Jardines

Jardine Strategic

Annual Report **2016**



Jardine Strategic

Jardine Strategic is a holding company with its principal interests in Jardine Matheson, Hongkong Land, Dairy Farm, Mandarin Oriental, Jardine Cycle & Carriage and Astra International. 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.

Jardine Strategic's policy is to take strategic stakes in multinational businesses, particularly those with an Asian focus, and to support their expansion. It also complements these interests with smaller positions in quality businesses with existing or potential links with the Group.

Jardine Strategic is incorporated in Bermuda and has a standard listing on the London Stock Exchange, with secondary listings in Bermuda and Singapore. Jardine Matheson Limited, which operates from Hong Kong, acts as General Manager to the Company and provides management services to the Group companies. It makes available senior management and provides financial, legal, human resources and treasury support services to the Group's subsidiaries and associates.

Jardine Strategic Holdings Limited
Jardine House
Hamilton
Bermuda

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Highlights

- Underlying profit maintained
- Full-year dividend up 5%
- Sound business performances across the Group
- Regional economies remain resilient
- Material increase in value of the Hongkong Land property portfolio

Results

	2016 US$m	2015 US$m restated[Ω]	Change %
Gross revenue including 100% of Jardine Matheson, associates and joint ventures	**72,437**	65,271	11
Underlying profit before tax[#]	**3,522**	3,323	6
Underlying profit attributable to shareholders[#]	**1,438**	1,424	1
Profit attributable to shareholders	**2,741**	1,955	40
	US$	US$	%
Underlying earnings per share[#]	**2.45**	2.37	3
Earnings per share	**4.67**	3.26	43
Dividends per share	**0.300**	0.285	5
Net asset value per share[†]	**53.25**	49.99	7

[#] The Group uses 'underlying profit' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 1 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.

[†] Net asset value per share is calculated on a market value basis, details of which are set out on page 5 to the financial statements.

[Ω] Restated due to a change in accounting policy as set out in note 1 to the financial statements.

Chairman's Statement

Sir Henry Keswick
Chairman

Overview

The Group produced a satisfactory result for the year as most of its businesses traded well. Good performances were seen in Jardine Matheson where Jardine Motors and most of Jardine Pacific's activities did well, although Jardine Lloyd Thompson faced challenging markets. Dairy Farm made further progress in highly competitive retail markets and steady performances were seen in Hongkong Land's operations. Astra produced some very good trading results, although its profit growth was held back by provisions in its banking affiliate, while Jardine Cycle & Carriage saw good contributions from its non-Astra interests. Mandarin Oriental saw more difficult trading in some key markets. The Group's balance sheet benefited from enhanced asset values in Hongkong Land.

Performance

The Group's revenue for 2016, including 100% of revenue from Jardine Matheson, associates and joint ventures, was US$72.4 billion, compared with US$65.3 billion in 2015. Jardine Strategic achieved an underlying profit before tax for the year of US$3,522 million, an increase of 6%. The underlying profit attributable to shareholders was up 1% at US$1,438 million, while underlying earnings per share at US$2.45 were 3% higher following share repurchases made during the year.

The profit attributable to shareholders of US$2,741 million included a US$1,248 million share of Hongkong Land's increase in the value of its investment property portfolio and net gains of some US$55 million. This compares with US$1,955 million in 2015, that included a more modest increase in property valuations.

The Group's profit generation, cash flows and retained earnings have supported continued investment enabling high levels of capital expenditure to be combined with low levels of debt. The Group's capital investment, including expenditure on properties for sale, exceeded US$3.3 billion in 2016, in addition to which its associates and joint ventures had capital investment of US$2.3 billion. Three of Astra's operations, Permata Bank, Astra Agro Lestari and Acset Indonusa, raised equity through rights issues during the year to enhance their balance sheets and fund growth.

The Group's consolidated net debt at the end of the year, excluding financial services companies, was US$2.0 billion, representing gearing of 4%, which compares to US$2.4 billion at the end of 2015 with gearing of 5%.

The Board is recommending a final dividend of US¢21.00 per share, which increases the dividend by 5% for the full year to US¢30.00 per share.

Business Developments

With most of the Group's businesses concentrated in Greater China and Southeast Asia, they benefit from the ongoing economic development of the Region and the demands for products and services from a growing middle class. Despite China's ongoing economic challenges, its economy saw relatively stable growth during 2016, with retail sales in particular showing promise at the year end. During the year, the Group continued the development of its business networks and operating activities in key commercial centres across the Mainland, and produced good performances in the retail, property and motor sectors. In Southeast Asia, Astra in Indonesia was able to capture market share in the automotive segment with new model launches, while increases in raw material prices should bring further benefits.

Within Jardine Matheson, Jardine Pacific saw steady trading in most of its businesses during 2016, although Gammon's result was affected by a problem civils contract. Jardine Motors enjoyed a very good year as Zung Fu's mainland China operations achieved increased sales and higher margins. Dealership affiliate, Zhongsheng, also benefited from the strengthening of the Mainland market and reported much improved profitability. Jardine Lloyd Thompson reported a good result set against the continued challenging economic and trading environment, and while the weakness of sterling in the second half was a positive factor in JLT's reported results, the benefit was largely reversed on consolidation in the Group's US dollar results.

Hongkong Land had another good year as its commercial markets remained relatively firm and there was another steady contribution from residential property developments. The value of the group's commercial portfolio in Hong Kong

increased by 12% due to office capitalization rates falling further with strong investment demand and rental growth. The group is currently developing a range of commercial and residential projects in mainland China and Southeast Asia, while its strong financial position with ample liquidity and low gearing is allowing it to pursue further opportunities in its chosen markets.

Dairy Farm produced sound profit growth in retail markets that remained highly competitive. Its Hong Kong operations continued to trade well, but challenges persisted for a number of its Southeast Asian banners, particularly in Malaysia. In mainland China, Yonghui saw a strong profit improvement, and its contribution was enhanced by the inclusion of its results for a full twelve months. Dairy Farm is making progress in its transformation to compete effectively in an evolving retail landscape, which it is supporting with investment in its supply chain, IT infrastructure and systems, and in the skills and expertise of its people.

Mandarin Oriental's hotels remained focused on maintaining or enhancing their market leadership positions, but weaker demand in the group's key cities of Hong Kong, London and Paris meant that its earnings were lower. Mandarin Oriental continues to pursue expansion opportunities around the world and has a number of hotel management contracts at various stages of development. It recently announced a management contract for a new hotel and residences in Honolulu, Hawaii to open in 2020.

Jardine Cycle & Carriage produced a satisfactory performance in 2016 as Astra's results improved, the Indonesian rupiah exchange rate was stable, and there were increased contributions from its other interests. The group is pursuing expansion in Southeast Asia, through supporting the growth of Astra in Indonesia, strengthening its other motor interests, and investing in market-leading companies that provide exposure to new business sectors.

Astra had a better year in 2016. Strong performances from its automotive businesses led to increased market shares of 56% for cars and 74% for motorcycles. Most of the group's financial services businesses performed well, with the principal exception of Permata Bank where a material increase in its loan-loss provisions led to a significant loss. Prospects for Astra's heavy equipment and mining activities improved in the final quarter as coal prices started to recover. Its agribusiness also benefited from rising crude palm oil prices, although its 2016 performance was hampered by lower production due to the effects of poor weather. Astra continues to seek investment opportunities in Indonesia to expand its existing activities and move into new sectors, and during the year took additional stakes in toll roads and progressed its property development interests.

People

Y.K. Pang joined the Board on 1st August 2016.

We were saddened by the death of Lord Leach in June 2016. He made a significant contribution to the Group over 33 years and his intellect and wise counsel will be greatly missed.

Outlook

The Group companies traded steadily in 2016 and it is expected that they will continue in a similar vein in 2017, while at the same time steps are being taken to improve their underlying performances and invest in key areas for future growth.

Jardine Strategic

Jardine Strategic

Jardine Matheson

Jardine Matheson is a diversified Asian-based group with unsurpassed experience in the region, having been founded in China in 1832. It comprises a broad portfolio of market-leading businesses, held in part through its 84% stake in Jardine Strategic, which represent a combination of cash generating activities and long-term property assets and are closely aligned to the increasingly prosperous consumers of the region. (57%)

Hongkong Land

Hongkong Land is a major listed property investment, management and development group that operates under the principles of excellence, integrity and partnership. Its almost 800,000 sq. m. prime office and retail space in Hong Kong, Singapore and other major Asian cities attracts the world's foremost companies and luxury brands. The group also has a number of high quality residential and mixed-use projects under development in cities across Greater China and Southeast Asia. (50%)

Dairy Farm

Dairy Farm is a leading listed Asian retailer that is active across four divisions, being Food (including supermarkets, hypermarkets and convenience stores), Health and Beauty, Home Furnishings and Restaurants. The group aims to meet the changing needs of Asian consumers by offering leading brands, a compelling retail experience and great value, all provided through responsible operations supported by reliable and trusted supply chains. (78%)

Mandarin Oriental The Hotel Group

Mandarin Oriental is an international hotel investment and management group with deluxe and first class hotels, resorts and residences in sought-after destinations. The group operates 29 hotels and eight residences in 19 countries and territories, and has a strong pipeline of properties under development. As an innovative industry leader, the group is committed to exceeding its guests' expectations through exceptional levels of hospitality. (77%)

Jardine Cycle & Carriage

Jardine Cycle & Carriage is a leading Singapore-listed company. In addition to holding just over 50% in Astra International, it is growing its portfolio of motor and other interests in Southeast Asia, including in Indonesia, Vietnam, Singapore, Thailand, Malaysia and Myanmar. The businesses include motor dealerships and financing, engineering, cement production and property. (75%)

ASTRA international

Astra is a major listed Indonesian group working through its seven business lines – Automotive; Financial Services; Heavy Equipment and Mining; Agribusiness; Infrastructure and Logistics; Information Technology; and Property. Astra's philosophy is to be an asset to the nation with an emphasis on sustainable growth, through providing the best services to its customers, a first class working environment and socially responsible outlook. Jardine Cycle & Carriage has a shareholding of just over 50%.

(Figures in brackets show effective ownership by Jardine Strategic as at 2nd March 2017.)

Jardine Matheson

Jardine Pacific

Jardine Pacific's diverse portfolio comprises industry leaders in the areas of engineering and construction, airport and transport services, restaurants and IT. Its companies seek to deliver excellent performances and services to their customers and to create value for their business partners and shareholders. (100%)

Jardine Motors

Jardine Motors is engaged in the sales and service of motor vehicles and related activities. It has operations in Hong Kong, Macau and the United Kingdom, and a large and growing presence in Southern China. It combines a customer-oriented approach with first class products and services. (100%)

JLT

JLT is one of the world's leading providers of insurance, reinsurance and employee benefits related advice, brokerage and associated services. A UK-listed group, its deep expertise and entrepreneurial culture give it the insights, creative freedom and tenacity necessary to go beyond the routine and deliver better results for its clients. (42%)

(Figures in brackets show effective ownership by Jardine Matheson as at 2nd March 2017.)

Profit and Net Assets Analysis

Underlying Profit and Shareholders' Funds

	Underlying profit attributable to shareholders				Shareholders' funds			
	2016		2015		**2016**		2015	
	US$m	%	US$m	%	US$m	%	US$m	%
Jardine Matheson*	**202**	**13**	191	12	**2,485**	**10**	2,240	10
Hongkong Land	**424**	**27**	452	29	**15,647**	**60**	14,342	61
Dairy Farm	**357**	**22**	332	22	**1,353**	**5**	1,254	5
Mandarin Oriental	**43**	**3**	67	4	**978**	**4**	976	4
Jardine Cycle & Carriage	**150**	**9**	127	8	**891**	**3**	803	3
Astra	**375**	**24**	350	23	**3,398**	**13**	3,043	13
Other holdings	**27**	**2**	33	2	**1,205**	**5**	1,004	4
	1,578	**100**	1,552	100	**25,957**	**100**	23,662	100
Corporate	**(140)**		(128)		**185**		257	
	1,438		1,424		**26,142**		23,919	

*Excluding Jardine Strategic and its subsidiaries and associates.

Market Value Basis Net Assets#

	2016		2015	
	US$m	%	US$m	%
Jardine Matheson	**4,955**	**16**	5,046	17
Hongkong Land	**7,448**	**24**	8,236	28
Dairy Farm	**7,547**	**25**	6,382	22
Mandarin Oriental	**1,239**	**4**	1,435	5
Jardine Cycle & Carriage	**8,458**	**27**	7,281	25
Other holdings	**1,213**	**4**	1,013	3
	30,860	**100**	29,393	100
Jardine Strategic Corporate	**98**		179	
	30,958		29,572	
Net asset value per share (US$)+	**53.25**		49.99	

#'Market value basis net assets' are calculated based on the market price of the Company's holdings for listed companies, with the exception of the holding in Jardine Matheson which has been calculated by reference to the market value of US$22,433 million *(2015: US$19,312 million)* less the Company's share of the market value of Jardine Matheson's interest in the Company. For unlisted companies a Directors' valuation has been used.

+Net asset value per share is calculated on 'market value basis net assets' of US$30,958 million *(2015: US$29,572 million)* and on 581 million *(2015: 592 million)* shares outstanding at the year end which excludes the Company's share of the shares held by Jardine Matheson of 526 million *(2015: 521 million)* shares.

Operating Review

Ben Keswick
Managing Director

Jardine Matheson

- Underlying profit up 2%
- Most Jardine Pacific businesses traded well
- Jardine Motors produced a much improved result
- JLT earnings impacted by UK Employee Benefits and US development costs
- Increased contribution from Jardine Strategic

	2016	2015	Change (%)
Revenue (US$ billion)	**37.1**	37.0	–
Underlying profit attributable to shareholders (US$ million)	**1,386**	1,360	2
Underlying earnings per share (US$)	**3.71**	3.64	2
Net asset value per share (US$)	**58.15**	53.30	9

Jardine Matheson achieved an underlying profit before tax for the year of US$3,729 million, an increase of 6%. The underlying profit attributable to shareholders was up 2% at US$1,386 million, while underlying earnings per share were 2% higher at US$3.71. The profit attributable to shareholders for the year was US$2,503 million, mainly due to an increase in the value of Hongkong Land's investment property portfolio. This compares with US$1,799 million in 2015, which also benefited from a small increase in property valuations.

Jardine Pacific
Jardine Pacific produced an underlying net profit of US$135 million in 2016, a reduction of 5% largely as a result of the sale of its shipping business in 2015.
The profit attributable to shareholders was US$57 million, after taking into account property valuations and goodwill impairments principally against its IT operations, which compares with US$145 million in 2015. Within its engineering and construction activities, Jardine Schindler continued its good performance, JEC also did well to generate improved earnings, and while Gammon's contribution was lower following the underperformance of a civils contract its order book has remained steady at US$3.8 billion. Jardine Restaurants produced good profit growth, helped by tax benefits in Taiwan. The continuing Transport Services businesses reported stable contributions, with a slight increase in cargo throughput seen at Hactl. There was a somewhat better result from JTH Group, but following a review of its IT distribution business, a US$73 million impairment of goodwill was recorded.

Jardine Motors
Jardine Motors recorded a much improved underlying profit that was up 43% at US$110 million as Zung Fu in mainland China achieved higher sales of Mercedes-Benz passenger cars at enhanced margins and better performances from its after-sales operations. While it faced declining sales and margins in softer markets in Hong Kong and Macau, it is

developing a new flagship centre on Hong Kong Island, primarily financed by proceeds from the disposal of existing properties. In the United Kingdom, higher vehicle sales and stable margins were achieved, but a weaker sterling exchange rate led to a lower earnings contribution.

Zhongsheng, one of mainland China's leading motor dealership groups in which Jardine Strategic now holds a 15.5% interest, announced a significant improvement in profitability in 2016 as a result of increased sales and better margins.

Jardine Lloyd Thompson

JLT's total revenue for 2016 was US$1,698 million, an increase of 9% in its reporting currency. While underlying trading profit was up 3% in its reporting currency at US$260 million, it was 9% lower at constant rates of exchange. This reflects a weaker first-half performance in its UK Employee Benefits business and the development cost of its US Specialty business. On conversion into US dollars and after adjusting for restructuring costs, JLT's contribution to the Group's underlying profit was 20% lower than the prior year.

JLT's Risk & Insurance businesses produced a 4% increase in revenues at constant rates of exchange. Good performances were seen in its Specialty and Reinsurance businesses as well as its Asian and Latin American operations, with progress continuing to be made in its new US Specialty business. The revenues of its Employee Benefits operations were down 1% at constant rates of exchange following the impact on the UK business of structural changes in the industry, although profits started to recover in the second half of the year. The International Employee Benefits operations delivered 5% revenue growth at constant rates of exchange.

Jardine Matheson
Underlying Profit Attributable to Shareholders (US$ million)



Jardine Matheson
Net Asset Value per Share (US$)



Hongkong Land

- Underlying profit down 6%
- Continued strong contribution from commercial portfolio
- Steady residential contribution from mainland China and Singapore
- Net assets per share up 9% on higher capital values

	2016	2015	Change (%)
Underlying profit attributable to shareholders (US$ million)	**848**	905	(6)
Gross assets (US$ billion)	**33.3**	31.1	7
Net asset value per share (US$)	**13.30**	12.19	9

Underlying profit attributable to shareholders (US$ million)



Net Asset Value per Share (US$)



Hongkong Land's underlying profit in 2016 was 6% lower at US$848 million. Good results were seen in its commercial portfolio and its residential sector profits were marginally lower, but its overall earnings declined in the absence of a gain recorded in 2015 on a redeveloped property in Hong Kong. The profit attributable to shareholders was US$3,346 million after accounting for net non-trading gains of US$2,498 million recorded on the revaluation of the group's investment properties. This compares to US$2,012 million in 2015, which included net valuation gains of US$1,107 million. Hongkong Land remains well-financed with net debt of US$2.0 billion at the year end and net gearing of 6%.

In commercial property, limited competitive supply in the Hong Kong office leasing market benefited the group's Central portfolio, with year-end vacancy of 2.2% and rental reversions remaining positive. The retail portion of the portfolio was fully occupied and base rental reversions were largely positive, although the impact of turnover rent led to reduced rental income. The group's Singapore office portfolio was almost fully let, but the average rent decreased slightly. In mainland China, construction of the group's luxury retail and hotel complex in Beijing is on target, with the retail component opening later in 2017 and the Mandarin Oriental Hotel due to open in 2018. In Jakarta, the fifth tower at Jakarta Land, the group's 50%-owned joint venture, is due to complete in 2018.

In Hongkong Land's residential developments, revenue recognized in mainland China during the year, including attributable interests in joint ventures, increased by 34%, but the profit contribution was flat due to the product mix and a weaker Chinese currency. The group's attributable interest in contracted sales was 38% higher in 2016 at US$1,105 million. The construction of the 50%-owned New Bamboo Grove in Chongqing began in mid-2016 and is progressing well. Results from the Singapore residential business declined marginally due to lower provision write-backs on completed developments. Of Hongkong Land's other residential interests, the developments in Indonesia and the Philippines are progressing well.

Dairy Farm

- Modest sales growth achieved in challenging markets
- Underlying profit up 7% at US$460 million
- Food, Home Furnishings and Restaurants deliver higher profits
- Additional contribution from Yonghui Superstores

	2016	2015	Change (%)
Sales including 100% of associates & joint ventures (US$ billion)	**20.4**	17.9	14
Sales (US$ billion)	**11.2**	11.1	1
Underlying profit attributable to shareholders (US$ million)	**460**	428	7

Sales (excluding associates and joint ventures) (US$ billion)



Underlying Profit Attributable to Shareholders (US$ million)



Dairy Farm produced sound profit growth despite soft consumer spending and pressure on pricing in most of its markets. Sales by subsidiaries in 2016 were up 1% at US$11.2 billion. Total sales, including 100% of associates and joint ventures, were 14% higher at US$20.4 billion as Yonghui produced stronger growth and an additional three months' contribution. Dairy Farm's underlying profit was up 7% at US$460 million, with the increase being largely attributable to improved operating margins in its Food and Home Furnishings divisions and strong contributions from both Yonghui and Maxim's. The group's operations continue to generate good net cash flows, although somewhat reduced from 2015 due to timing differences on working capital movements. A further US$190 million was invested in Yonghui in August to maintain Dairy Farm's shareholding at 19.99%.

Further progress was made by Dairy Farm in pursuit of its strategic objectives in 2016 as it took measures to compete effectively in an evolving retail landscape and grow its market share. Its e-commerce offerings were improved, with initiatives in its Home Furnishings, Food and Health and Beauty operations. Range enhancements were introduced in all of its formats in areas such as fresh produce, ready-to-eat and corporate brands. Dairy Farm is using its scale to provide an increasingly extensive international product range at more attractive prices, while its customers are benefiting from improved store networks and further investment in quality assurance.

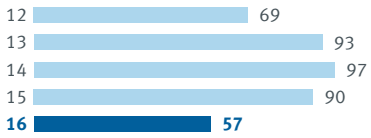
Dairy Farm's continuing operations, including associates and joint ventures, added a net 114 stores during the year after the rationalization of some underperforming stores. At 31st December 2016, the group had 6,548 stores in operation in eleven countries and territories, including its interest in 487 Yonghui stores in mainland China.

Mandarin Oriental

- Weak demand persists in key cities
- Underlying earnings 37% lower
- Phased renovation of London hotel commenced
- New management contract in Hawaii

	2016 US$m	2015 US$m	Change %
Combined total revenue of hotels under management	**1,324**	1,335	(1)
Underlying profit attributable to shareholders	**57**	90	(37)

Underlying Profit Attributable to Shareholders (US$ million)



Net Asset Value per Share* (US$)



*With freehold and leasehold properties at valuation.

Mandarin Oriental faced softer demand in many of its key markets throughout 2016 resulting in its underlying profit reducing to US$57 million, compared with the US$90 million in the prior year. Profit attributable to shareholders was US$55 million, compared to US$89 million in 2015.

The group's hotels in Hong Kong, London and Paris were particularly affected by reduced demand, while its London property was also impacted by an 18-month renovation programme which began in September. The group saw a positive trading environment in Tokyo, a return to normal operations in Munich following a public area renovation, and a contribution from the newly acquired equity interest in Mandarin Oriental, Boston. There were, however, weaker performances in Washington D.C. and Jakarta.

Mandarin Oriental completed the US$140 million acquisition of its Boston hotel in April 2016. In July, it announced 30 branded residences adjacent to Mandarin Oriental, Bali, both of which are due to open in mid-2018, and in February 2017 it announced a management contract for a new hotel and residences in Honolulu, Hawaii to open in 2020. The group has eleven hotels under development, which are expected to open in the next five years, with the next hotel opening in Doha expected later this year. Mandarin Oriental currently operates 29 hotels and eight residences in 19 countries and territories.

Jardine Cycle & Carriage

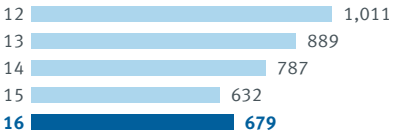
- Underlying earnings per share up 3%
- Improved contribution from Astra
- Strong performance across Direct Motor Interests
- Higher contribution from Other Interests

	2016	2015	Change (%)
Revenue (US$ billion)	**15.8**	15.7	–
Underlying profit attributable to shareholders (US$ million)	**679**	632	7

Revenue (US$ billion)



Underlying Profit Attributable to Shareholders (US$ million)



Jardine Cycle & Carriage's underlying profit was 7% higher at US$679 million. Profit attributable to shareholders was US$702 million after accounting for a net non-trading profit of US$23 million, compared with US$691 million in 2015 after a net non-trading gain of US$59 million. Astra's contribution of US$500 million was up 6%. The group's Direct Motor Interests contributed US$167 million, up 18%, while the contribution from its Other Interests was 11% higher at US$33 million.

Within the Direct Motor Interests, the 25%-owned Truong Hai Auto Corporation in Vietnam had a good year with its contribution up 10% at US$94 million following a good performance from its automotive operations and initial profits from a new real estate business. Earnings from the wholly-owned Singapore motor operations rose 26% to US$49 million following an increase in the number of certificates of entitlement. In Malaysia, the results of 59%-owned Cycle & Carriage Bintang declined despite increased unit sales as changes in the sales mix led to lower margins. In Indonesia, 44%-owned Tunas Ridean increased its contribution by 94% to US$18 million with higher income from motor car sales and financing.

Of the group's Other Interests, the first full-year's contribution from 25%-held Siam City Cement Public Company Limited ('SCCC') in Thailand of US$22 million was modestly higher as the effect of reduced domestic cement prices was partly offset by contributions from new acquisitions. SCCC is investing some US$1 billion to expand its business with acquisitions in Vietnam, Bangladesh and Sri Lanka, which it will finance in part by a US$480 million rights issue. Jardine Cycle & Carriage's 23%-owned Refrigeration Electrical Engineering Corporation in Vietnam, contributed US$11 million, an increase of 25% with progress being made in its property development activities.

Astra

- Net earnings per share up 5%
- Increased market shares for cars and motorcycles
- Heavy equipment and mining result up due to non-recurrence of impairment charge
- Agribusiness benefited from improved prices
- Significant increase in loan-loss provisions by Permata Bank

	2016	2015	Change* (%)
Net Revenue# (US$ billion)	**13.6**	13.7	(2)
Profit attributable to shareholders# (US$ million)	**1,137**	1,075	5

* Based on the change in Indonesian rupiah, being the reporting currency of Astra.
# Reported under Indonesian GAAP.

Astra's underlying profit for 2016 under Indonesian accounting standards was up 4% at Rp14.6 trillion, equivalent to US$1,096 million. Its net profit was up 5% at Rp15.2 trillion, some US$1,137 million. Strong working capital inflows were maintained with net cash, excluding its financial services subsidiaries, of Rp6.2 trillion or US$461 million at 31st December 2016, compared to net cash of Rp1.0 trillion or US$75 million at the end of 2015.

Net income from Astra's automotive businesses in Indonesia rose 23% to US$688 million, largely due to successful new model launches. Astra's car sales were up 16% at 591,000 units, outperforming the wholesale market increase of 5%, resulting in its market share rising from 50% to 56%. Astra Honda Motor's domestic motorcycle sales were 2% lower at 4.4 million units, while the wholesale market declined 8%, increasing its market share from 69% to 74%. Net income from Astra Otoparts rose 31% to US$31 million.

Net income in financial services was 78% lower at US$59 million, mainly due to a loss in Permata Bank following a significant increase in loan-loss provisions in its commercial loan book, excluding this loss the net income would have risen 7% to US$282 million. To strengthen its capital base, Permata Bank undertook a US$420 million rights issue in June 2016 and plans for a further US$220 million rights issue in the first half of 2017, in respect of which US$110 million has already been advanced by its two major shareholders, Astra and Standard Chartered Bank. Astra's consumer financing rose 21% in 2016 to US$5.5 billion, while its heavy equipment financing rose 20% to US$352 million. Modest improvement was seen in Astra's general insurance company, and by the end of the year its life insurance joint venture, Astra Aviva Life, had reached 228,000 individual life customers and 596,000 participants for its corporate employee benefits programmes.

United Tractors' net income of US$375 million was up 30% over 2015, when an impairment charge was incurred, excluding which the net income in 2016 would have been down 22%. Mining contracting revenue was lower due to the relatively weak coal prices for much of the year. Earnings were also impacted by foreign exchange translation losses. Komatsu heavy equipment sales rose 3%, but parts and service revenue declined. Pamapersada Nusantara's mining contracting operations saw coal production little changed, while overburden removal was 8% lower. Coal sales at United Tractors' mining subsidiaries were 48% higher at 6.8 million tonnes. General contractor, Acset Indonusa, reported net income up 63% at US$5 million, and in June 2016 raised US$45 million in a rights issue to support its continued growth.

Astra Agro Lestari's net income increased from US$46 million to US$150 million. Its revenue improved as higher crude palm oil prices offset reduced production due to the impact of poor weather, while the stronger rupiah at the year end benefited the translation of its US dollar monetary liabilities. It completed a US$300 million rights issue in June 2016.

Net income from Astra's infrastructure and logistics activities increased by 35% to US$20 million. Progress continues in the expansion of the group's toll road interests, which including greenfield developments now extend to 343 kilometres. PAM Lyonnaise Jaya, which operates the western Jakarta water utility system, saw a modest rise in sales volumes. Astra's contract car hire business produced a better result, while its information technology interests saw a modest decline in net income.

Astra's new property division produced net income of US$8 million, down from US$16 million in 2015 primarily due to lower revaluation gains. Construction is ongoing at the 93%-sold luxury residential development Anandamaya Residences, a 60%-owned joint venture with Hongkong Land in Jakarta's Central Business District, and at Menara Astra, the adjacent Grade A office tower development. Both are on schedule to complete in 2018.

Motor Vehicle Sales including Associates and Joint Ventures (thousand units)



Motorcycle Sales including Associates and Joint Ventures (thousand units)



Financial Review

John Witt
Chief Financial Officer

Accounting Policies

The Directors continue to review the appropriateness of the accounting policies adopted by the Group having regard to developments in International Financial Reporting Standards ('IFRS'). In 2016, a number of amendments to the Standards became effective and the Group adopted those which are relevant to the Group's operations. As mentioned in note 1 of the financial statements, the only amendments adopted that impact the consolidated profit and loss account and balance sheet are the amendments to IAS 16 and IAS 41 on Agriculture: Bearer Plants. The adoption of these amendments does not have a material effect on the financial statements, but the comparative financial statements have been restated in accordance with the requirements under IFRS.

Results

Underlying Profit

	2016 US$m	2015 US$m
Revenue	**29,552**	29,391
Operating profit	**2,866**	2,583
Net financing charges	**(135)**	(115)
Share of results of Jardine Matheson	**202**	191
Share of results of associates and joint ventures	**589**	664
Profit before tax	**3,522**	3,323
Tax	**(605)**	(590)
Profit after tax	**2,917**	2,733
Non-controlling interests	**(1,479)**	(1,309)
Underlying profit attributable to shareholders	**1,438**	1,424
Non-trading items	**1,303**	531
Net profit	**2,741**	1,955
	US$	US$
Underlying earnings per share	**2.45**	2.37

In 2016, revenue was broadly in line with 2015. 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 11% to US$72.4 billion. This increase was largely from Dairy Farm's associate, Yonghui Superstores in mainland China, Astra's automotive associates and joint ventures and Jardine Cycle & Carriage's associates, Truong Hai Auto Corporation ('THACO') in Vietnam and Siam City Cement in Thailand.

Operating profit from the Group's subsidiaries, excluding non-trading items, was US$2,866 million, an increase of US$283 million or 11%. Whilst this represents good overall growth, there was a mixed performance from the Group's businesses.

Astra's underlying operating profit increased by US$339 million or 31% from 2015, which had included an impairment charge of US$349 million in relation to its coal mining properties. Excluding the effect of this impairment charge, Astra's 2016 operating profit would have been marginally lower compared with 2015. Lower earnings from United Tractors as a result of relatively weak coal prices were mitigated by higher earnings from Astra's other major businesses, namely automotive, financial services and agribusiness, which benefited from rising crude palm oil prices and the stronger Rupiah on the translation of its US dollar monetary liabilities.

Dairy Farm's contribution was US$17 million above 2015 as a result of improved operating margins from its Food business and higher sales in its Home Furnishings business, while its Health and Beauty business reported lower earnings. Jardine Cycle & Carriage's contribution increased by US$8 million mainly resulting from higher earnings in its motor operations in Singapore.

Hongkong Land's contribution decreased by US$23 million due primarily to the absence of the gain recorded in 2015 on a redeveloped property in Hong Kong. Excluding the effect of this, the contribution from its principal commercial and residential development activities showed a modest

increase. Mandarin Oriental's contribution decreased by US$38 million compared with 2015 primarily due to lower demand affecting its Hong Kong, London and Paris hotels. London was also impacted by its major renovation programme which commenced in September 2016.

Net financing charges increased by US$20 million compared to 2015 principally due to the higher levels of average net debt in Astra's holding company and Dairy Farm during the year. Interest cover exclusive of financial services companies remained strong at 23 times, calculated as the sum of underlying operating profit and share of results of associates and joint ventures divided by net financing charges.

The underlying profit contribution from Jardine Matheson increased by 6% to US$202 million. This result included an increase of US$19 million in Jardine Motors as its mainland China business achieved strong sales at higher margins and a better performance from its after-sales operations. This was partly offset by lower earnings in Hong Kong due to lower sales and margins, and in the United Kingdom due to a weaker sterling exchange rate upon translation into US dollars despite higher vehicle sales and stable margins being achieved. Jardine Lloyd Thompson's contribution was US$8 million lower mainly due to reduced revenue and the restructuring costs in its Employee Benefits business in the United Kingdom and the development costs of its United States Specialty business. Jardine Pacific's overall results were US$3 million lower due to the absence of profit from its shipping business, which was sold in 2015, and lower earnings in Gammon resulting from the underperformance of a major contract, mitigated by better performances in its Restaurant businesses and Jardine Schindler.

The Group's share of underlying results of associates and joint ventures decreased by US$75 million or 11% to US$589 million. Contributions from Astra's associates and joint ventures reduced by US$101 million as a result of a significant increase in loan-loss provisions made against Permata Bank's commercial loan book, partly offset by strong sales performances in Astra's automotive businesses.

The contribution from Hongkong Land's associates and joint ventures decreased by US$23 million mainly due to the timing of sales in its residential joint venture projects in mainland China. In Dairy Farm, the contributions from its associates increased by US$30 million primarily as a result of the strong performance and a full-year contribution from Yonghui Superstores. In addition, Maxim's results were higher. In Jardine Cycle & Carriage, its contribution from associates and joint ventures was US$22 million higher mainly from THACO, its motor vehicle associate in Vietnam, and Tunas Ridean in Indonesia.

The underlying effective tax rate for the year was 25%, which was broadly in line with that of 2015.

The Group's underlying profit attributable to shareholders in 2016 was US$1,438 million or US$2.45 on an earnings per share basis, 1% and 3% higher than in the prior year, respectively.

Non-trading Items

In 2016, the Group had net non-trading gains of US$1,303 million, which included a net increase of US$1,260 million in the fair value of investment properties primarily in Hongkong Land and gains on property disposals of US$97 million, partly offset by impairment charges of US$57 million against goodwill on certain businesses, within Jardine Pacific.

Dividends

The Board is recommending a final dividend of US$0.21 per share for 2016, providing a total annual dividend of US$0.30 per share, an increase of 5% over 2015. The final dividend will be payable on 11th May 2017, subject to approval at the Annual General Meeting to be held on 4th May 2017, to those persons registered as shareholders on 17th March 2017. The dividends are payable in cash with a scrip alternative.

Cash Flow

Summarized Cash Flow

	2016 US$m	2015 US$m
Operating cash flow	**2,919**	3,465
Dividends from associates and joint ventures	**496**	507
Operating activities	**3,415**	3,972
Capital expenditure and investments, net of disposals	**(2,110)**	(2,927)
Cash flow before financing	**1,305**	1,045

The cash inflow from operating activities for the year was US$3,415 million compared with US$3,972 million in 2015. The decrease of US$557 million from 2015 was principally due to an increase in working capital in Astra's financial services, heavy equipment and mining businesses, and in Dairy Farm mainly from timing differences on working capital movements. This increase was partly offset by lower net investment by Hongkong Land in residential projects.

Capital expenditure and investments for the year before disposals amounted to US$2,452 million and was broadly spread throughout the Group. This included the following:

- US$650 million for investments in various associates and joint ventures, the main ones being Dairy Farm's further investment of US$190 million in Yonghui Superstores to maintain its shareholding at 19.99%; Astra's subscription to a Permata Bank rights issue and a subsequent equity loan for a combined total of US$240 million; Hongkong Land's investment of US$70 million in a residential project in Chengdu; Astra's purchase of and capital injections into certain associates and joint ventures in Indonesia of US$74 million, and Hongkong Land and Astra's joint investment for a 50% share in a joint venture residential project in Indonesia for US$57 million;
- US$293 million for the purchase of other investments, mainly by Astra's general insurance business;
- US$140 million for the purchase of intangible assets, which included US$60 million for the acquisition of contracts in Astra's general insurance business and US$30 million for leasehold land for use by Astra;
- US$906 million for the purchase of tangible assets, which included US$456 million in Astra, (US$175 million of which was for the acquisition of heavy equipment and machinery, predominantly by Pamapersada, US$133 million was for outlet development and additional operational machinery and equipment in Astra's automotive business, and US$113 million to develop plantation infrastructure in Astra's agribusiness); US$217 million in Mandarin Oriental (of which US$140 million was for the acquisition of the hotel property in Boston); and US$212 million in Dairy Farm; and
- US$312 million for additions to investment properties in Hongkong Land and Astra, and US$56 million for additions to bearer plants in Astra.

In 2015, the Group's principal capital expenditure and investments included:

- US$147 million for Dairy Farm's acquisition of a 100% interest in a supermarket chain in Macau;
- US$912 million for Dairy Farm's acquisition of a 19.99% interest in Yonghui Superstores;
- US$615 million for Jardine Cycle & Carriage's acquisition of a 25% interest in Siam City Cement in Thailand;
- US$315 million for Hongkong Land's investment in property joint ventures, mainly including the 50% interests in the residential projects in Chongqing and Pudong district of Shanghai for US$104 million and US$132 million, respectively;
- US$787 million for the purchase of tangible assets by Group companies; and
- US$231 million for additions to investment properties in Hongkong Land and Astra.

The contribution to the Group's cash flow from disposals for the year amounted to US$342 million *(2015: US$680 million)*, which principally included US$175 million from the repayment of advances from associates and joint ventures in Hongkong Land, and US$122 million from the sale of other investments by Astra's general insurance business.

During the year, the Company repurchased 0.4% of its own shares from the stock market at a total cost of US$168 million *(2015: US$215 million)*. The Group also purchased additional shares in Group companies for a total cost of US$127 million *(2015: US$60 million)*, which, according to accounting standards, is presented as financing activities in the Consolidated Cash Flow Statement.

The Group's management also monitors total capital investment across the Group. This exceeded US$5.6 billion in 2016, compared with US$6.5 billion in 2015. These figures include the capital expenditure of associates and joint ventures and expenditure on properties for sale in addition to the capital expenditure outlined above.

Treasury Policy

The Group manages its exposure to financial risk 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 minimize 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 hedge foreign 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, to give flexibility to develop the business.

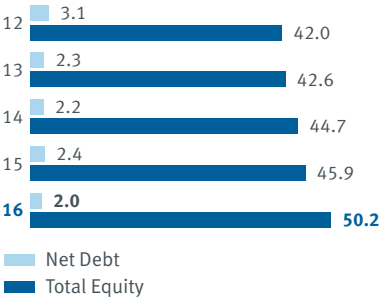
The Group's Treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures.

Note 2 of the financial statements summarizes the Group's financial risk factors.

Funding

The Group is well financed with strong liquidity. Net gearing, excluding net borrowings relating to Astra's financial services companies, was 4% at 31st December 2016, down from 5% at the end of 2015. Net borrowings, on the same basis, were US$2.0 billion at 31st December 2016 compared with US$2.4 billion at the end of 2015. Astra's financial services companies had net borrowings of US$3.6 billion at the end of the year compared with US$3.2 billion at the end of 2015.

Net Debt* and Total Equity (US$ billion)



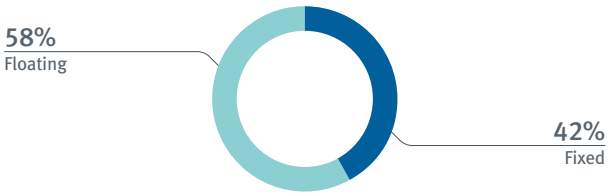
* Excluding net debt of financial services companies.

At the year end, undrawn committed facilities totalled US$5.1 billion. In addition, the Group had liquid funds of US$5.1 billion. During the year, the Group's total equity increased by US$4.3 billion to US$50.2 billion.

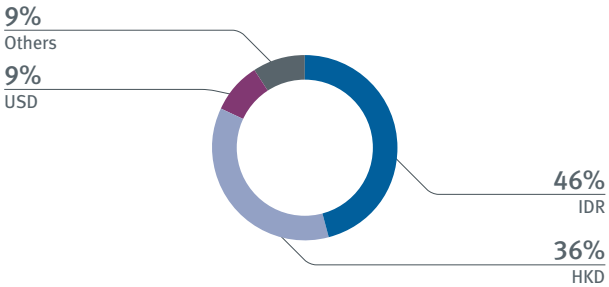
The average tenor of the Group's debt at 31st December 2016 was 4.2 years, compared with 4.4 years at the end of 2015. 91% of borrowings were non-US dollar denominated and directly related to the Group's businesses in the countries of the currencies concerned. As at 31st December 2016, approximately 58% of the Group's borrowings, exclusive of Astra's financial services companies, were at floating rates and the remaining 42% were at fixed rates including those hedged with derivative instruments with major creditworthy financial institutions. For Astra's financial services companies, 88% of their borrowings were also at fixed rates.

Debt profile as at 31st December 2016

Interest rate*



Currency



Maturity



*Excluding Astra's financial services companies.

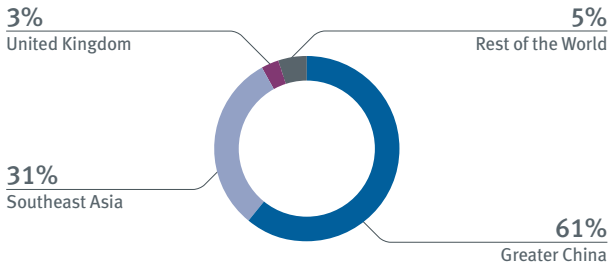
Shareholders' Funds

Shareholders' funds as at 31st December 2016 are analyzed below, by business and by geographical area. There were no significant changes from the prior year.

By Business



By Geographical Area



Principal Risks and Uncertainties

A review of the principal risks and uncertainties facing the Group is set out on page 118.

Directors' Profiles

Sir Henry Keswick*

Chairman

Sir Henry joined the Board in 1988 and became Chairman in 1989. He is chairman of Jardine Matheson, having first joined the group in 1961, and is a director of Dairy Farm, Hongkong Land and Mandarin Oriental. He is also vice chairman of the Hong Kong Association.

Ben Keswick*

Managing Director

Mr Ben Keswick was appointed as Managing Director in 2012. He has held a number of executive positions since joining the Jardine Matheson group in 1998, including finance director and then chief executive officer of Jardine Pacific between 2003 and 2007 and, thereafter, group managing director of Jardine Cycle & Carriage until 2012. He has an MBA from INSEAD. Mr Keswick is chairman of Jardine Matheson Limited and Jardine Cycle & Carriage and a commissioner of Astra. He is also chairman and managing director of Dairy Farm, Hongkong Land and Mandarin Oriental, managing director of Jardine Matheson and a director of Jardine Pacific and Jardine Motors.

Charles Allen-Jones

Mr Allen-Jones joined the Board in 2008. He was formerly senior partner of Linklaters, where he had been a partner for 33 years until 2001. Mr Allen-Jones is a non-executive director of Hongkong Land.

David Hsu*

Mr Hsu joined the Board in 2014 having first joined the Jardine Matheson group in 2011. He is chairman of Jardine Matheson (China) with responsibility for supporting the group's business developments in mainland China, Taiwan and Macau. He was previously chief executive of J.P. Morgan Asset Management in the Asia Pacific Region. Mr Hsu is also a director of Jardine Matheson Limited and joined the board of Jardine Matheson in 2016.

Julian Hui

Mr Hui joined the Board in 2015. He is an executive director of Owens Company, and a director of Central Development and Mandarin Oriental.

Adam Keswick*

Mr Adam Keswick was appointed a Director in 2012. He first joined the Jardine Matheson group in 2001 and was deputy managing director of Jardine Matheson from 2012 to 2016. Mr Keswick is deputy chairman of Jardine Lloyd Thompson and a director of Dairy Farm, Hongkong Land, Jardine Matheson and Mandarin Oriental. He is also a director of Ferrari, and a supervisory board member of Rothschild & Co.

Simon Keswick*

Mr Simon Keswick joined the Board in 1986. He joined the Jardine Matheson group in 1962 and is a director of Dairy Farm, Hongkong Land, Jardine Matheson and Mandarin Oriental.

Dr George C.G. Koo

Dr Koo, a Fellow of the Royal College of Surgeons, joined the Board in 1996. He is also a director of Dairy Farm.

Anthony Nightingale

Mr Nightingale was Managing Director of the Company from 2006 to 2012. He held a number of senior positions since first joining the Jardine Matheson group in 1969 until his retirement from executive office in 2012. He is also a director of Dairy Farm, Hongkong Land, Jardine Cycle & Carriage, Jardine Matheson, Mandarin Oriental, Prudential, Schindler, Shui On Land and Vitasoy and a commissioner of Astra. Mr Nightingale also holds a number of senior public appointments, including acting as a non-official member of the Commission on Strategic Development, a Hong Kong representative to the Asia Pacific Economic Cooperation (APEC) Business Advisory Council and a director of the UK-ASEAN Business Council. He is chairman of The Sailors Home and Missions to Seamen in Hong Kong.

Y.K. Pang*

Mr Pang was appointed a Director in August 2016. He is deputy managing director of Jardine Matheson. He has held a number of senior executive positions in the Jardine Matheson group, which he joined in 1984, including chief executive of Hongkong Land between 2007 and 2016. He is chairman of Jardine Pacific and chairman and chief executive of Jardine Motors. Mr Pang is also deputy chairman of Jardine Matheson Limited and a director of Dairy Farm, Hongkong Land, Jardine Matheson (China), Mandarin Oriental, Yonghui Superstores and Zhongsheng. He is chairman of the Employers' Federation of Hong Kong and a past chairman of the Hong Kong General Chamber of Commerce.

Percy Weatherall

Mr Weatherall was Managing Director of the Company from 2000 to 2006. He held a number of senior positions since first joining the Jardine Matheson group in 1976 until his retirement from executive office in 2006. He is also a director of Dairy Farm, Hongkong Land, Jardine Matheson and Mandarin Oriental. He is chairman of Corney & Barrow and the Nith District Salmon Fishery Board.

*Executive Director

Company Secretary
Neil McNamara

Registered Office
Jardine House, 33-35 Reid Street
Hamilton
Bermuda

Consolidated Profit and Loss Account

for the year ended 31st December 2016

	Note	2016 Underlying business performance US$m	2016 Non-trading items US$m	2016 Total US$m	2015 Underlying business performance US$m restated	2015 Non-trading items US$m restated	2015 Total US$m restated
Revenue	5	**29,552**	**–**	**29,552**	29,391	–	29,391
Net operating costs	6	**(26,686)**	**23**	**(26,663)**	(26,808)	(54)	(26,862)
Change in fair value of investment properties		**–**	**2,558**	**2,558**	–	1,033	1,033
Operating profit		**2,866**	**2,581**	**5,447**	2,583	979	3,562
Net financing charges	7						
– financing charges		**(279)**	**–**	**(279)**	(250)	–	(250)
– financing income		**144**	**–**	**144**	135	–	135
		(135)	**–**	**(135)**	(115)	–	(115)
Share of results of Jardine Matheson	8	**202**	**31**	**233**	191	–	191
Share of results of associates and joint ventures	9						
– before change in fair value of investment properties		**589**	**35**	**624**	664	42	706
– change in fair value of investment properties		**–**	**(56)**	**(56)**	–	72	72
		589	**(21)**	**568**	664	114	778
Profit before tax		**3,522**	**2,591**	**6,113**	3,323	1,093	4,416
Tax	10	**(605)**	**(5)**	**(610)**	(590)	13	(577)
Profit after tax		**2,917**	**2,586**	**5,503**	2,733	1,106	3,839
Attributable to:							
Shareholders of the Company	11 & 12	**1,438**	**1,303**	**2,741**	1,424	531	1,955
Non-controlling interests		**1,479**	**1,283**	**2,762**	1,309	575	1,884
		2,917	**2,586**	**5,503**	2,733	1,106	3,839
		US$		US$	US$		US$
Earnings per share	11						
– basic		**2.45**		**4.67**	2.37		3.26
– diluted		**2.45**		**4.67**	2.37		3.26

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2016

	Note	2016 US$m	2015 US$m restated
Profit for the year		**5,503**	3,839
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	*22*	**51**	(46)
Net revaluation surplus before transfer to investment properties			
– intangible assets	*13*	**105**	–
– tangible assets	*14*	**2**	–
Tax on items that will not be reclassified		**(12)**	8
		146	(38)
Share of other comprehensive expense of Jardine Matheson		**(28)**	(14)
Share of other comprehensive expense of associates and joint ventures		**(1)**	(6)
		117	(58)
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net loss arising during the year		**(78)**	(1,079)
– transfer to profit and loss		**–**	2
		(78)	(1,077)
Revaluation of other investments			
– net gain/(loss) arising during the year	*19*	**111**	(1)
– transfer to profit and loss		**–**	(132)
		111	(133)
Impairment of other investments transfer to profit and loss		**–**	188
Cash flow hedges			
– net (loss)/gain arising during the year		**(173)**	109
– transfer to profit and loss		**186**	(101)
		13	8
Tax relating to items that may be reclassified		**1**	(5)
Share of other comprehensive expense of Jardine Matheson		**(71)**	(41)
Share of other comprehensive expense of associates and joint ventures		**(149)**	(610)
		(173)	(1,670)
Other comprehensive expense for the year, net of tax		**(56)**	(1,728)
Total comprehensive income for the year		**5,447**	2,111
Attributable to:			
Shareholders of the Company		**2,623**	1,198
Non-controlling interests		**2,824**	913
		5,447	2,111

Consolidated Balance Sheet

at 31st December 2016

	Note	At 31st December 2016 US$m	2015 US$m restated	At 1st January 2015 US$m restated
Assets				
Intangible assets	*13*	**2,661**	2,510	2,435
Tangible assets	*14*	**5,612**	5,446	6,245
Investment properties	*15*	**28,173**	25,211	23,901
Bearer plants	*16*	**497**	485	483
Investment in Jardine Matheson	*17*	**2,480**	2,235	1,979
Associates and joint ventures	*18*	**9,785**	9,323	7,990
Other investments	*19*	**1,328**	1,066	1,319
Non-current debtors	*20*	**2,916**	3,243	3,521
Deferred tax assets	*21*	**332**	271	265
Pension assets	*22*	**–**	–	12
Non-current assets		**53,784**	49,790	48,150
Properties for sale	*23*	**2,315**	2,763	2,953
Stocks and work in progress	*24*	**2,538**	2,476	2,556
Current debtors	*20*	**5,932**	4,934	5,476
Current investments	*19*	**65**	32	18
Current tax assets		**168**	179	130
Bank balances and other liquid funds	*25*			
– non-financial services companies		**4,874**	4,328	4,692
– financial services companies		**229**	247	382
		5,103	4,575	5,074
		16,121	14,959	16,207
Non-current assets classified as held for sale		**3**	–	1
Current assets		**16,124**	14,959	16,208
Total assets		**69,908**	64,749	64,358

Approved by the Board of Directors

Ben Keswick
Y.K. Pang
Directors

2nd March 2017

	Note	At 31st December 2016 US$m	2015 US$m restated	At 1st January 2015 US$m restated
Equity				
Share capital	*26*	**56**	56	56
Share premium and capital reserves	*27*	**1,020**	1,178	1,381
Revenue and other reserves		**26,984**	24,552	23,522
Own shares held	*29*	**(1,918)**	(1,867)	(1,851)
Shareholders' funds		**26,142**	23,919	23,108
Non-controlling interests	*30*	**24,064**	21,943	21,610
Total equity		**50,206**	45,862	44,718
Liabilities				
Long-term borrowings	*31*			
– non-financial services companies		**5,118**	4,888	5,084
– financial services companies		**1,518**	1,796	2,176
		6,636	6,684	7,260
Deferred tax liabilities	*21*	**470**	465	564
Pension liabilities	*22*	**273**	291	248
Non-current creditors	*32*	**436**	426	359
Non-current provisions	*33*	**129**	129	123
Non-current liabilities		**7,944**	7,995	8,554
Current creditors	*32*	**7,378**	7,021	7,080
Current borrowings	*31*			
– non-financial services companies		**1,771**	1,875	1,780
– financial services companies		**2,265**	1,683	1,892
		4,036	3,558	3,672
Current tax liabilities		**243**	242	272
Current provisions	*33*	**101**	71	62
Current liabilities		**11,758**	10,892	11,086
Total liabilities		**19,702**	18,887	19,640
Total equity and liabilities		**69,908**	64,749	64,358

Consolidated Statement of Changes in Equity

for the year ended 31st December 2016

	Share capital US$m	Share premium US$m	Capital reserves US$m	Revenue reserves US$m	Contributed surplus US$m	Asset revaluation reserves US$m	Hedging reserves US$m	Exchange reserves US$m	Own shares held US$m	Attributable to shareholders of the Company US$m	Attributable to non-controlling interests US$m	Total equity US$m
2016												
At 1st January												
– as previously reported	56	984	194	25,966	304	222	(10)	(1,855)	(1,867)	23,994	22,149	**46,143**
– change in accounting policy for bearer plants	–	–	–	(116)	–	–	–	41	–	(75)	(206)	**(281)**
– as restated	56	984	194	25,850	304	222	(10)	(1,814)	(1,867)	23,919	21,943	**45,862**
Total comprehensive income	–	–	–	2,840	–	40	(6)	(251)	–	2,623	2,824	**5,447**
Dividends paid by the Company	–	–	–	(171)	–	–	–	–	–	(171)	–	**(171)**
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(726)	**(726)**
Unclaimed dividends forfeited	–	–	–	1	–	–	–	–	–	1	–	**1**
Employee share option schemes	–	–	13	–	–	–	–	–	–	13	1	**14**
Scrip issued in lieu of dividends	–	–	–	6	–	–	–	–	–	6	–	**6**
Repurchase of shares	–	(168)	–	–	–	–	–	–	–	(168)	–	**(168)**
Increase in own shares held	–	–	–	–	–	–	–	–	(51)	(51)	–	**(51)**
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	83	**83**
Change in interests in subsidiaries	–	–	–	(29)	–	–	–	1	–	(28)	(61)	**(89)**
Change in interests in associates and joint ventures	–	–	–	(2)	–	–	–	–	–	(2)	–	**(2)**
Transfer	–	–	(3)	3	–	–	–	–	–	–	–	**–**
At 31st December	**56**	**816**	**204**	**28,498**	**304**	**262**	**(16)**	**(2,064)**	**(1,918)**	**26,142**	**24,064**	**50,206**
2015												
At 1st January												
– as previously reported	56	1,199	182	24,147	304	222	(8)	(1,058)	(1,851)	23,193	21,845	45,038
– change in accounting policy for bearer plants	–	–	–	(117)	–	–	–	32	–	(85)	(235)	(320)
– as restated	56	1,199	182	24,030	304	222	(8)	(1,026)	(1,851)	23,108	21,610	44,718
Total comprehensive income	–	–	–	1,988	–	–	(2)	(788)	–	1,198	913	2,111
Dividends paid by the Company	–	–	–	(165)	–	–	–	–	–	(165)	–	(165)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(851)	(851)
Unclaimed dividends forfeited	–	–	–	1	–	–	–	–	–	1	–	1
Employee share option schemes	–	–	14	–	–	–	–	–	–	14	1	15
Scrip issued in lieu of dividends	–	–	–	9	–	–	–	–	–	9	–	9
Repurchase of shares	–	(215)	–	–	–	–	–	–	–	(215)	–	(215)
Increase in own shares held	–	–	–	–	–	–	–	–	(16)	(16)	–	(16)
Subsidiaries acquired	–	–	–	–	–	–	–	–	–	–	28	28
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	261	261
Change in interests in subsidiaries	–	–	–	(4)	–	–	–	–	–	(4)	(22)	(26)
Change in interests in associates and joint ventures	–	–	–	(11)	–	–	–	–	–	(11)	3	(8)
Transfer	–	–	(2)	2	–	–	–	–	–	–	–	–
At 31st December	56	984	194	25,850	304	222	(10)	(1,814)	(1,867)	23,919	21,943	45,862

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US$2,741 million *(2015: US$1,955 million)* and net fair value gain on other investments of US$111 million (net of impairment and transfer to profit and loss) *(2015: US$77 million)*. Cumulative net fair value gain on other investments amounted to US$401 million *(2015: US$290 million)*.

Contributed surplus represents the excess in value of shares acquired in consideration for the issue of the Company's shares, over the nominal value of those shares issued. Under the Bye-Laws of the Company, the contributed surplus is distributable.

Consolidated Cash Flow Statement

for the year ended 31st December 2016

	Note	2016 US$m	2015 US$m restated
Operating activities			
Operating profit		**5,447**	3,562
Change in fair value of investment properties		**(2,558)**	(1,033)
Depreciation and amortization	*34 (a)*	**884**	904
Other non-cash items	*34 (b)*	**185**	596
(Increase)/decrease in working capital	*34 (c)*	**(242)**	332
Interest received		**135**	136
Interest and other financing charges paid		**(272)**	(248)
Tax paid		**(660)**	(784)
		2,919	3,465
Dividends from associates and joint ventures		**496**	507
Cash flows from operating activities		**3,415**	3,972
Investing activities			
Purchase of subsidiaries	*34 (d)*	**(14)**	(207)
Purchase of associates and joint ventures	*34 (e)*	**(650)**	(1,762)
Purchase of other investments	*34 (f)*	**(293)**	(118)
Purchase of intangible assets		**(140)**	(146)
Purchase of tangible assets		**(906)**	(787)
Additions to investment properties		**(312)**	(231)
Additions to bearer plants		**(56)**	(72)
Advance to associates and joint ventures	*34 (g)*	**(81)**	(284)
Advance and repayment from associates and joint ventures	*34 (h)*	**175**	386
Sale of subsidiaries		**–**	1
Sale of associates and joint ventures		**3**	2
Sale of other investments	*34 (i)*	**122**	269
Sale of intangible assets		**8**	2
Sale of tangible assets		**33**	19
Sale of investment properties		**1**	1
Cash flows from investing activities		**(2,110)**	(2,927)
Financing activities			
Repurchase of shares		**(168)**	(215)
Capital contribution from non-controlling interests		**77**	261
Change in interests in subsidiaries	*34 (j)*	**(104)**	(26)
Drawdown of borrowings		**13,503**	9,297
Repayment of borrowings		**(12,967)**	(9,499)
Dividends paid by the Company		**(317)**	(299)
Dividends paid to non-controlling interests		**(731)**	(860)
Cash flows from financing activities		**(707)**	(1,341)
Net increase/(decrease) in cash and cash equivalents		**598**	(296)
Cash and cash equivalents at 1st January		**4,568**	5,050
Effect of exchange rate changes		**(75)**	(186)
Cash and cash equivalents at 31st December	*34 (k)*	**5,091**	4,568

Notes to the Financial Statements

1 Principal Accounting Policies

Basis of preparation

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

(i) Amendments effective in 2016 which are relevant to the Group's operations:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative: Presentation of Financial Statements
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Annual Improvements to IFRSs	2012 – 2014 Cycle

The adoption of the above amendments does not have a significant effect on the Group's accounting policies and disclosures except for the amendments to IAS 16 and IAS 41, which has resulted in a change in accounting policy for bearer plants. Previously, plantations were measured at each balance sheet date at their fair values. In accordance with the amendments, bearer plants in the plantations are stated at cost less any accumulated depreciation and impairment. The accounting for produce growing on the bearer plants will remain unchanged and is shown at fair value. The amendments have been applied retrospectively and the comparative financial statements have been restated.

The effects of adopting amendments to IAS 16 and IAS 41 were as follows:

(a) On the consolidated profit and loss for the year ended 31st December 2015

	Increase/(decrease) in profit US$m
Net operating costs	9
Tax	(2)
Profit after tax	7
Attributable to:	
Shareholders of the Company	2
Non-controlling interests	5
Basic earnings per share (US$)	0.01
Diluted earnings per share (US$)	0.01

(b) On the consolidated statement of comprehensive income for the year ended 31st December 2015

	Increase in total comprehensive income US$m
Profit after tax	7
Net exchange translation differences	32
Total comprehensive income for the year	39
Attributable to:	
Shareholders of the Company	11
Non-controlling interests	28
	39

(c) On the consolidated balance sheet

	Increase/(decrease)	
	31st December 2015 US$m	1st January 2015 US$m
Plantations	(859)	(908)
Bearer plants	485	483
Total assets	(374)	(425)
Revenue and other reserves	(75)	(85)
Non-controlling interests	(206)	(235)
Deferred tax liabilities	(93)	(105)
Total equity and liabilities	(374)	(425)

(ii) New standards and amendments effective after 2016 which are relevant to the Group's operations and yet to be adopted:

Certain new standards and amendments, which are effective after 2016, have been published and will be adopted by the Group from their effective dates. The Group is currently assessing the potential impact of these standards and amendments but expects their adoption will not have a significant effect on the Group's consolidated financial statements except as set out below.

IFRS 9 'Financial Instruments' (effective for accounting periods beginning on or after 1st January 2018), which replaces IAS 39 'Financial Instruments: Recognition and Measurement', addresses the classification and measurement of financial assets and liabilities and includes a new expected credit losses model for financial assets that replaces the incurred loss impairment model used today. A substantially-reformed approach to hedging accounting is introduced. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets and financial liabilities. While the Group is still assessing the impact of how its impairment provisions would be affected by the new impairment model, it may result in an earlier recognition of credit losses. The new hedge accounting rules will align the accounting for hedging instruments closely with the Group's risk management practices. Nevertheless, the Group does not expect a significant impact on the accounting for its hedging relationships.

IFRS 15 'Revenue from Contracts with Customers' (effective for accounting periods beginning on or after 1st January 2018), establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. IFRS 15 replaces IAS 11 'Construction Contracts' and IAS 18 'Revenue' which covers contracts for goods and services. The core principle in that framework is that revenue is recognized when control of a good or service transfers to a customer. The new standard will also result in new disclosure requirements on revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The new standard may change the Group's revenue recognition on certain property sales from completion method to percentage of completion method. The Group is still assessing the impact of the new rules on the Group's financial statements.

IFRS 16 'Leases' (effective for accounting periods beginning on or after 1st January 2019) replaces IAS 17 'Leases' and related interpretations. It will result in lessees bringing almost all their leases onto the balance sheet as the distinction between operating leases and finance leases is removed. The model requires a lessee to recognize a right-of-use asset (the right to use the underlying leased asset) and a lease liability (the obligation to make lease payments) except for leases with a term of less than 12 months or with low-value. The accounting for lessors will not change significantly. IFRS 16 will affect primarily the accounting for the Group's operating leases. The Group is yet to undertake a detailed assessment on how the new lease model will affect the Group's profit, classification of cash flows and balance sheet position.

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

The Group's reportable segments are set out in note 4 and are described on page 4 and pages 6 to 13.

Basis of consolidation

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

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition includes the fair value at the acquisition date of any contingent consideration. The Group recognizes the non-controlling interest's proportionate share of the recognized 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 recognized the resulting gain or loss in profit and loss. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognized in profit and loss.

All material intercompany transactions, balances and unrealized surpluses and deficits on transactions between Group companies have been eliminated.

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

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

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

(iv) The Company has a 57% interest in its ultimate holding company, Jardine Matheson Holdings Limited. The results of Jardine Matheson are included on the equity basis of accounting. The cost of and related income arising from shares held in the Company by Jardine Matheson are eliminated from shareholders' funds and profit, respectively.

(v) 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.

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

Foreign currencies

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

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

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries, associates and joint ventures, and of financial instruments which are designated as hedges of such investments, are recognized in other comprehensive income and accumulated in equity under exchange reserves. On the disposal of these investments, such exchange differences are recognized in profit and loss. Exchange differences on available-for-sale investments are recognized in other comprehensive income as part of the gains and losses arising from changes in their fair value. Exchange differences relating to changes in the amortized cost of monetary securities classified as available-for-sale and all other exchange differences are recognized in profit and loss.

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

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

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

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

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

(iii) Leasehold land represents payments to third parties to acquire short-term interests in property. These payments are stated at cost and are amortized over the useful life of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

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

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

Tangible fixed assets and depreciation
Freehold land and buildings, and the building component of owner-occupied leasehold properties are stated at cost less any accumulated depreciation and impairment. Long-term interests in leasehold land are classified as finance leases and grouped under tangible assets if substantially all risks and rewards relating to the land have been transferred to the Group, and are amortized over the useful life of the lease. Grants related to tangible assets are deducted in arriving at the carrying amount of the assets. Mining properties, which are contractual rights to mine and own coal reserves in specified concession areas, and other tangible fixed assets are stated at cost less amounts provided for depreciation. Cost of mining properties includes expenditure to restore and rehabilitate coal mining areas following the completion of production.

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

Buildings	21 – 150 years
Surface, finishes and services of hotel properties	20 – 30 years
Leasehold improvements	shorter of the lease term or useful life
Leasehold land	period of the lease
Plant and machinery	2 – 20 years
Furniture, equipment and motor vehicles	2 – 25 years

No depreciation is provided on freehold land as it is deemed to have an indefinite life. Mining properties are depreciated using the unit of production method.

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

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

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

Bearer plants
Bearer plants are stated at cost less any accumulated depreciation and impairment loss. The cost of bearer plants includes costs incurred for field preparation, planting, fertilizing and maintenance, capitalization of borrowing costs incurred on loans used to finance the development of immature bearer plants and an allocation of other indirect costs based on planted hectares. Bearer plants are considered mature three to four years after planting and once they are generating fresh fruit bunches which average four to six tonnes per hectare per year. Depreciation of mature bearer plants commences in the year when the bearer plants are mature using the straight-line method over the estimated useful life of 20 years. Agricultural produce growing on bearer plants comprise oil palm fruits which are measured at fair value and are included under current debtors as they are not significant. Changes in fair value are recorded in the profit and loss account.

Investments
(i) Investments are classified by management as available for sale or held to maturity on initial recognition. Available-for-sale investments are shown at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in equity. On the disposal of an investment or when an investment is determined to be impaired, the cumulative gain or loss previously deferred in equity is recognized in profit and loss. Held-to-maturity investments are shown at amortized cost. Investments are classified under non-current assets unless they are expected to be realized within 12 months after the balance sheet date.

(ii) At each balance sheet date, the Group assesses whether there is objective evidence that an investment is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired and are recognized in profit and loss.

(iii) All purchases and sales of investments are recognized on the trade date, which is the date that the Group commits to purchase or sell the investment.

Leases
Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) Amount due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

(ii) Plant and machinery under finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

(iii) Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight line basis over the period of the lease. When a lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the year in which termination takes place.

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

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

Debtors
Consumer financing debtors and financing lease receivables are measured at amortized cost using the effective interest method. The gross amount due from customers for contract work is stated at cost plus an appropriate proportion of profit, established by reference to the percentage of completion, and after deducting progress payments and provisions for foreseeable losses. Repossessed assets 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 amortized cost except where the effect of discounting would be immaterial. Provision 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 reorganization, 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 recognized in arriving at operating profit. When a debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited to profit and loss.

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

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

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

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

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

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

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

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

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

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

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

Past service costs are recognized immediately in profit and loss.

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

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

Derivative financial instruments
The Group only enters into derivative financial instruments in order to hedge underlying exposures. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as a hedge of the fair value of a recognized asset or liability ('fair value hedge'), or a hedge of a forecasted transaction or of the foreign currency risk on a firm commitment ('cash flow hedge'), or a hedge of a net investment in a foreign entity.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recognized in profit and loss, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit and loss over the residual period to maturity.

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

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in profit and loss.

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

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

Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk.

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

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

Offsetting financial instruments

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

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

Earnings per share
Basic earnings per share are calculated on profit attributable to shareholders and on the weighted average number of shares in issue during the year. The weighted average number excludes the Company's share of the shares held by Jardine Matheson. For the purpose of calculating diluted earnings per share, profit attributable to shareholders is adjusted for the effects of the conversion of dilutive potential ordinary shares of Jardine Matheson, subsidiaries, associates or joint ventures.

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

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

Revenue recognition
Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

(i) Revenue from the sale of goods, including properties for sale, is recognized on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers.

(ii) Receipts under operating leases are accounted for on an accrual basis over the lease terms.

(iii) Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

(iv) Revenue from consumer financing and financing leases is recognized over the term of the respective contracts based on a constant rate of return on the net investment.

(v) Interest income is recognized on a time proportion basis taking into account the principal amounts outstanding and the interest rates applicable.

(vi) Dividend income is recognized when the right to receive payment is established.

Pre-operating costs
Pre-operating costs are expensed as they are incurred.

2 Financial Risk Management

Financial risk factors

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

The Group's treasury function co-ordinates, under the directions of the board of Jardine Matheson Limited, financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and foreign exchange rates and to minimize 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 and foreign currency options as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third party banks and the Group entity that is directly exposed to the risk being hedged. 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 IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the profit and loss account. It is the Group's policy not to enter into derivative transactions for speculative purposes. The notional amounts and fair values of derivative financial instruments at 31st December 2016 are disclosed in note 35.

(i) Market risk

Foreign exchange risk

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

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

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. At 31st December 2016 the Group's Indonesian rupiah functional entities had United States dollar denominated net monetary assets of US$371 million *(2015: US$274 million)*. At 31st December 2016, if the United States dollar had strengthened/weakened by 10% against the Indonesian rupiah with all other variables unchanged, the Group's profit after tax would have been US$28 million higher/lower *(2015: US$21 million higher/lower)*, arising from foreign exchange gains/losses taken on translation. The impact on amounts attributable to the shareholders of the Company would be US$5 million higher/lower *(2015: US$3 million higher/lower)*. This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. There are no other significant monetary balances held by Group companies at 31st December 2016 that are denominated in a non-functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

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

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments such as interest rate swaps, caps and collars. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% to 60% of its gross borrowings, exclusive of the financial services companies, in fixed rate instruments. At 31st December 2016 the Group's interest rate hedge exclusive of the financial services companies was 42% *(2015: 42%)*, with an average tenor of seven years *(2015: eight years)*. The financial services companies borrow predominately at a fixed rate. The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in note 31.

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

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

At 31st December 2016, 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$18 million *(2015: US$12 million)* higher/lower, and hedging reserves would have been US$82 million *(2015: US$97 million)* higher/lower as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. There is no significant sensitivity resulting from interest rate caps and collars. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the United States, Hong Kong and Indonesian rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in the fair value of the hedged items caused by interest rate movements balance out in the profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

Price risk
The Group is exposed to securities price risk because of listed and unlisted investments which are available for sale and held by the Group at fair value. Gains and losses arising from changes in the fair value of available-for-sale investments are recognized in other comprehensive income. The performance of the Group's listed and unlisted available-for-sale investments are monitored regularly, together with an assessment of their relevance to the Group's long-term strategic plans. Details of the Group's available-for-sale investments are contained in note 19.

Available-for-sale investments are unhedged. At 31st December 2016, if the price of listed and unlisted available-for-sale investments had been 25% higher/lower with all other variables held constant, total equity would have been US$347 million *(2015: US$273 million)* higher/lower unless impaired. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

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

(ii) Credit risk
The Group's credit risk is primarily attributable to deposits with banks, credit exposures to customers and derivative financial instruments with a positive fair value. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks and financial institutions and transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, and limiting the aggregate risk to any individual counterparty. The utilization of credit limits is regularly monitored. At 31st December 2016, over 54% *(2015: 49%)* of deposits and balances with banks and financial institutions were made to institutions with credit ratings of no less than A- (Fitch). Similarly transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios. In developing countries it may be necessary to deposit money with banks that have a lower credit rating, however the Group only enters into derivative transactions with counterparties which have credit ratings of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

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

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

(iii) Liquidity risk

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

At 31st December 2016, total available borrowing facilities amounted to US$17.9 billion *(2015: US$17.8 billion)* of which US$10.7 billion *(2015: US$10.2 billion)* was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, and undrawn uncommitted facilities totalled US$5.1 billion *(2015: US$5.1 billion)* and US$2.1 billion *(2015: US$2.5 billion)*, respectively.

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

	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Beyond five years	Total undiscounted cash flows
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
At 31st December 2016							
Borrowings	4,505	1,800	2,060	498	537	2,793	**12,193**
Creditors	5,648	83	64	37	13	32	**5,877**
Net settled derivative financial instruments	1	–	–	–	–	–	**1**
Gross settled derivative financial instruments							
– inflow	1,631	663	299	133	68	1,655	**4,449**
– outflow	1,619	655	278	122	59	1,644	**4,377**
Estimated losses on insurance contracts	153	–	–	–	–	–	**153**
At 31st December 2015							
Borrowings	4,034	1,927	1,523	1,053	476	2,925	11,938
Creditors	5,340	83	64	23	32	86	5,628
Net settled derivative financial instruments	2	1	–	–	–	–	3
Gross settled derivative financial instruments							
– inflow	1,429	708	516	218	133	1,724	4,728
– outflow	1,414	691	496	203	120	1,692	4,616
Estimated losses on insurance contracts	142	–	–	–	–	–	142

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst seeking to maximize benefits to shareholders and other stakeholders. Capital is 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 expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, purchase Group shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's consolidated gearing ratio and consolidated interest cover. 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 and share of results of associates and joint ventures divided by net financing charges. The ratios are monitored both inclusive and exclusive of the Group's financial services companies, which by their nature are generally more highly leveraged than the Group's other businesses. The Group does not have a defined gearing or interest cover benchmark or range.

The ratios at 31st December 2016 and 2015 are as follows:

	2016	2015
Gearing ratio exclusive of financial services companies (%)	**4**	5
Gearing ratio inclusive of financial services companies (%)	**11**	12
Interest cover exclusive of financial services companies (times)	**23**	23
Interest cover inclusive of financial services companies (times)	**27**	30

Fair value estimation

(i) Financial instruments that are measured at fair value

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

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

The fair values of listed securities, which are classified as available-for-sale, are based on quoted prices in active markets at the balance sheet date. The quoted market price used for listed investments held by the Group is the current bid price.

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

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

The fair values of unlisted investments, which are classified as available-for-sale and mainly include club and school debentures, are determined using prices quoted by brokers at the balance sheet date.

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

The fair values of other unlisted securities, which are classified as available-for-sale, are determined using valuation techniques by reference to observable current market transactions (including price-to earnings and price-to book ratios of listed securities of entities engaged in similar industries) or the market prices of the underlying investments with certain degree of entity specific estimates. The fair value of convertible component of convertible bonds held is made reference to the quoted price of the underlying shares and estimation on volatility.

There were no changes in valuation techniques during the year.

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

	Quoted prices in active markets	Observable current market transactions	Unobservable inputs	Total
	US$m	US$m	US$m	US$m
2016				
Assets				
Available-for-sale financial assets				
– listed securities	1,327	–	–	**1,327**
– unlisted investments	–	8	51	**59**
	1,327	8	51	**1,386**
Derivative designated at fair value				
– through other comprehensive income	–	102	–	**102**
– through profit and loss	–	17	–	**17**
	1,327	**127**	**51**	**1,505**
Liabilities				
Contingent consideration payable	–	–	(9)	**(9)**
Derivative designated at fair value				
– through other comprehensive income	–	(20)	–	**(20)**
– through profit and loss	–	(8)	–	**(8)**
	–	**(28)**	**(9)**	**(37)**
2015				
Assets				
Available-for-sale financial assets				
– listed securities	1,032	–	–	1,032
– unlisted investments	–	9	50	59
	1,032	9	50	1,091
Derivative designated at fair value				
– through other comprehensive income	–	273	–	273
– through profit and loss	–	22	–	22
	1,032	304	50	1,386
Liabilities				
Contingent consideration payable	–	–	(27)	(27)
Derivative designated at fair value				
– through other comprehensive income	–	(69)	–	(69)
– through profit and loss	–	(7)	–	(7)
	–	(76)	(27)	(103)

There were no transfers among the three categories during the year ended 31st December 2016 and 2015.

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

	2016		2015	
	Available-for-sale financial assets	Contingent consideration payable	Available-for-sale financial assets	Contingent consideration payable
	US$m	US$m	US$m	US$m
At 1st January	**50**	**(27)**	189	(67)
Exchange differences	**(1)**	**–**	(6)	(1)
Additions	**1**	**–**	–	(2)
Disposal	**–**	**–**	(164)	–
Payment of contingent consideration	**–**	**–**	–	1
Net change in fair value during the year				
– included in other comprehensive income	**1**	**–**	31	–
– included in profit and loss	**–**	**15**	–	42
Adjustment of contingent consideration	**–**	**3**	–	–
At 31st December	**51**	**(9)**	50	(27)

The contingent consideration payable 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.

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

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

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 31st December 2016 and 2015 are as follows:

	Loans and receivables US$m	Derivatives used for hedging US$m	Available-for-sale US$m	Other financial instruments at amortized cost US$m	Other financial instruments fair value through profit and loss US$m	Total carrying amount US$m	Fair value US$m
2016							
Assets							
Other investments	–	–	1,386	–	–	**1,386**	**1,386**
Debtors	7,592	119	–	–	12	**7,723**	**7,644**
Bank balances and other liquid funds	5,103	–	–	–	–	**5,103**	**5,103**
	12,695	**119**	**1,386**	**–**	**12**	**14,212**	**14,133**
Liabilities							
Borrowings (excluding finance lease liabilities)	–	–	–	(10,617)	–	**(10,617)**	**(10,702)**
Finance lease liabilities	–	–	–	(55)	–	**(55)**	**(55)**
Trade and other payables excluding non-financial liabilities	–	(28)	–	(5,868)	(9)	**(5,905)**	**(5,905)**
	–	**(28)**	**–**	**(16,540)**	**(9)**	**(16,577)**	**(16,662)**
2015							
Assets							
Other investments	–	–	1,091	–	–	1,091	1,091
Debtors	6,784	295	–	–	11	7,090	7,011
Bank balances and other liquid funds	4,575	–	–	–	–	4,575	4,575
	11,359	295	1,091	–	11	12,756	12,677
Liabilities							
Borrowings (excluding finance lease liabilities)	–	–	–	(10,146)	–	(10,146)	(10,258)
Finance lease liabilities	–	–	–	(96)	–	(96)	(96)
Trade and other payables excluding non-financial liabilities	–	(76)	–	(5,601)	(27)	(5,704)	(5,704)
	–	(76)	–	(15,843)	(27)	(15,946)	(16,058)

3 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. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Acquisition of subsidiaries, associates and joint ventures

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

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

Tangible fixed assets and depreciation

Management determines the estimated useful lives and related depreciation charges for the Group's tangible fixed assets. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned.

Investment properties

The fair values of investment properties, which are principally held by Hongkong Land, are determined by independent valuers on an open market for existing-use basis calculated on the discounted net income allowing for reversionary potential. For investment properties in Hong Kong and Singapore, capitalization rates in the range of 3.20% to 3.85% for office *(2015: 3.50% to 4.20%)* and 4.50% to 5.50% for retail *(2015: 4.50% to 5.50%)* are used by Hongkong Land in the fair value determination.

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

Impairment of assets

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

The results of the impairment reviews undertaken at 31st December 2016 on the Group's indefinite life franchise rights indicated that no impairment charge was necessary. If there is a significant increase in the discount rate and/or a significant adverse change in the projected performance of the business to which these rights attach, it may be necessary to take an impairment charge to profit and loss in the future.

In determining when an available-for-sale equity investment is impaired, significant judgement is required. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

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

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

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

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

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

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

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.

4 Segmental Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company for the purpose of resource allocation and performance assessment. The Group has six operating segments as more fully described on page 4. No operating segments have been aggregated to form the reportable segments. Set out below is an analysis of the Group's underlying profit, net debt and total equity by reportable segment.

	Jardine Matheson	Hongkong Land	Dairy Farm	Mandarin Oriental	Jardine Cycle & Carriage	Astra	Corporate and other interests	Intersegment transactions	Underlying businesses performance	Non-trading items	Group
	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m
2016											
Revenue *(refer note 5)*	–	1,994	11,201	597	2,154	13,610	–	(4)	29,552	–	**29,552**
Net operating costs	–	(1,023)	(10,749)	(527)	(2,075)	(12,194)	(122)	4	(26,686)	23	**(26,663)**
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	2,558	**2,558**
Operating profit	–	971	452	70	79	1,416	(122)	–	2,866	2,581	**5,447**
Net financing charges											
– financing charges	–	(111)	(23)	(12)	(1)	(131)	(1)	–	(279)	–	**(279)**
– financing income	–	42	1	1	1	92	7	–	144	–	**144**
	–	(69)	(22)	(11)	–	(39)	6	–	(135)	–	**(135)**
Share of results of Jardine Matheson	202	–	–	–	–	–	–	–	202	31	**233**
Share of results of associates and joint ventures											
– before change in fair value of investment properties	–	117	115	11	148	199	(1)	–	589	35	**624**
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	(56)	**(56)**
	–	117	115	11	148	199	(1)	–	589	(21)	**568**
Profit before tax	202	1,019	545	70	227	1,576	(117)	–	3,522	2,591	**6,113**
Tax	–	(168)	(85)	(14)	(18)	(320)	–	–	(605)	(5)	**(610)**
Profit after tax	202	851	460	56	209	1,256	(117)	–	2,917	2,586	**5,503**
Non-controlling interests	–	(427)	(103)	(13)	(59)	(881)	4	–	(1,479)	(1,283)	**(2,762)**
Profit attributable to shareholders	**202**	**424**	**357**	**43**	**150**	**375**	**(113)**	**–**	**1,438**	**1,303**	2,741
Net (debt)/cash (excluding net debt of financial services companies)*	**–**	**(2,008)**	**(641)**	**(297)**	**91**	**461**	**379**	**–**			**(2,015)**
Total equity	**2,485**	**31,314**	**1,764**	**1,254**	**1,223**	**10,784**	**1,443**	**(61)**			**50,206**
2015											
Revenue *(refer note 5)*	–	1,932	11,137	607	2,016	13,702	–	(3)	29,391	–	29,391
Net operating costs	–	(938)	(10,702)	(499)	(1,945)	(12,625)	(102)	3	(26,808)	(54)	(26,862)
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	1,033	1,033
Operating profit	–	994	435	108	71	1,077	(102)	–	2,583	979	3,562
Net financing charges											
– financing charges	–	(115)	(15)	(14)	–	(102)	(4)	–	(250)	–	(250)
– financing income	–	41	1	2	–	84	7	–	135	–	135
	–	(74)	(14)	(12)	–	(18)	3	–	(115)	–	(115)
Share of results of Jardine Matheson	191	–	–	–	–	–	–	–	191	–	191
Share of results of associates and joint ventures											
– before change in fair value of investment properties	–	140	85	11	126	300	2	–	664	42	706
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	72	72
	–	140	85	11	126	300	2	–	664	114	778
Profit before tax	191	1,060	506	107	197	1,359	(97)	–	3,323	1,093	4,416
Tax	–	(151)	(84)	(16)	(16)	(322)	(1)	–	(590)	13	(577)
Profit after tax	191	909	422	91	181	1,037	(98)	–	2,733	1,106	3,839
Non-controlling interests	–	(457)	(90)	(24)	(54)	(687)	3	–	(1,309)	(575)	(1,884)
Profit attributable to shareholders	191	452	332	67	127	350	(95)	–	1,424	531	1,955
Net (debt)/cash (excluding net debt of financial services companies)*	–	(2,341)	(482)	(132)	42	75	403	–			(2,435)
Total equity	2,240	28,720	1,641	1,313	1,106	9,564	1,336	(58)			45,862

*Net (debt)/cash is total borrowings less bank balances and other liquid funds. Net debt of financial services companies amounted to US$3,554 million at 31st December 2016 *(2015: US$3,232 million)* and relates to Astra.

4 Segment Information *(continued)*

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

	2016 US$m	2015 US$m
Underlying profit attributable to shareholders:		
Greater China	**778**	786
Southeast Asia	**707**	647
United Kingdom	**30**	48
Rest of the world	**36**	38
	1,551	1,519
Corporate and other interests	**(113)**	(95)
	1,438	1,424
Non-current assets*:		
Greater China	**32,797**	29,794
Southeast Asia	**14,432**	13,647
United Kingdom	**828**	872
Rest of the world	**1,151**	897
	49,208	45,210

*Excluding financial instruments, deferred tax assets and pension assets.

5 Revenue

	Gross revenue		Revenue	
	2016	2015	**2016**	2015
	US$m	US$m	US$m	US$m
By business:				
Jardine Matheson	**13,176**	13,139	**–**	–
Hongkong Land	**3,201**	3,114	**1,994**	1,932
Dairy Farm	**20,424**	17,907	**11,201**	11,137
Mandarin Oriental	**965**	959	**597**	607
Jardine Cycle & Carriage	**6,785**	5,443	**2,154**	2,016
Astra	**28,156**	25,252	**13,610**	13,702
Intersegment transactions	**(270)**	(543)	**(4)**	(3)
	72,437	65,271	**29,552**	29,391
By product and service:				
Property	**3,184**	3,100	**1,992**	1,932
Motor vehicles	**28,686**	24,658	**9,239**	9,108
Retail and restaurants	**21,096**	18,546	**11,201**	11,137
Insurance broking and financial services	**4,730**	4,677	**1,357**	1,284
Engineering, construction and mining contracting	**8,663**	8,323	**3,384**	3,656
Hotels	**964**	958	**596**	606
Others	**5,114**	5,009	**1,783**	1,668
	72,437	65,271	**29,552**	29,391
By geographical location of customers:				
Greater China	**25,352**	22,434	**8,216**	7,802
Southeast Asia	**42,471**	38,231	**20,990**	21,251
United Kingdom	**3,468**	3,536	**66**	90
Rest of the world	**1,146**	1,070	**280**	248
	72,437	65,271	**29,552**	29,391

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

6 Net Operating Costs

	2016 US$m	2015 US$m
Cost of sales	**(21,921)**	(21,904)
Other operating income	**476**	722
Selling and distribution costs	**(3,386)**	(3,428)
Administration expenses	**(1,704)**	(1,572)
Other operating expenses	**(128)**	(680)
	(26,663)	(26,862)
The following credits/(charges) are included in net operating costs:		
Cost of stocks recognized as expense	**(19,062)**	(19,041)
Cost of properties for sale recognized as expense	**(756)**	(762)
Amortization of intangible assets	**(116)**	(111)
Depreciation of tangible assets	**(746)**	(774)
Depreciation of bearer plants	**(22)**	(19)
Impairment of intangible assets	**(4)**	(17)
Impairment of tangible assets	**(1)**	(372)
Impairment of other investments	**–**	(188)
Write down of stocks and work in progress	**(39)**	(46)
Reversal of write down of stocks and work in progress	**31**	14
Reversal of write down of properties for sale	**3**	21
Impairment of debtors	**(96)**	(108)
Operating expenses arising from investment properties	**(171)**	(165)
Employee benefit expense		
– salaries and benefits in kind	**(2,592)**	(2,493)
– share options granted	**(4)**	(5)
– defined benefit pension plans *(refer note 22)*	**(72)**	(70)
– defined contribution pension plans	**(68)**	(65)
	(2,736)	(2,633)
Net foreign exchange losses	**(10)**	(3)
Operating lease expenses		
– minimum lease payments	**(988)**	(974)
– contingent rents	**(35)**	(22)
– subleases	**48**	44
	(975)	(952)
Auditors' remuneration		
– audit	**(14)**	(13)
– non-audit services	**(3)**	(3)
	(17)	(16)
Dividend and interest income from available-for-sale investments	**53**	53
Rental income from properties	**30**	32
Net operating costs included the following gains/(losses) from non-trading items:		
Increase in fair value of agricultural produce	**22**	–
Asset impairment	**1**	(174)
Sale and closure of businesses	**3**	(2)
Sale of other investments	**–**	126
Sale of property interests	**3**	1
Loss on dilution of interest in an associate	**(4)**	(2)
Acquisition-related costs	**(2)**	(2)
Fair value loss on convertible component of Zhongsheng bonds	**–**	(1)
	23	(54)

7 Net Financing Charges

	2016 US$m	2015 US$m
Interest expense		
– bank loans and advances	**(125)**	(112)
– other	**(114)**	(119)
	(239)	(231)
Fair value losses on fair value hedges	**(10)**	(1)
Fair value adjustment on hedged items attributable to the hedged risk	**10**	1
	–	–
	(239)	(231)
Interest capitalized	**47**	46
Commitment and other fees	**(87)**	(65)
Financing charges	**(279)**	(250)
Financing income	**144**	135
	(135)	(115)

8 Share of Results of Jardine Matheson

	2016 US$m	2015 US$m
By business:		
Jardine Pacific	**32**	82
Jardine Motors	**144**	43
Jardine Lloyd Thompson	**26**	37
Corporate and other interests	**31**	29
	233	191
Share of results of Jardine Matheson included the following gains/(losses) from non-trading items:		
Change in fair value of investment properties	**8**	5
Asset Impairment	**(58)**	–
Sale and closure of businesses	**1**	3
Sale of property interests	**83**	–
Restructuring of businesses	**2**	(9)
Litigation costs	**(5)**	–
Other	**–**	1
	31	–

Results are shown after tax and non-controlling interests in Jardine Matheson.

9 Share of Results of Associates and Joint Ventures

	2016 US$m	2015 US$m
By business:		
Hongkong Land	**59**	210
Dairy Farm	**119**	85
Mandarin Oriental	**11**	11
Jardine Cycle & Carriage	**148**	168
Astra	**232**	302
Corporate and other interests	**(1)**	2
	568	778
Share of results of associates and joint ventures included the following gains/(losses) from non-trading items:		
Change in fair value of investment properties	**(56)**	72
Asset impairment	**–**	42
Sale and closure of businesses	**3**	–
Sale of property interests	**32**	–
	(21)	114

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

10 Tax

	2016 US$m	2015 US$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	**(673)**	(700)
Deferred tax	**63**	123
	(610)	(577)
Greater China	**(220)**	(194)
Southeast Asia	**(386)**	(377)
United Kingdom	**1**	(3)
Rest of the world	**(5)**	(3)
	(610)	(577)
Reconciliation between tax expense and tax at the applicable tax rate* :		
Tax at applicable tax rate	**(1,019)**	(678)
Income not subject to tax		
– change in fair value of investment properties	**431**	200
– other items	**86**	89
Expenses not deductible for tax purposes		
– change in fair value of investment properties	**(10)**	(26)
– other items	**(77)**	(63)
Tax losses and temporary differences not recognized	**(32)**	(56)
Utilization of previously unrecognized tax losses and temporary differences	**16**	6
Recognition of previously unrecognized tax losses and temporary differences	**1**	–
Deferred tax assets written off	**(2)**	–
(Underprovision)/overprovision in prior years	**(10)**	3
Withholding tax	**(49)**	(46)
Fiscal assets revaluation in Indonesia	**69**	–
Land appreciation tax in mainland China	**(14)**	(5)
Other	–	(1)
	(610)	(577)
Tax relating to components of other comprehensive income is analyzed as follows:		
Remeasurements of defined benefit plans	**(12)**	8
Cash flow hedges	**1**	(5)
	(11)	3

Share of tax charge of Jardine Matheson of US$28 million and credit of US$8 million *(2015: US$19 million and nil)* are included in share of results of Jardine Matheson and share of other comprehensive income of Jardine Matheson, respectively.

Share of tax charge of associates and joint ventures of US$177 million and credit of US$1 million *(2015: US$212 million and nil)* are included in share of results of associates and joint ventures and share of other comprehensive income of associates and joint ventures, respectively.

*The applicable tax rate for the year was 19.2% *(2015: 19.7%)* and represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates.

11 Earnings per Share

Basic earnings per share are calculated on profit attributable to shareholders of US$2,741 million *(2015: US$1,955 million)* and on the weighted average number of 587 million *(2015: 600 million)* shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US$2,740 million *(2015: US$1,954 million)*, which is after adjusting for the effects of the conversion of dilutive potential ordinary shares of Jardine Matheson, subsidiaries, associates or joint ventures, and on the weighted average number of 587 million *(2015: 600 million)* shares in issue during the year.

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

	Ordinary shares in millions	
	2016	2015
Weighted average number of shares in issue	**1,110**	1,119
Company's share of shares held by Jardine Matheson	**(523)**	(519)
Weighted average number of shares for earnings per share calculation	**587**	600

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

	2016			2015		
		Basic earnings per share	Diluted earnings per share		Basic earnings per share	Diluted earnings per share
	US$m	US$	US$	US$m	US$	US$
Profit attributable to shareholders	**2,741**	**4.67**	**4.67**	1,955	3.26	3.26
Non-trading items *(refer note 12)*	**(1,303)**			(531)		
Underlying profit attributable to shareholders	**1,438**	**2.45**	**2.45**	1,424	2.37	2.37

12 Non-trading Items

	2016 US$m	2015 US$m
By business:		
Jardine Matheson	**31**	–
Hongkong Land	**1,249**	554
Dairy Farm	**7**	(3)
Mandarin Oriental	**(1)**	(1)
Jardine Cycle & Carriage	**(3)**	31
Astra	**20**	13
Corporate and other interests	**–**	(63)
	1,303	531
An analysis of non-trading items after interest, tax and non-controlling interests is set out below:		
Change in fair value of investment properties		
– Hongkong Land	**1,248**	547
– other	**12**	18
	1,260	565
Increase in fair value of agricultural produce	**5**	–
Asset impairment	**(57)**	(150)
Sale and closure of businesses	**5**	1
Sale of other investments	**–**	126
Sale of property interests	**97**	–
Restructuring of businesses	**2**	(9)
Loss on dilution of interest in an associate	**(3)**	(1)
Acquisition-related costs	**(1)**	(2)
Fair value loss on convertible component of Zhongsheng bonds	**–**	(1)
Litigation costs	**(5)**	–
Value added tax recovery in Jardine Motors	**–**	2
	1,303	531

13 Intangible Assets

	Goodwill US$m	Franchise rights US$m	Leasehold land US$m	Concession rights US$m	Other US$m	Total US$m
2016						
Cost	1,043	155	859	419	405	**2,881**
Amortization and impairment	(3)	–	(179)	(25)	(164)	**(371)**
Net book value at 1st January	1,040	155	680	394	241	**2,510**
Exchange differences	(2)	4	15	10	2	**29**
New subsidiaries	–	–	4	–	–	**4**
Additions	–	–	50	54	122	**226**
Disposals	–	–	(7)	–	(2)	**(9)**
Revaluation surplus before transfer to investment properties	–	–	105	–	–	**105**
Transfer from/(to) investment properties	–	–	(84)	–	–	**(84)**
Amortization	–	–	(36)	(2)	(78)	**(116)**
Impairment charge	–	–	–	–	(4)	**(4)**
Net book value at 31st December	**1,038**	**159**	**727**	**456**	**281**	**2,661**
Cost	1,041	159	938	484	477	**3,099**
Amortization and impairment	(3)	–	(211)	(28)	(196)	**(438)**
	1,038	**159**	**727**	**456**	**281**	**2,661**
2015						
Cost	897	172	898	431	357	2,755
Amortization and impairment	(3)	–	(163)	(23)	(131)	(320)
Net book value at 1st January	894	172	735	408	226	2,435
Exchange differences	(68)	(17)	(71)	(41)	(13)	(210)
New subsidiaries	214	–	4	–	6	224
Additions	–	–	45	30	114	189
Amortization	–	–	(33)	(3)	(75)	(111)
Impairment charge	–	–	–	–	(17)	(17)
Net book value at 31st December	1,040	155	680	394	241	2,510
Cost	1,043	155	859	419	405	2,881
Amortization and impairment	(3)	–	(179)	(25)	(164)	(371)
	1,040	155	680	394	241	2,510

	2016 US$m	2015 US$m
Goodwill allocation by business:		
Dairy Farm	**715**	725
Mandarin Oriental	**24**	24
Astra	**299**	291
	1,038	1,040

13 Intangible Assets *(continued)*

Goodwill relating to Dairy Farm is allocated to groups of cash-generating units identified by banners or group of stores acquired in each geographical segment. Cash flow projections for impairment reviews are based on budgets prepared on the basis of assumptions reflective of the prevailing market conditions, and are discounted appropriately. Key assumptions used for value-in-use calculations include budgeted gross margins between 21% and 28% and average growth rate between 2% to 5% to extrapolate cash flows, which vary across the group's business segments and geographical locations, over a five-year period and thereafter, and are based on management expectations for the market development; and pre-tax discount rates between 6% and 16% applied to the cash flow projections. The discount rates used reflect business specific risks relating to the relevant industry, business life-cycle and geographical location. On the basis of these reviews, management concluded that no impairment has occurred.

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

Franchise rights are rights under franchise agreements with automobile and heavy equipment manufacturers. These franchise agreements are deemed to have indefinite lives because either they do not have any term of expiry or their renewal would be probable and would not involve significant costs, taking into account the history of renewal and the relationships between the franchisee and the contracting parties. The carrying amounts of franchise rights, which included automotive of US$57 million and heavy equipment of US$101 million, are not amortized as such rights will contribute cash flows for an indefinite period. Management has performed an impairment review of the carrying amounts of franchise rights at 31st December 2016 and has concluded that no impairment has occurred. The impairment review was made by comparing the carrying amounts of the cash-generating units in which the franchise rights reside with the recoverable amounts of the cash-generating units. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on budgets covering a three-year period. Cash flows beyond the three-year period are extrapolated using growth rates between 3% and 4%. Pre-tax discount rates between 14% and 16%, reflecting business specific risks, are applied to the cash flow projections.

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

At 31st December 2016, the carrying amount of leasehold land pledged as security for borrowings amounted to US$4 million *(2015: US$7 million) (refer note 31)*.

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

The remaining amortization periods for intangible assets are as follows:

Leasehold land	up to 83 years
Concession rights	by traffic volume over 29 to 31 years
Computer software	up to 9 years
Other	various

14 Tangible Assets

	Freehold properties US$m	Leasehold properties US$m	Leasehold improve-ments US$m	Mining properties US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2016							
Cost	813	2,428	937	1,040	3,365	1,982	**10,565**
Depreciation and impairment	(88)	(527)	(544)	(688)	(2,149)	(1,123)	**(5,119)**
Net book value at 1st January	725	1,901	393	352	1,216	859	**5,446**
Exchange differences	(43)	11	(19)	1	20	14	**(16)**
New subsidiaries	–	2	–	–	–	–	**2**
Additions	127	207	171	–	328	204	**1,037**
Disposals	–	(7)	(6)	–	(8)	(17)	**(38)**
Revaluation surplus before transfer to investment properties	–	2	–	–	–	–	**2**
Transfer from/(to) investment properties, and stocks and work in progress	–	(12)	–	–	–	(60)	**(72)**
Depreciation charge	(10)	(90)	(85)	(10)	(321)	(230)	**(746)**
Impairment charge	–	–	–	–	(1)	–	**(1)**
Reclassified to non-current assets held for sale	(2)	–	–	–	–	–	**(2)**
Net book value at 31st December	**797**	**2,014**	**454**	**343**	**1,234**	**770**	**5,612**
Cost	891	2,624	1,131	1,058	3,641	1,821	**11,166**
Depreciation and impairment	(94)	(610)	(677)	(715)	(2,407)	(1,051)	**(5,554)**
	797	**2,014**	**454**	**343**	**1,234**	**770**	**5,612**
2015							
Cost	878	2,395	930	1,076	3,492	2,078	10,849
Depreciation and impairment	(83)	(503)	(520)	(340)	(2,045)	(1,113)	(4,604)
Net book value at 1st January	795	1,892	410	736	1,447	965	6,245
Exchange differences	(71)	(141)	(20)	(18)	(128)	(83)	(461)
New subsidiaries	–	5	2	6	21	1	35
Additions	11	228	86	–	239	276	840
Disposals	–	(1)	(4)	–	(3)	(10)	(18)
Transfer to stocks and work in progress	–	–	–	–	(2)	(47)	(49)
Depreciation charge	(10)	(79)	(80)	(20)	(343)	(242)	(774)
Impairment charge	–	(3)	(1)	(352)	(15)	(1)	(372)
Net book value at 31st December	725	1,901	393	352	1,216	859	5,446
Cost	813	2,428	937	1,040	3,365	1,982	10,565
Depreciation and impairment	(88)	(527)	(544)	(688)	(2,149)	(1,123)	(5,119)
	725	1,901	393	352	1,216	859	5,446

14 Tangible Assets *(continued)*

In 2015, as a result of the decline in coal prices as well as the subdued outlook, management had performed an impairment review of the carrying amount of the mining properties and other tangible assets, and concluded that an impairment had occurred. An impairment charge of US$370 million had been included in the 2015 profit and loss in the line 'Other operating expenses'. In 2016, no further impairment was recognized in view of the increase in coal price over the year, while management assumptions about the long-term price trend remain largely unchanged.

The impairment review relating to mining properties is performed by comparing the carrying amount of the cash-generating units of the mining properties with the recoverable amount. The cash-generating unit is determined based on the location of the mining properties and the extent that they share infrastructure. The periods used in the cash flow forecast are based on the depletion of reserves or the expiration of the concession period, whichever is earlier. The recoverable amount of US$337 million at 31st December 2015, net of deferred tax, was determined based on the fair value less costs of disposal, using a discounted cash flow method with unobservable inputs. Major assumptions used in the valuation were coal price per tonne of US$52 to US$72 and post-tax discount rate of 12.8%.

Freehold properties include a hotel property of US$112 million *(2015: US$105 million)*, which is stated net of a grant of US$22 million *(2015: US$23 million)*.

Net book value of leasehold properties, plant and machinery and motor vehicles acquired under finance leases amounted to US$266 million, US$14 million and US$44 million *(2015: US$270 million, US$41 million and US$45 million)*, respectively.

Rental income from properties and other tangible assets amounted to US$281 million *(2015: US$304 million)* including contingent rents of US$3 million *(2015: US$3 million)*.

Future minimum rental payments receivable under non-cancellable leases are as follows:

	2016	2015
	US$m	US$m
Within one year	**117**	118
Between one and two years	**67**	64
Between two and five years	**69**	48
Beyond five years	**6**	10
	259	240

At 31st December 2016, the carrying amount of tangible assets pledged as security for borrowings amounted to US$465 million *(2015: US$555 million) (refer note 31)*.

15 Investment Properties

	Completed commercial properties	Under development commercial properties	Completed residential properties	Total
	US$m	US$m	US$m	US$m
2016				
At 1st January	24,128	851	232	**25,211**
Exchange differences	(22)	(43)	(1)	**(66)**
Additions	133	242	–	**375**
Disposals	(1)	–	–	**(1)**
Transfer from/(to) intangible assets and tangible assets	96	–	–	**96**
Change in fair value	2,577	(31)	12	**2,558**
At 31st December	**26,911**	**1,019**	**243**	**28,173**
Freehold properties				**159**
Leasehold properties				**28,014**
				28,173
2015				
At 1st January	22,922	834	145	23,901
Exchange differences	(33)	(45)	(2)	(80)
Additions	95	185	–	280
Disposals	(1)	–	–	(1)
Transfer from properties for sale	–	–	78	78
Increase/(decrease) in fair value	1,145	(123)	11	1,033
At 31st December	24,128	851	232	25,211
Freehold properties				134
Leasehold properties				25,077
				25,211

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2016 and 2015, which were principally held by Hongkong Land, have been determined on the basis of valuations carried out by independent valuers who hold a recognized relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. Hongkong Land employed Jones Lang LaSalle to value its commercial investment properties in Hong Kong, mainland China, Singapore, Vietnam and Cambodia which are either freehold or held under leases with unexpired lease terms of more than 20 years. The valuations, which conform to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors, were arrived at by reference to the net income, allowing for reversionary potential, of each property. The valuations are comprehensively reviewed by Hongkong Land.

Fair value measurements of residential properties using no significant non-observable inputs

Fair values of completed residential properties are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

15 Investment Properties *(continued)*

Fair value measurements of commercial properties using significant unobservable inputs

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

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

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

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

Information about fair value measurements of Hongkong Land's investment properties using significant unobservable inputs at 31st December 2016:

				Range of significant unobservable inputs	
		Fair value	Valuation method	Prevailing market rent per month	Capitalization/ discount rates
Commercial properties		US$m		US$	%
Completed	Hong Kong	26,096	Income capitalization	4.8 to 39.1 per square foot	3.20 to 5.50
	Singapore	518	Income capitalization	5.4 to 7.9 per square foot	3.50 to 5.50
	Vietnam and Cambodia	51	Discounted cash flow	21.0 to 50.9 per square metre	13.00 to 15.00
	Total	26,665			
Under development	Mainland China	676	Residual	104.7 per square metre	6.00
	Cambodia	128	Residual	30.0 to 59.0 per square metre	10.50
	Total	804			

15 Investment Properties *(continued)*

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

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

Rental income from investment properties amounted to US$863 million *(2015: US$852 million)* including contingent rents of US$10 million *(2015: US$11 million)*.

Future minimum rental payments receivable under non-cancellable leases are as follows:

	2016	2015
	US$m	US$m
Within one year	**767**	765
Between one and two years	**525**	544
Between two and five years	**580**	502
Beyond five years	**341**	362
	2,213	2,173

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

At 31st December 2016, the carrying amount of investment properties pledged as security for borrowings amounted to US$676 million *(2015: US$638 million) (refer note 31)*.

16 Bearer Plants

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

	2016 US$m	2015 US$m
Movements during the year:		
Cost		
– as previously reported	**859**	908
– change in accounting policy *(refer note 1(c))*	**(263)**	(321)
– as restated	**596**	587
Depreciation		
– as previously reported	**–**	–
– change in accounting policy *(refer note 1(c))*	**(111)**	(104)
– as restated	**(111)**	(104)
Net book value at 1st January	**485**	483
Exchange differences	**13**	(48)
New subsidiaries	**9**	–
Additions	**61**	76
Disposals	**(49)**	(7)
Depreciation charge	**(22)**	(19)
Net book value at 31st December	**497**	485
Immature bearer plants	**151**	188
Mature bearer plants	**346**	297
	497	485
Cost	**629**	596
Accumulated depreciation	**(132)**	(111)
	497	485

The Group's bearer plants had not been pledged as security for borrowings at 31st December 2016 and 2015.

17 Investment in Jardine Matheson

	2016 US$m	2015 US$m
Share of attributable net assets including own shares held	**3 058**	2,923
Own shares held *(refer note 29)*	**(1,918)**	(1,867)
Share of attributable net assets	**1,140**	1,056
Goodwill on acquisition	**1,340**	1,179
	2,480	2,235
Fair value	**22,433**	19,312
Movements during the year:		
At 1st January	**2,235**	1,979
Share of results after tax and non-controlling interests	**233**	191
Share of other comprehensive expense after tax and non-controlling interests	**(99)**	(55)
Share of dividends of the Company *(refer note 28)*	**151**	143
Dividends received	**(577)**	(563)
Share of employee share options granted	**11**	11
Change in attributable interests	**577**	553
Change in own shares held	**(51)**	(16)
Other	**–**	(8)
At 31st December	**2,480**	2,235

Financial information of Jardine Matheson for the year ended 31st December 2016 and 2015 can be accessed through the internet at www.jardines.com.

18 Associates and Joint Ventures

	2016 US$m	2015 US$m
Listed associates		
– Yonghui	**635**	464
– Siam City Cement	**221**	152
– other	**89**	79
	945	695
Unlisted associates	**1,203**	1,052
Share of attributable net assets	**2,148**	1,747
Goodwill on acquisition	**804**	892
	2,952	2,639
Listed joint ventures		
– Bank Permata	**618**	580
– PT Tunas Ridean	**93**	75
	711	655
Unlisted joint ventures	**5,994**	5,899
Share of attributable net assets	**6,705**	6,554
Goodwill on acquisition	**128**	130
	6,833	6,684
	9,785	9,323
By business:		
Hongkong Land	**4,413**	4,601
Dairy Farm	**1,463**	1,294
Mandarin Oriental	**165**	165
Jardine Cycle & Carriage	**1,037**	926
Astra	**2,675**	2,310
Corporate and other interests	**32**	27
	9,785	9,323

18 Associates and Joint Ventures *(continued)*

	Associates		Joint ventures	
	2016	2015	**2016**	2015
	US$m	US$m	US$m	US$m
Movements of associates and joint ventures during the year:				
At 1st January	**2,639**	970	**6,684**	7,020
Share of results after tax and non-controlling interests	**356**	347	**212**	431
Share of other comprehensive expense after tax and non-controlling interests	**(64)**	(166)	**(86)**	(450)
Dividends received	**(195)**	(186)	**(301)**	(321)
Acquisitions, increases in attributable interests and advances	**222**	1,666	**424**	367
Disposals, decreases in attributable interests and repayment of advances	**(5)**	–	**(103)**	(387)
Other	**(1)**	8	**3**	24
At 31st December	**2,952**	2,639	**6,833**	6,684
Fair value of listed associates/joint ventures	**2,057**	2,035	**651**	469

(a) Investment in associates

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

Nature of investments in material associates in 2016 and 2015:

Name of entity	Nature of business	Country of incorporation/ principal place of business/ place of listing	% of ownership interest	
			2016	2015
Yonghui Superstores Co., Limited ('Yonghui')	Supermarkets and hypermarkets	Mainland China/ Mainland China/ Shanghai	**20**	20
Siam City Cement Public Company Limited ('Siam City Cement')	Cement manufacturer	Thailand/ Thailand/ Thailand	**25**	25
PT Astra Daihatsu Motor	Automotive	Indonesia/ Indonesia/ Unlisted	**32**	32

18 Associates and Joint Ventures *(continued)*

Summarized financial information for material associates

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

	Yonghui†	Siam City Cement	PT Astra Daihatsu Motor	Total
	US$m	US$m	US$m	US$m
2016				
Non-current assets	1,969	1,643	620	**4,232**
Current assets				
Cash and cash equivalents	1,705	99	672	**2,476**
Other current assets	1,153	250	317	**1,720**
Total current assets	2,858	349	989	**4,196**
Non-current liabilities				
Financial liabilities*	–	(179)	–	**(179)**
Other non-current liabilities*	(21)	(132)	(54)	**(207)**
Total non-current liabilities	(21)	(311)	(54)	**(386)**
Current liabilities				
Financial liabilities*	(68)	(585)	–	**(653)**
Other current liabilities*	(1,487)	(210)	(562)	**(2,259)**
Total current liabilities	(1,555)	(795)	(562)	**(2,912)**
Non-controlling interests	(9)	–	–	**(9)**
Net assets	**3,242**	**886**	**993**	**5,121**
2015				
Non-current assets	1,991	1,068	571	3,630
Current assets				
Cash and cash equivalents	1,022	65	483	1,570
Other current assets	910	182	301	1,393
Total current assets	1,932	247	784	2,963
Non-current liabilities				
Financial liabilities*	–	(29)	–	(29)
Other non-current liabilities*	(13)	(203)	(43)	(259)
Total non-current liabilities	(13)	(232)	(43)	(288)
Current liabilities				
Financial liabilities*	(54)	(35)	–	(89)
Other current liabilities*	(1,491)	(160)	(375)	(2,026)
Total current liabilities	(1,545)	(195)	(375)	(2,115)
Non-controlling interests	(8)	–	–	(8)
Net assets	2,357	888	937	4,182

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

†Based on summarized balance sheets at 30th September 2016 and 2015.

18 Associates and Joint Ventures *(continued)*

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

	Yonghui† US$m	Siam City Cement US$m	PT Astra Daihatsu Motor US$m	Total US$m
2016				
Revenue	7,292	969	3,807	**12,068**
Depreciation and amortization	(197)	(54)	(110)	**(361)**
Interest income	20	1	25	**46**
Interest expense	(12)	(21)	–	**(33)**
Profit from underlying business performance	168	129	356	**653**
Income tax expense	(45)	(28)	(92)	**(165)**
Profit after tax from underlying business performance	123	101	264	**488**
Other comprehensive income/(expense)	1	(12)	2	**(9)**
Total comprehensive income	**124**	**89**	**266**	**479**
Dividends received from associates	**18**	**24**	**75**	**117**
2015				
Revenue	3,218	660	3,337	7,215
Depreciation and amortization	(64)	(32)	(95)	(191)
Interest income	9	1	30	40
Interest expense	(5)	(10)	–	(15)
Profit from underlying business performance	49	114	329	492
Income tax expense	(8)	(21)	(79)	(108)
Profit after tax from underlying business performance	41	93	250	384
Other comprehensive income/(expense)	(4)	–	(1)	(5)
Total comprehensive income	37	93	249	379
Dividends received from associates	16	25	59	100

†Based on summarized statements of comprehensive income for the twelve months ended 30th September 2016 in 2016 and based on six months ended 30th September 2015 in 2015.

The information contained in the summarized balance sheets and statements of comprehensive income reflect the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates, and fair value of the associates at the time of acquisition. For associates acquired during 2016, the fair value of the identifiable assets and liabilities at the acquisition date is provisional and will be finalized within one year after the acquisition date.

18 Associates and Joint Ventures *(continued)*

Reconciliation of the summarized financial information

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

	Yonghui	Siam City Cement	PT Astra Daihatsu Motor	Total
	US$m	US$m	US$m	US$m
2016				
Net assets	3,242	886	993	**5,121**
Interest in associates (%)	*20*	*25*	*32*	
Group's share of net assets in associates	648	221	317	**1,186**
Goodwill	388	345	–	**733**
Other	(13)	–	–	**(13)**
Carrying value	**1,023**	**566**	**317**	**1,906**
Fair value	**1,352**	**435**	**N/A**	**1,787**
2015				
Net assets	2,357	888	937	4,182
Interest in associates (%)	*20*	*25*	*32*	
Group's share of net assets in associates	471	221	299	991
Goodwill	417	343	–	760
Other	(7)	–	–	(7)
Carrying value	881	564	299	1,744
Fair value	1,265	514	N/A	1,779

18 Associates and Joint Ventures *(continued)*

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

	2016 US$m	2015 US$m
Share of profit	**209**	237
Share of other comprehensive expense	**(9)**	(21)
Share of total comprehensive income	**200**	216
Carrying amount of interests in these associates	**1,046**	895

Contingent liabilities relating to the Group's interest in associates

	2016 US$m	2015 US$m
Financial guarantee in respect of facilities made available to an associate	**21**	21

(b) Investment in joint ventures

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

Nature of investments in material joint ventures in 2016 and 2015:

	Nature of business	Country of incorporation and principal place of business	% of ownership interest **2016**	2015
Hongkong Land				
– Properties Sub F, Ltd	Property investment	Macau	**49**	49
– BFC Development LLP	Property investment	Singapore	**33**	33
– Central Boulevard Development Pte Ltd	Property investment	Singapore	**33**	33
– One Raffles Quay Pte Ltd	Property investment	Singapore	**33**	33
Astra				
– PT Astra Honda Motor	Automotive	Indonesia	**50**	50
– PT Bank Permata Tbk	Commercial and retail bank	Indonesia	**45**	45

As at 31st December 2016, the fair value of the Group's interest in PT Bank Permata Tbk, which is listed on the Indonesian Stock Exchange, was US$411 million *(2015: US$363 million)* and the carrying amount of the Group's interest was US$654 million *(2015: US$616 million)*.

18 Associates and Joint Ventures *(continued)*

Summarized financial information for material joint ventures

Set out below are the summarized financial information for the Group's material joint ventures.

Summarized balance sheets at 31st December:

	Properties Sub F, Ltd	BFC Development LLP	Central Boulevard Development Pte Ltd	One Raffles Quay Pte Ltd	PT Astra Honda Motor	PT Bank Permata Tbk	Total
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
2016							
Non-current assets	1,374	3,301	2,547	2,526	1,479	3,502	**14,729**
Current assets							
Cash and cash equivalents	44	11	32	15	432	1,677	**2,211**
Other current assets	32	3	9	1	388	7,086	**7,519**
Total current assets	76	14	41	16	820	8,763	**9,730**
Non-current liabilities							
Financial liabilities*	(16)	(1,175)	(1,118)	(717)	–	(486)	**(3,512)**
Other non-current liabilities*	(144)	–	(20)	(184)	(229)	(47)	**(624)**
Total non-current liabilities	(160)	(1,175)	(1,138)	(901)	(229)	(533)	**(4,136)**
Current liabilities							
Financial liabilities*	–	–	(6)	(4)	–	–	**(10)**
Other current liabilities*	(42)	(64)	(31)	(47)	(664)	(10,350)	**(11,198)**
Total current liabilities	(42)	(64)	(37)	(51)	(664)	(10,350)	**(11,208)**
Net assets	**1,248**	**2,076**	**1,413**	**1,590**	**1,406**	**1,382**	**9,115**
2015							
Non-current assets	1,574	3,373	2,605	2,580	1,395	5,199	16,726
Current assets							
Cash and cash equivalents	20	8	41	11	213	1,750	2,043
Other current assets	48	5	14	1	376	6,236	6,680
Total current assets	68	13	55	12	589	7,986	8,723
Non-current liabilities							
Financial liabilities*	(35)	(1,196)	(1,135)	(727)	–	(473)	(3,566)
Other non-current liabilities*	(166)	–	(19)	(188)	(221)	(80)	(674)
Total non-current liabilities	(201)	(1,196)	(1,154)	(915)	(221)	(553)	(4,240)
Current liabilities							
Financial liabilities*	(1)	(1)	(6)	(3)	–	(149)	(160)
Other current liabilities*	(38)	(65)	(38)	(44)	(583)	(11,180)	(11,948)
Total current liabilities	(39)	(66)	(44)	(47)	(583)	(11,329)	(12,108)
Net assets	1,402	2,124	1,462	1,630	1,180	1,303	9,101

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

18 Associates and Joint Ventures *(continued)*

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

	Properties Sub F, Ltd	BFC Development LLP	Central Boulevard Development Pte Ltd	One Raffles Quay Pte Ltd	PT Astra Honda Motor	PT Bank Permata Tbk	Total
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
2016							
Revenue	86	168	106	121	4,560	1,226	**6,267**
Depreciation and amortization	(8)	–	–	–	(134)	(19)	**(161)**
Interest income	–	–	–	–	24	–	**24**
Interest expense	(1)	(46)	(29)	(22)	–	–	**(98)**
Profit/(loss) from underlying business performance	45	85	51	71	580	(661)	**171**
Income tax expense	(5)	(14)	(8)	(12)	(125)	162	**(2)**
Profit/(loss) after tax from underlying business performance	40	71	43	59	455	(499)	**169**
Profit after tax from non-trading items	(169)	(4)	(4)	(3)	–	–	**(180)**
Profit/(loss) after tax	(129)	67	39	56	455	(499)	**(11)**
Other comprehensive income/(expense)	(1)	(33)	(37)	(36)	3	(7)	**(111)**
Total comprehensive income/(expense)	**(130)**	**34**	**2**	**20**	**458**	**(506)**	**(122)**
Dividends received from joint ventures	**12**	**27**	**17**	**20**	**131**	**–**	**207**
2015							
Revenue	94	161	192	120	4,257	1,332	6,156
Depreciation and amortization	(7)	–	–	–	(106)	(19)	(132)
Interest income	–	–	–	–	20	–	20
Interest expense	(2)	(52)	(24)	(22)	–	–	(100)
Profit/(loss) from underlying business performance	47	70	90	64	425	(15)	681
Income tax expense	(6)	(12)	(15)	(11)	(104)	(3)	(151)
Profit/(loss) after tax from underlying business performance	41	58	75	53	321	(18)	530
Profit after tax from non-trading items	2	43	113	30	–	–	188
Profit/(loss) after tax	43	101	188	83	321	(18)	718
Other comprehensive income/(expense)	1	(148)	(96)	(110)	(2)	(4)	(359)
Total comprehensive income/(expense)	44	(47)	92	(27)	319	(22)	359
Dividends received from joint ventures	26	20	42	18	123	6	235

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

18 Associates and Joint Ventures *(continued)*

Reconciliation of the summarized financial information

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

	Properties Sub F, Ltd	BFC Development LLP	Central Boulevard Development Pte Ltd	One Raffles Quay Pte Ltd	PT Astra Honda Motor	PT Bank Permata Tbk	Total
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
2016							
Net assets	1,248	2,076	1,413	1,590	1,406	1,382	**9,115**
Shareholders' loans	16	1,175	–	93	–	–	**1,284**
Adjusted net assets	1,264	3,251	1,413	1,683	1,406	1,382	**10,399**
Interest in joint ventures (%)	*49*	*33*	*33*	*33*	*50*	*45*	
Group's share of net assets in joint ventures	619	1,084	471	561	703	617	**4,055**
Goodwill	–	–	–	–	–	37	**37**
Carrying value	**619**	**1,084**	**471**	**561**	**703**	**654**	**4,092**
2015							
Net assets	1,402	2,124	1,462	1,630	1,180	1,303	9,101
Shareholders' loans	35	1,196	–	95	–	–	1,326
Adjusted net assets	1,437	3,320	1,462	1,725	1,180	1,303	10,427
Interest in joint ventures (%)	*49*	*33*	*33*	*33*	*50*	*45*	
Group's share of net assets in joint ventures	704	1,107	487	575	590	580	4,043
Goodwill	–	–	–	–	–	36	36
Carrying value	704	1,107	487	575	590	616	4,079

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

	2016	2015
	US$m	US$m
Share of profit	**215**	134
Share of other comprehensive expense	**(120)**	(84)
Share of total comprehensive income	**95**	50
Carrying amount of interests in these joint ventures	**2,741**	2,605

Commitments and contingent liabilities in respect of joint ventures

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

	2016	2015
	US$m	US$m
Commitment to provide funding if called	**453**	491

There were no contingent liabilities relating to the Group's interest in the joint ventures at 31st December 2016 and 2015.

19 Other Investments

	2016 US$m	2015 US$m
Available-for-sale financial assets		
Listed securities		
– Asia Commercial Bank	**58**	60
– Rothschild & Co	**114**	108
– Schindler Holdings	**222**	217
– The Bank of N.T. Butterfield & Son	**75**	47
– Zhongsheng	**297**	147
– other	**561**	453
	1,327	1,032
Unlisted securities	**59**	59
	1,386	1,091
Held-to-maturity financial assets		
Listed securities	**7**	7
	1,393	1,098
Non-current	**1,328**	1,066
Current	**65**	32
	1,393	1,098
Analysis by geographical area of operation:		
Greater China	**362**	221
Southeast Asia	**611**	497
Rest of the world	**420**	380
	1,393	1,098
Movements during the year:		
At 1st January	**1,098**	1,337
Exchange differences	**8**	(48)
Additions	**292**	118
Disposals and capital repayments	**(115)**	(306)
Unwinding of discount	**(1)**	(2)
Change in fair value	**111**	(1)
At 31st December	**1,393**	1,098

In 2014, a wholly-owned subsidiary purchased new shares in Zhongsheng Group Holdings Limited ('Zhongsheng') which represents an initial 11% equity interest. Together with the convertible bonds held *(refer note 20)*, this investment would enable the subsidiary to further increase its interest upon exercising the bonds. An impairment charge of US$188 million was made against the investment in Zhongsheng through profit and loss during 2015 as a result of a prolonged decline in its market value. The market value of Zhongsheng had increased in 2016 and the fair value gain was recognized in other comprehensive income.

Movements of available-for-sale financial assets which were valued based on unobservable inputs during the year are disclosed in note 2. There was no sale of these assets in 2016. Profit on sale of these assets in 2015 amounted to US$126 million and was credited to profit and loss.

The fair value of held-to-maturity financial assets was US$7 million *(2015: US$7 million)*.

20 Debtors

	2016 US$m	2015 US$m
Consumer financing debtors		
– gross	**4,660**	4,079
– provision for impairment	**(182)**	(183)
	4,478	3,896
Financing lease receivables		
– gross investment	**398**	542
– unearned finance income	**(51)**	(67)
– net investment	**347**	475
– provision for impairment	**(14)**	(14)
	333	461
Financing debtors	**4,811**	4,357
Trade debtors		
– third parties	**1,771**	1,575
– associates	**25**	21
– joint ventures	**93**	50
	1,889	1,646
– provision for impairment	**(42)**	(49)
	1,847	1,597
Other debtors		
– third parties	**2,101**	2,089
– associates	**8**	4
– joint ventures	**91**	140
	2,200	2,233
– provision for impairment	**(10)**	(10)
	2,190	2,223
	8,848	8,177
Non-current	**2,916**	3,243
Current	**5,932**	4,934
	8,848	8,177
Analysis by geographical area of operation:		
Greater China	**907**	847
Southeast Asia	**7,837**	7,263
United Kingdom	**8**	7
Rest of the world	**96**	60
	8,848	8,177
Fair value:		
Consumer financing debtors	**4,444**	3,834
Financing lease receivables	**335**	469
Financing debtors	**4,779**	4,303
Trade debtors	**1,847**	1,598
Other debtors*	**1,018**	1,110
	7,644	7,011

*Excluding prepayments, rental and other deposits, and other non-financial debtors.

20 Debtors *(continued)*

Trade and other debtors excluding derivative financial instruments are stated at amortized cost. The fair value of these debtors other than convertible bonds in Zhongsheng and short-term debtors is estimated using the expected future receipts discounted at market rates ranging from 4% to 14% *(2015: 4% to 15%)* per annum. The fair value of convertible bonds in Zhongsheng is estimated by reference to market interest rate and the quoted price of the underlying shares. The fair value of short-term debtors approximates their carrying amounts. Derivative financial instruments are stated at fair value.

Financing debtors

Financing debtors comprise consumer financing debtors and financing lease receivables. They relate primarily to Astra's motor vehicle and motorcycle financing. 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 who give the Group the right to sell the repossessed collateral or take any other action to settle the outstanding debt.

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 reorganization and default or delinquency in payment are considered indicators that the debtor is impaired. An allowance for impairment is made based on the estimated irrecoverable amount by reference to past default experience. The Group has the right to repossess the assets whenever its customers default on their instalment obligations. It usually exercises its right if monthly instalments are overdue for 30 days for motor vehicles and 60 days for motorcycles. Management has considered the balances against which collective impairment provision is made as impaired.

The maturity analysis of consumer financing debtors at 31st December is as follows:

	2016 US$m	2015 US$m
Including related finance income		
Within one year	**3,188**	2,856
Between one and two years	**1,672**	1,489
Between two and five years	**1,135**	855
Beyond five years	**–**	6
	5,995	5,206
Excluding related finance income		
Within one year	**2,357**	2,132
Between one and two years	**1,324**	1,193
Between two and five years	**979**	749
Beyond five years	**–**	5
	4,660	4,079

Financing lease receivables

An analysis of financing lease receivables is set out below:

	2016 US$m	2015 US$m
Lease receivables	**398**	542
Guaranteed residual value	**201**	228
Security deposits	**(201)**	(228)
Gross investment	**398**	542
Unearned lease income	**(51)**	(67)
Net investment	**347**	475

20 Debtors *(continued)*

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

	2016		2015	
	Gross investment	Net investment	Gross investment	Net investment
	US$m	US$m	US$m	US$m
Within one year	**251**	**213**	320	272
Between one and two years	**105**	**95**	174	158
Between two and five years	**42**	**39**	48	45
	398	**347**	542	475

The fair value of the financing debtors is US$4,779 million *(2015: US$4,303 million)*. The fair value of financing debtors is determined based on a discounted cash flow method using unobservable inputs, which are mainly rates of 6% to 34% per annum *(2015: 6% to 33% per annum)*. The higher the rates, the lower the fair value.

Financing debtors are due within five years *(2015: five years)* from the balance sheet date and the interest rates range from 6% to 34% per annum *(2015: 6% to 33% per annum)*.

Trade and other debtors

The average credit period on sale of goods and services varies among Group businesses and is generally not more than 60 days. 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 reorganization, and default or delinquency in payment are considered indicators that the debtor is impaired. An allowance for impairment of trade and other debtors is made based on the estimated irrecoverable amount.

At 31st December 2016, consumer financing debtors of US$44 million *(2015: US$32 million)*, financing lease receivables of US$16 million *(2015: US$18 million)*, trade debtors of US$67 million *(2015: US$84 million)* and other debtors of US$11 million *(2015: US$15 million)* were impaired. The impaired consumer financing debtors and financing lease receivables were covered by provisions for impairment of these debtors which are assessed collectively.

At 31st December 2016, consumer financing debtors of US$385 million *(2015: US$350 million)*, financing lease receivable of US$90 million *(2015: US$135 million)*, trade debtors of US$516 million *(2015: US$549 million)* and other debtors of US$49 million *(2015: US$18 million)*, respectively, were past due but not impaired. The ageing analysis of these debtors is as follows:

	Consumer financing debtors		Financing lease receivables		Trade debtors		Other debtors	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m
Below 30 days	**311**	283	**61**	86	**257**	290	**9**	8
Between 31 and 60 days	**62**	56	**21**	37	**76**	93	**7**	2
Between 61 and 90 days	**12**	11	**8**	7	**42**	50	**1**	3
Over 90 days	**–**	–	**–**	5	**141**	116	**32**	5
	385	350	**90**	135	**516**	549	**49**	18

20 Debtors *(continued)*

The risk of trade and other debtors that are neither past due nor impaired at 31st December 2016 becoming impaired is low as they have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Other debtors

Other debtors are further analyzed as follows:

	2016	2015
	US$m	US$m
Convertible bonds in Zhongsheng	**397**	391
Derivative financial instruments	**119**	295
Restricted bank balances and deposits	**68**	48
Loans to employees	**37**	34
Other amounts due from associates	**8**	4
Other amounts due from joint ventures	**91**	140
Repossessed assets of finance companies	**25**	26
Other receivables	**320**	198
Financial assets	**1,065**	1,136
Prepayments	**734**	766
Reinsurers' share of estimated losses on insurance contracts	**72**	71
Rental and other deposits	**177**	179
Other	**142**	71
	2,190	2,223

The convertible bonds in Zhongsheng with a nominal value of HK$3,092 million (US$399 million), held by a wholly-owned subsidiary, carry interest at 2.85% per annum and are unsecured. The bonds are convertible, at the option of the holders, into ordinary shares of Zhongsheng at a conversion price of HK$12.96 per share on or after the date falling 180 days after the issue date of 25th April 2014 up to the close of business on the date falling 10 days prior to the maturity. The bonds will mature on 25th April 2017.

Movements in the provisions for impairment are as follows:

	Consumer financing debtors		Financing lease receivables		Trade debtors		Other debtors	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m
At 1st January	**(183)**	(202)	**(14)**	(29)	**(49)**	(40)	**(10)**	(10)
Exchange differences	**(4)**	20	**1**	2	**(1)**	4	**–**	–
Additional provisions	**(95)**	(94)	**(8)**	–	**(11)**	(26)	**(1)**	(1)
Unused amounts reversed	**–**	–	**1**	3	**16**	11	**1**	–
Amounts written off	**100**	93	**6**	10	**3**	2	**–**	1
At 31st December	**(182)**	(183)	**(14)**	(14)	**(42)**	(49)	**(10)**	(10)

At 31st December 2016, the carrying amount of consumer financing debtors, financing lease receivables, trade debtors and other debtors pledged as security for borrowings amounted to US$1,783 million, US$86 million, nil and US$9 million *(2015: US$1,703 million, US$134 million, US$1 million and US$6 million)*, respectively *(refer note 31)*.

21 Deferred Tax Assets/(Liabilities)

	Accelerated tax depreciation US$m	Fair value gains/ losses US$m	Losses US$m	Employee benefits US$m	Provisions and other temporary differences US$m	Total US$m
2016						
At 1st January						
– as previously reported	(148)	(329)	17	86	87	**(287)**
– change in accounting policy for bearer plants	8	88	–	–	(3)	**93**
– as restated	(140)	(241)	17	86	84	**(194)**
Exchange differences	3	(4)	–	2	3	**4**
Credited/(charged) to profit and loss	79	–	(3)	6	(19)	**63**
(Charged)/credited to other comprehensive income	–	1	–	(12)	–	**(11)**
At 31st December	**(58)**	**(244)**	**14**	**82**	**68**	**(138)**
Deferred tax assets	161	(50)	14	75	132	**332**
Deferred tax liabilities	(219)	(194)	–	7	(64)	**(470)**
	(58)	**(244)**	**14**	**82**	**68**	**(138)**
2015						
At 1st January						
– as previously reported	(152)	(432)	18	75	87	(404)
– change in accounting policy for bearer plants	9	99	–	–	(3)	105
– as restated	(143)	(333)	18	75	84	(299)
Exchange differences	(1)	16	(1)	(6)	(11)	(3)
New subsidiaries	–	(4)	–	–	–	(4)
Credited to profit and loss	4	85	–	9	25	123
Credited/(charged) to other comprehensive income	–	(5)	–	8	–	3
Other	–	–	–	–	(14)	(14)
At 31st December	(140)	(241)	17	86	84	(194)
Deferred tax assets	99	(43)	8	70	137	271
Deferred tax liabilities	(239)	(198)	9	16	(53)	(465)
	(140)	(241)	17	86	84	(194)

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

Deferred tax assets of US$136 million *(2015: US$137 million)* arising from unused tax losses of US$535 million *(2015: US$555 million)* have not been recognized in the financial statements. Included in the unused tax losses, US$165 million have no expiry date and the balance will expire at various dates up to and including 2036.

Deferred tax liabilities of US$480 million *(2015: US$462 million)* arising on temporary differences associated with investments in subsidiaries of US$4,800 million *(2015: US$4,623 million)* have not been recognized as there is no current intention of remitting the retained earnings of these subsidiaries to the holding companies in the foreseeable future.

22 Pension Plans

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

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

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

	2016 US$m	2015 US$m
Fair value of plan assets	**359**	350
Present value of funded obligations	**(427)**	(440)
	(68)	(90)
Present value of unfunded obligations	**(205)**	(201)
Net pension liabilities	**(273)**	(291)
Analysis of net pension liabilities:		
Pension assets	**–**	–
Pension liabilities	**(273)**	(291)
	(273)	(291)

22 Pension Plans *(continued)*

The movement in the net pension liabilities is as follows:

	Fair value of plan assets US$m	Present value of obligations US$m	Total US$m
2016			
At 1st January	350	(641)	**(291)**
Current service cost	–	(51)	**(51)**
Interest income/(expense)	16	(38)	**(22)**
Past service cost and gains on settlements	–	2	**2**
Administration expenses	(1)	–	**(1)**
	15	(87)	**(72)**
	365	(728)	**(363)**
Exchange differences	2	(8)	**(6)**
Remeasurements			
– return on plan assets, excluding amounts included in interest income	10	–	**10**
– change in financial assumptions	–	19	**19**
– experience gains	–	22	**22**
	10	41	**51**
Contributions from employers	32	–	**32**
Contributions from plan participants	2	(2)	**–**
Benefit payments	(50)	63	**13**
Settlement	(6)	6	**–**
Transfer from other plans	4	(4)	**–**
At 31st December	**359**	**(632)**	**(273)**
2015			
At 1st January	375	(611)	(236)
Current service cost	–	(52)	(52)
Interest income/(expense)	17	(33)	(16)
Past service cost and gains on settlements	–	(1)	(1)
Administration expenses	(1)	–	(1)
	16	(86)	(70)
	391	(697)	(306)
Exchange differences	(10)	32	22
Remeasurements			
– return on plan assets, excluding amounts included in interest income	(25)	–	(25)
– experience losses	–	(21)	(21)
	(25)	(21)	(46)
Contributions from employers	24	–	24
Contributions from plan participants	2	(2)	–
Benefit payments	(33)	47	14
Settlement	(1)	1	–
Transfer from other plans	2	(1)	1
At 31st December	350	(641)	(291)

22 Pension Plans *(continued)*

The weighted average duration of the defined benefit obligations at 31st December 2016 is 12 years *(2015: 12 years)*.

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

	2016	2015
	US$m	US$m
Less than a year	**50**	68
Between one and two years	**51**	43
Between two and five years	**187**	180
Beyond five years	**4,592**	5,538
	4,880	5,829

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

	Hong Kong		Others	
	2016	2015	**2016**	2015
	%	%	%	%
Discount rate	**3.3**	3.0	**7.5**	8.7
Salary growth rate	**4.8**	5.0	**6.4**	7.9

As participants of the plans relating to Hong Kong usually take lump sum amounts upon retirement, mortality rate is not a principal assumption for these plans.

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

		(Increase)/decrease on defined benefit obligations	
	Change in assumption	Increase in assumption	Decrease in assumption
	%	US$m	US$m
Discount rate	1	**57**	**(70)**
Salary growth rate	1	**(71)**	**58**

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

22 Pension Plans *(continued)*

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

	Asia Pacific US$m	Europe US$m	North America US$m	Global US$m	Total US$m
2016					
Quoted investments					
Equity instruments	48	–	–	–	**48**
Debt instruments					
– government	45	–	–	2	**47**
– corporate bonds					
– investment grade	21	1	3	1	**26**
	66	1	3	3	**73**
Investment funds	33	19	47	23	**122**
	147	20	50	26	**243**
Unquoted investments					
Investment funds	4	2	1	77	**84**
	4	2	1	77	**84**
Total investments	151	22	51	103	**327**
Cash and cash equivalents					**34**
Benefits payable and other					**(2)**
					359

22 Pension Plans *(continued)*

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

	Asia Pacific US$m	Europe US$m	North America US$m	Global US$m	Total US$m
2015					
Quoted investments					
Equity instruments	60	–	–	–	60
Debt instruments					
– government	31	–	–	–	31
– corporate bonds					
– investment grade	18	–	–	–	18
	49	–	–	–	49
Investment funds	22	21	51	8	102
	131	21	51	8	211
Unquoted investments					
Debt instruments					
– government	4	10	4	1	19
– corporate bonds					
– investment grade	1	5	7	–	13
– non-investment grade	–	–	2	–	2
	1	5	9	–	15
	5	15	13	1	34
Investment funds	3	1	2	76	82
	8	16	15	77	116
Total investments	139	37	66	85	327
Cash and cash equivalents					26
Benefits payable and other					(3)
					350

The defined benefit plans in Hong Kong have two strategic asset allocations for its open and closed plans. The open plans have an equity/debt allocation of 70/30 whilst the closed plans have a 55/45 split.

The strategic asset allocation is derived from the asset-liability modeling ('ALM') review, done triennially to ensure the plans can meet future funding and solvency requirements. The last ALM review was completed in 2015, with modified strategic asset allocations adopted in 2015. The next ALM review is scheduled for 2018.

22 Pension Plans *(continued)*

As at 31st December 2016, the Hong Kong plans had assets of US$243 million *(2015: US$256 million)*. These assets were invested 27% in Asia Pacific, 9% in Europe and 21% in North America *(2015: 25%, 14% and 26%, respectively)*. Within Asia Pacific, 40% *(2015: 52%)* was invested in Hong Kong equities. 65% *(2015: 53%)* and 35% *(2015: 47%)* of the investments were in quoted and unquoted instruments, respectively. The high percentage of quoted instruments provides liquidity to fund drawdowns and benefit payments. Within the quoted equity allocation, the plan is well diversified in terms of sectors, with the top three being financials, technology and industrials, with a combined fair value of US$18 million *(2015: US$23 million)*.

Through its defined benefit pension plans, the Group is expected to be exposed to a number of risks such as asset volatility, changes in bond yields, inflation risk, and life expectancy, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Group's defined benefit plans hold a percentage of equities, which are expected to outperform corporate bonds in the long-term, whilst generating volatility and risk in the short-term.

In Hong Kong, where the Group has open and closed plans, the assets and liabilities mix are distinct to reduce the level of investment risk to each plan. In 2016, the plans rebalanced from their overweight allocations in hedge funds to their underweight allocations in equities, bonds and cash. The plans also restructured their fixed income portfolios by reducing the allocation to global bonds and increasing the allocation to cash and Asian bonds to reduce risks. The open plans retained a higher exposure to equities to generate higher returns to meet pension obligations. Management believes that the long-term nature of the plan liabilities and the strength of the Group supports a level of equity investment as part of the Group's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

The majority of the Group's plan assets are unaffected by inflation.

Life expectancy

The Hong Kong plans mainly provide for a lump-sum benefit payment at retirement.

The Group ensures that the investment positions are managed within an ALM framework that is developed to achieve long-term returns that are in line with the obligations under the pension schemes. Within the 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 2016 were US$28 million and the estimated amount of contributions expected to be paid to all its plans in 2017 is US$29 million.

23 Properties for Sale

	2016 US$m	2015 US$m
Properties in the course of development	**2,052**	2,661
Completed properties	**263**	102
	2,315	2,763

As at 31st December 2016, properties in the course of development amounting to US$1,484 million *(2015: US$2,067 million)* were not scheduled for completion within the next twelve months.

At 31st December 2016, the Group's properties for sale had not been pledged as security for borrowings *(2015: US$796 million) (refer note 31)*.

24 Stocks and Work in Progress

	2016 US$m	2015 US$m
Finished goods	**2,321**	2,252
Work in progress	**40**	40
Raw materials	**42**	41
Spare parts	**54**	58
Other	**81**	85
	2,538	2,476

At 31st December 2016, the Group's stocks and work in progress had not been pledged as security for borrowings *(2015: US$1 million) (refer note 31)*.

25 Bank Balances and Other Liquid Funds

	2016 US$m	2015 US$m
Deposits with banks and financial institutions	**2,378**	2,956
Bank balances	**2,613**	1,520
Cash balances	**112**	99
	5,103	4,575
Analysis by currency:		
Chinese renminbi	**1,041**	924
Euro	**15**	42
Hong Kong dollar	**118**	103
Indonesian rupiah	**1,771**	919
Japanese yen	**20**	37
Malaysian ringgit	**69**	22
New Taiwan dollar	**42**	34
Singapore dollar	**495**	463
United Kingdom sterling	**26**	26
United States dollar	**1,446**	1,950
Other	**60**	55
	5,103	4,575

The weighted average interest rate on deposits with banks and financial institutions is 1.9% *(2015: 2.7%)* per annum.

26 Share Capital

	2016 US$m	2015 US$m
Authorized:		
1,500,000,000 shares of US¢5 each	**75**	75
1,000,000 shares of US$800 each	**800**	800
	875	875

	Ordinary shares in millions		2016 US$m	2015 US$m
	2016	2015		
Issued and fully-paid shares of US¢5 each:				
At 1st January	**1,113**	1,120	**56**	56
Repurchased and cancelled	**(5)**	(7)	**–**	–
At 31st December	**1,108**	1,113	**56**	56

In 2016, the Company repurchased 5 million *(2015: 7 million)* shares from stock market at a total cost of US$168 million *(2015: US$215 million)*.

27 Share Premium and Capital Reserves

	Share premium US$m	Capital reserves US$m	Total US$m
2016			
At 1st January	984	194	**1,178**
Value of employee services under share option schemes	–	13	**13**
Repurchase of shares *(refer note 26)*	(168)	–	**(168)**
Transfer	–	(3)	**(3)**
At 31st December	**816**	**204**	**1,020**
2015			
At 1st January	1,199	182	1,381
Value of employee services under share option schemes	–	14	14
Repurchase of shares *(refer note 26)*	(215)	–	(215)
Transfer	–	(2)	(2)
At 31st December	984	194	1,178

Capital reserves include US$104 million *(2015: US$104 million)* representing the share capital and share premium of Jardine Securities Limited, the holding company of the Group prior to the reorganization in 1987 when Jardine Strategic Holdings Limited became the new holding company and are non-distributable. The balance represents the value of employee services under the Group's employee share option schemes.

28 Dividends

	2016 US$m	2015 US$m
Final dividend in respect of 2015 of US¢20.00 *(2014: US¢19.00)* per share	**223**	213
Interim dividend in respect of 2016 of US¢9.00 *(2015: US¢8.50)* per share	**99**	95
	322	308
Company's share of dividends paid on the shares held by Jardine Matheson	**(151)**	(143)
	171	165
Shareholders elected to receive scrip in respect of the following:		
Final dividend in respect of previous year	**4**	7
Interim dividend in respect of current year	**2**	2
	6	9

A final dividend in respect of 2016 of US¢21.00 *(2015: US¢20.00)* per share amounting to a total of US$233 million *(2015: US$223 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2017 Annual General Meeting. The net amount after deducting the Company's share of the dividends payable on the shares held by Jardine Matheson of US$111 million *(2015: US$104 million)* will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2017.

29 Own Shares Held

Own shares held of US$1,918 million *(2015: US$1,867 million)* represent the Company's share of the cost of 926 million *(2015: 924 million)* ordinary shares in the Company held by Jardine Matheson and are deducted in arriving at shareholders' funds.

30 Non-controlling Interests

	2016 US$m	2015 US$m
By business:		
Hongkong Land	**15,659**	14,371
Dairy Farm	**411**	388
Mandarin Oriental	**276**	337
Jardine Cycle & Carriage	**373**	340
Astra	**7,339**	6,503
Other	**6**	4
	24,064	21,943

Summarized financial information on subsidiaries with material non-controlling interests

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

Summarized balance sheets at 31st December:

	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Astra US$m
2016				
Current				
Assets	4,616	1,628	288	8,267
Liabilities	(1,791)	(2,782)	(151)	(6,616)
Total current net assets/(liabilities)	2,825	(1,154)	137	1,651
Non-current				
Assets	32,339	3,512	1,573	11,462
Liabilities	(3,850)	(779)	(537)	(2,501)
Total non-current net assets	28,489	2,733	1,036	8,961
Net assets	**31,314**	**1,579**	**1,173**	**10,612**
Non-controlling interests	**20**	**74**	**4**	**2,094**
2015				
Current				
Assets	4,647	1,440	406	7,616
Liabilities	(1,722)	(3,150)	(152)	(5,513)
Total current net assets/(liabilities)	2,925	(1,710)	254	2,103
Non-current				
Assets	29,725	3,380	1,477	10,445
Liabilities	(3,930)	(215)	(499)	(3,152)
Total non-current net assets	25,795	3,165	978	7,293
Net assets	28,720	1,455	1,232	9,396
Non-controlling interests	35	79	5	1,788

30 Non-controlling Interests *(continued)*

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

	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Astra US$m
2016				
Revenue	**1,994**	**11,201**	**597**	**13,610**
Profit after tax from underlying business performance	851	460	56	1,283
Profit/(loss) after tax from non-trading items	2,494	10	(2)	57
Profit after tax	3,345	470	54	1,340
Other comprehensive (expense)/income	(295)	(68)	(58)	125
Total comprehensive income	**3,050**	**402**	**(4)**	**1,465**
Total comprehensive (expense)/income allocated to non-controlling interests	**(5)**	**4**	**(1)**	**243**
Dividends paid to non-controlling interests	**(4)**	**(4)**	**–**	**(101)**
2015				
Revenue	1,932	11,137	607	13,702
Profit after tax from underlying business performance	909	422	90	1,049
Profit/(loss) after tax from non-trading items	1,097	(4)	(1)	38
Profit after tax	2,006	418	89	1,087
Other comprehensive (expense)/income	(432)	(192)	(60)	14
Total comprehensive income	1,574	226	29	1,101
Total comprehensive (expense)/income allocated to non-controlling interests	(9)	(17)	–	73
Dividends paid to non-controlling interests	(6)	–	–	(137)

30 Non-controlling Interests *(continued)*

Summarized cash flows at 31st December:

	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Astra US$m
2016				
Cash flows from operating activities				
Cash generated from operations	3,522	459	68	1,731
Interest received	36	1	1	88
Interest and other financing charges paid	(111)	(22)	(10)	(126)
Tax paid	(141)	(85)	(19)	(365)
Other operating cash flows	(2,210)	190	68	287
Cash flows from operating activities	1,096	543	108	1,615
Cash flows from investing activities	(245)	(428)	(223)	(1,138)
Cash flows from financing activities	(442)	(43)	(7)	(273)
Net increase/(decrease) in cash and cash equivalents	409	72	(122)	204
Cash and cash equivalents at 1st January	1,566	257	309	1,963
Effect of exchange rate changes	(77)	(6)	(4)	18
Cash and cash equivalents at 31st December	**1,898**	**323**	**183**	**2,185**
2015				
Cash flows from operating activities				
Cash generated from operations	2,008	431	107	1,113
Interest received	41	2	2	83
Interest and other financing charges paid	(119)	(15)	(12)	(98)
Tax paid	(175)	(90)	(19)	(449)
Other operating cash flows	(859)	372	62	1,480
Cash flows from operating activities	896	700	140	2,129
Cash flows from investing activities	(146)	(1,365)	(124)	(812)
Cash flows from financing activities	(795)	277	(23)	(920)
Net (decrease)/increase in cash and cash equivalents	(45)	(388)	(7)	397
Cash and cash equivalents at 1st January	1,658	657	324	1,666
Effect of exchange rate changes	(47)	(12)	(8)	(100)
Cash and cash equivalents at 31st December	1,566	257	309	1,963

The information above is the amount before inter-company eliminations.

31 Borrowings

	2016		2015	
	Carrying amount US$m	Fair value US$m	Carrying amount US$m	Fair value US$m
Current				
– bank overdrafts	**12**	**12**	7	7
– other bank advances	**1,742**	**1,742**	1,532	1,532
– other advances	**34**	**34**	7	7
	1,788	**1,788**	1,546	1,546
Current portion of long-term borrowings				
– bank loans	**1,312**	**1,312**	1,442	1,442
– bonds and notes	**874**	**874**	533	533
– finance lease liabilities	**51**	**51**	31	31
– other loans	**11**	**11**	6	6
	2,248	**2,248**	2,012	2,012
	4,036	**4,036**	3,558	3,558
Long-term borrowings				
– bank loans	**2,651**	**2,657**	2,606	2,612
– bonds and notes	**3,962**	**4,041**	4,009	4,115
– finance lease liabilities	**4**	**4**	65	65
– other loans	**19**	**19**	4	4
	6,636	**6,721**	6,684	6,796
	10,672	**10,757**	10,242	10,354

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 0.1% to 12.0% *(2015: 0.1% to 11.3%)* per annum. This is in line with the definition of 'observable current market transactions' under the fair value measurement hierarchy. The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

	2016 US$m	2015 US$m
Secured	**3,942**	3,760
Unsecured	**6,730**	6,482
	10,672	10,242

Secured borrowings at 31st December 2016 included Hongkong Land's bank borrowings of US$265 million which were secured against its investment properties *(2015: US$195 million, against investment properties and properties for sale)*, Mandarin Oriental's bank borrowings of US$476 million *(2015: US$436 million)* which were secured against its tangible assets, and Astra's bonds and notes of US$1,617 million *(2015: US$1,328 million)* which were secured against its various assets as summarized on the next page and bank borrowings of US$1,584 million *(2015: US$1,801 million)* which were secured against its various assets.

31 Borrowings *(continued)*

	Fixed rate borrowings				
	Weighted average interest rates	Weighted average period outstanding		Floating rate borrowings	Total
By currency:	%	Years	US$m	US$m	US$m
2016					
Chinese renminbi	5.0	–	–	265	**265**
Hong Kong dollar	3.3	8.2	2,116	1,751	**3,867**
Indonesian rupiah	8.6	1.2	3,588	1,292	**4,880**
Malaysian ringgit	4.2	–	–	169	**169**
Philippine peso	3.1	–	–	77	**77**
Singapore dollar	2.8	3.2	181	181	**362**
United Kingdom sterling	1.4	–	–	49	**49**
United States dollar	2.1	1.7	341	653	**994**
Other	2.3	11.4	2	7	**9**
			6,228	**4,444**	**10,672**
2015					
Chinese renminbi	6.2	–	–	174	174
Hong Kong dollar	3.3	9.2	2,116	1,448	3,564
Indonesian rupiah	8.6	1.3	3,500	867	4,367
Malaysian ringgit	4.2	–	–	56	56
Philippine peso	3.6	0.9	74	6	80
Singapore dollar	3.1	4.2	183	386	569
United Kingdom sterling	1.6	–	–	59	59
United States dollar	1.5	1.4	235	1,128	1,363
Other	2.2	8.5	4	6	10
			6,112	4,130	10,242

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

31 Borrowings *(continued)*

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:

	2016	2015
	US$m	US$m
Within one year	**6,496**	5,853
Between one and two years	**1,040**	1,285
Between two and three years	**1,045**	791
Between three and four years	**247**	234
Between four and five years	**–**	234
Beyond five years	**1,844**	1,845
	10,672	10,242

The finance lease liabilities are as follows:

	Minimum lease payments		Present value of finance lease liabilities	
	2016	2015	**2016**	2015
	US$m	US$m	US$m	US$m
Within one year	**52**	33	**51**	31
Between one and five years	**4**	71	**4**	65
	56	104	**55**	96
Future finance charges on finance leases	**(1)**	(8)		
Present value of finance lease liabilities	**55**	96		
Current			**51**	31
Non-current			**4**	65
			55	96

31 Borrowings *(continued)*

Details of the bonds and notes outstanding at 31st December 2016 are as follows:

	Maturity	Interest rates %	Nominal values	2016 Current US$m	2016 Non-current US$m	2015 Current US$m	2015 Non-current US$m
Hongkong Land							
3.86% 8-year notes	2017	3.86	S$50 million	**35**	**–**	–	36
4.135% 10-year notes	2019	4.135	HK$200 million	**–**	**25**	–	25
4.1875% 10-year notes	2019	4.1875	HK$300 million	**–**	**39**	–	39
4.25% 10-year notes	2019	4.25	HK$300 million	**–**	**39**	–	39
4.22% 10-year notes	2020	4.22	HK$500 million	**–**	**67**	–	69
4.24% 10-year notes	2020	4.24	HK$500 million	**–**	**64**	–	64
3.43% 10-year notes	2020	3.43	S$150 million	**–**	**104**	–	106
3.95% 10-year notes	2020	3.95	HK$500 million	**–**	**64**	–	64
4.28% 12-year notes	2021	4.28	HK$500 million	**–**	**67**	–	70
3.86% 10-year notes	2022	3.86	HK$410 million	**–**	**52**	–	52
4.50% 10-year notes	2022	4.50	US$500 million	**–**	**488**	–	488
3.00% 10-year notes	2022	3.00	HK$305 million	**–**	**39**	–	39
2.90% 10-year notes	2022	2.90	HK$200 million	**–**	**26**	–	26
3.95% 10-year notes	2023	3.95	HK$1,100 million	**–**	**141**	–	141
3.95% 10-year notes	2023	3.95	HK$300 million	**–**	**39**	–	39
4.625% 10-year notes	2024	4.625	US$400 million	**–**	**406**	–	408
4.10% 15-year notes	2025	4.10	HK$300 million	**–**	**38**	–	38
4.50% 15-year notes	2025	4.50	US$600 million	**–**	**614**	–	615
3.75% 15-year notes	2026	3.75	HK$302 million	**–**	**39**	–	39
4.00% 15-year notes	2027	4.00	HK$785 million	**–**	**99**	–	99
4.04% 15-year notes	2027	4.04	HK$473 million	**–**	**61**	–	61
3.95% 15-year notes	2027	3.95	HK$200 million	**–**	**26**	–	26
3.15% 15-year notes	2028	3.15	HK$300 million	**–**	**38**	–	38
4.22% 15-year notes	2028	4.22	HK$325 million	**–**	**42**	–	42
4.40% 15-year notes	2029	4.40	HK$400 million	**–**	**51**	–	51
4.11% 20-year notes	2030	4.11	HK$800 million	**–**	**103**	–	103
4.125% 20-year notes	2031	4.125	HK$200 million	**–**	**25**	–	25
4.00% 20-year notes	2032	4.00	HK$240 million	**–**	**30**	–	30
5.25% 30-year notes	2040	5.25	HK$250 million	**–**	**32**	–	32
Astra Sedaya Finance							
Berkelanjutan I Tahap I bonds	2017	8.6	Rp2,250 billion	**167**	**–**	–	163
Berkelanjutan I Tahap III bonds	2016	7.75	Rp1,120 billion	**–**	**–**	81	–
Berkelanjutan II Tahap I bonds	2016	7.75	Rp950 billion	**–**	**–**	62	–
Berkelanjutan II Tahap II bonds	2017	9.75	Rp370 billion	**28**	**–**	63	24
Berkelanjutan II Tahap III bonds	2018	10.5 – 10.6	Rp778 billion	**52**	**6**	–	56
Berkelanjutan II Tahap IV bonds	2017	10.5	Rp1,430 billion	**106**	**–**	–	103
Berkelanjutan II Tahap V bonds	2018	9.25	Rp775 billion	**–**	**58**	54	56
Berkelanjutan III Tahap I bonds	2019	7.95 – 8.5	RP2,000 billion	**57**	**91**	–	–
Berkelanjutan III Tahap II bonds	2019	7.25 – 7.95	RP1,640 billion	**63**	**59**	–	–
Singapore Dollars Guaranteed bonds	2017	2.12	Rp930 billion	**69**	**–**	–	70
Euro Medium Term Note	2018	2.88	Rp4,031 billion	**–**	**300**	–	300

31 Borrowings *(continued)*

Details of the bonds and notes outstanding at 31st December 2016 are as follows *(continued)*:

				2016		2015	
	Maturity	Interest rates %	Nominal values	Current US$m	Non-current US$m	Current US$m	Non-current US$m
Federal International Finance							
Berkelanjutan I Tahap II bonds	2016	7.75	Rp1,690 billion	**–**	**–**	122	–
Berkelanjutan I Tahap III bonds	2017	10.5	Rp745 billion	**55**	**–**	–	54
Berkelanjutan II Tahap I bonds	2018	9.25	Rp1,971 billion	**–**	**146**	68	142
Berkelanjutan II Tahap II bonds	2018	9.25	Rp587 billion	**–**	**43**	49	43
Berkelanjutan II Tahap III bonds	2019	8.5 – 9.15	Rp3,300 billion	**65**	**180**	–	–
Berkelanjutan II Tahap IV bonds	2019	7.25 – 7.95	Rp2,025 billion	**65**	**86**	–	–
SAN Finance							
Berkelanjutan I Tahap I bonds	2016	9.75	Rp391 billion	**–**	**–**	24	–
Berkelanjutan I Tahap II bonds	2017	10.5	Rp1,000 billion	**74**	**–**	–	65
Berkelanjutan I Tahap III bonds	2018	9.4	Rp443 billion	**–**	**33**	–	29
Berkelanjutan II Tahap I bonds	2019	8.25 – 9.0	Rp1,530 billion	**38**	**76**	–	–
Serasi Auto Raya							
III bonds	2016	8.75	Rp148 billion	**–**	**–**	10	–
Astra Otoparts ('AOP') Medium Term Notes							
AOP Medium Term Note Seri B	2019	9.0	Rp350 billion	**–**	**26**	–	–
				874	**3,962**	533	4,009

The Astra Sedaya Finance bonds were issued by a partly-owned subsidiary of Astra and are collateralized by fiduciary guarantee over financing debtors of the subsidiary amounting to 60% of the total outstanding principal of the bonds. The ASF Euro Medium Term Note were unsecured.

The Federal International Finance bonds were issued by a wholly-owned subsidiary of Astra and are collateralized by fiduciary guarantee over financing debtors of the subsidiary amounting to 60% of the total outstanding principal of the bonds.

The SAN Finance bonds were issued by a partly-owned subsidiary of Astra and are collateralized by fiduciary guarantee over financing debtors of the subsidiary amounting to 60% of the total outstanding principal of the bonds.

The AOP Medium Term Notes were unsecured and issued by a wholly-owned subsidiary of Astra.

32 Creditors

	2016 US$m	2015 US$m
Trade creditors		
– third parties	**3,391**	3,287
– associates	**81**	60
– joint ventures	**194**	178
	3,666	3,525
Accruals	**1,404**	1,328
Amounts due to Jardine Matheson	**30**	27
Other amounts due to joint ventures	**36**	16
Rental and other refundable deposits	**323**	308
Contingent consideration payable	**9**	27
Derivative financial instruments	**28**	76
Other creditors	**409**	397
Financial liabilities	**5,905**	5,704
Gross estimated losses on insurance contracts	**153**	142
Proceeds from properties for sale received in advance	**943**	892
Rental income received in advance	**29**	20
Other income received in advance	**192**	174
Deferred warranty income	**3**	1
Unearned premiums on insurance contracts	**342**	299
Other	**247**	215
	7,814	7,447
Non-current	**436**	426
Current	**7,378**	7,021
	7,814	7,447
Analysis by geographical area of operation:		
Greater China	**2,465**	2,483
Southeast Asia	**5,184**	4,809
United Kingdom	**8**	13
Rest of the world	**157**	142
	7,814	7,447

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

33 Provisions

	Motor vehicle warranties	Closure cost provisions	Obligations under onerous leases	Reinstate-ment and restoration costs	Statutory employee entitlements	Others	Total
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
2016							
At 1st January	39	7	15	30	93	16	**200**
Exchange differences	(1)	–	(1)	(1)	2	–	**(1)**
Additional provisions	12	7	–	5	5	15	**44**
Unused amounts reversed	–	(3)	–	_	_	–	**(3)**
Utilized	(4)	(4)	–	(1)	_	(1)	**(10)**
At 31st December	**46**	**7**	**14**	**33**	**100**	**30**	**230**
Non-current	–	1	8	30	82	8	**129**
Current	46	6	6	3	18	22	**101**
	46	**7**	**14**	**33**	**100**	**30**	**230**
2015							
At 1st January	36	3	11	32	93	10	185
Exchange differences	(3)	–	(3)	(3)	(9)	(1)	(19)
Additional provisions	10	7	7	2	9	10	45
Unused amounts reversed	(1)	(2)	–	–	–	–	(3)
Utilized	(3)	(1)	–	(1)	–	(3)	(8)
At 31st December	39	7	15	30	93	16	200
Non-current	–	1	13	27	73	15	129
Current	39	6	2	3	20	1	71
	39	7	15	30	93	16	200

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

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

Provisions are made for obligations under onerous operating leases when the properties are not used by the Group and the net costs of exiting from the leases exceed the economic benefits expected to be received.

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

34 Notes to Consolidated Cash Flow Statement

(a) Depreciation and amortization

	2016 US$m	2015 US$m
By business:		
Hongkong Land	**3**	3
Dairy Farm	**213**	212
Mandarin Oriental	**60**	53
Jardine Cycle & Carriage	**10**	10
Astra	**598**	626
	884	904

(b) Other non-cash items

	2016 US$m	2015 US$m
By nature:		
Loss on sale of associates and joint ventures	**2**	–
Profit on sale of other investments	**(7)**	(133)
Loss/(profit) on sale of intangible assets	**1**	(1)
Loss on sale of tangible assets	**4**	1
Loss on sale of repossessed assets	**60**	67
Loss on sale of bearer plants and related assets	**38**	3
Fair value gain on reclassification of properties	**–**	(63)
Fair value gain on contingent consideration	**(15)**	(42)
Fair value gain on agricultural produce	**(22)**	–
Impairment of intangible assets	**4**	17
Impairment of tangible assets	**1**	372
Impairment of other investments	**–**	188
Impairment of debtors	**96**	108
Write down of stocks and work in progress	**39**	46
Reversal of write down of stocks and work in progress	**(31)**	(14)
Reversal of impairment of joint ventures	**–**	(14)
Reversal of write down of properties for sale	**(3)**	(21)
Change in provisions	**31**	27
Net foreign exchange (gains)/losses	**(16)**	50
Options granted under employee share option schemes	**3**	5
	185	596
By business:		
Hongkong Land	**(5)**	(98)
Dairy Farm	**8**	25
Mandarin Oriental	**3**	2
Jardine Cycle & Carriage	**18**	16
Astra	**161**	589
Corporate and other interests	**–**	62
	185	596

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

(c) (Increase)/decrease in working capital

	2016 US$m	2015 US$m
Increase in concession rights	**(61)**	(29)
Decrease in properties for sale	**350**	14
Increase in stocks and work in progress	**(123)**	(218)
(Increase)/decrease in debtors	**(855)**	249
Increase in creditors	**419**	284
Increase in pension obligations	**28**	32
	(242)	332

(d) Purchase of subsidiaries

	2016 Fair value US$m	2015 Fair value US$m
Intangible assets	**4**	10
Tangible assets	**2**	35
Bearer plants	**9**	–
Non-current debtors	**–**	2
Current assets	**2**	116
Deferred tax liabilities	**–**	(4)
Current liabilities	**(16)**	(91)
Long-term borrowings	**–**	(3)
Fair value of identifiable net assets acquired	**1**	65
Adjustment for non-controlling interests	**–**	(28)
Goodwill	**–**	214
Total consideration	**1**	251
Deposit paid	**12**	–
Payment for contingent consideration	**1**	1
Adjustment for deferred consideration	**–**	(25)
Cash and cash equivalents of subsidiaries acquired	**–**	(20)
Net cash outflow	**14**	207

For the subsidiaries acquired during 2016, the fair value of the identifiable assets and liabilities at the acquisition dates are provisional and will be finalized within one year after the acquisition dates.

The fair values of the identifiable assets and liabilities at the acquisition dates of certain subsidiaries acquired during 2015 as included in the comparative figures were provisional. The fair values were finalized in 2016. As the difference between the provisional and the finalized fair values were not material, the comparative figures have not been adjusted.

Net cash outflow for purchase of subsidiaries in 2016 included US$12 million deposit paid for Astra's acquisition of an 80% interest in PT Suprabari Mapanindo Mineral, a coal mining company, to be completed in 2017.

Net cash outflow in 2015 included US$147 million for Dairy Farm's acquisition of a 100% interest in San Miu Supermarket Limited ('San Miu'), which operates a supermarket chain in Macau, in March 2015, and US$57 million for Astra's acquisition of a 50.1% interest in PT Acset Indonusa, a construction company in Indonesia, in January 2015.

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

(d) Purchase of subsidiaries *(continued)*
The goodwill arising from the acquisition of San Miu amounted to US$182 million and was attributable to its leading market position and retail network in Macau. The goodwill arising from the acquisition of PT Acset Indonusa of US$33 million was attributable to the expected synergies from combining its operations with Astra's existing businesses. None of the goodwill is expected to be deductible for tax purposes.

(e) Purchase of associates and joint ventures in 2016 included US$190 million for Dairy Farm's further investment in Yonghui, US$240 million for Astra's subscription to rights issue and capital advance to PT Bank Permata, US$70 million for Hongkong Land's investment in mainland China, US$74 million for Astra's investment in Indonesia, and US$57 million for Hongkong Land's and Astra's 50% joint investment in an Indonesia residential project.

Purchase in 2015 included US$100 million for Hongkong Land's investment in mainland China, US$912 million for Dairy Farm's acquisition of a 19.99% interest in Yonghui, US$615 million for Jardine Cycle & Carriage's acquisition of a 24.9% interest in Siam City Cement Public Company Limited, a cement manufacturer in Thailand, and US$65 million for Astra's acquisition of 25% interest in PT Trans Marga Jateng, a toll road operator in Indonesia.

(f) Purchase of other investments in 2016 mainly included US$208 million for Astra's acquisition of securities and US$84 million for the Company's acquisition of an additional 4% interest in Zhongsheng.

Purchase in 2015 mainly included acquisition of securities by Astra.

(g) Advance to associates and joint ventures in 2016 mainly included Hongkong Land's advance to its property joint ventures.

Advance in 2015 comprised US$215 million for Hongkong Land's advance to its property joint ventures and US$69 million for Mandarin Oriental's loans to its hotel joint venture.

(h) Advance and repayment from associates and joint ventures in 2016 and 2015 mainly included advance and repayment from Hongkong Land's property joint ventures.

(i) Sale of other investments in 2016 comprised Astra's sale of securities.

Sale in 2015 mainly included US$102 million for Astra's sale of securities and US$166 million for the Company's sale of ACLEDA Bank.

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

(j) Change in interests in subsidiaries

	2016 US$m	2015 US$m
Increase in attributable interests		
– Mandarin Oriental	**(67)**	–
– Jardine Cycle & Carriage	**(23)**	(41)
– other	**(37)**	(19)
Decrease in attributable interests	**23**	34
	(104)	(26)

Increase in attributable interests in other subsidiaries in 2016 mainly included US$35 million for Hongkong Land's acquisition of an additional 5% interest in Hongkong Land Macau Property Company Limited, increasing its controlling interest to 100%.

Increase in 2015 mainly included US$18 million for Dairy Farm's acquisition of an additional 2.86% interest in PT Hero Supermarket.

Decrease in attributable interests in other subsidiaries in 2016 comprised US$15 million for Hongkong Land's sale of a 6% interest in Wangfu Central Real Estate Development Company Limited, reducing its controlling interest to 84%, and US$8 million for Astra's sale of a 20% interest in PT Balai Lelang Serasi, reducing its controlling interest to 70%.

Decrease in 2015 comprised Dairy Farm's sale of a 15% economic interest in GCH Retail (Malaysia) Sdn Bhd, reducing its controlling interest to 85%.

(k) Analysis of balances of cash and cash equivalents

	2016 US$m	2015 US$m
Bank balances and other liquid funds *(refer note 25)*	**5,103**	4,575
Bank overdrafts *(refer note 31)*	**(12)**	(7)
	5,091	4,568

35 Derivative Financial Instruments

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

	2016		2015	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
	US$m	US$m	US$m	US$m
Designated as cash flow hedges				
– forward foreign exchange contracts	**1**	**1**	1	1
– interest rate swaps and caps	**2**	**–**	–	3
– cross currency swaps	**99**	**19**	272	65
	102	**20**	273	69
Designated as fair value hedges				
– interest rate swaps and caps	**3**	**–**	6	–
– cross currency swaps	**14**	**8**	16	7
	17	**8**	22	7

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2016 were US$589 million breakdown *(2015: US$70 million)*.

Interest rate swaps and caps

The notional principal amounts of the outstanding interest rate swap and cap contracts at 31st December 2016 were US$592 million *(2015: US$491 million)*.

At 31st December 2016, the fixed interest rates relating to interest rate swaps and caps vary from 0.9% to 3.5% *(2015: 0.6% to 3.3%)* per annum.

The fair values of interest rate swaps are based on the estimated cash flows discounted at market rates ranging from 0.7% to 2.3% *(2015: 0.2% to 2.1%)* per annum.

Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts at 31st December 2016 totalled US$3,241 million breakdown *(2015: US$3,814 million)*.

36 Commitments

	2016 US$m	2015 US$m
Capital commitments:		
Authorized not contracted		
– other	**910**	1,080
	910	1,080
Contracted not provided		
– joint ventures	**453**	491
– other	**579**	629
	1,032	1,120
	1,942	2,200

At 31st December 2015, Dairy Farm has an investment commitment of RMB1.3 billion (approximately US$199 million) to further invest in Yonghui. The transaction was completed in August 2016 at a consideration of US$190 million with Dairy Farm's interest in Yonghui remains at 19.99%.

	2016 US$m	2015 US$m
Operating lease commitments:		
Total commitments under operating leases		
– due within one year	**795**	742
– due between one and two years	**564**	516
– due between two and three years	**277**	309
– due between three and four years	**146**	153
– due between four and five years	**110**	106
– due beyond five years	**330**	394
	2,222	2,220

Total future sublease payments receivable relating to the above operating leases amounted to US$41 million *(2015: US$41 million)*.

In addition, the Group has operating lease commitments with rentals determined in relation to sales. It is not possible to quantify accurately future rentals payable under such leases.

37 Contingent Liabilities

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

38 Related Party Transactions

The ultimate holding company of the Group is Jardine Matheson Holdings Limited ('Jardine Matheson'), a company incorporated in Bermuda. As at 31st December 2016, the Company held a 57% *(2015: 56%)* interest in Jardine Matheson.

In accordance with the Bye-Laws of the Company, Jardine Matheson Limited, a wholly-owned subsidiary of Jardine Matheson, has been appointed General Manager of the Company under a General Manager Agreement. With effect from 1st January 2008, Jardine Matheson Limited has sub-delegated certain of its responsibilities under the agreement to a fellow subsidiary. Total fees payable for services provided to the Company in 2016 amounted to US$123 million *(2015: US$119 million)*.

In the normal course of business the Group undertakes a variety of transactions with Jardine Matheson, and with certain of its associates and joint ventures. The more significant of such transactions are described below:

The Group purchases motor vehicles and spare parts from its associates and joint ventures in Indonesia including PT Toyota-Astra Motor, PT Astra Honda Motor and PT Astra Daihatsu Motor. Total cost of motor vehicles and spare parts purchased in 2016 amounted to US$5,325 million *(2015: US$5,471 million)*. The Group also sells motor vehicles and spare parts to its associates and joint ventures in Indonesia including PT Astra Honda Motor, PT Astra Daihatsu Motor and PT Tunas Ridean. Total revenue from sale of motor vehicles and spare parts in 2016 amounted to US$601 million *(2015: US$841 million)*.

The Group and Jardine Matheson use Jardine Lloyd Thompson to place certain of its insurance. Brokerage fees and commissions, net of rebates, paid in 2016 to Jardine Lloyd Thompson were US$5 million *(2015: US$5 million)*.

The Group manages six *(2015: six)* associate and joint venture hotels. Management fees received by the Group in 2016 from these managed hotels amounted to US$13 million *(2015: US$13 million)*.

PT Bank Permata provides banking services to the Group. The Group's deposits with PT Bank Permata at 31st December 2016 amounted to US$328 million *(2015: US$417 million)*.

Amounts of outstanding balances with Jardine Matheson, associates and joint ventures are included in debtors and creditors, as appropriate *(refer notes 20 and 32)*. A subsidiary of the Company has also committed to provide loan facilities to a subsidiary of Jardine Matheson. Undrawn facilities at 31st December 2016 amounted to US$400 million *(2015: US$400 million)*.

Details of Directors' remuneration (being the key management personnel compensation) are shown on page 113 under the heading of Directors' Appointment, Retirement, Remuneration and Service Contracts.

39 Summarized Balance Sheet of the Company

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

	2016 US$m	2015 US$m
Subsidiaries	**4,422**	4,563
Investment in Jardine Matheson	**3,412**	3,020
Total assets	**7,834**	7,583
Share capital *(refer note 26)*	**56**	56
Share premium and capital reserves *(refer note 27)*	**816**	984
Revenue and other reserves	**6,927**	6,511
Shareholders' funds	**7,799**	7,551
Current liabilities	**35**	32
Total equity and liabilities	**7,834**	7,583

Subsidiaries and investment in Jardine Matheson are shown at cost less amounts provided.

40 Jardine Strategic Corporate Cash Flow

	2016 US$m	2015 US$m
Dividends receivable		
Subsidiaries	**681**	750
Jardine Matheson	**577**	563
Joint ventures	**1**	2
Other holdings	**21**	25
	1,280	1,340
Less taken in scrip	**(577)**	(563)
	703	777
Other operating cash flows	**(121)**	3
Cash flows from operating activities	**582**	780
Investing activities		
Purchase of other investments	**(84)**	(1)
Sale of other investments	**–**	166
Cash flows from investing activities	**(84)**	165
Financing activities		
Repurchase of shares	**(168)**	(215)
Subscription of rights issues in subsidiaries	**–**	(804)
Purchase of additional shares in subsidiaries	**(90)**	(41)
Dividends paid by the Company	**(317)**	(299)
Cash flows from financing activities	**(575)**	(1,359)
Net decrease in cash	**(77)**	(414)
Cash at 1st January	**208**	622
Cash at 31st December	**131**	208
Represented by:		
Bank balances and other liquid funds	**131**	208
	131	208

Corporate cash flow comprises the cash flows of the Company and of its investment holding and financing subsidiaries.

41 Ultimate Holding Company and Principal Subsidiaries

The ultimate holding company and principal subsidiaries of the Group at 31st December 2016 are set out below:

	Country of incorporation/ principal place of business	Nature of business	Attributable interests 2016 %	Attributable interests 2015 %	Proportion of ordinary shares and voting powers at 31st December 2016 held by the Group %	Proportion of ordinary shares and voting powers at 31st December 2016 held by non-controlling interests %
Dairy Farm International Holdings Ltd*	Bermuda/ Greater China and Southeast Asia	Supermarkets, hypermarkets, convenience stores, health and beauty stores, home furnishings stores and restaurants	**78**	78	**78**	**22**
Hongkong Land Holdings Ltd*	Bermuda/ Greater China and Southeast Asia	Property development & investment, leasing & management	**50**	50	**50**	**50**
Jardine Cycle & Carriage Ltd*	Singapore/ Southeast Asia	A 50.1% interest in PT Astra International Tbk, motor trading and construction	**75**	75	**75**	**25**
Jardine Matheson Holdings Ltd†	Bermuda/ Greater China, United Kingdom and Southeast Asia	Engineering & construction, transport services, restaurants, property, IT services, motor trading and insurance broking	**57**	56	**57**	**N/A**
Mandarin Oriental International Ltd*	Bermuda/ Worldwide	Hotel management & ownership	**77**	74	**77**	**23**
PT Astra International Tbk*	Indonesia/ Indonesia	Automotive, financial services, agribusiness, heavy equipment and mining, infrastructure and logistics, information technology, and property	**38**	37	**50**	**50**

All subsidiaries are included in the consolidation.

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

*Subsidiaries

†Ultimate holding company *(refer note 38)*. Jardine Matheson held 84% *(2015: 83%)* of the share capital of the Company.

Independent Auditors' Report

To the members of Jardine Strategic Holdings Limited

Report on the Consolidated Financial Statements

Our opinion

In our opinion, Jardine Strategic Holdings Limited's consolidated financial statements (the 'financial statements'):

- present fairly, in all material respects, the financial position of the Group as at 31st December 2016 and of its financial performance and its cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') and The Companies Act 1981 (Bermuda).

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Consolidated Balance Sheet as at 31st December 2016;
- the Consolidated Profit and Loss Account and the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law in Bermuda and IFRSs as issued by the International Accounting Standards Board ('IASB').

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Responsibilities for the Financial Statements and the Audit

Our responsibilities and those of the Directors

As explained more fully in the Responsibilities Statement set out on page 111, the Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and The Companies Act 1981 (Bermuda).

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Company's members as a body for in accordance with Section 90 of the Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the Company, save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements. We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP
Chartered Accountants
London
United Kingdom

2nd March 2017

(a) The maintenance and integrity of the Jardine Strategic Holdings Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Five Year Summary

Profit and Loss*

	2016 US$m	2015 US$m	2014 US$m	2013 US$m	2012 US$m
Revenue	**29,552**	29,391	32,236	32,666	33,098
Profit attributable to shareholders	**2,741**	1,955	1,835	1,699	1,836
Underlying profit attributable to shareholders	**1,438**	1,424	1,609	1,612	1,572
Earnings per share (US$)	**4.67**	3.26	3.03	2.79	2.99
Underlying earnings per share (US$)	**2.45**	2.37	2.66	2.64	2.56
Dividends per share (US¢)	**30.00**	28.50	27.00	25.50	24.00

Balance Sheet*

	2016 US$m	2015 US$m	2014 US$m	2013 US$m	2012 US$m
Total assets	**69,908**	64,749	64,358	61,560	60,982
Total liabilities	**(19,702)**	(18,887)	(19,640)	(19,007)	(19,028)
Total equity	**50,206**	45,862	44,718	42,553	41,954
Shareholders' funds	**26,142**	23,919	23,108	21,940	21,232
Net debt (excluding net debt of financial services companies)	**2,015**	2,435	2,172	2,320	3,138
Net asset value per share† (US$)	**53.25**	49.99	57.75	50.34	60.65

Cash Flow

	2016 US$m	2015 US$m	2014 US$m	2013 US$m	2012 US$m
Cash flows from operating activities	**3,415**	3,972	3,093	3,741	2,233
Cash flows from investing activities	**(2,110)**	(2,927)	(2,120)	(2,163)	(2,626)
Net cash flow before financing	**1,305**	1,045	973	1,578	(393)
Cash flow per share from operating activities (US$)	**5.82**	6.62	5.11	6.13	3.63

*Figures prior to 2016 have been restated due to a change in accounting policy upon adoption of the amendments to IAS 16 and IAS 41 'Agriculture: Bearer Plants'. Figures for 2012 have been restated due to a change in accounting policy upon adoption of IAS 19 (amended 2011) 'Employee Benefits'.

†Net asset value per share is calculated on a market value basis.

Responsibility Statement

The Directors of the Company confirm to the best of their knowledge that:

(a) the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board; and

(b) the sections of this Report, including the Chairman's Statement, Operating Review and Principal Risks and Uncertainties, which constitute the management report include a fair review of all information required to be disclosed by the Disclosure Guidance and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Conduct Authority of the United Kingdom.

For and on behalf of the Board

Ben Keswick
Y.K. Pang
Directors

2nd March 2017

Corporate Governance

Jardine Strategic Holdings Limited is incorporated in Bermuda. The Company is a holding company within the Jardine Matheson Group, and the majority of the Group's business interests are in Greater China and Southeast Asia. The Company's equity shares have a standard listing on the Main Market of the London Stock Exchange, and secondary listings in Bermuda and Singapore. The Company's share capital is 84%-owned by Jardine Matheson Holdings Limited ('Jardine Matheson'), in which the Company itself has a 57% interest. Similar to the Company, Jardine Matheson is Bermuda incorporated and listed in London, Bermuda and Singapore. The Disclosure Guidance and Transparency Rules (the 'DTRs') issued by the Financial Conduct Authority of the United Kingdom (the 'FCA') require that this Report address all relevant information about the corporate governance practices applied beyond the requirements under Bermuda law.

The Company attaches importance to the corporate stability that is fundamental to the Group's ability to pursue a long-term strategy in its Asian markets. It is committed to high standards of governance based on its approach developed over many years.

The Management of the Group

As a holding company within the Jardine Matheson Group, the Company is concerned primarily with the oversight and coordination of its interests in the other listed companies within the wider Group. The Memorandum of Association of the Company provides for the chairman of Jardine Matheson to be, or to appoint, the Managing Director of the Company. In addition, the Bye-laws of the Company provide for Jardine Matheson, or such wholly-owned subsidiary as it shall appoint, to be the General Manager of the Company. Jardine Matheson Limited, a Hong Kong-based management company, has been so appointed. The General Manager provides management services to the Company and other members of the Group. The Company itself has no employees.

The structural relationship between the Group companies is considered to be a key element to the Group's success. By coordinating objectives, establishing common values and standards and sharing experience, contacts and business relationships, the Group aims to optimize opportunities across the Asian countries in which it operates. The Company's system of governance is based on a well-tried approach to oversight and management, in which the individual subsidiaries and affiliates benefit from the Group's strategic guidance and professional expertise, while at the same time the independence of their boards is respected and clear operational accountability rests with their executive management teams.

The Directors of the Company have the full power to manage its business affairs, with the exception of matters reserved to be exercised by the Company in general meeting under Bermuda legislation or the Company's Bye-laws. Among the matters on which the Board decides are the Company's investment strategy, its annual budget, dividends and major corporate activities.

Operational management is delegated to the appropriate level, and coordination with the Group's listed subsidiaries is undertaken by the board of the General Manager. This board, which meets regularly in Hong Kong, is chaired by the Managing Director and has five other members, including Jardine Matheson's deputy managing director, group finance director, group strategy director and group general counsel.

The Board

The Company currently has a Board of eleven Directors. Their names and brief biographies appear on page 19 of this Report. The Board composition and operation provide stability, allowing the Company to take a long-term view as it seeks to grow its businesses and pursue investment opportunities.

The Chairman has been appointed in accordance with the provisions of the Bye-laws of the Company, which provide that the chairman of Jardine Matheson, or any Director nominated by him, shall be the Chairman of the Company. The Chairman's role is to lead the Board as it oversees the Company's strategic and financial direction. The role of the Managing Director is to implement the strategy set by the Board and to manage the Company's interests. An important part of this is undertaken in his capacity as chairman of the board of the General Manager to which responsibility for implementing the Company's strategy within designated financial parameters has been delegated.

The Board is scheduled to hold four meetings in 2017 and ad hoc procedures are adopted to deal with urgent matters. In 2016 one meeting was held in Bermuda and three were held in Asia. The Board receives high quality, up to date information for each of its meetings. In addition certain Directors who are not members of the board of the General Manager and who are based outside Asia regularly visit Asia and Bermuda to discuss the Group's business, as well as to participate in four annual Group strategic reviews that precede the regular Board meetings. These Directors are not directly involved in the operational management of the Group's business activities, but their knowledge and close oversight of the Group's affairs reinforces the process by which business is reviewed before consideration at Board meetings.

Directors' Appointment, Retirement, Remuneration and Service Contracts

Each new Director is appointed by the Board, and when appointing non-executive Directors, the Board pays particular attention to the Asian business experience and relationships that they bring.

In accordance with the Company's Bye-laws, each new Director appointed by the Board is subject to retirement at the first annual general meeting after appointment. Thereafter, Directors are subject to retirement by rotation under the Bye-laws whereby one-third of the Directors retire at the annual general meeting each year. These provisions apply to both executive and non-executive Directors, but the requirement to retire by rotation does not extend to the Chairman or Managing Director. On 1st August 2016, Y.K. Pang was appointed as a Director of the Company. In accordance with Bye-law 85, David Hsu and Dr George C.G. Koo retire by rotation at this year's Annual General Meeting and, being eligible, offer themselves for re-election. In accordance with Bye-law 92, Y.K. Pang will also retire, and being eligible, offers himself for re-election. David Hsu and Y.K. Pang each has a service contract with a subsidiary of Jardine Matheson that has a notice period of six months. Dr George C.G. Koo does not have a service contract with the Company or its subsidiaries.

Lord Leach of Fairford, who had been a Director of the Company since 1987, passed away on 12th June 2016.

Directors' fees are decided upon by shareholders in general meeting as provided for by the Company's Bye-laws. For the year ended 31st December 2016, Directors' fees payable by the Company amounted to US$647,487 *(2015: US$645,507)*. A motion to increase the Directors' fees to US$60,000 each per annum and the fees for the Chairman and Managing Director to US$85,000 each per annum with effect from 1st January 2017 will be proposed at the forthcoming Annual General Meeting.

The Company purchases insurance to cover its Directors against their costs in defending themselves in civil proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings. To the extent permitted by law, the Company also indemnifies its Directors. Neither the insurance nor the indemnity provides cover where the Director has acted fraudulently or dishonestly.

Audit Committee

The Board has established an Audit Committee, the current members of which are Anthony Nightingale, Adam Keswick and Lord Sassoon; they have extensive knowledge of the Group but are not directly involved in operational management. The Company's Managing Director, together with representatives of the General Manager and the internal and external auditors, also attend the Audit Committee meetings by invitation. The Audit Committee meets and reports to the Board semi-annually.

Prior to completion and announcement of the half-year and year-end results, a review of the Company's financial information and any issues raised in connection with the preparation of the results, including the adoption of new accounting policies, is undertaken by the Audit Committee with the Managing Director and representatives of the General Manager and a report is received from the external auditors. The external auditors also have access to the Board, and to the boards of the Group's operating companies.

The Audit Committee also keeps under review the nature, scope and results of the audits conducted by the internal audit function and the findings of the various Group audit committees. The Audit Committee's responsibilities extend to reviewing the effectiveness of both the internal and the external audit functions; considering the independence and objectivity of the external auditors; and reviewing and approving the level and nature of non-audit work performed by the external auditors.

The terms of reference of the Audit Committee can be found on the Company's website at www.jardines.com.

Risk Management and Internal Control

The Board has overall responsibility for the Company's systems of risk management and internal control. The Board has delegated to the Audit Committee responsibility for providing oversight in respect of risk management activities. The Audit Committee considers the Group's principal risks and uncertainties and potential changes to the risk profile, and reviews the operation and effectiveness of the Company's systems of internal control and the procedures by which these risks are monitored and mitigated. The Audit Committee considers the systems and procedures on a regular basis, and reports to the Board semi-annually. The systems of internal control are designed to manage, rather than eliminate, business risk; to help safeguard its assets against fraud and other irregularities; and to give reasonable, but not absolute, assurance against material financial misstatement or loss.

The General Manager oversees the implementation of the systems of internal control throughout the Group. The implementation of the systems of internal control within the Group's operating companies is the responsibility of each company's board and its executive management. The effectiveness of these systems is monitored by the internal audit function, which is independent of the operating companies, and by a series of audit committees that operate in each major business unit across the Group. The internal audit function also monitors the approach taken by the business units to risk. The findings of the internal audit function and recommendations for any corrective action required are reported to the relevant audit committee and, if appropriate, to the Audit Committee of the Company.

The Group has in place an organizational structure with defined lines of responsibility and delegation of authority. Across the Group there are established policies and procedures for financial planning and budgeting; for information and reporting systems; for assessment of risk; and for monitoring the Group's operations and performance. The information systems in place are designed to ensure that the financial information reported is reliable and up to date.

The Group's policy on commercial conduct underpins the internal control process, particularly in the area of compliance. The policy is set out in the Jardine Matheson Code of Conduct, which is a set of guidelines to which every Group employee must adhere, and is reinforced and monitored by an annual compliance certification process.

The Audit Committee has also been given the responsibility to oversee the effectiveness of the formal procedures for Group employees to raise any matters of serious concern and is required to review any reports made under those procedures that are referred to it by the internal audit function.

The principal risks and uncertainties facing the Company are set out on page 118.

Directors' Responsibilities in respect of the Financial Statements

The Directors are required under the Bermuda Companies Act to prepare financial statements for each financial year and to present them annually to the Company's shareholders at the annual general meeting. The financial statements are required to present fairly in accordance with International Financial Reporting Standards ('IFRS') the financial position of the Group at the end of the year and the results of its operations and its cash flows for the year then ended. The Directors consider that applicable accounting policies under IFRS, applied on a consistent basis and supported by prudent and reasonable judgments and estimates, have been followed in preparing the financial statements. The financial statements have been prepared on a going concern basis.

Code of Conduct

The Group conducts business in a professional, ethical and even-handed manner. Its ethical standards are clearly set out in the Jardine Matheson Code of Conduct. The code requires that all Group companies comply with all laws of general application, all rules and regulations that are industry specific and proper standards of business conduct. The code prohibits the giving or receiving of illicit payments, and requires all employees to be treated fairly, impartially and with respect. It also requires that all managers must be fully aware of their obligations under the code and establish procedures to ensure compliance at all levels within their organizations. The Group has in place procedures by which employees can raise, in confidence, matters of serious concern in areas such as financial reporting or compliance.

Directors' Share Interests

The Directors of the Company in office on 2nd March 2017 had interests (within the meaning of the EU Market Abuse Regulation ('MAR'), which applies to the Company as it is listed on the London Stock Exchange) as set out below in the ordinary share capital of the Company. These interests included those notified to the Company in respect of the Directors' closely associated persons (as that term is used under MAR).

Charles Allen-Jones	5,377
Julian Hui	4,366
Dr George C.G. Koo	146,863
Anthony Nightingale	18,374

Substantial Shareholders

As a non-UK issuer, the Company is subject to the DTRs pursuant to which a person must in certain circumstances notify the Company of the percentage of voting rights attaching to the share capital of the Company that he holds. The obligation to notify arises if that person acquires or disposes of shares in the Company which results in the percentage of voting rights which he holds reaching, exceeding or falling below 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.

The Company has been informed that Jardine Matheson is interested indirectly in 926,388,939 ordinary shares carrying 83.64% of the voting rights attaching to the Company's issued ordinary share capital. Apart from this shareholding, the Company is not aware of any holders of voting rights of 5% or more attaching to the issued ordinary share capital of the Company as at 2nd March 2017.

There were no contracts of significance with corporate substantial shareholders during the year under review.

Governance Principles

The Company's primary listing on the London Stock Exchange is a standard listing on the Main Market. Under a standard listing, the Company is subject to the UK Listing Rules (other than those which apply only to companies with a premium listing), the DTRs, the UK Prospectus Rules and MAR. The Company, therefore, is bound by the rules in relation to continuous disclosure, periodic financial reporting, disclosure of interests in shares and market abuse, including the rules governing insider dealing, market manipulation and the disclosure of inside information. The Company is also subject to regulatory oversight from the FCA, as the Company's principal securities regulator, and is required to comply with the Admission and Disclosure Standards of the Main Market of the London Stock Exchange.

When shareholders approved the Company's move to a standard listing from a premium listing in 2014, the Company stated that it intended to maintain certain governance principles on the same basis as was then applicable to the Company's premium listing, as follows:

1. When assessing a significant transaction, being a larger transaction which would be classified as a class 1 transaction under the provisions of the UK Listing Rules, the Company will engage an independent financial adviser to provide a fairness opinion on the terms of the transaction.

2. In the event of a related party transaction, being a transaction with a related party which would require a sponsor to provide a fair and reasonable opinion under the provisions of the UK Listing Rules, the Company will engage an independent financial adviser to confirm that the terms of the transaction are fair and reasonable as far as the shareholders of the Company are concerned.

3. Further, as soon as the terms of a significant transaction or a related party transaction are agreed, an announcement will be issued by the Company providing such details of the transaction as are necessary for investors to evaluate the effect of the transaction on the Company.

4. At each annual general meeting, the Company will seek shareholder approval to issue new shares on a non-pre-emptive basis for up to 33% of the Company's issued share capital, of which up to 5% can be issued for cash consideration.

5. The Company will continue to adhere to its Securities Dealing Rules. These rules, which were based on the UK Model Code, have since been revised to follow the provisions of MAR with respect to market abuse and disclosure of interests in shares.

6. The Company will continue its policies and practices in respect of risk management and internal controls.

Related Party Transactions

Details of transactions with related parties entered into by the Company during the course of the year are included in note 38 to the financial statements on page 105.

Securities Purchase Arrangements

The Directors have the power under the Bermuda Companies Act and the Company's Memorandum of Association to purchase the Company's shares. Any shares so purchased shall be treated as cancelled and, therefore, reduce the issued share capital of the Company. The Board considers on a regular basis the possibility for share repurchases or the acquisition of further shares in Group companies, including shares in Jardine Matheson. When doing so, it considers the potential for the enhancement of earnings or asset values per share. When purchasing such shares, the Company is subject to the provisions of MAR.

During the year the Company repurchased and cancelled 5,679,226 ordinary shares for an aggregate total cost of US$168.4 million. The ordinary shares, which were repurchased in the market, represented some 0.51% of the Company's issued ordinary share capital.

In addition, during the year JMH Investments Limited ('JMHI'), a wholly-owned subsidiary of Jardine Matheson, purchased a total of 2,000,000 ordinary shares of the Company in the market for an aggregate total cost of US$66.7 million. The ordinary shares purchased represented some 0.18% of the Company's issued ordinary share capital. As the Company's interest in Jardine Matheson is over 50%, the share purchases by JMHI have been disclosed as if they were share repurchases, although the shares themselves are not required to be cancelled.

Takeover Code

The Company is subject to a Takeover Code, based on London's City Code on Takeovers and Mergers. The Takeover Code provides an orderly framework within which takeovers can be conducted and the interests of shareholders protected. The Takeover Code has statutory backing, being established under the Acts of incorporation of the Company in Bermuda.

Annual General Meeting

The 2017 Annual General Meeting will be held at Rosewood Tucker's Point, Bermuda on 4th May 2017. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of Meeting which accompanies this Report. A corporate website is maintained containing a wide range of information of interest to investors at www.jardines.com.

Power to amend Bye-laws

The Bye-laws of the Company can be amended by the shareholders by way of a special resolution at a general meeting of the Company.

Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. The process by which the Group identifies and manages risk is set out in more detail on pages 114 to 115 of the Corporate Governance section of this Report. The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority of the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and Operating Review.

Economic Risk

Most of the Group's businesses are exposed to the risk of negative developments in global and regional economies and financial markets, either directly or through the impact on the Group's joint venture partners, franchisors, bankers, suppliers or customers. These developments can result in recession, inflation, deflation, currency fluctuations, restrictions in the availability of credit, business failures, or increases in financing costs, oil prices and in the cost of raw materials. Such developments might increase operating costs, reduce revenues, lower asset values or result in the Group's businesses being unable to meet in full their strategic objectives.

Commercial Risk and Financial Risk

Risks are an integral part of normal commercial practices, and where practicable steps are taken to mitigate such risks. These risks are further pronounced when operating in volatile markets.

A number of the Group's businesses make significant investment decisions in respect of developments or projects that take time to come to fruition and achieve the desired returns and are, therefore, subject to market risks.

The Group's businesses operate in areas that are highly competitive and evolving rapidly, and failure to compete effectively in terms of price, tender terms, product specification, application of new technologies or levels of service can have an adverse effect on earnings or market share. Significant pressure from such competition may also lead to reduced margins. The quality and safety of the products and services provided by the Group's businesses are important and there is an associated risk if they are below standard, while the potential impact on a number of the Group's businesses of the disruption to IT systems or infrastructure, whether by cyber-crime or other reasons, may be significant.

The steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on pages 17 to 18 and note 2 to the financial statements on pages 36 to 43.

Concessions, Franchises and Key Contracts

A number of the Group's businesses and projects are reliant on concessions, franchises, management or other key contracts. Cancellation, expiry or termination, or the renegotiation of any such concession, franchise, management or other key contracts, could have an adverse effect on the financial condition and results of operations of certain subsidiaries, associates and joint ventures of the Group.

Regulatory and Political Risk

The Group's businesses are subject to a number of regulatory environments in the territories in which they operate. Changes in the regulatory approach to such matters as foreign ownership of assets and businesses, exchange controls, planning controls, emission regulations, tax rules and employment legislation have the potential to impact the operations and profitability of the Group's businesses. Changes in the political environment in such territories can also affect the Group's businesses.

Terrorism, Pandemic and Natural Disasters

A number of the Group's operations are vulnerable to the effects of terrorism, either directly through the impact of an act of terrorism or indirectly through the impact of generally reduced economic activity in response to the threat of or an actual act of terrorism.

All Group businesses would be impacted by a global or regional pandemic which could be expected to seriously affect economic activity and the ability of our businesses to operate smoothly. In addition, many of the territories in which the Group operates can experience from time to time natural disasters such as earthquakes and typhoons.

Shareholder Information

Financial Calendar

2016 full-year results announced	2nd March 2017
Shares quoted ex-dividend on the Singapore Exchange	15th March 2017
Shares quoted ex-dividend on the London Stock Exchange	16th March 2017
Share registers closed	20th to 24th March 2017
2016 final dividend scrip election period closes	21st April 2017
Annual General Meeting to be held	4th May 2017
2016 final dividend payable	11th May 2017
2017 half-year results to be announced	4th August 2017*
Shares quoted ex-dividend on the Singapore Exchange	23rd August 2017*
Shares quoted ex-dividend on the London Stock Exchange	24th August 2017*
Share registers to be closed	28th August to 1st September 2017*
2017 interim dividend scrip election period closes	29th September 2017*
2017 interim dividend payable	19th October 2017*

**Subject to change*

Dividends

The dividends will be available in cash with a scrip alternative. Shareholders will receive their cash dividends in United States dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2016 final dividend by notifying the United Kingdom transfer agent in writing by 21st April 2017. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 26th April 2017. Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in sterling only. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive their cash dividends in United States dollars unless they elect, through CDP, to receive Singapore dollars.

Registrars and Transfer Agent

Shareholders should address all correspondence with regard to their shareholdings or dividends to the appropriate registrar or transfer agent.

Principal Registrar
Jardine Matheson International Services Limited
P.O. Box HM 1068
Hamilton HM EX
Bermuda

Jersey Branch Registrar
Capita Registrars (Jersey) Limited
12 Castle Street
St Helier, Jersey JE2 3RT
Channel Islands

United Kingdom Transfer Agent
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU, United Kingdom

Singapore Branch Registrar
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Press releases and other financial information can be accessed through the internet at www.jardines.com.

Group Offices

Jardine Matheson Ltd	48th Floor, Jardine House G.P.O. Box 70 Hong Kong	Telephone Email Website	(852) 2843 8288 jml@jardines.com www.jardines.com Ben Keswick
Matheson & Co., Ltd	3 Lombard Street London EC3V 9AQ United Kingdom	Telephone Email Website	(44 20) 7816 8100 enquiries@matheson.co.uk www.matheson.co.uk Adam Keswick
Jardine Pacific Ltd	25th Floor, Devon House Taikoo Place 979 King's Road Quarry Bay Hong Kong	Telephone Email	(852) 2579 2888 jpl@jardines.com Anna Cheung
Jardine Motors Group Ltd	25th Floor, Devon House Taikoo Place 979 King's Road Quarry Bay Hong Kong	Telephone Email	(852) 2579 2888 jmg@jardines.com Y.K. Pang
Jardine Lloyd Thompson Group plc	The St Botolph Building 138 Houndsditch London EC3A 7AW United Kingdom	Telephone Email Website	(44 20) 7528 4444 corporate_communications@jltgroup.com www.jlt.com Dominic Burke
Hongkong Land Ltd	8th Floor One Exchange Square Central Hong Kong	Telephone Email Website	(852) 2842 8428 gpobox@hkland.com www.hkland.com Robert Wong
Dairy Farm Management Services Ltd	11th Floor, Devon House Taikoo Place 979 King's Road Quarry Bay Hong Kong	Telephone Email Website	(852) 2299 1888 groupcomm@dairy-farm.com.hk www.dairyfarmgroup.com Graham D. Allan
Mandarin Oriental Hotel Group International Ltd	7th Floor 281 Gloucester Road Causeway Bay Hong Kong	Telephone Email Website	(852) 2895 9288 asia-enquiry@mohg.com www.mandarinoriental.com James Riley
Jardine Cycle & Carriage Ltd	239 Alexandra Road Singapore 159930	Telephone Email Website	(65) 6473 3122 corporate.affairs@jcclgroup.com www.jcclgroup.com Alex Newbigging
PT Astra International Tbk	Jl. Gaya Motor Raya No. 8 Sunter II, Jakarta 14330 Indonesia	Telephone Email Website	(62 21) 652 2555 purel@ai.astra.co.id www.astra.co.id Prijono Sugiarto



Jardine Strategic

Jardine Strategic Holdings Limited

Annual General Meeting 2017

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser duly authorized under the United Kingdom's Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your ordinary shares in Jardine Strategic Holdings Limited you should immediately forward this document and the accompanying form of proxy to the purchaser or transferee, or to the stockbroker, bank, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the shareholders of Jardine Strategic Holdings Limited will be held at Rosewood Tucker's Point, 60 Tucker's Point Drive, Hamilton Parish, Bermuda on Thursday, 4th May 2017 at 11.30 a.m. for the following purposes:

1 To receive and consider the Financial Statements and the Independent Auditors' Report for the year ended 31st December 2016, and to declare a final dividend.

2 To re-elect David Hsu as a Director.

3 To re-elect Dr George C.G. Koo as a Director.

4 To re-elect Y.K. Pang as a Director.

5 To fix the Directors' fees.

6 To re-appoint the Auditors and to authorize the Directors to fix their remuneration.

To consider and, if thought fit, adopt with or without amendments the following Ordinary Resolution:

7 That:

(a) the exercise by the Directors during the Relevant Period (for the purposes of this Resolution, 'Relevant Period' being the period from the passing of this Resolution until the earlier of the conclusion of the next Annual General Meeting, or the expiration of the period within which such meeting is required by law to be held, or the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting) of all powers of the Company to allot or issue shares and to make and grant offers, agreements and options which would or might require shares to be allotted, issued or disposed of during or after the end of the Relevant Period up to an aggregate nominal amount of US$18.5 million, be and is hereby generally and unconditionally approved; and

(b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted wholly for cash (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue (for the purposes of this Resolution, 'Rights Issue' being an offer of shares or other securities to holders of shares or other securities on the Register on a fixed record date in proportion to their then holdings of such shares or other securities or otherwise in accordance with the rights attaching thereto (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory)), shall not exceed US$2.7 million, and the said approval shall be limited accordingly.

By Order of the Board
Neil McNamara
Company Secretary

5th April 2017

Directors' fees

It is proposed to increase the Directors' fees to US$60,000 each per annum and the fees for the Chairman and Managing Director to US$85,000 each per annum with effect from 1st January 2017.

Non-routine business

The following item of non-routine business is being dealt with as an ordinary resolution at the Annual General Meeting:

Resolution 7

This resolution relates to the renewal of the authority for the allotment of shares. If Resolution 7 is passed, the new authority would permit the allotment of relevant securities with an aggregate nominal value of up to US$18.5 million representing 369,184,940 ordinary shares of US¢5 each and representing approximately 33% of the total ordinary share capital of the Company in issue as at 20th March 2017, the latest practicable date prior to the publication of this document. Included within the authority is the ability to issue ordinary shares for cash consideration (other than by way of a Rights Issue) limited to a total of some 55,377,741 ordinary shares, representing approximately 5% of the total ordinary share capital of the Company in issue as at 20th March 2017. The proposed authority will expire at the conclusion of the next Annual General Meeting or on 3rd August 2018, whichever is the earlier, and it is intended to seek its renewal at that and future Annual General Meetings.

The Directors have no present intention to exercise this authority. No pre-emptive rights exist under Bermuda law in relation to issues of new shares by the Company.

In the opinion of the Board the proposal set out in Resolution 7 is in the best interests of shareholders as a whole and the Board recommends that shareholders vote in favour of the resolution.

Notes:

A shareholder entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him; a proxy need not also be a shareholder of the Company. A form of proxy is enclosed for use by registered shareholders. Completion and return of the proxy will not preclude a shareholder from attending and voting in person.

Investors holding their shares as Depository Interests within the CREST system in the United Kingdom who are entitled to vote should complete the Form of Direction provided to them and return it to Capita Asset Services according to the instructions given in the Form. Such investor who wishes to attend the Annual General Meeting should contact the Depository at Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom or by email to custodymgt@capita.co.uk by no later than 11.30 a.m. (UK time) on 28th April 2017.

Investors holding their shares through a nominee within The Central Depository (Pte) Limited system in Singapore or other agent should contact their nominee, depository agent or professional adviser with regard to the procedures required to enable them to be represented and to vote at the Annual General Meeting.

Jardine Strategic Holdings Limited

Form of Proxy

Annual General Meeting – 4th May 2017

I/We[1] .....

of .....

hereby appoint the Chairman of the Meeting or[2,3,4,5] .....

.....

as my/our proxy to attend and vote on my/our behalf the number of shares indicated below[7] at the Annual General Meeting of the Company to be held on 4th May 2017 and at any adjournment thereof.

I/We direct that my/our proxy vote as indicated below[8]:

			For	Against	Vote Withheld
1	To receive the Financial Statements for 2016 and to declare a final dividend.	**1**			
2	To re-elect David Hsu as a Director.	**2**			
3	To re-elect Dr George C.G. Koo as a Director.	**3**			
4	To re-elect Y.K. Pang as a Director.	**4**			
5	To fix the Directors' fees.	**5**			
6	To re-appoint the Auditors and to authorize the Directors to fix their remuneration.	**6**			
7	To renew the general mandate to the Directors to issue new shares.	**7**			

NOTES:

1. Please insert your full name and address in **block capitals** in the space provided. Only one of the joint holders should be mentioned (but see note 6 below).
2. You can appoint the Chairman of the Meeting or anyone else to be your proxy at the Meeting. The proxy need not be a shareholder of the Company but shall be a natural person.
3. To appoint the Chairman of the Meeting as your sole proxy in respect of all of your shares, do not include a name in the space provided.
4. To appoint proxy other than the Chairman of the Meeting in respect of all of your shares, cross out only the words 'the Chairman of the Meeting' and insert the name and address of the proxy desired in **block capitals** in the space provided and initial the alteration.
5. All proxies may vote on a poll and all proxies, other than Directors or officers of the Company or any of its subsidiaries, may vote on a show of hands.
6. If more than one joint holder are present at the Meeting personally or by proxy, the holder present whose name stands first in the register in respect of the relevant shares will alone be entitled to vote in respect of them.
7. Please insert the number of shares to which this proxy relates in the box provided. If a number is inserted, this form of proxy will be deemed to relate only to those shares. If no number is inserted, this form will be deemed to relate to all the shares in the Company which are registered in your name (whether alone or jointly with others).
8. Please indicate with a tick in the relevant box which way you wish your vote to be cast. The 'Vote Withheld' option is to enable you to abstain on any particular resolution. Such a vote is not a vote in law and will not be counted in the votes 'For' and 'Against' a resolution. If no indication is given, the proxy will vote or abstain at his discretion.
9. Corporations must execute under common seal or by an attorney or duly authorized officer.
10. To be valid this form, together with any power of attorney under which it is signed, must be deposited at any one of the Company's registrars/transfer agent: Jardine Matheson International Services Limited, P.O. Box HM 1068, Hamilton HM EX, Bermuda; Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom; M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902; not later than 11.30 a.m. (local time) on 2nd May 2017.
11. Completion and return of this form will not preclude you from attending and voting at the Meeting should you so wish.
12. Any alterations to this form should be initialled.

Signed[9] .....

Date 2017

Number of shares to which this proxy relates[7].