutan III Tahap IV Bonds	–	14.0
– Astra Sedaya Finance Berkelanjutan IV Tahap II Bonds	–	41.6
– Astra Sedaya Finance Berkelanjutan IV Tahap III Bonds	–	49.0
– Astra Sedaya Finance Berkelanjutan IV Tahap IV Bonds	77.9	–
– Astra Sedaya Finance Berkelanjutan V Tahap I Bonds	28.3	–
– Astra Sedaya Finance Berkelanjutan V Tahap II Bonds	–	62.5
– Astra Sedaya Finance Berkelanjutan V Tahap III Bonds	–	37.4
– Astra Sedaya Finance Berkelanjutan V Tahap IV Bonds	65.1	–
– Astra Sedaya Finance Berkelanjutan V Tahap V Bonds	29.7	–
– Federal International Finance Berkelanjutan III Tahap V Bonds	–	89.6
– Federal International Finance Berkelanjutan IV Tahap I Bonds	–	65.6
– Federal International Finance Berkelanjutan IV Tahap II Bonds	41.0	–
– Federal International Finance Berkelanjutan V Tahap I Bonds	–	43.9
– Federal International Finance Berkelanjutan V Tahap II Bonds	–	68.2
– Federal International Finance Berkelanjutan V Tahap III Bonds	74.1	–
– Federal International Finance Berkelanjutan V Tahap IV Bonds	27.0	–
– Federal International Finance Medium Term Notes	–	26.0
– SAN Finance Berkelanjutan II Tahap II Bonds	–	2.1
– SAN Finance Berkelanjutan III Tahap I Bonds	–	16.2
– SAN Finance Berkelanjutan IV Tahap I Bonds	6.9	–
– Serasi Autoraya Berkelanjutan I Tahap I Bonds	10.6	–
– Other	2.1	2.8
	2,840.3	2,689.9

■ **NOTES TO THE FINANCIAL STATEMENTS** (continued) For the year ended 31st December 2022

26 Borrowings (continued)

	Group	
	2022 US\$m	2021 US\$m
Long-term borrowings		
Bank loans	2,508.7	3,331.0
Astra Sedaya Finance Berkelanjutan IV Tahap II Bonds	38.0	40.1
Astra Sedaya Finance Berkelanjutan IV Tahap III Bonds	15.0	16.5
Astra Sedaya Finance Berkelanjutan IV Tahap IV Bonds	–	85.9
Astra Sedaya Finance Berkelanjutan V Tahap I Bonds	–	31.2
Astra Sedaya Finance Berkelanjutan V Tahap II Bonds	99.0	108.1
Astra Sedaya Finance Berkelanjutan V Tahap III Bonds	84.7	93.3
Astra Sedaya Finance Berkelanjutan V Tahap IV Bonds	118.8	–
Astra Sedaya Finance Berkelanjutan V Tahap V Bonds	24.1	–
Federal International Finance Berkelanjutan IV Tahap II Bonds	–	45.1
Federal International Finance Berkelanjutan V Tahap I Bonds	55.3	58.4
Federal International Finance Berkelanjutan V Tahap II Bonds	43.0	47.3
Federal International Finance Berkelanjutan V Tahap III Bonds	42.4	–
Federal International Finance Berkelanjutan V Tahap IV Bonds	39.7	–
SAN Finance Berkelanjutan IV Tahap I Bonds	31.6	–
Serasi Autoraya Berkelanjutan I Tahap I Bonds	–	11.7
Other	7.6	1.7
	3,107.9	3,870.3
Total borrowings	5,948.2	6,560.2
Secured	51.2	177.4
Unsecured	5,897.0	6,382.8
	5,948.2	6,560.2

26 Borrowings (continued)

At 31st December 2022, the Company has unsecured bank loans of US\$877.5 million in long-term borrowings (2021: US\$1,535.9 million) and US\$660.0 million (2021: US\$10.0 million) in current borrowings.

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:

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Floating rate borrowings	1,461.5	1,633.0	1,037.5	1,045.9
Fixed rate borrowings:				
– within one year	2,265.1	2,198.0	500.0	–
– between one and two years	1,212.4	1,583.9	–	500.0
– between two and three years	776.3	818.3	–	–
– between three and four years	105.3	112.4	–	–
– between four and five years	20.9	74.6	–	–
– beyond five years	106.7	140.0	–	–
	5,948.2	6,560.2	1,537.5	1,545.9

After taking into account hedging transactions, the weighted average interest rates and period of fixed rate borrowings of the Group are as follows:

			Fixed rate borrowings	Floating rate borrowings	Total
	Weighted average interest rates %	Weighted average period outstanding Months	US\$m	US\$m	US\$m
Currency:					
Group					
2022					
United States Dollar	3.70	6	520.4	802.5	1,322.9
Indonesian Rupiah	6.18	22	3,965.6	322.1	4,287.7
Malaysian Ringgit	3.60	4	0.7	–	0.7
Singapore Dollar	3.15	–	–	336.9	336.9
			4,486.7	1,461.5	5,948.2
2021					
United States Dollar	1.47	15	763.2	1,061.2	1,824.4
Indonesian Rupiah	6.98	22	4,164.0	251.8	4,415.8
Malaysian Ringgit	3.13	–	–	12.3	12.3
Singapore Dollar	1.11	–	–	307.7	307.7
			4,927.2	1,633.0	6,560.2

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

26 Borrowings (continued)

	Weighted average interest rates %	Weighted average period outstanding Months	Fixed rate borrowings	Floating rate borrowings	Total
			US\$m	US\$m	US\$m
Currency:					
Company					
2022					
United States Dollar	3.70	6	500.0	740.0	1,240.0
Singapore Dollar	3.39	–	–	297.5	297.5
			500.0	1,037.5	1,537.5
2021					
United States Dollar	1.12	12	500.0	750.0	1,250.0
Singapore Dollar	1.18	–	–	295.9	295.9
			500.0	1,045.9	1,545.9

The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant. The fair values of the non-current borrowings at the end of the year are as follows:

	Group	
	2022 US\$m	2021 US\$m
Bank loans	2,487.0	3,340.0
Bonds and other	598.4	559.4
	3,085.4	3,899.4

The fair values are based on market prices, or are estimated using the expected future payments discounted at market interest rates ranging from 5.65% to 8.50% per annum (2021: 2.95% to 8.93% per annum). This is in line with the definition of “observable current market transactions” under the fair value measurement hierarchy.

At 31st December 2022, bank loans and bonds amounting to US\$51.2 million (2021: US\$177.4 million) have been collateralised by property, plant and equipment, stocks, debtors, and financing debtors.

26 Borrowings (continued)

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

	Maturity	Interest rates	Nominal values	
			US\$m	Rp billion
Astra Sedaya Finance (“ASF”) Bonds and MTNs				
ASF Berkelanjutan IV Tahap II Bonds	2024	9.20%	39.6	623.0
ASF Berkelanjutan IV Tahap III Bonds	2024	7.95%	15.0	236.2
ASF Berkelanjutan IV Tahap IV Bonds	2023	7.00%	82.7	1,301.1
ASF Berkelanjutan V Tahap I Bonds	2023	7.60%	30.1	473.0
ASF Berkelanjutan V Tahap II Bonds	2024	6.35%	102.2	1,608.0
ASF Berkelanjutan V Tahap III Bonds	2024	5.30%	92.8	1,459.1
ASF Berkelanjutan V Tahap IV Bonds	2023-2025	3.50%-5.70%	190.7	3,000.0
ASF Berkelanjutan V Tahap V Bonds	2023-2027	4.00%-6.50%	57.2	900.0
			610.3	9,600.4

The ASF Bonds were issued by a wholly-owned subsidiary of Astra and are unsecured.

	Maturity	Interest rates	Nominal values	
			US\$m	Rp billion
Federal International Finance (“FIF”) Bonds and MTNs				
FIF Berkelanjutan IV Tahap II Bonds	2023	7.25%	41.0	645.4
FIF Berkelanjutan V Tahap I Bonds	2024	6.25%	55.4	872.0
FIF Berkelanjutan V Tahap II Bonds	2024	5.30%	49.2	774.7
FIF Berkelanjutan V Tahap III Bonds	2023-2025	3.50%-5.60%	127.1	2,000.0
FIF Berkelanjutan V Tahap IV Bonds	2023-2025	5.00%-6.80%	74.8	1,177.0
			347.5	5,469.1

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

	Maturity	Interest rates	Nominal values	
			US\$m	Rp billion
SAN Finance Bonds				
SAN Finance Berkelanjutan IV Tahap I Bonds	2023-2025	4.50%-7.05%	47.7	750.0

The SAN Finance Bonds were issued by a partly-owned subsidiary of Astra and is unsecured.

	Maturity	Interest rates	Nominal values	
			US\$m	Rp billion
Serasi Autoraya ("SERA") Bonds				
SERA Berkelanjutan I Tahap I Bonds	2023	8.35%	10.6	167.0

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

■ NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

26 Borrowings (continued)

The movements in borrowings are as follows:

	Long-term borrowings US\$m	Short-term borrowings US\$m	Total US\$m
Group			
2022			
Balance at 1st January	3,870.3	2,689.9	6,560.2
Translation adjustments	(150.6)	(147.8)	(298.4)
Amortisation of borrowing costs	0.6	11.2	11.8
Transfer	(2,967.6)	2,967.6	–
Drawdown of borrowings	2,355.2	703.7	3,058.9
Repayment of borrowings	–	(3,384.3)	(3,384.3)
Balance at 31st December	3,107.9	2,840.3	5,948.2
2021			
Balance at 1st January	2,965.3	4,159.7	7,125.0
Translation adjustments	(28.8)	(14.8)	(43.6)
Amortisation of borrowing costs	4.7	10.5	15.2
Transfer	(2,787.4)	2,787.4	–
Drawdown of borrowings	3,716.5	559.2	4,275.7
Repayment of borrowings	–	(4,812.1)	(4,812.1)
Balance at 31st December	3,870.3	2,689.9	6,560.2

27 Deferred Tax

	Accelerated tax depreciation & tax assets revaluation US\$m	Fair value (gains)/ losses US\$m	Provisions US\$m	Tax losses US\$m	Employee benefits & other US\$m	Total US\$m
Group						
2022						
Balance at 1st January	42.8	(289.6)	148.3	7.5	123.7	32.7
Translation adjustments	(9.2)	7.0	(13.0)	(0.8)	(12.3)	(28.3)
Credited/(charged) to profit and loss account (Note 7)	5.1	12.3	11.4	2.3	(7.1)	24.0
Charged to other comprehensive income (Note 7)	–	(7.6)	–	–	(2.7)	(10.3)
Balance at 31st December	38.7	(277.9)	146.7	9.0	101.6	18.1
2021						
Balance at 1st January	43.5	(283.1)	121.3	14.0	131.6	27.3
Translation adjustments	(0.9)	9.1	(1.8)	(0.2)	(1.4)	4.8
Credited/(charged) to profit and loss account (Note 7)	0.2	3.0	28.8	(6.3)	(9.2)	16.5
Credited/(charged) to other comprehensive income (Note 7)	–	(18.6)	–	–	2.7	(15.9)
Balance at 31st December	42.8	(289.6)	148.3	7.5	123.7	32.7
					Unremitted / Undistributed earnings	
					2022 US\$m	2021 US\$m
Company						
Balance at 1st January					(6.2)	(6.3)
Translation adjustments					–	0.1
Balance at 31st December					(6.2)	(6.2)

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Deferred tax assets	404.0	391.6	–	–
Deferred tax liabilities	(385.9)	(358.9)	(6.2)	(6.2)
Balance at 31st December	18.1	32.7	(6.2)	(6.2)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

27 Deferred Tax (continued)

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group did not recognise deferred income tax assets of US\$81.6 million (2021: US\$84.8 million) in respect of tax losses of US\$369.7 million in 2022 (2021: US\$384.8 million) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. These tax losses have expiry dates as follows:

	Group	
	2022 US\$m	2021 US\$m
Expiring in one year	74.0	54.8
Expiring in two years	85.4	94.1
Expiring in three years	76.4	111.8
Expiring in four years	43.5	67.7
Expiring beyond four years	90.4	56.4
	369.7	384.8

Deferred tax liabilities of US\$627.1 million (2021: US\$644.5 million) on temporary differences associated with investments in subsidiaries of US\$6,444.9 million (2021: US\$6,205.8 million) have not been recognised as there is no intention of remitting the retained earnings to the Company in the foreseeable future.

28 Pension Liabilities

The Group, through Astra, has defined benefit pension plans covering its employees in Indonesia and these plans are either funded or unfunded. The assets of the funded plans are held independently of the Group's assets in separate trustee administered funds. The pension liabilities are calculated annually by an independent actuary using the projected unit credit method.

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

	Group	
	2022 US\$m	2021 US\$m
Fair value of plan assets	30.9	39.6
Present value of funded obligations	(64.3)	(82.9)
	(33.4)	(43.3)
Present value of unfunded obligations	(302.9)	(351.8)
Impact of minimum funding requirement/asset ceiling	(1.6)	(1.5)
Net pension liabilities	(337.9)	(396.6)

28 Pension Liabilities (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	Impact of minimum funding requirement/ asset ceiling US\$m	Net amount US\$m
2022					
Balance at 1st January	39.6	(434.7)	(395.1)	(1.5)	(396.6)
Translation adjustments	(3.4)	37.8	34.4	0.2	34.6
Current service cost	–	2.5	2.5	–	2.5
Interest income/(expense)	2.7	(19.3)	(16.6)	–	(16.6)
Past service cost	–	2.7	2.7	–	2.7
	2.7	(14.1)	(11.4)	–	(11.4)
Remeasurements					
– return on plan assets, excluding amounts included in interest expense	0.3	–	0.3	–	0.3
– change in demographic assumptions	–	12.0	12.0	–	12.0
– change in financial assumptions	–	(8.7)	(8.7)	–	(8.7)
– experience gains	–	10.3	10.3	–	10.3
– change in asset ceiling, excluding amounts included in interest expense	–	–	–	(0.3)	(0.3)
	0.3	13.6	13.9	(0.3)	13.6
Contributions from employers	3.1	–	3.1	–	3.1
Contributions from plan participants	0.3	(0.3)	–	–	–
Benefit payments	(11.7)	30.5	18.8	–	18.8
Balance at 31st December	30.9	(367.2)	(336.3)	(1.6)	(337.9)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

28 Pension Liabilities (continued)

The movement in the net pension liabilities is as follows: (continued)

	Fair value of plan assets US\$m	Present value of obligations US\$m	Total US\$m	Impact of minimum funding requirement/ asset ceiling US\$m	Net amount US\$m
2021					
Balance at 1st January	43.2	(431.5)	(388.3)	(1.1)	(389.4)
Translation adjustments	(0.5)	4.8	4.3	–	4.3
Current service cost	–	(31.7)	(31.7)	–	(31.7)
Interest income/(expense)	2.4	(28.8)	(26.4)	–	(26.4)
Past service cost	–	20.9	20.9	–	20.9
	2.4	(39.6)	(37.2)	–	(37.2)
Remeasurements					
– return on plan assets, excluding amounts included in interest expense	0.9	–	0.9	–	0.9
– change in financial assumptions	–	(26.6)	(26.6)	–	(26.6)
– experience gains	–	17.3	17.3	–	17.3
– change in asset ceiling, excluding amounts included in interest expense	–	–	–	(0.4)	(0.4)
	0.9	(9.3)	(8.4)	(0.4)	(8.8)
Contributions from employers	7.9	–	7.9	–	7.9
Contributions from plan participants	0.4	(0.4)	–	–	–
Benefit payments	(14.7)	41.3	26.6	–	26.6
Balance at 31st December	39.6	(434.7)	(395.1)	(1.5)	(396.6)

28 Pension Liabilities (continued)

The weighted average duration of the defined benefit obligation at 31st December 2022 is 16 years (2021: 16 years).

Expected maturity analysis of undiscounted defined benefit pension obligations at 31st December is as follows:

	2022 US\$m	2021 US\$m
Less than a year	28.3	25.7
Between one and two years	15.8	18.8
Between two and five years	99.1	111.6
Between five and ten years	188.2	222.6
Between ten and fifteen years	311.1	330.4
Between fifteen and twenty years	588.7	626.1
Beyond twenty years	2,207.9	2,628.7
	3,439.1	3,963.9

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

	2022 %	2021 %
Discount rate	7	7
Salary growth rate	7	7

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

		(Increase)/Decrease on defined benefit obligation	
	Change in assumption	Increase in assumption US\$m	Decrease in assumption US\$m
Discount rate	1%	36.1	(44.2)
Salary growth rate	1%	(48.4)	40.1

The above sensitivity analysis is 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 obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the pension liability recognised within the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

28 Pension Liabilities (continued)

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

	2022 US\$m	2021 US\$m
<u>Quoted investments</u>		
Equity instruments – Asia Pacific	8.8	14.5
Debt instruments – Asia Pacific		
– government	11.1	13.1
– corporate bonds (investment grade)	8.4	10.3
Total investments	28.3	37.9
Cash and cash equivalents	2.6	1.7
	30.9	39.6

The Group ensures that the investment positions are managed within an asset-liability matching (“ALM”) framework that is developed to achieve long-term returns that are in line with the obligations under the pension schemes. Within this ALM framework, the Group’s objective is to match assets to the pension obligations by investing in a well-diversified portfolio that generates sufficient risk-adjusted returns that match the benefit payments. The Group also actively monitors the duration and the expected yield of the investments to ensure it matches the expected cash outflows arising from the pension obligations.

Investments across the plans are well-diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2022 were US\$3.1 million and the estimated amount of contributions expected to be paid to the plans in 2023 is US\$2.0 million.

29 Share Capital Of The Company

	2022 US\$m	2021 US\$m
Issued and fully paid:		
Balance at 1st January and 31st December		
– 395,236,288 (2021: 395,236,288) ordinary shares	1,381.0	1,381.0

There is no par value for the ordinary shares. The Company did not hold any treasury shares as at 31st December 2022 and 2021.

30 Revenue Reserve

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
<u>Movements:</u>				
Balance at 1st January	7,374.3	6,937.7	474.1	471.7
Defined benefit pension plans				
– remeasurements	5.8	(2.5)	–	–
– deferred tax	(1.2)	0.7	–	–
Share of associates' and joint ventures' remeasurements of defined benefit pension plans, net of tax	3.7	(2.5)	–	–
Profit attributable to shareholders	739.8	660.6	220.0	207.1
Dividends paid by the Company (Note 8)	(357.0)	(204.7)	(357.0)	(204.7)
Change in shareholding	(28.2)	(14.9)	–	–
Other	(0.1)	(0.1)	–	–
Balance at 31st December	7,737.1	7,374.3	337.1	474.1

The Group's revenue reserve includes actuarial loss on defined benefit pension plans of US\$47.0 million (2021: US\$55.3 million).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

31 Other Reserves

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
<u>Composition:</u>				
Asset revaluation reserve	404.8	404.7	–	–
Translation reserve	(2,397.3)	(1,774.6)	334.3	326.2
Fair value reserve	5.8	16.5	–	–
Hedging reserve	5.1	(37.0)	–	–
Other reserve	3.3	3.3	–	–
Balance at 31st December	(1,978.3)	(1,387.1)	334.3	326.2
<u>Movements:</u>				
<i>Asset revaluation reserve</i>				
Balance at 1st January	404.7	403.4	–	–
Surplus on revaluation of assets	0.4	1.3	–	–
Other	(0.3)	–	–	–
Balance at 31st December	404.8	404.7	–	–
<i>Translation reserve</i>				
Balance at 1st January	(1,774.6)	(1,683.7)	326.2	375.9
Translation difference	(622.7)	(90.9)	8.1	(49.7)
Balance at 31st December	(2,397.3)	(1,774.6)	334.3	326.2
<i>Fair value reserve</i>				
Balance at 1st January	16.5	18.5	–	–
Financial assets at FVOCI				
– fair value changes	(9.8)	(1.0)	–	–
– deferred tax	–	0.2	–	–
– transfer to profit and loss	(0.9)	(1.2)	–	–
Balance at 31st December	5.8	16.5	–	–
<i>Hedging reserve</i>				
Balance at 1st January	(37.0)	(86.1)	–	–
Cash flow hedges				
– fair value changes	15.1	40.4	–	–
– deferred tax	(3.3)	(8.1)	–	–
Share of associates' and joint ventures' fair value changes of cash flow hedges, net of tax	30.3	16.8	–	–
Balance at 31st December	5.1	(37.0)	–	–
<i>Other reserve</i>				
Balance at 1st January and 31st December	3.3	3.3	–	–

32 Non-Controlling Interests

	Group	
	2022 US\$m	2021 US\$m
Balance at 1st January	9,027.1	8,332.5
Asset revaluation surplus		
– surplus on revaluation of assets	0.5	2.0
Financial assets at FVOCI		
– fair value changes	(10.6)	(1.1)
– deferred tax	–	0.3
– transfer to profit and loss	(1.0)	(1.3)
	(11.6)	(2.1)
Cash flow hedges		
– fair value changes	19.6	55.1
– deferred tax	(4.3)	(11.0)
	15.3	44.1
Share of associates' and joint ventures' fair value changes of cash flow hedges, net of tax	67.3	33.1
Defined benefit pension plans		
– remeasurements	7.8	(6.3)
– deferred tax	(1.5)	2.0
	6.3	(4.3)
Share of associates' and joint ventures' remeasurements of defined benefit pension plans, net of tax	2.3	(2.7)
Translation difference	(718.2)	(62.1)
Profit for the year	1,716.1	1,057.7
Issue of shares to non-controlling interests	46.2	36.5
Dividends paid	(642.4)	(313.8)
Change in shareholding	(198.9)	(92.5)
Other	(0.3)	(1.3)
Balance at 31st December	9,309.7	9,027.1

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

32 Non-Controlling Interests (continued)

Set out below is the summarised financial information for the Group's subsidiary, Astra, that has non-controlling interests that are material to the Group.

Summarised balance sheet at 31st December:

	2022 US\$m	2021 US\$m
Current		
Assets	11,712.9	11,484.0
Liabilities	(7,543.3)	(7,251.0)
Total current net assets	4,169.6	4,233.0
Non-current		
Assets	14,462.7	14,225.4
Liabilities	(3,240.3)	(3,413.4)
Total non-current net assets	11,222.4	10,812.0
Net assets	15,392.0	15,045.0
Non-controlling interests	3,272.4	3,045.1

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

	2022 US\$m	2021 US\$m
Revenue	20,204.8	16,285.5
Profit after tax	2,664.9	1,738.6
Other comprehensive income	118.4	111.9
Total comprehensive income	2,783.3	1,850.5
Total comprehensive income allocated to non-controlling interests	811.7	397.2
Dividends paid to non-controlling interests	(260.5)	(124.0)

Summarised cash flows for the year ended 31st December:

	2022 US\$m	2021 US\$m
Cash generated from operations	3,006.2	2,970.9
Net interest and other financing costs received/(paid)	20.1	(18.6)
Income taxes paid	(629.9)	(343.1)
Dividend from associates	413.5	316.6
Net cash flows from operating activities	2,809.9	2,925.8
Net cash flows from investing activities	(1,478.0)	(660.5)
Net cash flows from financing activities	(1,610.2)	(1,139.6)
Net change in cash and cash equivalents	(278.3)	1,125.7
Cash and cash equivalents at 1st January	4,481.6	3,371.3
Effect of exchange rate changes	(306.8)	(15.4)
Cash and cash equivalents at 31st December	3,896.5	4,481.6

The information above is the amount before inter-company eliminations.

33 Related Party Transactions

In addition to the related party information shown elsewhere in the financial statements, the following significant related party transactions took place during the financial year:

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
(a) With associates and joint ventures:				
Purchase of goods and services	(6,087.8)	(4,934.5)	–	–
Sale of goods and services	1,880.0	1,434.5	–	–
Commission and incentives earned	6.2	6.0	–	–
Dividend income	–	–	57.5	28.5
Interest received	18.5	18.0	–	–
(b) With related companies and associates of ultimate holding company:				
Management fees paid	(4.3)	(6.4)	(5.4)	(5.5)
Purchase of goods and services	(2.6)	(3.2)	(0.2)	(0.1)
Sale of goods and services	2.2	2.2	1.0	0.3
(c) Remuneration of directors of the Company and key management personnel of the Group:				
Salaries and other short-term employee benefits	(10.5)	(11.2)	(8.3)	(9.0)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

34 Commitments

(a) Capital commitments

Capital expenditure authorised for at the balance sheet date, but not recognised in the financial statements is as follows:

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Authorised and contracted	178.8	106.3	–	–
Authorised but not contracted	294.6	282.0	–	–
	473.4	388.3	–	–

(b) Operating lease commitments

The Group leases various property, plant and machinery under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments and receivables under non-cancellable operating leases contracted for at the reporting date, but not recognised as liabilities or receivables, are as follows:

	Group		Company	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Lease rentals payable for short-term and low-value leases:				
– within one year	2.4	1.3	0.1	0.2
– between one and two years	0.4	0.1	–	0.1
– between three and four years	0.2	–	–	–
– between four and five years	0.1	–	–	–
	3.1	1.4	0.1	0.3
Lease rentals receivable:				
– within one year	90.5	99.8	–	–
– between one and two years	46.4	59.3	–	–
– between two and three years	16.8	26.1	–	–
– between three and four years	7.5	10.1	–	–
– between four and five years	3.6	4.4	–	–
– beyond five years	1.8	2.3	–	–
	166.6	202.0	–	–

35 Derivative Financial Instruments

At 31st December, the fair values of the Group's derivative financial instruments were:

	Assets US\$m	Liabilities US\$m
2022		
Designated as cash flow hedges		
– cross-currency swap contracts	118.9	2.0
– interest rate swap contracts	0.9	–
	119.8	2.0
Not qualifying as hedges		
– forward foreign exchange contracts	0.2	0.4
2021		
Designated as cash flow hedges		
– cross-currency swap contracts	15.5	50.7
– interest rate swap contracts	0.1	4.2
– commodity zero collar	0.1	–
	15.7	54.9
Not qualifying as hedges		
– forward foreign exchange contracts	0.6	0.1

(a) Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2022 were US\$104.0 million (2021: US\$129.0 million).

(b) Interest rate swap contracts

The notional principal amounts of the outstanding interest rate swap contracts at 31st December 2022 were US\$20.4 million (2021: US\$263.2 million). At 31st December 2022, the fixed interest rates range from 1.17% to 1.97% per annum (2021: 1.17% to 2.67% per annum).

Included in the outstanding amount, US\$20.4 million is directly impacted by the IBOR reform. These have carrying values of US\$0.9 million included in debtors at 31st December 2022.

(c) Cross-currency swap contracts

The contract amounts of the outstanding cross-currency swap contracts at 31st December 2022 were US\$1,443.2 million (2021: US\$2,052.4 million).

Included in the outstanding amount, US\$951.3 million is directly impacted by the IBOR reform. These have carrying values of US\$81.2 million included in debtors at 31st December 2022.

(d) Commodity options

The contract amounts of the outstanding commodity options as at 31st December 2022 were US\$37.8 million (2021: US\$82.0 million).

(e) Commodity zero collar

The contract amounts of the outstanding commodity zero collar at 31st December 2022 were US\$9.8 million (2021: US\$37.4 million).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

36 Cash Flows From Operating Activities

	Group	
	2022 US\$m	2021 US\$m
Profit before tax	3,227.2	2,233.6
Adjustments for:		
Financing income	(120.0)	(126.1)
Financing charges	178.2	178.4
Share of associates' and joint ventures' results after tax	(575.4)	(590.6)
Amortisation/depreciation of:		
– intangible assets	141.8	151.8
– right-of-use assets	141.1	149.7
– property, plant and equipment	694.4	735.0
– bearer plants	28.2	27.3
Impairment of:		
– intangible assets	1.1	13.9
– right-of-use assets	–	2.0
– property, plant and equipment	45.6	37.7
– debtors	181.3	217.4
Fair value (gain)/loss on:		
– investment properties	2.8	3.1
– investments	269.6	130.9
– agricultural produce	11.4	(3.5)
– derivative not qualifying as hedge	(0.1)	–
(Profit)/loss on disposal of:		
– intangible assets	0.9	1.0
– right-of-use assets	(0.1)	0.4
– property, plant and equipment	(12.0)	(20.1)
– investments	(1.7)	(2.5)
Loss on disposal/write-down of receivables from collateral vehicles	37.3	65.2
Amortisation of borrowing costs for financial services companies	9.1	8.4
Write-down/(reversal of write-down of stocks)	10.0	(2.6)
Gain on modifications to lease term	(1.1)	(0.4)
Changes in provisions	42.7	4.3
Foreign exchange loss	46.4	21.8
	1,131.5	1,002.5
Operating profit before working capital changes	4,358.7	3,236.1
Changes in working capital		
Properties for sale	(55.0)	10.9
Stocks	(887.5)	(319.8)
Concession rights	(25.5)	(15.6)
Financing debtors	(591.3)	(381.3)
Debtors	(937.5)	(416.9)
Creditors and provisions	1,192.5	979.9
Pensions	(10.6)	2.7
	(1,314.9)	(140.1)
Cash flows from operating activities	3,043.8	3,096.0

37 Notes To Consolidated Statement Of Cash Flows

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	Group	
	2022 US\$m	2021 US\$m
Bank balances and other liquid funds (Note 22)	4,018.1	4,588.8

(a) Purchase of shares in associates and joint ventures

Purchase of shares in associates and joint ventures in 2022 mainly included US\$259.8 million for Astra's investment in Bank Jasa Jakarta, US\$43.8 million for Astra's investment in PT Jasamarga Pandaan Malang, a toll road operator in Indonesia, US\$40.9 million for Astra's investment in PT Mobilitas Digital, US\$17.7 million for Astra's investment in PT Arkora Hydropower Plant and US\$33.7 million for additional purchase of shares in Refrigeration Electrical Engineering Corporation.

Purchase of shares in associates and joint ventures in 2021 mainly included US\$66.0 million for Astra's investment in toll road operators in Indonesia and US\$9.5 million for additional purchase of shares in Refrigeration Electrical Engineering Corporation.

(b) Changes in controlling interests of subsidiaries

Change in controlling interests of subsidiaries in 2022 mainly included an outflow of US\$213.9 million for PT United Tractors Tbk shares buyback, US\$2.4 million for Astra's acquisition of additional interest in PT Marga Mandalasakti, US\$4.7 million and US\$3.7 million for acquisition of additional interests in Cycle & Carriage Bintang Berhad and Republic Auto Pte Ltd, respectively.

Change in controlling interests of subsidiaries in 2021 mainly included an outflow of US\$69.7 million for Astra's acquisition of additional interest in PT Astra Modern Land, US\$17.5 million and US\$18.8 million for acquisition of additional interests in Cycle & Carriage Bintang Berhad and Republic Auto Pte Ltd, respectively.

(c) Cash outflows for leases

	2022 US\$m	2021 US\$m
Lease rentals paid	(169.1)	(175.2)
Additions to right-of-use assets	(24.0)	(13.3)
	(193.1)	(188.5)
The above cash outflows are included in		
– operating activities	(82.5)	(71.2)
– investing activities	(24.0)	(13.3)
– financing activities	(86.6)	(104.0)
	(193.1)	(188.5)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

38 Segment Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board for the purpose of resource allocation and performance assessment. The Board considers Astra as one operating segment because it represents a single direct investment made by the Company. Decisions for resource allocation and performance assessment of Astra are made by the Board of the Company while resource allocation and performance assessment of the various Astra businesses are made by the board of Astra, taking into consideration the opinions of the Board of the Company. THACO is identified as another reporting segment based on the scale of its businesses, and the Board considered the information useful to the readers of the financial statements. Direct Motor Interests are aggregated into one reportable segment based on the similar automotive nature of their products and services, while Other Strategic Interests, comprising the Group's strategic investment portfolio, are aggregated into another reportable segment based on their exposure to market-leading companies in key regional economies. Set out below is an analysis of the segment information.

	Underlying business performance						Group US\$m
	Astra US\$m	THACO US\$m	Direct Motor Interests US\$m	Other Strategic Interests US\$m	Corporate costs US\$m	Non- trading items US\$m	
2022							
Revenue	20,204.8	–	1,588.7	–	–	–	21,793.5
Net operating costs	(17,288.9)	–	(1,534.5)	36.5	(12.8)	(283.8)	(19,083.5)
Operating profit	2,915.9	–	54.2	36.5	(12.8)	(283.8)	2,710.0
Financing income	118.7	–	0.7	–	0.6	–	120.0
Financing charges	(141.2)	–	(2.4)	–	(34.6)	–	(178.2)
Net financing charges	(22.5)	–	(1.7)	–	(34.0)	–	(58.2)
Share of associates' and joint ventures' results after tax	529.5	82.8	25.1	50.8	–	(112.8)	575.4
Profit before tax	3,422.9	82.8	77.6	87.3	(46.8)	(396.6)	3,227.2
Tax	(752.4)	–	(13.8)	(1.5)	(1.4)	(2.2)	(771.3)
Profit after tax	2,670.5	82.8	63.8	85.8	(48.2)	(398.8)	2,455.9
Non-controlling interests	(1,757.6)	–	(0.9)	–	–	42.4	(1,716.1)
Profit attributable to shareholders	912.9	82.8	62.9	85.8	(48.2)	(356.4)	739.8
Net cash/(debt) (excluding net debt of financial services companies)	2,348.7	–	(3.4)	–	(1,452.5)		892.8
Total equity	15,496.8	678.8	308.4	658.6	(693.1)		16,449.5

38 Segment Information (continued)

	Underlying business performance						Group US\$m
	Astra US\$m	THACO US\$m	Direct Motor Interests US\$m	Other Strategic Interests US\$m	Corporate costs US\$m	Non- trading items US\$m	
2021							
Revenue	16,285.5	–	1,402.5	–	–	–	17,688.0
Net operating costs	(14,496.1)	–	(1,358.1)	38.9	(41.1)	(136.3)	(15,992.7)
Operating profit	1,789.4	–	44.4	38.9	(41.1)	(136.3)	1,695.3
Financing income	125.8	–	0.2	–	0.1	–	126.1
Financing charges	(159.5)	–	(1.9)	–	(17.0)	–	(178.4)
Net financing charges	(33.7)	–	(1.7)	–	(16.9)	–	(52.3)
Share of associates' and joint ventures' results after tax	452.9	61.9	11.8	53.7	–	10.3	590.6
Profit before tax	2,208.6	61.9	54.5	92.6	(58.0)	(126.0)	2,233.6
Tax	(498.4)	–	(11.4)	(3.0)	(1.2)	(1.3)	(515.3)
Profit after tax	1,710.2	61.9	43.1	89.6	(59.2)	(127.3)	1,718.3
Non-controlling interests	(1,055.4)	–	(4.3)	–	–	2.0	(1,057.7)
Profit attributable to shareholders	654.8	61.9	38.8	89.6	(59.2)	(125.3)	660.6
Net cash/(debt) (excluding net debt of financial services companies)	2,233.1	–	34.5	–	(1,497.3)		770.3
Total equity	15,160.6	672.3	281.0	770.0	(488.6)		16,395.3

Segment assets and liabilities are not disclosed as these are not regularly provided to the Board of the Company.

Set out below are analyses of the Group's revenue and non-current assets, by geographical areas:

	Indonesia US\$m	Other US\$m	Total US\$m
2022			
Revenue	20,204.8	1,588.7	21,793.5
Non-current assets	10,102.5	1,495.2	11,597.7
2021			
Revenue	16,285.5	1,402.5	17,688.0
Non-current assets	10,204.7	1,605.9	11,810.6

Non-current assets excluded financial instruments and deferred tax assets. Indonesia is disclosed separately as a geographical area as most of the customers are based in Indonesia.

39 Immediate And Ultimate Holding Companies

The Company's immediate holding company is Jardine Strategic Singapore Pte Ltd, incorporated in Singapore and its ultimate holding company is Jardine Matheson Holdings Limited, incorporated in Bermuda.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

40 Reclassification Of Accounts

Certain comparative amounts have been reclassified for consistency with the presentation of the 2022 consolidated financial statements.

41 Subsequent events

In December 2022, PT Danusa Tambang Nusantara, an indirect subsidiary of the Group through PT United Tractors Tbk, entered into a Conditional Shares Sale and Purchase Agreement ("CSPA") with third parties to acquire 90% shares of PT Stargate Pasific Resources ("SPR"), a company engaged in the business of nickel mining, and 90% shares of PT Stargate Mineral Asia ("SMA"), a company engaged in processing (smelter) of nickel, for approximately US\$272 million.

The completion of this acquisition will be effective dependent on the fulfillment of the conditions set out in the CSPA.

In February 2023, Cycle & Carriage Industries Pte Ltd completed a sale and leaseback arrangement of its properties for approximately US\$230 million. The Group is still in the process of determining the financial effects of the transaction.

42 Principal Subsidiaries, Associates And Joint Ventures

The details of principal subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity	
			2022 %	2021 %
Singapore				
• Cycle & Carriage Industries Pte Ltd	Retail of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Cycle & Carriage Automotive Pte Ltd	Distribution and retail of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Cycle & Carriage Kia Pte Ltd	Distribution and retail of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Cycle & Carriage France Pte Ltd	Distribution and retail of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Cycle & Carriage Leasing Pte Ltd	Renting and leasing of private cars without operator	Singapore	100.0	100.0
• Diplomat Parts Pte Ltd	Investment holding and sale of vehicle parts	Singapore	100.0	100.0
• Republic Auto Pte Ltd	Retail of vehicles and provision of after-sales services	Singapore	100.0	95.0
• Platinum Victory Pte Ltd	Investment holding	Singapore	100.0	100.0
Malaysia				
♦ Cycle & Carriage Bintang Berhad	Retail of vehicles and provision of after-sales services	Malaysia	96.9	89.0

42 Principal Subsidiaries, Associates And Joint Ventures (continued)

The details of principal subsidiaries are as follows: (continued)

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity	
			2022 %	2021 %
Indonesia				
♦ PT Astra International Tbk (Quoted on the Indonesia Stock Exchange)	Investment holding and retail of vehicles and motorcycles	Indonesia	50.1	50.1
♦ PT United Tractors Tbk (Quoted on the Indonesia Stock Exchange)#	Distribution of heavy equipment	Indonesia	30.6	29.8
♦ PT Pamapersada Nusantara<	Coal mining contractor	Indonesia	30.6	29.8
♦ PT Acset Indonusa Tbk (Quoted on the Indonesia Stock Exchange)<	Construction services	Indonesia	25.2	24.5
♦ PT Astra Otoparts Tbk (Quoted on the Indonesia Stock Exchange)#	Manufacturing and distribution of automotive components	Indonesia	40.1	40.1
♦ PT Astra Agro Lestari Tbk (Quoted on the Indonesia Stock Exchange)#	Operation of oil palm plantations	Indonesia	39.9	39.9
♦ PT Federal International Finance#	Consumer finance for motorcycles	Indonesia	50.1	50.1
♦ PT Astra Sedaya Finance#	Consumer finance for vehicles	Indonesia	50.1	50.1
♦ PT Astra Graphia Tbk (Quoted on the Indonesia Stock Exchange)#	Provision of document, information and communication technology solutions	Indonesia	38.5	38.5

The details of principal associates and joint ventures are as follows:

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity	
			2022 %	2021 %
Indonesia				
♦ PT Toyota-Astra Motor	Distribution of Toyota vehicles	Indonesia	25.1	25.1
♦ PT Astra Daihatsu Motor	Manufacturing, assembly and distribution of Daihatsu vehicles	Indonesia	16.0	16.0
♦ PT Astra Honda Motor	Manufacturing, assembly, and distribution of Honda motorcycles	Indonesia	25.1	25.1
♦ PT Tunas Ridean Tbk (Quoted on the Indonesia Stock Exchange)	Retail of vehicles and motorcycles, leasing of vehicles and provision of consumer finance services	Indonesia	49.9	46.2

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2022

42 Principal Subsidiaries, Associates And Joint Ventures (continued)

The details of principal associates and joint ventures are as follows: (continued)

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity	
			2022 %	2021 %
Vietnam				
@ Truong Hai Group Corporation	Assembly, distribution and retail of vehicles, logistics, property development and agriculture	Vietnam	26.6	26.6
@ Refrigeration Electrical Engineering Corporation (Quoted on the Ho Chi Minh Stock Exchange)	Mechanical and electrical engineering, real estate, and strategic investments in infrastructure	Vietnam	33.6	31.0
Myanmar				
✓ Cycle & Carriage Automobile Myanmar Company Limited*	Provision of after-sales services	Myanmar	60.0	60.0
✓ Cycle & Carriage Automobile Alliance Company Limited*	Retail of vehicles and provision of after-sales services	Myanmar	60.0	60.0
Thailand				
^ Siam City Cement Public Company Limited (Quoted on the Stock Exchange of Thailand)	Manufacturing of cement, concrete and other building materials	Thailand	25.5	25.5

• Audited by PricewaterhouseCoopers LLP, Singapore

♦ Audited by KAP Tanudiredja, Wibisana, Rintis & Rekan in Indonesia and PricewaterhouseCoopers PLT, Malaysia, members of the worldwide PricewaterhouseCoopers organisation.

@ Audited by EY Vietnam, a member of the worldwide EY organisation.

✓ Audited by Win Thin & Associates in Myanmar.

^ Audited by EY Thailand, a member of the worldwide EY organisation.

Direct interest more than 50% held by a subsidiary of the Group.

< Indirect subsidiary through PT United Tractors Tbk with direct ownership more than 50%.

* Not consolidated as the entity is not controlled by the Group and is deemed to be a joint venture as the Group shares control of the entity.

THREE-YEAR SUMMARY

	2022 US\$m	2021 US\$m	2020 US\$m	2022 S\$m	2021 S\$m	2020 S\$m
Profit and Loss						
Revenue	21,793.5	17,688.0	13,234.2	30,065.4	23,760.7	18,224.9
Underlying profit attributable to shareholders	1,096.2	785.9	429.1	1,512.3	1,055.7	590.9
Non-trading items	(356.4)	(125.3)	111.2	(491.7)	(168.3)	153.1
Profit attributable to shareholders	739.8	660.6	540.3	1,020.6	887.4	744.0
Underlying earnings per share (US¢/S¢)	277	199	109	383	268	150
Earnings per share (US¢/S¢)	187	167	137	258	225	188
Dividend per share (US¢/S¢)	111	80	43	153	107	59
Balance Sheet						
Total assets	29,303.2	29,053.7	27,512.2	39,398.2	39,271.9	36,360.1
Total liabilities	(12,853.7)	(12,658.4)	(12,205.6)	(17,281.8)	(17,110.4)	(16,130.9)
Total equity	16,449.5	16,395.3	15,306.6	22,116.4	22,161.5	20,229.2
Shareholders' funds	7,139.8	7,368.2	6,974.1	9,599.5	9,959.6	9,217.0
Net cash/(debt) (excluding net debt of financial services companies)	892.8	770.3	(853.5)	1,200.4	1,041.2	(1,128.0)
Net asset value per share (US\$/S\$)	18.07	18.64	17.65	24.29	25.20	23.32
Net tangible asset per share (US\$/S\$)	16.17	16.48	15.44	21.75	22.27	20.40
Cash Flow						
Cash flows from operating activities	2,850.5	3,028.3	2,754.4	3,932.4	4,068.0	3,793.1
Cash flows from investing activities	(1,524.1)	(688.5)	585.3	(2,102.6)	(924.9)	806.0
Net cash flows before financing activities	1,326.4	2,339.8	3,339.7	1,829.8	3,143.1	4,599.1
Cash flow per share from operating activities (US\$/S\$)	7.21	7.66	6.97	9.95	10.29	9.60
Key Ratios						
Gearing including financial services companies	12%	12%	24%	12%	12%	24%
Gearing excluding financial services companies	nm	nm	6%	nm	nm	6%
Dividend cover (times)	2.5	2.5	2.5	2.5	2.5	2.5
Dividend payout	40%	40%	40%	40%	40%	40%
Return on shareholders' funds	15%	11%	6%	15%	11%	6%
Return on total equity	17%	12%	6%	17%	12%	6%

nm: not measurable

Notes:

1. The exchange rate of US\$1=S\$1.3445 (2021: US\$1=S\$1.3517, 2020: US\$1=S\$1.3216) was used for translating assets and liabilities at the balance sheet date and US\$1=S\$1.3796 (2021: US\$1=S\$1.3433, 2020: US\$1=S\$1.3771) was used for translating the results for the year.
2. Net tangible assets as at 31st December 2022 were US\$6,392.0 million (2021: US\$6,512.2 million, 2020: US\$6,101.1 million) and were computed after deducting intangibles from shareholders' funds.
3. Gearing is computed based on net borrowings divided by total equity.
4. Dividend cover is based on underlying profit attributable to shareholders divided by dividend declared and dividend proposed for the financial year.
5. Dividend payout is based on dividend declared and dividend proposed for the financial year divided by underlying profit attributable to shareholders.
6. Return on shareholders' funds is computed based on underlying profit attributable to shareholders, divided by average shareholders' funds.
7. Return on total equity is computed based on underlying profit after tax, divided by average total equity.

■ INVESTMENT PROPERTIES

Address	Title	Land Area sq ft	Description
Indonesia			
Jalan Jendral Sudirman Kav. 5, Jakarta	Leasehold (expiring in October 2033)	85,356	Commercial property
Jalan Gaya Motor II No. 3 Jakarta	Leasehold (expiring in December 2032)	237,446	Vehicle storage yard
Kawasan Industri Suryacipta (SCI), Karawang, JawaBarat No. I42AB	Leasehold (expiring in November 2028)	1,323,757	Vacant land held for future development

■ SHAREHOLDING STATISTICS

As at 3rd March 2023

Share Capital

Issued and fully paid-up capital : S\$2,109,793,690.61 comprising 395,236,288 shares

Class of shares : Ordinary shares, each with equal voting rights

Treasury shares : Nil

Twenty Largest Shareholders

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital
1	JARDINE STRATEGIC SINGAPORE PTE LTD	302,799,111	76.61
2	CITIBANK NOMINEES SINGAPORE PTE LTD	23,572,729	5.96
3	RAFFLES NOMINEES (PTE) LIMITED	14,072,014	3.56
4	DBSN SERVICES PTE LTD	13,317,635	3.37
5	HSBC (SINGAPORE) NOMINEES PTE LTD	13,019,822	3.30
6	DBS NOMINEES PTE LTD	3,686,030	0.93
7	BPSS NOMINEES SINGAPORE (PTE.) LTD.	1,251,469	0.32
8	HONG LEONG FINANCE NOMINEES PTE LTD	668,333	0.17
9	CHUA SWEE ENG	662,900	0.17
10	UOB KAY HIAN PTE LTD	652,776	0.17
11	FIRST CUSCADEN PRIVATE LIMITED	621,059	0.16
12	ESTATE OF CHUA BOON YEW, DECEASED	605,222	0.15
13	SONG MEI CHEAH ANGELA	540,000	0.14
14	KEW ESTATE LIMITED	500,000	0.13
15	PHILLIP SECURITIES PTE LTD	445,561	0.11
16	UNITED OVERSEAS BANK NOMINEES PTE LTD	421,960	0.11
17	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	379,350	0.09
18	DB NOMINEES (SINGAPORE) PTE LTD	377,123	0.09
19	IFAST FINANCIAL PTE LTD	361,858	0.09
20	OCBC NOMINEES SINGAPORE PTE LTD	278,467	0.07
TOTAL		378,233,419	95.70

As at 3rd March 2023, approximately 23% of the Company's ordinary shares (excluding treasury shares) listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") were held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

There were no subsidiary holdings (as defined in the Listing Manual of the SG X-ST) as at 3rd March 2023.

■ SHAREHOLDING STATISTICS (continued)

As at 3rd March 2023

Substantial Shareholders

	No. of Shares	%
Jardine Matheson Holdings Limited	302,799,111	76.61

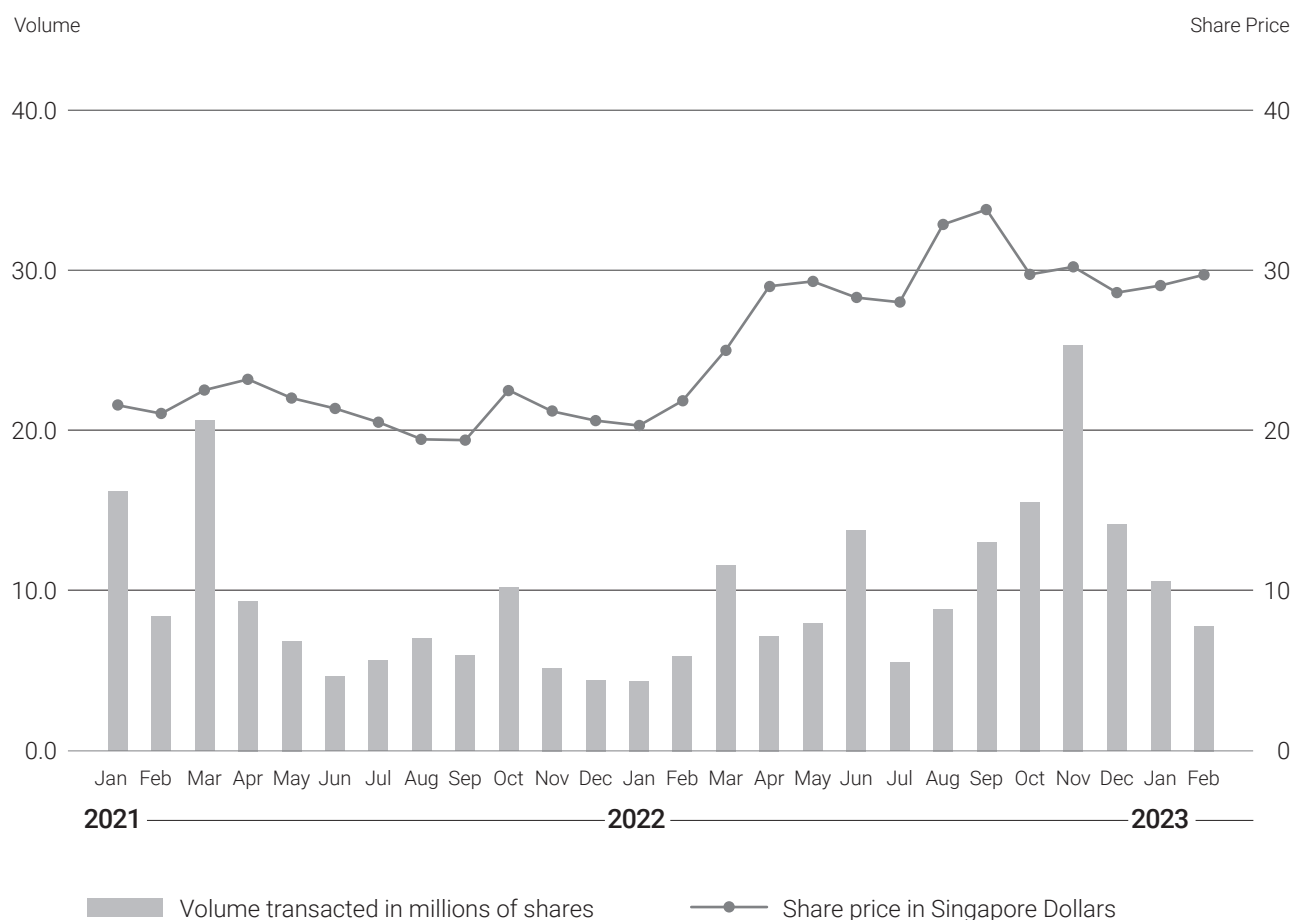
Notes:

Jardine Matheson Holdings Limited ("JMHL") is interested in 302,799,111 shares through its wholly-owned subsidiary, JMH Investments Limited ("JMHI"). JMHI is in turn interested in the said shares through its wholly-owned subsidiary, Jardine Strategic Limited ("JSL"). JSL is in turn interested in the said shares through its wholly-owned subsidiary, JSH Asian Holdings Limited ("JAHL"). JAHL is in turn interested in the said shares through its wholly-owned subsidiary, Jardine Strategic Singapore Pte Ltd.

Breakdown of shareholdings by range

Size of shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 – 99	487	7.95	11,313	0.00
100 – 1,000	3,251	53.08	1,690,017	0.43
1,001 – 10,000	2,099	34.27	6,663,562	1.69
10,001 – 1,000,000	281	4.59	15,152,586	3.83
1,000,001 and above	7	0.11	371,718,810	94.05
TOTAL	6,125	100.00	395,236,288	100.00

■ SHARE PRICE AND VOLUME



	2022	2021
Underlying earnings per share (US¢)	277	199
Earnings per share (US¢)	187	167
Dividend per share (US¢)	111	80
Net asset value per share (US\$)	18.07	18.64

■ APPENDIX

Additional Information on Directors Seeking Re-election

(pursuant to Rule 720(6) of the SGX-ST Listing Manual)

Mr Benjamin Keswick, Mr Stephen Gore and Ms Tan Yen Yen are retiring by rotation at the 54th Annual General Meeting under article 94 of JC&C's Constitution. Ms Amy Hsu, being a newly appointed director, is retiring at the 54th Annual General Meeting as required under article 100 of JC&C's Constitution. All of them are seeking re-election as Directors at the 54th Annual General Meeting.

The additional information on Mr Benjamin Keswick, Mr Stephen Gore, Ms Tan Yen Yen and Ms Amy Hsu as set out in this section should be read together with their respective profiles on pages 24 to 26, and their shareholding interest in JC&C and its subsidiaries on pages 61 to 62. Their profiles contain the following information:

- Date of appointment and last re-appointment
- Age
- Whether appointment is executive, and if so, the area of responsibility
- Job Title (e.g. Lead Independent Director, Audit Committee Chairman, Audit Committee Member, etc.)
- Professional qualifications
- Working experience and occupation(s) during the past 10 years
- Other Principal Commitments including directorships ("Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018)

	Mr Benjamin Keswick Non-Executive Chairman	Mr Stephen Gore Group Director, Business Development and Executive Director	Ms Tan Yen Yen Non-Executive and Independent Director	Ms Amy Hsu Group Finance Director and Executive Director
Country of principal residence	Hong Kong	Singapore	Singapore	Singapore
The Board's comments on this re-appointment	Mr Keswick helms the Jardine Matheson Group and has extensive experience managing successful businesses. The Company continues to benefit from his leadership.	Mr Gore has been the Group Director, Business Development since 1st August 2022 and will continue in this senior management role. He was previously the Group Finance Director from 1st April 2019 to 31st July 2022.	Ms Tan has considerable experience managing businesses in regional settings and is an experienced listed company director. Her background and expertise in technology continues to be valuable to the Board.	Ms Hsu, being a newly appointed director, is required to stand for re-election under article 100 of the Company's Constitution.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Direct interest: 25,000 JC&C shares	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Keswick is the Executive Chairman of the Company's ultimate holding company, Jardine Matheson Holdings Limited.	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual has been submitted to the Company	Yes	Yes	Yes	Yes
Declarations (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual	Confirmed that there is no change to Mr Keswick's previous responses to items (a) to (k) of Appendix 7.4.1, all of which were "No" and which were first announced on 3rd October 2006 in relation to his appointment as a Director.	Confirmed that there is no change to Mr Gore's previous responses to items (a) to (k) of Appendix 7.4.1, all of which were "No" and which were first announced on 27th February 2019 in relation to his appointment as a Director.	Confirmed that there is no change to Ms Tan's previous responses to items (a) to (k) of Appendix 7.4.1, all of which were "No" and which were first announced on 30th July 2020 in relation to her appointment as a Director.	Confirmed that there is no change to Ms Hsu's previous responses to items (a) to (k) of Appendix 7.4.1, all of which were "No" and which were first announced on 12th May 2022 in relation to her appointment as a Director.

Note: information as at 17th March 2023

Financial Calendar

Financial Year ended 31st December 2022

Announcement of Results:

Dates	
28th July 2022	Release of FY2022 Half Year Results
28th February 2023	Release of FY2022 Full Year Results
30th March 2023	Issue of AGM Notice and Annual Report
28th April 2023	Annual General Meeting

Proposed Dates	
30th May 2023 (5.00pm Singapore time)	Record Date
30th June 2023	Final dividend payment

Financial Year ended 31st December 2023

Proposed Dates for Announcement of Results	
28th July 2023	Release of FY2023 Half Year Results
29th February 2024	Release of FY2023 Full Year Results



Jardine Cycle & Carriage

Company registration no. 196900092R
WWW.JCCLGROUP.COM





Jardine Cycle & Carriage

JARDINE CYCLE & CARRIAGE LIMITED
(the “Company”)

(Co. Reg. No.: 196900092R)
(Incorporated in the Republic of Singapore)

Directors:

Benjamin Keswick	Chairman
Benjamin Birks	Group Managing Director
Amy Hsu	Group Finance Director
Stephen Gore	Group Director, Business Development
Mrs Lim Hwee Hua	Lead Independent Director
Dr Marty Natalegawa	Independent Director
Steven Phan	Independent Director
Tan Yen Yen	Independent Director
Samuel Tsien	Independent Director

Registered Office:

239 Alexandra Road
Singapore 159930

To: The Shareholders of Jardine Cycle & Carriage Limited
 (“Shareholders”)

30th March 2023

Dear Sir/Madam

We refer to items 7B and 7C of the Notice of the 54th Annual General Meeting of the Company (“**54th AGM**”). Items 7B and 7C are Ordinary Resolutions to be proposed at the 54th AGM for the renewals of the Company’s share purchase mandate (“**Resolution 7B**”) and the Company’s general mandate for interested person transactions (“**Resolution 7C**”) respectively. The purpose of this letter is to provide Shareholders with information relating to these Resolutions. Allen & Gledhill LLP is the legal adviser to the Company in relation to the proposed renewal of the Company’s share purchase mandate.

1. RENEWAL OF THE SHARE PURCHASE MANDATE

- 1.1 **Background.** At the 53rd Annual General Meeting of the Company held on 27th April 2022 (the “**53rd AGM**”), Shareholders had (*inter alia*) approved the renewal of a mandate authorising the Directors to exercise all powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (“**Shares**”) on the terms of such mandate (the “**Share Purchase Mandate**”). The authority contained in the Share Purchase Mandate was expressed to continue in force until the next Annual General Meeting of the Company and, as such, will be expiring on 28th April 2023, being the date of the forthcoming 54th AGM. Although the Company has not undertaken any purchases or acquisitions of its Shares pursuant to the authority conferred by the Share Purchase Mandate approved by Shareholders at the 53rd AGM, it is proposed nonetheless that such authority be renewed at the 54th AGM.
- 1.2 **Rationale and benefit.** The renewal of the Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases or acquisitions provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. Share purchases or acquisitions will also allow the Directors greater flexibility over the Company’s share capital structure with a view to enhancing the earnings and/or net asset value per Share.

- 1.3 **Authority and limits.** The authority and limits placed on the Share Purchase Mandate for which renewal is sought are summarised below.

(a) **Maximum number of Shares**

Only issued Shares may be purchased or otherwise acquired by the Company pursuant to the authority conferred by the Share Purchase Mandate.

The total number of issued Shares that may be purchased or acquired must not exceed that number representing 10% of the issued Shares as at the date on which the renewal of the Share Purchase Mandate is approved at the 54th AGM (the “**Approval Date**”), excluding any Shares that are held as treasury shares or as subsidiary holdings. For this purpose, “subsidiary holdings” means Shares that are held by subsidiaries of the Company in the circumstances referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967 (the “**Companies Act**”). Under the Companies Act and the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Manual**”), treasury shares and subsidiary holdings shall be disregarded for the purposes of computing the 10% limit.

As at 3rd March 2023 (the “**Latest Practicable Date**”), the share capital of the Company comprised 395,236,288 issued Shares (all of which are fully paid) and none of which were held as treasury shares or subsidiary holdings. No Shares are reserved for issue by the Company for any particular purpose as at the Latest Practicable Date.

Purely for illustrative purposes, on the basis of 395,236,288 issued Shares as at the Latest Practicable Date, and assuming that (i) no further Shares are issued; (ii) no Shares are purchased or acquired pursuant to the subsisting Share Purchase Mandate; and (iii) none of the Shares are treasury shares or subsidiary holdings, on or prior to the 54th AGM, then not more than 39,523,628 Shares (representing 10% of the issued Shares as at that date) may be purchased or acquired by the Company pursuant to the renewed Share Purchase Mandate.

(b) **Duration of authority**

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date up to the earlier of:

- (i) the date (being a date after the Approval Date) on which the next Annual General Meeting of the Company is held or required by law to be held; or
- (ii) the date (being a date after the Approval Date) on which the authority contained in the Share Purchase Mandate is revoked or varied.

(c) **Manner of purchase**

Purchases or acquisitions of Shares may be made by way of:

- (i) market purchases (“**Market Purchases**”); and/or
- (ii) off-market purchases in accordance with an equal access scheme (“**Off-Market Purchases**”).

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme or schemes for the purchase or acquisition of Shares from Shareholders. The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the listing rules of the SGX-ST and the Companies Act as they consider fit in the interests of the Company in connection with or

in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must, however, satisfy all the following conditions:

- (I) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their issued Shares;
- (II) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (III) the terms of all the offers are the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (bb) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, *inter alia*:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed Share purchases;
- (4) the consequences, if any, of Share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) or other applicable takeover rules;
- (5) whether the Share purchases, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (6) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) **Maximum purchase price**

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price,

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“Average Closing Price” means the average of the closing market prices of a Share over the last 5 Market Days on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant 5 Market Day period and the day of the Market Purchase;

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

“day of the making of the offer” means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“Market Day” means a day on which the SGX-ST is open for trading in securities.

- 1.4 **Status of purchased or acquired Shares.** Under current law, the Shares purchased or acquired by the Company shall be deemed cancelled immediately upon purchase or acquisition, and all rights and privileges attached to the Shares shall expire on cancellation, unless such Shares are held by the Company as treasury shares. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

- 1.5 **Treasury shares.** Under the Companies Act, the Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below.

(a) ***Maximum holdings***

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. For this purpose, any Shares that are held by subsidiaries in the circumstances referred to in Sections 21(4B) and 21(6C) of the Companies Act shall be included in computing the 10% limit.

(b) ***Voting and other rights***

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) ***Disposal and cancellation***

Where Shares purchased or acquired by the Company are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “usage”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares of the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares of the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage, and the value of the treasury shares of the usage.

1.6 **Source of funds.** In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with its Constitution and applicable laws in Singapore. The Companies Act permits the Company to purchase or acquire its own Shares out of capital as well as out of its profits. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its Shares.

1.7 **Financial effects.** The financial effects on the Company and its subsidiaries (collectively, the “Group”) and the Company arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time. The financial effects on the Group and the Company based on the audited financial statements of the Group and the Company for the financial year ended 31st December 2022 are based on the assumptions set out below.

(a) ***Purchase or acquisition out of profits and/or capital***

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company’s profits and/or capital so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

(b) ***Maximum Price paid for Shares purchased or acquired***

Based on 395,236,288 issued Shares as at the Latest Practicable Date (of which none were treasury shares or subsidiary holdings), the exercise in full of the Share Purchase Mandate will result in the purchase or acquisition of 39,523,628 Shares.

Assuming that the Company purchases or acquires the 39,523,628 Shares at the Maximum Price, the maximum amount of funds required is approximately:

- (i) in the case of Market Purchases, S\$1,237.1 million (approximately US\$918.9 million) based on S\$31.30 for each Share (being 105% of the Average Closing Price of a Share immediately preceding the Latest Practicable Date); and
- (ii) in the case of an Off-Market Purchase, S\$1,468.3 million (approximately US\$1,090.6 million) based on S\$37.15 for each Share (being 120% of the Highest Last Dealt Price of a Share immediately preceding the Latest Practicable Date).

Purely for illustrative purposes, on the basis of the assumptions set out above, and based on the audited financial statements of the Group and the Company for the financial year ended 31st December 2022, and assuming that (i) purchases of Shares are made to the extent as aforesaid; (ii) such purchases of Shares are financed solely by borrowings; (iii) no further Shares are issued between 1st January 2022 and the Latest Practicable Date; (iv) the Share Purchase Mandate had been effective on 1st January 2022; and (v) the Company had purchased the 39,523,628 Shares on 1st January 2022, the financial effects of the purchase or acquisition of such Shares by the Company on the audited financial statements of the Group and the Company for the financial year ended 31st December 2022 would be as set out in Appendix A of this letter.

As illustrated in the table in Appendix A, a Market Purchase of the 39,523,628 Shares will have the effect of reducing the working capital and the net asset value (“NAV”) of the Group, and an Off-Market Purchase of the 39,523,628 Shares will have the effect of reducing the working capital and the NAV of the Group. In the case of the Market Purchase, the consolidated NAV per Share as at 31st December 2022 would decrease from US\$18.07 to US\$17.34, and the consolidated basic earnings per Share of the Group for the financial year ended 31st December 2022 would increase from US¢187 to US¢193 per Share, after taking into account interest cost incurred. In the case of the Off-Market Purchase, the consolidated NAV per Share as at 31st December 2022 would decrease from US\$18.07 to US\$16.82, and the consolidated basic earnings per Share of the Group for the financial year ended 31st December 2022 would increase from US¢187 to US¢190 per Share, after taking into account interest cost incurred. The said disclosed financial effects remain the same irrespective of whether the purchase of the Shares is effected out of capital or profits or whether the purchased Shares are held in treasury or are cancelled.

SHAREHOLDERS SHOULD NOTE THAT THE FOREGOING FINANCIAL EFFECTS ARE FOR ILLUSTRATIVE PURPOSES ONLY. In particular, Shareholders should note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Purchase Mandate on the NAV and/or earnings per Share as the resultant effect would depend on factors such as the aggregate number of Shares purchased, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interests of the Company, and that purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. In addition, the Company may cancel or hold in treasury all or part of the Shares it purchased or acquired. Further, the Directors would emphasise that they do not propose to carry out Share purchases or acquisitions to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

- 1.8 **Taxation.** Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.
- 1.9 **Listing status of the Shares.** The Listing Manual provides that a listed company shall ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by public shareholders. As there is a public float of approximately 23.38% in the issued Shares as at the Latest Practicable Date, the Company is of the view that there is, as of that date, a sufficient number of the Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting adversely the listing status of the Shares on the SGX-ST. Additionally, the Company will consider investor interests when maintaining a liquid market in its securities, and will ensure that there is a sufficient float for an orderly market in its securities when purchasing its Shares.
- 1.10 **Listing rules.** Any purchase or acquisition by the Company of its Shares pursuant to the Share Purchase Mandate will be reported by the Company in accordance with prevailing reporting requirements of the SGX-ST.

The Listing Manual restricts a listed company from purchasing shares by way of market purchases at a price per share which is more than 5% above the “average closing price”, being the average of the closing market prices of the shares over the last 5 Market Days on which transactions in the shares were recorded, before the day on which the purchases were made, and deemed to be adjusted for any corporate action that occurs during the relevant 5-day period and the day of the market purchase. The Maximum Price for a Share in relation to Market Purchases referred to in Paragraph 1.3 above complies with this requirement. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 20% above the highest last dealt price of a Share as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase. While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price or trade sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board of Directors (the “**Board**”) until such price or trade sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases during the one month immediately before, and up to, the date of the announcement of the Company’s results for the half-year and full financial year.

- 1.11 **Take-over implications.** The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code (“**R14-Appendix**”). These take-over implications are summarised below.

(a) ***Obligation to make a take-over offer***

If, as a result of any purchase or acquisition by the Company of its issued Shares, a Shareholder’s proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make a take-over offer under Rule 14 of the Take-over Code.

(b) ***Persons acting in concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company.

Unless the contrary is established, the following persons (*inter alia*) will be presumed to be acting in concert: (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, ownership or control of at least 20% but not more than 50% of the equity share capital of a company will be regarded as the test of associated company status.

(c) ***Effect of Rule 14 and R14-Appendix***

Under R14-Appendix, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-Over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder

in the Company would increase to 30% or more, or if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

In relation to Directors and persons acting in concert with them, R14-Appendix provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase or acquisition of Shares by the Company the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more, or, if they together hold between 30% and 50% of the Company's voting rights, their voting rights are increased by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKE-OVER OFFER AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.

As at the Latest Practicable Date, Jardine Matheson Holdings Limited ("JMHL") (a member of the Jardine Matheson group of companies) and certain of its related corporations were collectively interested in 302,799,111 Shares, representing 76.61% of the total issued Shares as at that date.

Under the Take-over Code, unless the contrary is established, the Directors of the Company (including any alternate Director) who are also directors of JMHL or its related corporations and/or are its or their nominees on the Board would be presumed to be persons acting in concert with JMHL. Additionally, as JMHL and the Directors (including any alternate Director) presumed to be acting in concert with it collectively already hold more than 50% of the issued Shares, purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate will not result in the Directors (or any of them) and/or JMHL incurring an obligation to make a mandatory take-over offer under Rule 14 read with R14-Appendix of the Take-over Code.

2. RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

- 2.1 **Background.** At the 53rd AGM, Shareholders had also approved the renewal of a general mandate for interested person transactions for the purposes of Chapter 9 of the Listing Manual (the "IPT Mandate"). The terms of the IPT Mandate were set out in Appendix B of the Company's Letter to Shareholders dated 29th March 2022. The IPT Mandate enables the Company, its subsidiaries and associated companies that are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual to enter in the ordinary course of business into any of the mandated transactions with the specified classes of interested persons, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions.
- 2.2 **Annual renewal of the IPT Mandate.** Under Chapter 9 of the Listing Manual, the IPT Mandate is subject to annual renewal. The IPT Mandate approved at the 53rd AGM was expressed to continue in force until the next Annual General Meeting of the Company, being the 54th AGM, which is to be held on 28th April 2023. Accordingly, it is proposed that the IPT Mandate be renewed at the 54th AGM, to take effect until the conclusion of the next Annual General Meeting of the Company.
- 2.3 **Particulars of the IPT Mandate to be renewed.** The nature of the interested person transactions and the classes of interested persons in respect of which the IPT Mandate is sought to be renewed remain unchanged. Particulars of the IPT Mandate, including the rationale for the IPT Mandate, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of Interested Persons, are set out in Appendix B of this letter.

2.4 **Audit Committee's confirmation.** The Audit Committee of the Company confirms that:

- (a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the 53rd AGM; and
- (b) the methods or procedures referred to in (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

2.5 **Chapter 9 of the Listing Manual.** General information on the listing rules relating to interested person transactions, including the meanings of terms such as "associate", "approved exchange", "entity at risk", "interested person", "same interested person" and "interested person transaction" used in Chapter 9 of the Listing Manual, is set out in Appendix C of this letter.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1 **Interests in Shares.** As at the Latest Practicable Date, the interests of the Directors in the issued share capital of the Company, based on the Company's Register of Directors' Shareholdings, were as follows:

Name of Director	No. of Shares	%
Benjamin Birks	25,000	0.006
Stephen Gore	25,000	0.006

As at the Latest Practicable Date, the interests of the substantial Shareholders in the issued share capital of the Company, based on the Company's Register of Substantial Shareholders, were as follows:

Name of Shareholder	No. of Shares	%
Jardine Matheson Holdings Limited	302,799,111	76.61

Note: Jardine Matheson Holdings Limited ("**JMHL**") is interested in 302,799,111 Shares through its wholly-owned subsidiary, JMH Investments Limited ("**JMHI**"). JMHI is in turn interested in the said Shares through its wholly-owned subsidiary, Jardine Strategic Limited ("**JSL**"). JSL is in turn interested in the said Shares through its wholly-owned subsidiary, JSH Asian Holdings Limited ("**JAHL**"). JAHL is in turn interested in the said Shares through its wholly-owned subsidiary, Jardine Strategic Singapore Pte Ltd.

3.2 **Abstention from voting.** Benjamin Keswick (a non-executive Director) holds directorships in companies in the Jardine Matheson Group. Benjamin Birks, Amy Hsu and Stephen Gore, the Company's incumbent Group Managing Director, Group Finance Director and Group Director, Business Development respectively, are on secondment from a company in the Jardine Matheson Group. They will abstain from voting their shareholdings (if any) in the Company on Resolution 7C relating to the renewal of the IPT Mandate at the 54th AGM.

The foregoing Directors will also decline to accept appointment as proxy to vote in respect of Resolution 7C for any Shareholder who is regarded as being interested in the subject matter of Resolution 7C. They may, however, accept appointment as proxy for any other Shareholder to vote in respect of Resolution 7C, where such Shareholder has given specific instructions in a validly completed and submitted instrument of proxy as to voting, or abstention from voting, in respect of Resolution 7C.

As JMHL and its associates are interested persons in relation to the renewal of the IPT Mandate, they will abstain from voting their shareholdings (if any) in the Company on Resolution 7C relating to the renewal of the IPT Mandate (and the Company will disregard any votes cast by them on their shareholdings (if any) in the Company on Resolution 7C) at the 54th AGM.

4. RECOMMENDATIONS

- 4.1 **Renewal of the Share Purchase Mandate.** The Directors are of the view, for the reasons set out in Paragraph 1.2 above, that the renewal of the Share Purchase Mandate is in the interests of the Company. They accordingly recommend that Shareholders vote in favour of Resolution 7B relating to the renewal of the Share Purchase Mandate at the 54th AGM.
- 4.2 **Renewal of the IPT Mandate.** The Directors who are considered independent for the purposes of the renewal of the IPT Mandate are Mrs Lim Hwee Hua, Dr Marty Natalegawa, Steven Phan, Tan Yen Yen and Samuel Tsien. They are of the opinion that the entry into of the Interested Person Transactions (as described in paragraph 5 of Appendix B) between the JC&C Group (as described in paragraph 1 of Appendix B) and the Interested Persons (as described in paragraph 4 of Appendix B) in the ordinary course of business will enhance the efficiency of the JC&C Group and is in the best interests of the Company. For the reasons set out in paragraphs 1, 3 and 5 of Appendix B, they recommend that Shareholders vote in favour of Resolution 7C relating to the renewal of the IPT Mandate at the 54th AGM.

5. RESPONSIBILITY STATEMENT

- 5.1 **Directors' responsibility.** The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, this letter constitutes full and true disclosure of all material facts about the proposals to renew the Share Purchase Mandate and the IPT Mandate at the 54th AGM (collectively, the "**Proposals**"), and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this letter misleading. Where information in this letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this letter in its proper form and context.
- 5.2 **Disclaimer.** The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this letter. Shareholders who are in any doubt as to the action they should take should consult their stockbrokers or other professional advisers immediately.

Yours faithfully
JARDINE CYCLE & CARRIAGE LIMITED

Benjamin Keswick
Chairman
30th March 2023

**ILLUSTRATION OF FINANCIAL EFFECTS
FROM MARKET PURCHASE AND OFF-MARKET PURCHASE OF SHARES**

	Market Purchase				Off-Market Purchase			
	Group		Company		Group		Company	
	Before share purchase US\$m	After share purchase US\$m	Before share purchase US\$m	After share purchase US\$m	Before share purchase US\$m	After share purchase US\$m	Before share purchase US\$m	After share purchase US\$m
As at 31st December 2022								
NAV	7,139.8	6,166.4	2,052.4	1,079.0	7,139.8	5,984.5	2,052.4	897.1
Total equity	16,449.5	15,476.1	2,052.4	1,079.0	16,449.5	15,294.2	2,052.4	897.1
Current assets	12,131.1	12,131.1	1,188.0	1,188.0	12,131.1	12,131.1	1,188.0	1,188.0
Current liabilities	8,572.6	9,546.0	780.1	1,753.5	8,572.6	9,727.9	780.1	1,935.4
Working capital	3,558.5	2,585.1	407.9	(565.5)	3,558.5	2,403.2	407.9	(747.4)
Net debt	1,930.1	2,903.5	1,464.9	2,438.3	1,930.1	3,085.4	1,464.9	2,620.2
No. of issued Shares ('000)	395,236	355,713	395,236	355,713	395,236	355,713	395,236	355,713
Weighted average no. of issued Shares ('000)	395,236	355,713	395,236	355,713	395,236	355,713	395,236	355,713
Financial Ratios								
NAV per Share (US\$)	18.07	17.34	5.19	3.03	18.07	16.82	5.19	2.52
Gearing (Net debt / Total equity)	12%	19%	71%	226%	12%	20%	71%	292%
Current ratio	1.4	1.3	1.5	0.7	1.4	1.2	1.5	0.6
Basic earnings per Share (US¢)	187.20	192.68	55.66	46.53	187.20	189.82	55.66	43.67

Notes:

- The disclosed financial effects remain the same irrespective of whether:
 - the purchase of the Shares is effected out of capital or profits; or
 - the purchased Shares are held in treasury or cancelled.
- NAV equals shareholders' funds. NAV per Share is calculated based on the number of Shares issued.
- Current ratio equals current assets divided by current liabilities.
- The exchange rate of US\$1 = S\$1.34 was used for translating assets and liabilities at the balance sheet date and US\$1 = S\$1.38 was used for translating the results for the year.

THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. Introduction

Due to the diverse business interests and activities of the Company's interested persons, it is envisaged that in the ordinary course of their businesses, transactions between the JC&C Group (as defined below) and the Company's interested persons are likely to occur with some degree of frequency, and may arise at any time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the JC&C Group to the Company's interested persons or the obtaining of goods and services from them for day-to-day operational needs.

Rationale for the IPT Mandate

In view of the time-sensitive and recurrent nature of commercial transactions, the obtaining of a general mandate (the "**IPT Mandate**") pursuant to Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") will enable the Company, its subsidiaries and associated companies which are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual (together, the "**JC&C Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions set out in Paragraph 5 below (the "**Interested Person Transactions**"), with the classes of the Company's interested persons specified in Paragraph 4 below (the "**Interested Persons**"), provided that such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and the minority Shareholders.

Scope of the IPT Mandate

The IPT Mandate covers a wide range of transactions arising in the normal course of the business operations of the JC&C Group, in particular, those relating to the Company's principal activities of investment holding and provision of management services, as well as those of its subsidiaries and associated companies which include the distribution and retailing of motor vehicles.

Any transaction by a company in the JC&C Group with an Interested Person that is below S\$100,000 in value is excluded from the IPT Mandate, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such a transaction^(Note 1).

Transactions by the JC&C Group with Interested Persons that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

2. Validity period

The IPT Mandate will take effect from the passing of the Ordinary Resolution relating thereto and will continue in force until the conclusion of the next Annual General Meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next Annual General Meeting and at each subsequent Annual General Meeting of the Company, subject to satisfactory review by the Audit Committee of the Company ("**Audit Committee**") of its continued application to the Interested Person Transactions.

3. Benefit to Shareholders

The obtaining of the IPT Mandate (and its subsequent renewal on an annual basis) will enhance the ability of the JC&C Group to pursue business opportunities that are time-sensitive in nature,

(Note 1) The IPT Mandate would, however, cover Interested Person Transactions with values below S\$100,000 entered into during the same financial year and which are aggregated by the SGX-ST under Chapter 9 of the Listing Manual and treated as if they were one Interested Person Transaction which has a value of S\$100,000 or more.

and will eliminate the need (pursuant to the materiality thresholds imposed under Chapter 9 of the Listing Manual) for the Company to announce such transactions, or, to announce and convene separate general meetings as and when potential transactions with the specified classes of Interested Persons arise to seek Shareholders' prior approval for the entry by the relevant company in the JC&C Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled toward attaining other corporate objectives.

4. **Classes of Interested Persons**

The IPT Mandate will apply to the Interested Person Transactions (described in Paragraph 5 below) that are carried out with the following classes of Interested Persons:

- (a) Jardine Matheson Holdings Limited ("**JMHL**"); and
- (b) any company which, at the time of the relevant transaction, is an associate of JMHL.

JMHL is a member of the Jardine Matheson group of companies (the "**Jardine Matheson Group**"). Purely for the purposes of illustration, the associates of JMHL would include Jardine Strategic Singapore Pte Ltd, JSH Asian Holdings Limited, Jardine Strategic Limited and JMHL Investments Limited and their respective related corporations, as well as any company in which they or any of them taken together (directly or indirectly) have an equity interest of 30% or more.

5. **Categories of Interested Person Transactions**

The types of Interested Person Transactions to which the IPT Mandate will apply, and the benefits to be derived therefrom, are set out below.

(a) Vehicle-based Transactions

This category of transactions arises from the vehicle-based businesses of the JC&C Group ("**Vehicle-based Transactions**"). Transactions coming within this category comprise:

- (i) the marketing, sale and purchase of vehicle stocks, spares, parts, and related accessories;
- (ii) the provision of rental and/or leasing of vehicles;
- (iii) the provision of maintenance and after sales service for vehicles, and the repair, modification and upgrading of vehicles and related components and equipment;
- (iv) the purchase of vehicle freight services;
- (v) the purchase of vehicle insurance;
- (vi) the provision and/or receipt of commissions, rebates and other trade-related or marketing incentives to or by counter-parties such as dealers, distributors, principals and finance houses or other financial institutions; and
- (vii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (vi) above.

The JC&C Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The JC&C Group would also benefit from having access to competitive quotes from Interested Persons.

(b) Property-based Transactions

This category of transactions pertains to the property development and property

investment activities of the JC&C Group ("**Property-based Transactions**"), and consists of transactions relating to:

- (i) the leasing and/or rental of properties;
- (ii) the award of contracts to main contractors and nominated sub-contractors and consultants for projects;
- (iii) the appointment of consultants in relation to property development and property investment;
- (iv) the provision or obtaining of project management services;
- (v) the provision or obtaining of property-linked services (such as property and rental valuation services, building maintenance services, estate management services, security services and property management and marketing services); and
- (vi) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (v) above.

The JC&C Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The JC&C Group would also benefit from having access to competitive quotes from Interested Persons.

(c) General Transactions

This category of transactions comprises general business transactions for services and products arising in the day-to-day operations of various companies in the JC&C Group ("**General Transactions**"). The transactions within this category comprise:

- (i) the provision or obtaining of consultancy and advisory services (including in the areas of feasibility studies, market research and analysis);
- (ii) the obtaining of insurance brokerage services;
- (iii) the provision or obtaining of hotel services (including room rentals and the related sale and purchase of food and beverages);
- (iv) the obtaining of office equipment, furniture and fittings;
- (v) the obtaining of renovation services;
- (vi) the provision or obtaining of information technology products and accessories, and information technology services (including repair, maintenance and technical services); and
- (vii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (vi) above.

The JC&C Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The JC&C Group would also benefit from having access to competitive quotes from Interested Persons. The JC&C Group may also derive operational and financial leverage through savings in terms of economies of scale, such as bulk discounts accorded to the Jardine Matheson Group on a group basis.

(d) Management Support Transactions

This category ("**Management Support Transactions**") relates to corporate management, administration and support services that the JC&C Group may, from time

to time, receive from, or provide to, its Interested Persons. Such services, which encompass (i) the receipt of strategic management consultancy from Interested Persons, as well as (ii) the provision and/or receipt of general support to/from Interested Persons, relate to the areas of corporate finance, taxation, investment review and management, risk review and management, strategic business evaluation, treasury and accounting advisory services, corporate planning and business development, management information systems, information technology management and development, information technology systems, human resource and executive compensation, legal and corporate secretarial/administration, accountancy, payroll, internal audit, corporate communications and investor relations.

As a principal subsidiary within the Interested Persons' group of companies, the Company is able to tap into, and draw from, their management and corporate expertise on an international basis for the provision by Interested Persons to the Company of support of a strategic nature having a bearing on the JC&C Group's long-term profitability and development. The JC&C Group may also, from time to time, procure and/or provide support of a general nature relating to its day-to-day operations. By having access to, and (where applicable) providing, such management, administration and support, the JC&C Group will derive operational and financial leverage in its dealings with third parties as well as benefit from the global network of its Interested Persons. Through such support and services, the JC&C Group would also enjoy sharing of resources and economies of scale, and eliminate duplication of efforts.

(e) Corporate Finance and Treasury Transactions

This category of transactions comprises various corporate finance and treasury related activities ("**Corporate Finance and Treasury Transactions**") of the JC&C Group. It includes the obtaining of project financing or other financial assistance and services from Interested Persons, as well as transactions that are undertaken by the JC&C Group in connection with the management of its finances, investments and funding requirements. Within this category of transactions are:

- (i) the placement of funds or deposits with any Interested Person;
- (ii) the borrowing of funds from any Interested Person;
- (iii) the entry into with any Interested Person of foreign exchange, swap and option transactions for hedging purposes; and
- (iv) the subscription of debt securities issued by any Interested Person and the issue of debt securities to any Interested Person, and the buying from, or selling to, any Interested Person of debt securities.

The JC&C Group can benefit from competitive rates or quotes offered by Interested Persons by leveraging on the financial strength and credit standing of the Interested Persons in an expeditious manner.

6. **Review procedures for Interested Person Transactions**

The Company has in place an internal control system to ensure that transactions with Interested Persons are made on normal commercial terms, supported by independent valuation where appropriate, and consistent with the JC&C Group's usual policies and practices.

- (a) The internal control system includes the following guidelines:
- (i) In relation to Vehicle-based Transactions, Property-based Transactions, and General Transactions, any transaction proposed to be carried out with an Interested Person for the obtaining or provision of the services or products described shall be made at the prevailing rates/prices of the service or product provider which (in relation to services or products to be provided to an Interested Person) are no more favourable to the Interested Person than those extended to third parties, or (in relation to services or products to be obtained from an

Interested Person) are no less favourable than those extended by the Interested Person to third parties, on the service or product provider's usual commercial terms or otherwise in accordance (where applicable) with industry norms.

For the above purposes, market rates will be reviewed where applicable. As a basis for comparison to determine whether the price and terms offered to the Interested Person are no more favourable than those extended to third parties, at least two recent contracts for the same or substantially the same types of transactions entered into by the JC&C Group with third parties will be used. As a basis of comparison to determine whether the terms offered by the Interested Person are fair and reasonable (taking into account, where relevant, factors such as pricing, delivery schedule, rebates or discounts accorded for bulk purchases), quotes will be obtained wherever possible from at least two third party suppliers, for the same or substantially similar quantities and quality of products and/or services. Where it is impractical or not possible for such contracts or (as the case may be) quotes to be obtained:

- (aa) in relation to the sale of goods or services to the Interested Person, the terms of supply will be determined in accordance with the JC&C Group's usual business practice and consistent with the margins obtained by the JC&C Group in its business operations; and
 - (bb) in relation to the purchase of goods or services from the Interested Person, the terms of supply will be compared to those for the same or substantially the same types of transactions entered into between the Interested Persons and third parties. The review procedures in such cases may include, where applicable, reviewing the standard price lists provided by the Interested Person to its customers for such services or products and be based on the commercial merits of the transaction.
- (ii) In relation to Management Support Transactions:
- (aa) the JC&C Group will satisfy itself that the fees payable to an Interested Person for any such transaction shall be on arm's length and commercial terms, in accordance with either: (A) a formula for cost recovery agreed with such Interested Person; or (B) a rate of charge agreed with such Interested Person not exceeding 0.5 per centum of the profit attributable to the shareholders of the Company based on its audited financial statements for the financial year in respect of which the transaction occurred^(Note 2). The fee for any such transaction shall be determined by the JC&C Group with the Interested Person before the transaction is entered into. The JC&C Group will also satisfy itself that, having regard to the nature of the services to be provided by the Interested Person, the formula for cost recovery (for services of a general nature) or the rate of charge (for services of a strategic nature) (as the case may be) to be applied to the particular transaction with the Interested Person is in line with that applied by the Interested Person to its other strategic business units for the same or substantially the same management, administration and/or support services; and
 - (bb) the JC&C Group will satisfy itself that fees receivable from an Interested Person for services of a general nature shall be on arm's length and commercial terms, and are not prejudicial to the Shareholders or disadvantageous to the JC&C Group. As a test of reasonableness, the rate of charge for determining the fees payable by the Interested Person for the services to be provided by the JC&C Group will be on a cost recovery basis.

(Note 2) Based on the audited consolidated financial statements of the Group for the financial year ended 31st December 2022, the profit attributable to the shareholders of the Company was US\$739.8 million.

- (iii) In relation to Corporate Finance and Treasury Transactions, any transaction proposed to be carried out with an Interested Person for the obtaining or provision of the services described shall be made on terms no less favourable than those offered by the Interested Person to third parties on the Interested Person's usual commercial terms, and on terms no less favourable than those offered by third parties for the same or substantially similar type of services or otherwise in accordance (where applicable) with industry norms.
- (b) The following review and approval procedures will be implemented for Vehicle-based Transactions, Property-based Transactions and General Transactions:
 - (i) Transactions equal to or exceeding S\$100,000 each in value but below S\$5.0 million each in value, will be reviewed and approved by the Group Managing Director for the time being of the Company ("**Group Managing Director**") or, in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose, and tabled for review by the Audit Committee on a quarterly basis.
 - (ii) Transactions equal to or exceeding S\$5.0 million each in value will be reviewed and approved by the Audit Committee.
 - (iii) The Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and the Audit Committee may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.
- (c) In relation to Management Support Transactions, the following procedures will be implemented to supplement the internal control system:
 - (i) Any Management Support Transaction, the value of which, singly, or on aggregation with other Management Support Transactions with the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) is below S\$5.0 million will be reviewed and approved by the Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and tabled for inspection by the Audit Committee on a quarterly basis. The Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) shall review the transaction in question, including the value thereof, on the basis of the benefits and cost effectiveness of the transaction.
 - (ii) Where the value of any Management Support Transaction, singly, or on aggregation with other Management Support Transactions with the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) is equal to or exceeds S\$5.0 million, such Management Support Transaction and each subsequent Management Support Transaction with that Interested Person will be reviewed and approved by the Audit Committee.
 - (iii) For purposes of determining the aggregate value in (i) and (ii) above, the values of all Management Support Transactions with the same Interested Person shall not be offset and shall be aggregated, irrespective of whether any one or more of such transaction(s) is/are for services provided by the JC&C Group to the Interested Person, or any one or more of such transaction(s) is/are for services receivable by the JC&C Group from that Interested Person.
- (d) In relation to Corporate Finance and Treasury Transactions, the following procedures will be implemented to supplement the internal control system:

(i) Placements

In relation to the placement of funds with any Interested Person by the JC&C Group of its funds, the Company will require that quotations shall be obtained from such Interested Person and at least two banks for rates of deposits with such banks of an equivalent amount, and for the equivalent period, of the funds to be placed by the JC&C Group. The JC&C Group will only place funds with such Interested Person provided that the terms quoted are no less favourable to the JC&C Group than the terms quoted by such banks.

(ii) Borrowings

In relation to the borrowing of funds from any Interested Person by the JC&C Group, the Company will require that quotations shall be obtained from such Interested Person and at least two banks for loans from such banks of an equivalent amount, and for the equivalent period, of the funds to be borrowed by the JC&C Group. The JC&C Group will only borrow funds from such Interested Person provided that the terms quoted are no less favourable to the JC&C Group than the terms quoted by such banks.

(iii) Foreign exchange, swaps and options

In relation to the entry into of foreign exchange, swap and option transactions by the JC&C Group with any Interested Person, the Company will require that rate quotations shall be obtained from such Interested Person and at least two banks. The JC&C Group will only enter into the foreign exchange, swap or option transactions with such Interested Person provided that the rates quoted are no less favourable to the JC&C Group than the rates quoted by such banks.

(iv) Debt securities

In relation to the subscription of debt securities issued by, or the purchase of debt securities from, Interested Persons, the JC&C Group will only enter into the subscription or purchase of such debt securities issued provided that the price(s) at which the JC&C Group subscribes for or purchases such debt securities will not be higher than the price(s) at which such debt securities are subscribed for or purchased by third parties.

In relation to the issue or sale to Interested Persons of debt securities, the JC&C Group will only issue or sell such debt securities to Interested Persons provided that the price(s) at which the JC&C Group issues or sells such debt securities will not be lower than the price(s) at which such debt securities are issued or sold by the JC&C Group to third parties.

In addition, the Company will monitor Corporate Finance and Treasury Transactions entered into by the JC&C Group as follows:

Borrowings from and debt securities issued or sold to Interested Persons

Where the interest expense on any borrowing from, or any debt securities to be issued or sold to, an Interested Person when aggregated with the interest expense incurred by the JC&C Group on previous borrowings from, and debt securities issued or sold to, the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) is equal to or exceeds S\$5.0 million, such (and each subsequent) borrowing from that Interested Person, or issue or sale of debt securities to, that Interested Person shall require the prior approval of the Audit Committee.

Borrowings from, or issue or sale of debt securities to, the same Interested Person in respect of which the interest expense thereon in aggregate does not exceed the limit set out above will be reviewed and approved by the Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and shall be tabled to the Audit Committee for review on a quarterly basis.

Placements with and debt securities subscribed or purchased from Interested Persons

Where the value (including the applicable interest income) of any funds to be placed with, or any debt securities to be subscribed which are issued by/purchased from, an Interested Person when aggregated with the value (including the applicable interest income) of previous funds placed with, and debt securities subscribed/purchased from, the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) by the JC&C Group exceeds S\$100.0 million, such (and each subsequent) placement of funds with, or subscription of debt securities issued by, or purchase of debt securities from, the same Interested Person shall require the prior approval of the Audit Committee.

Placements of funds with, or subscription of debt securities issued by, or purchase of debt securities from, the same Interested Person where the value (including the applicable interest income thereof) does not in aggregate exceed the limit set out above will be reviewed and approved by the Group Managing Director (or, in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and shall be tabled to the Audit Committee for review on a quarterly basis.

Foreign exchange, swaps and options entered into with Interested Persons

Where the principal amount of any foreign exchange, swap or option transaction to be entered into with an Interested Person when aggregated with the principal amount of previous foreign exchange, swap and option transactions entered into by the JC&C Group with the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) exceeds S\$100.0 million, such (and each subsequent) foreign exchange, swap or option transaction to be entered into with the same Interested Person shall require the prior approval of the Audit Committee.

Entry into of foreign exchange, swap or option transactions with the same Interested Person where the principal amount thereof does not in aggregate exceed the limit set out above will be reviewed and approved by the Group Managing Director (or, in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and shall be tabled to the Audit Committee for review on a quarterly basis.

- (e) The following will apply to the review and approval process for all categories of Interested Person Transactions:
 - (i) If the Group Managing Director has an interest in the transaction or is a nominee for the time being of the Interested Person, the review and approval process shall be undertaken by the senior executive of the Company designated by the Audit Committee from time to time for such purpose.
 - (ii) If the Group Managing Director and such senior executive have an interest in the transaction or are nominees for the time being of the Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Interested Person and has no interest in the transaction) designated by the Chairman of the Audit Committee from time to time for such purpose.
 - (iii) If a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.
- (f) The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of all Interested Person Transactions entered into in the relevant financial year pursuant to the IPT Mandate.

The Audit Committee will review the internal audit reports on Interested Person Transactions to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

- (g) If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and review procedures for Interested Person Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the JC&C Group or the Interested Persons are conducted, the Company will revert to Shareholders for a fresh general mandate based on new guidelines and review procedures so that Interested Person Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and the minority Shareholders.

7. Disclosures

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will: (a) disclose in the Company's Annual Report the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the Annual Reports for subsequent financial years that the IPT Mandate continues in force); and (b) announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

Chapter 9 of the Listing Manual of the SGX-ST governs transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be “at risk”, with the listed company’s interested persons.

Except for any transaction which is below S\$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, when this Chapter applies to a transaction with an interested person and the value of the transaction alone or on aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company’s latest audited consolidated net tangible assets (“**NTA**”)), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for the transaction. In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or exceeding:

- (a) 5% of the listed company’s latest audited consolidated NTA^(Note); or
- (b) 5% of the listed company’s latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

Chapter 9 of the Listing Manual, however, allows a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not for the purchase or sale of assets, undertakings or businesses) which may be carried out with the listed company’s interested persons. A general mandate is subject to annual renewal.

For the purposes of Chapter 9 of the Listing Manual:

- an “**entity at risk**” means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
- an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder. The SGX-ST may also deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into (i) a transaction with an entity at risk, and (ii) an agreement or arrangement with an interested person in connection with that transaction;
- an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a

(Note) Based on the audited consolidated financial statements of the Group for the financial year ended 31st December 2022, the NTA of the Group was US\$6,392.0 million. Accordingly, in relation to the Company, for the purpose of Chapter 9 of the Listing Manual, in the current financial year and until the audited consolidated financial statements of the Group are published for the financial year ended 31st December 2023, 5% of the Company’s latest audited consolidated NTA would be US\$319.6 million.

beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

- an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;
- an “**interested person transaction**” means a transaction between an entity at risk and an interested person;
- a “**transaction**” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of goods or services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly;
- in interpreting the term “**same interested person**” for the purpose of aggregation of the values of all transactions entered into with the same interested person during the same financial year under Rules 905, 906 and 907 of Chapter 9 of the Listing Manual, the following applies:
 - (i) transactions between (a) an entity at risk and a primary interested person; and (b) an entity at risk and an associate of that primary interested person, are deemed to be transactions between an entity at risk with the same interested person;
 - (ii) transactions between (a) an entity at risk and a primary interested person; and (b) an entity at risk and another primary interested person, are deemed to be transactions between an entity at risk with the same interested person if the primary interested person is also an associate of the other primary interested person;
 - (iii) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and
 - (iv) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and have audit committees whose members are completely different; and
- a “**primary interested person**” means a director, chief executive officer or controlling shareholder of the listed company.