傅長春儲運有限公司
Poh Tiong Choon Logistics Limited

TOTAL INTEGRATED SOLUTIONS

ANNUAL REPORT **2016**

爱心是企业和谐之根
亲情是家族和谐之本

傅春安 题

Humanity as the roots of harmony in the enterprise
Kinship as the origins of harmony in the family

POH CHOON ANN
Chairman and Chief Executive Officer

TABLE OF CONTENTS

FINANCIAL CALENDAR

10 May 2016........ Announcement of 2016 first quarter results
10 Aug 2016........ Announcement of 2016 half year results
30 Sep 2016........ Payment of interim dividend
14 Nov 2016........ Announcement of 2016 third quarter results
31 Dec 2016........ Financial year-end
1 Mar 2017.......... Announcement of 2016 full year results
13 Apr 2017......... Annual report issued
28 Apr 2017......... Annual General Meeting
31 May 2017........ Payment of 2016 proposed final dividend (subject to shareholders' approval)

WITH LOVE AS THE FOUNDATION AND KINSHIP TIES AS THE SPIRIT ~ OUR CORPORATE CULTURE

We have always been mindful of the need to be resilient, reliable and resourceful. Keep evolving to stay ahead but never lose sight of the importance of harmony in the family and the group remains an important part of our corporate heritage.

RESILIENT

PTCL with its stable foundation, extensive experience, management commitment and responsiveness to both internal and external events, has the operational and strategic resilience to overcome odds and deliver with excellence.

RELIABLE

PTCL is committed to sharing our expertise with all customers and providing each and every one of them with quality service and on-going support. We honour and deliver on all our promises, big or small.

RESOURCEFUL

PTCL seeks to cultivate a culture of resourcefulness to uncover more possibilities as well as offer solutions and innovations to keep us relevant to the evolving world. To provide total integrated solutions is our goal.

CORPORATE PROFILE

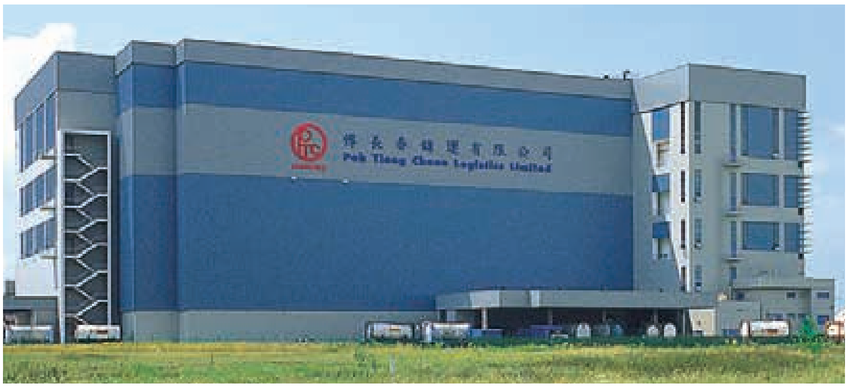
1950 marks the beginning of Poh Tiong Choon Group of companies. With just a handful of lorries and with the founding fathers literally at the wheels of these vehicles during the early years, the group has grown into one of the leading integrated logistics specialists in Singapore.

In the intervening years between 1950 and 1999, the owner-operator transport company grew from strength to strength expanding into bulk cargo handling and heavy haulage services, later relocating to bigger premises at Pandan Road. The company was awarded the Enterprise 50 award in 1997 and 1998. By 1999, the Company was an ISO 9000 certified logistics services provider and with revenue of $43 million, it was listed successfully as Poh Tiong Choon Logistics Limited (PTCL) on the Main Board of Singapore Exchange Securities Trading Limited (SGX Main Board).

As one of the first to provide container storage services in Singapore, PTCL also pioneered the very first bulk cargo vessel trimming operations in the republic. It was also ahead of every logistics company in heavy haulage operations, playing a vital part in the early years of Singapore's industrial development. PTCL's business was in the transportation of infrastructure cargo such as turbines, generators and reactors for power, chemical and incineration plants, as well as massive concrete beams for road and bridge construction.

PTCL was certified eSCM (The eSupply Chain Management) ready by ESCM council in 2007. The eSCM assessment programme formed part of the government's effort to help Singapore's manufacturing and logistics sector become a key collaborative manufacturing services hub in Asia. In the same year, PTCL was one of the eight companies in Singapore to be certified under the Secure Trade Partnership Programme (STP), a pilot-run programme by the Singapore Customs to strengthen and safeguard the security of supply chain operations.

Today, PTCL is one of the leading homegrown third-party logistics providers in Singapore, providing a comprehensive range of third-party logistics services to customers from a broad spectrum of industries including the chemical, food, retail, infrastructure and shipping sectors.



The Group's core businesses encompass the following:

- Transportation, bulk cargo handling and stevedoring;
- warehousing, drumming and related services;
- Trading;
- Leasing & property development
- Terminal management

TRANSPORTATION, BULK CARGO HANDLING AND STEVEDORING

With more than 60 years of experience, the Company has a strong track record in transporting high value, sensitive and chemical cargo in various forms, including conventional, general containers, bulk and bulk liquid containers.

Today, PTCL owns over a thousand units of cargo vehicles comprising prime movers, trailers and other vehicles such as refrigerated trucks, tipper trucks and general usage lorries. With customers ranging from multinationals in the petrochemical industries to individual customers, PTCL offers cost-effective solutions that help customers increase efficiency and profitability.

As one of Singapore's major bulk cargo handlers, the Group loads and discharges from vessels cargo that include aggregates, bulk cement, sand, salt, and other chemical raw materials. The Group also owns and operates a wide range of heavy haulage equipment including some newly acquired floating barges and grabs. This enables the Group to

strengthen its capacity to better service a vast and diversified clientele.

WAREHOUSING, DRUMMING AND RELATED SERVICES

PTCL owns and operates two warehousing facilities in Singapore, one on Jurong Island and the other at Pandan Road. The facilities provide integrated logistics services including drum filling of chemical products, open and covered warehouse storage, inventory management, local and international freight management, as well as storage and distribution of loaded containers.

In January 2015, PTCL embarked on the redevelopment of its premises at Pandan Road. Apart from an office block, the redevelopment project also features a ramp-up multi-storey warehouse complex comprising 6 floors. The top floor is constructed with a headroom of 13 metres to cater for full Very Narrow Aisle ("VNA") rack storage operation, while the flat roof of the complex served by the ramp is designed to provide approximately 500 parking spaces for trailers, prime movers and laden containers.

The warehouse is designed for storing general cargo and will complement our PTC Chemical Logistics Complex in Jurong Island, where mainly dangerous goods are stored. Upon completion in the first quarter of 2018, our warehousing capacity will be increased to more than one million square feet.

TRADING

The Group's sole trading activity is in the sale of diesel fuel to industries.

LEASING

The Group sub-leases three of its properties. A portion of the PTC Chemical Logistics Complex at Jurong Island is sub-leased to Stolt Container Terminal Pte Ltd ("Stolt") which operates an ISO tank cleaning and repair facility. With Stolt's operations complementing PTCL's services, the combined facilities provide customers with comprehensive, integrated and cost effective solutions to their logistics requirements such as tank heating, cleaning and repair, drum filling, warehousing and open storage, and other ancillary services.

The factory building with office space located at the industrial land at Tuas Bay Drive is sub-leased to a multinational company servicing the Oil and Gas industry. The Group also sub-leases a unit of office space at Realty Centre.

TERMINAL MANAGEMENT

Through Hai Poh Terminals Pte Ltd, a joint venture with Singapore Shipping Corporation Limited, PTCL is able to offer terminal management services to its customers. Since 1984, Hai Poh Terminals has been managing and operating at an appropriated berth in PSA for major multinational liners and specialises in RORO vessel operations.

PTC CHEMICAL LOGISTICS COMPLEX AT JURONG ISLAND

The Chemical Logistics Complex is strategically located at the centre of Jurong Island. It comprises a 5-storey warehouse, a drumming plant for chemicals, storage facilities for dangerous cargo and a high-density automated storage and retrieval system (ASRS). A web-ready warehouse management system integrates the entire physical facilities and operations, ensuring efficient and accurate identification, tracking and management of cargo. With a height of 39m, the ASRS, designed to support information, space and resource management, has already demonstrated substantial savings in space and labour costs. The system is also expected to act as a platform for further development into e-commerce.

The open yard facility for the storage of loaded containers is dominated by an auto-steering Rubber-Tyred Gantry Crane and a Smartrail System based on Global Positioning System technology. The first such system to be installed in Asia, the Crane runs on virtual tracks and is able to stack up to seven containers high and eight containers wide.

The PTC Chemical Logistics Complex is a one-stop supply chain service hub with the capability of providing value-added services:

- Real time inventory management
- Storage of dangerous cargo and non-dangerous cargo
- Drumming of non-hazardous chemicals
- Spares management
- Container transshipment services
- Interface with clients' Enterprise Resource Planning Systems
- Transportation and freight coordination/documentation services

CORPORATE MILESTONES

1950
Commenced operations as an owner-operated transport company.

1964
Registered Poh Tiong Choon Company.

1966
Handled the first bulk raw sugar shipment in Singapore at Jurong Port for Sugar Industry of Singapore (SIS).

1967
First to introduce the concept of Total Third-Party Logistics Services in Singapore with the handling of raw sugar for SIS. Services provided then included discharging bulk raw sugar from vessels, packing and repacking of refined sugar in the factory, stacking and unstacking of bagged sugar in the warehouse, local distribution and delivery to port for export.

1968
Started heavy haulage services by transporting heavy concrete beams for highways, transformers for power stations, factory boilers, and other heavy equipment. Handled pioneering projects for three oil refineries like Shell Pulau Bukom Kecil, SRC Pulau Merlimau and Esso Pulau Ayer Chawan.

1969
Incorporated Poh Tiong Choon Contractors (Pte) Ltd on 21 January 1969 (now known as Poh Tiong Choon Logistics Limited).

1973
Started container depot and related container services during the global introduction of the intermodal container.

1979
Commenced operations at its Pandan Road premises comprising an office block, a warehouse as well as empty and loaded container depot facilities.

1996
Obtained ISO9000 quality management award for the company's logistics systems.

1999
Listed on the Main Board of the Singapore Exchange. The public tranche for the initial public offering was 163 times over-subscribed.

2001
Completed construction of PTC Chemical Logistics Complex at Jurong Island.

2002

Began warehouse operations at the new PTC Chemical Logistics Complex at Jurong Island.

2005

Completed the construction of ISO tank cleaning and repair facility at Jurong Island and leased it on long term basis to Stolt-Nielsen S.A. Group, the largest tank terminals operator in the world.

2006

Incorporated 100% wholly owned subsidiary Poh Tiong Choon (Shanghai) Limited and continued to expand logistics business in China.

2007

Awarded the Secure Trade Partnership certification, administered by Singapore Customs, and certified e-SCM ready by ESCM Council.

2008

Completed the construction of a factory building with office space at Tuas and began leasing it on long term basis to National Oilwell Varco Pte Ltd, a multinational company servicing the Oil and Gas Industry.

2011

Celebrated the Company's 60th anniversary with a special gala at the Max Pavilion of Singapore Expo. The event was attended by more than 1,300 distinguished guests.

2013

Received the BizSafe Star Award from the Workplace Safety and Health Council (WSH) and attained OHSAS 18001:2007 accreditation for its Bulk Cargo Department's occupational health and safety management systems.

2014

Accepted an offer from the Jurong Town Corporation ("JTC Corporation") to lease the Pandan premises for a further term of 24 years 4 months from 1 July 2019.

2015

Received the Singapore Productivity Award from Singapore Business Federation.

Commenced redevelopment of its warehousing cum office premises at Pandan Road. The new ramp-up warehouse with an adjacent office block will be built over 3 years in 2 phases.

2016

Conferred the Heavy Vehicle Fleet Safety Award (Merit) by the Singapore Road Safety Council.

Completed Phase 1 of its redevelopment programe at Pandan Road.

CHAIRMAN'S STATEMENT

Well-positioned for Sustainable Growth

"The redevelopment project is part of our efforts to position the Group for future sustainable growth. With our new premises and increased warehousing capacities, we will be able to help our customers consolidate their supply chain operations under one roof and reaffirm our role as a leading provider of total integrated logistics solutions."

POH CHOON ANN
Chairman and Chief Executive Officer

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Accounts of Poh Tiong Choon Logistics Limited (the Company) and its subsidiaries (the Group) for the financial year ended 31 December 2016.

GROUP PERFORMANCE

FY2016 has been a challenging year characterised by escalating operational cost, as well as global economic and political uncertainty. In spite of this, the Group managed to stay resilient to deliver a stable performance that was in line with market expectation.

During the year, the Group revenue was down by 11% or S$17.9 million from S$156.8 million in FY2015 to S$138.9 million in FY2016. This was mainly attributed to lower volume handled by our Transportation and Bulk Cargo Division. Consequently, the Group registered a total profit after tax attributable to shareholders of S$13.9 million against S$15.0 million in the previous year, which translated to a 7% year-on-year decrease.

Correspondingly, lower trading activity resulted in total expenses falling by 12% from S$138.7 million in the year before to S$122.4 million in the review period. This was due to a decline in cost of inventories sold, depreciation of property, plant and equipment, impairment losses, employee compensation, rental on operating leases, sub-contractor charges and other expenses.

Nevertheless, these decreases were partially offset by an increase in finance cost with the fluctuations being mostly in line with the decline in revenue, while the lower rental on operating leases was caused by non-renewal of expired leases for third party warehouse premises after migration of customers' cargo to our Pandan Road premises upon receipt of the temporary occupancy permit (TOP).

PTC DELIVEY2HOME PTE LTD

PTC Delivery2home Pte Ltd (PTC D2H) is one of the Group's wholly-owned subsidiaries, which has contributed positively to the Group's earnings.

During the year, PTC D2H continued on its service expansion plan to enlarge its business scope from furniture delivery and assembly services to encompass the delivery of electrical appliances, printing paper and office use toner cartridges. The subsidiary has also ventured into the business of providing warehouse management and call centre services to its network of customers.

Recognised as one of the largest home delivery and assembly service providers in Singapore, PTC D2H boasts of a strong corporate culture that embraces innovation. It is constantly adopting new technologies to further enhance its overall delivery service quality in terms of productivity, customer service and cost savings.

REDEVELOPMENT PROJECT

In January 2015, we embarked on the redevelopment of our premises at Pandan Road following our lease renewal with JTC Corporation.

The redevelopment project to construct a 6-storey high ramp-up warehouse with an adjacent office block to house our corporate headquarters is well on track to completion. Phase 1 has been completed promptly with TOP obtained in May 2016.

The new warehouse, when fully completed, will complement our business functions by boosting our total warehouse capacity to more than one million square feet. It is specially designed to house general cargo and provide support to our PTC Chemical Logistics Complex in Jurong Island where we store all our dangerous goods.

The modern warehouse will include special features like a top floor with a 13-metre high ceiling that can effectively cater for full VNA rack storage operation and a flat roof designed to provide about 500 parking spaces for trailers, prime movers and laden containers. Upon completion of the project, we expect operations efficiency to increase with the optimum usage of the new facility.

Currently, we are in Phase 2 of the redevelopment project, which is slated for completion in 1Q2018.

OUTLOOK

The redevelopment project is part of our efforts to position the Group for future sustainable growth. With our new premises and increased warehousing capacities, we will be able to help our customers consolidate their supply chain operations under one roof and reaffirm our role as a leading provider of total integrated logistics solutions.

Even as our core competencies continue to be in the area of providing a comprehensive range of services like transport, warehousing, drumming and other services such as packaging and freight-forwarding, we are aware that the advent of new technologies and an expanding consumer base in Asia is steering multi-channelling retailing business to continue to gain prominence alongside demand for last mile delivery. Towards this aspect, PTC D2H has successfully built up its e-commerce fulfilment capabilities over the years and is well-poised to become an important growth engine in the Group's next phase of development.

Moving forward, the Group is determined to stay abreast of times and maintain its leading position in the industry. We are also mindful of the business impact of external factors, such as fluctuations in diesel prices and interest rates, tightening of the labour market and pressure on wage costs. As such, we will strive to persist in our prudent cost management, while seeking synergistic collaborative partners to enhance our competitive edge.

DIVIDENDS TO SHAREHOLDERS

As part of our commitment to share our earnings with our shareholders, the Board of Directors has proposed a final tax-exempt dividend of 2.00 cents per ordinary share payable on 31 May 2017. Together with the interim tax-exempt dividend of 0.75 cents per ordinary share, total dividend payout for FY2016 stands at 2.75 cents.

ACKNOWLEDGEMENTS

I would like to take this opportunity to extend my appreciation to my highly committed team at PTCL for their ability to stay resilient despite challenges faced in 2016. Both management and staff have worked hard and contributed immensely to the Group during the year. Additionally, I would like to express my gratitude to the Board of Directors for their guidance, and a big thank you to our shareholders, customers and business associates who have supported us staunchly over the years. We look forward to creating greater value for our stakeholders in the years ahead.

POH CHOON ANN
Chairman and
Chief Executive Officer

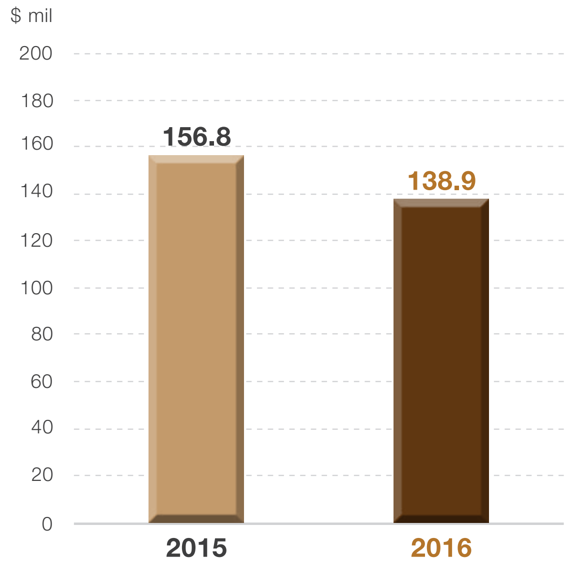
FINANCIAL HIGHLIGHTS

REVENUE

Revenue decreased by 11% from $156.8 million in 2015 to $138.9 million in 2016.

-11%

$138.9 MILLION

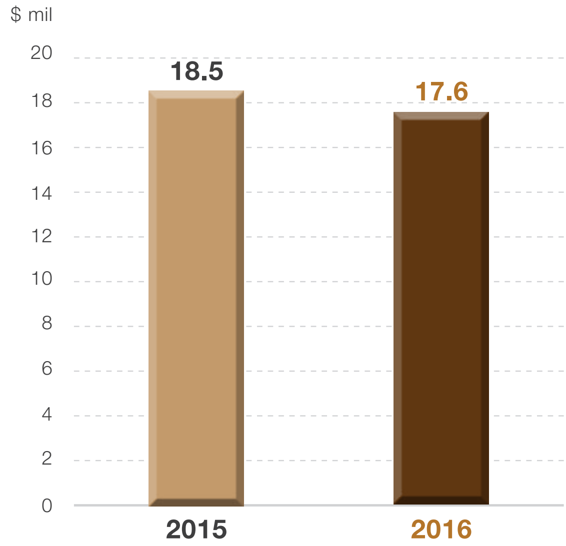


PROFIT BEFORE TAX

Profit before tax decreased by 5% from $18.5 million in 2015 to $17.6 million in 2016.

-5%

$17.6 MILLION

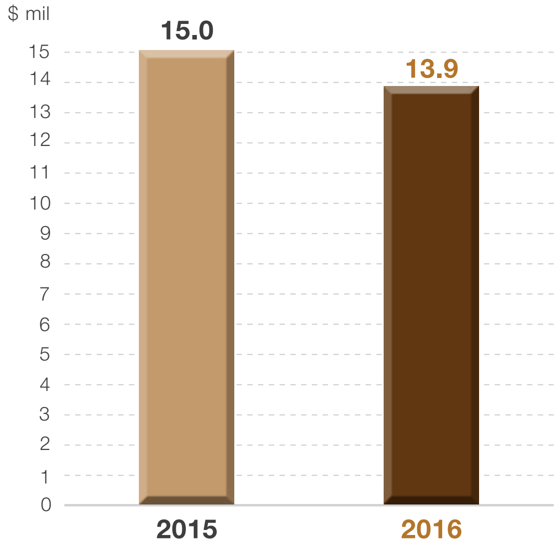


PROFIT AFTER TAX ATTRIBUTABLE TO SHAREHOLDERS

Profit after tax attributable to shareholders decreased by 7% from $15.0 million in 2015 to $13.9 million in 2016.

-7%

$13.9 MILLION

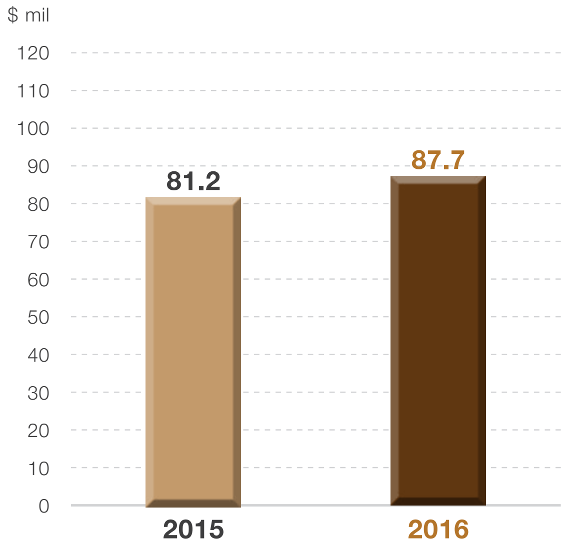


SHAREHOLDERS' FUND

Shareholders' fund increased by 8% from $81.2 million in 2015 to $87.7 million in 2016.

+8%

$87.7 MILLION



BOARD OF DIRECTORS

POH CHOON ANN CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Poh Choon Ann is Chairman of the Board and Chief Executive Officer since 1999 and 1976 respectively.

Mr Poh has been in the logistics business for more than 40 years. His leadership and foresight have enabled PTCL to grow to its present stature.

Mr Poh actively supports the various trade and industry groups and sits on numerous business committees. He is a council member of the following business councils between Singapore and China: Singapore-Liaoning Economic & Trade Council, Singapore-Sichuan Trade & Investment Committee and the Singapore-Zhejiang Economic & Trade Council. Mr Poh is also the Senior Advisor to CP Group and Vice-Chairman of China Business Group at the Singapore Business Federation.

Mr Poh is the Vice-Chairman of both the Nanyang Academy of Fine Arts and the Nanyang Fine Arts Foundation. He is also the President of Club NAFA.

Mr Poh is the Honorary Chairman of National University of Singapore Chinese Studies Alumni Association, Choral Association (Singapore), Singapore Association of Writers, Singapore Literature Society and Association of Composers (Singapore). He is also Patron of the Musicians Society of Singapore.

In celebration of Singapore's Golden Jubilee (SG50) in 2015, Mr Poh was involved in many celebration committees. He was appointed to sit in the SG50 Economic and International Committee headed by Minister for Social and Family Development Mr Tan Chuan-Jin. He was also the Advisor to The LKY Musical.

Mr Poh is the Patron to both Yuhua Citizens' Consultative Committee and Chua Chu Kang Citizens' Consultative Committee.

LEW SYN PAU LEAD INDEPENDENT DIRECTOR

Mr Lew Syn Pau has served as an independent director since 15 April 1999 and has been appointed as lead independent director of the Company on 1 January 2013. He is a Director of Capital Connections Pte Ltd.

He was formerly the Managing Director of NTUC Comfort, Executive Director of NTUC Fairprice, Assistant Secretary-General of the NTUC and General Manager and Senior Country Officer of Banque Indosuez.

A Singapore Government scholar, he holds a Masters in Engineering degree from Cambridge University, UK (1977) and a Masters in Business Administration degree from Stanford University, USA (1984).

Mr Lew currently sits on the Boards of other public listed companies, Broadway Industrial Group Ltd, Food Empire Holdings Ltd, Golden Agri-Resources Ltd, Golden Energy and Resources Ltd and SUTL Enterprise Ltd (formerly Achieva Ltd). He has been a director of many other listed companies and statutory boards, including Singapore Telecommunications Ltd, Jurong Town Corporation and Ascendas Pte Ltd. He was a Member of Parliament from 1988 to 2001 and President of the Singapore Manufacturers' Federation from 2002 to 2006.

HONG HAI INDEPENDENT DIRECTOR

Dr Hong Hai, has served as an independent director since 26 June 2000. He is an Adjunct Professor, Nanyang Business School and Senior Fellow, Institute of Advanced Studies at Nanyang Technological University. Prior to this, he was Professor and Dean of Nanyang Business School and President and Chief Executive Officer of Haw Par Corporation Ltd.

He holds a first class honours degree in Electrical Engineering from University of Canterbury, Masters Degrees from Harvard University and Cambridge University, and PhDs from Carnegie-Mellon University and the London School of Economics.

Dr Hong serves on the board of AsiaMedic Limited and the executive council of the Academy of Chinese Medicine Singapore. A former Member of Parliament and Chairman of the Parliamentary Select Committee on Land Transportation, he is also an honorary Council Member of the Singapore Chinese Chamber of Commerce and Industry.

POH KHIM HONG FINANCE DIRECTOR AND CHIEF FINANCIAL OFFICER

Ms Poh Khim Hong joined the Group in 1984 and has been the Finance Director and Chief Financial Officer since 1996. She oversees the financial and accounting aspects of the Group.

She holds a Bachelor of Science, Finance degree from the University of San Francisco, USA (1984).

POH KAY YONG EXECUTIVE DIRECTOR, CORPORATE SERVICES

Mr Poh Kay Yong joined the Group in 1984 and since 1999, has been its Executive Director, Corporate Services Division, in charge of human resources, administration and insurance.

He holds a Bachelor in Business Administration degree from the National University of Singapore (1984).

POH KEY BOON, PBM EXECUTIVE DIRECTOR, TRANSPORTATION AND WAREHOUSING

Mr Poh Key Boon joined the Group in 1975 and has been the Executive Director, Transportation and Warehousing Division, since 1999. He oversees the transportation and warehousing business of the Group.

Mr Poh is Vice Chairman of Yuhua Citizens' Consultative Committee, Council Member of Singapore Logistics Association (SLA), Chairman of the Land Transportation Sub-Committee, SLA and is a Member of Workplace Safety and Health Council (WSH)'s Logistics & Transport Committee.

POH KAY LEONG EXECUTIVE DIRECTOR, CHIEF INFORMATION OFFICER

Mr Poh Kay Leong, joined the Group in 1992 and is appointed as an Executive Director in 2016. As the Chief Information Officer, he oversees the Group's Information Technology (IT) and has successfully transformed the company from "manual data" operations to automated Supply Chain Management (SCM).

He holds a Bachelor of Science, Computer Science degree from the University of San Francisco, USA (1989).

Mr Poh currently holds the rank of Deputy Superintendent (NS) in the Singapore Police Force. He is actively engaged in community work at grassroots organisations in Chua Chu Kang Constituency (CCK) and is now a member of its Citizens Consultative Committee (CCC). For many years prior to this, he was the New Media Chairman for the CCC and was also the Secretary for CCK community Centre Management Committee (CCMC).

KEY EXECUTIVES

POH SIN CHOON, PBM
FOUNDER/GROUP ADVISER

Mr Poh Sin Choon was the Group Chairman until January 1999 when he was appointed Founder and Group Adviser. As Group Adviser, he provides advice to the Group on strategic business and operational matters. In 1950s, he founded the Company, taking on dual role of lorry owner and operator. Through his foresight and entrepreneurial spirit, the business grew significantly through the years.

Mr Poh is the Chairman of both Sin Chua Investments Pte Ltd and Poh Sin Choon (Pte) Ltd. Mr Poh is also active socially. He is the Honorary Chairman, Adviser and Trustee of Lam Yong Poh Clan, Honorary Chairman and Trustee of Singapore Transport Association and Honorary Chairman and Association Advisor of Singapore Ann Kway Association. At the same time, Mr Poh is Honorary Chairman of Singapore-China Business Association, Centre of Activity and Recreation for the Elders, TAS Theatre Company Singapore Limited and Singapore Literature Society.

He is also Patron of Ping Yi Secondary School Advisory Committee, Patron of Kampong Chai Chee Citizens' Consultative Committee and the Adviser of Pei Tong Primary School Advisory Committee.

POOH KEE WAT
GENERAL MANAGER, Transportation

Mr Pooh Kee Wat is General Manager of Transportation. He joined the Group in 1967 and heads the Transportation Department, the largest department in the Group. His operational and marketing experience is instrumental in growing the department to its present stature.

POH KAY CHEONG
GENERAL MANAGER, Bulk Cargo

Mr Poh Kay Cheong is General Manager of Bulk Cargo. He joined the Group in 1964 and has vast experience in handling bulk cargo commodities. Mr Poh's ability to engage with the ground staff, coupled with his personal and practical experience, have guided the development and growth of the department over the years.

ERIC CHAN SIANG BUCK
DEPUTY GENERAL MANAGER, Warehousing

Mr Eric Chan Siang Buck oversees all warehousing operations in his capacity as Deputy General Manager of Warehousing. He is responsible for marketing the Company's warehousing services and overseeing the drumming business which is an integral part of warehousing activities. He had previously served 8 years as a specialist in Air, Land & Sea Logistics in the military before joining the Group in 1995. Under Mr Chan's guidance and with the benefit of his in-depth operational experience, the department has grown steadily to its present stature.

FRANCIS LAI KWAN YEW
ASSISTANT GENERAL MANAGER, Transportation

Mr Francis Lai Kwan Yew is the Assistant General Manager of Transportation. He joined the Group in 1995 as Manager of the Group's container depots and was promoted to his current position.

Mr Lai is an Associate Member of The Chartered Institute of Transport. He brings with him over 20 years of experience in container depot management and has accumulated a wealth of experience in transportation and its related industries.

KATHERINE TEO BENG HUA
ASSISTANT GENERAL MANAGER, Transportation

Mrs Katherine Chew is the Assistant General Manager of Transportation and she oversees the administrative support to the Transportation Department. She joined the Group in 1988 and was transferred from Corporate Services Division to Transportation Department as a Manager in 2004.

Her management skills as well as capabilities contribute to the Department's growth and development.

LESHAN BOO

ASSISTANT GENERAL MANAGER, Warehousing

Ms Leshan Boo joined the Group in 1999 and oversees the Customer Service team. She also assists the Deputy General Manager in the marketing of the Group's warehousing services. She holds a Bachelor of Management degree in Logistics and Supply Chain Management from the University of South Australia.

TAN POH CHIN

SENIOR MANAGER, Accounts

Ms Tan Poh Chin is Senior Manager of Accounts. She joined the Company in 1980 as a Corporate Accountant and was promoted to her current position in 1999. She is responsible for the accounting functions of the Group. Ms Tan holds a Bachelor of Commerce degree in Accountancy from Nanyang University (1978). A qualified Chartered Accountant of Singapore, she is a member of the Institute of Singapore Chartered Accountants.

NG AH HUAT @ STEVE HUANG YAFA

SENIOR OPERATIONS MANAGER, Transportation

Mr Steve Huang is Senior Operations Manager of Transportation. He joined the Group since 1972 and has vast experience in the transportation industry, especially in the field of heavy haulage operations. He and his team are responsible for numerous challenging projects. In addition to managing the daily operations of the Transportation department, he is also actively involved in the Group's third party logistics projects, which cater to the Group's key clients.

LOH CHIA WEE

SENIOR MANAGER, Health, Safety, Environment & Quality

Mr Loh Chia Wee, Senior Manager of Health, Safety, Environment & Quality, graduated from the Nanyang Technological University with a Bachelor Degree in Mechanical Engineering. He joined the Group in 1999 and is a certified Workplace Safety and Health Officer as well as Fire Safety Manager, registered with the Ministry of Manpower and Singapore Civil Defence Force respectively. Mr Loh also oversees the administration of the occupational and fire safety management system in the company.

ALEX LO MAN FAI

SENIOR MANAGER, China Desk
SENIOR MANAGER, Facility Management
PROJECT MANAGER

Mr Alex Lo Man Fai is the Senior Manager of China Desk. He overseas the operations & business development of PTCL Shanghai.

Mr Lo is also the Senior Manager of Facility Management. He is responsible for all facility management functions at both Pandan Road and Jurong Island premises. In addition, Mr Lo is the overall project-in-charge for the redevelopment project of our Pandan Road premises.

Mr Lo previously joined the Group back in year 2000 as Project Manager for the development and construction of our PTC Chemical Logistics Complex in Jurong Island. He left the company in 2003 to pursue other interests and rejoined PTC in February 2014. Mr Lo has over 20 years of working experience in China. He also brings with him vast experience and contacts in S.E & N.E Asia, and Middle East in general business and construction works. Mr Lo is a member of the Project Management Institute and a certified Fire Safety Manager registered with the Singapore Civil Defence Force

OPERATIONAL REVIEW

RESILIENT PERFORMANCE

In FY2016, the Group registered total consolidated assets that stood at S$217.1 million as we remained resilient in the face of adverse external business conditions.

During the year, we continued to focus on our operational goals, working towards achieving sustainable growth for our various business segments as we provide a one-stop integrated logistics solution.

Our services encompass the whole gamut of logistics services, including transportation, warehousing, documentation, freight forwarding, shipping, drumming, packaging and other related services.

TRANSPORTATION AND BULK CARGO

FY2016 has been a challenging year for our Transportation and Bulk Cargo Division. It reported a 15% dip in revenue from S$122.1 million in the previous year to S$103.9 million in FY2016. Despite the drop in revenue, prudent cost control measures enabled the Division to deliver a 6% increase in profit from $13.4 million in FY2015 to S$14.2 million during the year in review.

Our resilient performance was also a result of the division's specialised logistics team, comprehensive equipment, integrated facilities and expansive experience. Our high customer retention rate, which is testament to our competencies and service quality, was another contributing factor.

Given the continual challenging economic conditions, we will seek to enhance our productivity by leveraging on technologies, while boosting our capability through means such as adding 10 wheeler trucks to our fleet to optimise our double mounting efficiency. We are also planning to provide round-the-clock services to enhance our efficiency and remain competitive.

WAREHOUSING

The Warehousing Division reported a 5% surge in revenue from S$27.6 million in FY2015 to S$28.9 million in FY2016 due to increased sales volume and new contracts secured by the division during the year. Nevertheless, high rental costs and depreciation expenses caused year-on-year profit to be lowered by 16% to S$2.2 million.

Moving forward, we expect chemical warehousing demand to remain robust, and will continue to strengthen our high-density automated drumming and warehousing capabilities to expand our business network.

On the same note, our construction of a general, ramp-up 6-storey warehouse as part of the redevelopment project at our Pandan Road premises is on track to completion. The new facility has a dedicated loading bay on each floor and roof-top parking space for trailers, prime movers and laden containers. These would translate into shorter turnaround time and higher operational efficiencies for our business.

With the completion of this redevelopment project in early 2018, our warehousing capacity will be increased to more than one million square feet. We will then be able to resolve our warehousing space constraint limitations and better manage rental costs with third party warehouses.

The increased warehousing space will also allow us to help customers co-ordinate their supply chain operations under one roof to better utilise resources and reap cost efficiencies.

We believe that with our strong track record in warehousing, we are well-poised to capture any opportunities that may arise in the near future,

including increased warehousing demands as led by the growth of e-commerce and Singapore as a major distribution hub in Asia.

TRADING

Our Trading Division is mainly involved in the sale of diesel to industries. Amidst weak business sentiment in FY2016, revenue contributed by the segment fell by 30% from S$3.3 million in FY2015 to S$2.3 million in FY2016. In spite of this, net profit remained relatively stable at S$0.1 million.

LEASING

The Leasing Division continues to generate a steady income and deliver strong operational performance in FY2016. The Division continues to sub-lease a portion of its premises at Jurong Island to Stolt Container Terminal, and its factory building at Tuas Bay Drive to a multinational company servicing the oil and gas industry. These helped the Leasing Division to record a revenue and profit of S$3.7 million and S$2.6 million respectively.

COMMITMENT TO SAFETY AND HEALTH

In line with fulfilling our commitment to safety and health, so as to maintain our high standards of services, we have worked diligently to achieve various relevant certifications over the years, including the OHSAS 18001 and BizSafe Star.

As testament to our logistic competence, the Group received the Heavy Vehicle Fleet Safety Award (Merit) from the Singapore Road Safety Council in December 2016 in recognition of our robust Safety Management System and excellent road safety track record.

On the same note, we also participated in two road safety events organised by the Traffic Police during the year, namely the Road Safety Programme in July 2016 at Jurong Spring Community Club in collaboration with AIG Insurance and the Traffic Games held in November 2016 at the Saint Hilda's Primary School in partnership with Shell Singapore.

At both events, the Group displayed a static vehicle as part of our objective to educate the young public on the blind spots of a heavy vehicle. We are glad to be able to contribute towards raising public awareness about road safety issues and proud to be a long-term partner of the Traffic Police in this aspect.

CORPORATE INFORMATION

BOARD OF DIRECTORS

POH CHOON ANN
(Chairman and CEO)

POH KHIM HONG
(Finance Director and CFO)

POH KAY YONG
(Executive Director)

POH KEY BOON, *PBM*
(Executive Director)

POH KAY LEONG
(Executive Director and CIO)

LEW SYN PAU
(Lead Independent Director)

DR HONG HAI
(Independent Director)

AUDIT COMMITTEE

LEW SYN PAU *(Chairman)*
DR HONG HAI
POH KHIM HONG

NOMINATING COMMITTEE

DR HONG HAI *(Chairman)*
LEW SYN PAU
POH CHOON ANN

REMUNERATION COMMITTEE

DR HONG HAI *(Chairman)*
LEW SYN PAU
POH CHOON ANN

COMPANY SECRETARIES

KOH EE KOON
KOH GEOK HOON, JUDY

REGISTERED OFFICE/ CORPORATE OFFICE

48 Pandan Road
Singapore 609289
Telephone: (65) 62682522
Facsimile: (65) 62643394
Email: sales@ptclogistics.com.sg
Website: www.ptclogistics.com.sg

OPERATIONS HEADQUARTERS

PTC CHEMICAL LOGISTICS COMPLEX
21 Ayer Merbau Road
Jurong Island
Singapore 627858
Telephone: (65) 68969888
Facsimile: (65) 62678790

LEGAL ADVISERS

ALLEN & GLEDHILL LLP

DONALDSON & BURKINSHAW LLP

GURBANI & CO LLC

WONGPARTNERSHIP LLP

PRINCIPAL BANKERS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

DBS BANK LTD

MALAYAN BANKING BERHAD

OVERSEA-CHINESE BANKING CORPORATION LIMITED

STANDARD CHARTERED BANK

HSBC BANK (SINGAPORE) LIMITED

UNITED OVERSEAS BANK LIMITED

DATE AND COUNTRY OF INCORPORATION

21 January 1969
Singapore

DATE OF LISTING

On the Main Board
of the Singapore Exchange
Securities Trading Limited
(SGX Main Board)
29 April 1999

SHARE REGISTRAR

TRICOR BARBINDER SHARE REGISTRATION SERVICES
80 Robinson Road, #02-00
Singapore 068898
Telephone: (65) 62363333
Facsimile: (65) 62363405

AUDITORS

PRICEWATERHOUSECOOPERS LLP
8 Cross Street #17-00
PWC Building
Singapore 048424
Partner-in-charge: Trillion So
(appointed in 2015)

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the balance sheet of the Company as at 31 December 2016.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 30 to 89 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the financial statements; 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.

DIRECTORS

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

Mr Poh Choon Ann	(Chairman and Chief Executive Officer)
Ms Poh Khim Hong	
Mr Poh Kay Yong	
Mr Poh Key Boon	
Mr Poh Kay Leong	(Appointed on 01 March 2016)
Mr Lew Syn Pau	
Dr Hong Hai	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any 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 in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2016	**At 1.1.2016**	**At 31.12.2016**	**At 1.1.2016**
Company				
(No. of ordinary shares)				
Mr Poh Choon Ann	**–**	–	**51,429,000**	51,429,000
Ms Poh Khim Hong	**–**	–	**51,429,000**	51,429,000
Mr Poh Key Boon	**261,000**	261,000	**500,000**	500,000

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(b) Mr Poh Choon Ann and Ms Poh Khim Hong, who by virtue of their interests of not less than 20% of the issued capital of the Company, are deemed to have interests in the whole of the share capital of the Company's wholly-owned subsidiaries and in the shares held by the Company in the following subsidiaries that are not wholly-owned by the Group:

	At 31.12.2016	At 1.1.2016
PTC-Chien Li Transportation Pte Ltd		
– No. of ordinary shares	**375,000**	375,000
PTC-Xin Hua Transportation Pte Ltd		
– No. of ordinary shares	**400,000**	400,000
PTC Development Pte. Ltd.		
– No. of ordinary shares	**82,000**	82,000
PTC-Qianyang Technology Pte. Ltd.		
– No. of ordinary shares	**1,239,150**	1,239,150
PTC-Xin Hua Logistics (Malaysia) Sdn Bhd		
– No. of ordinary shares	**80**	80
PTC Yukuan Logistics (Shanghai) Co., Ltd		
– Registered and issued share capital	**RMB1,300,000**	RMB1,300,000

(c) The directors' interests in the ordinary shares of the Company as at 21 January 2017 were the same as those as at 31 December 2016.

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

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

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Mr Lew Syn Pau (Chairman)
Dr Hong Hai
Ms Poh Khim Hong

All members of the Audit Committee were independent non-executive directors, except for Ms Poh Khim Hong who is the Finance Director and Chief Financial Officer of the Group.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor (if any);
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2016 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

POH KAY YONG
Director

POH KHIM HONG
Director

31 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POH TIONG CHOON LOGISTICS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying consolidated financial statements of Poh Tiong Choon Logistics Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") 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 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income for the year then ended;
- the consolidated balance sheet of the Group as at 31 December 2016;
- the balance sheet of the Company as at 31 December 2016;
- the consolidated statement of changes in equity 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 ("ACRA") 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POH TIONG CHOON LOGISTICS LIMITED

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 judgments; 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.

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 31 December 2016. 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.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>Useful lives of properties on leasehold land

The Group owns properties on leasehold land with long term lease period that have been classified as Property, Plant and Equipment ("PPE") and Investment Properties ("IP") and their carrying amounts as at 31 December 2016 are $98,385,000 and $19,294,000 respectively. These properties are located at various parcels of leasehold land with varying tenures.

For lease agreements where the Group has the option to extend the tenure, the Group has determined the useful lives of the properties on leasehold land with the assumption that the Group would exercise the option to extend after considering the following conditions:

• expected usage level of the asset;

• expected physical wear and tear; and

• commercial obsolescence.

Given the significance of these PPE and IP to the Group's financial statements, any changes in the estimated useful lives of the properties on leasehold land could result in a significant adjustment to the financial statements.

As a result, this was a key audit matter.

Refer to Note 3 – Critical accounting estimates and judgments for the disclosures relating to useful lives of properties on leasehold land and Note 16 and 17 for details of the properties on leasehold land.</td><td>Our audit procedures included the following:

Reviewed management's analysis and underlying documentary support to the conditions assessed by the management to determine whether the Group would exercise the option to extend the lease tenure and the useful lives of the properties on leasehold land. The conditions include:

• expected usage level of the asset;

• expected physical wear and tear; and

• commercial obsolescence

Based on our testing, no exceptions were noted.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POH TIONG CHOON LOGISTICS LIMITED

Other Information

Management is responsible for the other information. The other information comprises of Directors' Statement 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 remaining sections of the annual report ("the Other Sections"), which are expected to be made available to us after the auditor's report 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 FRSs, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POH TIONG CHOON LOGISTICS LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POH TIONG CHOON LOGISTICS LIMITED

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 Trillion So.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 31 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Revenue	4	**138,900**	156,777
Other income	5	**215**	79
Other gains	5	**979**	336
Expenses			
– Cost of inventories sold		**(1,837)**	(2,779)
– Employee compensation	6	**(58,394)**	(60,886)
– Upkeep of commercial vehicles		**(13,000)**	(15,218)
– Sub-contractors charges		**(12,980)**	(20,615)
– Depreciation of property, plant and equipment	16	**(11,426)**	(12,271)
– Impairment of property, plant and equipment and intangible assets		**–**	(594)
– Rental on operating leases		**(8,661)**	(10,089)
– Insurance		**(2,573)**	(2,814)
– Travelling and transportation		**(973)**	(1,005)
– Depreciation of investment properties	17	**(719)**	(762)
– Finance	7	**(1,568)**	(301)
– Amortisation of intellectual property rights	18	**–**	(93)
– Other		**(10,300)**	(11,256)
Total expenses		**(122,431)**	(138,683)
Share of losses of joint ventures	14	**(47)**	(12)
Profit before income tax		**17,616**	18,497
Income tax expense	8(a)	**(2,377)**	(2,705)
Total profit		**15,239**	15,792
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation (losses)/gains arising from consolidation		**(31)**	61
Other comprehensive (loss)/income, net of tax		**(31)**	61
Total comprehensive income		**15,208**	15,853
Profit attributable to:			
Equity holders of the Company		**13,867**	14,987
Non-controlling interests		**1,372**	805
		15,239	15,792
Total comprehensive income attributable to:			
Equity holders of the Company		**13,836**	15,048
Non-controlling interests		**1,372**	805
		15,208	15,853
Earnings per share attributable to equity holders of the Company			
– Basic earnings per share	9	**6.53 cents**	7.01 cents
– Diluted earnings per share	9	**6.53 cents**	7.01 cents

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016	2015	2016	2015
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**24,788**	28,773	**19,970**	25,183
Trade and other receivables	11	**24,389**	21,598	**21,258**	25,906
Inventories	12	**105**	136	**–**	–
Other current assets	13	**3,484**	5,090	**2,073**	3,822
Current income tax recoverable	8(b)	**1,565**	–	**1,565**	–
		54,331	55,597	**44,866**	54,911
Non-current assets					
Trade and other receivables	11	**2,082**	2,026	**2,658**	2,525
Investments in joint ventures	14	**980**	1,027	**788**	788
Investments in subsidiaries	15	**–**	–	**2,658**	3,325
Property, plant and equipment	16	**139,020**	117,597	**124,362**	101,571
Investment properties	17	**20,130**	20,849	**4,353**	4,643
Intangible assets	18	**226**	226	**–**	–
Other non-current assets	19	**368**	396	**162**	162
		162,806	142,121	**134,981**	113,014
Total assets		**217,137**	197,718	**179,847**	167,925
LIABILITIES					
Current liabilities					
Trade and other payables	20	**27,526**	29,581	**29,132**	34,770
Current income tax liabilities	8(b)	**814**	2,798	**–**	1,580
Borrowings	22	**74,662**	59,503	**71,192**	55,904
		103,002	91,882	**100,324**	92,254
Non-current liabilities					
Trade and other payables	20	**5,820**	6,554	**3,807**	4,393
Borrowings	22	**6,711**	8,188	**4,852**	4,915
Deferred income tax liabilities	24	**9,902**	6,699	**7,188**	4,475
Provision	21	**380**	–	**380**	–
		22,813	21,441	**16,227**	13,783
Total liabilities		**125,815**	113,323	**116,551**	106,037
NET ASSETS		**91,322**	84,395	**63,296**	61,888
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	25	**30,244**	30,244	**30,244**	30,244
Currency translation reserve	26	**208**	239	**–**	–
Retained profits	27	**57,208**	50,692	**33,052**	31,644
		87,660	81,175	**63,296**	61,888
Non-controlling interests	15	**3,662**	3,220	**–**	–
Total equity		**91,322**	84,395	**63,296**	61,888

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	◄ Attributable to equity holders of the Company ►					
		Share capital $'000	Currency translation reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2016							
Beginning of financial year		**30,244**	**239**	**50,692**	**81,175**	**3,220**	**84,395**
Profit for the year		**–**	**–**	**13,867**	**13,867**	**1,372**	**15,239**
Other comprehensive loss for the year		**–**	**(31)**	**–**	**(31)**	**–**	**(31)**
Total comprehensive income for the year		**–**	**(31)**	**13,867**	**13,836**	**1,372**	**15,208**
Shares repurchased and cancelled	27	**–**	**–**	**(978)**	**(978)**	**–**	**(978)**
Dividends paid	28	**–**	**–**	**(6,373)**	**(6,373)**	**–**	**(6,373)**
Dividends paid to non-controlling interests		**–**	**–**	**–**	**–**	**(930)**	**(930)**
Total transactions with owners, recognised directly in equity		**–**	**–**	**(7,351)**	**(7,351)**	**(930)**	**(8,281)**
End of financial year		**30,244**	**208**	**57,208**	**87,660**	**3,662**	**91,322**
2015							
Beginning of financial year		30,244	178	42,228	72,650	3,695	76,345
Profit for the year		–	–	14,987	14,987	805	15,792
Other comprehensive income for the year		–	61	–	61	–	61
Total comprehensive income for the year		–	61	14,987	15,048	805	15,853
Shares repurchased and cancelled	27	–	–	(1,178)	(1,178)	–	(1,178)
Dividends paid	28	–	–	(5,345)	(5,345)	–	(5,345)
Dividends paid to non-controlling interests		–	–	–	–	(1,280)	(1,280)
Total transactions with owners, recognised directly in equity		–	–	(6,523)	(6,523)	(1,280)	(7,803)
End of financial year		30,244	239	50,692	81,175	3,220	84,395

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Total profit		**15,239**	15,792
Adjustments for:			
– Depreciation of property, plant and equipment	16	**11,426**	12,271
– Depreciation of investment properties	17	**719**	762
– Amortisation of intangible assets	18	**–**	93
– Gain on disposal of property, plant and equipment	5	**(894)**	(291)
– Impairment loss of property, plant and equipment and other intangible assets		**–**	594
– Income tax expense	8(a)	**2,377**	2,705
– Interest expense	7	**1,568**	301
– Interest income	5	**(215)**	(79)
– Share of losses of joint ventures	14	**47**	12
		30,267	32,160
Change in working capital			
– Trade and other receivables		**(2,847)**	662
– Inventories		**31**	67
– Other current and non-current assets		**1,634**	(1,756)
– Trade and other payables		**(1,661)**	2,852
Cash generated from operations		**27,424**	33,985
Income tax paid	8(b)	**(2,723)**	(1,169)
Net cash provided by operating activities		**24,701**	32,816
Cash flows from investing activities			
Interest received		**215**	79
Proceeds from disposal of property, plant and equipment		**1,497**	614
Purchase of intangible asset		**–**	(3)
Additions to property, plant and equipment*		**(30,842)**	(56,778)
Net cash used in investing activities		**(29,130)**	(56,088)
Cash flows from financing activities			
Dividends paid to equity holders of the Company		**(6,373)**	(5,345)
Dividends paid to non-controlling interests		**(930)**	(1,280)
Proceeds from borrowings		**23,000**	54,588
Proceeds from finance lease liabilities		**–**	765
Repayments of borrowings		**(9,450)**	(13,950)
Repayments of lease liabilities		**(3,263)**	(2,269)
Interest paid		**(1,510)**	(243)
Shares repurchased and cancelled		**(978)**	(1,178)
Net cash provided by financing activities		**496**	31,088
Net (decrease)/increase in cash and cash equivalents		**(3,933)**	7,816
Cash and cash equivalents			
Beginning of financial year		**28,773**	20,905
Effects of currency translation on cash and cash equivalents		**(52)**	52
End of financial year	10	**24,788**	28,773

* The provision for dismantlement, removal or restoration (Note 21) is not considered as cash movement.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

1. GENERAL INFORMATION

Poh Tiong Choon Logistics Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 48 Pandan Road, Singapore 609289.

The principal activities of the Company consist of the provision of services relating to land transportation, warehousing, stevedoring, container services, equipment renting, leasing and general contracting.

The principal activities of the joint ventures and subsidiaries are disclosed in Note 14 and 15 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Revenue recognition (Continued)

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Rendering of services

Revenue from rendering of services is recognised in the period in which the services are rendered.

(b) Sale of goods

Revenue from sale of goods is recognised when the Group has delivered the products to its customer and the customer has accepted the products in accordance with the sales contract and collectability of the related receivables is reasonably assured.

(c) Rental income from investment properties

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(d) Interest income

Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

(e) Dividend income

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

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Group accounting (Continued)

(a) Subsidiaries (Continued)

(i) Consolidation (Continued)

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Group accounting (Continued)

(a) Subsidiaries (Continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and joint ventures" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Joint ventures

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on joint ventures represents the excess of the cost of acquisition of the joint venture over the Group's share of the fair value of the identifiable net assets of the joint venture and is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Group accounting (Continued)

(c) Joint ventures (Continued)

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the joint ventures are adjusted against the carrying amount of the investments. When the Group's share of losses in a joint venture equals to or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in joint ventures are derecognised when the Group loses joint control. If the retained equity interest in the former joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and joint ventures" for the accounting policy on investments in joint ventures in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Property, plant and equipment (Continued)

(a) Measurement (Continued)

(ii) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.6 on borrowing costs) that are directly attributable to the acquisition, construction or production of a qualifying asset.

(iii) Provision for dismantlement, removal and restoration

The projected cost of dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

(b) Depreciation

Assets under construction are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Properties on leasehold land	2.5 – 51 years
Commercial vehicles	8 years
Machinery and equipment	3 – 20 years
Barges	5 – 10 years
Computer and accessories	3 – 5 years
Motor vehicles	8 years
Office equipment, furniture and fittings	5 – 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Property, plant and equipment (Continued)

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/losses – net".

2.5 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (a) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of joint ventures represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable net assets acquired.

Goodwill on subsidiaries and businesses is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, businesses and joint ventures include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and not recognised in profit or loss on disposal.

(b) Other intangible assets

Other intangible assets consist of acquired intellectual property rights and in-house developed patents.

Intellectual property rights acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 3 years, which is the shorter of their estimated useful lives and periods of contractual rights.

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of patents are capitalised as intangible assets only when technical feasibility of the patent is demonstrated, the Group has an intention and ability to complete and use the patent and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the development of the patent. These costs are amortised to profit or loss using the straight-line method over 3 years, which is the shorter of their estimated useful lives and registration expiry dates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the assets under construction. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.7 Investment properties

Investment properties include those buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives as follows:

	Useful lives
Properties on leasehold land	25 – 60 years
Properties on freehold land	100 years

The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its carrying value at the date of reclassification becomes its cost for accounting purposes.

Investment properties are subject to renovations or improvement at regular interval. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised to profit or loss when incurred.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

2.9 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets
Property, plant and equipment
Investment properties
Investments in subsidiaries and joint ventures

Intangible assets, property, plant and equipment, investment properties and investments in subsidiaries and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of non-financial assets (Continued)

(b) *Intangible assets*
Property, plant and equipment
Investment properties
Investments in subsidiaries and joint ventures (Continued)

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.10 Financial assets

(a) *Classification*

The Group classifies its financial assets as loans and receivables. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "cash and cash equivalents", "trade and other receivables", "other current assets" and "other non-current assets" on the balance sheet, except for loan to a subsidiary included within non-current trade and other receivables, which in substance forms part of the Company's net investment in the subsidiary ("quasi-equity loan"), and has been accounted for in accordance with Note 2.8.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

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 and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

(f) 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 and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial guarantees (Continued)

Financial guarantees are initially recognised at their fair values (if material) plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intragroup transactions are eliminated on consolidation.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.15 Leases

(a) *When the Group is the lessee:*

(i) Lessee – Finance leases

The Group leases commercial vehicles under finance leases and certain property, plant and equipment and warehouses under operating leases from non-related parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Leases (Continued)

(a) *When the Group is the lessee:* (Continued)

(i) Lessee – Finance leases (Continued)

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) *When the Group is the lessor:*

Lessor – Operating leases

The Group leases investment properties under operating leases to non-related parties.

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and spares and consumables is determined based on invoiced value, net of goods and services tax. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

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

2.20 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants receivable are recognised as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are offset against the related expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Currency translation

(a) *Functional and presentation currency*

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 ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in the other comprehensive income. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.25 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following provides a description of the areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

Useful lives of properties on leasehold land

The Group reviews the appropriateness of the useful lives of properties on leasehold land at each balance sheet date. Changes in the expected level of usage, physical wear and tear and commercial obsolescence would affect the Group's assumptions to exercise the option to extend. This would result in changes to the useful lives of properties on leasehold land and depreciation charge in the financial period in which the change arises.

If the useful lives of properties on leasehold land with longer term lease periods had been shorter/longer by one year, the Group's depreciation of property, plant and equipment and depreciation of investment properties would have been higher/lower by $180,000 and $163,000 respectively.

The Group concluded that there were no changes required to the estimated useful lives of properties on leasehold land for the financial year 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. REVENUE

	Group	
	2016	2015
	$'000	$'000
Rendering of services	**132,814**	149,704
Sale of goods	**2,337**	3,324
Rental income from investment properties	**3,749**	3,749
Total revenue	**138,900**	156,777

5. OTHER INCOME AND OTHER GAINS

	Group	
	2016	2015
	$'000	$'000
Other income – Interest income	**215**	79
Other gains		
– Gain on disposal of property, plant and equipment	**894**	291
– Other	**85**	45
	979	336

6. EMPLOYEE COMPENSATION

	Group	
	2016	2015
	$'000	$'000
Wages and salaries	**50,769**	53,119
Employer's contribution to defined contribution plans including Central Provident Fund	**4,492**	4,263
Other staff costs	**3,133**	3,504
	58,394	60,886

7. FINANCE EXPENSE

	Group	
	2016	2015
	$'000	$'000
Interest expense		
– Bank borrowings	**1,211**	100
– Finance lease liabilities	**299**	143
– Non-current rental deposit: unwinding of discount	**58**	58
	1,568	301

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

8. INCOME TAXES

(a) Income tax expense

	Group	
	2016	**2015**
	$'000	**$'000**
Tax expense attributable to profit is made up of:		
– Current income tax	**1,034**	2,761
– Deferred income tax (Note 24)	**1,466**	162
	2,500	2,923
(Over)/under provision in prior financial years:		
– Current income tax	**(1,860)**	(242)
– Deferred income tax (Note 24)	**1,737**	24
	(123)	(218)
	2,377	2,705

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Profit before tax	**17,616**	18,497
Share of losses of joint ventures	**47**	12
Profit before tax and share of losses of joint ventures	**17,663**	18,509
Tax calculated at a tax rate of 17% (2015: 17%)	**3,003**	3,147
Effects of		
– Different tax rates in other countries	**(76)**	(136)
– Expenses not deductible for tax purposes	**224**	173
– Tax incentives	**(750)**	(548)
– Statutory stepped income exemption	**(143)**	(167)
– Deferred tax assets not recognised	**242**	454
– Overprovision in prior financial years	**(123)**	(218)
Tax charge	**2,377**	2,705

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

8. INCOME TAXES (Continued)

(b) Movements in current income tax (recoverable)/liabilities

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Beginning of financial year	**2,798**	1,448	**1,580**	722
Income tax paid	**(2,723)**	(1,169)	**(1,553)**	(500)
Tax expense	**1,034**	2,761	**30**	1,766
Group relief transferred from a subsidiary	**–**	–	**–**	(410)
(Over)/under provision in prior financial years	**(1,860)**	(242)	**(1,622)**	2
End of financial year	**(751)**	2,798	**(1,565)**	1,580

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2016	2015
Net profit attributable to equity holders of the Company ($'000)	**13,867**	14,987
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**212,374**	213,899
Basic earnings per share (cents per share)	**6.53 cents**	7.01 cents

Diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares. As the Company has no dilutive potential ordinary shares, diluted earnings per share is the same as basic earnings per share.

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash at bank and on hand	**13,653**	16,718	**9,835**	13,128
Short-term bank deposits	**11,135**	12,055	**10,135**	12,055
	24,788	28,773	**19,970**	25,183

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current				
Trade receivables:				
– Non-related parties	**24,513**	21,880	**17,055**	19,079
– Joint ventures	**9**	24	**9**	24
– Related parties	**170**	66	**170**	66
Less: Allowance for impairment of receivables – non-related parties	**(355)**	(440)	**(259)**	(369)
Trade receivables – net	**24,337**	21,530	**16,975**	18,800
Non-trade receivables:				
– Subsidiaries	**–**	–	**5,963**	7,680
Less: Allowance for impairment of receivables – subsidiaries	**–**	–	**(1,700)**	(590)
	–	–	**4,263**	7,090
Staff loans	**52**	68	**20**	16
	24,389	21,598	**21,258**	25,906
Non-current				
Accrued revenue from non-related parties	**2,082**	2,026	**–**	–
Loans to subsidiaries	**–**	–	**3,319**	3,319
Less: Allowance for impairment of loans to subsidiaries	**–**	–	**(661)**	(794)
	2,082	2,026	**2,658**	2,525

(a) Related parties are corporations in which the directors or substantial shareholders of the Company have significant influence or interests.

(b) Included in non-trade receivables from subsidiaries is $1,845,000 (2015: $4,213,800) which is interest-bearing at 2.5% (2015: 2.2%) per annum, unsecured and repayable on demand.

(c) The loans to subsidiaries are unsecured, interest-free and are repayable upon occurrence of certain events as stipulated in the loan agreements. However, the Company has assessed that settlement of the loans are neither planned nor likely to occur in the foreseeable future as the loans are intended to be a long-term source of additional capital for the subsidiary. As a result, management considers the loans to be in substance part of the Company's net investment in the subsidiaries, and has stated the loans at cost in accordance to Note 2.8.

At the balance sheet date, the carrying amounts of non-current trade and other receivables, excluding the loan to a subsidiary, approximated their fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

12. INVENTORIES

	Group	
	2016	2015
	$'000	$'000
Finished goods	**33**	27
Spares and consumables	**72**	109
	105	136

The cost of inventories recognised as an expense and included in "cost of inventories sold" amounted to $1,837,000 (2015: $2,779,000).

13. OTHER CURRENT ASSETS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Deposits	**477**	2,113	**359**	1,859
Prepayments	**1,609**	2,633	**875**	1,728
Other receivables	**1,398**	344	**839**	235
	3,484	5,090	**2,073**	3,822

14. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Equity investment at cost			**978**	978
Less: Accumulated impairment losses			**(190)**	(190)
			788	788
Beginning of financial year	**1,027**	1,039		
Share of losses	**(47)**	(12)		
End of financial year	**980**	1,027		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14. INVESTMENTS IN JOINT VENTURES (Continued)

Set out below are the joint ventures of the Group as at 31 December 2016, which, in the opinion of the directors, are not material to the Group. The joint ventures as listed below are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Name of company	Principal activities	Country of business/ incorporation	Equity holding	
			2016	2015
			%	%
Hai Poh Terminals Pte Ltd*	Stevedoring and terminal operations	Singapore	**50.0**	50.0
P.T.C. Logistics Mena L.L.C.#	Freight forwarding	Kingdom of Saudi Arabia	**50.1**	50.1

* Audited by UHY Lee Seng Chan & Co, Singapore.

\# Inactive.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
	$'000	$'000
Equity investments at cost:		
Beginning of financial year	**7,762**	7,262
Additions	**–**	500
End of financial year	**7,762**	7,762
Accumulated impairment losses:		
Beginning of financial year	**(4,437)**	(1,594)
Impairment charge	**(667)**	(2,843)
End of financial year	**(5,104)**	(4,437)
Carrying amount		
End of financial year	**2,658**	3,325

In the current financial year, the carrying values of the Company's investments in subsidiaries are written down to their recoverable amounts determined based on its share of the subsidiaries' net assets.

During the last financial year, the Company subscribed for additional 499,998 ordinary shares of $1 each in PTC Delivery2home Pte. Ltd., which is a wholly-owned subsidiary, to fund the subsidiary's working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. INVESTMENTS IN SUBSIDIARIES (Continued)

At the balance sheet date, the details of the subsidiaries are as follows:

Name of company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by parent and the Group		Proportion of ordinary shares held by non-controlling interest	
			2016 %	2015 %	2016 %	2015 %
PTC-Chien Li Transportation Pte Ltd*	Land transportation, container services, equipment renting and general contracting	Singapore	**75**	75	**25**	25
PTC-Xin Hua Transportation Pte Ltd*	Land transportation, container services, equipment renting, and general contracting	Singapore	**80**	80	**20**	20
Bitubulk Pte. Ltd.*	Trading in diesel	Singapore	**100**	100	**–**	–
PTC Development Pte. Ltd.*	Rental of an industrial property	Singapore	**82**	82	**18**	18
PTC Delivery2home Pte. Ltd. (formerly known as Delivery2home Pte. Ltd.)*	Home delivery services	Singapore	**100**	100	**–**	–
Poh Tiong Choon Logistics (Shanghai) Ltd**	Cargo handling, warehousing and transportation services	People's Republic of China	**100**	100	**–**	–
PTC Express Pte. Ltd.*	Freight forwarding and barge leasing services	Singapore	**100**	100	**–**	–
PTC Marine Private Limited*	Operation of barges, stevedoring and lighterage services	Singapore	**100**	100	**–**	–
PTC-Qianyang Technology Pte. Ltd.*	Research, develop and provide logistics advisory services	Singapore	**75.1**	75.1	**24.9**	24.9
PTC-Xin Hua Logistics (Malaysia) Sdn. Bhd***	Land transportation, container services and general contracting	Malaysia	**80**	80	**20**	20
Held by Poh Tiong Choon Logistics (Shanghai) Ltd						
PTC Yukuan Logistics (Shanghai) Co., Ltd**	Warehouse and transportation services	People's Republic of China	**65**	65	**35**	35

* Audited by PricewaterhouseCoopers LLP, Singapore.

** Audited by SBA Stone Forecast CPA Co. Ltd., People's Republic of China.

*** Audited by Foo, Lee, An & Associates, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Transactions with non-controlling interest

Besides dividends, there were no transactions with non-controlling interests for the financial years ended 31 December 2016 and 2015.

Carrying value of non-controlling interest

	2016 $'000	2015 $'000
PTC-Chien Li Transportation Pte Ltd	**574**	584
PTC-Xin Hua Transportation Pte Ltd	**1,567**	1,313
PTC Development Pte. Ltd.	**1,970**	1,810
PTC-Qianyang Technology Pte. Ltd.	**(149)**	(271)
Others	**(300)**	(216)
	3,662	3,220

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised balance sheet

	PTC-Chien Li Transportation Pte Ltd As at 31 December		PTC-Xin Hua Transportation Pte Ltd As at 31 December	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current				
Assets	**2,107**	2,046	**8,105**	6,962
Liabilities	**749**	793	**4,464**	4,191
Total current net assets	**1,358**	1,253	**3,641**	2,771
Non-current				
Assets	**1,089**	1,205	**6,369**	6,209
Liabilities	**150**	124	**2,173**	2,413
Total non-current net assets	**939**	1,081	**4,196**	3,796
Net assets	**2,297**	2,334	**7,837**	6,567

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Summarised financial information of subsidiaries with material non-controlling interests (Continued)

Summarised balance sheet (Continued)

	PTC Development Pte. Ltd. As at 31 December		PTC-Qianyang Technology Pte. Ltd. As at 31 December	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current				
Assets	**1,062**	958	**1,049**	555
Liabilities	**5,136**	5,213	**64**	236
Total current net (liabilities)/assets	**(4,074)**	(4,255)	**985**	319
Non-current				
Assets	**18,022**	18,422	**20**	197
Liabilities	**3,005**	4,112	**1,604**	1,603
Total non-current net assets	**15,017**	14,310	**(1,584)**	(1,406)
Net assets/(liabilities)	**10,943**	10,055	**(599)**	(1,087)

Summarised statement of comprehensive income

	PTC-Chien Li Transportation Pte Ltd For the year ended 31 December		PTC-Xin Hua Transportation Pte Ltd For the year ended 31 December	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Revenue	**5,288**	4,889	**21,322**	21,212
Profit before income tax	**1,098**	1,003	**4,317**	3,795
Income tax expense	**(135)**	(114)	**(547)**	(476)
Profit after income tax	**963**	889	**3,770**	3,319
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**963**	889	**3,770**	3,319
Total comprehensive income allocated to non-controlling interests	**241**	222	**754**	664
Dividends paid to non-controlling interests	**250**	250	**500**	850

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Summarised financial information of subsidiaries with material non-controlling interests (Continued)

Summarised statement of comprehensive income (Continued)

	PTC Development Pte. Ltd. For the year ended 31 December		PTC-Qianyang Technology Pte. Ltd. For the year ended 31 December	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Revenue	**3,072**	3,072	**711**	506
Profit/(loss) before income tax	**2,247**	2,183	**564**	(1,841)
Income tax (expense)/credit	**(359)**	(349)	**(75)**	607
Profit/(loss) after income tax	**1,888**	1,834	**489**	(1,234)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income/(loss)	**1,888**	1,834	**489**	(1,234)
Total comprehensive income/(loss) allocated to non-controlling interests	**340**	330	**122**	(307)
Dividends paid to non-controlling interests	**180**	180	**–**	–

Summarised statement of cash flows

	PTC-Chien Li Transportation Pte Ltd For the year ended 31 December		PTC-Xin Hua Transportation Pte Ltd For the year ended 31 December	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Cash generated from operations	**1,239**	1,982	**4,442**	6,357
Income tax paid	**(81)**	(79)	**(539)**	(275)
Net cash generated from operating activities	**1,158**	1,903	**3,903**	6,082
Net cash used in investing activities	**(125)**	(855)	**(738)**	(362)
Net cash used in financing activities	**(1,000)**	(1,000)	**(3,552)**	(5,364)
Net increase/(decrease) in cash and cash equivalents	**33**	48	**(387)**	356
Cash and cash equivalents at beginning of year	**100**	52	**625**	269
Cash and cash equivalents at end of year	**133**	100	**238**	625

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Summarised financial information of subsidiaries with material non-controlling interests (Continued)

Summarised statement of cash flows (Continued)

	PTC Development Pte. Ltd. For the year ended 31 December		PTC-Qianyang Technology Pte. Ltd. For the year ended 31 December	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Cash generated from/(used in) operations	**2,682**	2,558	**3**	(64)
Income tax paid	**(343)**	(306)	**–**	–
Net cash generated from/(used in) operating activities	**2,339**	2,252	**3**	(64)
Net cash provided by/(used in) investing activities	**3**	4	**–**	(4)
Net cash (used in)/provided by financing activities	**(2,239)**	(2,257)	**–**	50
Net increase/(decrease) in cash and cash equivalents	**103**	(1)	**3**	(18)
Cash and cash equivalents at beginning of year	**924**	925	**6**	24
Cash and cash equivalents at end of year	**1,027**	924	**9**	6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Properties on leasehold land $'000	Commercial vehicles $'000	Machinery and equipment $'000	Barges $'000	Computer and accessories $'000	Motor vehicles $'000	Office equipment, furniture and fittings $'000	Assets under construction $'000	Total $'000
2016									
Cost									
Beginning of financial year	35,008	67,354	22,958	21,020	3,029	835	928	59,718	210,850
Currency translation differences	–	(139)	–	–	(8)	(6)	(7)	–	(160)
Additions	–	4,309	1,633	481	1,135	439	428	25,054	33,479
Transferred	79,565	–	–	–	–	–	–	(79,565)	–
Disposals	(6,179)	(5,935)	(1,049)	(56)	(106)	(386)	(53)	–	(13,764)
End of financial year	108,394	65,589	23,542	21,445	4,050	882	1,296	5,207	230,405
Accumulated depreciation and impairment losses									
Beginning of financial year	14,046	46,731	16,972	12,043	2,427	425	609	–	93,253
Currency translation differences	–	(116)	–	–	(6)	(5)	(6)	–	(133)
Depreciation charge	2,142	4,779	1,316	2,569	427	96	97	–	11,426
Impairment charge	–	–	–	–	–	–	–	–	–
Disposals	(6,179)	(5,461)	(1,049)	(39)	(106)	(283)	(44)	–	(13,161)
End of financial year	10,009	45,933	17,239	14,573	2,742	233	656	–	91,385
Net book value									
End of financial year	98,385	19,656	6,303	6,872	1,308	649	640	5,207	139,020
2015									
Cost									
Beginning of financial year	35,008	63,745	22,638	20,862	2,800	649	952	904	147,558
Currency translation differences	–	68	–	–	4	3	3	–	78
Additions	–	5,950	696	158	483	263	21	58,814	66,385
Disposals	–	(2,409)	(376)	–	(258)	(80)	(48)	–	(3,171)
End of financial year	35,008	67,354	22,958	21,020	3,029	835	928	59,718	210,850
Accumulated depreciation and impairment losses									
Beginning of financial year	12,797	43,586	14,169	9,367	2,400	341	569	–	83,229
Currency translation differences	–	50	–	–	4	2	2	–	58
Depreciation charge	1,249	5,245	2,636	2,676	281	98	86	–	12,271
Impairment charge	–	–	543	–	–	–	–	–	543
Disposals	–	(2,150)	(376)	–	(258)	(16)	(48)	–	(2,848)
End of financial year	14,046	46,731	16,972	12,043	2,427	425	609	–	93,253
Net book value									
End of financial year	20,962	20,623	5,986	8,977	602	410	319	59,718	117,597

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Properties on leasehold land $'000	Commercial vehicles $'000	Machinery and equipment $'000	Barges $'000	Computer and accessories $'000	Motor vehicles $'000	Office equipment, furniture and fittings $'000	Work in progress $'000	Total $'000
2016									
Cost									
Beginning of financial year	**35,008**	**42,514**	**19,085**	**6,051**	**2,501**	**665**	**638**	**59,718**	**166,180**
Additions	**–**	**2,015**	**1,519**	**8**	**969**	**439**	**335**	**25,054**	**30,339**
Transferred	**79,565**	**–**	**–**	**–**	**–**	**–**	**–**	**(79,565)**	**–**
Disposals	**(6,179)**	**(5,016)**	**(970)**	**(56)**	**(99)**	**(386)**	**(17)**	**–**	**(12,723)**
End of financial year	**108,394**	**39,513**	**19,634**	**6,003**	**3,371**	**718**	**956**	**5,207**	**183,796**
Accumulated depreciation and impairment losses									
Beginning of financial year	**14,046**	**30,162**	**13,458**	**4,192**	**2,061**	**291**	**399**	**–**	**64,609**
Depreciation charge	**2,142**	**2,824**	**1,188**	**649**	**321**	**84**	**68**	**–**	**7,276**
Disposals	**(6,179)**	**(4,864)**	**(970)**	**(39)**	**(99)**	**(283)**	**(17)**	**–**	**(12,451)**
End of financial year	**10,009**	**28,122**	**13,676**	**4,802**	**2,283**	**92**	**450**	**–**	**59,434**
Net book value									
End of financial year	**98,385**	**11,391**	**5,958**	**1,201**	**1,088**	**626**	**506**	**5,207**	**124,362**
2015									
Cost									
Beginning of financial year	35,008	42,692	18,997	5,973	2,434	482	701	904	107,191
Additions	–	4,722	408	78	361	263	2	58,814	64,648
Disposals	–	(4,900)	(320)	–	(294)	(80)	(65)	–	(5,659)
End of financial year	35,008	42,514	19,085	6,051	2,501	665	638	59,718	166,180
Accumulated depreciation and impairment losses									
Beginning of financial year	12,797	30,773	12,391	3,544	2,110	224	393	–	62,232
Depreciation charge	1,249	3,081	1,356	648	221	83	63	–	6,701
Disposals	–	(3,692)	(289)	–	(270)	(16)	(57)	–	(4,324)
End of financial year	14,046	30,162	13,458	4,192	2,061	291	399	–	64,609
Net book value									
End of financial year	20,962	12,352	5,627	1,859	440	374	239	59,718	101,571

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) The carrying amounts of plant and equipment held under finance leases are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Commercial vehicles and equipment	**13,283**	12,549	**8,771**	7,217

(b) At the balance sheet date, the details of the Group's properties on leasehold land are as follows:

Location	**Description/existing use**	**Tenure**
Phase 1, 48 Pandan Road Singapore	Warehouse and office	Leasehold expiring on 18 October 2019 and further extension of lease expiring on 31 October 2043
Phase 2, 48 Pandan Road Singapore	Warehouse and office	Leasehold expiring on 30 June 2019 and further extension of lease expiring on 31 October 2043
21 Ayer Merbau Road Jurong Island Singapore	PTC Chemical Logistics Complex	Leasehold with 30 years lease expiring on 15 April 2030 and an option for a further term of 30 years
Lot A19360C Ayer Merbau Road Jurong Island Singapore	Open storage yard	Leasehold with approximately 26 years lease expiring on 15 April 2030
Lot A0409802 Ayer Merbau Road Jurong Island Singapore	Open storage yard	Leasehold with approximately 25 years lease expiring on 15 April 2030
Lot A0409803 Ayer Merbau Road Jurong Island Singapore	Open storage yard	Leasehold with approximately 24 years lease expiring on 15 April 2030
Lot A3004480 Meranti Avenue Jurong Island Singapore	Temporary container yard	Leasehold with approximately 2 years lease expiring on 16 December 2018

(c) Interest amounting to $579,000 (2015: $549,000) has been capitalised during the year as it relates to specific borrowings for the redevelopment of Phase 2 Pandan Road.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

17. INVESTMENT PROPERTIES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cost				
Beginning/end of financial year	**27,706**	27,706	**7,835**	7,835
Accumulated depreciation				
Beginning of financial year	**6,857**	6,095	**3,192**	2,903
Depreciation charge	**719**	762	**290**	289
End of financial year	**7,576**	6,857	**3,482**	3,192
Net book value				
End of financial year	**20,130**	20,849	**4,353**	4,643

Investment properties are leased to non-related parties under operating leases [Note 29(c)].

An investment property with a net book amount of $15,777,000 (2015: $16,206,000) is mortgaged to secure bank loans (Note 22).

The following amounts are recognised in profit or loss:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Rental income (Note 4)	**3,749**	3,749	**676**	676
Direct operating expenses arising from:				
– investment properties that generated rental income	**(1,012)**	(1,055)	**(293)**	(292)

At the balance sheet date, the details of the Group's investment properties are as follows:

Location	Description/existing use	Tenure
23 Ayer Merbau Road Jurong Island Singapore	Tank cleaning terminal	Leasehold with 26 years lease expiring on 15 April 2030
#11-02 Realty Centre 15 Enggor Street Singapore	Office	Freehold
29 Tuas Bay Drive Singapore	Factory building with office space	Leasehold with 60 years lease expiring on 2 May 2067

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

17. INVESTMENT PROPERTIES (Continued)

At 31 December 2016, the fair values of the investment properties amounted to $47,130,000 (2015: $47,930,000). Details of the valuation methodologies of the investment properties are as follows:

Fair value hierarchy

	Fair value measurements at 31 December using		
Description	**Quoted prices in active markets for identical assets (Level 1) $'000**	**Significant other observable inputs (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**
2016			
Recurring fair value measurements			
Investment properties:			
– Office/commercial buildings – Singapore	**–**	**–**	**47,130**
2015			
Recurring fair value measurements			
Investment properties:			
– Office/commercial buildings – Singapore	–	–	47,930

Valuation techniques and inputs used

The Group engages an external, independent and qualified valuer to determine the fair values of the investment properties at the end of every financial year based on the highest and best use.

Level 3 fair values of the Group's properties have been derived taking consideration of both the sales comparison approach and income approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size, tenure and age and condition of the properties. Under the income approach, the estimated annual rental income based on rental agreements, after deducting property tax, ground rent payable and other outgoings, is used to derive the fair values of the properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18. INTANGIBLE ASSETS

	Goodwill arising on acquisition $'000	Other intangible assets $'000	Total $'000
Group			
2016			
Cost			
Beginning of and ending balance of financial year	**476**	**272**	**748**
Accumulated amortisation			
Beginning of and ending balance of financial year	**–**	**221**	**221**
Accumulated impairment losses			
Beginning of and ending balance of financial year	**250**	**51**	**301**
Net book value			
End of financial year	**226**	**–**	**226**
2015			
Cost			
Beginning of financial year	476	269	745
Additions	–	3	3
End of financial year	476	272	748
Accumulated amortisation			
Beginning of financial year	–	128	128
Amortisation charge	–	93	93
End of financial year	–	221	221
Accumulated impairment losses			
Beginning of financial year	250	–	250
Impairment charge	–	51	51
End of financial year	250	51	301
Net book value			
End of financial year	226	–	226

The Company has no intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18. INTANGIBLE ASSETS (CONTINUED)

Goodwill arising on acquisition

The goodwill of $226,000 arising from the acquisition of a trucking business was attributable to the synergy expected to arise in combining the operations of the Group's transportation and bulk cargo segment with the business acquired.

Accordingly, goodwill is allocated to the Group's cash-generating units ("CGUs") in its transportation and bulk cargo segment with operations carried out in Singapore.

Impairment test for goodwill

The recoverable amount of the CGU was determined based on value-in-use ("VIU"). Cash flow projections used in the VIU calculations were based on management's best estimate and forecasts. Cash flows beyond the forecasted period were extrapolated using an estimated growth rate of nil% (2015: nil%) which did not exceed the long-term average growth rate for the transportation and bulk cargo segment in which the CGU operates.

Management has assessed that, amongst all assumptions used in the VIU calculations, the most sensitive key assumption is the discount rate which was arrived at based on weighted average cost of capital. The discount rate applied in determining the recoverable amounts of the CGU was 8% (2015: 8%). An absolute change in the discount rate of 1% point (2015: 1% point) would result in approximately $80,000 (2015: $57,000) change in the recoverable amount of the CGU.

No impairment charge arose as a result of the impairment test performed by management for the financial year ended 31 December 2016 (2015: 31 December 2015).

19. OTHER NON-CURRENT ASSETS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Club membership at cost	**102**	102	**58**	58
Prepayment	**162**	190	**–**	–
Deposits	**104**	104	**104**	104
	368	396	**162**	162

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Current				
Trade payables:				
– Non-related parties	**7,117**	8,111	**3,868**	3,214
– Subsidiaries	**–**	–	**10,262**	14,230
– Related parties	**13**	4	**7**	4
	7,130	8,115	**14,137**	17,448
Other payables to subsidiaries	**–**	–	**902**	–
Rental deposits	**305**	172	**27**	24
Group relief transferred from a subsidiary	**–**	–	**224**	1,133
Accruals for operating expenses	**13,429**	13,543	**8,602**	9,629
Payables for purchase of property, plant and equipment	**4,654**	5,951	**4,654**	5,950
Deferred revenue from non-related parties	**586**	586	**586**	586
Sundry creditors	**1,422**	1,214	**–**	–
	27,526	29,581	**29,132**	34,770
Non-current				
Deferred revenue from non-related parties	**4,155**	4,799	**3,807**	4,393
Rental deposit	**1,665**	1,755	**–**	–
	5,820	6,554	**3,807**	4,393

Related parties are corporations in which the directors or substantial shareholders of the Company have significant influence or interests.

Other payables due to subsidiaries are unsecured, interest-free and repayable on demand.

21. PROVISION

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Beginning of financial year	**–**	–	**–**	–
Provision made	**380**	–	**380**	–
End of financial year	**380**	–	**380**	–

The above provision for reinstatement costs represents the estimated costs of dismantling, removing and restoring the related premises at the expiration of the lease periods. The estimation was based on quotation received from an independent contractor.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

22. BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Current				
Bank borrowings	**71,013**	56,539	**69,000**	54,250
Finance lease liabilities (Note 23)	**3,649**	2,964	**2,192**	1,654
	74,662	59,503	**71,192**	55,904
Non-current				
Bank borrowings	**–**	972	**–**	–
Finance lease liabilities (Note 23)	**6,711**	7,216	**4,852**	4,915
	6,711	8,188	**4,852**	4,915
Total borrowings	**81,373**	67,691	**76,044**	60,819

The exposure of the borrowings (excluding finance lease liabilities) of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Not later than one year	**71,013**	57,511	**69,000**	54,250

(a) Security granted

At the balance sheet date, finance lease liabilities of the Group and the Company amounting to $10,360,000 (2015: $10,180,000) and $7,044,000 (2015: $6,569,000) respectively are effectively secured over the leased commercial vehicles and equipment (Note 16) as the legal title is retained by the lessor and will be transferred to the Group and the Company upon full settlement of the finance lease liabilities.

Bank borrowings of a subsidiary amounting to $972,000 (2015: $2,172,000) is secured by a first mortgage over an investment property (Note 17).

All other bank borrowings are unsecured.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

22. BORROWINGS (Continued)

(b) Fair value of non-current borrowings

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Bank borrowings	**–**	972	**–**	–
Finance lease liabilities	**6,711**	7,216	**4,852**	4,915
	6,711	8,188	**4,852**	4,915

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group		Company	
	2016	2015	2016	2015
	%	%	%	%
Bank borrowings	**–**	2.1	**–**	–
Finance lease liabilities	**2.5**	2.4	**2.4**	2.3

The fair values are within Level 2 of the fair value hierarchy. Level 2 of the fair value hierarchy refers to fair values derived based on inputs other than quoted prices included within Level 1 that are observable for the liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

23. FINANCE LEASE LIABILITIES

The Group leases certain commercial vehicles and barges from non-related parties under finance leases. The lease agreements do not have renewal clauses as the legal title is retained by the lessor and will be transferred to the Group and the Company upon full settlement of the finance lease liabilities.

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Minimum lease payments due:				
– Not later than one year	**3,860**	3,127	**2,338**	1,749
– Between one and five years	**6,890**	7,574	**4,992**	5,200
	10,750	10,701	**7,330**	6,949
Less: Future finance charges	**(390)**	(521)	**(286)**	(380)
Present value of finance lease liabilities	**10,360**	10,180	**7,044**	6,569

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

23. FINANCE LEASE LIABILITIES (Continued)

The present value of finance lease liabilities are analysed as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Not later than one year (Note 22)	**3,649**	2,964	**2,192**	1,654
Between one and five years (Note 22)	**6,711**	7,216	**4,852**	4,915
Total	**10,360**	10,180	**7,044**	6,569

24. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Deferred income tax liabilities:				
– To be settled within one year	**3,450**	45	**3,162**	166
– To be settled after one year	**6,452**	6,654	**4,026**	4,309
	9,902	6,699	**7,188**	4,475

Movement in deferred income tax account is as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Beginning of financial year	**6,699**	6,513	**4,475**	4,571
Tax charged/(credited) to profit or loss (Note 8)	**1,466**	162	**996**	(130)
Under provision in prior financial years (Note 8)	**1,737**	24	**1,717**	34
End of financial year	**9,902**	6,699	**7,188**	4,475

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24. DEFERRED INCOME TAXES (Continued)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised unutilised tax losses of $4,416,000 (2015: $3,504,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies in their respective countries of incorporation. Tax losses of $4,416,000 (2015: $3,448,000) will expire between 2017 (2015: 2017) and 2021 (2015: 2020). During the financial year, the Group has utilised tax losses of $56,000, which was unrecognised in the prior year.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation $'000
2016	
Beginning of financial year	**6,699**
Charged to profit or loss	**1,790**
Under provision in prior financial years	**1,737**
End of financial year	**10,226**
2015	
Beginning of financial year	6,513
Charged to profit or loss	162
Under provision in prior financial years	24
End of financial year	6,699

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24. DEFERRED INCOME TAXES (Continued)

Group

Deferred income tax assets

	Tax incentives $'000
2016	
Beginning of financial year	**–**
Credited to profit or loss	**(324)**
End of financial year	**(324)**
2015	
Beginning and end of financial year	–

Company

Deferred income tax liabilities

	Accelerated tax depreciation $'000
2016	
Beginning of financial year	**4,475**
Charged to profit or loss	**1,320**
Under provision in prior financial years	**1,717**
End of financial year	**7,512**
2015	
Beginning of financial year	4,571
Credited to profit or loss	(130)
Under provision in prior financial years	34
End of financial year	4,475

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24. DEFERRED INCOME TAXES (Continued)

Company

Deferred income tax assets

	Tax incentive $'000
2016	
Beginning of financial year	–
Credited to profit or loss	(324)
End of financial year	(324)
2015	
Beginning and end of financial year	–

25. SHARE CAPITAL

The Company's share capital comprises fully paid-up 211,940,800 (2015: 213,251,000) ordinary shares with no par value, amounting to a total of $30,244,000 (2015: $30,244,000).

During the financial year, the Company repurchased 1,310,200 (2015: 1,767,000) of its ordinary shares in the open market. The shares were subsequently cancelled. The total amount paid to acquire the shares was $978,000 (2015: $1,178,000) and this was represented as a reduction in retained profits [Note 27(b)] as the share buy-back were made entirely out of profits.

Subsequent to financial year end, the Company repurchased nil (2015: 633,100) of its ordinary shares in the open market for total consideration of $nil (2015: $451,490).

26. CURRENCY TRANSLATION RESERVE

	Group	
	2016 $'000	2015 $'000
Currency translation reserve	208	239

Movements:

	Group	
	2016 $'000	2015 $'000
Beginning of financial year	239	178
Currency translation differences arising from consolidation	(31)	61
End of the financial year	208	239

The above reserve is non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

27. RETAINED PROFITS

(a) Retained profits of the Group are distributable except for retained profits of the joint ventures amounting to $40,000 (2015: $23,000). Retained profits of the Company are distributable.

(b) Movement in retained profits for the Company is as follows:

	Company	
	2016	**2015**
	$'000	**$'000**
Beginning of financial year	**31,644**	27,126
Net profit	**8,759**	11,041
Shares repurchased and cancelled (Note 25)	**(978)**	(1,178)
Dividends paid (Note 28)	**(6,373)**	(5,345)
End of financial year	**33,052**	31,644

Movements in retained profits for the Group are shown in the Consolidated Statement of Changes in Equity.

28. DIVIDENDS

	Group	
	2016	**2015**
	$'000	**$'000**
Ordinary dividends paid		
Final exempt dividend in respect of the previous financial year of 2.25 cents (2015: 1.75 cents) per share	**4,784**	3,746
Interim exempt dividend in respect of current financial year of 0.75 cents (2015: 0.75 cents) per share	**1,589**	1,599
	6,373	5,345

At the Annual General Meeting on 28 April 2017 a final exempt dividend of 2.00 cents per share amounting to a total of $4,239,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Plant and equipment	**59,320**	80,517	**59,320**	80,488

Included in capital commitment of the Group and the Company is $56,927,000 (2015: $76,357,000) relating to the redevelopment plan of the leasehold land at Phase 2 Pandan Road.

(b) Operating lease commitments – where the Group is a lessee

The Group leases leasehold lands, commercial vehicles and equipment under non-cancellable operating lease agreements. The future minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Not later than one year	**4,042**	8,663	**3,210**	7,696
Between one and five years	**11,235**	12,327	**10,252**	10,772
Later than five years	**36,893**	39,883	**36,893**	39,883
	52,170	60,873	**50,355**	58,351

In addition to the above, the Group has entered into agreements for leases of land from Jurong Town Corporation. Based on the lease agreements, the annual rent due each year is subject to revision every year with the increase not exceeding 5.5% of the yearly rent for each preceding year. The rent paid/payable in current year amounted to $2,641,000 (2015: $2,595,000).

(c) Operating lease commitments – where the Group is a lessor

The Group leases storage space in warehouses to non-related parties under both cancellable and non-cancellable operating leases. The lessees have varying terms, escalation clauses and renewal rights.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29. COMMITMENTS (Continued)

(c) Operating lease commitments – where the Group is a lessor (Continued)

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are analysed as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Not later than one year	**3,232**	3,089	**226**	130
Between one and five years	**13,275**	13,001	**297**	267
Later than five years	**7,188**	10,659	**120**	168
	23,695	26,749	**643**	565

30. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate and price risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. Risk management is carried out under policies approved by the Board of Directors. The policies for managing each of these risks are summarised below.

(a) Market risk

(i) Currency risk

The Group and the Company's business operations are not exposed to significant foreign currency risk as it has no significant transactions denominated in foreign currencies.

(ii) Price risk

As at 31 December 2016, the Group is not exposed to equity price risk as it does not hold equity financial assets.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) *Market risk* (Continued)

(iii) Cash flow and fair value interest rate risks (Continued)

The Group's and the Company's interest rate risk arise mainly from borrowings. Bank borrowings with variable interest rates expose the Group and the Company to cash flow interest rate risk, while finance lease liabilities with fixed interest rates expose the Group and the Company to fair value interest rate risk.

The Group's and Company's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates had increased/decreased by 0.2% point (2015: 0.2% point) with all other variables including tax rates being held constant, the profit after tax will be lower/higher by $118,000 (2015: $95,000) and $115,000 (2015: $90,000) respectively as a result of higher/lower interest expense on these borrowings.

(b) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	2016	**2015**
	$'000	**$'000**
Corporate guarantees provided to banks on subsidiaries' loans	**4,607**	5,910

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(b) *Credit risk* (Continued)

The credit risk for trade receivables (net of impairment) is as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
By business segment				
Transportation and bulk cargo	**19,325**	16,978	**12,387**	14,682
Warehousing	**4,556**	4,118	**4,556**	4,118
Trading	**424**	434	**–**	–
Leasing	**32**	–	**32**	–
	24,337	21,530	**16,975**	18,800

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Past due < 1 month	**6,572**	5,623	**5,383**	4,857
Past due 1 to 3 months	**3,743**	1,256	**755**	770
Past due over 3 months	**448**	37	**21**	–
	10,763	6,916	**6,159**	5,627

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(c) Liquidity risk

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Gross amount	**355**	440	**259**	369
Less: Allowance for impairment	**(355)**	(440)	**(259)**	(369)
	–	–	**–**	–
Beginning of financial year	**440**	399	**369**	265
Allowance made	**34**	111	**–**	111
Allowance utilised	**(119)**	(70)	**(110)**	(7)
End of financial year	**355**	440	**259**	369

The impaired trade receivables arise mainly from potentially uncollectible balances. Allowance made for impairment in trade receivable is included in "Other" expenses in the statement of comprehensive income.

The Group and the Company manage the liquidity risk by maintaining sufficient cash and having adequate amounts of committed credit facilities sufficient to finance its operational requirements.

The table below analyses the maturity profile of the financial liabilities of the Group and Company based on contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Group				
2016				
Trade and other payables	**26,940**	**168**	**190**	**1,307**
Borrowings	**74,978**	**3,424**	**3,361**	**–**
	101,918	**3,592**	**3,551**	**1,307**
2015				
Trade and other payables	28,995	148	168	1,439
Borrowings	59,739	3,807	4,761	–
	88,734	3,955	4,929	1,439

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Company				
2016				
Trade and other payables	**28,546**	**–**	**–**	**–**
Corporate guarantees	**3,250**	**918**	**623**	**–**
Borrowings	**71,338**	**2,304**	**2,688**	**–**
	103,134	**3,222**	**3,311**	**–**
2015				
Trade and other payables	34,184	–	–	–
Corporate guarantees	3,322	1,725	1,049	–
Borrowings	55,999	1,750	3,450	–
	93,505	3,475	4,499	–

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the banks to maintain a gearing ratio of not exceeding 175% (2015: 175%). The Group's and Company's strategies, which were unchanged from 2015, are to maintain gearing ratios of less than 100%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables (excluding deferred revenue), less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Net debt	**85,190**	69,668	**84,620**	69,820
Total equity	**87,660**	81,175	**63,296**	61,888
Total capital	**172,850**	150,843	**147,916**	131,708
Gearing ratio	**49%**	46%	**57%**	53%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(e) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables	**51,156**	52,932	**42,530**	53,287
Financial liabilities at amortised cost	**109,978**	98,441	**104,590**	95,003

(f) Offsetting financial assets and financial liabilities

The Group has the following financial assets and financial liabilities instruments subject to enforceable master netting arrangements or similar agreement as follows:

	Related amounts set off in the balance sheet		
	Gross amounts – financial assets/(liabilities) $'000	**Less: Gross amounts – financial (assets)/liabilities $'000**	**Net amounts – financial assets/(liabilities) presented in the balance sheet $'000**
	(a)	*(b)*	*(c) = (a) – (b)*
At 31 December 2015			
Trade receivables from non-related parties	23,005	(1,125)	21,880
Trade payables to non-related parties	(9,236)	1,125	(8,111)

As at 31 December 2016, the Group and the Company did not have any netting arrangements over its financial assets and financial liabilities instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

31. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2016 $'000	2015 $'000
Income		
Hiring of commercial vehicles, machinery and equipment and transport services provided to:		
– Joint venture	**139**	144
– Related party	**301**	214
Rental income from related parties	**11**	10
Expenses		
Management fee charged by a related party	**28**	–
Rental expenses charged by a related party	**55**	61

The related parties are companies in which the directors or substantial shareholders of the Company have significant influence or interests.

Outstanding balances at 31 December 2016, arising from sale/purchase of goods and services, are set out in Notes 11 and 20 respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2016 $'000	2015 $'000
Directors' fees	**434**	429
Salaries and other short-term employee benefits	**5,269**	5,248
Post-employment benefits – contribution to CPF	**127**	115
	5,830	5,792

Included in the above is total compensation to directors of the Company amounting to $4,068,000 (2015: $3,915,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

32. REMUNERATION OF AUDITORS

Included in "Other" expenses are the fees on audit and non-audit services as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Fees on audit services paid/payable to:		
– Auditor of the Company	**214**	212
– Other auditors	**20**	21
	234	233

There was no non-audit service provided by the Auditor of the Company or other auditors during the financial years ended 31 December 2016 and 31 December 2015.

33. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Chief Executive Officer, the Chief Financial Officer, and the department heads of each business within each business segment.

At 31 December 2016, the Group is organised into four main business segments:

- Transportation and bulk cargo – Provision of land transportation and stevedoring services and hiring out of equipment.
- Warehousing – Provision of warehousing and drumming services.
- Trading – Trading of diesel.
- Leasing – Lease of investment properties to non-related parties.

The Exco considers the business only from a business segment perspective as the Group's operations are principally located in Singapore. As such, no geographical segment information is provided.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. SEGMENT INFORMATION (Continued)

The segment information provided to the Exco for the reportable segments are as follows:

	Transportation and bulk cargo $'000	Warehousing $'000	Trading $'000	Leasing $'000	Group $'000
Group					
2016					
Sales					
– External sales	103,927	28,887	2,337	3,749	138,900
– Inter-segment sales	–	20	3,095	–	3,115
	103,927	28,907	5,432	3,749	142,015
Elimination					(3,115)
					138,900
Segment result	13,015	2,244	129	2,649	18,037
Other gains	972	5	2	–	979
Interest income	212	–	–	3	215
Finance expense					(1,568)
Share of results of joint ventures					(47)
Profit before income tax					17,616
Income tax expense					(2,377)
Total profit					15,239
Other segment items					
Capital expenditure					
– Property, plant and equipment	7,444	16,125	51	–	23,620
– Work in progress	–	–	–	–	5,207
– Unallocated assets	–	–	–	–	4,652
Depreciation					
– Property, plant and equipment	8,671	2,709	46	–	11,426
– Investment properties	–	–	–	719	719
Segment assets	56,774	89,253	571	23,436	170,034
Investments in joint ventures					980
Unallocated assets					46,123
Consolidated total assets					217,137
Segment liabilities	13,249	4,057	338	7,703	25,347
Unallocated liabilities					100,468
Consolidated total liabilities					125,815

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. SEGMENT INFORMATION (Continued)

	Transportation and bulk cargo $'000	Warehousing $'000	Trading $'000	Leasing $'000	Group $'000
Group					
2015					
Sales					
– External sales	122,079	27,625	3,324	3,749	156,777
– Inter-segment sales	–	26	4,285	–	4,311
	122,079	27,651	7,609	3,749	161,088
Elimination					(4,311)
					156,777
Segment result	13,009	2,612	160	2,614	18,395
Other gains	282	54	–	–	336
Interest income	75	–	–	4	79
Finance expense					(301)
Share of results of joint ventures					(12)
Profit before income tax					18,497
Income tax expense					(2,705)
Total profit					15,792
Other segment items					
Capital expenditure					
– Property, plant and equipment	5,398	1,687	–	–	7,085
– Work in progress	–	–	–	–	59,300
Depreciation					
– Property, plant and equipment	10,270	1,958	43	–	12,271
– Investment properties	–	–	–	762	762
– Intangible assets	93	–	–	–	93
Segment assets	59,035	24,758	885	24,023	108,701
Investments in joint ventures					1,027
Unallocated assets					87,990
Consolidated total assets					197,718
Segment liabilities	13,570	2,256	1,847	7,909	25,582
Unallocated liabilities					87,741
Consolidated total liabilities					113,323

The revenue from external parties reported to the Exco is measured in a manner consistent with that in the statement of comprehensive income. Interest income and finance expenses are not allocated to segments, as financing activity is managed centrally at the Group level.

The amounts provided to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Exco monitors the property, plant and equipment, intangible assets, inventories, receivables, operating cash and investment properties attributable to each segment. All assets are allocated to reportable segments other than cash and bank balances and assets under construction. Cash and bank balances generated by transportation and bulk cargo and warehousing segments are unallocated as funding for these two segments are managed together. Assets under construction are unallocated because allocation will be finalised upon completion.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. SEGMENT INFORMATION (Continued)

The amounts provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than income tax liabilities, deferred tax liabilities, borrowings as well as certain accruals and payables in relation to central management functions.

34. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 and which the Group has not early adopted:

- FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  Management is currently assessing the effects of applying the new standard on the Group's financial statements. The Group will make more detailed assessment of the impact over the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (Continued)

- FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss.

  The financial assets and liabilities held by the Group include loans and receivables and financial liabilities at amortised cost. Accordingly, the Group does not expect the new guidance to have any impact on the classification of its financial assets and liabilities.

- FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $52,170,000 [Note 29(b)]. However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

  Management is currently assessing the effects of applying the new standard on the Group's financial statements. The Group will make more detailed assessment of the impact over the next twelve months.

35. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Poh Tiong Choon Logistics Limited on 31 March 2017.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Board of Directors of Poh Tiong Choon Logistics Limited (the "Company"), is committed to achieving high standards of corporate governance and conduct throughout the Company and its subsidiaries (the "Group"). The Board recognises the importance of having in place a set of well-defined corporate governance processes to enhance corporate performance and accountability as well as to safeguard shareholders' interests and maximize long-term shareholder value.

This report describes the Group's corporate governance practices and activities that were in place during the financial year ended 31 December 2016, with specific reference to the principles and guidelines set out in the Code of Corporate Governance 2012 ("Code").

BOARD MATTERS

Principle 1 – Role of the Board and Board's Conduct of its Affairs

The Board is accountable to the shareholders of the Company. Its principal functions are to provide leadership of the Group and direction for management. Typically, transactions that are significant relative to the financial position of the Group would require Board's approval.

The key roles of the Board include setting corporate policies and strategic aims, review and approval of the annual budgets, major funding proposals, investments, acquisitions and divestments, review of the Group's annual and quarterly financial reports, the adequacy and effectiveness of the framework and processes of internal controls and risk management strategies and execution, appointment of directors and key management staff, review of management performance and remuneration packages and corporate governance practices.

All Directors are obligated to act in good faith and exercise independent judgement as fiduciaries in the best interests of the Company at all times.

The primary functions of the Board are either carried out directly by the Board or through committees established by the Board, namely, the Audit Committee (AC), the Nominating Committee (NC) and the Remuneration Committee (RC). These Board Committees have clearly defined terms of reference. Matters which are delegated to Board Committees for more detailed evaluation and approval are reported to and endorsed by the Board.

The nature of the Directors' appointments on the Board and details of their membership on Board Committees are set out below:

			Committees	
Name	**Board**	**Audit**	**Nominating**	**Remuneration**
Poh Choon Ann	Chairman & CEO		Member	Member
Poh Khim Hong	Finance Director & CFO	Member		
Poh Kay Yong	Executive Director, Corporate Services			
Poh Key Boon	Executive Director, Transportation & Warehousing			
Poh Kay Leong[1]	Executive Director, Chief Information Officer			
Lew Syn Pau	Director (Lead Independent, Non-executive)	Chairman	Member	Member
Hong Hai	Director (Independent, Non-executive)	Member	Chairman	Chairman

1 Mr. Poh Kay Leong was appointed as Executive Director with effect from 1 March 2016.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Board meets regularly at least four times a year. In addition, the Board meets as and when warranted by particular circumstances between the scheduled meetings. The Constitution of the Company provides for meetings to be held via telephone and video conferencing whereby all Directors participating in the meeting are able to communicate as a group, without requiring the Directors' physical presence at the meeting. All relevant information on material events and transactions are circulated to Directors as and when they arise. Decisions of the Board and Board Committees may also be obtained through circular resolutions.

The attendance of each Director at Board meetings and Board Committee meetings during the financial year ended 31 December 2016 is as follows:

	Board	**Audit**	**Nominating**	**Remuneration**
No. of meetings held	5	4	2	2
Directors	**No. of meetings attended**			
Poh Choon Ann	5		2	2
Poh Khim Hong	5	4		
Poh Kay Yong	5			
Poh Key Boon	5			
Poh Kay Leong[1]	4 out of 4			
Lew Syn Pau	5	4	2	2
Hong Hai	4	4	2	2

1 Mr Poh Kay Leong was appointed as Executive Director with effect from 1 March 2016.

Directors are provided with updates and/or briefings from time to time by professional advisers, independent auditor and the Company Secretary on accounting and regulatory changes, and are also given further appropriate training from time to time.

A formal letter of appointment is provided to a Director upon his appointment, setting out his role, duties and obligations as a member of the Board.

New Directors are given appropriate orientation and briefings by the Management on the Company's business and governance policies, disclosure of interests in securities and in transactions involving the Company, prohibitions on dealings in the Company's securities and disclosure of price-sensitive information. The Company relies on the Directors to update themselves on new laws, regulations, changing commercial risks and accounting standards. The Company has an on-going budget for all Directors to attend appropriate courses, conferences and seminars to keep abreast of relevant business developments and outlook.

Principle 2 – Board Composition and Guidance

The Constitution of the Company provides for the Board of Directors to comprise of a minimum of 2 and a maximum of 12 directors.

The Group is led by a Board comprising 2 Independent Non-Executive Directors and 5 Executive Directors. Each Director brings to the Board his skills, experience, insights and sound judgement, which serves to further the interests of the Company.

Profiles of the Directors are set out on pages 14 and 15 of the Annual Report.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Presently, the two Independent Directors comprise 29% of the Board and therefore fall short of the requirement of the Code, which states "Independent Directors making up at least half of the Board". The NC feels that the current number of Independent Directors is sufficient to ensure a balance of power given the scope and nature of the operations of the Group. However, the NC will continue to assess the need for more Independent Directors and make recommendations to the Board when appropriate.

The independence of each Non-Executive Director is assessed annually. For the purposes of the determination, the Non-Executive Directors will provide declarations of their independence which are deliberated upon by the NC and the Board.

The Board has determined that despite both Mr Lew Syn Pau and Dr Hong Hai have served on the Board for more than nine years since their first appointment, both of them are considered independent as they have demonstrated independence in character and judgement in the discharge of their responsibilities as Directors of the Company and there are no relationships or circumstances that are likely to affect, or could appear to affect, their independent business judgement in the best interests of the Group.

Mr Poh Choon Ann, Ms Poh Khim Hong, Mr Poh Kay Yong, Mr Poh Key Boon and Mr Poh Kay Leong are Executive Directors of the Company and they are Non-Independent Directors.

The Board is of the opinion that its current size and composition is appropriate given the scope and nature of the Group's operations. The Board is also of the view that the current Board comprises persons who, as a group, provide core competencies necessary to meet the Group's objectives.

The Independent Directors communicate regularly with the Board and the relevant Committees to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration packages of the Executive Directors.

Principle 3 – Chairman and Chief Executive Officer

Mr Poh Choon Ann, a substantial shareholder, is the Chairman and Chief Executive Officer ("CEO"). The Board is of the opinion that the present Group structure and business scope does not warrant a meaningful split of the role. The Group believes that the combined responsibilities facilitate faster decision-making and the alignment of the CEO's interest with that of the shareholders.

The CEO is the most senior executive in the Company and bears executive responsibility for the Company's business while the Chairman bears responsibility for the procedural workings of the Board as laid down in Guideline 3.2 of the Code.

In line with the recommendation in Guideline 3.3 of the Code, the Board appointed Mr Lew Syn Pau to act as the Lead Independent Director.

The Independent Directors meet at least annually without the presence of the other Directors and provide feedback to the Chairman after such meeting.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Principle 4 – Board Membership

The NC is chaired by Dr Hong Hai and comprises Mr Lew Syn Pau and Mr Poh Choon Ann as members. The majority of the NC members, including the Chairman, are Independent Non-Executive Directors. The Chairman of the NC is neither a substantial shareholder of the Company nor directly associated with a substantial shareholder of the Company.

The main role of the NC is to ensure that the process of Board appointments and re-appointments is transparent and to assess the effectiveness of the Board as a whole and the contribution of individual Directors to the effectiveness of the Board as well as to assess annually the independence of Directors.

Under the Constitution of the Company, not less than one third of the Directors for the time being (being those who have been longest in office since their appointment or re-election) are required to retire from office by rotation at the Annual General Meeting ("AGM"). Also, all newly appointed Directors during the year will hold office until the next AGM and will be eligible for re-election. Such Directors are not taken into account in determining the number of Directors who are to retire by rotation.

In addition, the NC is also responsible for reviewing the succession plans of the Board, developing a process for performance evaluation of the Board and Board committees, and reviewing training and professional development programmes for the Board.

For appointment of new directors to the Board if a vacancy arises, the NC will, in consultation with the Board, first determine the role and the desirable competencies for a particular appointment. Recommendations from Directors and Management are the usual source for potential candidates. However, external search consultants are also considered. NC will evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The Board also recognises the contribution of Directors who, over time, have developed deep insights into the Group's businesses and exercises its discretion to retain the services of such Directors where appropriate.

Next, the NC will prepare a shortlist of candidates with the appropriate profiles and qualities for nomination. The NC will conduct formal interviews with the short-listed candidates to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitments required. Finally, the NC will make recommendations on the appointment to the Board for approval.

The NC has also reviewed Directors with multiple listed company directorship representations and principal commitments to ensure that they have sufficient time to discharge their responsibilities adequately. Directors are allowed to hold directorships in companies outside the Group. The Board believes that with multiple board representations, the Directors are able to bring with them the experience and knowledge obtained from such board representations in other companies. The Board is of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors would depend on many other factors such as whether they are in full time employment and their other responsibilities. All Directors have confirmed that notwithstanding the number of listed company board representations and other principal commitments, which the Directors hold, they are able to devote sufficient time and attention to the affairs of the Company.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Principle 5 – Board Performance

The Board and the NC strive to ensure that Directors appointed to the Board possess the experience, knowledge and skills critical to the Group's business to enable the Board to make sound and well-considered decisions.

The Board believes that Board performance is ultimately reflected in the long-term performance of the Group. In consultation with the NC, the Board assesses its performance annually to identify key areas for improvement and requisite follow-up actions. The criteria taken into consideration by the NC and the Chairman include the value of contribution to the development of strategies, the degree of preparedness, industry and business knowledge and experience each Director possesses which are critical to the Group's business.

Replacement of a Director, when it happens, does not necessarily reflect the Director's performance or contributions to the Board, but may be driven by the need to align the Board with the medium or long term needs of the Group.

The dates of initial appointment and last re-election of the Directors are set out below:

Director	Position	Date of Initial Appointment	Date of Last Re-election	Nature of appointment
Poh Choon Ann	Chairman	21 January 1969	29 April 2016	Executive/Non-Independent
Poh Khim Hong	Director	23 July 1986	30 April 2014	Executive/Non-Independent
Poh Kay Yong	Director	12 January 1999	29 April 2016	Executive/Non-Independent
Poh Key Boon	Director	12 January 1999	30 April 2014	Executive/Non-Independent
Poh Kay Leong	Director	1 March 2016	29 April 2016	Executive/Non-Independent
Lew Syn Pau	Director	15 April 1999	30 April 2015	Non-Executive/Independent
Hong Hai	Director	26 June 2000	29 April 2016	Non-Executive/Independent

Principle 6 – Access to Information

All Directors have unrestricted access to the Company's records and information. The Board members receive a set of Board papers prior to a Board meeting. This is generally issued to them prior to the meeting in sufficient time to enable the Directors to obtain further explanations. However, sensitive matters may be tabled at the meeting itself or discussed without papers being circulated. The independent non-executive Directors also, on an adhoc basis, communicate privately with the CFO of the Company concerning financial matters of the Group.

All Directors have separate and independent access to the Company Secretary, management and the independent auditor, either through telephone or via e-mail.

The Company Secretary administers and attends all Board meetings of the Company and prepares minutes of meetings. He is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes. The appointment and the removal of the Company Secretary are subject to the Board's approval.

Should Directors, whether as a group or individually, need independent professional advice, the Company will appoint a professional advisor selected by the group or individual, and approved by the Chairman of the Board to render the advice. The cost of such professional advice will be borne by the Company. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

REMUNERATION MATTERS

Principle 7 – Procedures for developing remuneration policies

The members of the RC are Dr Hong Hai (RC Chairman), Mr Lew Syn Pau and Mr Poh Choon Ann. All members are Independent Non-executive Directors except Mr Poh Choon Ann. The operations of the RC are regulated by its terms of reference, which were approved and are subject to periodic review by the Board.

The functions of the RC include the review and approval of appropriate executive compensation packages for Executive Directors and senior executives of the Group that will attract, retain and motivate them to run the Group successfully. All recommendations by the RC will be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. No Director is involved in deciding his own remuneration.

The RC has access to appropriate expert advice in the field of executive compensation outside the Company where required.

Principle 8 – Level and mix of remuneration

The remuneration for the Executive Directors and key executives comprises primarily a basic salary component and a variable component which is the bonus, based on the performance of the Group as a whole and their individual performance. Increments and variable bonuses for all Executive Directors (excluding Chairman/CEO which is governed by a separate service contract) and key executives are discretionary and reviewed by the RC annually.

The Independent Non-executive Directors do not have any service agreements with the Company and do not receive any remuneration other than Directors' fees from the Company.

Directors' fees are recommended by the Board and are subject to the approval of shareholders at the AGM. The Directors' fees are derived on the basis of each individual Director's service as Chairman/Member on the Board and Board Committees.

Other than the Chairman/CEO, all Executive Directors have no fixed appointment period and their employment can be terminated by giving three months' notice by either party. In the case of the Chairman/CEO, there is an annual renewable service contract.

Currently, there are no long-term incentive schemes, including share options schemes, for employees and directors. The RC will consider the necessity of having long-term incentive schemes if the need arises.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Principle 9 – Disclosure on remuneration

The breakdown of the remuneration of the Directors in percentage (%) for FY 2016 is as follows:

Directors

Remuneration Band	Fee[1] (%)	Salary[2] (%)	Bonus[3] (%)	Other Benefits[4] (%)	Total
S$1,750,000 to below S$2,000,000					
Poh Choon Ann	4	28	56	12	100
S$500,000 to below S$750,000					
Poh Khim Hong	10	53	35	2	100
Poh Kay Yong	9	54	35	2	100
Poh Key Boon	9	54	35	2	100
S$250,000 to below S$500,000					
Poh Kay Leong (appointed as director on 01.03.2016)	11	50	38	1	100
Below S$250,000					
Lew Syn Pau	100	–	–	–	100
Hong Hai	100	–	–	–	100

1 Fees are subject to approval of shareholders at the AGM.

2 Salary refers to base salary and salary adjustments earned for the year ended 31 December 2016.

3 Bonus comprises the performance bonus which varies according to the actual achievement of the Group, business unit and individual performance objectives.

4 Other benefits are stated on the basis of direct cost to the Company and include car benefits and other non-cash benefits such as medical cover and cub membership.

In view of the sensitivity and confidentiality of remuneration matters and given that the Group operates in highly competitive and challenging environments, the Company believes that it is not in the best interests of the Group to fully disclose the details of remuneration of each individual Director.

Top 4 Key Executives

The total remuneration paid to the key management personnel (who are not Directors or the CEO) for the year ended 31 December 2016 was S$1,228,000. Three of the top four key executives are immediate family members of the Executive Directors. Given the confidentiality and commercial sensitivity attached to remuneration matters, the salary band and names of the top 4 key executives are not disclosed.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Employees related to Director or CEO

For FY 2016, apart from the disclosures above, there are 3 employees who are immediate family members of certain Directors of the Company and whose annual remuneration exceeded S$50,000.

Remuneration Band and name of employees who are immediate family members	**Relationship with the Directors or Chief Executive Officer of the Company**	Designation
Poh Kay Tong S$50,001 – S$100,000	Nephew of Mr Poh Choon Ann, Chairman and Chief Executive Officer	Barge Crane Operator
Poh Guan Kiong, Dylan S$100,001 – S$150,000	Grandnephew of Mr Poh Choon Ann, Chairman and Chief Executive Officer	Manager (Operations)
Tan Poh Chin (Ms) S$150,001 – S$200,000	Daughter-in-law of Mr Poh Choon Ann's sister	Senior Manager (Accounts)

ACCOUNTABILITY AND AUDIT

Principle 10 – Accountability

The Board provides shareholders with quarterly and annual financial reports. Results for the first, second and third quarters are released to shareholders within 45 days of the end of each quarter whilst annual results are released within 60 days from the financial year end. In presenting the Group's annual and quarterly results, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance and financial position with a commentary at the end of the announcement of the significant trends and competitive conditions of the industry in which it operates.

The Company adheres strictly to the requirements of the SGX-ST Listing Manual in relation to informing shareholders on a periodic basis and when circumstances warrant regarding the Group's performance, position and prospects.

In line with the requirements of SGX-ST, negative confirmations on interim financial results are issued by the Board confirming that to the best of its knowledge, nothing has come to the attention of the Board which may render the Company's quarterly results to be false or misleading in any material aspect.

The Executive Directors are provided with monthly management accounts within a reasonable time. All Directors are provided with quarterly accounts and an updated briefing on performance and outlook at each Board meeting.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Principle 11 – Risk Management and Internal Controls

The Board is responsible for the governance of risk within the Group. It ensures that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. With the assistance of the Audit Committee, the Board has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems over financial, operational, compliance and information technology risks.

The Board has received assurance from the CEO and CFO that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) effective risk management and internal control systems have been put in place.

Based on the internal controls established and maintained by the Group, work performed by the internal (if any) and external auditors and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls, and risk management systems, were effective and adequate as at 31 December 2016.

Principle 12 – Audit Committee ("AC")

The AC comprises three members. Mr Lew Syn Pau (AC Chairman) and Dr Hong Hai are Independent Non-Executive Directors while the third member, Ms Poh Khim Hong, is the Finance Director & CFO who is an Executive Director.

As the Board comprises only two Independent Non-Executive Directors, the Company is unable to comply with Guideline 12.1 requiring all AC members to be non-executive. The NC is of the view that as the majority of the AC members are both Independent and Non-Executive Directors, the AC is able to exercise its independent judgment.

The Board is of the view that members of the AC, given their qualifications and background experience, have sufficient financial management expertise and experience to discharge the AC's functions properly. (See Directors' Profile on pages 14 and 15).

The AC meets periodically or via e-mail to perform the functions required pursuant to Section 201B(5) of the Companies Act, Cap 50 and the Listing Manual of the SGX-ST.

The AC has explicit authority to investigate any matters within its terms of reference and unfettered access to and cooperation by management. It also has the discretion to invite any Director and executive officer to attend its meetings.

The AC meets with the auditors without the presence of management at least annually, if necessary.

The AC confirms that the volume of non-audit services rendered by the external auditors is not material and, as such, is satisfied that the nature and extent of such services do not prejudice the independence and objectivity of the auditors.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Company has complied with Rule 712 and Rule 715 or Rule 716 of the SGX-ST Listing Manual in relation to its auditors.

The aggregate amount of fees payable to the independent auditor is set out in Note 33 on page 85 of the Annual Report.

WHISTLE-BLOWING POLICY

The Company and its subsidiaries have adopted a whistle-blowing policy and procedure, providing a confidential channel for reporting incidents of misconduct within the Group. The objective for such arrangement is to ensure independent investigation of such matters for appropriate follow-up action.

INTERNAL AUDIT

Principle 13 – Internal Audit

The internal audit function has been outsourced to a consultancy firm, Mazars LLP, who adopts a risk-based methodology to review the effectiveness of the material internal controls of the Group. The consultancy firm reports to the AC outlining the results of the review performed and management's plans to implement process improvements.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 and 15 – Shareholder Rights and Communication with Shareholders

The Company is committed to conveying accurate and timely information to the shareholders and the public. In disseminating material information, the Company takes care to ensure that the information is made publicly available on a timely and non-selective basis to all shareholders in compliance with the Corporate Disclosure Policy set out by the SGX-ST.

The financial results are published quarterly through SGXNET.

Shareholders are informed of shareholders' meetings through notices contained in annual report or circular sent to all shareholders. These notices are also published in the Business Times and posted on the SGXNET.

DIVIDEND POLICY

The Company declares annual dividends at the rate of approximately 42% of the net profit after tax in accordance with the consolidated financial statements. In determining the quantum of dividends to be paid out to the shareholders, the Board takes into consideration the Company's working capital requirements and the need to retain profits for business expansion and future investment.

Principle 16 – Conduct of Shareholder Meetings

The Company fully supports the Code's principle to encourage shareholders' participation at general meetings.

The Constitution of the Company allows a member entitled to attend and vote at general meetings to appoint one or two proxies to attend and vote instead of the member and a proxy needs not be a member of the Company.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Company will be reviewing its Constitution to remove the limit on the number of proxies which may be appointed by nominee companies in line with the corresponding amendments to the Companies Act (Cap. 50) in relation thereto.

Voting in absentia by mail or electronic means has yet to be introduced because such voting methods will need to be carefully reviewed for feasibility to ensure no compromise to either the integrity of the information or proper authentication of the identity of the shareholders.

Each item of special business included in the notice of AGM is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the AGM.

The Board and management are present at the meetings to address shareholders' queries concerning the Group. The independent auditor is also present to address shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

The minutes of general meetings prepared by the Company include substantial comments or queries from shareholders and responses from the Chairman, Board Members and Management and are available to shareholders upon their request.

The Board recognises that voting by poll is integral in the enhancement of corporate governance and leads to greater transparency of the level of support for each resolution. The Board will adhere to the requirements of the SGX-ST Listing Manual where all resolutions are to be voted by poll at the AGM to be held on 28 April 2017.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions. All interested person transactions are reviewed and approved by the Audit Committee.

For FY 2016, there were no interested person transactions ("IPTs") as defined under Chapter 9 of the SGX-ST Listing Manual.

The related party transactions as disclosed in Note 31 on page 84 of the Annual Report are not IPTs within the ambit of Chapter 9 of the Listing Manual.

MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interests of each Director, the CEO or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

CODE OF BUSINESS CONDUCT AND ETHICS

The Group has in place an internal Code of Business Conduct and Ethics prescribing conduct to be observed by its Directors, officers and other employees so as to avoid situations such as conflict of interests, abuse of authority, misuse of company information and other unethical practices.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

DEALINGS IN SECURITIES

The Group has an internal code of conduct for Directors and officers and the Company on securities transactions when they are in possession of unpublished material or price-sensitive information in relation to the Company's securities. In accordance with the Group's internal code of conduct, the Company, Directors and officers are prohibited from dealing in the Company's securities during the period commencing (i) two weeks before the announcement of quarterly financial results and (ii) one month before the announcement of full year financial results and ending on the date of announcement of the relevant results. They are also advised to refrain from dealing in the Company's securities on short-term considerations and are expected to observe insider trading laws at all times.

RISK ASSESSMENT AND MANAGEMENT

The potential key risks and their associated controls within the Group may be summarized as follows:

Highly competitive environment

The Singapore logistics market is highly competitive with the presence of many logistics companies. Competitive factors include range of services, customer service and pricing. Specifically, we are constantly affected by competitors' pricing policy, which may result in downward pressure on our prices, and lowering our financial performance. To mitigate this risk, we rely on our track record of more than 60 years, our commitment to quality service (ISO 9002 certification) and our safety track record. Further, we opt for secured contracts, if possible, maintain close contacts with customers, offer a one-stop logistics service as well as focusing on petrochemical industry where safety is an important factor besides pricing.

Dependence on the petrochemical industry

The Group mainly provides logistics services substantially to the petrochemical industry in Singapore. For FY 2016, the petrochemical industry contributed about 41% of the Group's business.

Dependence on key personnel

The success of the Group depends to a large extent on its Executive Directors and other key management personnel. More details on the Executive Directors and key management staff are set out on Pages 14 to 17 of the Annual Report. Any loss of their services could negatively impact our business and operating results.

The Group manages this potential risk by providing remuneration packages which are competitive within the industry and offering a challenging work environment.

Fluctuations in diesel prices

The Group operates one of the largest commercial fleet of prime movers and lorries in Singapore. Therefore, any significant adverse change in diesel prices would impair our earnings.

The Group manages this risk to some extent by proper planning of transportation routes to minimize diesel usage.

Financial Risks

These are set out in Note 30 on pages 78 to 83 of the Annual Report.

SHAREHOLDING STATISTICS

As at 20 March 2017

No. of Issued and Fully Paid-Up Shares	–	211,940,800
Issued and Fully Paid-up Capital	–	$30,243,700
Class of Shares	–	Ordinary shares
Voting Rights	–	1 vote per share
Ordinary shares held as treasury shares	–	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	–	–	–	–
100 – 1,000	543	29.24	536,800	0.25
1,001 – 10,000	836	45.02	4,733,400	2.23
10,001 – 1,000,000	460	24.77	37,446,200	17.67
1,00,001 and above	18	0.97	169,224,400	79.85
Total	**1,857**	**100.00**	**211,940,800**	**100.00**

TWENTY LARGEST SHAREHOLDERS (AS SHOWN IN THE REGISTER OF MEMBERS)

	Name	No. of Shares	%
1	HO KIM LEE ADRIAN	31,709,800	14.96
2	POH SIN CHOON (PTE) LTD	27,842,000	13.14
3	HONG LEONG FINANCE NOMINEES PTE LTD	25,257,000	11.92
4	POH CHOON HER INVESTMENT PTE LTD	16,476,000	7.77
5	MAYBANK NOMINEES (SINGAPORE) PTE LTD	13,557,000	6.40
6	LIM & TAN SECURITIES PTE LTD	12,277,600	5.79
7	POH CHOON ANN (PTE) LTD	9,643,000	4.55
8	KB NOMINEES PTE LTD	4,800,000	2.26
9	DBS NOMINEES PTE LTD	4,243,500	2.00
10	POH TIONG CHOON HOLDINGS (PTE) LTD	3,429,000	1.62
11	UOB KAY HIAN PTE LTD	3,193,100	1.51
12	CIMB SECURITIES (SINGAPORE) PTE LTD	2,944,300	1.39
13	TAY THO BOK	2,718,000	1.28
14	ANG JWEE HERNG	2,682,000	1.27
15	LEE KUAN JEN SEBASTIAN	2,657,100	1.25
16	MAYBANK KIM ENG SECURITIES PTE LTD	2,398,000	1.13
17	ONG KHENG HO	2,101,000	0.99
18	HO SIEW HONG KATHERINE	1,296,000	0.61
19	TAY SOON YANG PAUL	983,000	0.46
20	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	972,800	0.46
	Total:	**171,180,200**	**80.76**

SHAREHOLDING STATISTICS

As at 20 March 2017

SUBSTANTIAL SHAREHOLDERS (as shown in the Register of Substantial Shareholders)

Name	Direct Shareholdings	Deemed Shareholdings
Poh Choon Ann (Pte.) Ltd.	48,000,000[5]	3,429,000[1]
Poh Sin Choon (Pte.) Ltd.	27,842,000	3,429,000[1]
Poh Choon Her Investment Pte. Ltd.	16,476,000	–
Poh Choon Ann	–	51,429,000[2]
Poh Khim Hong	–	51,429,000[2]
Poh Sin Choon @ Poh Seng Choon	–	27,842,000[3]
Poh Kay Giap	96,000	16,976,000[4]
Ho Kim Lee Adrian	31,709,800	–
Nelly Rolles	12,850,600[6]	–

Notes:

(1) Poh Choon Ann (Pte.) Ltd. ("PCAPL") and Poh Sin Choon (Pte.) Ltd. ("PSCPL") are deemed to have an interest in the Shares held by Poh Tiong Choon Holdings (Pte.) Ltd. ("PTCHPL") by virtue of their holding not less than 20% of the voting shares in PTCHPL.

(2) Mr Poh Choon Ann and Ms Poh Khim Hong are deemed to have an interest in the Shares held by PCAPL by virtue of their holding of not less than 20% of the voting shares in PCAPL.

(3) Mr Poh Sin Choon is deemed to have an interest in the Shares held by PSCPL by virtue of his holding not less than 20% of the voting shares in PSCPL.

(4) Mr Poh Kay Giap is deemed to have an interest in the Shares held by Poh Choon Her Investment Pte. Ltd. ("PCHIPL") and Her Investment Pte. Ltd. ("HIPL") by virtue of his holding not less than 20% of the voting shares in each of PCHIPL and HIPL.

(5) Includes 38,357,000 Shares held by various nominees.

(6) The shares are held in the names of nominees.

Compliance with Rule 723 of the Listing Manual

Based on information available to the Company as at 20 March 2017, approximately 33.25% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General Meeting of Poh Tiong Choon Logistics Limited (the "**Company**") will be held at Ballroom Acacia, The Arena Country Club, 511 Upper Jurong Road, Singapore 638366 on Friday, 28 April 2017 at 11.00 a.m. to transact the following business:–

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016 together with the Independent Auditor's Report thereon. **Resolution 1**

2. To declare a final tax exempt (one-tier) dividend of 2.00 cents per ordinary share in the capital of the Company for the financial year ended 31 December 2016. **Resolution 2**

3. To re-elect Ms Poh Khim Hong who will retire by rotation pursuant to Article 91 of the Constitution of the Company and who, being eligible, will offer herself for re-election as a Director of the Company. **Resolution 3**

4. To re-elect Mr Poh Key Boon who will retire by rotation pursuant to Article 91 of the Constitution of the Company and who, being eligible, will offer himself for re-election as a Director of the Company. **Resolution 4**

5. To approve the payment of Directors' fees of S$434,000 for the financial year ended 31 December 2016 (2015: S$429,000). **Resolution 5**

6. To re-appoint PricewaterhouseCoopers LLP as Independent Auditor of the Company and to authorise the Directors to fix its remuneration. **Resolution 6**

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

7. **Authority to issue shares and/or convertible securities**

   That pursuant to Section 161 of the Companies Act and the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors of the Company to: **Resolution 7**

   (1) (i) issue shares in the capital 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;

NOTICE OF ANNUAL GENERAL MEETING

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

(2) (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:

(a) 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 in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares and convertible securities 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 in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the percentage of issued Shares shall be calculated based on the total number of issued Shares excluding treasury shares in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) 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 this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or sub-division of Shares;

(c) 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

(d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING

8. **Renewal of Share Purchase Mandate**

That: **Resolution 8**

(1) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the directors of the Company (the "**Directors**") of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market purchase(s) (each a "**Market Purchase**") transacted on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(b) off-market purchase(s) (each an "**Off-Market Purchase**") effected pursuant to an equal access scheme, as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the 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**");

(2) the authority conferred on the Directors 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 date of the passing of this Ordinary Resolution and expiring on the earliest of:

(a) the date on which the next Annual General Meeting of the Company is held or required by law to be held, whichever is the earlier;

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; and

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the members of the Company in a general meeting;

NOTICE OF ANNUAL GENERAL MEETING

(3) in this Ordinary Resolution:

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of the total number of issued Shares in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the amount of the issued share capital of the Company as altered after such capital reduction (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date this Ordinary Resolution is passed and expiring on the date the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share, and which shall not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as hereinafter defined); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share for the last five Market Days (a "**Market Day**" being a day on which the SGX-ST is open for trading in securities) on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action which occurs after the relevant five-day period; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make 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

(4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

NOTICE OF ANNUAL GENERAL MEETING

ANY OTHER BUSINESS

9. To transact any other business which may be transacted at an Annual General Meeting of the Company.

By Order of the Board

Koh Geok Hoon Judy (Ms)
Koh Ee Koon (Ms)
Company Secretaries

Singapore
13 April 2017

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED

1. Ordinary Resolution 7, if passed, will empower the Directors from the date of this Annual General Meeting ("**AGM**") until the next AGM, to allot and issue new Shares and/or convertible securities in the Company up to a number not exceeding 50% of the total number of issued Shares excluding treasury shares in the capital of the Company for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of Shares to be issued other than on a pro rata basis to Shareholders shall not exceed 20% of the total number of issued Shares excluding treasury shares in the capital of the Company. For the purpose of determining the total number of Shares excluding treasury shares that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares excluding treasury shares in the capital of the Company at the time this Ordinary Resolution 7 is passed 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 this Ordinary Resolution 7 is passed and (b) any subsequent bonus issue or consolidation or subdivision of Shares. This authority unless previously revoked or varied at a general meeting, shall expire at the next AGM.

2. Ordinary Resolution 8, if passed, will empower the Directors to purchase or otherwise acquire, from the date of this AGM to (a) the date on which the next AGM is held or required by law to be held, whichever is the earlier; (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; and (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the members of the Company in a general meeting, whichever is the earliest, an aggregate number of Shares in aggregate the Maximum Limit. More details of the Share Purchase Mandate are set out in the Company's Letter to Shareholders in relation to the proposed renewal of the Share Purchase Mandate dated 13th April 2017 (the "**Letter**").

   The Company may use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Purchase Mandate. The amount of financing required for the Company to purchase or acquire its Shares and the impact on the Company's financial position will depend on, inter alia, the number of Shares purchased or acquired and the price paid for the Shares. For illustrative purposes only, the financial effects of an assumed purchase or acquisition of 21,194,080 Shares, 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 financial statements of the Company and its subsidiaries for the financial year ended 31 December 2016 and certain assumptions, are set out in paragraph 2.8 of the Letter.

NOTICE OF ANNUAL GENERAL MEETING

NOTES

(a) Subject to note (c) below, a member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and where there are two proxies, the number of Shares to be represented by each proxy must be stated.

(b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies to attend and vote at the AGM but each proxy must be appointed to exercise the rights attached to a different share(s) 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.

(c) A member **may not** appoint the Poh Group or their concert parties (as defined in the Letter) as his proxy.

(d) The instrument or form appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898, not less than 48 hours before the time for holding the above AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (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), 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) 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.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 15 May 2017 for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898 up to 5.00 p.m. on 12 May 2017 will be registered before Shareholders' entitlements to the proposed final dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 12 May 2017 will be entitled to the proposed final dividend. The proposed final dividend, if approved by members at the AGM, will be paid on 31 May 2017.

POH TIONG CHOON LOGISTICS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 196900049H

PROXY FORM
Annual General Meeting

IMPORTANT:
1. *Pursuant to Section 181 of the Companies Act, Relevant Intermediary may appoint more than two (2) proxies to attend the Annual General Meeting.*
2. *For CPF/SRS investors who have used their CPF monies to buy ordinary shares in the capital of Poh Tiong Choon Logistics Limited ("Shares"), this report is forwarded to them at the request of their CPF Agent Banks and is sent solely FOR INFORMATION ONLY.*
3. *This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.*
4. *A CPF/SRS investor who wishes to attend the Annual General Meeting as proxy has to submit his request to his CPF Agent Bank so that his CPF Agent Bank may appoint him as its proxy within the specified timeframe.*

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.

I/We, ____________________ NRIC/Passport No. ____________ of

____ (Address)

being a member/members of Poh Tiong Choon Logistics Limited (the "Company"), hereby appoint

	Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (No. of shares)
(a)				

and/or (delete as appropriate)

(b)				

or failing him/them, the Chairman of the Annual General Meeting ("AGM") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held at Ballroom Acacia, The Arena Country Club, 511 Upper Jurong Road, Singapore 638366 on Friday, 28 April 2017 at 11.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM.

All Resolutions put to the vote at the AGM shall be decided by poll.

No.	ORDINARY RESOLUTIONS	For*	Against*
	ORDINARY BUSINESS		
1	Adoption of Directors' Statement and Audited Financial Statements		
2	Declaration of Final Tax Exempt (One-Tier) Dividend		
3	Re-election of Ms Poh Khim Hong as Director		
4	Re-election of Mr Poh Key Boon as Director		
5	Approval of Directors' fees		
6	Re-appointment of PricewaterhouseCoopers LLP as Auditor		
	SPECIAL BUSINESS		
7	Authority for Directors to issue shares and/or convertible securities		
8	Renewal of Share Purchase Mandate		

* Please indicate your vote "For" or "Against" each Resolution with a tick (√) within the box provided. Alternatively, please indicate the number of votes "For" or "Against" the relevant Resolution.

Dated this ________ day of ____________ 2017

Total Number of Shares Held	

____
Signature of Individual Shareholder/
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

1. Subject to notes 2 and 3 below, a member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and where there is more than one proxy, the number of Shares to be represented by each proxy must be stated.
2. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies to attend and vote at the AGM but each proxy must be appointed to exercise the rights attached to a different share(s) 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. In relation to a Relevant Intermediary who wishes to appoint more than two proxies, it should annex to the proxy form the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of Shares and percentage) in relation to which the proxy has been appointed. CPF Agent Bank who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.
3. A member **may not** appoint the Poh Group or their concert parties (as defined in the Company's Letter to Shareholders in relation to the proposed adoption of the share purchase mandate dated 13th April 2017 as his proxy.
4. This Proxy Form must be signed by the appointor or his/her duly authorised attorney or, if the appointor is a body corporate, signed by a duly authorised officer or his attorney and affixed with its common seal thereto.
5. This instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road #11-02, Singapore 068898 not less than 48 hours before the time fixed for holding the Annual General Meeting.
6. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. However, if you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the proxy form shall be deemed to relate to all the Shares held by you (in both the Depository Register and the Register of Members).
7. The Company shall be entitled to reject this instrument of proxy if it is incomplete, not properly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of members whose Shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument of proxy lodged if such member is not shown to have Shares entered against his name in the Depository Register 72 hours before the time fixed for holding the Annual General Meeting as certified by CDP to the Company.

fold along this line (1)

Please
affix
postage
stamp

Poh Tiong Choon Logistics Limited
c/o Tricor Barbinder Share Registration Services
80 Robinson Road
#11-02
Singapore 068898

fold along this line (2)

POH TIONG CHOON LOGISTICS LIMITED
Company Reg No. 196900049H
48 Pandan Road | Singapore 609289 | Tel : (65) 6268 2522 | Fax : (65) 6264 3394
Email : sales@ptclogistics.com.sg | Web : www.ptclogistics.com.sg

PTC CHEMICAL LOGISTICS COMPLEX
21 Ayer Merbau Road | Jurong Island | Singapore 627858
Tel : (65) 6896 9888 | Fax : (65) 6267 8790