

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION. THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

## **SIMPLIFICATION OF JARDINE MATHESON PARENT COMPANY STRUCTURE AND ACQUISITION OF JARDINE STRATEGIC**

Jardine Matheson Holdings Limited ("**Jardine Matheson**" and together with its subsidiaries the "**Group**") has today announced its plans for the simplification of the parent company structure of the Group. This will result in a single holding company with a conventional ownership structure and a further increase in the Group's operational efficiency and financial flexibility.

The plans announced today include the acquisition by Jardine Matheson, for cash, of the 15 per cent. of Jardine Strategic Holdings Limited's ("**Jardine Strategic**") issued share capital that it and its wholly-owned subsidiaries do not already own. Jardine Matheson has also announced its intention subsequently to cancel Jardine Strategic's 59 per cent. shareholding in Jardine Matheson.

*"The simplification of our ownership structure is a natural step in the evolution of the Group and will create value for our shareholders. Taking full ownership of Jardine Strategic is consistent with our policy of investing further in the growth prospects of our existing businesses and highlights the benefits of consistently maintaining the Group's financial strength. This move also enables us to demonstrate unequivocally the substantial and continuing commitment of our core shareholder base, which has always been such a vital element in the long term success of Jardine Matheson."*

Ben Keswick, *Executive Chairman*

### Acquisition of Jardine Strategic

Jardine Matheson and Jardine Strategic have today announced that Jardine Strategic has agreed to a proposal made by Jardine Matheson on the terms of a recommended cash acquisition by Jardine Matheson of the 15 per cent. of Jardine Strategic's issued share capital not already owned by Jardine Matheson and its wholly-owned subsidiaries (the "**Acquisition**").

The Acquisition will be effected by means of an amalgamation of Jardine Strategic and JMH Bermuda Limited, an indirectly wholly-owned subsidiary of Jardine Matheson, under the Companies Act 1981 of Bermuda.

Under the terms of the Acquisition, Jardine Strategic shareholders (other than Jardine Matheson and its wholly-owned subsidiaries) will be entitled to receive US\$33.00 in cash for each Jardine Strategic ordinary share ("**Jardine Strategic Share**") which they hold (the "**Acquisition Price**"). The Acquisition Price values the 15 per cent. of Jardine Strategic's issued share capital that Jardine Matheson and its wholly-owned subsidiaries do not already own at approximately US\$5.5 billion. The Acquisition Price represents a premium of approximately:

- 20.2 per cent. to the closing price of US\$27.45 per Jardine Strategic Share on 5 March 2021, being the last business day prior to this announcement;
- 29.0 per cent. to the volume-weighted average closing price of US\$25.58 per Jardine Strategic Share over the one-month period ended 5 March 2021, being the last business day prior to this announcement; and
- 40.3 per cent. to the volume-weighted average closing price of US\$23.53 per Jardine Strategic Share over the six-month period ended 5 March 2021, being the last business day prior to this announcement.

The Acquisition will be implemented by way of an amalgamation under Bermuda law, requiring approval by the holders of 75 per cent. of the Jardine Strategic Shares voting (in person or by proxy) at the special general meeting of Jardine Strategic shareholders to be held in relation to the Acquisition. Jardine Matheson, which indirectly holds 85 per cent. of the Jardine Strategic Shares, has undertaken to vote in favour of the Acquisition and, accordingly, the requisite shareholder approval is certain to be secured.

Jardine Matheson (through its wholly owned subsidiary JMH Investments Limited) will acquire all the Jardine Strategic Shares which it or its wholly-owned subsidiaries do not already own at a price of US\$33.00 per Jardine Strategic Share in cash, valuing the Jardine Strategic Shares not already owned by Jardine Matheson at approximately US\$5.5 billion. The Acquisition is expected to become effective by the end of April 2021.

Jardine Matheson intends to finance the Acquisition through an acquisition financing facility that it has put in place, as well as existing cash resources and available lines of credit.

#### Cancellation of cross-holding

Following the Acquisition, Jardine Matheson will own 100 per cent. of Jardine Strategic. Jardine Strategic currently owns 59 per cent. of Jardine Matheson.

Jardine Matheson intends to implement the cancellation of Jardine Strategic's 59 per cent. shareholding in Jardine Matheson following completion of the Acquisition (the "**Share Cancellation**"). The Share Cancellation will involve a separate legal process in relation to Jardine Matheson and the wholly-owned subsidiaries through which Jardine Strategic holds its interest in Jardine Matheson. The board of directors of Jardine Matheson (the "**Jardine Matheson Board**") expect to propose a resolution to implement the Share Cancellation through a reduction of capital at the annual general meeting of Jardine Matheson in 2022 and for the Share Cancellation to become effective shortly following the meeting.

In all other respects, Jardine Matheson's corporate structure and listings, including its incorporation in Bermuda, standard listing in the United Kingdom and secondary listings in Singapore and Bermuda, will remain unchanged.

#### 2020 Preliminary Results Announcement

Jardine Matheson and Jardine Strategic will announce their 2020 Preliminary Results on 11 March 2021. Jardine Matheson's results are expected to be in line with market expectations, with Jardine Matheson's full year underlying net profit of US\$1,085 million<sup>1</sup> and underlying earnings per share of US\$2.95<sup>2</sup>.

The outlook for 2021 is uncertain, given the continuing impact of the pandemic. The Group's performance in the first part of the year is expected to be affected in particular by the continuing headwinds faced by our businesses in Southeast Asia and the ongoing low levels of Chinese mainland and other visitors to Hong Kong. While the full year impact on the Group's performance is unclear, we remain confident of our long term strategy which is rooted in the growth markets of Asia.

#### Rationale for the Simplification

The origins of the current structure, in the form of cross-holdings in dual holding companies and majority interests in listed subsidiaries, lie in a series of restructurings in the 1980s.

The reciprocal cross-holding structure between Jardine Matheson and Jardine Strategic has for many years helped to ensure the long-term stability of the Group. As a consequence of the steps described above, the core objective of ownership support and stability will no longer be under-pinned by the cross-holding but will instead be preserved through the substantial commitment of the Principal Shareholder Group as referred to below.

---

<sup>1,2</sup> All financial information contained in this announcement for Jardine Matheson and Jardine Strategic in respect of the year ended 31 December 2020 is unaudited.

Since the formation of the cross-holding structure, Jardine Matheson has pursued a long term approach to the creation of shareholder value and further enhancing the Group's ownership positions through a series of share purchases and buybacks. This has been achieved while, at the same time, maintaining Jardine Matheson's financial strength and funding capacity.

The result is that, from a starting point of largely minority shareholding positions:

- Jardine Matheson now owns 84.9 per cent. of Jardine Strategic, while Jardine Strategic owns 59.3 per cent. of Jardine Matheson; and
- Jardine Strategic owns 50.4 per cent. of Hongkong Land, 77.6 per cent. of Dairy Farm, 79.5 per cent. of Mandarin Oriental and 75 per cent. of Jardine Cycle & Carriage, the majority owner of Astra.

Both Jardine Matheson and Jardine Strategic have also developed other material businesses, both directly and indirectly owned.

Against this background, and with the benefits of attractive long term growth prospects in the Group's core businesses and strong financial resources, the Jardine Matheson Board believes that the simplification of the Group's structure by way of the Acquisition and subsequent Share Cancellation (the "**Simplification**") is the next appropriate step in the evolution of Jardine Matheson's structure.

The Simplification will bring significant benefits for Jardine Matheson shareholders by:

- streamlining the Group's parent company structure to allow for a more transparent ownership model;
- delivering a material enhancement in Jardine Matheson's earnings per share and supporting Jardine Matheson's dividend-paying capacity; and
- increasing the Group's financial and operational flexibility by removing the cross-holding structure.

### Group strategy

The Group was founded in 1832 and has developed since then into a broad portfolio of market-leading businesses focused on China and Southeast Asia. Hong Kong is the largest single geographic market for the Group while the Chinese mainland represents a growing proportion, accounting for 29 per cent. of Group profits in 2020. The Group combines a concentration on two major regions of global growth with a diversified investment spread across industries. The Group's principal operations span property, automotive, retail, finance, engineering, heavy equipment, mining and construction. Within these sectors, Jardine Matheson's strategic focus is on fast-growing consumer markets and the expanding and increasingly prosperous middle class.

The structural transformation represented by the Simplification is complemented by the Group's major initiatives and investments, including in technology and sustainability. Innovation and digital strategies are being put at the forefront of Jardine Matheson's strategy and planning.

The Simplification is consistent with Jardine Matheson's capital allocation policy. It represents a material investment in the Group's existing portfolio and businesses, providing shareholders with enhanced long term growth and capital returns from well-known and established sources. It supports the continued and progressive payment of dividends while maintaining financial resilience and flexibility.

### Financial effects of the Simplification

The acquisition of Jardine Strategic will result in a significant increase to earnings per share. Following the Acquisition, Jardine Matheson will consolidate all of Jardine Strategic's profits as a wholly-owned subsidiary. On a pro forma basis, this would have resulted in Jardine Matheson's 2020 underlying net profit increasing by approximately US\$83 million. Secondly, Jardine Matheson earnings per share are currently calculated on the basis of adjusted shares

in issue, which recognises the economic interest of the Jardine Strategic minority shareholders in Jardine Matheson through the cross-holding. Following completion of the Acquisition, earnings per share will be calculated on the basis of the shares externally held in Jardine Matheson, ignoring any cross-holding. This would result in the average number of shares used to calculate Jardine Matheson's 2020 underlying earnings per share reducing from 368 million<sup>3</sup> to 304 million<sup>4</sup>. As of 28 February 2021 the number of Jardine Matheson shares in issue, excluding the Jardine Strategic shareholding in Jardine Matheson, is 293 million.

The Simplification will enhance Jardine Matheson's ability to maintain long term dividend growth, which has always been a central philosophy of the Group. The increase in earnings per share will lead to an improvement in dividend cover while allowing for some uplift in dividends, which will be assessed at the time of the 2021 final results.

The consideration for the Acquisition is to be paid in cash and will be funded through the acquisition financing facility that Jardine Matheson has put in place, as well as existing cash resources and available lines of credit. The total consideration payable is approximately US\$5.5 billion.

Jardine Matheson has strong liquidity and, as at 31 December 2020, had over US\$2.7 billion of cash at the holding company level, undrawn committed facilities of US\$7.0 billion and total Group liquidity of over US\$16.2 billion. At 31 December 2020, the Group's net borrowings were \$3.7 billion and net gearing was 6 per cent., excluding Astra's financial services businesses. On a pro forma basis, the acquisition of Jardine Strategic would result in net borrowings increasing to US\$9.2 billion and net gearing to 16 per cent. Jardine Matheson will maintain a prudent funding approach following the Simplification in line with its announced capital allocation policy and commitment to maintaining strong, investment grade credit metrics.

#### Principal Shareholder Group

The "**Principal Shareholder Group**" comprises the collective shareholdings of the families involved in the founding and long-term stewardship of Jardine Matheson, together with shares held by related interests. In total, the Principal Shareholder Group will hold Jardine Matheson shares representing approximately 43 per cent. of the issued share capital of Jardine Matheson following the Share Cancellation. This Principal Shareholder Group comprises the holdings of Group directors, other members of the founding families of Jardine Matheson and certain other trusts and foundations. The total number of shares held by the Principal Shareholder Group will vary over time, however, the Jardine Matheson Board expects the substantial commitment of the Principal Shareholder Group to continue over the long term.

#### **Sources and bases of information**

Unless otherwise stated, the financial information relating to Jardine Matheson is extracted from Jardine Matheson's unaudited consolidated financial statements for the year ended 31 December 2020 and the financial information relating to Jardine Strategic is extracted from Jardine Strategic's unaudited consolidated financial statements for the year ended 31 December 2020, in each case prepared in accordance with IFRS.

As at the close of business on 5 March 2021 (being the last business day prior to publication of this announcement), there were 1,108,408,430 Jardine Strategic Shares in issue and 719,848,166 Jardine Matheson shares ("**Jardine Matheson Shares**") in issue.

Unless stated otherwise, any references to the issued and to be issued share capital of Jardine Strategic and Jardine Matheson are based on the 1,108,408,430 Jardine Strategic Shares and 719,848,166 Jardine Matheson Shares referred to above.

---

<sup>3,4</sup> Average adjusted number of shares for 2020.

The statement in relation to the Principal Shareholder Group's percentage holding in Jardine Matheson following the Share Cancellation is calculated on the basis of Jardine Matheson's current issued share capital of 719,848,166.

The consideration payable for the Acquisition (and the associated statements regarding valuation) have been calculated on the basis of the Acquisition Price and a total number of Jardine Strategic Shares in issue of 1,108,408,430 less the 940,903,135 owned by Jardine Matheson and its wholly-owned subsidiaries.

References to cash held at the holding company level are references to the cash held by Jardine Matheson and Jardine Strategic outside of their listed subsidiaries.

References to closing prices are to the closing middle market price of a Jardine Strategic Share on a particular trading day on the Singapore Exchange.

All financial information contained in this announcement for Jardine Matheson and Jardine Strategic in respect of the year ended 31 December 2020 is unaudited.

Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category may vary slightly and figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

## Contact Information

For further information, please contact:

### Brunswick

Tom Burns +44 (0) 20 7404 5959

Tim Payne +852 3512 5000

This and other Group announcements can be accessed through the internet at [www.Jardines.com](http://www.Jardines.com).

## About Jardine Matheson

The Group is made up of a diversified range of businesses focused principally on Asia. These include Jardine Pacific, Jardine Motors, Hongkong Land, Dairy Farm, Mandarin Oriental, Jardine Cycle & Carriage and Astra. These companies are leaders in the fields of engineering and construction, transport services, insurance broking, property investment and development, retailing, restaurants, luxury hotels, motor vehicles and related activities, financial services, heavy equipment, mining and agribusiness.

## Advisors

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), and Simon Robertson Associates LLP are acting as lead financial advisors, and The Hongkong and Shanghai Banking Corporation Limited ("HSBC") is acting as financial advisor, to Jardine Matheson in connection with the Acquisition. Linklaters LLP is acting as legal advisor to Jardine Matheson in connection with the Acquisition.*

## Important Notices

*J.P. Morgan Cazenove, which is authorised in the United Kingdom by the Prudential Regulation Authority (the "PRA") and regulated by the PRA and the Financial Conduct Authority, is acting as financial adviser exclusively for Jardine Matheson and no one else in connection with the Acquisition and will not regard any other person as its client in relation to the Acquisition and will not be responsible to anyone other than Jardine Matheson for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to the Acquisition or any other matter or arrangement referred to herein.*

*Simon Robertson Associates LLP, which is regulated in the UK by the Financial Conduct Authority, is acting as financial adviser exclusively for Jardine Matheson and no one else in connection with the*

*Acquisition and will not regard any other person as its client in relation to the Acquisition and will not be responsible to anyone other than Jardine Matheson for providing the protections afforded to clients of Simon Robertson Associates LLP or its affiliates nor for providing advice in relation to the Acquisition or any other matter or arrangement referred to herein.*

*HSBC, being a financial adviser to Jardine Matheson in relation to the Acquisition, is a registered institution under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”), registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).*

*This announcement is for information purposes only and is not intended to and does not constitute or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities or the solicitation of any vote or approval in any jurisdiction in contravention of applicable law. This announcement does not constitute a prospectus or prospectus exempted document.*

### **Notice to United States Holders of Jardine Strategic Shares**

*The Acquisition relates to the shares of a Bermudian company and is being made by means of an amalgamation provided for under Bermudian company law. A transaction effected by means of an amalgamation is not subject to the tender offer rules or the proxy solicitation rules under the US Securities Exchange Act of 1934. Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable in Bermuda to amalgamations, which differ from the disclosure requirements of United States tender offer and proxy solicitation rules. The financial information included or incorporated by reference in this document has been prepared in accordance with International Financial Reporting Standards (as adopted by the European Union) and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

*Jardine Strategic is a company incorporated under the laws of Bermuda. A majority of the assets of Jardine Strategic are located outside the United States. As a result, it may not be possible for Jardine Strategic Shareholders in the United States to effect service of process within the United States upon Jardine Strategic or its respective officers or directors or to enforce against any of them judgments of the United States courts predicated upon the civil liability provisions of the federal securities laws of the United States. It may not be possible to sue Jardine Strategic or its respective officers or directors in a non-US court for violations of the US securities laws. There is also substantial doubt as to enforceability in Bermuda, in original actions or in actions for enforcement, of the judgments of US courts, based on the civil liability provisions of US federal securities laws.*

### **Overseas Shareholders**

*The release, publication or distribution of this announcement in or into certain jurisdictions other than Bermuda, Singapore or the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than Bermuda, Singapore or the United Kingdom should inform themselves about, and observe, any applicable requirements.*

*To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. The information disclosed in this announcement has been prepared for the purposes of complying with Bermudian, Singaporean and English law and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of Bermuda, Singapore and England and Wales.*

*Copies of this announcement and any formal documentation relating to the Acquisition shall not be, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) should observe these restrictions and must not mail or otherwise forward, distribute or send them in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction.*

### **Forward-looking statements**

*This announcement (including information incorporated by reference in this announcement), oral statements made by or on behalf of Jardine Matheson regarding the Acquisition, and other information*

*published by or on behalf of Jardine Matheson or its respective affiliates may contain statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and on numerous assumptions regarding the business strategies and the environment in which Jardine Matheson shall operate in the future and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.*

*The forward-looking statements contained in this announcement relate to Jardine Matheson's future prospects, developments and business strategies, the expected timing and scope of the Acquisition and other statements other than historical facts. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions.*

*By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that shall occur in the future. These events and circumstances includes changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or disposals. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions prove incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors.*

*Neither Jardine Matheson, nor any of Jardine Matheson's respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement shall actually occur. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.*

*The forward-looking statements speak only at the date of this announcement. All subsequent oral or written forward-looking statements attributable to Jardine Matheson or any of Jardine Matheson's respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.*

*Jardine Matheson, J.P. Morgan Cazenove, Simon Robertson Associates LLP, HSBC and their respective affiliates expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement or any other forward-looking statements they may make whether as a result of new information, future developments or otherwise.*

#### **No profit forecasts or estimates**

*No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for Jardine Matheson or Jardine Strategic, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Jardine Matheson or Jardine Strategic, as appropriate.*

Jonathan Lloyd, Jardine Matheson Limited  
for and on behalf of Jardine Matheson Holdings Limited

8th March 2021