Annual Reports and Related Documents::

Issuer & Securities

Issuer/ Manager	JARDINE CYCLE & CARRIAGE LIMITED
Securities	JARDINE CYCLE & CARRIAGE LTD - SG1B51001017 - C07
Stapled Security	No

Announcement Details

Announcement Title	Annual Reports and Related Documents
Date & Time of Broadcast	05-Apr-2018 18:18:05
Status	New
Report Type	Annual Report
Announcement Reference	SG180405OTHRVX6C
Submitted By (Co./ Ind. Name)	Jeffery Tan Eng Heong
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please see attached Annual Report 2017 and Letter to Shareholders dated 6th April 2018.

Additional Details

Period Ended	31/12/2017

Attachments	JCC_AR2017.pdf Jardine LTS.pdf Total size =3992K

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JARDINE CYCLE & CARRIAGE LIMITED ANNUAL REPORT 2017

JARDINE CYCLE & CARRIAGE LIMITED

ANNUAL REPORT 2017

Jardine Cycle & Carriage

WE ADAPT

TO CHANGING BUSINESS ENVIRONMENTS in order to stay ahead and relevant. Through a diversification and regionalisation strategy, we are today a multi-industry business group in Southeast Asia.

WE PARTNER

FOR THE LONG-TERM. As a committed strategic partner, we have fostered successful and enduring relationships with our customers, business associates and people.

WE LEAD THE WAY

IN SOUTHEAST ASIA. With interests in diversified markets, we have a significant regional network that further enables us to gain market access and identify business opportunities. We employ more than 250,000 people across Southeast Asia, and we are a member of the Jardine Matheson Group.

AUTOMOTIVE, AGRIBUSINESS, CEMENT, CONSTRUCTION, DAIRY, ENERGY, ENGINEERING, FINANCIAL SERVICES, HEAVY EQUIPMENT, INFORMATION TECHNOLOGY, INFRASTRUCTURE, LOGISTICS, MINING, POWER & WATER UTILITIES, PROPERTY

CORPORATE PROFILE

A long-term shareholder of market-leading businesses, Jardine Cycle & Carriage ("JC&C" or "the Group") is a leading Singapore-listed company and a member of the Jardine Matheson Group. Together with its subsidiaries and associates, JC&C employs more than 250,000 people across Indonesia, Vietnam, Singapore, Thailand, Malaysia and Myanmar.

JC&C has a strategic interest in Astra International ("Astra"), the largest independent automotive group in Southeast Asia. Astra has further interests in financial services, heavy equipment, mining, construction and energy, agribusiness, infrastructure and logistics, information technology, and property.

The Group also has a strong automotive presence through its Direct Motor Interests operating in Singapore, Malaysia and Myanmar under the Cycle & Carriage banner, as well as through Tunas Ridean in Indonesia and Truong Hai Auto Corporation ("THACO") in Vietnam.

The diversified businesses of the Group include Other Strategic Interests in Siam City Cement ("SCCC"), Refrigeration Electrical Engineering Corporation ("REE Corp") and Vinamilk, market leaders in which JC&C gains exposure to key Southeast Asian economies by supporting the long-term growth of these companies.

JC&C is 75% owned by the Jardine Matheson Group, a diversified business group focused principally on markets in Greater China and Southeast Asia.

Company No. 196900092R
A member of the Jardine Matheson Group

Revenue
US$17.7bn

Underlying profit attributable to shareholders
US$788m

Dividend per share
US¢86

CONTENTS

HIGHLIGHTS

REVENUE

US$17,701m

US$15,764m

+12%

PERCENTAGE CHANGE 2016 2017

PROFIT AFTER TAX

US$1,806m

US$1,498m

+21%

PERCENTAGE CHANGE 2016 2017

UNDERLYING PROFIT

US$788m

US$679m

+16%

PERCENTAGE CHANGE 2016 2017

US$1.2bn
acquisition of a 10% interest in Vinamilk

Produced 1.1 million tonnes of dairy products in 2017

Supported Siam City Cement's rights issue and increased shareholding to
25.5%

Over 26 million tonnes per annum of cement capacity

Increased shareholding in REE Corp to
23.9%

Treated over 340 million m^3 of water in 2017

Increased representation to
17
automotive marques across the region

>686,000
motor vehicles wholesaled or retailed in Southeast Asia

75%
wholesale market share for motorcycles in Indonesia

GROUP RESULTS

Year ended 31st December

	2017 US$m	2016 US$m	Change %	2017 S$m
Revenue	**17,701**	15,764	12	**24,352**
Profit after tax	**1,806**	1,498	21	**2,484**
Underlying profit attributable to shareholders*	**788**	679	16	**1,084**
Profit attributable to shareholders	**811**	702	16	**1,116**
	US¢	US¢		S¢
Underlying earnings per share*	**199**	172	16	**274**
Earnings per share	**205**	178	16	**282**
Dividend per share	**86**	74	16	**118**
	At 31.12.2017 US$m	At 31.12.2016 US$m		At 31.12.2017 S$m
Shareholders' funds	**6,427**	5,755	12	**8,593**
	US$	US$		S$
Net asset value per share	**16.26**	14.56	12	**21.74**

The exchange rate of US$1=S$1.34 (31st December 2016: US$1=S$1.44) was used for translating assets and liabilities at the balance sheet date and US$1=S$1.38 (2016: US$1=S$1.38) was used for translating the results for the year.

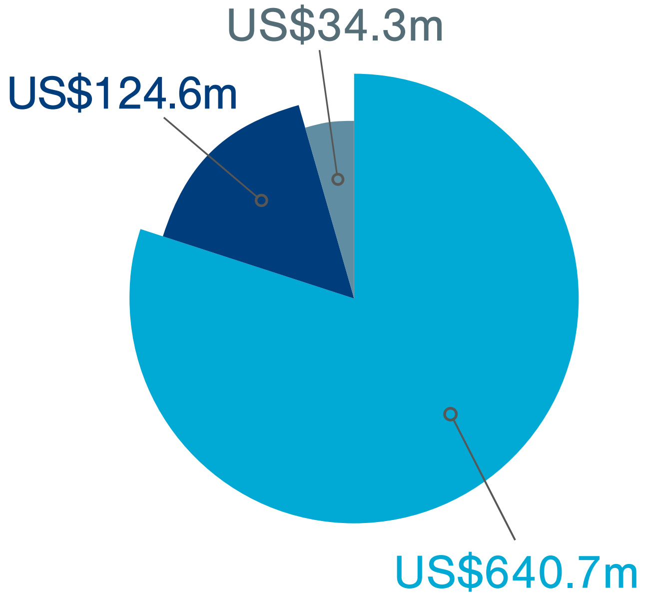
* The Group uses underlying profit in its internal financial reporting to distinguish between ongoing business performance and non-trading items. Items classified as non-trading items include fair value gains or losses on revaluation of investment properties and agricultural produce; gains and losses arising from sale of businesses, investments and properties; impairment of non-depreciable intangible assets and other investments; provisions for closure of businesses; acquisition-related costs in business combinations and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into the Group's underlying business performance.

WE ADAPT TO CHANGING BUSINESS ENVIRONMENTS

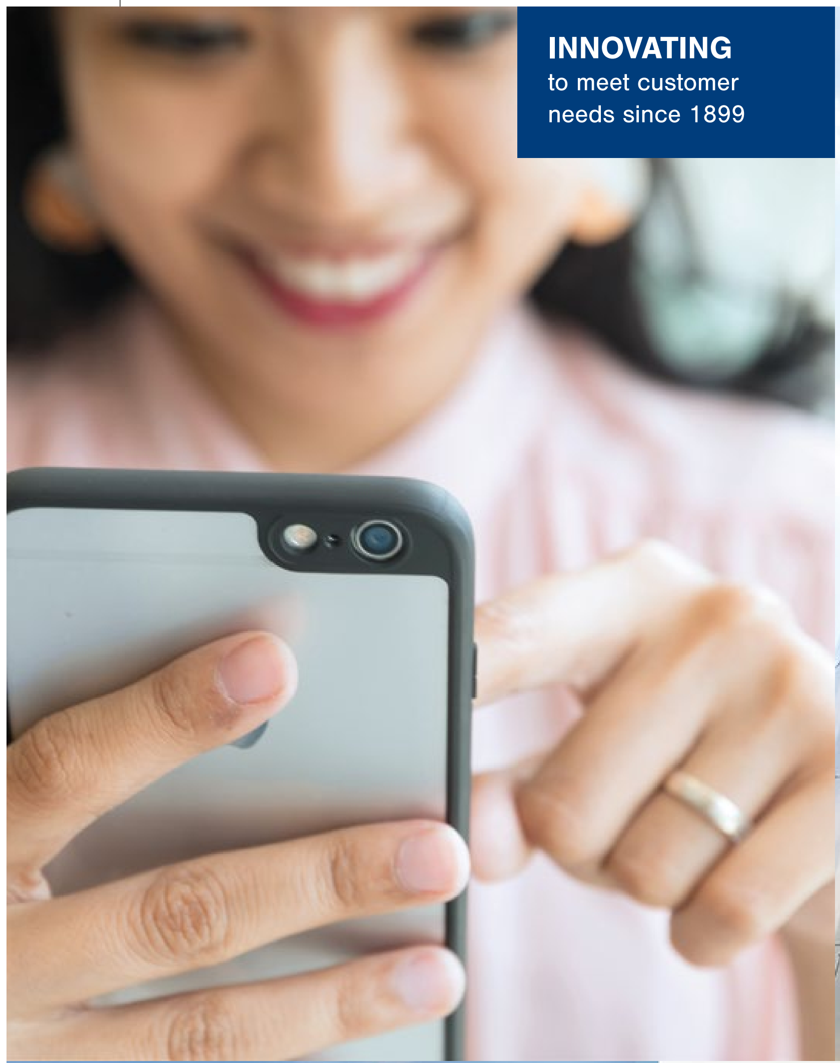
Our diversified businesses and geographical reach have enabled us to gain experience and know-how across different markets. Adapting to changing business environments since 1899, we are a multi-industry business group with a strong regional presence today.

- Stay ahead by being dynamic and entrepreneurial
- Harness strength and build resilience and relevance through diversification
- Customer-centricity drives us to respond to new business models

UNDERLYING PROFIT BY BUSINESS



- Astra
- Direct Motor Interests
- Other Strategic Interests



STRATEGIC INTEREST
in Astra

PARTNERING
Mercedes-Benz
since 1951

SUPPORTING
THACO's growth
since 2008

OVER 250,000 PEOPLE
in Southeast Asia

WE PARTNER FOR THE LONG TERM

We foster relationships and become strategic partners. We aim to bring value and grow alongside our investments. Our long-term partnerships extend to respecting and treating our people well, building their careers and developing them.

- Track record of partnering culturally diverse companies and businesses
- Provide opportunities for our people to pursue rewarding careers

- Astra
- Tunas Ridean
- Truong Hai Auto Corporation
- Refrigeration Electrical Engineering Corporation
- Cycle & Carriage Myanmar
- Siam City Cement
- Vinamilk

ASTRA, largest automotive group in Indonesia

THACO, market leader in Vietnam's automotive industry

SCCC, 2nd largest cement producer in Thailand and South Vietnam, and largest in Sri Lanka

WE LEAD THE WAY IN SOUTHEAST ASIA

JC&C is a long-term and engaged shareholder of market-leading businesses in key economies across Southeast Asia. Represented through our subsidiaries and associates, we have an established regional network.

- One of the largest automotive groups in Southeast Asia
- Financially disciplined with a strong balance sheet and cash flows
- As a member of the Jardine Matheson Group, we gain access to new opportunities in Southeast Asia

Market Capitalisation
US$12bn*

Return on Shareholders' Funds
13%

Total Assets
US$26bn

* As at 31st December 2017

GROUP AT A GLANCE

A long-term shareholder of market-leading businesses, Jardine Cycle & Carriage ("JC&C" or "the Group") is a leading Singapore-listed company and a member of the Jardine Matheson Group. JC&C has a strategic interest in Astra International, a strong regional automotive presence through its Direct Motor Interests, as well as diversified Other Strategic Interests in key Southeast Asian economies.

GROUP STRUCTURE

ASTRA INTERNATIONAL 50.1%	DIRECT MOTOR INTERESTS	OTHER STRATEGIC INTERESTS
Automotive	Cycle & Carriage Singapore 100%	Siam City Cement 25.5%
Financial Services	Cycle & Carriage Bintang 59.1%	Refrigeration Electrical Engineering Corporation 23.9%
Heavy Equipment, Mining, Construction & Energy	Cycle & Carriage Myanmar 60%	Vinamilk 10%
Agribusiness	Tunas Ridean 44.4%	
Infrastructure & Logistics	Truong Hai Auto Corporation 25.1%	
Information Technology		
Property		

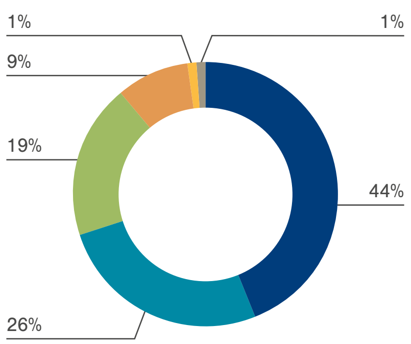
ASTRA INTERNATIONAL

JC&C has a 50.1% strategic interest in Astra International ("Astra"). Astra is a diversified business group with seven core businesses in Indonesia. It is listed on the Indonesia Stock Exchange.

CONTRIBUTION BY ASTRA

US$640.7m*

+28% from US$499.8m



- Automotive
- Heavy Equipment, Mining, Construction & Energy
- Financial Services
- Agribusiness
- Infrastructure & Logistics
- Information Technology
- Property *(not meaningful)*

* After withholding tax on dividend

Automotive

Astra is the largest independent automotive group in Southeast Asia. Its automotive business comprises the production, distribution, retail and aftersales service of motor vehicles and motorcycles. It is the sole distributor of Toyota, Daihatsu, Isuzu and Peugeot motor vehicles, a dealer of BMW motor vehicles and UD Trucks, and a distributor of Honda motorcycles. Astra also manufactures and distributes automotive components.

Financial Services

Astra's financial services are extensive, consisting of consumer financing for motor vehicles and motorcycles, heavy equipment financing and banking, as well as general and life insurance.

Heavy Equipment, Mining, Construction & Energy

Astra supplies construction and mining equipment as well as provides aftersales service. It is the sole distributor for Komatsu heavy equipment and is the largest coal mining services contractor in Indonesia. It also participates in general construction and thermal power businesses.

Agribusiness

Astra's agribusiness includes the cultivation, harvesting and processing of palm oil. It is a major producer of crude palm oil in Indonesia.

Infrastructure & Logistics

Astra's infrastructure and logistics businesses include toll road development and management, with a total interest in 353km of toll roads in Indonesia.

Information Technology

Astra's information technology business provides document information and communication technology solutions. It is the sole distributor of Fuji Xerox office equipment in Indonesia.

Property

Astra's property business includes the development of a Grade A office building, Menara Astra, as well as Anandamaya Residences, a residential project with 509 exclusive units. Astra is also developing a 67-hectare township in East Jakarta.

GROUP AT A GLANCE

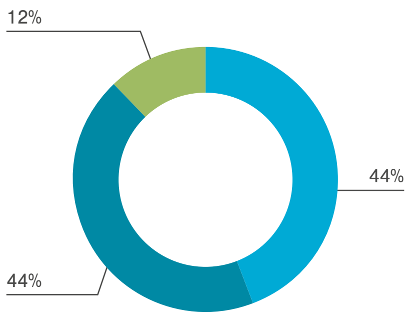
DIRECT MOTOR INTERESTS

JC&C has a strong regional automotive presence through Direct Motor Interests operating in Singapore, Malaysia and Myanmar under the Cycle & Carriage banner, as well as through Tunas Ridean in Indonesia and Truong Hai Auto Corporation in Vietnam.

CONTRIBUTION BY DIRECT MOTOR INTERESTS

US$124.6m

-25% from US$166.7m



- Singapore
- Vietnam (Truong Hai Auto Corporation)
- Indonesia (Tunas Ridean)
- Malaysia *(not meaningful)*
- Myanmar *(not meaningful)*

Singapore

Cycle & Carriage Singapore (100%) is one of the leading automotive groups in Singapore. It is engaged in the distribution, retail and aftersales service of Mercedes-Benz, Mitsubishi, Kia, Citroën, DS and Maxus motor vehicles.

Malaysia

Cycle & Carriage Bintang (59.1%) is listed on Bursa Malaysia. It has the largest dealer network of Mercedes-Benz motor vehicles in Malaysia, providing sales and aftersales services for Mercedes-Benz passenger cars and commercial vehicles.

Myanmar

Cycle & Carriage Myanmar (60%) distributes, retails and provides aftersales services for Mercedes-Benz and Mazda passenger cars and commercial vehicles, as well as for FUSO commercial vehicles in Myanmar.

Indonesia

Tunas Ridean (44.4%) is listed on the Indonesia Stock Exchange and is a leading automotive dealer group in Indonesia. It represents Toyota, Daihatsu, BMW and Isuzu motor vehicles, as well as Honda motorcycles. Tunas Ridean also offers automotive rental and fleet management services. Additionally, it provides vehicle financing through its associate, Mandiri Tunas Finance.

Vietnam

Truong Hai Auto Corporation ("THACO") (25.1%) is the largest automotive company in Vietnam. It manufactures, assembles, distributes, retails and provides aftersales service of commercial and passenger vehicles, representing BMW, MINI, Kia, Mazda, Peugeot, Foton and FUSO. THACO also engages in property development in Vietnam.

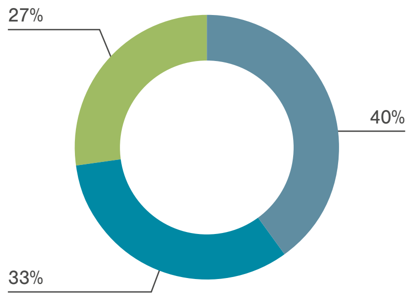
OTHER STRATEGIC INTERESTS

Further diversifying JC&C's businesses are Other Strategic Interests in Siam City Cement, Refrigeration Electrical Engineering Corporation and Vinamilk, market leaders through which JC&C gains exposure to key Southeast Asian economies by supporting the long-term growth of these companies.

CONTRIBUTION BY OTHER STRATEGIC INTERESTS

US$34.3m

+3% from US$33.2m



- Refrigeration Electrical Engineering Corporation
- Siam City Cement
- Vinamilk

Siam City Cement

Siam City Cement (25.5%) is listed on the Stock Exchange of Thailand and is the second largest cement manufacturer in Thailand. Operating across South and Southeast Asia, it also produces concrete and other building materials.

Refrigeration Electrical Engineering Corporation

Refrigeration Electrical Engineering Corporation (23.9%) is listed on the Ho Chi Minh Stock Exchange. It is a diversified business group in Vietnam with operations in mechanical and electrical engineering services, real estate, and power and water utility infrastructure.

Vinamilk

JC&C holds a 10% interest in Vietnam Dairy Products Joint Stock Company, known as Vinamilk. Vinamilk is the leading dairy producer in Vietnam, operating 13 dairy factories, owns 10 farms and has a distribution network of over 250,000 retailers.

CHAIRMAN'S STATEMENT

After a satisfactory overall result in 2017, Astra should continue to benefit in 2018 from improving economic conditions and stable commodity prices, although the competition seen in the car market is expected to intensify. The Group's Direct Motor Interests will continue to face challenges, while its Other Strategic Interests are expected to produce growth.

HIGHLIGHTS

- Underlying earnings per share up 16%
- Improvements in most of Astra's businesses
- Weaker overall performances from Direct Motor Interests and Other Strategic Interests
- Acquisition of a strategic stake in Vinamilk

OVERVIEW

The Group achieved a satisfactory result in 2017 as an improved performance from Astra offset lower overall contributions from the Group's Direct Motor Interests and Other Strategic Interests.

PERFORMANCE

The Group's revenue for the year was 12% up at US$17.7 billion. Underlying profit attributable to shareholders was 16% up at US$788 million, and underlying profit per share also increased by 16% to US¢199 per share. Profit attributable to shareholders was US$811 million compared to US$702 million in 2016, after accounting for a net non-trading gain of US$23 million due largely to investment property revaluations and net gains on disposal of interests in certain companies and investments, partly offset by impairment charges.

Astra's contribution to the Group's underlying profit of US$641 million was up 28%. Underlying profit in the Group's Direct Motor Interests was 25% lower at US$125 million, while the Group's Other Strategic Interests made a contribution of US$34 million, 3% up.

The Board is recommending a final one-tier tax dividend of US¢68 per share (2016: US¢56 per share) which, together with the interim dividend, will produce a total dividend of US¢86 per share (2016: US¢74 per share).

BUSINESS DEVELOPMENT

The Group is pursuing expansion in Southeast Asia through supporting the growth of Astra in Indonesia, strengthening its Direct Motor Interests, and developing its Other Strategic Interests by investing in market-leading companies that provide exposure to new business sectors in the region.

ASTRA

Astra continues to seek opportunities in Indonesia to expand its existing activities and move into new sectors.

Astra extended its toll road interests with the acquisition of a 45% interest in the fully operational Cikopo-Palimanan toll road early in 2017.

Construction of two 1,000 MW power plants is continuing in Central Java at Bhumi Jati Power, a 25%-owned associate of United Tractors, which is scheduled to start commercial operations in 2021.

50%-owned Astra Land Indonesia increased its shareholding from 50% to 67% in Astra Modern Land, which is developing a 67-hectare site in East Jakarta.

In February 2018, Astra invested US$150 million for a minority stake in GO-JEK, Indonesia's leading multi-platform technology group, providing access to a wide range of services from transportation and payments to food delivery, logistics and other on-demand services. The investment is intended to create value and accelerate digital initiatives within the group's businesses.

Revenue
US$17.7bn

Underlying profit attributable to shareholders
US$788m

Dividend per share
US¢86

Astra has a total interest in **353KM** of toll roads

A **US$150 MILLION** investment in GO-JEK by Astra

DIRECT MOTOR INTERESTS

To drive growth, the Group's Direct Motor Interests are focused on building innovative, customer-centric and digital-first organisations across Singapore, Malaysia and Indonesia to strengthen their competitive positions in these challenging markets.

In Vietnam, Truong Hai Auto Corporation was appointed the general distributor for FUSO commercial vehicle products in December 2017. It also expanded its passenger car product range to cover the high-end segment with its appointment as an importer and distributor of BMW and MINI vehicles, which commenced in January 2018.

OTHER STRATEGIC INTERESTS

In May 2017, the Company supported Siam City Cement's rights issue, which raised approximately US$500 million, and subsequently increased its interest to 25.5%.

The Company also increased its shareholding in Refrigeration Electrical Engineering Corporation from 22.9% to 23.9% during the year.

In November 2017, the Group acquired a 10% strategic stake in Vietnam Dairy Products Joint Stock Company, known as Vinamilk, for a cost of US$1.2 billion. Vinamilk is the leading dairy producer in Vietnam with a market share of some 58%. It operates 13 dairy factories, owns 10 farms and has one of the strongest distribution networks in Vietnam with more than 250,000 retailers as exclusive distributors.

In support of the strategy of taking strategic stakes in high quality companies that have existing or potential links with the Group, the Company recently invested US$200 million in shares of Toyota Motor Corporation, which is an important business partner of Astra.

PEOPLE

The Group achieved a good result in 2017 due largely to the effort and commitment of our over 250,000 employees across the region. On behalf of the Board, I would like to thank them for their hard work and dedication.

Mr James Watkins will be retiring as director of the Company at the close of the upcoming Annual General Meeting in April 2018, after more than 14 years on the Board. He has also served as a member of the Audit Committee and as chairman of the Remuneration Committee for a number of years. On behalf of the Board, I would like to record our appreciation and thank Mr Watkins for his valuable contribution to the Group.

OUTLOOK

After a satisfactory overall result in 2017, Astra should continue to benefit in 2018 from improving economic conditions and stable commodity prices, although the competition seen in the car market is expected to intensify. The Group's Direct Motor Interests will continue to face challenges, while its Other Strategic Interests are expected to produce growth.

Ben Keswick
Chairman
1st March 2018

GROUP MANAGING DIRECTOR'S REVIEW

The Group's underlying profit increased 16% in 2017. Astra's results benefited significantly from the return to profitability at Permata Bank, while higher commodity prices benefited the trading performances of the heavy equipment and mining businesses as well as agribusiness. The contribution from the automotive businesses, however, was modestly lower due to the impact of increasing competition in the car market, which showed no overall growth. The performance of the motorcycle operations was stable against the backdrop of a relatively soft market. The Group's Direct Motor Interests and Other Strategic Interests, however, saw lower contributions overall.

The underlying profit attributable to shareholders by business is shown below:

	2017 US$m	2016 US$m
Astra		
Automotive	**283.7**	312.8
Financial services	**139.4**	29.7
Heavy equipment, mining, construction & energy	**171.3**	114.0
Agribusiness	**59.9**	60.1
Infrastructure & logistics	**4.2**	9.8
Information technology	**7.4**	7.4
Property	**0.2**	(7.6)
	666.1	526.2
Less: Withholding tax on dividend	**(25.4)**	(26.4)
	640.7	499.8
Direct Motor Interests		
Singapore	**57.0**	49.4
Malaysia	**(1.3)**	5.6
Myanmar	**(2.5)**	(0.1)
Indonesia (Tunas Ridean)	**14.9**	18.2
Vietnam		
– automotive	**48.8**	89.4
– real estate	**7.7**	4.2
	56.5	93.6
	124.6	166.7
Other Strategic Interests		
Siam City Cement	**11.3**	22.3
Refrigeration Electrical Engineering	**13.7**	10.9
Vinamilk	**9.3**	–
	34.3	33.2
Corporate costs	**(11.7)**	(20.6)
Underlying profit attributable to shareholders	**787.9**	679.1

PERFORMANCE

The Group reported an underlying profit attributable to shareholders of US$788 million for 2017, 16% up on the previous year, while underlying profit per share grew by 16% to US¢199 per share. Profit attributable to shareholders was up 16% at US$811 million, after accounting for a net non-trading gain of US$23 million due mainly to investment property revaluations and the net gains on disposal of interests in certain companies and investments, partly offset by impairment charges. This compares to a profit attributable to shareholders in 2016 of US$702 million, after accounting for a net non-trading gain of US$23 million primarily from the sales of land and revaluations on investment properties.

The Group's consolidated net debt, excluding Astra's financial services subsidiaries, was US$819 million at the end of 2017, representing a gearing of 6%, compared to net cash of US$709 million at the of 2016. The Group's parent company's net debt was US$1.2 billion compared to net cash of US$154 million at the end of 2016. The change from net cash to net debt in the Group and its parent company was largely due to the purchase of a 10% interest in Vinamilk, for US$1.2 billion, and the subscription for Siam City Cement's rights issue and additional share purchases for US$138 million. Net debt within Astra's financial services subsidiaries of US$3.4 billion at the end of 2017 was slightly down from the end of 2016.

GROUP REVIEW

ASTRA

Astra reported a net profit equivalent to US$1,409 million under Indonesian accounting standards, 25% higher in its local currency.

AUTOMOTIVE

Net income from the group's automotive division was down by 3% to US$661 million. Improved earnings in the components business were more than offset by a decline in the car business following lower sales and discounting pressures arising from increased competition. Results from the motorcycle business were relatively flat.

The wholesale market for cars was little changed at 1.1 million units. Astra's car sales were 2% lower at 579,000 units, with its market share decreasing from 55% to 54%. The group launched 11 new models and 11 revamped models during the year.

The wholesale market for motorcycles decreased by 1% to 5.9 million units. Astra Honda Motor's domestic sales were maintained at 4.4 million units, resulting in its market share improving from 74% to 75%. The group launched eight new models and 18 revamped models during the year.

Astra Otoparts, the group's components business, saw net income increase by 32% to US$41 million due mainly to an increase in revenues arising from higher replacement market sales and improved contributions from its joint ventures and associated companies.

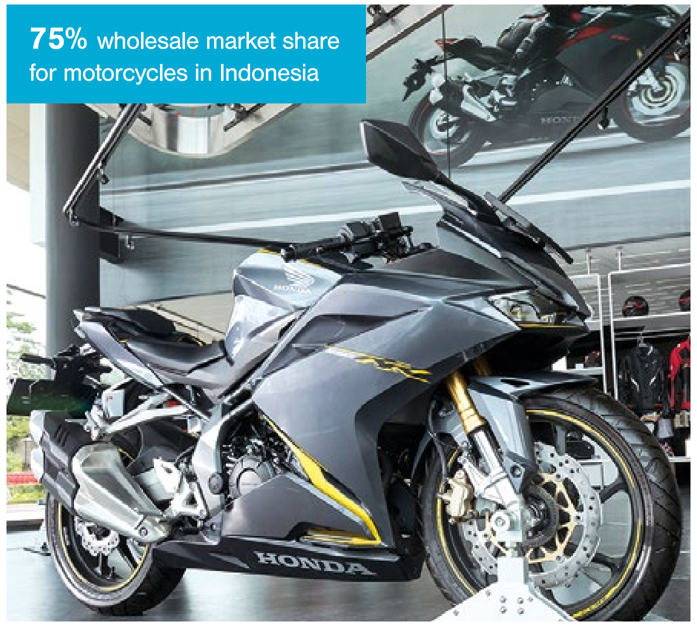
FINANCIAL SERVICES

Net income from the group's financial services division increased to US$280 million from US$59 million in the prior year, due to a return to profitability at Permata Bank and improved earnings contributions from Astra Sedaya Finance, Federal International Finance and Asuransi Astra Buana.

The group's consumer finance businesses saw a 3% increase in the amount financed, including amounts financed through joint bank financing without recourse to US$6.1 billion. Car-focused Astra Sedaya Finance reported a 2% increase in net income at US$71 million. Toyota Astra Financial Services, however, recorded a 95% decrease in net income to US$1 million as a result of increased loan loss provisions, mainly in the low cost car segment. Motorcycle-focused Federal International Finance's net income was up 11% at US$157 million, as it benefited from Honda's improved market share as well as loan product diversification.

The amount financed through the group's heavy equipment-focused finance operations increased by 25% to US$437 million. There was, however, a significant increase in loan loss provisions relating to small and medium sized borrowers.

Permata Bank, in which Astra holds a 44.6% interest, reported a net income of US$56 million for the year, compared with a net loss of US$486 million in 2016. The bank's gross non-performing loan ratio improved to 4.6% at the end of 2017 compared with 8.8% at the end of 2016, while its net non-performing loan ratio improved to 1.7% from 2.2%.



75% wholesale market share for motorcycles in Indonesia

Permata Bank's return to profitability was mainly driven by an improvement in its asset quality and good underlying credit growth in the second half of the year and recoveries from non-performing loans. To strengthen its capital base, Permata Bank completed a further US$220 million rights issue in June 2017, which was fully subscribed.

Net income at Asuransi Astra Buana, the group's general insurance company, was 9% higher at US$75 million, primarily due to increased investment income. During the year, the group's life insurance joint venture, Astra Aviva Life, acquired more than 259,000 new individual life customers and 373,000 new participants for its corporate employee benefits programmes, bringing the respective totals of people insured at the end of December 2017 to 390,000 and 896,000.

HEAVY EQUIPMENT, MINING, CONSTRUCTION & ENERGY

Net income from the group's heavy equipment, mining, construction and energy division increased by 47% to US$333 million.

United Tractors, which is 59.5%-owned, reported net income 48% higher at US$553 million. The increase was mainly due to significantly stronger coal prices that led to improved performances in its construction machinery and mining contracting businesses, as well as its mining operations.

In its construction machinery business, Komatsu heavy equipment sales were up 74% at 3,788 units, while parts and service revenues were also higher. The mining contracting operations of Pamapersada Nusantara recorded a 3% increase in coal production at 113 million tonnes, while overburden removal was up 14% at 801 million bank cubic metres. United Tractors' mining subsidiaries, however, reported coal sales down 8% at 6.3 million tonnes due to lower volumes in its coal trading business.

GROUP MANAGING DIRECTOR'S REVIEW

United Tractors reported net income growth of **48%**

MENARA ASTRA is scheduled for completion in 2018

Suprabari Mapanindo Mineral, the coking coal company in Central Kalimantan which is 80.1%-owned by United Tractors, started production at the end of 2017.

General contractor Acset Indonusa, a 50.1% subsidiary of United Tractors, reported net income up 126% at US$11 million. New contracts worth US$627 million were secured during 2017, compared with US$283 million secured in the previous year.

AGRIBUSINESS

Net income from the group's agribusiness division was flat at US$120 million.

Astra Agro Lestari, which is 79.7%-owned, reported net income of US$150 million. Despite improved revenue from higher crude palm oil prices and sales volumes, the result was little changed from 2016, which had benefited from significant foreign exchange translation gains. Excluding the impact of foreign exchange in both years, net income would have been 8% higher. Average crude palm oil prices achieved were 6% higher at Rp8,271/kg, while sales of crude palm oil and its derivatives were 12% higher at 1.7 million tonnes compared with 2016.

INFRASTRUCTURE & LOGISTICS

The group's infrastructure and logistics division reported a net loss of US$17 million, compared with a net profit of US$20 million in 2016. This was mainly due to initial losses on the newly opened Cikopo-Palimanan toll road, in which the group acquired a 45% interest earlier in the year, and the loss on the disposal of the group's 49% interest in PAM Lyonnaise Jaya, a water concession with five years left to run.

The group's portfolio of toll road interests expanded during the year from 236km to 353km, of which 269km is operational. At the mature 72.5km Tangerang-Merak toll road, operated by 79.3%-owned Marga Mandalasakti, traffic volumes increased by 4% to 50 million vehicles. The wholly-owned 40.5km Jombang-Mojokerto toll road is now fully constructed with the final two sections completed in the fourth quarter of the year. At the 116.8km Cikopo-Palimanan toll road, traffic volumes increased by 13% to 17 million vehicles, while at the 40%-owned 72.6km Semarang-Solo toll road, 40.1km is now in operation with traffic volumes increased by 3% to 12 million vehicles.

Serasi Autoraya's net income increased by 101% to US$15 million, due to higher net margins in its car leasing and rental, as well as logistics businesses, despite a 2% decline in its vehicles under contract and 18% lower used car sales.

INFORMATION TECHNOLOGY

Net income from the group's information technology division was 1% higher at US$15 million.

Astra Graphia, which is 76.9%-owned, reported net income modestly higher at US$19 million, mainly due to increased revenues from its office services business.

PROPERTY

Net income from the group's property division was up 101% at US$17 million, primarily due to higher property development earnings recognised on its Anandamaya Residences project. Both Anandamaya Residences and Menara Astra are scheduled for completion in 2018.

DIRECT MOTOR INTERESTS

The Group's Direct Motor Interests contributed a profit of US$125 million in 2017, 25% down on the previous year due mainly to the increasingly competitive environment in Vietnam.

SINGAPORE

The Singapore passenger car market grew by 5% to 91,900 units, following an increase in the number of certificates of entitlement. The Group's wholly-owned Cycle & Carriage Singapore, which achieved record results in 2017, saw its earnings grow by 15% to US$57 million, due to a 14% increase in passenger car sales to 14,300 units and improved contribution from parts and used car sales.

MALAYSIA

In Malaysia, 59.1%-owned Cycle & Carriage Bintang had a particularly challenging year in 2017, contributing a loss of US$1 million due to poor retail performance and higher financing charges.

MYANMAR

Cycle & Carriage Myanmar, in which the Group owns a 60% interest, contributed a loss of US$3 million due mainly to the write-off of project costs and weaker margins. Vehicle sales at 506 units were 1% up on the previous year.

INDONESIA

In Indonesia, 44.4%-owned Tunas Ridean contributed a profit of US$15 million, 18% down on the previous year, mainly due to weaker margins in motor car sales, partly offset by stronger contributions from the rental, motorcycle and 49%-owned Mandiri Tunas Finance businesses. Motor car sales at 51,500 units were only 1% higher than 2016 sales, while motorcycle sales were 8% higher at 223,300 units.

VIETNAM

In Vietnam, 25.1%-owned Truong Hai Auto Corporation ("THACO") contributed a profit of US$57 million, a 40% decline on the previous year. Its automotive profit was down 45% due to market uncertainties, ahead of the removal of tariffs on imported cars under the ASEAN Free Trade Area which came into effect on 1st January 2018. The vehicle market in 2017 was down by 6% from the record in 2016 of 351,000 units as potential buyers anticipated reduced prices of imported cars with the removal of tariffs. THACO's overall vehicle sales fell by 21% to 87,600 units, with its passenger car sales falling by 25% to 47,400 units and its commercial vehicle sales decreasing by 15% to 40,200 units. The decrease in automotive profit was, however, partly offset by higher profits recognised from its 85%-owned real estate subsidiary.

OTHER STRATEGIC INTERESTS

The Group's Other Strategic Interests comprising 25.5%-held Siam City Cement Public Company Limited ("Siam City Cement") in Thailand, and 23.9%-held Refrigeration Electrical Engineering Corporation ("REE Corp") and 10%-held Vinamilk in Vietnam, contributed profits of US$34 million, compared to US$33 million in 2016.

Siam City Cement reported a profit equivalent to US$54 million for the year, a reduction of 54% in local currency terms. The decline was due mainly to one-off restructuring expenses and lower domestic volume and selling prices, coupled with higher energy costs. Siam City Cement contributed US$11 million to the Group's results in 2017, compared to US$22 million in the previous year.

REE Corp announced a profit equivalent to US$61 million, 26% higher in local currency terms, due to higher contributions from all its businesses. REE Corp contributed US$14 million to the Group's results in 2017, 26% up on the previous year.

Newly acquired strategic shareholding in Vinamilk, which is accounted for as an investment by the Group, produced its first contribution of US$9 million with the declaration of an interim dividend in December 2017.

Alex Newbigging
Group Managing Director
1st March 2018

STRONG PERFORMANCE by Cycle & Carriage Singapore in 2017

REE Corp posted **26%** higher profit in 2017

GROUP FINANCE DIRECTOR'S REVIEW

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. There were no new standards or amendments effective and relevant in 2017 that had a material impact on the Group's accounting policies and disclosures.

RESULTS

Revenue at US$17.7 billion was 12% up on 2016. 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 9% to US$37.9 billion. This increase was largely from Astra with its gross revenue, including 100% of revenue from its associates and joint ventures, rising 10% to US$30.9 billion, reflected in all businesses, except financial services which was little changed from the previous year.

Underlying operating profit from the Group's parent company and subsidiaries, excluding non-trading items, which amounted to a net gain of US$11 million (2016: US$25 million), was US$277 million higher at US$1,752 million. Astra's underlying operating profit increased by 18% to US$1,675 million, contributed largely by its heavy equipment, mining, construction and energy business as significantly stronger coal prices led to improved performances in its construction machinery and mining contracting business as well as its mining operations. The Group's Direct Motor Interests contribution saw a 5% decline in underlying operating profit as the strong results achieved by Cycle & Carriage Singapore were offset by the loss in Cycle & Carriage Bintang. Newly acquired Vinamilk contributed a dividend of US$9 million.

Net financing charges, excluding those relating to the Group's consumer finance and leasing activities, increased by US$8 million to US$47 million, mainly due to the higher levels of average net debt at the Group's parent company and Astra parent company. Interest cover excluding the financial services companies remained strong at 32 times (2016: 29 times), calculated as the sum of underlying operating profit and share of results of associates and joint ventures divided by net financing charges.

	2017			2016		
	Underlying profit US$m	Non-trading items US$m	Total US$m	Underlying profit US$m	Non-trading items US$m	Total US$m
Revenue	17,701	–	17,701	15,764	–	15,764
Operating profit	1,752	11	1,763	1,475	25	1,500
Net financing charges	(47)	–	(47)	(39)	–	(39)
Share of results of associates and joint ventures	562	16	578	346	34	380
Profit before tax	2,267	27	2,294	1,782	59	1,841
Tax	(489)	–	(489)	(337)	(6)	(343)
Profit after tax	1,778	27	1,805	1,445	53	1,498
Attributable to:						
Shareholders of the Company	788	23	811	679	23	702
Non-controlling interests	990	4	994	766	30	796
	1,778	27	1,805	1,445	53	1,498

The Group's share of underlying profit of associates and joint ventures increased by US$216 million or 62% to US$562 million, due mainly to the improved contribution from Astra's associates and joint ventures with a return to profitability at Permata Bank and higher profits from its automotive businesses. The associates and joint ventures of the Group's Direct Motor Interests saw a decline in contribution, due mainly to lower automotive profit in Truong Hai Auto Corporation which faced a very competitive environment in Vietnam ahead of the removal of import tariffs in January 2018, partly compensated by improved real estate results. Siam City Cement's contribution was down, following one-off restructuring expenses and lower domestic volumes and prices, coupled with higher energy costs. Refrigeration Electrical Engineering Corporation reported higher contributions from all its businesses.

The effective tax rate of the Group, excluding associates and joint ventures in 2017 was 28%, compared to 23% in the previous year. Excluding non-trading items, the Group's effective tax rate was 29%, compared to 23% in 2016. The effective tax rate in 2016 was lower due to a new tax incentive on fixed asset revaluation that gave rise to deferred tax assets within the Group's Indonesian subsidiaries.

The Group's underlying profit attributable to shareholders for the year was 16% up at US$788 million. The Group's profit attributable to shareholders was US$811 million compared to US$702 million in 2016 after accounting for net non-trading gains of US$23 million due largely to investment property revaluations and net gains arising on the disposal of interests in certain companies and investments, partly offset by impairment charges. The net non-trading gain in 2016 of US$23 million arose from the sale of land and investment properties revaluations.

DIVIDENDS

The Board is recommending a final one-tier tax-exempt dividend of US¢68 per share (2016: US¢56 per share), which together with the interim dividend will give a total dividend of US¢86 per share (2016: US¢74 per share) for the year. Shareholders have the option to receive the dividend in Singapore dollars and in the absence of any election, the dividend will be paid in US dollars.

CASH FLOW

Cash inflow from the Group's operating activities was US$1,655 million, US$238 million higher than the previous year, mainly due to higher inflows from Astra's financial services and heavy equipment, mining, construction and energy businesses.

The net cash outflow from investing activities was US$2.3 billion, US$1.5 billion higher than the previous year mainly due to the Group's investment in Vinamilk. Capital expenditure and investments mainly comprised:

- US$66 million for the purchase of intangible assets, which included US$52 million for the acquisition costs of contracts in Astra's general insurance business and US$37 million for the purchase of leasehold land use rights for use by Astra's businesses and Cycle & Carriage Bintang;
- US$745 million of property, plant and equipment mainly by Astra comprising US$513 million of heavy equipment and machinery for its heavy equipment, mining, construction and energy businesses, US$113 million of equipment and network development for its automotive businesses and US$75 million to develop its agribusiness;
- US$162 million for additions to investment properties in Astra (mainly for Menara Astra) and US$50 million for additions to bearer plants in Astra;
- US$14 million mainly for investments in Astra's mining subsidiaries;
- US$669 million for investments in associates and joint ventures which included US$44 million for Astra's subscription to Permata Bank's rights issue, Astra's acquisitions and capital injection of US$481 million including Bhumi Jati Power and investments in toll roads. The Company also participated in Siam City Cement's rights issue and purchased additional shares for US$138 million;
- US$1.6 billion for investments, mainly the purchase of a 10% interest in Vinamilk for US$1.2 billion and other investments by Astra's general insurance business.

The contribution to the Group's cash flow from disposals for the year amounted to US$454 million which arose mainly from the sale of other investments by Astra's general insurance business and disposal of subsidiaries as well as associates and joint ventures by Astra.

The cash inflow from financing activities was US$823 million, compared to US$307 million of cash outflow in the previous year mainly due to a higher drawdown of borrowings to finance the investment in Vinamilk. In 2017, the net cash inflow from borrowings and the receipt of US$68 million from non-controlling interests for the investment in Astra Land Indonesia were offset by higher dividends paid to non-controlling interests and dividends paid by the Company.

TREASURY POLICY

The Group manages its exposure to financial risk using a variety of techniques and instruments, to mitigate foreign exchange and interest rate risks and to provide a degree of certainty about costs. The investment of the Group's surplus cash resources is managed to minimise principal 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 debt and equity 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.

The Group's financial risk factors are set out on page 79.

FUNDING

The Group is well financed with strong liquidity. The Group's consolidated net debt, excluding borrowings within Astra's financial services subsidiaries, was US$819 million in 2017, representing a gearing of 6%, compared to net cash of US$709 million in 2016. The Company's net debt was US$1.2 billion compared to net cash of US$154 million at the end of 2016. The change from net cash to net debt in the Group and in the Company was due primarily to the investment in Vinamilk. Net debt within the Astra's financial services operations decreased slightly to US$3.4 billion at the end of 2017.

At the year-end, the Group had undrawn committed facilities of some US$2.7 billion. In addition, the Group had available liquid funds of US$2.6 billion.

BALANCE SHEET

The Group continues to have a strong balance sheet. Shareholders' funds increased by 12% to US$6.4 billion. Property, plant and equipment increased by US$432 million to US$3.4 billion, mainly due to the purchase of heavy equipment and machinery. Interests in associates and joint ventures grew by US$564 million to US$4.3 billion, from the Group's share of profits, subscription to Permata Bank's and Siam City Cement's rights issues and the purchase of new and additional interests, including Bhumi Jati Power and investments in toll roads. Non-current investments increased by US$1.5 billion to US$2.0 billion due mainly to the Group's investment in Vinamilk. Trade debtors increased mainly due to higher receivables from heavy equipment stocks. Stocks increased marginally, in anticipation of higher sales demand for heavy equipment and higher inventory days in Astra's automotive businesses. Trade creditors increased mainly due to higher purchases of heavy equipment stocks.

RISK MANAGEMENT REVIEW

A review of the major risks facing the Group is set out on page 42.

Adrian Teng
Group Finance Director
1st March 2018

BOARD OF DIRECTORS

BENJAMIN KESWICK
CHAIRMAN
NC RC

Mr Keswick was appointed Chairman on 1st April 2012. He was last re-elected as a director on 28th April 2017. He is a member of the Nominating Committee and Remuneration Committee. He was the Group Managing Director from 1st April 2007 to 31st March 2012.

He has been with the Jardine Matheson Group since 1998, undertaking a variety of roles before being appointed as Finance Director and then Chief Executive Officer of Jardine Pacific between 2003 and 2007. Mr Keswick is Chairman and Managing Director of Dairy Farm, Hongkong Land and Mandarin Oriental. He is also Managing Director of Jardine Matheson Holdings and Jardine Strategic Holdings. He is Chairman of Jardine Matheson Limited and a director of Jardine Pacific and Jardine Motors. He is also a commissioner of Astra.

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

Past directorships in other listed companies over the preceding three years:
- Nil

BOON YOON CHIANG
DEPUTY CHAIRMAN
AC

Mr Boon was appointed Deputy Chairman on 7th May 1996. He has been on the Board since 19th May 1993 and was last re-elected as a director on 28th April 2016. He is also a member of the Audit Committee.

He is Country Chairman of the Jardine Matheson Group in Singapore.

He is a director of Food Empire Holdings. He serves on the Board of the Singapore International Chamber of Commerce and is a member of the Competition Appeal Board. He sits on the South East Asia Council of INSEAD, a leading international graduate business school, and also on the Board of Governors of Asian Institute of Management based in Manila.

He is a diploma holder from the Singapore Institute of Management majoring in Personnel Management. He completed the Senior Executive Programme at London Business School.

Past directorships in other listed companies over the preceding three years:
- Nil

ALEXANDER NEWBIGGING
GROUP MANAGING DIRECTOR

Mr Newbigging was appointed Group Managing Director on 1st April 2012 and was last re-elected as a director on 29th April 2015.

He has been employed by Jardine Matheson since 1995 in a variety of roles and industries, and over this period was based in the Philippines, Australia, Malaysia, Hong Kong and now Singapore. Prior to his current appointment, he was Chief Executive of The Jardine Engineering Corporation.

Mr Newbigging is a director of Jardine Matheson Holdings, a commissioner of Astra and Chairman of its Executive Committee, a director of Siam City Cement, and Vice Chairman of Refrigeration Electrical Engineering. He is also the Chairman of MINDSET, a registered charity of the Jardine Matheson Group of companies in Singapore.

He graduated from the University of Edinburgh with a Master of Arts (Honours) degree in mental philosophy, and completed the General Management Programme at Harvard Business School and the Stanford Executive Programme at Stanford Graduate School of Business.

Past directorships in other listed companies over the preceding three years:
- Cycle & Carriage Bintang
- United Tractors

Committee Membership

AC Audit Committee NC Nominating Committee RC Remuneration Committee Chairman Member

BOARD OF DIRECTORS

ADRIAN TENG
GROUP FINANCE DIRECTOR

Mr Teng was appointed Group Finance Director on 1st April 2016 and was last re-elected as a director on 28th April 2016.

He joined Jardine Matheson in 2010 in Hong Kong as Group Treasurer. He was previously from Alvarez & Marsal, where he had been a senior director in the Financial Industry Advisory Services division in London. Prior to that, he worked with ABN AMRO and Citibank in London, Shanghai, Tokyo and New York.

He is a commissioner of Astra and a director of Cycle & Carriage Bintang and Siam City Cement.

Mr Teng holds a Master of Science in Public Policy and Management from the School of Oriental and African Studies, University of London, UK, a Master of Business Administration from University of Illinois at Urbana-Champaign, USA, and a Bachelor of Science, summa cum laude, from Creighton University, USA. He is a member of the Association of Corporate Treasurers, UK and the Association for Financial Professionals, USA.

Past directorships in other listed companies over the preceding three years:
- Nil

CHANG SEE HIANG
NON-EXECUTIVE AND INDEPENDENT DIRECTOR

NC AC RC

Mr Chang joined the Board on 16th July 1997 and was last re-elected as a director on 28th April 2016. He is also the Chairman of the Nominating Committee, and a member of the Audit Committee and Remuneration Committee.

He is Senior Partner of Chang See Hiang & Partners, a firm of advocates and solicitors. Mr Chang is a director of Parkway Pantai, STT Communications, IHH Healthcare and Valencia Club de Fútbol.

Mr Chang graduated from the University of Singapore with a Bachelor of Law (Honours) degree.

Past directorships in other listed companies over the preceding three years:
- Yeo Hiap Seng

MARK GREENBERG
NON-EXECUTIVE DIRECTOR

AC

Mr Greenberg joined the Board on 7th June 2006 as a non-executive director and was last re-elected as a director on 28th April 2017. He is also a member of the Audit Committee.

He was appointed Group Strategy Director of Jardine Matheson Holdings in 2008 having first joined the Group in 2006. He is a director of Jardine Matheson Limited, Dairy Farm, Hongkong Land and Mandarin Oriental. He is also a commissioner of Astra and Permata Bank.

He had previously spent 16 years in investment banking with Dresdner Kleinwort Wasserstein in London.

Mr Greenberg graduated from Hertford College, Oxford University, with a Master of Arts degree in Modern History.

Past directorships in other listed companies over the preceding three years:
- Nil

HASSAN ABAS
NON-EXECUTIVE AND LEAD INDEPENDENT DIRECTOR

AC NC RC

Mr Hassan joined the Board on 18th December 1992 and was last re-elected as a director on 28th April 2016. He is Lead Independent Director, Chairman of the Audit Committee, and a member of the Nominating Committee and Remuneration Committee.

He graduated from the University of Lancaster with a degree in Accounting and Finance and is a member of the Institute of Chartered Accountants in England & Wales.

Past directorships in other listed companies over the preceding three years:
- Nil

MICHAEL KOK
NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Mr Kok joined the Board on 1st April 2013 and was last re-elected as a director on 28th April 2016.

He was Group Chief Executive of Dairy Farm from 2007 until he retired from executive office in December 2012. He remains a non-executive director of Dairy Farm and is a director of SATS Ltd. He joined Dairy Farm in 1987 and has extensive experience in the retail industry in Asia. As a director of Dairy Farm Management Services from 1997 to 2012, he had prime responsibility for its retail businesses in South and East Asia.

He is also a director of Mapletree Greater China Commercial Trust Management.

Mr Kok completed the Senior Management Programme at London Business School and the Advanced Management Programme at Harvard Business School.

Past directorships in other listed companies over the preceding three years:
- Nil

MRS LIM HWEE HUA
NON-EXECUTIVE AND INDEPENDENT DIRECTOR

AC

Mrs Lim joined the Board on 29th July 2011 and was last re-elected as a director on 29th April 2015. She is a member of the Audit Committee.

She is an Executive Director of Tembusu Partners and a director of United Overseas Bank, BW Group, Summit Power International and Chairman of Asia-Pacific Exchange. Mrs Lim is also a senior advisor to Kohlberg Kravis Roberts & Co, a Distinguished Visiting Fellow of National University of Singapore Business School and the Lee Kuan Yew School of Public Policy, and a board member of UCLA Anderson School of Management's Center for Global Management. She was first elected to the Singapore Parliament in December 1996 and served till May 2011 as Minister in the Prime Minister's Office and concurrently as Second Minister for Finance and Transport. Prior to that, she had a varied career in financial services, including with Temasek Holdings (2000-2004) and Jardine Fleming (1992-2000).

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

Past directorships in other listed companies over the preceding three years:
- Stamford Land Corporation

Committee Membership

AC Audit Committee NC Nominating Committee RC Remuneration Committee Chairman Member

BOARD OF DIRECTORS

VIMALA MENON

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

AC

Ms Menon joined the Board on 23rd April 2017 and was last re-elected as a director on 28th April 2017. She is also a member of the Audit Committee.

Ms Menon is a director of Petronas Chemicals Group, Petronas Dagangan and DiGi.com.

She was previously Executive Director of Finance and Corporate Services at Edaran Otomobil Nasional Berhad (EON Berhad) until she retired from that role in 2007. Ms Menon was also a Board member of EON Berhad from 1990 to 2006. Following her retirement from EON Berhad, she was the Director of Finance and Corporate Affairs at Proton Holdings Berhad until 2009. She has also previously served on the Boards of EON Bank, Jardine Cycle & Carriage and Astra.

She is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Malaysian Institute of Accountants.

Past directorships in other listed companies over the preceding three years:
- Cycle & Carriage Bintang

DR MARTY NATALEGAWA

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Dr Natalegawa joined the Board on 24th February 2015 and was last re-elected as a director on 28th April 2017.

He is an Independent Commissioner of Prudential Life Assurance (Prudential Indonesia). He is also a Distinguished Fellow of Asia Society Policy Institute (New York) and a member of the International Academic Advisory Committee of the Oxford Centre for Islamic Studies, the Southeast Asia Programme's Advisory Board of the Center for Strategic & International Studies (CSIS) (Washington DC), the Board of Trustees of the International Crisis Group (ICG) and the United Nations Secretary-General's High-Level Advisory Board on Mediation as well as the President of the 72nd Session of the United Nations General Assembly's Team of External Advisors.

He was previously Indonesia's Foreign Minister (2009-2014), its Permanent Representative to the United Nations (2007-2009), and its Ambassador to the Court of St. James' and Ireland (2005-2007). Prior to that, he was Director-General for ASEAN Cooperation in the Department of Foreign Affairs.

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

Past directorships in other listed companies over the preceding three years:
- Nil

ANTHONY NIGHTINGALE

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Mr Nightingale joined the Board on 2nd February 1993 and was Chairman from 27th November 2002 to 31st March 2012. He was last re-elected as a director on 28th April 2016.

Mr Nightingale was Managing Director of Jardine Matheson Holdings, Dairy Farm, Hongkong Land, Jardine Strategic Holdings and Mandarin Oriental until he retired from executive office in March 2012. He remains a non-executive director of these companies. He is also a commissioner of Astra.

He is also a director of Prudential, Schindler Holding, Vitasoy International Holdings and Shui On Land. Mr Nightingale is a director of the UK-ASEAN Business Council and Chairman of The Sailors Home and Missions to Seamen in Hong Kong.

He holds a degree in Classics from Cambridge University.

Past directorships in other listed companies over the preceding three years:
- Nil

JAMES WATKINS

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

RC AC

Mr Watkins joined the Board on 20th October 2003 and was last re-elected as a director on 28th April 2017. He is Chairman of the Remuneration Committee and a member of the Audit Committee.

He was Group General Counsel of Jardine Matheson Holdings from 1997 to 2003. He is also a director of Hongkong Land and Mandarin Oriental.

Mr Watkins qualified as a solicitor in 1969 and was formerly a partner of English law firm, Linklaters & Paines.

He graduated from Leeds University with a first-class (Honours) degree in Law.

Past directorships in other listed companies over the preceding three years:
- Advanced Semiconductor Manufacturing Corporation
- Global Sources
- Asia Satellite Telecommunications Holdings

Notes:
1. Information as at 22nd March 2018.
2. At the 49th Annual General Meeting to be held on 26th April 2018, Mrs Lim Hwee Hua, Mr Alexander Newbigging, Mr Anthony Nightingale, Mr Michael Kok and Mr Boon Yoon Chiang shall retire and be eligible for re-election pursuant to article 94 of the Company's Constitution.
3. Mr James Watkins is stepping down and retiring from the Board at the close of the 49th Annual General Meeting.

Committee Membership

AC Audit Committee　NC Nominating Committee　RC Remuneration Committee　Chairman　Member

KEY MANAGEMENT

ALEXANDER NEWBIGGING
GROUP MANAGING DIRECTOR

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

ADRIAN TENG
GROUP FINANCE DIRECTOR

Please refer to information on the Board of Directors on page 26.

HASLAM PREESTON
REGIONAL MANAGING DIRECTOR

Mr Preeston has been the Regional Managing Director of Jardine Cycle & Carriage since February 2014. He is responsible for overseeing the Group's motor operations in Singapore, Malaysia, Myanmar and Indonesia (excluding those held by Astra). He is the Chairman of Cycle & Carriage Bintang and a commissioner of Tunas Ridean.

Following an early career in the British army, he joined Jardine Matheson in 2001 where he undertook various roles in Jardine Wines & Spirits, Jardine Motors, Jardine Matheson Limited and Hongkong Land, in which time he was based in Beijing, Macau, Hong Kong and Indonesia.

He sits on the Board of the British Chamber of Commerce in Singapore and was its Chairman in Indonesia from 2011 to 2014.

Mr Preeston has a Bachelor of Arts (War Studies) from King's College London, University of London, and a Master of Arts (Chinese Studies) from the School of Oriental and African Studies, University of London. He also completed the General Management Programme at Harvard Business School.

CHEAH KIM TECK
MANAGING DIRECTOR, BUSINESS DEVELOPMENT

Mr Cheah is the Managing Director, Business Development of Jardine Cycle & Carriage since February 2014. He is responsible for overseeing the Group's investment in Truong Hai Auto Corporation and developing new lines of business for the Group in the region.

Prior to that, he was Chief Executive Officer of the Group's motor operations excluding those held by Astra, until he stepped down from his position in December 2013. Mr Cheah also served on the Board of Jardine Cycle & Carriage from 2005 until he retired as director in 2014.

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

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

JEFFERY TAN
GROUP GENERAL COUNSEL DIRECTOR, LEGAL & CORPORATE AFFAIRS COMPANY SECRETARY

Mr Tan is the Group General Counsel; Director, Legal & Corporate Affairs; and Company Secretary of Jardine Cycle & Carriage since April 2016. He is responsible for legal, compliance, company secretarial, communications and public affairs at the Group level.

Before joining Jardine Cycle & Carriage, he was the Group General Counsel, Chief Compliance Officer and Board Secretary for UTAC Holdings Ltd. Prior to that, he has over 20 years of private practice and in-house legal experience with international law firms and multinational companies such as Allen & Gledhill, DLA Piper, Siemens and Motorola. He also served as President of Motorola Singapore for five years.

Mr Tan has an LLB (HONS) from the National University of Singapore. He is a senior Advocate & Solicitor of the Supreme Court of the Republic of Singapore, and a Solicitor of England & Wales. He also completed the Senior Executive Management Program at Northwestern University – Kellogg School of Management.

KEY MANAGEMENT – SUBSIDIARIES & ASSOCIATES

ASTRA INTERNATIONAL
Prijono Sugiarto (President Director)

CYCLE & CARRIAGE SINGAPORE
Eric Chan (Managing Director)

CYCLE & CARRIAGE BINTANG
Wilfrid Foo (Chief Executive Officer)

CYCLE & CARRIAGE MYANMAR
Adrian Short (General Manager)

TUNAS RIDEAN
Rico Setiawan (President Director)

TRUONG HAI AUTO CORPORATION
Tran Ba Duong (Chairman)

SIAM CITY CEMENT
Siva Mahasandana (Chief Executive Officer)

REFRIGERATION ELECTRICAL ENGINEERING CORPORATION
Nguyen Thi Mai Thanh (Chairwoman)

CORPORATE GOVERNANCE

The Board of Jardine Cycle & Carriage believes that good corporate governance is integral to the Company's success. It has put in place corporate governance policies, practices and terms of reference for the Board, Audit Committee, Nominating Committee and Remuneration Committee, in line with the principles prescribed by the Code of Corporate Governance 2012 ("**Code**"). These are constantly reviewed and refined in line with changing requirements.

This report describes the corporate governance practices of the Company for the financial year ended 31st December 2017 ("**2017**"). The Company has complied in all material aspects with the principles and guidelines of the Code except for Guideline 4.4 relating to the setting of a policy on the maximum number of listed company board representations which any director may hold. Please refer to the *Limit on Number of Directorships* section on page 37 for an explanation.

BOARD RESPONSIBILITIES

SIZE, COMPOSITION AND INDEPENDENCE

The Board in 2017 comprised 13 directors, eight of whom, being the majority, were independent directors. There were two executive directors and three non-executive directors.

Director	Position	Status
Benjamin Keswick	Chairman	Non-executive, Non-independent
Boon Yoon Chiang	Deputy Chairman	Non-executive, Non-independent
Mark Greenberg	Member	Non-executive, Non-independent
Alexander Newbigging[1]	Member	Executive, Non-independent
Adrian Teng[2]	Member	Executive, Non-independent
Tan Sri Azlan Zainol[3]	Member	Non-executive, Independent
Chang See Hiang	Member	Non-executive, Independent
Hassan Abas[4]	Member	Non-executive, Independent
Michael Kok	Member	Non-executive, Independent
Mrs Lim Hwee Hua	Member	Non-executive, Independent
Vimala Menon[5]	Member	Non-executive, Independent
Dr Marty Natalegawa	Member	Non-executive, Independent
Anthony Nightingale	Member	Non-executive, Independent
James Watkins	Member	Non-executive, Independent

1. Group Managing Director
2. Group Finance Director
3. Retired on 28th April 2017
4. Lead Independent Director
5. Joined the Board on 23rd April 2017

No alternate director has been appointed to the Board.

Key for Status

Non-executive · Executive · Non-independent · Independent

BOARD COMPETENCIES

The Board, with the assistance of the Nominating Committee, continually ensures that there is an adequate mix of competencies among its members to meet its responsibilities and effectively lead the Company. The nature of the Company's business is that of investment-holding in market-leading businesses in Southeast Asia. It has a strong regional automotive presence and strategic interests across a wide range of non-automotive businesses in key Southeast Asian economies. Several of the independent directors have extensive experience in managing regional automotive businesses. Other board members have a variety of skills and track record that are critical to managing the Company's businesses such as in the areas of accounting, finance, human resource, legal, strategic planning, customer-based experience, international relations and national policies. Collectively, they represent a Board that is experienced and adept in dealing with investments in public-listed and multi-regional operations. Please refer to pages 25 to 29 of this Annual Report for details of the directors' professional backgrounds.

DUTIES AND RESPONSIBILITIES

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

(i) Strategy, Planning and Sustainability

The Board charts the overall strategy and direction, and provides entrepreneurial leadership. It sets objectives and broad policies on matters of a significant nature, and ensures that sufficient resources are available to meet them. Sustainability issues such as environmental, social and governance factors are also considered in the formulation process. The Company will be publishing its first Sustainability Report in 2018 which will set out further details on its sustainability practices and approach. The report will be available at www.jcclgroup.com.

(ii) Risk Management and Internal Controls

The Board works with management to oversee the business and affairs of the Company and to safeguard shareholders' interests and the Company's assets. It is responsible for establishing a sound system of internal controls and risk management, including reviewing regular risk management and internal audit reports. Please refer to the Internal Controls System and Risk Management section on page 39 for further details.

(iii) Measuring and Monitoring Performance

The Board ensures proper financial reporting, and reviews the Company's quarterly and full year results announcements prior to their release to ensure that they present a balanced and understandable view. The Board receives monthly management accounts and information which enables it to make a balanced and informed assessment of the Company's performance, position and prospects throughout the year.

The Board also monitors the performance of management, who is accountable to the Board.

(iv) Remuneration of Directors and Key Management Personnel

The Board is responsible for reviewing and endorsing the remuneration framework for the Board and key management personnel. Please refer to pages 37 to 39 for further details.

(v) Transactions Requiring Approval from the Board

The Board reviews and approves important matters which have been specifically reserved for its approval. They include acquisitions, disposals, capital expenditure, lease commitments, financial assistance, capital investment, bank facilities and derivative transactions which are material in nature as per the specified limits. The Board also approves the operating plan and budget. To safeguard shareholders' interests, there are internal guidelines on financial authorisation and approval limits for various operational matters. Significant matters and material transactions exceeding the threshold limits are referred to the Board for review and approval, including major and disclosable transactions as referred to in the Listing Manual of the Singapore Exchange Securities Trading Limited. Matters below the threshold limits are approved by the various levels of management according to the applicable financial authority limits.

(vi) Succession Planning

The Board provides for succession planning of key management personnel and progressive renewal of the Board. Please refer to the Board Appointments and Re-elections and Key Management Succession Planning sections on pages 35 and 37 for further details.

(vii) Setting of Company's Values and Standards, Obligations to Key Stakeholders

The Board sets the Company's values and standards of doing business (including ethical standards) and ensures that obligations to shareholders and other key stakeholders are understood and met.

The Board is responsible for establishing a communications policy and ensuring that the Company facilitates the exercise of ownership rights by all shareholders. Please refer to the Rights of Shareholders section on page 43 for further details.

BOARD AND COMMITTEE MEETINGS AND ATTENDANCE

The Board met regularly every quarter to deliberate upon and approve the matters as set out under the Duties and Responsibilities section above.

Board and Committee	Number of meetings in 2017
Board	4
Audit Committee	4
Nominating Committee	1
Remuneration Committee	2

Please see below for the individual director's attendance at the Board and committee meetings and Annual General Meeting ("**AGM**"):

Director	No. of meetings in 2017 attended / held whilst in office				
	Board	AGM	Audit Committee	Nominating Committee	Remuneration Committee
Benjamin Keswick *(Chairman of the Board)*	3 / 4	1	NA	0 / 1	1 / 2
Boon Yoon Chiang	2 / 4	1	3 / 4	NA	NA
Alexander Newbigging *(Group Managing Director)*	3 / 4	1	3 / 4#	1 / 1#	2 / 2#
Adrian Teng *(Group Finance Director)*	4 / 4	1	4 / 4#	NA	NA
Tan Sri Azlan Zainol*	0 / 2	0	NA	NA	NA
Chang See Hiang *(Nominating Committee Chairman)*	4 / 4	1	4 / 4	1 / 1	2 / 2
Mark Greenberg	4 / 4	1	3 / 4	NA	NA
Hassan Abas *(Audit Committee Chairman & Lead Independent Director)*	3 / 4	1	3 / 4	1 / 1	2 / 2
Michael Kok	4 / 4	1	NA	NA	NA
Mrs Lim Hwee Hua	4 / 4	1	4 / 4	NA	NA
Vimala Menon^	3 / 3	1	3 / 3	NA	NA
Dr Marty Natalegawa	4 / 4	1	NA	NA	NA
Anthony Nightingale	3 / 4	1	NA	NA	NA
James Watkins *(Remuneration Committee Chairman)*	3 / 4	1	3 / 4	NA	1 / 2

Attended not as a member but on an ex officio basis
* Retired on 28th April 2017
^ Appointed on 23rd April 2017

For 2017, the dates of all Board and committee meetings and the AGM were scheduled in advance to allow the directors to plan ahead. The Company's Constitution allowed directors to participate in meetings via teleconferencing or video conferencing.

BOARD'S ACCESS TO COMPLETE, ADEQUATE AND TIMELY INFORMATION

In order to fulfil their duties, directors have access to adequate and timely information provided by management, including monthly management accounts.

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

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

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

Management acknowledges that the information provided in the Board and committee papers may not be enough and it is the Board's duty to question and challenge management as part of its oversight function. The Group Managing Director, Group Finance Director and the Company Secretary, who is also the Group General Counsel, are therefore present at Board and Audit Committee meetings to provide further information or address queries. The Group Managing Director also attends every Nominating and Remuneration Committee meeting. Management makes available other senior executives at the meetings where the situation warrants. Management also ensures that it is separately and independently accessible to the Board at other times to address queries and provide timely additional information.

In addition, the Board has separate and independent access to the Company Secretary and other members of senior management. It is also empowered to seek independent professional advice as considered necessary, at the Company's expense.

ORIENTATION PROGRAMME FOR NEW DIRECTORS

Each new director who joins the Board undergoes a comprehensive orientation programme that includes introduction and briefing sessions by the Group Managing Director and the heads of the various key functions and business units, including finance and legal. Besides being briefed on the Company's businesses, the new director will also receive a formal appointment letter and information regarding his or her duties as a director of a listed company and how to discharge those duties. For first-time directors, the Company will tailor a programme that will include training under the Singapore Institute of Directors' Listed Company Director Programme.

BOARD TRAINING

During 2017, the directors received regular training and education on areas such as accounting standards and issues which had a direct impact on financial statements, directors' duties and responsibilities, corporate governance, Companies Act, continuing listing obligations, risk management and relevant business trends and geopolitical topics. The training was done via updates and presentations by management, the auditors, consultants or a Board member knowledgeable about a particular subject matter, as well as through specially-written Board papers on such topics.

SEPARATE CHAIRMAN AND GROUP MANAGING DIRECTOR (CEO)

The Chairman of the Board is a separate role from that of the Group Managing Director and are held by different individuals who are not related to each other. In 2017, the Chairman of the Board was Benjamin Keswick and the Group Managing Director was Alexander Newbigging.

There is a clear division of responsibilities between the two roles to ensure effective oversight, an appropriate balance of power, increased accountability and more independent decision making. The Group Managing Director is the chief executive officer of the organisation who manages the day-to-day business operations of the Company in accordance with the strategies, budgets and plans approved by the Board. The Chairman occupies a non-executive position, leads the Board and oversees all of its functions to ensure that the Board performs effectively in its role.

LEAD INDEPENDENT DIRECTOR

Since the Chairman is not an independent director, a lead independent director, Hassan Abas, has been appointed to provide shareholders with an independent channel for contact with the Company.

BOARD COMMITTEES

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

- Nominating Committee
- Remuneration Committee
- Audit Committee

From time to time, the Board also establishes ad hoc committees to look into specific matters for operational efficiency.

NOMINATING COMMITTEE

The members of the Nominating Committee in 2017 were as follows:

Director	Position	Status
Chang See Hiang	Chairman	Independent director
Hassan Abas	Member	Lead independent director
Benjamin Keswick	Member	Non-independent director

The majority of the Nominating Committee was independent and it was chaired by an independent director. It also met the minimum size requirement of three members.

BOARD APPOINTMENTS AND RE-ELECTIONS

The Nominating Committee leads the process of Board succession planning, appointment and re-appointment of directors of the Company and makes its recommendations to the Board accordingly.

One of the cornerstones of the Board's effectiveness and the Company's success is the relative stability of the Board's composition over the years. Longer-serving Board members amass valuable knowledge of the Group's businesses and are able to provide strategic direction and oversee management's performance in the medium to long-term. Succession planning at the Board level takes this critical factor into account. Board renewal is carried out progressively with the addition of carefully selected new members every few years.

For new appointments, the candidate could be identified via a recommendation by a Board member or management, or sourced through the Company's extensive network of contacts or through external help like the Singapore Institute of Directors or search consultants. The candidate should have the requisite skills in one or more of the core competencies such as accounting, finance, human resource, legal, strategic planning, customer-based experience, international relations or national policies, and preferably with experience in Southeast Asia. Additional factors such as integrity and ability to make independent and sound decisions will be considered. The Nominating Committee will assess the candidate's suitability and potential contribution to the Board, before nominating him or her to the Board for approval.

The Nominating Committee also makes recommendations to the Board on the annual re-election of the directors. Factors such as attendance, preparedness, participation and candour during meetings will be taken into account.

All newly appointed directors are subject to re-election by shareholders at the next AGM. For existing directors, at least one-third of them, including the Group Managing Director and the Group Finance Director, are required to retire by rotation and submit themselves for re-election at each AGM. This means that each director would be submitting himself or herself for re-election about once every three years.

At the upcoming AGM, Mrs Lim Hwee Hua, Alexander Newbigging, Anthony Nightingale, Michael Kok and Boon Yoon Chiang will retire pursuant to the one-third rotation rule. All the retiring directors will be submitting themselves for re-election. Their names are reflected in the notice of annual general meeting which can be found on page 146 of this Annual Report, and key information about them can be found on pages 25 to 29 and 50 to 51 of the Annual Report.

INDEPENDENT DIRECTORS

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

The Board considered a director to be independent if neither the director nor his or her immediate family members has a relationship with the Company, its related corporations, its shareholders who have at least a 10% interest in the Company or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. The Board also considered whether there existed any of the relationships and circumstances described by the Code and the Listing Manual which existence were likely or could appear to affect a director's independent judgment.

The directors were asked to declare if there existed such a relationship or circumstances. They were also asked to assess if they considered themselves independent despite the existence of such a relationship or circumstances.

A director who was employed by a related corporation of the Company was deemed under the Code as non-independent. The Nominating Committee therefore considered Benjamin Keswick, Boon Yoon Chiang and Mark Greenberg as non-independent directors as they were senior executives of the Jardine Matheson Group, the 75% shareholder of the Company.

The Nominating Committee assessed the remaining eight directors, namely Hassan Abas, Chang See Hiang, Anthony Nightingale, James Watkins, Mrs Lim Hwee Hua, Dr Marty Natalegawa, Michael Kok and Vimala Menon to be independent according to the guidelines under the Code and the Listing Manual.

Four of the independent directors had served on the Board beyond nine years from their date of first appointment. They were Hassan Abas, Chang See Hiang, James Watkins and Anthony Nightingale. These directors were subjected to particularly rigorous review with extra considerations as set out below, and the Nominating Committee found that all of them fulfilled these considerations:

- whether the director actively participated in deliberations and spoke out (when necessary) to question management's ideas and proposals to avoid a "group-think" situation;
- whether the director considered himself to be an independent director of the Company and was free of material business or financial connection with the Company;
- whether the director had demonstrated independent character and judgment despite his long tenure on the Board;
- whether the director had demonstrated attributes which helped provide effective oversight of management, namely, a detailed knowledge of the Company's business and proven commitment, experience and competence; and
- whether the Company would continue to benefit from the experience and knowledge of the director, taking into account the personal attributes, skills and competency of these directors in relation to the current and future needs of the Board.

BOARD AND INDIVIDUAL DIRECTOR'S APPRAISAL

The effectiveness of a good Board is reflected in the performance of the company that it governs. The Company's quarterly financial results attest to how well the Board and its committees are able to work with and guide management. Besides the financial results, Board and individual Director's appraisals are also carried out annually and overseen by the Nominating Committee.

BOARD APPRAISAL

For Board appraisal, there is a set of quantitative and qualitative performance criteria which have remained relatively unchanged year to year.

The quantitative assessment process is carried out by an external consultancy firm, Deloitte & Touche Financial Advisory Services Pte Ltd, which does not have any connection with the Company or any of its directors. The criteria are share price performance, return on capital employed and earnings per share.

The Company's information on each of these criteria is compiled by the consultant over a five-year period. The information is then compared against the Straits Times Index and a benchmark index of industry peers. The peers are selected on the basis that they have one or more similar businesses as the Company. The components of the peer benchmark index and their weightages are reviewed annually to ensure that they remain relevant. The results of the comparison are set out in a performance benchmark report for the Nominating Committee and Board's review.

The qualitative assessment process is a self-reflection exercise where various aspects of the Board process and functions are examined. The areas include Board structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measurement and monitoring of performance, recruitment and evaluation, compensation, succession planning, financial reporting and communication with shareholders. The results of the review are reported to the Board by the Nominating Committee together with any recommendations for areas of change or improvement.

INDIVIDUAL DIRECTOR'S APPRAISAL

Each director performs a self-appraisal and completes a checklist of areas such as attendance and adequacy of preparation for Board and Board Committee meetings, contributions in topics like strategic/business decisions, finance/accounting, risk management, legal/regulatory, human resource management, generation of constructive debate, maintenance of independence and disclosure of related party transactions. These are designed to encourage the director to reflect on his/her performance and contribution during the course of the year. Each director's self-appraisal is reviewed by the Nominating Committee and reported to the Board.

LIMIT ON NUMBER OF DIRECTORSHIPS

The Nominating Committee also considers the competing time commitments faced by a director who serves on multiple boards and has other principal commitments when assessing the director's performance. However, the number of listed company board representations should not be the only measure of a director's commitment and effectiveness. The Board feels that this is better assessed on a qualitative basis based on actual participation and contribution.

The Board is made up of high calibre individuals who are leaders in their respective fields, and are naturally sought after to serve on multiple boards and have other principal commitments in various countries. Rather than being a limiting factor, the Board views it as an advantage that its members are continuing to gain regional and international exposure and experience in a range of industries and countries.

Accordingly, the Board has decided not to set a maximum number of listed company board representations which any director may concurrently hold, as this would be arbitrary and may be unnecessarily limiting. The individual directors have the responsibility of monitoring their own time commitments and ensuring that they are still able to effectively discharge their duties as a director of the Company.

KEY MANAGEMENT SUCCESSION PLANNING

The Board will provide for succession planning of key management personnel. This may involve identifying talented candidates within the business, and providing training and career planning advice. It is a well thought out and a deliberate process where talent across the group is developed to ensure proper growth, and exposure is given to the appropriate personnel to prepare them for future roles.

REMUNERATION COMMITTEE

The members of the Remuneration Committee in 2017 were as follows:

Director	Position	Status
James Watkins	Chairman	Independent director
Chang See Hiang	Member	Independent director
Hassan Abas	Member	Lead independent director
Benjamin Keswick	Member	Non-independent director

The Remuneration Committee consisted entirely of non-executive directors, all but one were independent, and was chaired by an independent director. It met the minimum size requirement of three members.

EXECUTIVE DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION

The Remuneration Committee is responsible for reviewing the remuneration of key management personnel and advising the Board on the remuneration framework for executive directors and senior executives. These policies are designed to attract, retain and motivate them to align their interests with the growth of the Company, in order to increase shareholder value.

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

The remuneration for executive directors and key management personnel is structured to link rewards to corporate and individual performance, and consists of both a fixed and variable component. The fixed component comprises salary, provident fund contributions and other allowances. The variable component comprises a performance-based bonus, which is payable on the achievement of individual and corporate performance conditions which are set or refreshed annually. The performance of the executive directors is based on the Board appraisal as described in the earlier section, while those of the key management personnel are based on appraisals done by the executive directors.

INCENTIVE PLANS

Short-term and long-term incentive plans have been designed to strengthen the pay for performance framework and to reward participants for the success of the business units and the Group. Performance targets to be met under the short-term incentive plan include annual earnings, which are benchmarked against the budget, and individual qualitative key performance indicators, other than earnings, that focus on short-term and long-term success and profitability.

Individual payments are made based on performance appraisals. Under the long-term incentive plan, an incentive pool is created from which payment is made for performance measured in three-year cycles that exceeds baseline targets, as approved by the Remuneration Committee. These performance targets are chosen because they are closely aligned with the long-term success of the Group and shareholders' interests.

The performance conditions under the plans were reviewed to ensure that they were met in respect of any payout for 2017.

MISCELLANEOUS

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

The Company does not currently operate any share-based incentive plan.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Directors' fees for non-executive directors are determined having regard to best market practice, the level of duties and responsibilities of the directors and the size and diversity of the Group's operations, and were last reviewed in 2015. The directors' fees include board committee membership fees, attendance fees and benefits-in-kind, all of which are approved by shareholders at the AGM.

The non-executive directors' fee structure for 2017 were as follows:

Fees payable per annum (S$)	Chairman	Member
Board	140,000	70,000
Audit Committee	50,000	25,000
Nominating Committee	15,000	10,000
Remuneration Committee	15,000	10,000
An attendance fee of S$1,500 per director per day of meeting is payable (capped at one attendance fee per day regardless of the number of meetings attended on that day).		

No directors' fees were paid to executive directors.

DISCLOSURE OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The remuneration of the directors and the top five key management personnel (who are not also directors) of the Company for 2017, including their names, is shown in the following tables, broken down into the various elements in dollar terms and percentages, respectively:

Directors	Directors' fees S$'000	Base salary S$'000	Variable bonus S$'000	Defined benefits/ contribution plans S$'000	Benefits-in-kind S$'000	Total S$'000
Benjamin Keswick	165	–	–	–	–	165
Boon Yoon Chiang	100	–	–	–	2	102
Alexander Newbigging#	–	639	2,565	160	999	4,363
Adrian Teng#	–	467	645	93	408	1,613
Tan Sri Azlan Zainol*	23	–	–	–	–	23
Chang See Hiang	126	–	–	–	–	126
Mark Greenberg	101	–	–	–	–	101
Hassan Abas	145	–	–	–	–	145
Michael Kok	76	–	–	–	–	76
Mrs Lim Hwee Hua	101	–	–	–	–	101
Vimala Menon^	70	–	–	–	–	70
Dr Marty Natalegawa	76	–	–	–	–	76
Anthony Nightingale	75	–	–	–	–	75
James Watkins	115	–	–	–	–	115

\# Executive Director
* Retired on 28th April 2017
^ Appointed on 23rd April 2017

Key Management Personnel	Base salary %	Variable bonus %	Defined benefits/ contribution plans %	Benefits-in-kind %	Total %
S$750,000 to S$999,999					
Alvyn Ang	31	61	2	6	100
Cheah Kim Teck	53	35	1	11	100
Jeffery Tan	52	39	2	7	100
S$1,000,000 to S$1,249,999					
Eric Chan	32	58	2	8	100
Haslam Preeston	26	42	5	27	100

Notes:
1. Directors' fees for non-executive directors, including benefits-in-kind, were approved by the shareholders as a lump sum at the Annual General Meeting held in 2017.
2. Benefits-in-kind refer to benefits such as car, driver, housing and club membership made available as appropriate.
3. The total remuneration of the top five key management personnel for 2017 was S$4,906,000.
4. No stock options or share-based incentives or awards were paid to directors and key management personnel for 2017.
5. In 2017, there were no Company employees who were immediate family members of a director.

AUDIT COMMITTEE

The members of the Audit Committee in 2017 were as follows:

Director	Position	Status
Hassan Abas*^	Chairman	Lead independent director
Boon Yoon Chiang	Member	Non-independent director
Chang See Hiang	Member	Independent director
Mark Greenberg^	Member	Non-independent director
Mrs Lim Hwee Hua^	Member	Independent director
Vimala Menon*^	Member	Independent director
James Watkins	Member	Independent director

* Chartered accountant
^ Expertise in financial management

All the members of the Audit Committee were non-executive directors and the majority of them, including the Chairman, were independent. Four of the members have expertise in financial management, of whom two are chartered accountants. The Audit Committee exceeded (by a factor of 2.3) the minimum size requirement of three members. None of the members were a former member or director of the Company's existing auditing firm.

The primary function of the Audit Committee is to help the Board fulfill its statutory and fiduciary responsibilities in relation to the Group's financial reporting, ensuring the integrity of financial statements, reviewing financial and control risks and monitoring of the internal control systems. The Audit Committee has access to management and has the discretion to invite any director or executive officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly.

INTERNAL CONTROLS SYSTEM AND RISK MANAGEMENT

The Board believes in the importance of a sound system of internal controls and risk management to safeguard shareholders' interests and the Company's assets as well as to achieve corporate objectives. The Board has overall responsibility for the Group's internal controls and risk management and reviews the adequacy and effectiveness of these control and risk management systems, including financial, operational, compliance and information technology controls.

For 2017, the Board had received assurances from the Group Managing Director and Group Finance Director that the financial records had been properly maintained and the financial statements gave a true and fair view of the Group's operations and finances, and the system of risk management and internal controls in place was adequate and effective in addressing the material risks in the Group in its business environment then.

The Board, with the concurrence of the Audit Committee, was satisfied that adequate and effective internal controls including financial, operational, information technology and compliance controls and risk management systems had been in place and met the needs of the Group in its business environment then. The conclusion was based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management throughout 2017, as well as the assurances from the Group Managing Director and Group Finance Director as mentioned above.

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

The Company does not have a separate Board risk committee but has in place a risk management programme, under the purview of the Audit Committee, to identify and report on areas of potential business risks, and to recommend counteracting measures to prevent and minimise any loss arising from the business risks identified. This programme is further elaborated upon under the Risk Management Review section on page 42.

INTERNAL AUDIT

The Internal Audit function (excluding Astra) reports directly to the Chairman of the Audit Committee. It provides an independent and objective assurance on internal controls and assists the Audit Committee in reviewing how principal business risks in the Group are evaluated.

The Internal Audit function of the Company is performed by the internal audit staff of its holding company, Jardine Matheson. The function is independent of the operating companies of the Group and employs qualified professionals to handle the work in accordance with the prevailing Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The Internal Audit function reviews the effectiveness of the internal controls system and management control system. These reviews are conducted regularly throughout the year in accordance with an agreed plan to ensure material internal controls are in place. The Audit Committee approves the audit plans, reviews the audit findings and follows up on implementation plans. The Audit Committee also evaluates the adequacy of the Internal Audit function annually.

The Internal Audit function of the Astra group is similar to that mentioned in the preceding paragraph and is performed by the various internal audit units which report to the respective boards of commissioners within the Astra group. The internal audit department of Astra's parent company provides advice and support to these various internal audit units to ensure alignment, adequate coverage and consistent standards. The Audit Committee receives quarterly reports on internal audit plans, audit findings and implementation plans from the Astra group.

EXTERNAL AUDIT

The Audit Committee reviews and approves audit plans for external audit. It meets with the external auditors to discuss significant accounting and auditing issues arising from their audit, other audit findings and recommendations. The Audit Committee recommends to the Board on the re-appointment of the external auditors, approves their remuneration and terms of engagement, and ensures that Rules 712 and 715 of the Singapore Exchange Securities Trading Limited's Listing Manual are complied with.

The Audit Committee meets with both internal and external auditors annually without the presence of management to discuss any matters that the Audit Committee or auditors believe should be discussed privately.

REVIEW OF RESULTS ANNOUNCEMENTS

Prior to the completion and announcement of the quarterly and full year results, the Audit Committee and the senior management review the Group's financial information to ensure that it is properly presented and that appropriate accounting policies have been applied in the preparation of financial information.

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

INTERESTED PERSON TRANSACTIONS

The interested person transactions ("**IPTs**") entered or proposed to be entered into during the year as recorded in the Register of IPTs (excluding transactions less than S$100,000) were approved in accordance with the Group's procedures for such transactions.

The Company has in place an annual general mandate of IPTs approved by shareholders at the annual general meeting. The general mandate enabled companies within the Group to enter into approved categories of transactions with interested persons, provided that such transactions were on normal commercial terms in the ordinary course of business and would not be prejudicial to the interests of the Company and its minority shareholders. The transactions would also have to comply with the approved review procedures.

All IPTs entered into pursuant to the general mandate were reviewed by the internal auditors of the Company as part of its annual audit plan.

For 2017, the following interested person transactions were entered into:

	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) US$m	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) US$m
Jardine Matheson Limited – management support services	–	4.2
Jardine Lloyd Thompson PCS Pte Ltd – purchase of a used car	–	0.1
Jardine Matheson (Singapore) Ltd – rental of premises	–	0.1
JLT Specialty Pte Ltd – insurance brokerage services	–	0.2
Jardine Lloyd Thompson Limited – insurance brokerage services	–	0.1
PT Hero Supermarket Tbk – transportation services	–	0.5
Unicode Investments Limited – subscription of shares in a joint venture	17.1	–
PT Astra Land Indonesia – subscription of shares by a subsidiary	17.1	–
	34.2	5.2

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

NON-AUDIT SERVICES BY EXTERNAL AUDITORS

The Audit Committee reviewed the range and value of non-audit services provided by the external auditors and was satisfied that the provision of such services had not affected the independence of the external auditors. The breakdown of the 2017 fees is as follows:

	US$m
Total fees for audit services	6.5
Total fees for non-audit services	0.8
Total fees	7.3

The Company has complied with Rules 712 and 715 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited with regards to the auditing firms.

RISK MANAGEMENT REVIEW

The Group has a formal risk management process to identify, evaluate and manage significant risks impacting the Group. The process is supported by a policy as well as detailed procedures, methodologies, evaluation criteria and documentation requirements with the aim of ensuring clarity and consistency of application across the Group. These procedures and methodologies are regularly reviewed to include new elements that aim at enhancing the reporting process in order to make it more comprehensive, of greater value to the Audit Committee and in line with current best practices.

Management is required to comprehensively identify and assess significant risks in terms of the likelihood of occurrence, magnitude and speed of impact. Management is also required to identify and evaluate the adequacy and implementation of mechanisms to manage, mitigate, avoid or eliminate these risks. The process encompasses assessments and evaluations at business unit level before being examined at the Group level.

The Risk Registers are updated biannually and a Risk Management Report is presented to the Audit Committee on the significant risks, measures taken by management to address them and residual risk exposures impacting the Group.

The following were classified as major residual risk exposures for 2017:

1. DEPENDENCE ON INVESTMENT IN ASTRA

Astra is the major contributor to the Group's earnings and represents a significant proportion of the Group's total assets. Consequently, any adverse changes in Astra or in the political, social or economic situation in Indonesia will in turn have a significant impact on the Group's earnings and total assets. Such adverse changes include changes in laws, regulations and policies by the Indonesian or other foreign governments, any termination of or material changes to key licensing and distribution agreements between Astra and its strategic partners or any pricing actions Astra may have to take in response to competition which have a material adverse impact on Astra's financial performance.

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

2 TERRORIST ATTACKS, OTHER ACTS OF VIOLENCE AND NATURAL DISASTERS

Terrorist attacks, other acts of violence and natural disasters may directly impact the Group's physical facilities or those of its suppliers and customers and have an adverse impact on the Group's earnings and total assets. Such risks cannot be totally eliminated. However, the Group takes up appropriate mitigating measures such as procuring appropriate insurance as part of its risk management.

3. OUTBREAK OF CONTAGIOUS OR VIRULENT DISEASES

A pandemic outbreak or the spread of contagious or virulent diseases such as severe acute respiratory syndrome or avian influenza may result in quarantine restrictions on the Group's staff, suppliers and customers and limit access to facilities. These could have a significant negative impact on the Group's earnings and total assets.

4. COMPETITION, ECONOMIC CYCLE, COMMODITY PRICES AND GOVERNMENT REGULATIONS

The Group faces competition in each of its businesses, and more so now with technological innovation. If the Group is unable to compete successfully against its existing competitors or new entrants to the industries in which it operates, its business, financial condition and results of operations will be adversely affected.

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

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

The Group's businesses are impacted by government regulations and policies relevant to the respective industries and territories. Free trade agreements may also result in increased competition which may have an adverse effect on the Group's earnings and total assets.

5. EXCLUSIVE BUSINESS ARRANGEMENTS

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

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

6. FINANCIAL RISK

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity markets, foreign currency exchange rates and interest rates. It manages its exposure to financial risks by using a variety of techniques and instruments.

The Group has an internal policy which prohibits speculative transactions to be undertaken and only enters into derivative financial instruments in order to hedge underlying exposures. The objective is to provide a degree of certainty on costs. The investment of the Group's surplus cash resources is managed so as to minimise credit risk while seeking to enhance yield. The steps taken by the Group to manage its exposure to financial risks are set out in further detail under Financial Risk Management on page 79, Note 2.32 to the Financial Statements. The Group also has a system of internal controls as described in this report.

Notwithstanding the risk management policies of the Group, any unanticipated fluctuations in debt and equity market prices, foreign currency exchange rates and interest rates may have an adverse effect on the Group's earnings and total assets.

RIGHTS OF SHAREHOLDERS

SHAREHOLDER PARTICIPATION AND VOTE IN SHAREHOLDERS' MEETINGS

Shareholders are informed of shareholders' meetings through notices which are sent to all shareholders in advance of the meetings. The notices contain the meeting agenda and are accompanied by explanatory notes, reports or circulars containing detailed information on each of the agenda items. All such information is also available on the Company's website at www.jcclgroup.com, and notices of meetings are also published in the newspapers.

At the shareholders' meetings, each specific matter is proposed as a separate resolution and shareholders are given the opportunity to raise questions on each of the motions. All relevant questions, answers and comments are recorded in substantial detail in the meeting minutes, which are available to shareholders upon request.

At every AGM, shareholders have the opportunity to approve the remuneration for non-executive directors, including any increases in such remuneration, as well as to vote for directors who are required to stand for re-election every three years.

The Company has been carrying out poll voting for all its resolutions at its AGMs for several years now. The poll voting is conducted electronically by an external service provider, under the scrutiny of an independent scrutineer. The scrutineer explains the voting and vote tabulation procedure to the meeting prior to the start of the voting process. For greater transparency, votes cast for and against each resolution, and the respective percentages, are immediately tallied and displayed 'live-on-screen' to shareholders at the meeting. The scrutineer is present throughout the meeting to ensure that the voting exercise is conducted properly and signs off on the results of the voting.

After the meeting, the Company releases a detailed announcement via SGXNET showing the vote results in terms of number of votes cast for and against each resolution and the respective percentages. This is also available on the Company's website at www.jcclgroup.com.

If any shareholder is unable to attend the meeting, he/she is allowed under the Company's Constitution to appoint up to two proxies to vote on his/her behalf at the meeting. Proxy forms are sent in advance to all shareholders with clear instructions on how they should be completed and returned to the Company and the relevant deadline.

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

For the AGM held in 2017, the Chairman of the Board, the Group Managing Director and the respective chairmen of the Audit, Nominating and Remuneration Committees were all present in person to address shareholders' queries. All the other Directors were also present, except for one who was retiring at the meeting, as well as the external auditors.

DIVIDEND PAYMENT

In 2017, the Company made two dividend payments to all shareholders; the final dividend of US$0.56 per share on 27th June 2017 and an interim dividend of US$0.18 per share on 6th October 2017. For each of the dividend payments, a S$ currency election was offered to all shareholders as an alternative and the dividends were paid within 25 market days after the books closure date to cater for the currency election.

MANAGEMENT OF CONFLICTS OF INTEREST AND INTERESTED PERSON TRANSACTIONS

At Board meetings, the Directors regularly disclose any updates to their directorships and major appointments in other companies and organisations as part of their disclosure of interests to address any potential conflict of interest situation. In addition, the Directors are required to disclose any specific interest they may have in any particular transaction being contemplated by the Company. Depending on the nature of the interest, the Director would abstain from voting on the resolution and might also recuse himself or herself from Board discussions.

The Company has guidelines in place to ensure that IPTs are conducted fairly and on arm's length basis, and there are procedures for the review and approval of IPTs. Please refer to the Interested Person Transactions section at page 41 for further details.

INSTITUTIONAL INVESTORS

An analysis of the Company's share register carried out on 5th June 2017 showed that more than 5% of its share ownership were held by institutional investors other than its controlling shareholder.

ENGAGEMENT OF STAKEHOLDERS

COMMUNITY ENGAGEMENT

The Company strives to be an active partner of the community through corporate social responsibility initiatives, and in particular, it has a philanthropic focus on mental health. Please refer to the Sustainability & Community section of this Annual Report at page 46 for further details.

ANTI-CORRUPTION

The Company takes a firm stance on anti-corruption practices. It has a Corporate Code of Conduct that sets out policies on illicit payments and gifts, favours and entertainment. These policies apply to all employees and they undergo regular training on the Code of Conduct to ensure that they understand and are reminded of the principles under the code.

Employees can also report on matters of serious concern on an anonymous basis under the Company's whistle-blowing policy which is further elaborated on below.

WHISTLE-BLOWING POLICY

The Company encourages the early reporting of matters of serious concern which may affect the professional and compliant operation of its businesses and reputation. Its whistle-blowing policy comes under the purview of the Audit Committee to ensure independent investigation and appropriate follow-up action on any concerns raised. Reports can be made on an anonymous basis, and employees can report directly to the designated director, being the Group General Counsel, or the Group Managing Director if they feel unable to raise concerns within normal reporting lines. Employees can also report directly to the Jardine Matheson Group General Counsel.

HEALTH, SAFETY AND WELFARE OF EMPLOYEES

The Company has numerous policies relating to the health, safety and welfare of its employees covering topics such as medical (outpatient) treatment, insurance and work injury compensation, fire safety, emergency response teams, uniform and safety shoes, and grievance procedure.

SECURITIES DEALING POLICY

The Company has in place an internal compliance policy on dealings in securities by directors and employees who, by the nature of their position within the Company, are deemed to be in possession of unpublished material price sensitive information. The policy incorporates the best practices on the subject issued by the Singapore Exchange Securities Trading Limited. Under the policy, directors cannot deal in the shares of the Company without prior approval of the Board. In addition, directors and employees are to refrain from dealings in securities at any time while in possession of unpublished material price sensitive information, on short term considerations, and during closed periods which are from two weeks before, and up to, the date of announcement of the Company's financial results for each of the first three quarters of its financial year, and from one month before, and up to, the date of announcement of the Company's full year results, and such other closed periods as may be notified by the Company from time to time.

DISCLOSURE AND TRANSPARENCY

INFORMATION IN THE ANNUAL REPORT

Key information on the directors' direct and indirect (deemed) shareholding in the Company and its related corporations can be found on pages 50 to 51 of this Annual Report.

Financial performance indicators and highlights of the Company can be found on pages 2 to 3 of this Annual Report.

Information on key risks (including operational risks), and the risk assessment and management process, can be found on pages 42 to 43 of this Annual Report.

Please refer to the Interested Person Transactions section at page 41 for further details on interested person transactions, including the identity of related parties and the nature and value of the transactions.

Key information regarding the directors relating to their academic and professional qualifications, date of first appointment as director, date of last re-appointment, directorships or chairmanships both present and those held over the preceding three years in other listed companies, and other principal commitments can be found on pages 25 to 29 of this Annual Report.

Please refer to the Financial Calendar in this Annual Report for our results announcement dates in 2017 and proposed results announcement dates for financial year ending 31st December 2018.

INVESTOR RELATIONS, MEDIUM OF COMMUNICATION AND RESULTS BRIEFINGS

Shareholders receive regular and timely communication from the Company through announcements on the SGXNET, which are contemporaneously posted on the Company's website, www.jcclgroup.com, as well as quarterly and year-end reporting of its results. Such results are also available on the same website under the "Investor Relations" section and provide shareholders and the public with regular updates on the financial performance, position and prospects of the Company.

Announcements to be released via SGXNET contain adequate information as per the Singapore Exchange Securities Trading Limited's Listing Manual requirements and guidelines. The Company ensures that the announcements are prepared by persons who are familiar with these requirements, which includes the finance and legal teams and external lawyers, and the Board delegates authority to senior management to approve the final drafts for release.

The Company meets once a year with analysts after the announcement of its full year results to brief them on the results, and uses the opportunity to gather views and address issues or concerns. A similar meeting may also be scheduled after the announcement of its half year results, if considered appropriate. The Company also meets with institutional investors on an ad hoc basis as part of its efforts to directly engage with shareholders and to gather feedback or address specific concerns. It also participates in investor roadshows and investors' day briefings. Designated management spokespersons are present at such meetings. They include the Group Managing Director, Group Finance Director and Company Secretary.

The Company has a dedicated "Investor Relations" section on its website, www.jcclgroup.com, which provides relevant information for investors. Materials given out during analysts briefings and investor relations' meetings are also made available in that section. The section has an investor relations contact, and the Company will respond to emails typically within the next working day.

The Company's Annual Report is sent to all shareholders prior to the Annual General Meeting, and copies of the present Annual Report and those of the last four years are available on the Company's website at www.jcclgroup.com.

The Company's website also contains useful up-to-date information about the Company, including the group corporate structure and its various business interests.

SUSTAINABILITY & COMMUNITY

Jardine Cycle & Carriage ("JC&C") will be publishing its first sustainability report in 2018. It covers the period 1st January to 31st December 2017. The report adheres to the Singapore Exchange Securities Trading Limited's Listing Rule 711A on preparing an annual sustainability report which describes our sustainability practices with reference to the primary components set out in Listing Rule 711B. The report is prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards: Core.

The sustainability of our businesses is closely intertwined and seeks to be aligned with the development of the communities in which we operate. Headquartered in Singapore, JC&C's community initiatives in Singapore are primarily focused on mental health, an area that is under-served and lacks meaningful support from the private sector.

Our subsidiaries and associates operate in several countries of Southeast Asia and are active in contributing to various educational, healthcare and environmental programmes in their respective communities. These are covered in detail in their respective annual and sustainability reports.

A RECOGNISED CORPORATE PARTNER IN MENTAL HEALTH

MINDSET HIGHLIGHTS

- Won "Charity Transparency Award" conferred by the Charity Council for the second consecutive year
- Invited and participated in the prestigious National Volunteer & Philanthropy Centre's ("NVPC") "Company of Good Fellowship" programme

Since 2011, JC&C adopted the Jardine Matheson Group's philanthropic initiative, MINDSET, which was originally established in Hong Kong to make a difference in mental health. MINDSET Care Limited ("MINDSET") is a registered charity in Singapore that aims to change people's attitudes by raising awareness of mental health issues as well as providing direct assistance for individuals, families and organisations in need.

MINDSET is focused on combating the social stigma surrounding mental health issues by building understanding. It also seeks to support the social

* Since MINDSET Learning Hub started operations in October 2016.

reintegration of people with mental health issues through employment opportunities and social enterprise initiatives, as well as fund raising and allocating resources to related projects and programmes.

JC&C is committed to providing manpower support, resources, expertise and funding to contribute positively and effectively to the mental health community through MINDSET. JC&C Group Managing Director, Alexander Newbigging, serves as the Chairman of the Board and Steering Committee of MINDSET. The Steering Committee is made up of the business heads of Jardine Matheson companies in Singapore. JC&C also provides and fully funds communications, corporate secretariat, finance and legal support to MINDSET. In addition, 28 JC&C employees have served or are currently serving a two-year tenure as Jardine Ambassadors to organise activities and programmes for MINDSET.

Contributions from the Jardine Matheson Group include:

2011-2017	JC&C	Jardine Matheson Group#
Total donations*	S$1.3 million	S$5 million
No. of employee volunteers	28	147
No. of employee volunteer hours	c. 6,300 hrs	c. 30,700 hrs

* Including contributions to MINDSET
# Including business associates and employees

During the year, MINDSET has seen significant milestones including winning the Charity Transparency Award for the second consecutive year, for its exemplary disclosure and governance in Singapore.

In addition, Jardine Matheson Group was invited to participate in NVPC's "Company of Good Fellowship" programme. The programme seeks to develop a community of leaders to strengthen Singapore's corporate giving ecosystem. Through the participation of a JC&C representative, Jardine Matheson Group sought to serve the community as a leader in the field of mental health and to create a multiplier effect by encouraging others in corporate giving.

SOCIAL REINTEGRATION THROUGH EMPLOYMENT

The Jardine Matheson Group believes in the social reintegration of people with mental illness, and providing job placement opportunities is one of the means to achieve this. To that end, MINDSET has successfully placed 122 mental health clients into jobs across the Jardine Matheson Group since 2011. In 2017, 39 clients were provided job placements, two of whom were placed in JC&C.

In 2016, MINDSET partnered the Singapore Association for Mental Health to set up MINDSET's flagship project, MINDSET Learning Hub ("MLH"). With MINDSET's funding pledge of S$2 million, the hub is Singapore's first and only job training and placement centre that provides Workforce Skills Qualifications ("WSQ") and non-WSQ trainings to persons with mental health issues. Since its launch in October 2016, MLH has been providing clients with the skill sets to tap employment opportunities and reintegrate into the workforce. In 2017, MLH successfully trained 164 mental health clients and provided 105 job placements in the workforce.

In May 2017, MLH Café, which is located within the training centre's premises, started operations. The café serves as a platform for mental health clients undergoing the WSQ food hygiene course to gain first-hand experience in food preparation and customer service under the guidance of a certified trainer. The café is also an outreach for raising awareness on mental health and is growing into a successful social enterprise initiative.

RAISING FUNDS FOR MENTAL HEALTH

In November 2017, The MINDSET Challenge & Carnival raised a record amount of S$394,000 for MLH. The event has raised some S$1.7 million for different mental health projects since it started in 2012.

The 33-floor vertical race up Marina Bay Financial Centre Tower 1 attracted over 200 race participants while the carnival across at The Lawn @ Marina Bay saw 2,000 attendees. The event provided an opportunity for employees, families and friends, business partners and mental health clients to interact over food and games. JC&C employees actively participated in the vertical race and craftwork sessions with mental health clients at the carnival, as well as donated to the cause.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Benjamin Keswick	Chairman
Boon Yoon Chiang	Deputy Chairman
Alexander Newbigging*	Group Managing Director
Adrian Teng*	Group Finance Director
Chang See Hiang+	
Mark Greenberg	
Hassan Abas#	
Michael Kok+	
Mrs Lim Hwee Hua+	
Vimala Menon+	
Dr Marty Natalegawa+	
Anthony Nightingale+	
James Watkins+	

AUDIT COMMITTEE

Hassan Abas#	Chairman
Boon Yoon Chiang	
Chang See Hiang+	
Mark Greenberg	
Mrs Lim Hwee Hua+	
Vimala Menon+	
James Watkins+	

NOMINATING COMMITTEE

Chang See Hiang+	Chairman
Hassan Abas#	
Benjamin Keswick	

REMUNERATION COMMITTEE

James Watkins+	Chairman
Chang See Hiang+	
Hassan Abas#	
Benjamin Keswick	

GROUP COMPANY SECRETARY

Jeffery Tan

REGISTERED OFFICE

239 Alexandra Road
Singapore 159930
Telephone: (65) 6473 3122
Fascimile: (65) 6475 7088
Website: www.jcclgroup.com

AUDITORS

PricewaterhouseCoopers LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936
Partner-in-charge: Soh Kok Leong
Appointment: 2017

REGISTRAR

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

* Executive Director
\+ Independent Director
\# Lead Independent Director

Information as at 22nd March 2018

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors of Jardine Cycle & Carriage Limited present their statement to the members together with the audited financial statements for the financial year ended 31st December 2017.

In the opinion of the directors,

(a) the accompanying financial statements set out on pages 57 to 140 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company at 31st December 2017, the financial performance and the changes in equity of the Group and of the Company and the cash flows of the Group for the financial year then ended; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1. DIRECTORS

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

Benjamin Keswick (Chairman)
Boon Yoon Chiang (Deputy Chairman)#
Alexander Newbigging (Group Managing Director)
Adrian Teng (Group Finance Director)
Chang See Hiang#
Mark Greenberg#
Hassan Abas#
Michael Kok
Mrs Lim Hwee Hua#
Vimala Menon (appointed on 23rd April 2017)#
Dr Marty Natalegawa
Anthony Nightingale
James Watkins#

\# Audit Committee member.

2. DIRECTORS' INTERESTS

As at 31st December 2017 and 1st January 2017, the directors of the Company had interests set out below in the ordinary shares of the related companies. These were direct interests except where otherwise indicated:

Name of director/ Par value per share	Jardine Matheson US\$0.25	Jardine Strategic US\$0.05	Dairy Farm US\$0.05 5/9	Astra International Rp50	Hongkong Land US\$0.10
As at 31st December 2017					
Benjamin Keswick	3,544,385 39,512,403*	–	–	–	–
Michael Kok	–	–	282,888	–	–
Anthony Nightingale	1,186,780	18,507	34,183	6,100,000	2,184
James Watkins	50,000	–	–	–	–
Mark Greenberg	82,478	–	–	–	–
As at 1st January 2017					
Benjamin Keswick	2,760,935 40,516,428*	–	–	–	–
Michael Kok	–	–	282,888	–	–
Anthony Nightingale	1,186,780	18,374	34,183	6,100,000	2,184
James Watkins	50,000	–	–	–	–
Mark Greenberg	43,678	–	–	–	–

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

2. DIRECTORS' INTERESTS (continued)

In addition:

(a) At 31st December 2017, Benjamin Keswick, Alexander Newbigging, Adrian Teng and Mark Greenberg held options in respect of 240,000 (1.1.17: 290,000), 90,000 (1.1.17: 40,000), 48,334 (1.1.17: 48,334) and 90,000 (1.1.17: 190,000) ordinary shares, respectively, in Jardine Matheson issued pursuant to that company's Senior Executive Share Incentive Schemes.

(b) At 31st December 2017 and 1st January 2017, Benjamin Keswick and Mark Greenberg, and at 31st December 2017, Alexander Newbigging, had deemed interests in 35,915,991 ordinary shares in Jardine Matheson as discretionary objects under the 1947 Trust, the income of which is available for distribution to senior executive officers and employees of Jardine Matheson and its wholly-owned subsidiaries.

No person who was a director of the Company at the end of the financial year had an interest in any shares or debentures of the Company either at the beginning or end of the financial year or on 21st January 2018.

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

3. AUDIT COMMITTEE

In relation to the financial statements of the Group and the Company for the financial year ended 31st December 2017, the Audit Committee reviewed the audit plans and scope of the audit examination of the internal and external auditors of the Company. The internal and external auditors' findings on the internal controls of the companies within the Group and management's response to these findings were also discussed with the internal and external auditors and management. The Audit Committee's activities included a review of the financial statements of the Group and the Company for the financial year ended 31st December 2017 and the reports of the external auditors thereon. The Audit Committee has had four meetings since the report of the previous financial year.

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

4. SHARE OPTIONS

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

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

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

5. AUDITORS

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

On behalf of the directors

Benjamin Keswick
Director

Hassan Abas
Director

Singapore
14th March 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Jardine Cycle & Carriage Limited (Incorporated in Singapore) and subsidiaries

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying consolidated financial statements of Jardine Cycle & Carriage Limited (the "Company") and its subsidiaries (the "Group") and the profit and loss account, the statement of comprehensive income, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31st December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the financial performance and changes in equity of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated profit and loss account of the Group for the year ended 31st December 2017;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated balance sheet of the Group as at 31st December 2017;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the profit and loss account of the Company for the year then ended;
- the statement of comprehensive income of the Company for the year then ended;
- the balance sheet of the Company as at 31st December 2017;
- the statement of changes in equity of the Company for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Our Audit Approach

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

Our Audit Approach (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31st December 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of investment in an associate – Siam City Cement Public Company Limited ("SCCC") *Refer to Note 2.33 (Critical accounting estimates and judgements) and Note 16 (Interests in associates and joint ventures) to the financial statements.* As at 31st December 2017, the Group has 25.5% interest in SCCC, an associate listed on the Stock Exchange of Thailand, with a carrying amount of US$728.6 million. Management undertook an impairment assessment on the basis that the carrying amount of the investment in SCCC as at 31st December 2017 was higher than its fair value based on prevailing market share price. The determination of the recoverable amount requires significant judgements by management, particularly management's view on key internal inputs and external market conditions which impact future cash flows, discount rates and long-term growth rates. Based on management's assessment, as the recoverable amount determined using value-in-use computation is higher than the carrying amount of the investment, no impairment charge was recognised.	We evaluated the key controls over the impairment assessment process, including identification of indicators of impairment and appropriateness of the key inputs used in the valuation models. With the support of our valuation specialists, we assessed the appropriateness of the methodology used, and benchmarked and challenged key assumptions in management's valuation models used to determine the recoverable amount. This included assumptions of projected profit of businesses, expected levels of capital expenditure, long-term growth rates and discount rates appropriate for the countries under review, using external data as well as our knowledge and experience. We tested the discounted cash flow models used by management in their assessment, re-performed the calculations to check their accuracy, compared historical budgeted performance against actual results and agreed the figures used to the detailed country-specific Board approved budgets to assess the reasonableness of the cash flows used in the models. We compared the discount rates and growth rates used to the range of typical rates used in similar businesses, considering whether management had incorporated all relevant macro-economic and country-specific factors, as well as those specific to SCCC, in their determination of discount rates. We also tested management's historical estimation accuracy by comparing previous projected growth rates to the actual growth achieved. Where differences were noted we understood management's rationale and performed procedures to obtain the evidence, such as actual recent performance, to support management's estimate. We evaluated the sensitivity analysis performed by management and, in addition, performed our independent sensitivity analysis on the above key assumptions, considering a range of alternative outcomes to determine the sensitivity of the valuation models to changes in assumptions. Based on our work performed, we found that the judgements made by management to determine the discount rates, long-term growth rates and valuation models were reasonable.

INDEPENDENT AUDITOR'S REPORT (continued)

To the members of Jardine Cycle & Carriage Limited (Incorporated in Singapore) and subsidiaries

Our Audit Approach (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of consumer financing debtors *Refer to Note 2.33 (Critical accounting estimates and judgements) and Note 20 (Financing debtors) to the financial statements.* As at 31st December 2017, the total amount due from consumer financing debtors of the Group amounted to US$4,354.0 million, inclusive of an allowance for impairment of US$196.9 million, held primarily through two subsidiaries of the Group, PT Astra Sedaya Finance and PT Federal International Finance. Assessing the allowance for impairment of the amounts due from consumer financing debtors requires management to make complex and subjective judgements over both the timing of recognition and estimation of the amount of impairment required. Allowances for impairment are calculated on a collective basis for large homogeneous portfolios using models driven by a number of observable inputs and management assumptions. Assumptions and parameters used in the calculations are based on historical data and current customer credit data and include the delinquency status of the borrowers.	We evaluated the design and tested the key controls over the credit review and approval process over the granting of loans, segmentation of the portfolio of loans, identification and monitoring of loans that were impaired, and calculation of the appropriate allowances for impairment. We also understood how management identified impairment events and management's basis for determining whether a loan is impaired and assessed the reasonableness of that basis using information obtained through discussions with management, our understanding of the Group's lending portfolios and our broader industry knowledge. In considering the appropriateness of allowances for impairment, we assessed whether higher risk loans had been appropriately considered and challenged management on their key areas of judgement, in particular how they segmented the portfolio of financing debtors, the period of historical loss data used and estimated market value for collaterals held based on our understanding of the counterparties and current market conditions. We also assessed the models used and the assumptions applied by management, such as the basis on which the probability of default is calculated and the loss given default is estimated, and how these compared with historical data, adjusting for current market conditions and trends. We challenged management on whether historical experience was representative of current circumstances and of the recent losses incurred in the portfolios. Based on our procedures, management's assumptions are supported by historical data and within a reasonable range based on actual loss rate data. We tested the completeness and accuracy of the consumer loan data from underlying systems that are used in the calculations and models to determine the impairment allowances and re-performed the allowance calculations independently. Where differences between our re-computation and management's allowances were noted, we understood the basis of the differences and performed procedures to obtain the evidence to determine the reasonableness of those differences. Based on our work performed, we found that the key assumptions and the data used in calculating allowances for impairment were supportable based on available evidence.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages 50 to 51 but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the other sections of the annual report (the "Other Sections"), which are expected to be made available to us after that date.

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT (continued)

To the members of Jardine Cycle & Carriage Limited (Incorporated in Singapore) and subsidiaries

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Soh Kok Leong.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore
14th March 2018

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2017

	Notes	2017 US$m	2016 US$m
Revenue	3	**17,701.2**	15,764.0
Net operating costs	4	**(15,938.3)**	(14,264.3)
Operating profit		**1,762.9**	1,499.7
Financing income		**111.6**	93.3
Financing charges		**(158.3)**	(132.4)
Net financing charges	6	**(46.7)**	(39.1)
Share of associates' and joint ventures' results after tax	16	**578.2**	379.9
Profit before tax		**2,294.4**	1,840.5
Tax	7	**(488.9)**	(343.0)
Profit after tax		**1,805.5**	1,497.5
Profit attributable to:			
Shareholders of the Company		**811.2**	701.7
Non-controlling interests		**994.3**	795.8
		1,805.5	1,497.5

		US¢	US¢
Earnings per share:			
- basic	9	**205**	178
- diluted	9	**205**	178

The notes on pages 67 to 140 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2017

	Notes	2017 US$m	2016 US$m
Profit for the year		**1,805.5**	1,497.5
Items that will not be reclassified to profit and loss:			
Asset revaluation reserve			
– surplus during the year		**5.6**	107.1
Remeasurements of defined benefit pension plans		**(20.8)**	34.5
Tax relating to items that will not be reclassified	7	**5.0**	(8.2)
Share of other comprehensive expense of associates and joint ventures, net of tax		**(13.8)**	(0.6)
		(24.0)	132.8
Items that may be reclassified subsequently to profit and loss:			
Translation differences			
– gain/(loss) arising during the year		**(28.1)**	229.5
Available-for-sale investments			
– gain arising during the year	17	**171.5**	16.7
– transfer to profit and loss		**(9.6)**	0.3
		161.9	17.0
Cash flow hedges			
– Loss arising during the year		**(26.7)**	(219.2)
– transfer to profit and loss		**13.0**	189.0
		(13.7)	(30.2)
Tax relating to items that may be reclassified	7	**2.9**	8.4
Share of other comprehensive expense of associates and joint ventures, net of tax		**(25.3)**	(3.7)
		97.7	221.0
Other comprehensive income for the year		**73.7**	353.8
Total comprehensive income for the year		**1,879.2**	1,851.3
Attributable to:			
Shareholders of the Company		**967.5**	855.4
Non-controlling interests		**911.7**	995.9
		1,879.2	1,851.3

The notes on pages 67 to 140 form an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

As at 31st December 2017

	Notes	2017 US$m	2016 US$m
Non-current assets			
Intangible assets	10	**1,079.5**	972.3
Leasehold land use rights	11	**625.0**	620.4
Property, plant and equipment	12	**3,410.2**	2,978.5
Investment properties	13	**618.6**	460.2
Bearer plants	14	**498.0**	496.8
Interests in associates and joint ventures	16	**4,302.9**	3,738.5
Non-current investments	17	**1,973.3**	487.8
Non-current debtors	21	**2,827.1**	2,691.6
Deferred tax assets	26	**320.2**	291.2
		15,654.8	12,737.3
Current assets			
Current investments	17	**22.7**	65.2
Properties for sale	18	**254.0**	-
Stocks	19	**1,657.9**	1,548.4
Current debtors	21	**5,155.3**	4,636.7
Current tax assets		**120.5**	136.9
Bank balances and other liquid funds			
– non-financial services companies		**2,398.7**	2,237.2
– financial services companies		**241.1**	228.5
	22	**2,639.8**	2,465.7
		9,850.2	8,852.9
Total assets		**25,505.0**	21,590.2
Non-current liabilities			
Non-current creditors	23	**170.8**	156.7
Non-current provisions	24	**113.7**	97.6
Long-term borrowings			
– non-financial services companies		**845.8**	349.9
– financial services companies		**1,486.7**	1,517.5
	25	**2,332.5**	1,867.4
Deferred tax liabilities	26	**212.9**	188.0
Pension liabilities	27	**262.2**	215.9
		3,092.1	2,525.6

The notes on pages 67 to 140 form an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET (continued)
As at 31st December 2017

	Notes	2017 US$m	2016 US$m
Current liabilities			
Current creditors	23	**4,223.5**	3,363.6
Current provisions	24	**87.2**	85.7
Current borrowings			
– non-financial services companies		**2,371.7**	1,178.6
– financial services companies		**2,154.1**	2,264.6
	25	**4,525.8**	3,443.2
Current tax liabilities		**135.4**	95.7
		8,971.9	6,988.2
Total liabilities		**12,064.0**	9,513.8
Net assets		**13,441.0**	12,076.4
Equity			
Share capital	28	**1,381.0**	1,381.0
Revenue reserve	29	**6,012.8**	5,508.7
Other reserves	30	**(966.9)**	(1,135.1)
Shareholders' funds		**6,426.9**	5,754.6
Non-controlling interests	31	**7,014.1**	6,321.8
Total equity		**13,441.0**	12,076.4

The notes on pages 67 to 140 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31st December 2017

		Attributable to shareholders of the Company							
	Notes	Share capital US$m	Revenue reserve US$m	Asset revaluation reserve US$m	Translation reserve US$m	Fair value and other reserves US$m	Total US$m	Attributable to non-controlling interests US$m	Total equity US$m
2017									
Balance at 1st January		**1,381.0**	**5,508.7**	**400.4**	**(1,546.7)**	**11.2**	**5,754.6**	**6,321.8**	**12,076.4**
Total comprehensive income		**–**	**799.3**	**2.0**	**25.0**	**141.2**	**967.5**	**911.7**	**1,879.2**
Dividends paid by the Company	8	**–**	**(294.2)**	**–**	**–**	**–**	**(294.2)**	**–**	**(294.2)**
Dividends paid to non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**(397.7)**	**(397.7)**
Issue of shares to non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**67.8**	**67.8**
Change in shareholding		**–**	**(1.0)**	**–**	**–**	**–**	**(1.0)**	**(2.6)**	**(3.6)**
Acquisition of subsidiaries		**–**	**–**	**–**	**–**	**–**	**–**	**105.4**	**105.4**
Others		**–**	**–**	**–**	**–**	**–**	**–**	**7.7**	**7.7**
Balance at 31st December		**1,381.0**	**6,012.8**	**402.4**	**(1,521.7)**	**152.4**	**6,426.9**	**7,014.1**	**13,441.0**
2016									
Balance at 1st January		1,381.0	5,065.3	347.0	(1,642.1)	14.9	5,166.1	5,560.9	10,727.0
Total comprehensive income		–	710.3	53.4	95.4	(3.7)	855.4	995.9	1,851.3
Dividends paid by the Company	8	–	(270.1)	–	–	–	(270.1)	–	(270.1)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(360.5)	(360.5)
Issue of shares to non-controlling interest		–	–	–	–	–	–	117.5	117.5
Change in shareholding		–	4.1	–	–	–	4.1	4.3	8.4
Others		–	(0.9)	–	–	–	(0.9)	3.7	2.8
Balance at 31st December		1,381.0	5,508.7	400.4	(1,546.7)	11.2	5,754.6	6,321.8	12,076.4

The notes on pages 67 to 140 form an integral part of the financial statements.

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2017

	Notes	2017 US$m	2016 US$m
Revenue	3	**430.7**	347.2
Net operating costs	4	**(3.5)**	(23.0)
Operating profit		**427.2**	324.2
Financing income		**0.6**	0.9
Financing charges		**(4.3)**	(0.3)
Net financing (charges)/income	6	**(3.7)**	0.6
Profit before tax		**423.5**	324.8
Tax	7	**(28.9)**	(28.7)
Profit after tax		**394.6**	296.1

The notes on pages 67 to 140 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2017

	Notes	2017 US$m	2016 US$m
Profit for the year		**394.6**	296.1
Items that may be reclassified subsequently to profit and loss:			
Translation difference			
– gain/(loss) arising during the year		**181.6**	(48.4)
Available-for-sale investment			
– gain arising during the year	17	**–**	1.2
– transfer to profit and loss		**(4.7)**	–
Other comprehensive income/(expense) for the year		**176.9**	(47.2)
Total comprehensive income for the year		**571.5**	248.9

The notes on pages 67 to 140 form an integral part of the financial statements.

BALANCE SHEET
As at 31st December 2017

	Notes	2017 US$m	2016 US$m
Non-current assets			
Property, plant and equipment	12	**34.6**	32.0
Interests in subsidiaries	15	**1,325.6**	1,226.6
Interests in associates and joint ventures	16	**983.9**	776.7
Non-current investment	17	**–**	11.0
		2,344.1	2,046.3
Current assets			
Current debtors	21	**1,403.6**	42.8
Bank balances and other liquid funds	22	**96.5**	154.1
		1,500.1	196.9
Total assets		**3,844.2**	2,243.2
Non-current liabilities			
Deferred tax liabilities	26	**6.2**	5.6
		6.2	5.6
Current liabilities			
Current creditors	23	**80.8**	20.5
Current borrowings	25	**1,262.8**	–
Current tax liabilities		**1.7**	1.7
		1,345.3	22.2
Total liabilities		**1,351.5**	27.8
Net assets		**2,492.7**	2,215.4
Equity			
Share capital	28	**1,381.0**	1,381.0
Revenue reserve	29	**754.6**	654.2
Other reserves	30	**357.1**	180.2
Total equity		**2,492.7**	2,215.4

The notes on pages 67 to 140 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31st December 2017

	Notes	Share capital US$m	Revenue reserve US$m	Translation reserve US$m	Fair value reserve US$m	Total equity US$m
2017						
Balance at 1st January		**1,381.0**	**654.2**	**175.5**	**4.7**	**2,215.4**
Total comprehensive income		**–**	**394.6**	**181.6**	**(4.7)**	**571.5**
Dividends paid	8	**–**	**(294.2)**	**–**	**–**	**(294.2)**
Balance at 31st December		**1,381.0**	**754.6**	**357.1**	**–**	**2,492.7**
2016						
Balance at 1st January		1,381.0	628.2	223.9	3.5	2,236.6
Total comprehensive income		–	296.1	(48.4)	1.2	248.9
Dividends paid	8	–	(270.1)	–	–	(270.1)
Balance at 31st December		1,381.0	654.2	175.5	4.7	2,215.4

The notes on pages 67 to 140 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December 2017

	Notes	2017 US$m	2016 US$m
Cash flows from operating activities			
Cash generated from operations	36	**2,152.0**	1,868.7
Interest paid		**(78.5)**	(61.8)
Interest received		**112.4**	89.3
Other finance costs paid		**(73.0)**	(65.7)
Income taxes paid		**(458.0)**	(414.0)
		(497.1)	(452.2)
Net cash flows from operating activities		**1,654.9**	1,416.5
Cash flows from investing activities			
Sale of leasehold land use rights		**1.9**	3.4
Sale of intangible assets		**–**	0.5
Sale of property, plant and equipment		**15.8**	22.6
Sale of investment properties		**42.1**	1.0
Sale of subsidiaries	37	**86.1**	–
Sale of associates and joint ventures		**35.3**	3.5
Sale of investments		**273.1**	121.7
Purchase of intangible assets		**(66.0)**	(74.9)
Purchase of leasehold land use rights		**(36.7)**	(30.3)
Purchase of property, plant and equipment		**(744.5)**	(467.9)
Purchase of investment properties		**(161.8)**	(80.2)
Additions to bearer plants		**(50.4)**	(56.4)
Purchase of subsidiaries, net of cash acquired	37	**(14.1)**	(13.7)
Purchase of shares in associates and joint ventures		**(669.1)**	(380.5)
Purchase of investments		**(1,608.6)**	(207.6)
Dividends received from associates and joint ventures (net)		**587.5**	331.6
Net cash flows used in investing activities		**(2,309.4)**	(827.2)
Cash flows from financing activities			
Drawdown of loans		**4,283.6**	2,660.1
Repayment of loans		**(2,832.6)**	(2,454.4)
Changes in controlling interests in subsidiaries	37	**(3.6)**	8.3
Investments by non-controlling interests		**67.8**	109.6
Dividends paid to non-controlling interests		**(397.7)**	(360.5)
Dividends paid by the Company	8	**(294.2)**	(270.1)
Net cash flows used in financing activities		**823.3**	(307.0)
Net change in cash and cash equivalents		**168.8**	282.3
Cash and cash equivalents at the beginning of the year		**2,465.7**	2,173.0
Effect of exchange rate changes		**5.3**	10.4
Cash and cash equivalents at the end of the year	37	**2,639.8**	2,465.7

The notes on pages 67 to 140 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2017

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

1 GENERAL

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

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

On 14th March 2018, the Jardine Cycle & Carriage Limited Board of Directors authorised the financial statements for issue.

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

The financial statements of the Group and the Company have been prepared in accordance with 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 under the historical cost convention, except as disclosed in the accounting policies below.

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

There are no new standards or amendments, which are effective in 2017 and relevant to the Group's operations, that have a material impact on the Group's accounting policies and disclosures.

A number of new standards and amendments, which are effective for accounting periods beginning after 2017, have been published and will be adopted by the Group from their effective dates. The Group's assessment of the impact of these standards and amendments is set out below.

IFRS 9 Financial Instruments (effective from 1st January 2018)

The standard replaces IAS 39 'Financial Instruments: Recognition and Measurement', addresses the classification, measurement and derecognition 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 also introduced. 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, other than investments in securities classified as available-for-sale. Under IFRS 9, the gains and losses arising from changes in fair value of these investments will be recognised in profit and loss, instead of through other comprehensive income. Such fair value gains or losses on revaluation of these investments will be classified as non-trading items, and hence will not have any impact on the Group's underlying profit attributable to shareholders and shareholders' funds. The Group is currently finalising the transition adjustments. The new loan impairment model will mainly affect the loan impairment provisions of the Group's financial services companies in Indonesia. Based on the assessments undertaken to date, the impact to the Group's earnings is expected to be insignificant. The new hedge accounting rules will align the accounting for hedging instruments closely with the Group's risk management practices. The Group does not expect a significant impact on the accounting for its hedging relationships.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

IFRS 15 Revenue from Contracts with Customers (effective from 1st January 2018)

The standard establishes a comprehensive framework for the recognition of revenue. It replaces IAS 11 'Construction Contracts' and IAS 18 'Revenue' which covers contracts for goods and services. The core principle in the framework is that revenue is recognised when control of a good or service transfers to a customer. The new standard may change the Group's revenue recognition on certain property sales, from completion method to percentage of completion method. This will lead to earlier recognition of revenue when compare to the current completion method. The impact of IFRS 15 on the Group is expected to be insignificant.

IFRS 16 Leases (effective from 1st January 2019)

The standard 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 recognise a right-of-use asset and a lease liability, except for leases with a term of less than 12 months or with low value. IFRS 16 will affect primarily the accounting for the Group's operating leases. As at 31st December 2017, the Group has total commitments under operating leases of US$56.9 million (refer note 33). The accounting for lessors will not change significantly.

The Group is currently finalising the detailed assessment on its lease portfolio. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

Apart from the above, there are no other standards or amendments that are not yet effective and that would be expected to have a material impact to the Group.

2.2 Consolidation

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

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition includes the fair value at the acquisition date of any contingent consideration. The Group recognises the non-controlling interest's proportionate share of the recognised identifiable net assets of the acquired subsidiary. In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss in the profit and loss account. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognised in the profit and loss account.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

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

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

The results of subsidiaries, associates and joint ventures are included or excluded from the consolidated financial statements from the effective dates of acquisition or disposal, respectively. The results of entities other than subsidiaries, associates and joint ventures are included to the extent of dividends received when the right to receive such dividend is established.

Non-controlling interests represent the proportion of the results and net assets of subsidiaries and their associates and joint ventures not attributable to the Group.

2.3 Property, Plant and Equipment

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

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

Freehold land is not depreciated. Mining properties are depreciated using the unit of production method. Depreciation of all other assets is calculated using the straight line method to allocate the cost of each asset to their residual values over their estimated useful lives at the following annual rates:

Building and leasehold improvements	$3\frac{1}{3}$% - 50%
Plant and machinery	5% - 50%
Office furniture, fixtures and equipment	10% - 50%
Transportation equipment and motor vehicles	4% - 50%

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Bearer Plants and Agricultural Produce

Bearer plants are stated at cost less any accumulated depreciation and impairment loss. The cost of bearer plants includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the development of immature bearer plants and an allocation of other indirect costs based on planted hectares. Bearer plants are considered mature within three to four years after planting and generating fresh fruit bunches which average four to six tonnes per hectare per year. Depreciation of mature bearer plants commences in the year when the bearer plants are mature using the straight-line method over the estimated useful life of 20 years.

Agricultural produce growing on bearer plants comprise oil palm fruits which are measured at fair value. Changes in fair value are recorded in the profit and loss account.

2.5 Investment Properties

Investment properties are properties, including those held under operating leases, held for long-term rental yields or capital gains, but their business model does not necessarily envisage that the properties will be held for their entire useful lives. Investment properties are stated at fair value, representing estimated open market value determined annually by independent qualified valuers who have recent experience in the location and category of the investment property being valued. Changes in fair values are recorded in the profit and loss account. Investment properties under development are measured at cost until their fair values become reliably measurable or construction is completed (whichever is earlier).

2.6 Intangible Assets

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Intangible Assets (continued)

iv) Customer acquisition costs
Customer acquisition costs which are directly related to insurance contracts, such as commissions, are capitalised and subsequently amortised over the lives of the contracts that range from 1 to 5 years.

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

vi) Computer software
Computer software is stated at cost less accumulated amortisation and impairment loss. These costs are amortised using the straight line method over their estimated useful lives that range from 1 to 9 years.

2.7 Leasehold Land Use Rights

Leasehold land use rights are payments to acquire long-term interests in owner-occupied property. Leasehold land use rights acquired by way of a business combination are measured at their fair values at the acquisition date. For subsequent measurement, leasehold land use rights are amortised over the useful lives of the leases which include the renewal period if the leases can be renewed without significant cost. The estimated useful lives range from 1 to 94 years.

2.8 Impairment of Non-financial Assets

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

2.9 Financial Assets

Financial assets are initially recognised at fair value plus transaction costs. Subsequent measurement of financial assets depends on the classification of the financial assets.

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets and held-to-maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at amortised cost using the effective interest method, less impairment allowance. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "debtors" in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2017

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial Assets (continued)

ii) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are stated at fair values and are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Unrealised gains and losses arising from changes in the fair value of these investments are recognised in other comprehensive income and accumulated under equity in the fair value reserve. On disposal of investments or when an investment is determined to be impaired, the cumulative gains and losses previously deferred in equity is recognised in the profit and loss account.

iii) Held-to-maturity financial assets
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are carried at amortised cost using the effective interest method.

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

The fair values of quoted financial assets are based on current market prices. If the market for a financial asset is not active (and for unquoted securities), the Group establishes fair values by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, or discounted cash flow analysis.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account) is removed from the fair value reserve within equity and recognised in the profit and loss account. Impairment testing of debtors is described in Note 2.13.

2.10 Investments in Subsidiaries, Associates and Joint Ventures

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

2.11 Properties for Sale

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

2.12 Stocks

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Debtors

Debtors, excluding derivative financial instruments, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, except where the effect of discounting would be immaterial, less allowance for impairment. Repossessed assets of financial services companies, which represent collateral obtained from customers towards settlement of receivables that are in default, are measured at the lower of cost of the carrying amount of the debtors in default and fair value less costs to sell. The financial services company is given the right by the customers to sell the repossessed collateral. Any excess of proceeds from the sale over the outstanding receivables is refunded to the customer.

An allowance for impairment of debtors is established when there is objective evidence that the outstanding amounts will not be collected. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the debtors are impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the profit and loss account. Bad debts are written off as soon as it is established that these are irrecoverable. Debtors with maturities greater than 12 months after the balance sheet date are classified under non-current assets.

2.14 Cash and Cash Equivalents

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

2.15 Borrowings

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

2.16 Provisions

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

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

ii) Closure costs
The Group recognises a provision for closure costs when legal or constructive obligations arise on closure or disposal of businesses.

iii) Statutory employee entitlements
The Group recognises a provision for statutory employee entitlements which are related to long service leave and service awards in Indonesia.

2.17 Creditors

Creditors, excluding derivative financial instruments, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method. Creditors are classified under non-current liabilities unless their maturities are within 12 months after the balance sheet date.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee Benefits

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

Pension accounting costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the costs of providing pensions are charged to the profit and loss account spreading the regular cost over the service 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 government 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 recognised in the year in which they occur, and are recognised in other comprehensive income and accumulated under equity in the revenue reserve. Past service costs are recognised immediately in the profit and loss account.

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

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

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

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

2.19 Foreign Currencies

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Foreign Currencies (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in the profit and loss account, and other changes in carrying amount are recognised in other comprehensive income and accumulated under equity in the fair value reserve. Translation differences on non-monetary financial assets and liabilities are recognised in other comprehensive income and accumulated under equity in the fair value reserve.

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

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

The exchange rates used for translating assets and liabilities at the balance sheet date are US$1=S$1.3370 (2016: US$1=S$1.4449),US$1=RM4.0650 (2016: US$1=RM4.4852), US$1=IDR13,548 (2016: US$1=IDR13,436), US$1=VND22,704 (2016: US$1=VND22,765) and US$1=THB32.689 (2016: US$1=THB35.809).

The exchange rates used for translating the results for the year are US$1=S$1.37570 (2016: US$1=S$1.38327), US$1=RM4.2820 (2016: US$1=RM4.1462), US$1=IDR13,400 (2016: US$1=IDR13,330), US$1=VND22,719 (2016: US$1=VND22,373) and US$1=THB33.820 (2016: US$1=THB35.271).

2.20 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. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

i) Revenue from the sale of goods is recognised 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 recognised by reference to the stage of completion of the contract.

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Tax

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

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

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying values. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

2.22 Leases

i) Finance leases – Group is the lessee

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term borrowings, except for those with maturities of less than 12 months which are included in current borrowings. The interest element of the finance cost is charged to the profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful lives of the assets or the lease term.

ii) Operating leases – Group is the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Leases (continued)

iii) Finance leases – Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Revenue from finance leases is recognised over the term of the respective contracts based on a constant periodic rate of return on the net investment.

iv) Operating leases – Group is the lessor

The Group leases out certain property, plant and equipment and investment properties. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

2.23 Non-current Assets held for Sale

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

2.24 Insurance Contracts

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

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

2.25 Financial Guarantee Contracts

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

2.26 Offsetting Financial Instruments

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Non-trading Items

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

2.28 Derivative Financial Instruments

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

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

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognised in other comprehensive income and accumulated in equity under the hedging reserve. Changes in the fair value relating to the ineffective portion are recognised immediately in the profit and loss account. Where the 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 equity are transferred from hedging reserve and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in equity are transferred to the profit and loss account and classified as income or expense in the same period during which the hedged firm commitment or forecasted transaction affects the profit and loss account. 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 reserve at that time remains in equity and is recognised when the committed or forecasted transaction ultimately is recognised in the profit and loss account. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserve is immediately transferred to the profit and loss account.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Derivative Financial Instruments (continued)

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

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

2.29 Segment Reporting

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

2.30 Dividends

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

2.31 Share Capital

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

2.32 Financial Risk Management

i) Financial risk factors

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

The Group co-ordinates, under the directions of the directors, financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and exchange rates and to minimise the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, caps and collars, cross-currency swaps, forward foreign exchange contracts and forward 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. 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 2017 are disclosed in Note 34.

a) Market risk

Foreign exchange risk

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.32 Financial Risk Management (continued)

i) Financial risk factors (continued)

a) Market risk (continued)

Foreign exchange risk (continued)

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 2017, the Group's Indonesian Rupiah functional currency entities had United States Dollar denominated net monetary assets of US$351.6 million (2016: US$372.1 million). At 31st December 2017, if the United States Dollar had strengthened/weakened by 10% against the Indonesian Rupiah with all other variables held constant, the profit attributable to shareholders of the Company would have been US$8.7 million higher/lower (2016: US$7.0 million), arising mainly from foreign exchange gains/losses taken to the profit and loss account on translation. The sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. There are no other significant monetary balances held by Group entities at 31st December 2017 that are denominated in a non-functional currency other than the cross currency swap contracts with contract amounts of US$1,914.9 million (2016: US$1,604.3 million). 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 interest rate swaps, caps and collars. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% - 60% of its gross borrowings, exclusive of the financial services companies, in fixed rate instruments. The financial services companies borrow predominantly at a fixed rate. The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in Note 25.

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

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

Interest rate risk (continued)

At 31st December 2017, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been US$4.7 million (2016: US$15.6 million) higher/lower and the hedging reserve would have been US$33.0 million (2016: US$17.7 million) higher/lower as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. There is no significant variation in the sensitivity analysis as a result of interest rate caps and collars. The 100 basis point increase or decrease represents management's assessment of a reasonable possible change in those interest rates, specifically the Indonesian rates, which have the most impact on the Group over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in fair value of the hedged items caused by interest rate movements balance out in the profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in market interest rates of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

Price risk

The Group is exposed to securities price risk because of quoted and unquoted 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 these investments are recognised in other comprehensive income and accumulated under equity in the fair value reserve. The performance of the Group's quoted and unquoted available-for-sale investments are monitored regularly, together with a regular 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 17.

Available-for-sale investments are unhedged. At 31st December 2017, if the price of quoted and unquoted available-for-sale investments had been 30% higher/lower with all other variables held constant, total equity would have been US$586.8 million (2016: US$150.2 million) higher/lower. 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 crude palm oil and coal. The Group considers the outlook for crude palm oil and coal regularly in considering the need for active financial risk management. The Group's policy is generally not to hedge commodity price risk, although limited hedging may be undertaken for strategic reasons. To mitigate or hedge the price risk, Group companies may enter into a forward contract to buy the commodity at a fixed price at a future date, or a forward contract to sell the commodity at a fixed price at a future date.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.32 Financial Risk Management (continued)

i) Financial risk factors (continued)

b) 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, limiting the aggregate risk to any individual counterparty. The utilisation of credit limits is regularly monitored. At 31st December 2017, deposits with banks and financial institutions amounted to US$2,631.7 million (2016: US$2,457.7 million) of which 20% (2016: 24%) were made to financial institutions with credit ratings of no less than A- (Fitch). This is because in Indonesia, it may be necessary to deposit money with banks that have a lower credit rating. However, the Group only enters into derivative transactions with counterparties which have credit ratings of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

In respect of credit exposures to customers, the Group has policies in place to ensure that sales on credit without collateral are made principally to corporate companies with an appropriate credit history and credit insurance is purchased for businesses where it is economically effective. The Group normally obtains collateral over motor vehicles and motorcycles from consumer financing debtors towards settlement of receivables. Customers give the right to the Group to sell the 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. The Group's exposure to credit risk arising from consumer financing and trade debtors, and derivative financial instruments with a positive fair value are set out in Note 21. The Group's exposure to credit risk arising from deposits and balances with banks and financial institutions is set out in Note 22.

c) Liquidity risk

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

At 31st December 2017, total available committed and uncommitted borrowing facilities amounted to US$11,035.1 million (2016: US$8,274.4 million) of which US$6,858.3 million (2016: US$5,310.6 million) was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, totalled US$2,749.5 million (2016: US$1,546.0 million).

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.32 Financial Risk Management (continued)

i) Financial risk factors (continued)

c) Liquidity risk (continued)

	Within one year US$m	Between one and two years US$m	Between two and three years US$m	Between three and four years US$m	Between four and five years US$m	Beyond five years US$m	Total US$m
2017							
Borrowings	**4,842.2**	**1,204.6**	**710.9**	**116.7**	**596.4**	**–**	**7,470.8**
Finance lease liabilities	**3.5**	**0.9**	**0.2**	**–**	**–**	**–**	**4.6**
Creditors	**3,409.5**	**0.4**	**1.0**	**1.3**	**1.2**	**4.9**	**3,418.3**
Net settled derivative financial instruments	**0.3**	**–**	**–**	**–**	**–**	**–**	**0.3**
Gross settled derivative financial instruments							
– inflow	**1,066.5**	**453.1**	**201.2**	**68.1**	**316.4**	**–**	**2,105.3**
– outflow	**1,099.1**	**472.8**	**217.9**	**82.1**	**327.2**	**–**	**2,199.1**
Estimated losses on insurance contracts	**148.9**	**–**	**–**	**–**	**–**	**–**	**148.9**
2016							
Borrowings	3,676.7	1,286.9	712.8	16.6	–	–	5,693.0
Finance lease liabilities	52.8	3.5	0.9	0.2	–	–	57.4
Creditors	2,553.4	–	0.4	1.0	1.3	6.1	2,562.2
Net settled derivative financial instruments	–	–	–	–	–	–	–
Gross settled derivative financial instruments							
– inflow	1,008.3	588.6	148.1	–	–	–	1,745.0
– outflow	1,006.7	590.6	140.4	–	–	–	1,737.7
Estimated losses on insurance contracts	152.7	–	–	–	–	–	152.7

ii) Capital management

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

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, purchase Group shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.32 Financial Risk Management (continued)

ii) Capital management (continued)

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

The financing activities of PT Astra International Tbk ("Astra") are subject to a minimum paid-up capital requirement of Rp1,400 billion (2016: Rp1,400 billion), in aggregate. The insurance activities of Astra are subject to a minimum solvency ratio of 120% calculated in accordance with requirements set out by the Ministry of Finance in Indonesia, and a minimum paid-up capital requirement of Rp100 billion (2016: Rp100 billion), in aggregate. The Group had complied with all externally imposed capital requirements throughout the reporting period.

The gearing ratios at 31st December 2017 and 2016 were as follows:

	Group	
	2017	2016
Gearing ratio excluding financial services companies	**6%**	–
Gearing ratio including financial services companies	**31%**	24%
Interest cover excluding financial services companies	**32 times**	29 times
Interest cover including financial services companies	**50 times**	47 times

The Group did not have gearing ratios excluding financial services companies at 31st December 2016 as it was in a net cash position.

iii) Fair value estimation

a) Financial instruments that are measured at fair value

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

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

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

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

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

Inputs for the asset or liability that are not based on observable market data ("unobservable inputs")

The fair value of unlisted securities, which are classified as available-for-sale, is determined using valuation techniques by reference to observable current market transactions or the market prices of the underlying investments with certain degree of entity-specific estimates. There were no changes in valuation techniques during the year.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.32 Financial Risk Management (continued)

iii) Fair value estimation (continued)

a) Financial instruments that are measured at fair value (continued)

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

	Quoted prices in active markets US$m	Observable current market transactions US$m	Unobservable inputs US$m	Total US$m
2017				
Assets				
Available-for-sale financial assets				
– listed securities	**1,962.2**	**–**	**–**	**1,962.2**
– unlisted investments	**–**	**–**	**30.1**	**30.1**
	1,962.2	**–**	**30.1**	**1,992.3**
Derivatives designated at fair value				
– through other comprehensive income	**–**	**28.6**	**–**	**28.6**
	1,962.2	**28.6**	**30.1**	**2,020.9**
Liabilities				
Contingent consideration payable	**–**	**–**	**(8.8)**	**(8.8)**
Derivatives designated at fair value				
– through other comprehensive income	**–**	**(23.9)**	**–**	**(23.9)**
– through profit and loss	**–**	**(0.3)**	**–**	**(0.3)**
	–	**(24.2)**	**–**	**(24.2)**
	–	**(24.2)**	**(8.8)**	**(33.0)**
2016				
Assets				
Available-for-sale financial assets				
– listed securities	507.7	–	–	507.7
– unlisted investments	–	–	38.0	38.0
	507.7	–	38.0	545.7
Derivatives designated at fair value				
– through other comprehensive income	–	71.6	–	71.6
	507.7	71.6	38.0	617.3
Liabilities				
Contingent consideration payable	–	–	(8.8)	(8.8)
Derivatives designated at fair value				
– through other comprehensive income	–	(18.9)	–	(18.9)
– through profit and loss	–	(0.7)	–	(0.7)
	–	(19.6)	–	(19.6)
	–	(19.6)	(8.8)	(28.4)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.32 Financial Risk Management (continued)

iii) Fair value estimation (continued)

b) Financial instruments that are not measured at fair value

The fair values of current debtors, bank balances and other liquid funds, current creditors 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 disclosed are based on market prices or are estimated using the expected future payments discounted at market interest rates.

The table below analyses financial instruments by category.

	Loans and receivables US$m	Derivatives used for hedging US$m	Available-for-sale US$m	Other financial instruments at amortised cost US$m	Other financial instruments fair value through profit and loss US$m	Total carrying amount US$m	Fair value US$m
2017							
Assets							
Investments	**–**	**–**	**1,992.3**	**3.7**	**–**	**1,996.0**	**1,996.0**
Debtors excluding prepayments, rental and other deposits	**7,259.0**	**28.6**	**–**	**–**	**–**	**7,287.6**	**7,022.6**
Bank balances and other liquid funds	**2,639.8**	**–**	**–**	**–**	**–**	**2,639.8**	**2,639.8**
	9,898.8	**28.6**	**1,992.3**	**3.7**	**–**	**11,923.4**	**11,628.4**
Liabilities							
Borrowings excluding finance lease liabilities	**–**	**–**	**–**	**(6,853.8)**	–	**(6,853.8)**	**(6,865.5)**
Finance lease liabilities	**–**	**–**	**–**	**(4.5)**	–	**(4.5)**	**(4.5)**
Creditors excluding non-financial liabilities	**–**	**(24.2)**	**–**	**(3,409.6)**	**(8.8)**	**(3,442.6)**	**(3,442.6)**
	–	**(24.2)**	**–**	**(10,267.9)**	**(8.8)**	**(10,300.9)**	**(10,312.6)**
2016							
Assets							
Investments	–	–	545.7	7.3	–	553.0	553.0
Debtors excluding prepayments, rental and other deposits	6,688.2	71.6	–	–	–	6,759.8	6,714.4
Bank balances and other liquid funds	2,465.7	–	–	–	–	2,465.7	2,465.7
	9,153.9	71.6	545.7	7.3	–	9,778.5	9,733.1
Liabilities							
Borrowings excluding finance lease liabilities	–	-	–	(5,255.0)	–	(5,255.0)	(5,268.2)
Finance lease liabilities	–	-	–	(55.6)	–	(55.6)	(55.6)
Creditors excluding non-financial liabilities	–	(19.6)	–	(2,553.4)	(8.8)	(2,581.8)	(2,581.8)
	–	(19.6)	–	(7,864.0)	(8.8)	(7,892.4)	(7,905.6)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.33 Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. 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.

i) Acquisition of subsidiaries, associates and joint ventures

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

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

ii) Impairment of assets

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

The results of the impairment review undertaken at 31st December 2017 on the Group's indefinite-life franchise rights indicated that no impairment charge was necessary. If there is a significant increase in the discount rate and/or a significant adverse change to the projected performance of the business to which these rights attach, it may be necessary to take an impairment charge to the profit and loss account in the future.

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.

Management undertook an impairment assessment on the basis that the carrying amount of the investment in Siam City Cement Public Company Limited ("SCCC") as at 31st December 2017 was higher than its fair value based on prevailing market share price. The determination of the recoverable amount requires significant judgements by management, particularly management's view on key internal inputs and external market conditions which impact future cash flows, discount rates and long-term growth rates. Based on management's assessment, as the recoverable amount determined using value-in-use computation is higher than the carrying amount of the investment, no impairment charge was recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.33 Critical Accounting Estimates and Judgements (continued)

ii) Impairment of assets (continued)
Assessing the allowances for impairment of the amounts due from consumer financing debtors requires management to make complex and subjective judgements over both the timing of recognition and estimation of the amount of impairment required. Allowances for impairment are calculated on a collective basis for large homogeneous portfolios using models driven by a number of observable inputs and management assumptions. Assumptions and parameters used in the calculations are based on historical data and current customer credit data and include the delinquency status of the borrowers.

iii) Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes, particularly in Indonesia. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.33 Critical Accounting Estimates and Judgements (continued)

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

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

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

v) 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.

3 REVENUE

	Group		Company	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Sale of goods	**12,973.6**	11,731.9	**–**	–
Rendering of services	**3,554.4**	2,918.4	**2.2**	2.1
Financial services	**1,133.2**	1,079.7	**–**	–
Dividends	**–**	–	**428.5**	345.1
Others	**40.0**	34.0	**–**	–
	17,701.2	15,764.0	**430.7**	347.2

4 NET OPERATING COSTS

	Group		Company	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Cost of sales and services rendered	**(14,283.5)**	(12,800.5)	**–**	–
Other operating income	**309.9**	269.7	**21.5**	0.4
Selling and distribution expenses	**(905.0)**	(712.7)	**–**	–
Administrative expenses	**(972.6)**	(911.1)	**(24.6)**	(23.3)
Other operating expenses	**(87.1)**	(109.7)	**(0.4)**	(0.1)
	(15,938.3)	(14,264.3)	**(3.5)**	(23.0)
The following credits/(charges) are included in net operating costs:				
Depreciation of:				
– property, plant and equipment (Note 12)	**(508.8)**	(488.3)	**(0.9)**	(0.8)
– bearer plants (Note 14)	**(24.4)**	(21.5)	**–**	–
Amortisation of:				
– intangible assets (Note 10)	**(63.4)**	(63.7)	**–**	–
– leasehold land use rights (Note 11)	**(37.2)**	(33.8)	**–**	–
Profit/(loss) on disposal of:				
– intangible assets	**–**	(1.0)	**–**	–
– leasehold land use rights	**1.5**	0.8	**–**	–
– property, plant and equipment	**2.8**	3.6	**0.1**	0.1
– investment properties	**(10.3)**	–	**–**	–
– bearer plants	**(0.1)**	(38.2)	**–**	–
– shares in subsidiaries	**2.8**	–	**–**	–
– shares in associates and joint ventures	**(4.5)**	(1.8)	**–**	–
– investments	**8.8**	7.0	**4.7**	–
Loss on disposal/write-down of repossessed assets	**(58.2)**	(60.2)	**–**	–
(Impairment)/write-back in impairment of:				
– intangible assets (Note 10)	**(11.0)**	(3.4)	**–**	–
– property, plant and equipment (Note 12)	**(5.7)**	(1.8)	**–**	–
– financing debtors (Note 20)	**(146.7)**	(101.3)	**–**	–
– trade debtors (Note 21)	**(41.7)**	6.8	**–**	–
– other debtors (Note 21)	**(1.0)**	(0.4)	**–**	–
Fair value gain/(loss) on:				
– investment properties (Note 13)	**23.3**	7.6	**–**	–
– agricultural produce	**(4.4)**	22.0	**–**	–
– derivatives not qualifying as hedges	**0.3**	(0.7)	**–**	–
– contingent consideration	**–**	15.0	**–**	–
Stocks:				
– cost of stocks recognised as an expense (included in cost of sales and services rendered)	**(11,458.7)**	(10,396.5)	**–**	–
– write-down of stocks	**(30.0)**	(37.6)	**–**	–
– reversal of write-down of stocks made in previous years	**22.4**	28.1	**–**	–
Provision for:				
– warranty and goodwill expenses (Note 24)	**(12.9)**	(11.5)	**–**	–
– others (Note 24)	**(13.5)**	(21.1)	**–**	–
Operating expenses arising from investment properties	**(2.1)**	(1.2)	**–**	–

4 NET OPERATING COSTS (continued)

	Group		Company	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Auditors' remuneration for:				
– audit services	**(6.1)**	(6.2)	**(1.0)**	(1.0)
– non-audit services	**(1.2)**	(1.0)	**(0.5)**	(0.2)
Net exchange gain/(loss)	**11.3**	(11.6)	**15.7**	(0.1)
Rental expenses – operating leases	**(87.3)**	(76.3)	**(0.8)**	(0.8)
Rental income from:				
– investment properties	**4.5**	5.3	**–**	–
– other properties	**2.7**	2.7	**–**	–
Dividend income from investments	**18.8**	5.2	**–**	–
Interest income from investments	**40.0**	37.1	**–**	–

5 EMPLOYEE BENEFITS

	Group		Company	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Salaries and benefits in kind	**1,372.5**	1,220.0	**13.3**	12.2
Pension costs – defined contribution plans	**17.0**	16.0	**0.3**	0.2
Pension costs – defined benefit plans (Note 27)	**44.9**	40.7	**–**	–
Termination benefits	**3.8**	3.9	**–**	–
	1,438.2	1,280.6	**13.6**	12.4

6 NET FINANCING CHARGES

	Group		Company	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Interest expense on:				
– bank borrowings	**(97.9)**	(71.6)	**(3.2)**	–
– other borrowings	**(7.4)**	(8.2)	**–**	–
	(105.3)	(79.8)	**(3.2)**	–
Interest capitalised	**20.0**	13.1	**–**	–
Other finance costs	**(73.0)**	(65.7)	**(1.1)**	(0.3)
Financing charges	**(158.3)**	(132.4)	**(4.3)**	(0.3)
Financing income	**111.6**	93.3	**0.6**	0.9
	(46.7)	(39.1)	**(3.7)**	0.6

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2017

7 TAX

Tax expense attributable to profit is made up of:

	Group		Company	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Current tax:				
– Singapore	**20.4**	17.8	**0.2**	0.2
– Foreign	**473.3**	395.8	**28.7**	28.5
	493.7	413.6	**28.9**	28.7
Deferred tax (Note 26)	**(23.6)**	(83.0)	**–**	–
	470.1	330.6	**28.9**	28.7
Adjustments in respect of prior years:				
– Current tax	**18.8**	12.4	**–**	–
	488.9	343.0	**28.9**	28.7

The following sets out the differences between the tax expense on the Group's and the Company's profit before tax and the theoretical amount that would arise using the domestic tax rates applicable to profits of the respective companies.

	Group		Company	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Profit before tax	**2,294.4**	1,840.5	**423.5**	324.8
Less: Share of associates' and joint ventures' results after tax	**(578.2)**	(379.9)	**–**	–
	1,716.2	1,460.6	**423.5**	324.8
Tax calculated at domestic tax rates applicable to profits in the respective countries	**412.3**	353.8	**52.9**	35.8
Income not subject to tax	**(57.1)**	(41.9)	**(28.9)**	(11.1)
Expenses not deductible for tax purposes	**76.4**	55.3	**4.9**	4.0
Utilisation of previously unrecognised tax losses	**(6.8)**	(10.7)	**–**	–
Recognition of previously unrecognised tax losses	**–**	(0.9)	**–**	–
Deferred tax assets written off	**1.0**	–	**–**	–
Tax losses arising in the year not recognised	**17.4**	14.0	**–**	–
Temporary differences arising in the year not recognised	**0.3**	0.3	**–**	–
Withholding tax	**26.9**	29.6	**–**	–
Adjustments in respect of prior years	**18.8**	12.4	**–**	–
Recognition of tax assets revaluation incentive in Indonesia	**–**	(68.3)	**–**	–
Others	**(0.3)**	(0.6)	**–**	–
	488.9	343.0	**28.9**	28.7

The effective tax rates for the Group and Company were 28% (2016: 23%) and 7% (2016: 9%), respectively.

7 TAX (continued)

Tax relating to components of other comprehensive income is analysed as follows:

	Group		Company	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Revaluation of available-for-sale investments	**(0.4)**	0.3	**–**	–
Cash flow hedges	**3.3**	8.1	**–**	–
Defined benefit pension plans	**5.0**	(8.2)	**–**	–
	7.9	0.2	**–**	–

8 DIVIDENDS

At the Annual General Meeting on 26th April 2018, a final one-tier tax exempt dividend in respect of 2017 of US¢68 per share amounting to a dividend of approximately US$268.8 million is to be proposed. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31st December 2018. The dividends paid in 2017 and 2016 were as follows:

	Group and Company	
	2017 US$m	2016 US$m
Final one-tier tax exempt dividend in respect of previous year of US¢56 per share (2016: in respect of 2015 of US¢51)	**223.9**	200.0
Interim one-tier tax exempt dividend in respect of current year of US¢18 per share (2016: US¢18)	**70.3**	70.1
	294.2	270.1

9 EARNINGS PER SHARE

	Group	
	2017 US$m	2016 US$m
Basic and diluted earnings per share		
Profit attributable to shareholders	**811.2**	701.7
Weighted average number of ordinary shares in issue (millions)	**395.2**	395.2
Basic earnings per share	**US¢205**	US¢178
Diluted earnings per share	**US¢205**	US¢178
Basic and diluted underlying earnings per share		
Underlying profit attributable to shareholders	**787.9**	679.1
Basic underlying earnings per share	**US¢199**	US¢172
Diluted underlying earnings per share	**US¢199**	US¢172

As at 31st December 2016 and 2017, there were no dilutive potential ordinary shares in issue.

9 EARNINGS PER SHARE (continued)

A reconciliation of profit attributable to shareholders and underlying profit attributable to shareholders is as follows:

	Group	
	2017 US$m	2016 US$m
Profit attributable to shareholders	**811.2**	701.7
Less:		
Non-trading items (net of tax and non-controlling interests)		
Gain on disposal of property	**–**	16.0
Fair value changes of agricultural produce	**(1.3)**	6.6
Fair value changes of investment properties	**22.3**	4.3
Impairment loss on associate/joint ventures	**(4.1)**	–
Impairment loss on intangible assets	**(4.3)**	–
Gain on disposal of an investment	**4.9**	–
Net gain/(loss) on disposal or dilution of interests in subsidiaries, associates and joint ventures	**5.8**	(4.3)
	23.3	22.6
Underlying profit attributable to shareholders	**787.9**	679.1

10 INTANGIBLE ASSETS

	Goodwill US$m	Franchise rights US$m	Concession rights US$m	Customer acquisition costs US$m	Deferred exploration costs US$m	Computer software & others US$m	Total US$m
Group							
2017							
Balance at 1st January	**205.9**	**158.5**	**455.7**	**68.4**	**49.7**	**34.1**	**972.3**
Translation adjustments	**(1.7)**	**(1.2)**	**(4.7)**	**(0.6)**	**0.2**	**–**	**(8.0)**
Additions	**–**	**–**	**84.7**	**51.9**	**6.0**	**8.6**	**151.2**
Additions arising from acquisition of subsidiaries (Note 37)	**–**	**–**	**–**	**–**	**38.4**	**–**	**38.4**
Amortisation (Note 4)	**–**	**–**	**(3.3)**	**(47.5)**	**(3.1)**	**(9.5)**	**(63.4)**
Impairment (Note 4)	**(1.3)**	**–**	**–**	**–**	**–**	**(9.7)**	**(11.0)**
Balance at 31st December	**202.9**	**157.3**	**532.4**	**72.2**	**91.2**	**23.5**	**1,079.5**
Cost	**206.8**	**157.3**	**563.3**	**119.2**	**119.7**	**81.3**	**1,247.6**
Amortisation and impairment	**(3.9)**	**–**	**(30.9)**	**(47.0)**	**(28.5)**	**(57.8)**	**(168.1)**
	202.9	**157.3**	**532.4**	**72.2**	**91.2**	**23.5**	**1,079.5**
2016							
Balance at 1st January	200.6	154.4	394.2	56.3	49.0	39.7	894.2
Translation adjustments	5.3	4.1	10.1	1.5	0.3	1.1	22.4
Additions	–	–	54.1	59.5	2.9	7.8	124.3
Disposals	–	–	–	–	–	(1.5)	(1.5)
Amortisation (Note 4)	–	–	(2.7)	(48.9)	(2.5)	(9.6)	(63.7)
Impairment (Note 4)	–	–	–	–	–	(3.4)	(3.4)
Balance at 31st December	205.9	158.5	455.7	68.4	49.7	34.1	972.3
Cost	208.5	158.5	483.5	116.9	75.1	73.2	1,115.7
Amortisation and impairment	(2.6)	–	(27.8)	(48.5)	(25.4)	(39.1)	(143.4)
	205.9	158.5	455.7	68.4	49.7	34.1	972.3

10 INTANGIBLE ASSETS (continued)

Goodwill arose mainly 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.

The carrying amounts of franchise rights comprise mainly Astra's automotive of US$56.3 million (2016: US$56.8 million) and heavy equipment of US$99.6 million (2016: US$100.5 million). Management has performed an impairment review of the carrying amounts of franchise rights at 31st December 2017 and concluded that no impairment has occurred. The impairment review of franchise rights was made by comparing the carrying amounts of the cash-generating units in which the franchise rights reside with the recoverable amounts of the cash-generating units. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimates stated below:

	2017	2016
Growth rates	**3% - 4%**	3% - 4%
Pre-tax discount rates	**14% - 16%**	14% - 16%

The growth rates do not exceed the long-term average growth rates of the industries. The pre-tax discount rates reflect business specific risks relating to the relevant industries.

The remaining amortisation lives for intangible assets are as follows:

Concession rights	Traffic volume over 38 to 42 years
Customer acquisition costs	1 to 5 years
Computer software and others	1 to 8 years
Deferred exploration costs	44.2 to 141.5 million tonnes (based on unit of production method)

11 LEASEHOLD LAND USE RIGHTS

	Group	
	2017 US$m	2016 US$m
Net book value at 1st January	**620.4**	569.1
Translation adjustments	**(2.9)**	14.1
Additions	**41.4**	49.2
Additions arising from acquisition of subsidiaries (Note 37)	**–**	3.6
Disposals	**(1.3)**	(3.2)
Transfers from/(to) investment properties, net (Note 13)	**(1.0)**	(83.9)
Amortisation (Note 4)	**(37.2)**	(33.8)
Surplus on revaluation before transfer to investment properties	**5.6**	105.3
Net book value at 31st December	**625.0**	620.4
Cost	**857.5**	819.3
Amortisation and impairment	**(232.5)**	(198.9)
	625.0	620.4

The Group's leasehold land use rights have not been pledged as security for borrowings at 31st December 2017 (2016: Nil).

The remaining amortisation periods for leasehold land use rights are 1 to 82 years.

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land US$m	Buildings and leasehold improvements US$m	Mining properties US$m	Plant & machinery US$m	Office furniture, fixtures & equipment US$m	Transportation equipment & motor vehicles US$m	Total US$m
Group							
2017							
Net book value at 1st January	**30.9**	**1,091.7**	**343.4**	**971.4**	**103.4**	**437.7**	**2,978.5**
Translation adjustments	**2.6**	**(5.4)**	**0.6**	**(9.6)**	**(0.6)**	**(2.6)**	**(15.0)**
Additions	**–**	**127.9**	**–**	**507.2**	**56.2**	**124.6**	**815.9**
Additions arising from acquisition of subsidiaries (Note 37)	**–**	**9.4**	**102.7**	**73.0**	**0.2**	**0.1**	**185.4**
Transfer from investment properties	**–**	**0.5**	**–**	**–**	**–**	**–**	**0.5**
Transfer from/(to) stocks	**–**	**–**	**–**	**4.8**	**0.2**	**(31.0)**	**(26.0)**
Disposals	**–**	**(2.1)**	**–**	**(4.4)**	**(0.7)**	**(7.4)**	**(14.6)**
Depreciation (Note 4)	**–**	**(81.8)**	**(12.5)**	**(270.9)**	**(49.2)**	**(94.4)**	**(508.8)**
Impairment (Note 4)	**–**	**–**	**(0.3)**	**–**	**–**	**(5.4)**	**(5.7)**
Net book value at 31st December	**33.5**	**1,140.2**	**433.9**	**1,271.5**	**109.5**	**421.6**	**3,410.2**
Cost	**33.5**	**1,714.2**	**1,156.0**	**3,405.2**	**400.8**	**691.6**	**7,401.3**
Accumulated depreciation	**–**	**(574.0)**	**(722.1)**	**(2,133.7)**	**(291.3)**	**(270.0)**	**(3,991.1)**
	33.5	**1,140.2**	**433.9**	**1,271.5**	**109.5**	**421.6**	**3,410.2**
2016							
Net book value at 1st January	31.7	987.5	352.3	967.1	92.5	447.3	2,878.4
Translation adjustments	(0.8)	22.2	1.2	25.8	2.2	11.7	62.3
Additions	–	175.2	–	239.1	57.4	144.2	615.9
Additions arising from acquisition of subsidiaries (Note 37)	–	2.5	–	0.1	–	0.2	2.8
Transfer to investment properties	–	(12.1)	–	–	–	–	(12.1)
Transfer from/(to) stocks	–	–	–	0.8	(0.2)	(59.7)	(59.1)
Disposals	–	(7.9)	–	(4.5)	(0.7)	(8.3)	(21.4)
Depreciation (Note 4)	–	(77.5)	(10.1)	(255.5)	(47.8)	(97.4)	(488.3)
Impairment (Note 4)	–	–	–	(1.5)	–	(0.3)	(1.8)
Surplus on revaluation	–	1.8	–	–	–	–	1.8
Net book value at 31st December	30.9	1,091.7	343.4	971.4	103.4	437.7	2,978.5
Cost	30.9	1,588.7	1,058.0	2,891.5	355.4	665.3	6,589.8
Accumulated depreciation	–	(497.0)	(714.6)	(1,920.1)	(252.0)	(227.6)	(3,611.3)
	30.9	1,091.7	343.4	971.4	103.4	437.7	2,978.5

12 PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment at 31st December 2017 with a net book value of US$1.9 million (2016: US$7.3 million) have been pledged as security for borrowings (Note 25).

Included in the additions are property, plant and equipment acquired under finance leases amounting to US$0.1 million (2016: US$1.7 million).

The carrying amount of plant and machinery and motor vehicles held under finance leases at 31st December 2017 amounted to US$3.1 million and US$2.6 million (2016: US$13.7 million and US$44.0 million), respectively.

	Freehold land US$m	Buildings and leasehold improvements US$m	Office furniture, fixtures & equipment US$m	Motor vehicles US$m	Total US$m
Company					
2017					
Net book value at 1st January	**25.5**	**4.7**	**0.2**	**1.6**	**32.0**
Translation adjustments	**2.0**	**0.4**	**0.1**	**0.2**	**2.7**
Additions	**–**	**0.2**	**0.2**	**0.9**	**1.3**
Disposals	**–**	**–**	**–**	**(0.5)**	**(0.5)**
Depreciation (Note 4)	**–**	**(0.2)**	**(0.1)**	**(0.6)**	**(0.9)**
Net book value at 31st December	**27.5**	**5.1**	**0.4**	**1.6**	**34.6**
Cost	**27.5**	**6.3**	**0.9**	**3.0**	**37.7**
Accumulated depreciation	**–**	**(1.2)**	**(0.5)**	**(1.4)**	**(3.1)**
	27.5	**5.1**	**0.4**	**1.6**	**34.6**
2016					
Net book value at 1st January	26.0	5.0	0.3	1.6	32.9
Translation adjustments	(0.5)	(0.1)	–	(0.1)	(0.7)
Additions	–	–	–	1.0	1.0
Disposals	–	–	–	(0.4)	(0.4)
Depreciation (Note 4)	–	(0.2)	(0.1)	(0.5)	(0.8)
Net book value at 31st December	25.5	4.7	0.2	1.6	32.0
Cost	25.5	5.6	0.7	2.7	34.5
Accumulated depreciation	–	(0.9)	(0.5)	(1.1)	(2.5)
	25.5	4.7	0.2	1.6	32.0

13 INVESTMENT PROPERTIES

	Group	
	2017 US$m	2016 US$m
Completed commercial properties:		
Balance at 1st January	**245.1**	143.8
Translation adjustments	**(2.2)**	3.1
Fair value gain (Note 4)	**21.7**	2.8
Additions	**1.1**	0.2
Disposals	**(8.1)**	(1.0)
Transfer from commercial properties under development	**–**	0.2
Transfer from leasehold land use rights and property, plant and equipment (Notes 11 and 12)	**0.5**	96.0
Balance at 31st December	**258.1**	245.1
Commercial properties under development:		
Balance at 1st January	**215.1**	109.4
Translation adjustments	**(3.5)**	2.1
Fair value gain (Note 4)	**1.6**	4.8
Additions	**191.6**	99.0
Disposals	**(44.3)**	–
Transfer to completed commercial properties	**–**	(0.2)
Balance at 31st December	**360.5**	215.1
Total	**618.6**	460.2

The valuations of the investment properties were conducted by independent, professionally qualified valuers, based on the open market value. Fair values of these properties are generally derived based on the direct comparison method, using observable recent market transactions. This valuation method is based on comparing the property to be valued directly with other comparable properties in close proximity. However, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

The Group's policy is to recognise transfers between the levels in the fair value measurement hierarchy as of the date of the event or change in circumstances that caused the transfer. There were no transfers within the fair value hierarchy levels for the financial years ended 31st December 2016 and 2017.

The Group's investment properties have not been pledged as security for borrowings at 31st December 2016 and 2017.

14 BEARER PLANTS

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

	Group	
	2017 US$m	2016 US$m
Movements during the year are as follows:		
Cost	**628.9**	595.9
Depreciation	**(132.1)**	(111.2)
Net book value at 1st January	**496.8**	484.7
Translation adjustments	**(4.2)**	13.0
Additions arising from acquisition of subsidiaries (Note 37)	**–**	9.1
Additions	**54.9**	61.3
Disposals	**(25.1)**	(49.8)
Depreciation (Note 4)	**(24.4)**	(21.5)
Balance at 31st December	**498.0**	496.8
Immature bearer plants	**117.5**	151.0
Mature bearer plants	**380.5**	345.8
	498.0	496.8
Cost	**647.6**	628.9
Accumulated depreciation	**(149.6)**	(132.1)
	498.0	496.8

The Group's bearer plants have not been pledged as security for borrowings at 31st December 2016 and 2017.

15 INTERESTS IN SUBSIDIARIES

	Company	
	2017 US$m	2016 US$m
At cost:		
– quoted equity securities		
(market value: 2017: US$12,461.3 million; 2016: US$12,535.0 million)	**1,286.2**	1,190.1
– unquoted equity securities	**42.4**	39.3
	1,328.6	1,229.4
Less: Impairment	**(3.0)**	(2.8)
	1,325.6	1,226.6

A list of principal subsidiaries is set out in Note 42.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2017

16 INTERESTS IN ASSOCIATES AND JOINT VENTURES

The amounts recognised in the balance sheet are as follows:

	Group		Company	
	2017 US$m	2016 US$m	2017 US$m	2016 US$m
At cost:				
– quoted equity securities (Group market value: 2017: US$1,530.8 million; 2016: US$1,162.6 million)	**1,568.1**	1,324.0	**832.5**	636.5
– unquoted equity securities	**1,107.8**	693.5	**151.4**	140.2
	2,675.9	2,017.5	**983.9**	776.7
Post-acquisition reserves	**1,640.8**	1,744.9	**–**	–
	4,316.7	3,762.4	**983.9**	776.7
Less: Impairment	**(13.8)**	(23.9)	**–**	–
	4,302.9	3,738.5	**983.9**	776.7
Associates	**1,976.6**	1,447.3	**928.8**	725.7
Joint ventures	**2,326.3**	2,291.2	**55.1**	51.0
	4,302.9	3,738.5	**983.9**	776.7

The market value of quoted equity securities is based on their quoted prices. In determining whether these investments are impaired, management has also considered recent arm's length transactions of a similar nature.

Movements of the Group's associates and joint ventures during the year are as follows:

	Associates		Joint ventures	
	2017 US$m	2016 US$m	2017 US$m	2016 US$m
Balance at 1st January	**1,447.3**	1,307.8	**2,291.2**	1,953.9
Translation differences	**28.8**	11.2	**(19.0)**	48.3
Share of results after tax and non-controlling interests	**196.6**	220.6	**395.4**	159.3
Share of other comprehensive expense after tax and non-controlling interests	**(25.3)**	(1.9)	**(13.8)**	(2.4)
Dividends received	**(185.2)**	(119.9)	**(402.3)**	(211.7)
Acquisitions and increases in attributable interests	**779.2**	33.2	**102.5**	338.6
Disposals and decreases in attributable interests	**(190.4)**	(3.7)	**(96.1)**	–
Impairment	**(13.8)**	–	**–**	–
Other	**(60.6)**	–	**68.4**	5.2
Balance at 31st December	**1,976.6**	1,447.3	**2,326.3**	2,291.2

(a) Investment in associates

The material associates of the Group are SCCC and PT Astra Daihatsu Motor. These associates have share capital consisting solely of ordinary shares. The Company has a 25.5% interest in SCCC and the Group's subsidiary, Astra has a 31.9% interest in PT Astra Daihatsu Motor. SCCC is a cement manufacturer in Thailand and PT Astra Daihatsu Motor is principally involved in the manufacturing and distribution of Daihatsu motor vehicles in Indonesia.

As at 31st December 2017, the fair value of the Group's interest in SCCC, which is listed on the Stock Exchange of Thailand, was US$612.3 million (2016: US$435.0 million).

16 INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

(a) Investment in associates (continued)

Set out below is the summarised financial information for the Group's material associates.

Summarised balance sheet at 31st December:

	SCCC US$m	PT Astra Daihatsu Motor US$m	Total US$m
2017			
Non-current assets	**2,412.9**	**573.7**	**2,986.6**
Current assets			
Cash and cash equivalents	**52.2**	**527.6**	**579.8**
Other current assets	**315.1**	**322.5**	**637.6**
Total current assets	**367.3**	**850.1**	**1,217.4**
Non-current liabilities			
Financial liabilities	**(808.6)**	**–**	**(808.6)**
Other non-current liabilities	**(167.2)**	**(60.3)**	**(227.5)**
Total non-current liabilities	**(975.8)**	**(60.3)**	**(1,036.1)**
Current liabilities			
Financial liabilities (excluding trade payables)	**(166.5)**	**–**	**(166.5)**
Other current liabilities (including trade payables)	**(250.4)**	**(458.0)**	**(708.4)**
Total current liabilities	**(416.9)**	**(458.0)**	**(874.9)**
Non-controlling interest	**(45.1)**	**–**	**(45.1)**
Net asset attributable to parent	**1,342.4**	**905.5**	**2,247.9**
2016			
Non-current assets	1,642.7	620.0	2,262.7
Current assets			
Cash and cash equivalents	98.6	672.2	770.8
Other current assets	250.3	316.4	566.7
Total current assets	348.9	988.6	1,337.5
Non-current liabilities			
Financial liabilities	(179.1)	–	(179.1)
Other non-current liabilities	(131.7)	(53.9)	(185.6)
Total non-current liabilities	(310.8)	(53.9)	(364.7)
Current liabilities			
Financial liabilities (excluding trade payables)	(585.4)	–	(585.4)
Other current liabilities (including trade payables)	(209.7)	(561.7)	(771.4)
Total current liabilities	(795.1)	(561.7)	(1,356.8)
Net assets	885.7	993.0	1,878.7

16 INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

(a) Investment in associates (continued)

Summarised statement of comprehensive income for the year ended 31st December:

	SCCC US$m	PT Astra Daihatsu Motor US$m	Total US$m
2017			
Revenue	**1,275.8**	**3,897.1**	**5,172.9**
Depreciation and amortisation	**(87.7)**	**(123.5)**	**(211.2)**
Financing income	**1.6**	**32.1**	**33.7**
Financing charges	**(40.3)**	**–**	**(40.3)**
Tax	**(25.2)**	**(96.0)**	**(121.2)**
Profit after tax	**62.0**	**305.2**	**367.2**
Other comprehensive income/(expense)	**(0.1)**	**(2.5)**	**(2.6)**
Total comprehensive income	**61.9**	**302.7**	**364.6**
Dividends received from associates	**25.3**	**122.0**	**147.3**
2016			
Revenue	969.4	3,806.9	4,776.3
Depreciation and amortisation	(54.7)	(110.4)	(165.1)
Financing income	1.3	25.2	26.5
Financing charges	(20.7)	–	(20.7)
Tax	(27.8)	(91.6)	(119.4)
Profit after tax	100.7	264.0	364.7
Other comprehensive income/(expense)	(11.7)	1.5	(10.2)
Total comprehensive income	89.0	265.5	354.5
Dividends received from associates	24.2	74.8	99.0

The information above reflects the amounts presented in the financial statements of the associates, adjusted for differences in accounting policies between the Group and the associates, and fair value of the associates at the time of acquisition. For associates acquired during 2017, the fair value of the identifiable assets and liabilities at the acquisition date is provisional and will be finalised within one year after the acquisition date.

16 INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

(a) Investment in associates (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material associates is set out below.

	SCCC US$m	PT Astra Daihatsu Motor US$m	Total US$m
2017			
Net assets	**1,342.4**	**905.5**	**2,247.9**
Interest in associate (%)	**25.5%**	**31.9%**	
Group's share of net assets in associates	**342.8**	**288.6**	**631.4**
Goodwill	**385.8**	**–**	**385.8**
Carrying value	**728.6**	**288.6**	**1,017.2**
2016			
Net assets	885.7	993.0	1,878.7
Interest in associate (%)	24.9%	31.9%	
Group's share of net assets in associates	220.5	316.5	537.0
Goodwill	345.5	–	345.5
Carrying value	566.0	316.5	882.5

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

	2017 US$m	2016 US$m
Share of profit	**73.2**	111.4
Share of other comprehensive income/(expense)	**(24.3)**	0.5
Share of total comprehensive income	**48.9**	111.9
Carrying amount of interests in these associates	**959.4**	564.9

(b) Investment in joint ventures

The material joint ventures of the Group are PT Astra Honda Motor and PT Bank Permata Tbk. These joint ventures have share capital consisting solely of ordinary shares, which are held by the Group's subsidiary, Astra. Astra has a 50.0% interest in PT Astra Honda Motor and a 44.6% interest in PT Bank Permata Tbk. PT Astra Honda Motor is principally involved in the manufacturing and distribution of Honda motorcycles in Indonesia, while PT Bank Permata Tbk is a commercial bank with operations in Indonesia.

As at 31st December 2017, the fair value of the Group's interest in PT Bank Permata Tbk, which is listed on the Indonesia Stock Exchange, was US$576.5 million (2016: US$411.2 million).

Set out below is the summarised financial information for the Group's material joint ventures.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2017

16 INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

(b) Investment in joint ventures (continued)

Summarised balance sheet at 31st December:

	PT Astra Honda Motor US$m	PT Bank Permata Tbk US$m	Total US$m
2017			
Non-current assets	**1,437.8**	**3,598.0**	**5,035.8**
Current assets			
Cash and cash equivalents	**472.5**	**1,325.2**	**1,797.7**
Other current assets	**425.6**	**5,967.1**	**6,392.7**
Total current assets	**898.1**	**7,292.3**	**8,190.4**
Non-current liabilities			
Financial liabilities	**–**	**(352.9)**	**(352.9)**
Other non-current liabilities	**(243.5)**	**(105.6)**	**(349.1)**
Total non-current liabilities	**(243.5)**	**(458.5)**	**(702.0)**
Current liabilities			
Financial liabilities (excluding trade and other payables)	**–**	**(131.9)**	**(131.9)**
Other current liabilities (including trade and other payables)	**(701.6)**	**(8,775.7)**	**(9,477.3)**
Total current liabilities	**(701.6)**	**(8,907.6)**	**(9,609.2)**
Net assets	**1,390.8**	**1,524.2**	**2,915.0**
2016			
Non-current assets	1,478.6	3,502.4	4,981.0
Current assets			
Cash and cash equivalents	432.3	1,676.7	2,109.0
Other current assets	388.3	7,085.7	7,474.0
Total current assets	820.6	8,762.4	9,583.0
Non-current liabilities			
Financial liabilities	–	(485.8)	(485.8)
Other non-current liabilities	(229.3)	(46.8)	(276.1)
Total non-current liabilities	(229.3)	(532.6)	(761.9)
Current liabilities			
Financial liabilities (excluding trade payables)	–	–	–
Other current liabilities (including trade payables)	(663.6)	(10,350.5)	(11,014.1)
Total current liabilities	(663.6)	(10,350.5)	(11,014.1)
Net assets	1,406.3	1,381.7	2,788.0

16 INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

(b) Investment in joint ventures (continued)

Summarised statement of comprehensive income for the year ended 31st December:

	PT Astra Honda Motor US$m	PT Bank Permata Tbk US$m	Total US$m
2017			
Revenue	**4,749.0**	**953.7**	**5,702.7**
Depreciation and amortisation	**(127.0)**	**(20.6)**	**(147.6)**
Financing income	**31.6**	**–**	**31.6**
Tax	**(146.4)**	**(15.8)**	**(162.2)**
Profit after tax	**449.8**	**41.6**	**491.4**
Other comprehensive income/(expense)	**(8.4)**	**(6.4)**	**(14.8)**
Total comprehensive income	**441.4**	**35.2**	**476.6**
Dividends received from joint ventures	**222.7**	**–**	**222.7**
2016			
Revenue	4,559.9	1,226.2	5,786.1
Depreciation and amortisation	(133.6)	(18.7)	(152.3)
Financing income	23.9	–	23.9
Tax	(124.8)	161.5	36.7
Profit/(loss) after tax	455.3	(499.4)	(44.1)
Other comprehensive income/(expense)	3.0	(6.4)	(3.4)
Total comprehensive income	458.3	(505.8)	(47.5)
Dividends received from joint ventures	131.1	–	131.1

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for fair value adjustments made at time of acquisition and differences in accounting policies between the Group and the joint ventures. There are no contingent liabilities relating to the Group's interest in the joint ventures.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2017

16 INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

(b) Investment in joint ventures (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material joint ventures is set out below.

	PT Astra Honda Motor US$m	PT Bank Permata Tbk US$m	Total US$m
2017			
Net assets	**1,390.8**	**1,524.2**	**2,915.0**
Interest in joint ventures (%)	**50.0%**	**44.6%**	
Group's share of net assets in joint ventures	**695.4**	**679.2**	**1,374.6**
Goodwill	**–**	**36.4**	**36.4**
Carrying value	**695.4**	**715.6**	**1,411.0**
2016			
Net assets	1,406.3	1,381.7	2,788.0
Interest in joint ventures (%)	50.0%	44.6%	
Group's share of net assets in joint ventures	703.1	617.5	1,320.6
Goodwill	–	36.7	36.7
Carrying value	703.1	654.2	1,357.3

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

	2017 US$m	2016 US$m
Share of profit	**152.0**	154.2
Share of other comprehensive income/(expense)	**(7.1)**	(2.8)
Share of total comprehensive income	**144.9**	151.4
Carrying amount of interests in these joint ventures	**915.3**	933.8

A list of the Group's principal associates and joint ventures is set out in Note 42.

17 INVESTMENTS

The Group's investments consist of available-for-sale and held-to-maturity financial assets.

	Group		Company	
	2017 US$m	2016 US$m	2017 US$m	2016 US$m
Available-for-sale				
– quoted investments	**1,962.2**	507.7	**–**	–
– unquoted investments	**30.1**	38.0	**–**	11.0
	1,992.3	545.7	**–**	11.0
Held-to-maturity quoted investments	**3.7**	7.3	**–**	–
	1,996.0	553.0	**–**	11.0
Non-current	**1,973.3**	487.8	**–**	11.0
Current	**22.7**	65.2	**–**	–
	1,996.0	553.0	**–**	11.0
Analysis by geographical area of operation:				
Indonesia	**642.1**	527.3	**–**	–
Singapore	**–**	11.0	**–**	11.0
Vietnam	**1,337.7**	–	**–**	–
Others	**16.2**	14.7	**–**	–
	1,996.0	553.0	**–**	11.0
Movements during the year are as follows:				
Balance at 1st January	**553.0**	436.0	**11.0**	10.0
Translation adjustments	**23.0**	8.3	**0.5**	(0.2)
Fair value changes	**171.5**	16.7	**–**	1.2
Additions	**1,608.6**	207.6	**–**	–
Disposals	**(271.7)**	(114.4)	**(11.5)**	–
Disposals arising from disposal of subsidiaries (Note 37)	**(87.5)**	–	**–**	–
Unwinding of discount	**(0.9)**	(1.2)	**–**	–
Balance at 31st December	**1,996.0**	553.0	**–**	11.0

The fair value measurements of available-for-sale financial assets are determined on the following bases:

	Group		Company	
	2017 US$m	2016 US$m	2017 US$m	2016 US$m
Quoted prices in active markets	**1,962.2**	507.7	**–**	–
Other valuation techniques using unobservable inputs	**30.1**	38.0	**–**	11.0
	1,992.3	545.7	**–**	11.0

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2017

17 INVESTMENTS (continued)

Movements of available-for-sale financial assets which are valued based on other valuation techniques are as follows:

	Group		Company	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Balance at 1st January	**38.0**	37.4	**11.0**	10.0
Translation adjustments	**2.0**	(0.6)	**0.5**	(0.2)
Fair value changes	**–**	1.2	**–**	1.2
Additions	**1.6**	–	**–**	–
Disposals	**(11.5)**	–	**(11.5)**	–
Balance at 31st December	**30.1**	38.0	**–**	11.0

Included in the available-for-sale unquoted investments is a 49% shareholding in Mercedes-Benz Malaysia Sdn Bhd ("MBM") held through the Group's subsidiary, Cycle & Carriage Bintang Berhad which entitles it to receive an annual dividend when declared. MBM is not considered an associate of the Group as the Group holds its interest through MBM's Class B shares which do not carry any voting rights nor any right to share in the equity interest.

Profit on disposal of available-for-sale financial assets during 2017 amounted to US$8.8 million (2016: US$7.0 million) and was credited to profit and loss.

18 PROPERTIES FOR SALE

	Group	
	2017 US$m	2016 US$m
Properties under development	**254.0**	–

As at 31st December 2017, properties under development amounting to US$232.0 million (2016: Nil) were not scheduled for completion within the next twelve months.

As at 31st December 2017, the Group's properties for sale had not been pledged as security for borrowings (2016: Nil).

19 STOCKS

	Group	
	2017 US$m	2016 US$m
Finished goods	**1,399.7**	1,333.1
Work in progress	**53.5**	39.6
Raw materials	**56.0**	41.5
Spare parts	**44.0**	53.9
Others	**104.7**	80.3
	1,657.9	1,548.4

The Group's stocks have not been pledged as security for borrowings at 31st December 2017 (2016: Nil).

20 FINANCING DEBTORS

	Group	
	2017 US$m	2016 US$m
Consumer financing debtors	**4,550.9**	4,659.9
Less: Allowance for impairment	**(196.9)**	(182.3)
	4,354.0	4,477.6
Financing leases		
– gross investment	**384.0**	398.2
– unearned finance income	**(56.4)**	(51.1)
– net investment	**327.6**	347.1
Less: Allowance for impairment	**(12.8)**	(13.8)
	314.8	333.3
	4,668.8	4,810.9
Non-current	**2,315.5**	2,338.7
Current	**2,353.3**	2,472.2
	4,668.8	4,810.9

The maturity analysis of consumer financing debtors is as follows:

Including related finance income

	2017 US$m	2016 US$m
Within one year	**3,147.9**	3,188.2
Between one and two years	**1,665.3**	1,672.1
Between two and five years	**1,064.1**	1,134.7
	5,877.3	5,995.0

Excluding related finance income

	2017 US$m	2016 US$m
Within one year	**2,313.2**	2,357.4
Between one and two years	**1,309.1**	1,323.4
Between two and five years	**928.6**	979.1
	4,550.9	4,659.9

The maturity analysis of investment in financing leases is as follows:

	Gross investment		Net investment	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Within one year	**186.1**	251.4	**149.8**	213.0
Between one and two years	**127.1**	104.5	**113.5**	94.7
Between two and five years	**70.8**	42.3	**64.3**	39.4
	384.0	398.2	**327.6**	347.1

20 FINANCING DEBTORS (continued)

The consumer financing debtors relate primarily to Astra's motor vehicle and motorcycle financing. Before accepting any new customer, the Group assesses the potential customer's credit quality and sets credit limits by customer using internal scoring systems. These limits and scoring are reviewed periodically. The Group obtains collateral in the form of motor vehicles and motorcycles from consumer financing debtors 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 reorganisation 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.

At 31st December 2017, consumer financing debtors of US$96.2 million (2016: US$44.3 million) and financing leases of US$14.4 million (2016: US$15.8 million) were impaired. The impaired amounts were covered by allowances of impairment of these debtors which are assessed collectively.

At 31st December 2017, consumer financing debtors of US$347.4 million (2016: US$384.8 million) and financing leases of US$54.2 million (2016: US$90.1 million) were past due but not impaired. The ageing analysis of these debtors is as follows:

	Consumer financing debtors		Financing leases	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Below 30 days	**290.0**	311.3	**42.2**	61.5
Between 31 and 60 days	**47.0**	61.4	**11.7**	20.6
Between 61 and 90 days	**10.4**	12.1	**0.3**	8.0
	347.4	384.8	**54.2**	90.1

The fair value of the financing debtors is US$4,736.5 million (2016: US$4,779.1 million). The fair value of financing debtors are determined based on a discounted cash flow method using unobservable inputs, which are mainly rates of 6% to 35% per annum (2016: 6% to 34% per annum). The higher the rates, the lower the fair value.

Financing debtors are due within five years (2016: five years) from the balance sheet date and the interest rates range from 6% to 35% per annum (2016: 6% to 34% per annum).

Financing debtors amounting to US$1,771.0 million at 31st December 2017 (2016: US$1,868.3 million) have been pledged as security for borrowings (Note 25).

Movements in the allowance for impairment of financing debtors are as follows:

	2017 US$m	2016 US$m
Balance at 1st January	**196.1**	196.9
Translation adjustments	**(1.8)**	3.8
Allowance made during the year (Note 4)	**146.7**	101.3
Utilised during the year	**(131.3)**	(105.9)
Balance at 31st December	**209.7**	196.1

21 DEBTORS

	Group		Company	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Financing debtors (Note 20)	**4,668.8**	4,810.9	**–**	–
Trade debtors				
Amounts owing by third parties	**1,908.8**	1,433.7	**–**	–
Less: Allowance for impairment	**(66.1)**	(37.5)	**–**	–
	1,842.7	1,396.2	**–**	–
Amounts owing by associates	**23.7**	21.0	**–**	–
Amounts owing by joint ventures	**89.7**	92.4	**–**	–
	1,956.1	1,509.6	**–**	–
Other debtors				
Repossessed assets	**41.0**	24.9	**–**	–
Restricted bank balances and deposits	**212.1**	66.6	**–**	–
Loans to employees	**35.7**	35.4	**0.2**	0.2
Interest receivable	**7.5**	8.3	**–**	–
Amounts owing by associates	**4.1**	4.5	**–**	–
Amounts owing by joint ventures	**90.1**	47.7	**–**	–
Amounts owing by subsidiaries	**–**	–	**1,424.1**	61.4
Less: Allowance for impairment	**–**	–	**(21.5)**	(19.9)
	–	–	**1,402.6**	41.5
Amount owing to related companies of ultimate holding company	**–**	0.2	**–**	–
Sundry debtors	**245.2**	181.5	**0.2**	0.2
Less: Allowance for impairment	**(1.6)**	(1.3)	**–**	–
	243.6	180.1	**0.2**	0.2
Financial assets excluding derivatives	**7,259.0**	6,688.2	**1,403.0**	41.9
Cross-currency swap contracts (Note 34)	**28.5**	71.4	**–**	–
Interest rate swap contracts (Note 34)	**0.1**	0.2	**–**	–
	28.6	71.6	**–**	–
Financial assets	**7,287.6**	6,759.8	**1,403.0**	41.9
Reinsurers' share of estimated losses (Note 35)	**54.9**	71.8	**–**	–
Deposits	**3.3**	63.9	**0.1**	0.1
Prepayments	**541.1**	349.5	**0.5**	0.8
Others	**95.5**	83.3	**–**	–
	7,982.4	7,328.3	**1,403.6**	42.8
Non-current	**2,827.1**	2,691.6	**–**	–
Current	**5,155.3**	4,636.7	**1,403.6**	42.8
	7,982.4	7,328.3	**1,403.6**	42.8
Analysis by geographical area of operation:				
Indonesia	**7,885.4**	7,249.0	**–**	–
Singapore	**65.0**	62.5	**1,403.6**	42.8
Others	**32.0**	16.8	**–**	–
	7,982.4	7,328.3	**1,403.6**	42.8

21 DEBTORS (continued)

The average credit period on sale of goods and services varies among the Group's businesses, but is 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 reorganisation and default or delinquency in payment are considered indicators that the debtor is impaired and an allowance for impairment is made based on the estimated irrecoverable amount determined by reference to past default experience.

At 31st December 2017, trade and other debtors of the Group and the Company of US$76.8 million (2016: US$61.7 million) and US$21.5 million (2016: US$19.9 million), respectively, were impaired. The amount of the allowances for the Group and the Company was US$67.7 million (2016: US$38.8 million) and US$21.5 million (2016: US$19.9 million), respectively. It was assessed that the remaining portion of the debtors is expected to be recovered.

At 31st December 2017, trade and other debtors of the Group of US$800.5 million (2016: US$527.9 million) were past due but not impaired. The ageing analysis of these debtors is as follows:

	Group	
	2017 US$m	2016 US$m
Below 30 days	**354.0**	247.1
Between 31 and 60 days	**147.8**	79.1
Between 61 and 90 days	**89.4**	39.2
Over 90 days	**209.3**	162.5
	800.5	527.9

The risk of debtors that are neither past due nor impaired as at 31st December 2017 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.

Movements in the allowance for impairment of trade debtors are as follows:

	Group	
	2017 US$m	2016 US$m
Balance at 1st January	**37.5**	45.6
Translation adjustments	**(0.2)**	1.2
Allowance/(write-back) made during the year (Note 4)	**41.7**	(6.8)
Utilised during the year	**(12.9)**	(2.5)
Balance at 31st December	**66.1**	37.5

21 DEBTORS (continued)

Movements in the allowance for impairment of other debtors are as follows:

	Group		Company	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Balance at 1st January	**1.3**	1.0	**19.9**	20.3
Translation adjustments	**–**	–	**1.6**	(0.4)
Allowance made during the year (Note 4)	**1.0**	0.4	**–**	–
Utilised during the year	**(0.7)**	(0.1)	**–**	–
Balance at 31st December	**1.6**	1.3	**21.5**	19.9

The fair value of the non-current debtors are determined based on a discounted cash flow method using unobservable inputs, which are mainly rates of 13% to 14% per annum (2016: 9% to 14% per annum). The higher the rates, the lower the fair value. The fair value of the repossessed assets held amounted to US$41.0 million (2016: US$24.9 million).

Trade and other debtors of the Group amounting to US$10.9 million at 31st December 2017 (2016: US$9.1 million) have been pledged as security for borrowings (Note 25).

The amounts owing by subsidiaries, associates and joint ventures are unsecured, interest-free except for amounts owing by associates and joint ventures amounting to US$47.4 million (2016: US$35.0 million) which bear weighted average interest rate of 8% (2016: 5%) per annum.

22 BANK BALANCES AND OTHER LIQUID FUNDS

	Group		Company	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Bank and cash balances	**1,629.4**	1,462.8	**96.5**	126.2
Deposits with banks and financial institutions	**1,010.4**	1,002.9	**–**	27.9
	2,639.8	2,465.7	**96.5**	154.1
Analysis by currency:				
Singapore Dollar	**102.6**	264.7	**83.5**	153.7
United States Dollar	**688.1**	527.4	**12.7**	0.4
Malaysian Ringgit	**8.1**	10.7	**0.1**	–
Japanese Yen	**4.2**	3.4	**–**	–
Indonesian Rupiah	**1,835.2**	1,655.9	**0.2**	–
Euro	**1.6**	0.9	**–**	–
Vietnam Dong	**–**	2.6	**–**	–
Others	**–**	0.1	**–**	–
	2,639.8	2,465.7	**96.5**	154.1

The weighted average effective interest rate on interest bearing deposits at 31st December 2017 was 2.5% (2016: 2.2%) per annum.

23 CREDITORS

	Group		Company	
	2017 US$m	2016 US$m	2017 US$m	2016 US$m
Trade creditors				
Amounts owing to third parties	**1,992.5**	1,473.6	**–**	–
Amounts owing to associates	**76.5**	78.7	**–**	–
Amounts owing to joint ventures	**197.3**	194.2	**–**	–
	2,266.3	1,746.5	**–**	–
Other creditors				
Accruals	**649.0**	522.7	**14.8**	11.3
Interest payable	**45.3**	36.5	**–**	–
Amounts owing to associates	**0.1**	–	**–**	–
Amounts owing to joint ventures	**16.6**	35.9	**–**	–
Amounts owing to subsidiaries	**–**	–	**66.0**	9.2
Contingent consideration payable	**8.8**	8.8	**–**	–
Sundry creditors	**432.3**	211.8	**–**	–
Financial liabilities excluding derivatives	**3,418.4**	2,562.2	**80.8**	20.5
Cross-currency swap contracts (Note 34)	**23.9**	18.9	**–**	–
Forward foreign exchange contracts (Note 34)	**0.3**	0.7	**–**	–
	24.2	19.6	**–**	–
Financial liabilities	**3,442.6**	2,581.8	**80.8**	20.5
Insurance contracts – gross estimated losses (Note 35)	**148.9**	152.7	**–**	–
Insurance contracts – unearned premiums (Note 35)	**348.1**	342.2	**–**	–
Rental and other income received in advance	**220.8**	192.3	**–**	–
Customer deposits and advances	**220.4**	239.5	**–**	–
Others	**13.5**	11.8	**–**	–
	4,394.3	3,520.3	**80.8**	20.5
Non-current	**170.8**	156.7	**–**	–
Current	**4,223.5**	3,363.6	**80.8**	20.5
	4,394.3	3,520.3	**80.8**	20.5
Analysis by geographical area of operation:				
Indonesia	**4,086.7**	3,249.0	**–**	–
Singapore	**261.8**	235.6	**80.8**	20.5
Malaysia	**45.8**	35.7	**–**	–
	4,394.3	3,520.3	**80.8**	20.5

The amounts owing to subsidiaries, associates and joint ventures are unsecured, interest-free and repayable on demand. The fair value of creditors approximates their carrying amounts.

24 PROVISIONS

	Warranty and Goodwill expenses US$m	Closure costs US$m	Statutory employee entitlements US$m	Others US$m	Total US$m
Group					
2017					
Balance at 1st January	**45.8**	**0.9**	**100.2**	**36.4**	**183.3**
Translation adjustments	**3.9**	**–**	**(1.0)**	**(0.2)**	**2.7**
Provision made/(written back) during the year (Note 4)	**12.9**	**–**	**14.0**	**(0.5)**	**26.4**
Utilised during the year	**(4.6)**	**–**	**(0.3)**	**(6.6)**	**(11.5)**
Balance at 31st December	**58.0**	**0.9**	**112.9**	**29.1**	**200.9**
Non-current	**–**	**0.9**	**97.9**	**14.9**	**113.7**
Current	**58.0**	**–**	**15.0**	**14.2**	**87.2**
	58.0	**0.9**	**112.9**	**29.1**	**200.9**
2016					
Balance at 1st January	39.5	0.9	92.6	22.0	155.0
Translation adjustments	(1.2)	–	2.4	0.5	1.7
Provision made during the year (Note 4)	11.5	–	5.6	15.5	32.6
Utilised during the year	(4.0)	–	(0.4)	(1.6)	(6.0)
Balance at 31st December	45.8	0.9	100.2	36.4	183.3
Non-current	–	0.9	82.2	14.5	97.6
Current	45.8	–	18.0	21.9	85.7
	45.8	0.9	100.2	36.4	183.3

25 BORROWINGS

	Group 2017 US$m	Group 2016 US$m
Current borrowings		
Bank loans	**2,513.4**	1,396.1
Other loans	**–**	33.5
Current portion of long-term borrowings:		
– Bank loans	**969.1**	1,114.8
– Astra Sedaya Finance Berkelanjutan I Tahap I Bonds	**–**	167.0
– Astra Sedaya Finance Berkelanjutan II Tahap II Bonds	**–**	27.5
– Astra Sedaya Finance Berkelanjutan II Tahap III Bonds	**5.4**	52.3
– Astra Sedaya Finance Berkelanjutan II Tahap IV Bonds	**–**	106.3
– Astra Sedaya Finance Berkelanjutan II Tahap V Bonds	**60.9**	–
– Astra Sedaya Finance Berkelanjutan III Tahap I Bonds	**–**	57.1
– Astra Sedaya Finance Berkelanjutan III Tahap II Bonds	**–**	63.0
– Astra Sedaya Finance Berkelanjutan III Tahap III Bonds	**73.7**	–
– Astra Sedaya Finance Berkelanjutan III Tahap IV Bonds	**71.7**	–
– Astra Sedaya Finance Singapore Dollars Guaranteed Bonds	**–**	68.7
– Astra Sedaya Finance Euro Medium Term Note	**299.9**	–
– Federal International Finance Berkelanjutan I Tahap III Bonds	**–**	55.4
– Federal International Finance Berkelanjutan II Tahap I Bonds	**150.6**	–
– Federal International Finance Berkelanjutan II Tahap II Bonds	**43.3**	–
– Federal International Finance Berkelanjutan II Tahap III Bonds	**–**	64.5
– Federal International Finance Berkelanjutan II Tahap IV Bonds	**–**	64.5
– Federal International Finance Berkelanjutan III Tahap I Bonds	**105.0**	–
– Federal International Finance Berkelanjutan III Tahap II Bonds	**123.6**	–
– SAN Finance Berkelanjutan I Tahap II Bonds	**–**	74.3
– SAN Finance Berkelanjutan I Tahap III Bonds	**36.8**	–
– SAN Finance Berkelanjutan II Tahap I Bonds	**–**	37.7
– SAN Finance Berkelanjutan II Tahap II Bonds	**58.9**	–
– Finance lease liabilities	**3.4**	51.2
– Others	**10.1**	9.3
	4,525.8	3,443.2

25 BORROWINGS (continued)

	Group 2017 US$m	Group 2016 US$m
Long-term borrowings		
Bank loans	**1,375.5**	744.0
Astra Sedaya Finance Berkerlanjutan II Tahap III Bonds	**–**	5.6
Astra Sedaya Finance Berkerlanjutan II Tahap V Bonds	**–**	57.7
Astra Sedaya Finance Berkelanjutan III Tahap I Bonds	**90.7**	91.4
Astra Sedaya Finance Berkelanjutan III Tahap II Bonds	**58.3**	58.7
Astra Sedaya Finance Berkelanjutan III Tahap III Bonds	**110.6**	–
Astra Sedaya Finance Berkelanjutan III Tahap IV Bonds	**60.8**	–
Astra Sedaya Finance Euro Medium Term Note	**–**	299.9
Federal International Finance Berkelanjutan II Tahap I Bonds	**–**	146.4
Federal International Finance Berkelanjutan II Tahap II Bonds	**–**	43.6
Federal International Finance Berkelanjutan II Tahap III Bonds	**180.6**	180.5
Federal International Finance Berkelanjutan II Tahap IV Bonds	**85.2**	85.8
Federal International Finance Berkelanjutan III Tahap I Bonds	**151.4**	–
Federal International Finance Berkelanjutan III Tahap II Bonds	**71.5**	–
SAN Finance Berkelanjutan I Tahap III Bonds	**–**	32.9
SAN Finance Berkelanjutan II Tahap I Bonds	**74.5**	75.7
SAN Finance Berkelanjutan II Tahap II Bonds	**34.7**	–
AOP Medium Term Note Seri B	**25.8**	26.0
Finance lease liabilities	**1.1**	4.4
Others	**11.8**	14.8
	2,332.5	1,867.4
Total borrowings	**6,858.3**	5,310.6
Secured	**3,150.6**	3,201.4
Unsecured	**3,707.7**	2,109.2
	6,858.3	5,310.6

At 31st December 2017, the Company has unsecured bank loans of US$1,262.8 million (2016: Nil) in current borrowings.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at 31st December, after taking into account hedging transactions are as follows:

	Group 2017 US$m	Group 2016 US$m	Company 2017 US$m	Company 2016 US$m
Within one year	**4,746.1**	3,578.6	**1,262.8**	–
Between one and two years	**1,057.9**	1,040.2	**–**	–
Between two and three years	**634.9**	677.6	**–**	–
Between three and four years	**70.4**	14.2	**–**	–
Between four and five years	**349.0**	–	**–**	–
	6,858.3	5,310.6	**1,262.8**	–

25 BORROWINGS (continued)

The minimum lease payments under the finance lease liabilities were payable as follows:

	Group 2017 US$m	Group 2016 US$m
Finance lease liabilities – minimum lease payments:		
– within one year	**3.5**	52.8
– between one and five years	**1.1**	4.6
	4.6	57.4
Future finance charges on finance leases	**(0.1)**	(1.8)
Present value of finance lease liabilities	**4.5**	55.6
The present value of finance lease liabilities is as follows:		
– within one year	**3.4**	51.2
– between one and five years	**1.1**	4.4
	4.5	55.6

After taking into account hedging transactions, the weighted average interest rates and period of fixed rate borrowings of the Group are as follows:

	Fixed rate borrowings			Floating rate borrowings	Total
Currency:	Weighted average interest rates %	Weighted average period outstanding Months	US$m	US$m	US$m
Group					
2017					
United States Dollar	**1.91**	**12**	**10.4**	**1,244.0**	**1,254.4**
Indonesian Rupiah	**8.02**	**20**	**4,162.7**	**1,103.3**	**5,266.0**
Malaysian Ringgit	**4.05**	**–**	**–**	**61.2**	**61.2**
Singapore Dollar	**1.80**	**–**	**–**	**276.7**	**276.7**
			4,173.1	**2,685.2**	**6,858.3**
2016					
United States Dollar	2.63	11	139.2	258.0	397.2
Indonesian Rupiah	8.56	14	3,588.3	1,292.1	4,880.4
Malaysian Ringgit	3.79	–	–	33.0	33.0
			3,727.5	1,583.1	5,310.6
Company					
2017					
United States Dollar	**1.83**	**–**	**–**	**986.1**	**986.1**
Singapore Dollar	**1.80**	**–**	**–**	**276.7**	**276.7**
			–	**1,262.8**	**1,262.8**

25 BORROWINGS (continued)

The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant. The fair values of the non-current borrowings at the end of the year are as follows:

	Group 2017 US$m	Group 2016 US$m
Bank loans	**1,361.3**	750.2
Bonds and others	**982.9**	1,130.4
	2,344.2	1,880.6

The fair values are based on market prices, or are estimated using the expected future payments discounted at market interest rates ranging from 5.00% to 12.00% per annum (2016: 6.50% to 12.00% per annum). This is in line with the definition of "observable current market transactions" under the fair value measurement hierarchy.

At 31st December 2017, bank loans and bonds amounting to US$3,150.6 million (2016: US$3,201.4 million) have been collateralised by property, plant and equipment, debtors, and financing debtors.

	Maturity	Interest rates %	Nominal values US$m	Nominal values Rp billion
Astra Sedaya Finance ("ASF") Bonds and MTNs				
ASF Berkelanjutan II Tahap III Bonds	2018	10.6%	5.5	75.0
ASF Berkelanjutan II Tahap V Bonds	2018	9.25%	60.9	825.0
ASF Berkelanjutan III Tahap I Bonds	2019	8.5%	90.8	1,230.0
ASF Berkelanjutan III Tahap II Bonds	2019	7.95%	62.7	850.0
ASF Berkelanjutan III Tahap III Bonds	2018-2022	7.40%-8.75%	184.5	2,500.0
ASF Berkelanjutan III Tahap IV Bonds	2018-2022	6.25%-7.65%	132.9	1,800.0
ASF Euro Medium Term Notes	2018	2.88%	300.0	4,064.4
			837.3	11,344.4

The ASF Bonds were issued by a partly-owned subsidiary of Astra and are collateralised 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 Notes were unsecured.

	Maturity	Interest rates %	Nominal values US$m	Nominal values Rp billion
Federal International Finance ("FIF") Bonds				
FIF Berkelanjutan II Tahap I Bonds	2018	9.25%	152.1	2,061.0
FIF Berkelanjutan II Tahap II Bonds	2018	9.25%	43.3	587.0
FIF Berkelanjutan II Tahap III Bonds	2019	9.15%	185.0	2,507.0
FIF Berkelanjutan II Tahap IV Bonds	2019	7.95%	92.8	1,257.0
FIF Berkelanjutan III Tahap I Bonds	2018-2020	7.35%-8.45%	258.3	3,500.0
FIF Berkelanjutan III Tahap II Bonds	2018-2020	6.50%-7.50%	195.6	2,650.0
			927.1	12,562.0

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

25 BORROWINGS (continued)

	Maturity	Interest rates %	Nominal values US$m	Nominal values Rp billion
SAN Finance Bonds				
SAN Finance Berkelanjutan I Tahap III Bonds	2018	9.4%	36.9	500.0
SAN Finance Berkelanjutan II Tahap I Bonds	2019	9.0%	80.5	1,090.0
SAN Finance Berkelanjutan II Tahap II Bonds	2018-2022	8.0%-9.25%	93.9	1,272.0
			211.3	2,862.0

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

	Maturity	Interest rates %	Nominal values US$m	Nominal values Rp billion
Astra Otoparts ("AOP") Medium Term Note				
AOP Medium Term Note Seri B	2019	9.0%	25.8	350.0

The AOP Medium Term Note was unsecured and issued by a partly-owned subsidiary of Astra.

The movements in borrowings are as follows:

	Bank overdrafts US$m	Long-term borrowings US$m	Short-term borrowings US$m	Finance lease liabilities US$m	Total US$m
2017					
At 1st January	**–**	**1,863.0**	**3,392.0**	**55.6**	**5,310.6**
Translation adjustments	**–**	**12.0**	**(54.6)**	**(0.1)**	**(42.7)**
Additions arising from acquisition of subsidiaries (Note 37)	**–**	**35.3**	**87.4**	**–**	**122.7**
Disposals arising from disposal of subsidiaries (Note 37)	**–**	**–**	**(0.1)**	**–**	**(0.1)**
Amortisation of borrowing costs	**–**	**1.9**	**14.9**	**–**	**16.8**
Transfer	**–**	**(2,477.4)**	**2,477.4**	**–**	**–**
Drawdown of borrowings	**–**	**2,893.5**	**1,390.1**	**–**	**4,283.6**
Repayment of borrowings	**–**	**–**	**(2,781.6)**	**(51.0)**	**(2,832.6)**
As 31st December	**–**	**2,328.3**	**4,525.5**	**4.5**	**6,858.3**
2016					
At 1st January	2.1	2,432.4	2,621.3	96.1	5,151.9
Translation adjustments	–	17.1	(80.6)	0.1	(63.4)
Amortisation of borrowing costs	–	4.6	12.2	–	16.8
Additions	–	–	–	1.7	1.7
Transfer	–	(2,378.8)	2,378.8	–	–
Change in bank overdrafts	(2.1)	–	–	–	(2.1)
Drawdown of borrowings	–	1,726.3	933.8	–	2,660.1
Repayment of borrowings	–	–	(2,412.1)	(42.3)	(2,454.4)
As 31st December	–	1,801.6	3,453.4	55.6	5,310.6

26 DEFERRED TAX

	Accelerated tax depreciation & tax assets revaluation US$m	Fair value (gains)/losses US$m	Provisions US$m	Tax losses US$m	Employee benefits & others US$m	Total US$m
Group						
2017						
Balance at 1st January	**128.9**	**(201.8)**	**109.4**	**13.2**	**53.5**	**103.2**
Translation adjustments	**(1.1)**	**0.7**	**0.2**	**(0.1)**	**(1.5)**	**(1.8)**
Credited/(charged) to profit and loss account (Note 7)	**(9.8)**	**7.4**	**(5.3)**	**1.0**	**30.3**	**23.6**
Credited/(charged) to other comprehensive income (Note 7)	**–**	**2.9**	**–**	**–**	**5.0**	**7.9**
Additions arising from acquisitions of subsidiaries (Note 37)	**–**	**(25.6)**	**–**	**–**	**0.1**	**(25.5)**
Others	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Balance at 31st December	**118.0**	**(216.4)**	**104.3**	**14.1**	**87.3**	**107.3**
2016						
Balance at 1st January	42.4	(205.0)	108.0	14.8	58.6	18.8
Translation adjustments	0.5	(4.2)	2.4	0.4	2.1	1.2
Credited/(charged) to profit and loss account (Note 7)	86.0	(1.0)	(1.0)	(2.0)	1.0	83.0
Credited/(charged) to other comprehensive income (Note 7)	–	8.4	–	–	(8.2)	0.2
Balance at 31st December	128.9	(201.8)	109.4	13.2	53.5	103.2

	Unremitted/ Undistributed earnings	
	2017 US$m	2016 US$m
Company		
Balance at 1st January	**(5.6)**	(5.7)
Translation adjustments	**(0.4)**	0.1
Addition arising from acquisition of an associate	**(0.2)**	–
Balance at 31st December	**(6.2)**	(5.6)

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	Group		Company	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Deferred tax assets	**320.2**	291.2	**–**	–
Deferred tax liabilities	**(212.9)**	(188.0)	**(6.2)**	(5.6)
Balance at 31st December	**107.3**	103.2	**(6.2)**	(5.6)

26 DEFERRED TAX (continued)

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group did not recognise deferred income tax assets of US$64.5 million (2016: US$59.8 million) in respect of tax losses of US$253.4 million in 2017 (2016: US$234.4 million) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. These tax losses have expiry dates as follows:

	Group	
	2017 US$m	2016 US$m
No expiry date	**1.6**	1.4
Expiring in one year	**16.2**	13.5
Expiring in two years	**47.1**	18.7
Expiring in three years	**62.1**	44.6
Expiring in four years	**45.5**	66.7
Expiring beyond four years	**80.9**	89.5
	253.4	234.4

Deferred tax liabilities of US$504.0 million (2016: US$463.0 million) on temporary differences associated with investments in subsidiaries of US$5,039.8 million (2016: US$4,630.1 million) have not been recognised as there is no intention of remitting the retained earnings to the Company in the foreseeable future.

27 PENSION LIABILITIES

The Group, through Astra, has defined benefit pension plans covering its employees in Indonesia and are either funded or unfunded. The assets of the funded plans are held independently of the Group's assets in separate trustee administered funds. The pension liabilities are calculated annually by an independent actuary using the projected unit credit method.

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

	2017 US$m	2016 US$m
Fair value of plan assets	**67.8**	70.4
Present value of funded obligations	**(78.2)**	(80.5)
	(10.4)	(10.1)
Present value of unfunded obligations	**(250.8)**	(205.3)
Impact of minimum funding requirement/assets ceiling	**(1.0)**	(0.5)
Net pension liabilities	**(262.2)**	(215.9)

27 PENSION LIABILITIES (continued)

The movement in the net pension liabilities is as follows:

	Fair value of plan assets US$m	Present value of obligations US$m	Total US$m	Impact of minimum funding requirement/ asset ceiling US$m	Net amount US$m
2017					
At 1st January	**70.4**	**(285.8)**	**(215.4)**	**(0.5)**	**(215.9)**
Translation differences	**(0.6)**	**2.9**	**2.3**	**–**	**2.3**
Additions arising from acquisition of subsidiaries (Note 37)	**–**	**(0.5)**	**(0.5)**	**–**	**(0.5)**
Current service cost	**–**	**(24.4)**	**(24.4)**	**–**	**(24.4)**
Interest income/(expense)	**5.1**	**(22.6)**	**(17.5)**	**–**	**(17.5)**
Past service cost and gains/(losses) on settlement	**–**	**(3.0)**	**(3.0)**	**–**	**(3.0)**
	5.1	**(50.0)**	**(44.9)**	**–**	**(44.9)**
Remeasurements					
– return on plan assets, excluding amounts included in interest income/(expense)	**(0.9)**	**–**	**(0.9)**	**–**	**(0.9)**
– change in demographic assumptions	**–**	**5.6**	**5.6**	**–**	**5.6**
– change in financial assumptions	**–**	**(24.4)**	**(24.4)**	**–**	**(24.4)**
– experience losses	**–**	**(0.6)**	**(0.6)**	**–**	**(0.6)**
– change in asset ceiling, excluding amounts included in interest expense	**–**	**–**	**–**	**(0.5)**	**(0.5)**
	(0.9)	**(19.4)**	**(20.3)**	**(0.5)**	**(20.8)**
Contributions from employers	**2.7**	**–**	**2.7**	**–**	**2.7**
Contribution from plan participants	**0.7**	**(0.7)**	**–**	**–**	**–**
Benefit payments	**(10.5)**	**24.5**	**14.0**	**–**	**14.0**
Transfer from other plans	**0.9**	**–**	**0.9**	**–**	**0.9**
At 31st December	**67.8**	**(329.0)**	**(261.2)**	**(1.0)**	**(262.2)**
2016					
At 1st January	62.7	(282.6)	(219.9)	0.3	(219.6)
Translation differences	1.6	(7.5)	(5.9)	0.1	(5.8)
Current service cost	–	(22.8)	(22.8)	–	(22.8)
Interest income/(expense)	5.3	(25.3)	(20.0)	–	(20.0)
Past service cost and gains/(losses) on settlement	–	2.1	2.1	–	2.1
	5.3	(46.0)	(40.7)	–	(40.7)
Remeasurements					
– return on plan assets, excluding amounts included in interest income/(expense)	6.1	–	6.1	–	6.1
– change in financial assumptions	–	2.1	2.1	–	2.1
– experience gains/(losses)	–	27.2	27.2	–	27.2
– change in asset ceiling, excluding amounts included in interest expense	–	–	–	(0.9)	(0.9)
	6.1	29.3	35.4	(0.9)	34.5
Contributions from employers	4.0	–	4.0	–	4.0
Contribution from plan participants	0.7	(0.7)	–	–	–
Benefit payments	(10.4)	21.7	11.3	–	11.3
Transfer from other plans	0.4	–	0.4	–	0.4
At 31st December	70.4	(285.8)	(215.4)	(0.5)	(215.9)

27 PENSION LIABILITIES (continued)

The weighted average duration of the defined benefit obligation at 31st December 2017 is 17 years.

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

	2017 US$m	2016 US$m
Less than a year	22.9	20.0
Between one and two years	22.4	14.7
Between two and five years	96.2	93.2
Beyond five years	3,871.2	3,878.4
	4,012.7	4,006.3

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

	2017 %	2016 %
Discount rate	8	8
Salary growth rate	7	7

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

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption US$m	Decrease in assumption US$m
Discount rate	1%	(41.6)	54.0
Salary growth rate	1%	59.5	(46.4)

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

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

	2017 US$m	2016 US$m
Quoted investments		
Equity instruments	22.8	20.9
Debt instruments		
– government	23.4	25.0
– corporate bonds (investment grade)	17.0	19.1
Total investments	63.2	65.0
Cash and cash equivalents	4.6	5.4
	67.8	70.4

The top three sectors of the quoted equity instruments at the end of both 2017 and 2016 were financials, infrastructure and consumer goods with combined fair values of US$17.8 million and US$15.8 million, respectively.

27 PENSION LIABILITIES (continued)

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

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

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

The Group ensures that the investment positions are managed within an asset-liability matching ("ALM") framework that is developed to achieve long-term returns that are in line with the obligations under the pension schemes. Within this ALM framework, the Group's objective is to match assets to the pension obligations by investing in a well-diversified portfolio that generates sufficient risk-adjusted returns that match the benefit payments. The Group also actively monitors the duration and the expected yield of the investments to ensure it matches the expected cash outflows arising from the pension obligations.

Investments across the plans are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2017 were US$2.7 million and the estimated amount of contributions expected to be paid to the plans in 2018 is US$5.4 million.

28 SHARE CAPITAL OF THE COMPANY

	2017 US$m	2016 US$m
Issued and fully paid:		
Balance at 1st January and 31st December – 395,236,288 ordinary shares	1,381.0	1,381.0

There is no par value for the ordinary shares. The Company did not hold any treasury shares as at 31st December 2017 (31st December 2016: Nil).

29 REVENUE RESERVE

	Group		Company	
	2017 US$m	2016 US$m	2017 US$m	2016 US$m
Movements:				
Balance at 1st January	5,508.7	5,065.3	654.2	628.2
Asset revaluation reserve realised on disposal of assets	0.8	0.2	–	–
Defined benefit pension plans				
– remeasurements	(7.2)	13.2	–	–
– deferred tax	1.7	(3.1)	–	–
Share of associates' and joint ventures' remeasurement of defined benefit pension plans, net of tax	(7.2)	(1.7)	–	–
Profit attributable to shareholders	811.2	701.7	394.6	296.1
Dividends paid by the Company (Note 8)	(294.2)	(270.1)	(294.2)	(270.1)
Change in shareholding	(1.0)	4.1	–	–
Other	–	(0.9)	–	–
Balance at 31st December	6,012.8	5,508.7	754.6	654.2

The Group's revenue reserve includes actuarial loss on defined benefit pension plans of US$30.4 million (2016: US$17.7 million).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2017

30 OTHER RESERVES

	Group		Company	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Composition:				
Asset revaluation reserve	**402.4**	400.4	**–**	–
Translation reserve	**(1,521.7)**	(1,546.7)	**357.1**	175.5
Fair value reserve	**168.5**	13.0	**–**	4.7
Hedging reserve	**(19.4)**	(5.1)	**–**	–
Other reserve	**3.3**	3.3	**–**	–
Balance at 31st December	**(966.9)**	(1,135.1)	**357.1**	180.2
Movements:				
Asset revaluation reserve				
Balance at 1st January	**400.4**	347.0	**–**	–
Surplus on revaluation of assets	**2.8**	53.6	**–**	–
Reserve realised on disposal of assets	**(0.8)**	(0.2)	**–**	–
Balance at 31st December	**402.4**	400.4	**–**	–
Translation reserve				
Balance at 1st January	**(1,546.7)**	(1,642.1)	**175.5**	223.9
Translation difference	**25.0**	95.4	**181.6**	(48.4)
Balance at 31st December	**(1,521.7)**	(1,546.7)	**357.1**	175.5
Fair value reserve				
Balance at 1st January	**13.0**	5.2	**4.7**	3.5
Available-for-sale investments				
– fair value changes	**161.0**	7.6	**–**	1.2
– deferred tax	**(0.2)**	0.1	**–**	–
– transfer to profit and loss	**(7.1)**	0.1	**(4.7)**	–
Share of associates' and joint ventures' fair value changes of available-for-sale investments, net of tax	**1.8**	–	**–**	–
Balance at 31st December	**168.5**	13.0	**–**	4.7
Hedging reserve				
Balance at 1st January	**(5.1)**	6.4	**–**	–
Cash flow hedges				
– fair value changes	**(12.8)**	(101.5)	**–**	–
– deferred tax	**1.5**	3.6	**–**	–
– transfer to profit and loss	**6.5**	88.2	**–**	–
Share of associates' and joint ventures' fair value changes of cash flow hedges, net of tax	**(9.5)**	(1.8)	**–**	–
Balance at 31st December	**(19.4)**	(5.1)	**–**	–
Other reserve				
Balance at 1st January and 31st December	**3.3**	3.3	**–**	–

31 NON-CONTROLLING INTERESTS

	Group	
	2017 US$m	2016 US$m
Balance at 1st January	**6,321.8**	5,560.9
Asset revaluation surplus		
– surplus on revaluation of assets	**2.8**	53.5
Available-for-sale investments		
– fair value changes	**10.5**	9.1
– deferred tax	**(0.2)**	0.2
– transfer to profit and loss	**(2.5)**	0.2
	7.8	9.5
Share of associates' and joint ventures' fair value changes of available-for-sale investments, net of tax	**1.7**	(0.1)
Cash flow hedges		
– fair value changes	**(13.9)**	(117.7)
– deferred tax	**1.8**	4.5
– transfer to profit and loss	**6.5**	100.8
	(5.6)	(12.4)
Share of associates' and joint ventures' fair value changes of cash flow hedges, net of tax	**(19.3)**	(1.8)
Defined benefit pension plans		
– remeasurements	**(13.6)**	21.3
– deferred tax	**3.3**	(5.1)
	(10.3)	16.2
Share of associates' and joint ventures' remeasurements of defined benefit pension plans, net of tax	**(6.6)**	1.1
Translation difference	**(53.1)**	134.1
Profit for the year	**994.3**	795.8
Issue of shares	**67.8**	117.5
Dividends paid	**(397.7)**	(360.5)
Change in shareholding	**(2.6)**	4.3
Acquisition of subsidiaries	**105.4**	-
Other	**7.7**	3.7
Balance at 31st December	**7,014.1**	6,321.8

Included in the shares issued to non-controlling interests in 2017 was an amount of US$67.8 million (2016: US$28.5 million) for capital contribution from Unicode Investments Limited, an indirect subsidiary of the Company's ultimate holding company Jardine Matheson Holdings Limited, for a 50% stake in PT Astra Land Indonesia, an indirect subsidiary of Astra.

31 NON-CONTROLLING INTERESTS (continued)

Set out below is the summarised financial information for the Group's subsidiary, Astra, that has non-controlling interests that are material to the Group.

Summarised balance sheet at 31st December:

	2017 US$m	2016 US$m
Current		
Assets	**9,201.4**	8,266.5
Liabilities	**(7,270.8)**	(6,615.7)
Total current net assets	**1,930.6**	1,650.8
Non-current		
Assets	**12,795.2**	11,461.6
Liabilities	**(3,052.3)**	(2,500.8)
Total non-current net assets	**9,742.9**	8,960.8
Net assets	**11,673.5**	10,611.6
Non-controlling interests	**2,421.4**	2,093.7

Summarised statement of comprehensive income for the year ended 31st December:

	2017 US$m	2016 US$m
Revenue	**15,408.3**	13,609.6
Profit after tax	**1,664.7**	1,339.6
Other comprehensive income	**(41.6)**	125.4
Total comprehensive income	**1,623.1**	1,465.0
Total comprehensive income allocated to non-controlling interests	**300.5**	242.7
Dividends paid to non-controlling interests	**(133.5)**	(100.7)

Summarised cash flows for the year ended 31st December:

	2017 US$m	2016 US$m
Cash generated from operations	**2,051.8**	1,748.1
Net interest and other financing costs paid	**(37.2)**	(38.1)
Income taxes paid	**(409.5)**	(365.3)
Net cash flows from operating activities	**1,605.1**	1,344.7
Net cash flows from investing activities	**(1,054.0)**	(850.9)
Net cash flows from financing activities	**(393.0)**	(289.7)
Net change in cash and cash equivalents	**158.1**	204.1
Cash and cash equivalents at 1st January	**2,184.9**	1,962.5
Effect of exchange rate exchanges	**(12.4)**	18.3
Cash and cash equivalents at 31st December	**2,330.6**	2,184.9

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

32 RELATED PARTY TRANSACTIONS

In addition to the related party information shown elsewhere in the financial statements, the following significant related party transactions took place during the financial year:

	Group		Company	
	2017 US$m	2016 US$m	2017 US$m	2016 US$m
(a) With associates and joint ventures:				
Purchase of goods and services	**(5,280.1)**	(5,333.4)	**–**	–
Sale of goods and services	**1,133.3**	1,050.5	**–**	–
Commission and incentives earned	**17.1**	16.4	**–**	–
Bank deposits and balances	**581.0**	321.9	**–**	–
Dividend income	**–**	–	**57.6**	42.2
Interest received	**24.8**	23.9	**–**	–
(b) With related companies and associates of ultimate holding company:				
Management fees paid	**(5.1)**	(3.8)	**(4.3)**	(3.6)
Purchase of goods and services	**(1.1)**	(1.4)	**(0.1)**	(0.1)
Sale of goods and services	**5.3**	4.8	**–**	–
(c) Remuneration of directors of the Company and key management personnel of the Group:				
Salaries and other short-term employee benefits	**(9.7)**	(9.1)	**(7.4)**	(7.0)

33 COMMITMENTS

(a) Capital commitments

Capital expenditure authorised for at the balance sheet date, but not recognised in the financial statements is as follows:

	Group		Company	
	2017 US$m	2016 US$m	2017 US$m	2016 US$m
Authorised and contracted	**116.2**	202.7	**–**	–
Authorised but not contracted	**203.9**	455.1	**–**	–
	320.1	657.8	**–**	–

33 COMMITMENTS (continued)

(b) Operating lease commitments

The Group leases various property, plant and machinery under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments and receivables under non-cancellable operating leases contracted for at the reporting date, but not recognised as liabilities or receivables, are as follows:

	Group		Company	
	2017 US$m	2016 US$m	**2017 US$m**	2016 US$m
Lease rentals payable:				
– within one year	**21.5**	20.9	**0.2**	0.3
– between one and five years	**17.7**	20.1	**0.1**	0.3
– beyond five years	**17.7**	22.3	**–**	–
	56.9	63.3	**0.3**	0.6
Lease rentals receivable:				
– within one year	**83.9**	84.6	**–**	–
– between one and five years	**71.2**	71.2	**–**	–
	155.1	155.8	**–**	–

34 DERIVATIVE FINANCIAL INSTRUMENTS

At 31st December, the fair values of the Group's derivative financial instruments were:

	Group	
	Assets US$m	Liabilities US$m
2017		
Designated as cash flow hedges		
– Interest rate swap contracts	**0.1**	–
– Cross-currency swap contracts	**28.5**	23.9
	28.6	23.9
Not qualifying as hedges		
– Forward foreign exchange contracts	**–**	0.3
2016		
Designated as cash flow hedges		
– Interest rate swap contracts	**0.2**	–
– Cross-currency swap contracts	**71.4**	18.9
	71.6	18.9
Not qualifying as hedges		
– Forward foreign exchange contracts	**–**	0.7

34 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2017 were US$50.3 million (2016: US$39.9 million).

(b) Interest rate swap contracts

The notional principal amounts of the outstanding interest rate swap contracts at 31st December 2017 were US$110.4 million (2016: US$59.5 million). At 31st December 2017, the fixed interest rates range from 2.18% to 3.08% per annum (2016: 2.35% to 3.46% per annum).

(c) Cross-currency swap contracts

The contract amounts of the outstanding cross-currency swap contracts at 31st December 2017 were US$1,914.9 million (2016: US$1,604.3 million).

35 INSURANCE CONTRACTS

	Group	
	2017 US$m	2016 US$m
Gross estimated losses (Note 23)	**148.9**	152.7
Claims payable	**4.3**	4.3
Unearned premiums (Note 23)	**348.1**	342.2
	501.3	499.2
Less: Reinsurers' share of estimated losses (Note 21)	**(54.9)**	(71.8)
Total insurance liabilities	**446.4**	427.4
The gross estimated losses and unearned premiums are analysed as follows:		
Non-current	**103.8**	86.9
Current	**397.5**	412.3
	501.3	499.2

Claims payable are included in trade creditors. The amount and timing of claim payments are typically resolved within one year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2017

35 INSURANCE CONTRACTS (continued)

Movements in insurance liabilities and reinsurance assets

(a) Claims and loss adjustment expenses

	2017 US$m	2016 US$m
Balance at 1st January	**85.2**	74.2
Cash paid for claims settled in the period	**(156.1)**	(158.1)
Increase in liabilities		
– arising from current period claims	**158.7**	162.0
– arising from prior period claims	**11.4**	5.2
Translation adjustments	**(0.9)**	1.9
Total at 31st December	**98.3**	85.2
Notified claims	**70.0**	60.8
Incurred, but not reported	**28.3**	24.4
Total at 31st December	**98.3**	85.2

(b) Unearned premium provision

	2017 US$m	2016 US$m
At 1st January	**342.2**	299.2
Increase/(decrease)	**(2.9)**	35.3
Translation adjustments	**8.8**	7.7
Total at 31st December	**348.1**	342.2

The risk under an insurance contract is the possibility that the insured event may occur and the resulting loss may vary in severity. Although it is possible for the actual loss to exceed the carrying amount of insurance liabilities, the extent of liabilities of the risk carrier is confined to the sum insured or the limit specified under the contract.

The Group manages its insurance risks through its underwriting guidelines, which are approved by an appropriate level of management regularly. The Group also has adequate reinsurance arrangements and proactive claims handling.

The concentration of insurance risks after reinsurance with reference to the carrying amount of the insurance liabilities is in four classes of business namely motor vehicles, heavy equipment, fire and fire major risks and marine cargo.

The insurance business is not a significant activity of the Group.

36 CASH FLOWS FROM OPERATING ACTIVITIES

	Group	
	2017 US$m	2016 US$m
Profit before tax	**2,294.4**	1,840.5
Adjustments for:		
Financing income	**(111.6)**	(93.3)
Financing charges	**158.3**	132.4
Share of associates' and joint ventures' results after tax	**(578.2)**	(379.9)
Depreciation of property, plant and equipment	**508.8**	488.3
Depreciation of bearer plants	**24.4**	21.5
Amortisation of leasehold land use rights and intangible assets	**100.6**	97.5
Fair value (gain)/loss of:		
– investment properties	**(23.3)**	(7.6)
– agricultural produce	**4.4**	(22.0)
– contingent consideration	**–**	(15.0)
Impairment of:		
– property, plant and equipment	**5.7**	1.8
– intangible assets	**11.0**	3.4
– debtors	**189.4**	94.9
(Profit)/loss on disposal of:		
– leasehold land use rights	**(1.5)**	(0.8)
– property, plant and equipment	**(2.8)**	(3.6)
– intangible assets	**–**	1.0
– investment properties	**10.3**	–
– bearer plants	**0.1**	38.2
– subsidiaries	**(2.8)**	–
– associates and joint ventures	**4.5**	1.8
– investments	**(8.8)**	(7.0)
Loss on disposal/write-down of repossessed assets	**58.2**	60.2
Amortisation of borrowing costs for financial services companies	**13.7**	13.7
Write-down of stocks	**7.6**	9.5
Changes in provisions	**26.4**	32.6
Foreign exchange (gain)/loss	**10.3**	(15.8)
	404.7	451.8
Operating profit before working capital changes	**2,699.1**	2,292.3
Changes in working capital		
Properties for sale	**(217.8)**	–
Stocks	**(199.3)**	(64.5)
Concession rights	**(78.6)**	(61.4)
Financing debtors	**(43.3)**	(443.9)
Debtors	**(921.6)**	(186.2)
Creditors	**886.3**	307.4
Pensions	**27.2**	25.0
	(547.1)	(423.6)
Cash flows from operating activities	**2,152.0**	1,868.7

37 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	Group	
	2017 US$m	2016 US$m
Bank balances and other liquid funds (Note 22)	2,639.8	2,465.7

(a) Purchase of subsidiaries

In 2017, Astra acquired new subsidiaries for US$14.1 million (2016: US$13.7 million). This comprised net cash outflow of US$14.4 million as additional consideration for a 80% interest in PT Suprabari Mapanindo Mineral, a coal mining company, US$1.5 million for the remaining 60% interest in PT Baskhara Utama Sedaya, a toll road company, US$1.8 million to increase its interest in PT Bintai Kindenko Engineering Indonesia from 40% to 60%, a construction company, and net cash inflow of US$3.6 million for increase in interest in PT Astra Modern Land from 50% to 67%, a property development company.

The acquisitions in 2016 comprised net cash outflow of US$11.6 million as an advance payment for a 80% interest in PT Suprabari Mapanindo Mineral, US$1.2 million for a 100% interest in PT Mitra Barito Gemilang, a rubber plantation company and US$0.9 million representing further payments made in relation to the acquisition of PT Duta Nurcahya, a coal mining business, in 2012.

Revenue and loss after tax since acquisition in respect of new subsidiaries acquired in 2017 amounted to US$18.6 million and US$20.9 million, respectively. Had the acquisitions occurred on 1st January 2017, the consolidated revenue and consolidated profit after tax for the year ended 31st December 2017 would have been US$17,712.6 million and US$1,805.7 million, respectively.

37 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(a) Purchase of subsidiaries (continued)

	2017 Fair value US$m	2016 Fair value US$m
Intangible assets (Note 10)	**38.4**	–
Leasehold land use rights (Note 11)	**–**	3.6
Property, plant and equipment (Note 12)	**185.4**	2.8
Bearer plants (Note 14)	**–**	9.1
Stocks	**0.8**	1.8
Debtors	**120.7**	–
Associates	**266.7**	–
Properties for sale	**39.0**	–
Bank balances and other liquid funds	**141.9**	–
Non-current borrowings (Note 25)	**(35.3)**	–
Deferred tax liabilities (Note 26)	**(25.5)**	–
Current borrowings (Note 25)	**(87.4)**	–
Pension liabilities (Note 27)	**(0.5)**	–
Creditors	**(36.0)**	(16.1)
Net assets	**608.2**	1.2
Adjustment for non-controlling interests	**(107.1)**	–
Total consideration	**501.1**	1.2
Adjustment for contingent consideration	–	0.9
Deferred consideration	**(87.0)**	–
Deposit	**(11.5)**	–
Transfer of carrying value of associates and joint ventures	**(246.6)**	–
Cash paid for business combination	**156.0**	2.1
Cash and cash equivalents of subsidiaries acquired	**(141.9)**	–
Advance payment	**–**	11.6
Net cash flow from business combination	**14.1**	13.7

(b) Purchase of shares in associates and joint ventures

Purchase of shares in associates and joint ventures in 2017 included US$138.0 million for the Company's subscription to the rights issue of and purchase of additional shares in SCCC, increasing its interest from 24.9% to 25.5%; US$274.3 million and US$207.3 million for Astra's investments in toll road operators and a power plant operator in Indonesia, respectively, and US$43.8 million for the subscription to PT Bank Permata Tbk's rights issue.

Purchase of shares in associates and joint ventures in 2016 included US$240.1 million for Astra's subscription to PT Bank Permata Tbk's rights issue, US$56.6 million for capital injection into PT Astra Modern Land, US$21.4 million for capital injection into PT Astra Aviva Life and US$19.3 million as an advance payment for a 40% investment in PT Baskhara Utama Sedaya.

37 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Sale of subsidiaries

In 2017, Astra received US$86.1 million for the sale of a mutual fund which was consolidated as a subsidiary, and US$0.8 million deferred consideration for the sale of a subsidiary in 2010.

	Group	
	2017 US$m	2016 US$m
Other investments (Note 17)	**(87.5)**	–
Stocks	**(0.5)**	–
Debtors	**(2.9)**	–
Bank balances and other liquid funds	**(0.8)**	–
Current borrowings (Note 25)	**0.1**	–
Creditors	**4.2**	–
Adjustment for non-controlling interests	**1.7**	–
Net assets/liabilities disposed of	**(85.7)**	–
Realisation of fair value reserve	**2.4**	–
Profit on disposal of subsidiaries (Note 4)	**(2.8)**	–
Adjustment for deferred consideration	**(0.8)**	–
Cash proceeds from disposal	**(86.9)**	–
Cash and cash equivalents of subsidiaries disposed	**0.8**	–
Net cash flow from disposal	**(86.1)**	–

(d) Changes in controlling interests of subsidiaries

Change in controlling interests of subsidiaries in 2017 comprised an outflow of US$3.6 million arising from PT Astra Agro Lestari Tbk's increase in shareholding in various plantation companies.

Change in controlling interests of subsidiaries in 2016 comprised an inflow of US$8.4 million arising from Astra's decrease in shareholding from 90% to 70% in PT Balai Lalang Serasi.

38 SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board for the purpose of resource allocation and performance assessment. The Board considers Astra as one operating segment because it represents a single direct investment made by the Company. Decisions for resource allocation and performance assessment of Astra are made by the JC&C Board while resource allocation and performance assessment of the various Astra businesses are made by the board of Astra, taking into consideration the opinions of the JC&C Board. Direct Motor Interests are aggregated into one reportable segment based on the similar automotive nature of their products and services, while Other Strategic Interests, comprising the Group's strategic investment portfolio, are aggregated into another reportable segment based on their exposure to market-leading companies in key regional economies. Set out below is an analysis of the segment information.

38 SEGMENT INFORMATION (continued)

	Astra US$m	Direct motor interests US$m	Other strategic interests US$m	Corporate costs US$m	Group US$m
2017					
Revenue	**15,408.3**	**2,292.9**	**–**	**–**	**17,701.2**
Net operating costs	**(13,727.3)**	**(2,217.5)**	**9.3**	**(2.8)**	**(15,938.3)**
Operating profit	**1,681.0**	**75.4**	**9.3**	**(2.8)**	**1,762.9**
Financing income	**109.9**	**1.1**	**–**	**0.6**	**111.6**
Financing charges	**(152.4)**	**(1.6)**	**–**	**(4.3)**	**(158.3)**
Net financing charges	**(42.5)**	**(0.5)**	**–**	**(3.7)**	**(46.7)**
Share of associates' and joint ventures' results after tax	**474.4**	**77.8**	**26.0**	**–**	**578.2**
Profit before tax	**2,112.9**	**152.7**	**35.3**	**(6.5)**	**2,294.4**
Tax	**(473.6)**	**(14.0)**	**(1.0)**	**(0.3)**	**(488.9)**
Profit after tax	**1,639.3**	**138.7**	**34.3**	**(6.8)**	**1,805.5**
Non-controlling interests	**(988.6)**	**(5.7)**	**–**	**–**	**(994.3)**
Profit attributable to shareholders	**650.7**	**133.0**	**34.3**	**(6.8)**	**811.2**
Non-trading items	**(10.0)**	**(8.4)**	**–**	**(4.9)**	**(23.3)**
Underlying profit attributable to shareholders	**640.7**	**124.6**	**34.3**	**(11.7)**	**787.9**
Net cash (excluding net debt of financial services companies)	**195.8**	**(29.9)**	**–**	**(984.7)**	**(818.8)**
Total equity	**11,752.0**	**576.6**	**818.1**	**294.3**	**13,441.0**
2016					
Revenue	13,609.6	2,154.4	–	–	15,764.0
Net operating costs	(12,164.3)	(2,074.8)	–	(25.2)	(14,264.3)
Operating profit	1,445.3	79.6	–	(25.2)	1,499.7
Financing income	91.8	0.6	–	0.9	93.3
Financing charges	(130.9)	(1.2)	–	(0.3)	(132.4)
Net financing charges	(39.1)	(0.6)	–	0.6	(39.1)
Share of associates' and joint ventures' results after tax	231.8	112.1	36.0	–	379.9
Profit before tax	1,638.0	191.1	36.0	(24.6)	1,840.5
Tax	(324.9)	(15.0)	(2.8)	(0.3)	(343.0)
Profit after tax	1,313.1	176.1	33.2	(24.9)	1,497.5
Non-controlling interests	(786.4)	(9.4)	–	–	(795.8)
Profit attributable to shareholders	526.7	166.7	33.2	(24.9)	701.7
Non-trading items	(26.9)	–	–	4.3	(22.6)
Underlying profit attributable to shareholders	499.8	166.7	33.2	(20.6)	679.1
Net cash/(debt) (excluding net debt of financial services companies)	460.9	91.0	–	156.8	708.7
Total equity	10,690.8	581.9	641.1	162.6	12,076.4

Segment assets and liabilities are not disclosed as these are not regularly provided to the Board.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31st December 2017

38 SEGMENT INFORMATION (continued)

Set out below are analyses of the Group's revenue and non-current assets, by geographical areas:

	Indonesia US$m	Others US$m	Total US$m
2017			
Revenue	**15,408.3**	**2,292.9**	**17,701.2**
Non-current assets	**9,251.0**	**1,283.2**	**10,534.2**
2016			
Revenue	13,609.6	2,154.4	15,764.0
Non-current assets	8,222.2	1,044.5	9,266.7

Non-current assets excluded financial instruments and deferred tax assets. Indonesia is disclosed separately as a geographical area as most of the customers are based in Indonesia.

39 IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Company's immediate holding company is Jardine Strategic Singapore Pte Ltd, incorporated in Singapore and its ultimate holding company is Jardine Matheson Holdings Limited, incorporated in Bermuda.

40 RECLASSIFICATION OF ACCOUNTS

Certain comparative amounts have been reclassified for consistency with the presentation of the 2017 consolidated financial statements. The reclassification has no material impact to the Group.

41 SUBSEQUENT EVENTS

(a) In February 2018, the Group acquired a minority stake in Toyota Motor Corporation for a cash consideration of US$200 million.

(b) In February 2018, Astra signed a Shares Subscription Agreement to subscribe for a minority stake in PT Aplikasi Karya Anak Bangsa (GO-JEK Indonesia), the provider of on-demand application-based services in Indonesia, amounting to US$150 million.

42 PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The details of principal subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity 2017 %	2016 %
Singapore				
• Cycle & Carriage Industries Pte Ltd	Retail of vehicles and provision of after-sales services	Singapore	**100.0**	100.0
• Cycle & Carriage Automotive Pte Ltd	Distribution and retail of vehicles and provision of after-sales services	Singapore	**100.0**	100.0
• Cycle & Carriage Kia Pte Ltd	Distribution and retail of vehicles and provision of after-sales services	Singapore	**100.0**	100.0
• Cycle & Carriage France Pte Ltd	Distribution and retail of vehicles and provision of after-sales services	Singapore	**100.0**	100.0
• Diplomat Parts Pte Ltd	Investment holding and sale of vehicle parts	Singapore	**100.0**	100.0
• Republic Auto Pte Ltd	Retail and leasing of vehicles	Singapore	**70.0**	70.0
Malaysia				
♦ Cycle & Carriage Bintang Berhad (Quoted on Bursa Malaysia)	Retail of vehicles and provision of after-sales services	Malaysia	**59.1**	59.1
Indonesia				
♦ PT Astra International Tbk (Quoted on the Indonesia Stock Exchange)	Investment holding and retail of vehicles and motorcycles	Indonesia	**50.1**	50.1
♦ PT United Tractors Tbk (Quoted on the Indonesia Stock Exchange)[#]	Distribution of heavy equipment	Indonesia	**29.8**	29.8
♦ PT Pamapersada Nusantara[<]	Coal mining contractor	Indonesia	**29.8**	29.8
♦ PT Acset Indonusa Tbk (Quoted on the Indonesia Stock Exchange)[#<]	Construction services	Indonesia	**14.9**	14.9
♦ PT Astra Otoparts Tbk (Quoted on the Indonesia Stock Exchange)[#]	Manufacturing and distribution of automotive components	Indonesia	**40.1**	40.1
♦ PT Astra Agro Lestari Tbk (Quoted on the Indonesia Stock Exchange)[#]	Operation of oil palm plantations	Indonesia	**39.9**	39.9
♦ PT Federal International Finance[#]	Consumer finance for motorcycles	Indonesia	**50.1**	50.1
♦ PT Astra Graphia Tbk (Quoted on the Indonesia Stock Exchange)[#]	Provision of document, information and communication technology solutions	Indonesia	**38.5**	38.5

42 PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

The details of principal associates and joint ventures are as follows:

	Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity 2017 %	2016 %
	Indonesia (continued)				
♦	PT Astra Honda Motor	Manufacturing, assembly, and distribution of Honda motorcycles	Indonesia	**25.1**	25.1
♦	PT Toyota-Astra Motor	Distribution of Toyota vehicles	Indonesia	**25.1**	25.6
♦	PT Astra Daihatsu Motor	Manufacturing, assembly and distribution of Daihatsu vehicles	Indonesia	**16.0**	16.0
♦	PT Bank Permata Tbk (Quoted on the Indonesia Stock Exchange)	Commercial and retail bank	Indonesia	**22.3**	22.3
♦	PT Tunas Ridean Tbk (Quoted on the Indonesia Stock Exchange)	Retail of vehicles and motorcycles, leasing of vehicles and provision of consumer finance services	Indonesia	**44.4**	44.4
	Vietnam				
@	Truong Hai Auto Corporation	Assembly, distribution and retail of vehicles	Vietnam	**25.1**	25.1
@	Refrigeration Electrical Engineering Corporation (Quoted on Ho Chi Minh City Stock Exchange)	Mechanical and electrical engineering, real estate, and strategic investments in infrastructure	Vietnam	**23.9**	22.9
	Myanmar				
√	Cycle & Carriage Automobile Myanmar Company Limited*	Provision of after-sales services	Myanmar	**60.0**	60.0
√	Cycle & Carriage Automobile Alliance Company Limited*	Retail of vehicles and provision of after-sales services	Myanmar	**60.0**	60.0
	Thailand				
^	Siam City Cement Public Company Limited (Quoted on Stock Exchange of Thailand)	Manufacturing of cement, concrete and other building materials	Thailand	**25.5**	24.9

• Audited by PricewaterhouseCoopers LLP, Singapore.
♦ Audited by KAP Tanudiredja, Wibisana, Rintis & Rekan in Indonesia and PricewaterhouseCoopers, Malaysia, members of the worldwide PricewaterhouseCoopers organisation.
@ Audited by EY Vietnam, a member of the worldwide EY organisation.
√ Audited by Win Thin & Associates in Myanmar.
^ Audited by EY Thailand, a member of the worldwide EY organisation.
# Direct interest more than 50%.
< Indirect subsidiary through PT United Tractors Tbk with direct ownership more than 50%.
* Not consolidated as the entity is not controlled by the Group and is deemed to be a joint venture as the Group shares control of the entity.

THREE-YEAR SUMMARY

	2017 US$m	2016 US$m	2015 US$m	2017 S$m	2016 S$m	2015 S$m
Profit and Loss						
Revenue	**17,701.2**	15,764.0	15,718.3	**24,351.6**	21,805.9	21,665.3
Underlying profit attributable to shareholders	**787.9**	679.1	631.8	**1,083.9**	939.4	870.8
Non-trading items	**23.3**	22.6	59.0	**32.1**	31.3	82.9
Profit attributable to shareholders	**811.2**	701.7	690.8	**1,116.0**	970.7	953.7
Underlying earnings per share (US¢/S¢)	**199**	172	167	**274**	238	230
Earnings per share (US¢/S¢)	**205**	178	183	**282**	246	252
Dividend per share (US¢/S¢)	**86**	74	69	**118**	105	95
Balance Sheet						
Total assets	**25,505.0**	21,590.2	19,733.4	**34,100.1**	31,195.9	28,041.8
Total liabilities	**(12,064.0)**	(9,513.8)	(9,006.4)	**(16,129.5)**	(13,746.7)	(12,869.5)
Total equity	**13,441.0**	12,076.4	10,727.0	**17,970.6**	17,449.2	15,172.3
Shareholders' funds	**6,426.9**	5,754.6	5,166.1	**8,592.5**	8,314.9	7,306.9
Net cash/(debt) (excluding net debt of financial services companies)	**(818.8)**	708.7	254.9	**(1,094.7)**	1,023.9	360.5
Net asset value per share (US$/S$)	**16.26**	14.56	13.07	**21.74**	21.04	18.49
Net tangible asset per share (US$/S$)	**14.30**	12.60	10.97	**19.13**	18.20	15.52
Cash Flow						
Cash flows from operating activities	**1,654.9**	1,416.5	1,847.8	**2,276.5**	1,959.4	2,546.9
Cash flows used in investing activities	**(2,309.4)**	(827.2)	(1,131.5)	**(3,177.0)**	(1,144.3)	(1,559.6)
Net cash flows before financing activities	**(654.5)**	589.3	716.3	**(900.5)**	815.1	987.3
Cash flow per share from operating activities (US$/S$)	**4.2**	3.6	4.9	**5.8**	5.0	6.7
Key Ratios						
Gearing including financial services companies	**31%**	24%	28%	**31%**	24%	28%
Gearing excluding financial services companies	**6%**	na	na	**6%**	na	na
Dividend cover (times)	**2.3**	2.3	2.3	**2.3**	2.3	2.3
Dividend payout	**43%**	43%	43%	**43%**	43%	43%
Return on shareholders' funds	**13%**	12%	13%	**13%**	12%	13%
Return on total equity	**14%**	13%	11%	**14%**	12%	11%

1. The exchange rate of US$1=S$1.337 (2016: US$1=S$1.4449, 2015: US$1=S$1.4144,) was used for translating assets and liabilities at the balance sheet date and US$1=S$1.3757 (2016: US$1=S$1.3833, 2015: US$1=S$1.3784) was used for translating the results for the year.
2. Net tangible assets as at 31.12.17 were US$5,654.1 million (2016: US$4,978.6 million, 2015: US$4,336.7 million) and were computed after deducting intangibles from shareholders' funds.
3. Gearing is computed based on net borrowings divided by total equity.
4. Dividend cover is based on underlying profit attributable to shareholders divided by dividend declared and dividend proposed for the financial year.
5. Dividend payout is based on dividend declared and dividend proposed for the financial year divided by underlying profit attributable to shareholders.
6. Return on shareholders' funds is computed based on underlying profit attributable to shareholders, divided by average shareholders' funds.
7. Return on total equity is computed based on underlying profit after tax, divided by average total equity.

INVESTMENT PROPERTIES

Address	Title	Land area sq ft	Description
Indonesia			
Jalan Jendral Sudirman Kav. 5 Jakarta	Leasehold (expiring in October 2033)	85,356	Under development commercial property
Jalan Gaya Motor II No. 3 Jakarta	Leasehold (expiring in December 2032)	237,446	Vehicle storage yard
Jalan Gaya Motor Barat No.8, Sunter	Leasehold (expiring in October 2026)	343,576	Vehicle storage yard

USE OF RIGHTS ISSUE PROCEEDS

The proceeds raised from the Company's rights issue exercise in 2015 has been fully utilised as follows:

	Allocation (S$m)	Utilisation (S$m)
Repayment of term loans used to fund the investment in Siam City Cement Public Company Limited (approximately 81%)	844	844
Repayment of certain short-term indebtedness (approximately 6%)	65	65
For general corporate purposes, including making strategic investments and/or acquisitions, (approximately 12%)	113	113
Rights issue expenses (approximately 1%)	6	6
Gross proceeds from rights issue	1,028	1,028

The above utilisation is in accordance with the intended use of proceeds and with the percentage allocated as stated in the Offer Information Statement dated 29th June 2015, registered by the Company with the Monetary Authority of Singapore.

SHAREHOLDING STATISTICS

As at 9th March 2018

SHARE CAPITAL

Issued and fully paid-up capital	:	S$2,109,793,690.61 comprising 395,236,288 shares
Class of shares	:	Ordinary shares, each with equal voting rights
Treasury shares	:	Nil

TWENTY LARGEST SHAREHOLDERS

No.	Name of shareholder	No. of share	% of issued share capital
1	Jardine Strategic Singapore Pte Ltd	296,427,311	75.00
2	DBS Nominees Pte Ltd	28,761,208	7.28
3	Citibank Nominees Singapore Pte Ltd	22,160,766	5.61
4	DBSN Services Pte Ltd	9,988,258	2.53
5	HSBC (Singapore) Nominees Pte Ltd	8,766,492	2.22
6	United Overseas Bank Nominees Pte Ltd	3,450,128	0.87
7	BPSS Nominees Singapore (Pte.) Ltd.	2,393,446	0.60
8	Raffles Nominees (Pte) Ltd	1,317,111	0.33
9	DB Nominees (Singapore) Pte Ltd	1,130,764	0.29
10	Estate Of Chua Boon Yew Deceased	827,444	0.21
11	Hong Leong Finance Nominees Pte Ltd	683,333	0.17
12	Chua Swee Eng	662,900	0.17
13	UOB Kay Hian Pte Ltd	628,431	0.16
14	First Cuscaden Private Limited	621,059	0.16
15	Song Mei Cheah Angela	540,000	0.14
16	Kew Estate Limited	490,000	0.12
17	Chua Tiang Hee	442,101	0.11
18	Societe Generale Singapore Branch	395,397	0.10
19	Chua Lee Eng	352,250	0.09
20	Morgan Stanley Asia (Singapore) Securities Pte Ltd	326,115	0.08
	Total	**380,364,514**	**96.24**

As at 9th March 2018, approximately 25% of the Company's ordinary shares (excluding treasury shares) listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") were held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

There were no subsidiary holdings (as defined in the Listing Manual of the SGX-ST) as at 9th March 2018.

SHAREHOLDING STATISTICS

As at 9th March 2018

SUBSTANTIAL SHAREHOLDERS

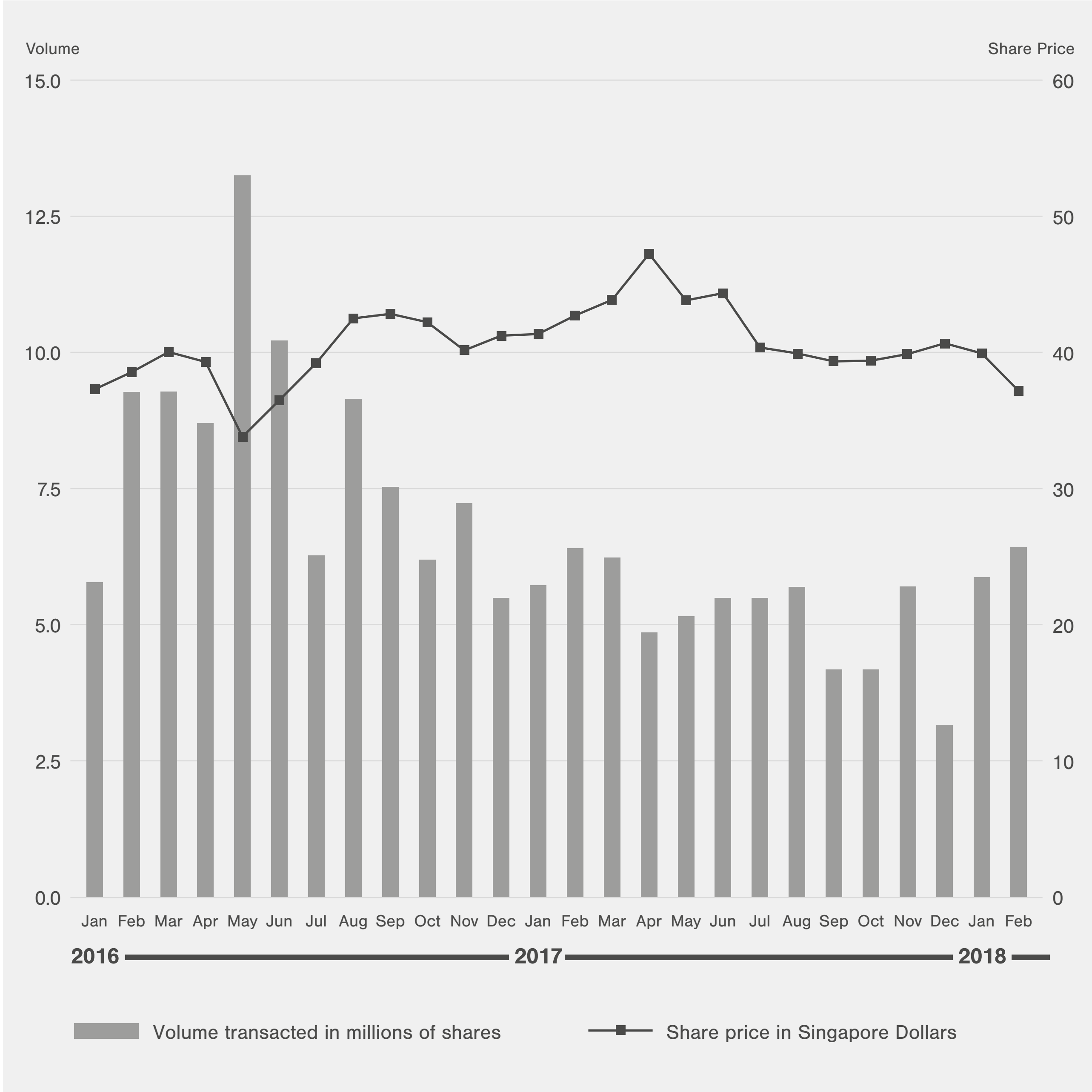
Name of shareholder	No. of shares	%
Jardine Strategic Holdings Limited*	296,427,311 shares	75.00%

* Jardine Strategic Holdings Limited ("JSHL") is interested in 296,427,311 shares through its wholly-owned subsidiary, JSH Asian Holdings Limited ("JAHL"). JAHL is in turn interested in the said shares through its wholly-owned subsidiary, Jardine Strategic Singapore Pte Ltd. By virtue of Jardine Matheson Holdings Limited's ("JMH") interests in JSHL through its wholly-owned subsidiary, JMH Investments Limited ("JMHI"), JMH and JMHI are also deemed to be interested in the said shares.

BREAKDOWN OF SHAREHOLDINGS BY RANGE

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares	% of issued share capital
1 - 99	536	12.36	12,822	0.00
100 - 1,000	1,942	44.80	976,432	0.25
1,001 - 10,000	1,587	36.61	5,206,471	1.32
10,001 - 1,000,000	261	6.02	14,645,079	3.70
1,000,001 and above	9	0.21	374,395,484	94.73
Total	**4,335**	**100.00**	**395,236,288**	**100.00**

SHARE PRICE AND VOLUME



	2017	2016
Underlying earnings per share (US¢)	**199**	172
Earnings per share (US¢)	**205**	178
Dividend per share (US¢)	**86**	74
Net asset value per share (US$)	**16.26**	14.56

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 49th Annual General Meeting of the Company will be held at Atrium Suites, Lobby Level, Mandarin Oriental, Singapore, 5 Raffles Avenue, Singapore 039797 on Thursday, 26th April 2018 at 11.30 a.m. for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Audited Financial Statements and the Directors' Statement for the year ended 31st December 2017 together with the Auditors' Report.

2. To approve the payment of a final one-tier tax exempt dividend of US$0.68 per share for the year ended 31st December 2017 as recommended by the Directors.

3. To approve the payment of Directors' fees of up to S$1,139,000 for the year ending 31st December 2018. (2017: S$1,201,000)

4. To re-elect the following Directors retiring pursuant to article 94 of the Constitution of the Company:

   a. Mrs Lim Hwee Hua;
   b. Mr Alexander Newbigging;
   c. Mr Anthony Nightingale;
   d. Mr Michael Kok; and
   e. Mr Boon Yoon Chiang.

5. To re-appoint PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without any amendments the following resolutions as Ordinary Resolutions:

Renewal of the Share Issue Mandate

6A. "That authority be and is hereby given to the Directors of the Company to:

a. i. issue shares of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

ii. make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

b. (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

1. the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph 2 below), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph 2 below);

AS SPECIAL BUSINESS: (CONTINUED)

2. (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph 1 above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for:

   a. new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

   b. any subsequent bonus issue, consolidation or subdivision of shares,

   and, in sub-paragraph 1 above and this sub-paragraph 2, "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

3. in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

4. (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

Renewal of the Share Purchase Mandate

6B. "That:

a. for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

   i. market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

   ii. off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

   and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

b. unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

   i. the date on which the next Annual General Meeting of the Company is held; or

   ii. the date by which the next Annual General Meeting of the Company is required by law to be held;

AS SPECIAL BUSINESS: (CONTINUED)

c. in this Resolution:

"**Prescribed Limit**" means that number of issued Shares representing 10% of the issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

i. in the case of a Market Purchase, 105% of the Average Closing Price; and

ii. in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 Market Days on which transactions in the Shares were recorded, preceding the day of the Market Purchase, as deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Day period;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"**day of the making of the offer**" means the day on which the Company makes an offer for the purchase of Shares from shareholders stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

d. the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

Renewal of the General Mandate for Interested Person Transactions

6C. "That:

a. approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix B of the Company's letter to shareholders dated 6th April 2018 (the "**Letter**"), with any party who is of the classes of Interested Persons described in Appendix B of the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions (the "**IPT Mandate**");

b. the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

c. the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution."

By Order of the Board

Jeffery Tan Eng Heong
Company Secretary

Singapore, 6th April 2018

Notes:

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint one or two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company. An instrument appointing a proxy must be deposited at the office of the share registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, not less than 72 hours before the time for holding the Annual General Meeting or any adjournment thereof.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Statement pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited

Each of Mrs Lim Hwee Hua and Mr Boon Yoon Chiang will continue as a member of the Company's Audit Committee upon re-election as a Director of the Company. Of these directors, Mrs Lim Hwee Hua is an independent director.

Additional information for items under the heading "As Ordinary Business"

a. Item 3 is to request shareholders' approval for payment of Directors' fees (including benefits-in-kind) on a current year basis, calculated taking into account the number of scheduled Board and committee meetings for 2018 and assuming that all non-executive Directors will hold office for the full year. In the event the Directors' fees proposed for 2018 are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at next year's Annual General Meeting for additional fees to meet the shortfall.

b. Key information on the Directors to be re-elected are set out in pages 25 to 29 of the Annual Report 2017.

NOTICE OF ANNUAL GENERAL MEETING

Statement pursuant to article 57 of the Constitution of the Company

The effects of the resolutions under the heading "As Special Business" are:

a. Ordinary Resolution No. 6A is to renew effective until the next Annual General Meeting, the Share Issue Mandate to allow the Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the issued shares (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a pro-rata basis to shareholders. For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time that this Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that this Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares. As at 9th March 2018, the Company did not have treasury shares or subsidiary holdings.

b. Ordinary Resolution No. 6B is to renew effective until the next Annual General Meeting, the Share Purchase Mandate for the Company to make purchases or acquisitions of its issued ordinary shares. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its shares. For illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company, of 10% of its issued ordinary shares as at 9th March 2018, at a purchase price equivalent to the Maximum Price per share, in the case of a Market Purchase and an Off-Market Purchase respectively, based on the audited accounts of the Group and the Company for the financial year ended 31st December 2017, and certain other assumptions, are set out in the Company's letter to shareholders dated 6th April 2018 accompanying the Annual Report 2017.

c. Ordinary Resolution No. 6C is to renew effective up to the next Annual General Meeting, the General Mandate for Interested Person Transactions to enable the Company, its subsidiaries and associated companies that are considered "entities at risk" to enter in the ordinary course of business into certain types of transactions with specified classes of the Company's interested persons. Particulars of the IPT Mandate, and the Audit Committee's confirmation in support of the renewal of the IPT Mandate, are set out in the Company's letter to shareholders dated 6th April 2018 accompanying the Annual Report 2017.

PROXY FORM

The Company Secretary
Jardine Cycle & Carriage Limited
c/o M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy **Jardine Cycle & Carriage Limited** shares, this Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6th April 2018.

I/We ______________________ (NRIC/Passport/UEN No.) ______________

of ______________________________________

being a member/members of Jardine Cycle & Carriage Limited (the "**Company**") hereby appoint the following person(s):

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend, speak and to vote for me/us on my/our behalf at the 49th Annual General Meeting of the Company to be held at Atrium Suites, Lobby Level, Mandarin Oriental, Singapore, 5 Raffles Avenue, Singapore 039797 on Thursday, 26th April 2018 at 11.30 a.m. and at any adjournment thereof.

(Voting will be conducted by poll. Please indicate with an "X" in the spaces provided if you wish all your votes to be cast "For" or "Against" the resolutions to be proposed at the Annual General Meeting as indicated hereunder. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

Ordinary Business	For	Against
1. Adoption of Audited Financial Statements, Directors' Statement and Auditors' Report		
2. Declaration of Final Dividend		
3. Approval of Directors' Fees for the year ending 31st December 2018		
4. Re-election of the following Directors retiring pursuant to article 94: a. Mrs Lim Hwee Hua		
b. Mr Alexander Newbigging		
c. Mr Anthony Nightingale		
d. Mr Michael Kok		
e. Mr Boon Yoon Chiang		
5. Re-appointment of PricewaterhouseCoopers LLP as Auditors		
Special Business	**For**	**Against**
6. A. Renewal of the Share Issue Mandate		
B. Renewal of the Share Purchase Mandate		
C. Renewal of the General Mandate for Interested Person Transactions		

Dated this ____________ day of ________________ 2018.

Total number of shares held

____

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES BELOW

Notes:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by the member.

2. (a) A member of the Company who is not a relevant intermediary is entitled to appoint one or two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

3. A proxy need not be a member of the Company.

4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the office of the share registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, not less than 72 hours before the time appointed for the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of its officer or attorney duly authorised.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

GENERAL

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

FINANCIAL CALENDAR

FINANCIAL YEAR ENDED 31ST DECEMBER 2017

ANNOUNCEMENT OF RESULTS:	
- First quarter	28th April 2017
- Half year	4th August 2017
- Third quarter	8th November 2017
- Full year	1st March 2018
Issue of Annual Report	6th April 2018
Annual General Meeting	26th April 2018
Book closure	14th May 2018
Final dividend payment	25th June 2018

FINANCIAL YEAR ENDING 31ST DECEMBER 2018

PROPOSED DATES FOR ANNOUNCEMENT OF RESULTS:	
- First quarter	26th April 2018
- Half year	27th July 2018
- Third quarter	7th November 2018
- Full year	28th February 2019

JARDINE CYCLE & CARRIAGE LIMITED

(Co. Reg. No.: 196900092R)
(Incorporated in the Republic of Singapore)

Directors:		**Registered Office:**
Benjamin Keswick	Chairman	239 Alexandra Road
Boon Yoon Chiang	Deputy Chairman	Singapore 159930
Alexander Newbigging	Group Managing Director	
Adrian Teng	Group Finance Director	
Chang See Hiang	Independent Director	
Mark Greenberg	Non-Executive Director	
Hassan Abas	Lead Independent Director	
Michael Kok	Independent Director	
Mrs Lim Hwee Hua	Independent Director	
Vimala Menon	Independent Director	
Dr Marty Natalegawa	Independent Director	
Anthony Nightingale	Independent Director	
James Watkins	Independent Director	

To: The Shareholders of Jardine Cycle & Carriage Limited
("**Shareholders**")

6th April 2018

Dear Sir/Madam

We refer to items 6B and 6C of the Notice of the 49th Annual General Meeting of the Company ("**49th AGM**"). Items 6B and 6C are Ordinary Resolutions to be proposed at the 49th AGM for the renewals of the Company's share purchase mandate ("**Resolution 6B**") and the Company's general mandate for interested person transactions ("**Resolution 6C**") respectively. The purpose of this letter is to provide Shareholders with information relating to these Resolutions.

1. RENEWAL OF THE SHARE PURCHASE MANDATE

1.1 **Background.** At the 48th Annual General Meeting of the Company held on 28th April 2017 (the "**48th AGM**"), Shareholders had (*inter alia*) approved the renewal of a mandate authorising the Directors to exercise all powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") on the terms of such mandate (the "**Share Purchase Mandate**"). The authority contained in the Share Purchase Mandate was expressed to continue in force until the next Annual General Meeting of the Company and, as such, will be expiring on 26th April 2018, being the date of the forthcoming 49th AGM. Although the Company has not undertaken any purchases or acquisitions of its Shares pursuant to the authority conferred by the Share Purchase Mandate approved by Shareholders at the 48th AGM, it is proposed nonetheless that such authority be renewed at the 49th AGM.

1.2 **Rationale and benefit.** The renewal of the Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases or acquisitions provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. Share purchases or acquisitions will also allow the Directors greater flexibility over the Company's share capital structure with a view to enhancing the earnings and/or net asset value per Share.

1.3 **Authority and limits.** The authority and limits placed on the Share Purchase Mandate for which renewal is sought are summarised below.

(a) ***Maximum number of Shares***

Only issued Shares may be purchased or otherwise acquired by the Company pursuant to the authority conferred by the Share Purchase Mandate.

The total number of issued Shares that may be purchased or acquired must not exceed that number representing 10% of the issued Shares as at the date on which the renewal of the Share Purchase Mandate is approved at the 49th AGM (the "**Approval Date**"), excluding any Shares that are held as treasury shares or as subsidiary holdings. For this purpose, "subsidiary holdings" means Shares that are held by subsidiaries of the Company in the circumstances referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Cap. 50 (the "**Companies Act**"). Under the Companies Act and the Listing Manual of the Singapore Exchange Securities Trading Limited (respectively, "**Listing Manual**" and "**SGX-ST**"), treasury shares and subsidiary holdings shall be disregarded for the purposes of computing the 10% limit.

As at 9th March 2018 (the "**Latest Practicable Date**"), the share capital of the Company comprised 395,236,288 issued Shares (all of which are fully paid) and none of which were held as treasury shares or subsidiary holdings. No Shares are reserved for issue by the Company for any particular purpose as at the Latest Practicable Date.

Purely for illustrative purposes, on the basis of 395,236,288 issued Shares as at the Latest Practicable Date, and assuming that (i) no further Shares are issued; (ii) no Shares are purchased or acquired pursuant to the subsisting Share Purchase Mandate; and (iii) none of the Shares are treasury shares or subsidiary holdings, on or prior to the 49th AGM, then not more than 39,523,628 Shares (representing 10% of the issued Shares as at that date) may be purchased or acquired by the Company pursuant to the renewed Share Purchase Mandate.

(b) ***Duration of authority***

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date up to the earlier of:

(i) the date (being a date after the Approval Date) on which the next Annual General Meeting of the Company is held or required by law to be held; or

(ii) the date (being a date after the Approval Date) on which the authority contained in the Share Purchase Mandate is revoked or varied.

(c) ***Manner of purchase***

Purchases or acquisitions of Shares may be made by way of:

(i) market purchases ("**Market Purchases**"); and/or

(ii) off-market purchases in accordance with an equal access scheme ("**Off-Market Purchases**").

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme or schemes for the purchase or acquisition of Shares from Shareholders. The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the listing rules of the SGX-ST and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must, however, satisfy all the following conditions:

(I) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their issued Shares;

(II) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(III) the terms of all the offers are the same, except that there shall be disregarded:

(aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

(bb) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

(cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, *inter alia*:

(1) the terms and conditions of the offer;

(2) the period and procedures for acceptances;

(3) the reasons for the proposed Share purchases;

(4) the consequences, if any, of Share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the "**Take-over Code**") or other applicable takeover rules;

(5) whether the Share purchases, if made, would have any effect on the listing of the Shares on the SGX-ST;

(6) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) ***Maximum purchase price***

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price,

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 Market Days on which transactions in the Shares were recorded, preceding the day of the Market Purchase, as deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Day period;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"**day of the making of the offer**" means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities.

1.4 **Status of purchased or acquired Shares.** Under current law, the Shares purchased or acquired by the Company shall be deemed cancelled immediately upon purchase or acquisition, and all rights and privileges attached to the Shares shall expire on cancellation, unless such Shares are held by the Company as treasury shares. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

1.5 **Treasury shares.** Under the Companies Act, the Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below.

(a) ***Maximum holdings***

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. For this purpose, any Shares that are held by subsidiaries in the circumstances referred to in Sections 21(4B) and 21(6C) of the Companies Act shall be included in computing the 10% limit.

(b) ***Voting and other rights***

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) ***Disposal and cancellation***

Where Shares purchased or acquired by the Company are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

(i) sell the treasury shares for cash;

(ii) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares; or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares of the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares of the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage, and the value of the treasury shares of the usage.

1.6 **Source of funds.** In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with its Constitution and applicable laws in Singapore. The Companies Act permits the Company to purchase or acquire its own Shares out of capital as well as out of its profits. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its Shares.

1.7 **Financial effects.** The financial effects on the Company and its subsidiaries (collectively, the "**Group**") and the Company arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time. The financial effects on the Group and the Company based on the audited financial statements of the Group and the Company for the financial year ended 31st December 2017 are based on the assumptions set out below.

(a) ***Purchase or acquisition out of profits and/or capital***

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

(b) ***Maximum Price paid for Shares purchased or acquired***

Based on 395,236,288 issued Shares as at the Latest Practicable Date (of which none were treasury shares or subsidiary holdings), the exercise in full of the Share Purchase Mandate will result in the purchase or acquisition of 39,523,628 Shares.

Assuming that the Company purchases or acquires the 39,523,628 Shares at the Maximum Price, the maximum amount of funds required is approximately:

(i) in the case of Market Purchases, S$1,503.9 million (approximately US$1,141.2 million) based on S$38.05 for each Share (being 105% of the Average Closing Price of a Share immediately preceding the Latest Practicable Date); and

(ii) in the case of an Off-Market Purchase, S$1,723.6 million (approximately US$1,308.0 million) based on S$43.61 for each Share (being 120% of the Highest Last Dealt Price of a Share immediately preceding the Latest Practicable Date).

Purely for illustrative purposes, on the basis of the assumptions set out above, and based on the audited financial statements of the Group and the Company for the financial year ended 31st December 2017, and assuming that (i) purchases of Shares are made to the extent as aforesaid; (ii) such purchases of Shares are financed solely by borrowings; (iii) no further Shares are issued between 1st January 2017 and the Latest Practicable Date; (iv) the Share Purchase Mandate had been effective on 1st January 2017; and (v) the Company had purchased the 39,523,628 Shares on 1st January 2017, the financial effects of the purchase or acquisition of such Shares by the Company on the audited financial statements of the Group and the Company for the financial year ended 31st December 2017 would be as set out in Appendix A of this letter.

As illustrated in the table in Appendix A, a Market Purchase of the 39,523,628 Shares will have the effect of reducing the working capital and the net asset value (**"NAV"**) of the Group, and an Off-Market Purchase of the 39,523,628 Shares will have the effect of reducing the working capital and the NAV of the Group. In the case of the Market Purchase, the consolidated NAV per Share as at 31st December 2017 would decrease from US$16.26 to US$14.79, and the consolidated basic earnings per Share of the Group for the financial year ended 31st December 2017 would increase from US¢205 to US¢221 per Share, after taking into account interest cost incurred. In the case of the Off-Market Purchase, the consolidated NAV per Share as at 31st December 2017 would decrease from US$16.26 to US$14.31, and the consolidated basic earnings per Share of the Group for the financial year ended 31st December 2017 would increase from US¢205 to US¢220 per Share, after taking into account interest cost incurred. The said disclosed financial effects remain the same irrespective of whether the purchase of the Shares is effected out of capital or profits or whether the purchased Shares are held in treasury or are cancelled.

SHAREHOLDERS SHOULD NOTE THAT THE FOREGOING FINANCIAL EFFECTS ARE FOR ILLUSTRATIVE PURPOSES ONLY. In particular, Shareholders should note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Purchase Mandate on the NAV and/or earnings per Share as the resultant effect would depend on factors such as the aggregate number of Shares purchased, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interests of the Company, and that purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. In addition, the Company may cancel or hold in treasury all or part of the Shares it purchased or acquired. Further, the Directors would emphasise that they do not propose to carry out Share purchases or acquisitions to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

1.8 **Taxation.** Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

1.9 **Listing status of the Shares.** The Listing Manual provides that a listed company shall ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by public shareholders. As there is a public float of approximately 25.00% in the issued Shares as at the Latest Practicable Date, the Company is of the view that there is, as of that date, a sufficient number of the Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting adversely the listing status of the Shares on the SGX-ST. Additionally, the Company will consider investor interests when maintaining a liquid market in its securities, and will ensure that there is a sufficient float for an orderly market in its securities when purchasing its Shares.

1.10 **Listing rules.** Any purchase or acquisition by the Company of its Shares pursuant to the Share Purchase Mandate will be reported by the Company in accordance with prevailing reporting requirements of the SGX-ST.

The Listing Manual restricts a listed company from purchasing shares by way of market purchases at a price per share which is more than 5% above the "average closing price", being the average of the closing market prices of the shares over the last 5 Market Days on which transactions in the shares were recorded, before the day on which the purchases were made, as deemed to be adjusted for any corporate action that occurs after the relevant 5-day period. The Maximum Price for a Share in relation to Market Purchases referred to in Paragraph 1.3 above complies with this requirement. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 20% above the highest last dealt price of a Share as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase. While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board of Directors (the "**Board**") until such price sensitive information has been publicly announced. In particular, in line with the Company's internal guide on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the two weeks before, and up to, the date of announcement of the Company's results for each of the first three quarters of its financial year, and during the one month before, and up to, the date of announcement of the Company's results for the full financial year.

1.11 **Take-over implications.** The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code ("**R14-Appendix**"). These take-over implications are summarised below.

(a) ***Obligation to make a take-over offer***

If, as a result of any purchase or acquisition by the Company of its issued Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make a take-over offer under Rule 14 of the Take-over Code.

(b) ***Persons acting in concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company.

Unless the contrary is established, the following persons (*inter alia*) will be presumed to be acting in concert: (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, ownership or control of at least 20% but not more than 50% of the equity share capital of a company will be regarded as the test of associated company status.

(c) ***Effect of Rule 14 and R14-Appendix***

Under R14-Appendix, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-Over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

In relation to Directors and persons acting in concert with them, R14-Appendix provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase or acquisition of Shares by the Company the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more, or, if they together hold between 30% and 50% of the Company's voting rights, their voting rights are increased by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKE-OVER OFFER AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.

As at the Latest Practicable Date, Jardine Strategic Holdings Limited ("**JSHL**") (a member of the Jardine Matheson group of companies) and certain of its related corporations were collectively interested in 296,427,311 Shares, representing 75.00% of the total issued Shares as at that date.

Under the Take-over Code, unless the contrary is established, the Directors of the Company (including any alternate Director) who are also directors of JSHL or its related corporations and/or are its or their nominees on the Board would be presumed to be persons acting in concert with JSHL. Additionally, as JSHL and the Directors (including any alternate Director) presumed to be acting in concert with it collectively already hold more than 50% of the issued Shares, purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate will not result in the Directors (or any of them) and/or JSHL incurring an obligation to make a mandatory take-over offer under Rule 14 read with R14-Appendix of the Take-over Code.

2. RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 **Background.** At the 48th AGM, Shareholders had also approved the renewal of a general mandate for interested person transactions for the purposes of Chapter 9 of the Listing Manual (the "**IPT Mandate**"). The terms of the IPT Mandate were set out in Appendix B of the Company's Letter to Shareholders dated 6th April 2017. The IPT Mandate enables the Company, its subsidiaries and associated companies that are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual to enter in the ordinary course of business into any of the mandated transactions with the specified classes of interested persons, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions.

2.2 **Annual renewal of the IPT Mandate.** Under Chapter 9 of the Listing Manual, the IPT Mandate is subject to annual renewal. The IPT Mandate approved at the 48th AGM was expressed to continue in force until the next Annual General Meeting of the Company, being the 49th AGM, which is to be held on 26th April 2018. Accordingly, it is proposed that the IPT Mandate be renewed at the 49th AGM, to take effect until the conclusion of the next Annual General Meeting of the Company.

2.3 **Particulars of the IPT Mandate to be renewed.** The nature of the interested person transactions and the classes of interested persons in respect of which the IPT Mandate is sought to be renewed remain unchanged. Particulars of the IPT Mandate, including the rationale for the IPT Mandate, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of Interested Persons, are set out in Appendix B of this letter.

2.4 **Audit Committee's confirmation.** The Audit Committee of the Company confirms that:

(a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the 48th AGM; and

(b) the methods or procedures referred to in (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

2.5 **Chapter 9 of the Listing Manual.** General information on the listing rules relating to interested person transactions, including the meanings of terms such as "associate", "approved exchange", "entity at risk", "interested person", "same interested person" and "interested person transaction" used in Chapter 9 of the Listing Manual, is set out in Appendix C of this letter.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1 **Interests in Shares.** As at the Latest Practicable Date, based on the Company's Register of Directors' Shareholdings, none of the Directors has any interest, direct or indirect, in the issued share capital of the Company.

As at the Latest Practicable Date, the interests of the substantial Shareholders in the issued share capital of the Company, based on the Company's Register of Substantial Shareholders, were as follows:

Name of Shareholder	No. of Shares	%
Jardine Strategic Holdings Limited	296,427,311	75.00

Note: Jardine Strategic Holdings Limited ("**JSHL**") is interested in 296,427,311 Shares through its wholly-owned subsidiary, JSH Asian Holdings Limited ("**JAHL**"). JAHL is in turn interested in the said Shares through its wholly-owned subsidiary, Jardine Strategic Singapore Pte Ltd. By virtue of Jardine Matheson Holdings Limited's ("**JMH**") interests in JSHL through its wholly-owned subsidiary, JMH Investments Limited ("**JMHI**"), JMH and JMHI are also deemed to be interested in the said Shares.

3.2 **Abstention from voting.** Benjamin Keswick, Anthony Nightingale, Boon Yoon Chiang, Mark Greenberg, James Watkins and Michael Kok (each a non-executive Director) hold directorships in companies in the Jardine Matheson Group. Alexander Newbigging and Adrian Teng, the Company's incumbent Group Managing Director and Group Finance Director respectively, are on secondment from a company in the Jardine Matheson Group. They will abstain from voting their shareholdings (if any) in the Company on Resolution 6C relating to the renewal of the IPT Mandate at the 49th AGM.

The foregoing Directors will also not accept appointment as proxies to vote on Resolution 6C at the 49th AGM for any Shareholder who is regarded as being interested in the subject matter of Resolution 6C. They may, however, act as proxies to vote at the 49th AGM for independent Shareholders provided that the appointor (being the independent Shareholder) shall have given specific voting instructions to the proxy on the voting of the appointor's Shares in relation to Resolution 6C.

As JSHL and its associates are interested persons in relation to the renewal of the IPT Mandate, they will abstain from voting their shareholdings (if any) in the Company on Resolution 6C relating to the renewal of the IPT Mandate at the 49th AGM.

4. RECOMMENDATIONS

4.1 **Renewal of the Share Purchase Mandate.** The Directors are of the view, for the reasons set out in Paragraph 1.2 above, that the renewal of the Share Purchase Mandate is in the interests of the Company. They accordingly recommend that Shareholders vote in favour of Resolution 6B relating to the renewal of the Share Purchase Mandate at the 49th AGM.

4.2 **Renewal of the IPT Mandate.** The Directors who are considered independent for the purposes of the renewal of the IPT Mandate are Hassan Abas, Chang See Hiang, Mrs Lim Hwee Hua, Vimala Menon and Dr Marty Natalegawa. They are of the opinion that the entry into of the Interested Person Transactions (as described in paragraph 5 of Appendix B) between the JC&C Group (as described in paragraph 1 of Appendix B) and the Interested Persons (as described in paragraph 4 of Appendix B) in the ordinary course of business will enhance the efficiency of the JC&C Group and is in the best interests of the Company. For the reasons set out in paragraphs 1, 3 and 5 of Appendix B, they recommend that Shareholders vote in favour of Resolution 6C for the renewal of the IPT Mandate at the 49th AGM.

5. RESPONSIBILITY STATEMENT

5.1 **Directors' responsibility.** The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, this letter constitutes full and true disclosure of all material facts about the proposals to renew the Share Purchase Mandate and the IPT Mandate at the 49th AGM (collectively, the **"Proposals"**), and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this letter misleading. Where information in this letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this letter in its proper form and context.

5.2 **Disclaimer.** The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this letter. Shareholders who are in any doubt as to the action they should take should consult their stockbrokers or other professional advisers immediately.

Yours faithfully
JARDINE CYCLE & CARRIAGE LIMITED

Benjamin Keswick
Chairman
6th April 2018

ILLUSTRATION OF FINANCIAL EFFECTS FROM MARKET PURCHASE AND OFF-MARKET PURCHASE OF SHARES

	Market Purchase				Off-Market Purchase			
	Group		Company		Group		Company	
	Before share purchase US$'m	After share purchase US$'m	Before share purchase US$'m	After share purchase US$'m	Before share purchase US$'m	After share purchase US$'m	Before share purchase US$'m	After share purchase US$'m
As at 31st December 2017								
NAV	6,426.9	5,259.5	2,492.7	1,325.3	6,426.9	5,088.9	2,492.7	1,154.7
Total equity	13,441.0	12,273.6	2,492.7	1,325.3	13,441.0	12,103.0	2,492.7	1,154.7
Current assets	9,850.2	9,850.2	1,500.1	1,500.1	9,850.2	9,850.2	1,500.1	1,500.1
Current liabilities	8,971.9	10,139.3	1,345.3	2,512.7	8,971.9	10,309.9	1,345.3	2,683.3
Working capital	878.3	(289.1)	154.8	(1,012.6)	878.3	(459.7)	154.8	(1,183.2)
Net debt	4,218.5	5,173.8	1,166.3	2,333.7	4,218.5	5,344.4	1,166.3	2,504.3
No. of issued Shares ('000)	395,236	355,713	395,236	355,713	395,236	355,713	395,236	355,713
Weighted average no. of issued Shares ('000)	395,236	355,713	395,236	355,713	395,236	355,713	395,236	355,713
Financial Ratios								
NAV per Share (US$)	16.26	14.79	6.31	3.73	16.26	14.31	6.31	3.25
Gearing (Net debt / Total equity)	31%	42%	47%	176%	31%	44%	47%	217%
Current ratio	1.1	1.0	1.1	0.6	1.1	1.0	1.1	0.6
Basic earnings per Share (US¢)	205	221	100	104	205	220	100	102

Notes:

1. The disclosed financial effects remain the same irrespective of whether:
   (a) the purchase of the Shares is effected out of capital or profits; or
   (b) the purchased Shares are held in treasury or cancelled.
2. NAV equals shareholders' funds. NAV per Share is calculated based on the number of Shares issued.
3. Current ratio equals current assets divided by current liabilities.
4. The exchange rate of US$1 = S$1.337 was used for translating assets and liabilities at the balance sheet date and US$1 = S$1.3757 was used for translating the results for the year.

THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. Introduction

Due to the diverse business interests and activities of the Company's interested persons, it is envisaged that in the ordinary course of their businesses, transactions between the JC&C Group (as defined below) and the Company's interested persons are likely to occur with some degree of frequency, and may arise at any time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the JC&C Group to the Company's interested persons or the obtaining of goods and services from them for day-to-day operational needs.

Rationale for the IPT Mandate

In view of the time-sensitive and recurrent nature of commercial transactions, the obtaining of a general mandate (the "**IPT Mandate**") pursuant to Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") will enable the Company, its subsidiaries and associated companies which are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual (together, the "**JC&C Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions set out in Paragraph 5 below (the "**Interested Person Transactions**"), with the classes of the Company's interested persons specified in Paragraph 4 below (the "**Interested Persons**"), provided that such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and the minority Shareholders.

Scope of the IPT Mandate

The IPT Mandate covers a wide range of transactions arising in the normal course of the business operations of the JC&C Group, in particular, those relating to the Company's principal activities of investment holding and provision of management services, as well as those of its subsidiaries and associated companies which include the distribution and retailing of motor vehicles.

The following transactions are excluded from the IPT Mandate:

(a) any transaction by a company in the JC&C Group with an Interested Person that is below S$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such a transaction; and

(b) any transaction by Cycle & Carriage Bintang Berhad ("**CCB**") (a subsidiary of the Company that is listed on Bursa Malaysia), or its subsidiaries or associated companies which are considered "entities at risk" of CCB, with a counter-party who is an Interested Person, as Bursa Malaysia, on which CCB is listed, is regarded by the SGX-ST as an "approved exchange" for the purposes of Rule 904(1) of Chapter 9 of the Listing Manual.

Transactions by the JC&C Group with Interested Persons that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

2. Validity period

The IPT Mandate will take effect from the passing of the Ordinary Resolution relating thereto and will continue in force until the conclusion of the next Annual General Meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next Annual General Meeting and at each subsequent Annual General Meeting of the Company, subject to satisfactory review by the Audit Committee of the Company ("**Audit Committee**") of its continued application to the Interested Person Transactions.

3. **Benefit to Shareholders**

The obtaining of the IPT Mandate (and its subsequent renewal on an annual basis) will enhance the ability of the JC&C Group to pursue business opportunities that are time-sensitive in nature, and will eliminate the need (pursuant to the materiality thresholds imposed under Chapter 9 of the Listing Manual) for the Company to announce such transactions, or, to announce and convene separate general meetings as and when potential transactions with the specified classes of Interested Persons arise to seek Shareholders' prior approval for the entry by the relevant company in the JC&C Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled toward attaining other corporate objectives.

4. **Classes of Interested Persons**

The IPT Mandate will apply to the Interested Person Transactions (described in Paragraph 5 below) that are carried out with the following classes of Interested Persons:

(a) Jardine Strategic Holdings Limited ("**JSHL**"); and

(b) any company which, at the time of the relevant transaction, is an associate of JSHL.

JSHL is a member of the Jardine Matheson group of companies (the "**Jardine Matheson Group**"). Purely for the purposes of illustration, the associates of JSHL would include Jardine Strategic Singapore Pte Ltd, JSH Asian Holdings Ltd, JMH Investments Limited and Jardine Matheson Holdings Limited and their respective related corporations, as well as any company in which they or any of them taken together (directly or indirectly) have an equity interest of 30% or more.

5. **Categories of Interested Person Transactions**

The types of Interested Person Transactions to which the IPT Mandate will apply, and the benefits to be derived therefrom, are set out below.

(a) <u>Vehicle-based Transactions</u>

This category of transactions arises from the vehicle-based businesses of the JC&C Group ("**Vehicle-based Transactions**"). Transactions coming within this category comprise:

(i) the marketing, sale and purchase of vehicle stocks, spares, parts, and related accessories;

(ii) the provision of rental and/or leasing of vehicles;

(iii) the provision of maintenance and after sales service for vehicles, and the repair, modification and upgrading of vehicles and related components and equipment;

(iv) the purchase of vehicle freight services;

(v) the purchase of vehicle insurance;

(vi) the provision and/or receipt of commissions, rebates and other trade-related or marketing incentives to or by counter-parties such as dealers, distributors, principals and finance houses or other financial institutions; and

(vii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (vi) above.

The JC&C Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The JC&C Group would also benefit from having access to competitive quotes from Interested Persons.

(b) Property-based Transactions

This category of transactions pertains to the property development and property investment activities of the JC&C Group (“**Property-based Transactions**”), and consists of transactions relating to:

(i) the leasing and/or rental of properties;

(ii) the award of contracts to main contractors and nominated sub-contractors and consultants for projects;

(iii) the appointment of consultants in relation to property development and property investment;

(iv) the provision or obtaining of project management services;

(v) the provision or obtaining of property-linked services (such as property and rental valuation services, building maintenance services, estate management services, security services and property management and marketing services); and

(vi) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (v) above.

The JC&C Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The JC&C Group would also benefit from having access to competitive quotes from Interested Persons.

(c) General Transactions

This category of transactions comprises general business transactions for services and products arising in the day-to-day operations of various companies in the JC&C Group (“**General Transactions**”). The transactions within this category comprise:

(i) the provision or obtaining of consultancy and advisory services (including in the areas of feasibility studies, market research and analysis);

(ii) the obtaining of insurance brokerage services;

(iii) the provision or obtaining of hotel services (including room rentals and the related sale and purchase of food and beverages);

(iv) the obtaining of office equipment, furniture and fittings;

(v) the obtaining of renovation services;

(vi) the provision or obtaining of information technology products and accessories, and information technology services (including repair, maintenance and technical services); and

(vii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (vi) above.

The JC&C Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The JC&C Group would also benefit from having access to competitive quotes from Interested Persons. The JC&C Group may also derive operational and financial leverage through savings in terms of economies of scale, such as bulk discounts accorded to the Jardine Matheson Group on a group basis.

(d) Management Support Transactions

This category ("**Management Support Transactions**") relates to corporate management, administration and support services that the JC&C Group may, from time to time, receive from, or provide to, its Interested Persons. Such services, which encompass (i) the receipt of strategic management consultancy from Interested Persons, as well as (ii) the provision and/or receipt of general support to/from Interested Persons, relate to the areas of corporate finance, taxation, investment review and management, risk review and management, strategic business evaluation, treasury and accounting advisory services, corporate planning and business development, management information systems, information technology management and development, information technology systems, human resource and executive compensation, legal and corporate secretarial/administration, accountancy, payroll, internal audit, corporate communications and investor relations.

As a principal subsidiary within the Interested Persons' group of companies, the Company is able to tap into, and draw from, their management and corporate expertise on an international basis for the provision by Interested Persons to the Company of support of a strategic nature having a bearing on the JC&C Group's long-term profitability and development. The JC&C Group may also, from time to time, procure and/or provide support of a general nature relating to its day-to-day operations. By having access to, and (where applicable) providing, such management, administration and support, the JC&C Group will derive operational and financial leverage in its dealings with third parties as well as benefit from the global network of its Interested Persons. Through such support and services, the JC&C Group would also enjoy sharing of resources and economies of scale, and eliminate duplication of efforts.

(e) Corporate Finance and Treasury Transactions

This category of transactions comprises various corporate finance and treasury related activities ("**Corporate Finance and Treasury Transactions**") of the JC&C Group. It includes the obtaining of project financing or other financial assistance and services from Interested Persons, as well as transactions that are undertaken by the JC&C Group in connection with the management of its finances, investments and funding requirements. Within this category of transactions are:

(i) the placement of funds or deposits with any Interested Person;

(ii) the borrowing of funds from any Interested Person;

(iii) the entry into with any Interested Person of foreign exchange, swap and option transactions for hedging purposes; and

(iv) the subscription of debt securities issued by any Interested Person and the issue of debt securities to any Interested Person, and the buying from, or selling to, any Interested Person of debt securities.

The JC&C Group can benefit from competitive rates or quotes offered by Interested Persons by leveraging on the financial strength and credit standing of the Interested Persons in an expeditious manner.

6. Review procedures for Interested Person Transactions

The Company has in place an internal control system to ensure that transactions with Interested Persons are made on normal commercial terms, supported by independent valuation where appropriate, and consistent with the JC&C Group's usual policies and practices.

(a) The internal control system includes the following guidelines:

(i) In relation to Vehicle-based Transactions, Property-based Transactions, and General Transactions, any transaction proposed to be carried out with an Interested Person for the obtaining or provision of the services or products described shall be made at the prevailing rates/prices of the service or product provider which (in relation to services or products to be provided to an Interested Person) are no more favourable to the Interested Person than those extended to third parties, or (in relation to services or products to be obtained from an Interested Person) are no less favourable than those extended by the Interested Person to third parties, on the service or product provider's usual commercial terms or otherwise in accordance (where applicable) with industry norms.

For the above purposes, market rates will be reviewed where applicable. As a basis for comparison to determine whether the price and terms offered to the Interested Person are no more favourable than those extended to third parties, at least two recent contracts for the same or substantially the same types of transactions entered into by the JC&C Group with third parties will be used. As a basis of comparison to determine whether the terms offered by the Interested Person are fair and reasonable (taking into account, where relevant, factors such as pricing, delivery schedule, rebates or discounts accorded for bulk purchases), quotes will be obtained wherever possible from at least two third party suppliers, for the same or substantially similar quantities and quality of products and/or services. Where it is impractical or not possible for such contracts or (as the case may be) quotes to be obtained:

(aa) in relation to the sale of goods or services to the Interested Person, the terms of supply will be determined in accordance with the JC&C Group's usual business practice and consistent with the margins obtained by the JC&C Group in its business operations; and

(bb) in relation to the purchase of goods or services from the Interested Person, the terms of supply will be compared to those for the same or substantially the same types of transactions entered into between the Interested Persons and third parties. The review procedures in such cases may include, where applicable, reviewing the standard price lists provided by the Interested Person to its customers for such services or products and be based on the commercial merits of the transaction.

(ii) In relation to Management Support Transactions:

(aa) the JC&C Group will satisfy itself that the fees payable to an Interested Person for any such transaction shall be on arm's length and commercial terms, in accordance with either: (A) a formula for cost recovery agreed with such Interested Person; or (B) a rate of charge agreed with such Interested Person not exceeding 0.5 per centum of the profit attributable to the shareholders of the Company based on its audited financial statements for the financial year in respect of which the transaction occurred[Note]. The fee for any such transaction shall be determined by the JC&C Group with the Interested Person before the transaction is entered into. The JC&C Group will also satisfy itself that, having regard to the nature of the services to be provided by the Interested Person, the formula for cost recovery (for services of a general nature) or the rate of charge (for services of a strategic nature) (as the case may be) to be applied to the particular transaction with the Interested Person is in line with that applied by the Interested Person to its other strategic business units for the same or substantially the same management, administration and/or support services; and

(Note) Based on the audited consolidated financial statements of the Group for the financial year ended 31st December 2017, the profit attributable to the shareholders of the Company was US$811.2 million.

(bb) the JC&C Group will satisfy itself that fees receivable from an Interested Person for services of a general nature shall be on arm's length and commercial terms, and are not prejudicial to the Shareholders or disadvantageous to the JC&C Group. As a test of reasonableness, the rate of charge for determining the fees payable by the Interested Person for the services to be provided by the JC&C Group will be on a cost recovery basis.

(iii) In relation to Corporate Finance and Treasury Transactions, any transaction proposed to be carried out with an Interested Person for the obtaining or provision of the services described shall be made on terms no less favourable than those offered by the Interested Person to third parties on the Interested Person's usual commercial terms, and on terms no less favourable than those offered by third parties for the same or substantially similar type of services or otherwise in accordance (where applicable) with industry norms.

(b) The following review and approval procedures will be implemented for Vehicle-based Transactions, Property-based Transactions and General Transactions:

(i) Transactions equal to or exceeding S$100,000 each in value but below S$5.0 million each in value, will be reviewed and approved by the Group Managing Director for the time being of the Company (**"Group Managing Director"**) or, in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose, and tabled for review by the Audit Committee on a quarterly basis.

(ii) Transactions equal to or exceeding S$5.0 million each in value will be reviewed and approved by the Audit Committee.

(iii) The Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and the Audit Committee may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

(c) In relation to Management Support Transactions, the following procedures will be implemented to supplement the internal control system:

(i) Any Management Support Transaction, the value of which, singly, or on aggregation with other Management Support Transactions with the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) is below S$5.0 million will be reviewed and approved by the Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and tabled for inspection by the Audit Committee on a quarterly basis. The Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) shall review the transaction in question, including the value thereof, on the basis of the benefits and cost effectiveness of the transaction.

(ii) Where the value of any Management Support Transaction, singly, or on aggregation with other Management Support Transactions with the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) is equal to or exceeds S$5.0 million, such Management Support Transaction and each subsequent Management Support Transaction with that Interested Person will be reviewed and approved by the Audit Committee.

(iii) For purposes of determining the aggregate value in (i) and (ii) above, the values of all Management Support Transactions with the same Interested Person shall not be offset and shall be aggregated, irrespective of whether any one or more of such transaction(s) is/are for services provided by the JC&C Group to the Interested Person, or any one or more of such transaction(s) is/are for services receivable by the JC&C Group from that Interested Person.

(d) In relation to Corporate Finance and Treasury Transactions, the following procedures will be implemented to supplement the internal control system:

(i) Placements

In relation to the placement of funds with any Interested Person by the JC&C Group of its funds, the Company will require that quotations shall be obtained from such Interested Person and at least two banks for rates of deposits with such banks of an equivalent amount, and for the equivalent period, of the funds to be placed by the JC&C Group. The JC&C Group will only place funds with such Interested Person provided that the terms quoted are no less favourable to the JC&C Group than the terms quoted by such banks.

(ii) Borrowings

In relation to the borrowing of funds from any Interested Person by the JC&C Group, the Company will require that quotations shall be obtained from such Interested Person and at least two banks for loans from such banks of an equivalent amount, and for the equivalent period, of the funds to be borrowed by the JC&C Group. The JC&C Group will only borrow funds from such Interested Person provided that the terms quoted are no less favourable to the JC&C Group than the terms quoted by such banks.

(iii) Foreign exchange, swaps and options

In relation to the entry into of foreign exchange, swap and option transactions by the JC&C Group with any Interested Person, the Company will require that rate quotations shall be obtained from such Interested Person and at least two banks. The JC&C Group will only enter into the foreign exchange, swap or option transactions with such Interested Person provided that the rates quoted are no less favourable to the JC&C Group than the rates quoted by such banks.

(iv) Debt securities

In relation to the subscription of debt securities issued by, or the purchase of debt securities from, Interested Persons, the JC&C Group will only enter into the subscription or purchase of such debt securities issued provided that the price(s) at which the JC&C Group subscribes for or purchases such debt securities will not be higher than the price(s) at which such debt securities are subscribed for or purchased by third parties.

In relation to the issue or sale to Interested Persons of debt securities, the JC&C Group will only issue or sell such debt securities to Interested Persons provided that the price(s) at which the JC&C Group issues or sells such debt securities will not be lower than the price(s) at which such debt securities are issued or sold by the JC&C Group to third parties.

In addition, the Company will monitor Corporate Finance and Treasury Transactions entered into by the JC&C Group as follows:

Borrowings from and debt securities issued or sold to Interested Persons

Where the interest expense on any borrowing from, or any debt securities to be issued or sold to, an Interested Person when aggregated with the interest expense incurred by the JC&C Group on previous borrowings from, and debt securities issued or sold to, the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) is equal to or exceeds S$5.0 million, such (and each subsequent) borrowing from that Interested Person, or issue or sale of debt securities to, that Interested Person shall require the prior approval of the Audit Committee.

Borrowings from, or issue or sale of debt securities to, the same Interested Person in respect of which the interest expense thereon in aggregate does not exceed the limit set out above will be reviewed and approved by the Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and shall be tabled to the Audit Committee for review on a quarterly basis.

Placements with and debt securities subscribed or purchased from Interested Persons

Where the value (including the applicable interest income) of any funds to be placed with, or any debt securities to be subscribed which are issued by/purchased from, an Interested Person when aggregated with the value (including the applicable interest income) of previous funds placed with, and debt securities subscribed/purchased from, the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) by the JC&C Group exceeds S$100.0 million, such (and each subsequent) placement of funds with, or subscription of debt securities issued by, or purchase of debt securities from, the same Interested Person shall require the prior approval of the Audit Committee.

Placements of funds with, or subscription of debt securities issued by, or purchase of debt securities from, the same Interested Person where the value (including the applicable interest income thereof) does not in aggregate exceed the limit set out above will be reviewed and approved by the Group Managing Director (or, in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and shall be tabled to the Audit Committee for review on a quarterly basis.

Foreign exchange, swaps and options entered into with Interested Persons

Where the principal amount of any foreign exchange, swap or option transaction to be entered into with an Interested Person when aggregated with the principal amount of previous foreign exchange, swap and option transactions entered into by the JC&C Group with the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) exceeds S$100.0 million, such (and each subsequent) foreign exchange, swap or option transaction to be entered into with the same Interested Person shall require the prior approval of the Audit Committee.

Entry into of foreign exchange, swap or option transactions with the same Interested Person where the principal amount thereof does not in aggregate exceed the limit set out above will be reviewed and approved by the Group Managing Director (or, in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and shall be tabled to the Audit Committee for review on a quarterly basis.

(e) The following will apply to the review and approval process for all categories of Interested Person Transactions:

  (i) If the Group Managing Director has an interest in the transaction or is a nominee for the time being of the Interested Person, the review and approval process shall be undertaken by the senior executive of the Company designated by the Audit Committee from time to time for such purpose.

  (ii) If the Group Managing Director and such senior executive has an interest in the transaction or are nominees for the time being of the Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Interested Person and has no interest in the transaction) designated by the Chairman of the Audit Committee from time to time for such purpose.

  (iii) If a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.

(f) The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of all Interested Person Transactions entered into in the relevant financial year pursuant to the IPT Mandate.

The Audit Committee will review the internal audit reports on Interested Person Transactions to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

(g) If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and review procedures for Interested Person Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the JC&C Group or the Interested Persons are conducted, the Company will revert to Shareholders for a fresh general mandate based on new guidelines and review procedures so that Interested Person Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and the minority Shareholders.

7. Disclosures

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will: (a) disclose in the Company's Annual Report the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the Annual Reports for subsequent financial years that the IPT Mandate continues in force); and (b) announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

Chapter 9 of the Listing Manual of the SGX-ST governs transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be "at risk", with the listed company's interested persons.

Except for any transaction which is below S$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, when this Chapter applies to a transaction with an interested person and the value of the transaction alone or on aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company's latest audited consolidated net tangible assets ("**NTA**")), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for the transaction. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or exceeding:

(a) 5% of the listed company's latest audited consolidated NTA[(Note)]; or

(b) 5% of the listed company's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

Chapter 9 of the Listing Manual, however, allows a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not for the purchase or sale of assets, undertakings or businesses) which may be carried out with the listed company's interested persons. A general mandate is subject to annual renewal.

For the purposes of Chapter 9 of the Listing Manual:

- an "**entity at risk**" means:

    (i) the listed company;

    (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

    (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

- an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

- an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate

(Note) Based on the audited consolidated financial statements of the Group for the financial year ended 31st December 2017, the NTA of the Group was US$5,654.1 million. Accordingly, in relation to the Company, for the purpose of Chapter 9 of the Listing Manual, in the current financial year and until the audited consolidated financial statements of the Group are published for the financial year ended 31st December 2018, 5% of the Company's latest audited consolidated NTA would be US$282.7 million.

family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

- an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;

- an "**interested person transaction**" means a transaction between an entity at risk and an interested person;

- a "**transaction**" includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly; and

- in interpreting the term "**same interested person**" for the purpose of aggregation of the values of all transactions entered into with the same interested person during the same financial year under Rules 905 and 906 of Chapter 9 of the Listing Manual, the following applies:

  (i) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and

  (ii) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different.