



66th
1950 - 2016
Anniversary

Poh Tiong Choon Logistics

LOGISTICS 傅長春儲運66年

ANNUAL REPORT 2015



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 }

爱心为根，亲情为本
—— 我们的企业文化

With Love as the Foundation and Kinship Ties as the Spirit
—— Our Corporate Culture

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FINANCIAL CALENDAR

13 May 2015	Announcement of 2015 first quarter results
14 August 2015	Announcement of 2015 half year results
30 September 2015	Payment of interim dividend
13 November 2015	Announcement of 2015 third quarter results
31 December 2015	Financial year-end
29 February 2016	Announcement of 2015 full year results
14 April 2016	Annual report issued
29 April 2016	Annual General Meeting
31 May 2016	Payment of 2015 proposed final dividend



RESILIENCE

PTCL with its stable foundation, extensive experience, management commitments and being responsive to both internal needs and external events, will keep pace and continue to progress with confidence to reach its destined goal.



RELIABLE

PTCL is committed to providing customers with the expertise, quality service and ongoing support at all times. No matter how big or small our customers' needs, we do not hand over services without providing full support.



RESOURCEFUL

PTCL seeks to cultivate a culture of resourcefulness to uncover more possibilities, offer solutions and innovations to keep us relevant to the evolving world.



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 today has grown into one of the leading integrated logistics specialist in Singapore.

In the intervening years between 1950 and 1999, the owner-operator transport company grows 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 is an ISO 9000 certified logistics services provider and with revenue of \$43 million, the company listed successfully as Poh Tiong Choon Logistics Limited (PTCL) on the Main Board of the 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 is 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, which is ISO9000 certified, 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 the Singapore's major bulk cargo handlers, the Group loads and discharges from vessels cargoes 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, cold room storage, inventory management, local and international freight management, as well as storage and distribution of loaded containers.

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 was 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 solution 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

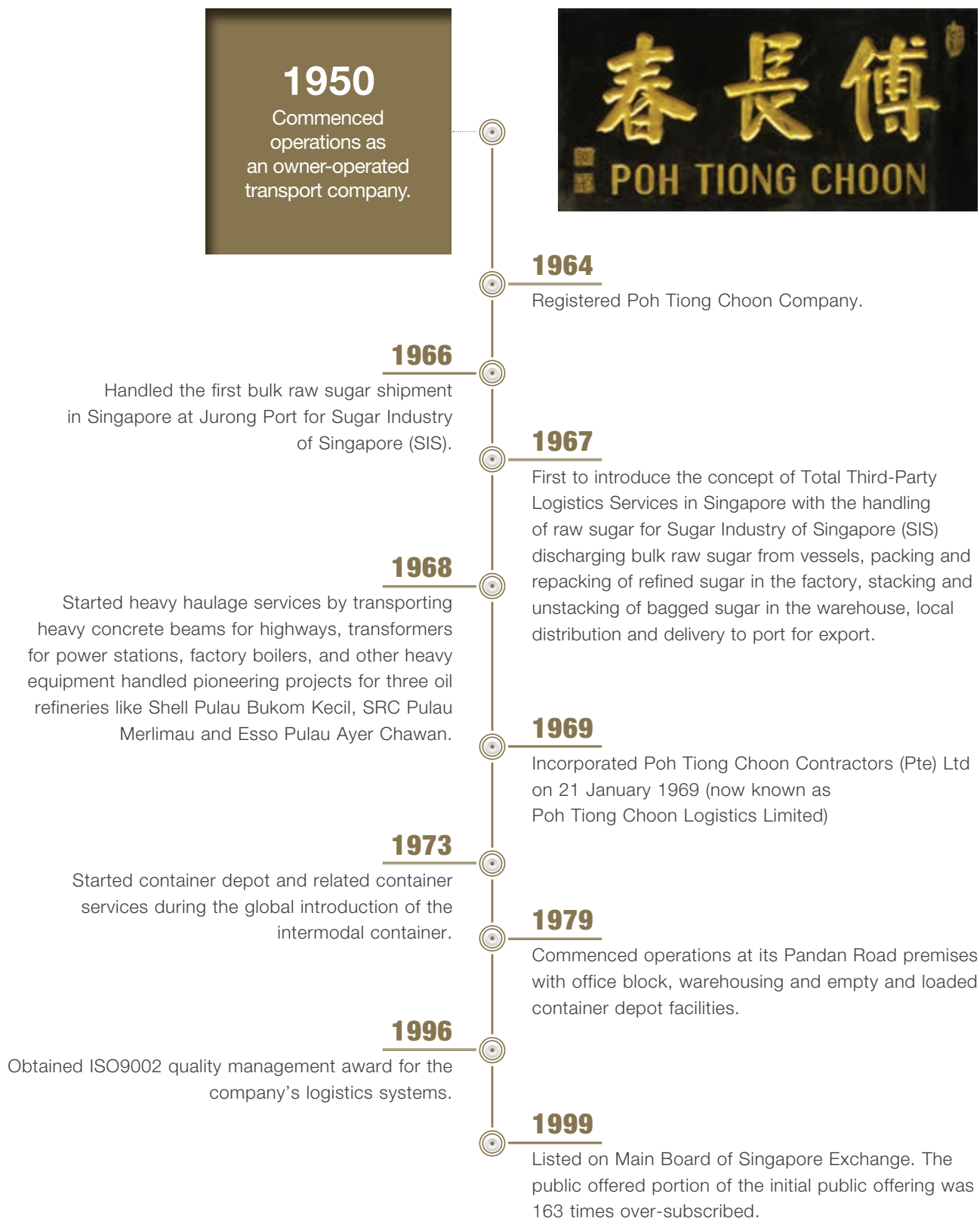
entire physical facilities and operations, ensuring efficient and accurate identification, tracking and management of cargo. With a height of 39m, the ASRS, designed to support information, space and resource management, has already demonstrated substantial savings in space and labour costs. The system 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.

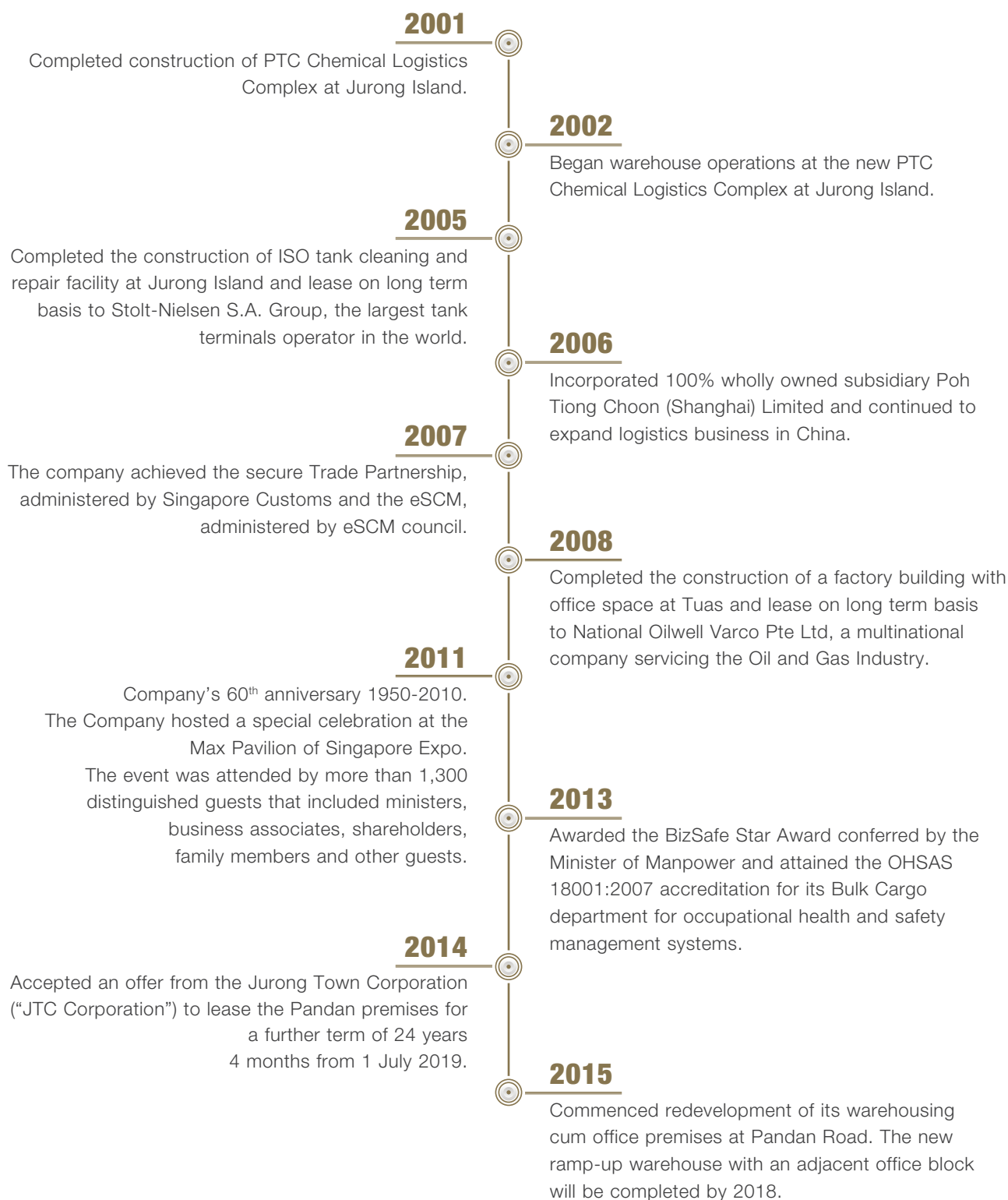
The PTC Chemical Logistics Complex is a one-stop supply chain service hub with the capability of providing value-added services:

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

CORPORATE MILESTONE



CORPORATE MILESTONE





CHAIRMAN'S STATEMENT

Business and client focused

"We have accomplished another year of organic revenue growth in our business, whilst continuing to focus on raising customer retention, invest in infrastructure, deliver the best customer experience and optimise our operations. The Group will continue to meet the needs of our clients and improve the efficiency of our business."

POH CHOON ANN

Chairman and Chief Executive Officer

DEAR SHAREHOLDERS,

On behalf of the board, 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 2015.

GROUP PERFORMANCE

Amidst a tough operating environment marked by rising wages, a tight labour market and higher costs of operations, the Group did well by delivering continued profitability, and strengthening PTCL's financial and shareholding structure. For year 2015, the Group's total profit after tax attributable to shareholders stood at S\$15.0 million which was an 81% increase from S\$8.3 million in FY2014.

Group revenue increased by 24% or S\$30.6 million, from S\$126.2 million in FY2014 to S\$156.8 million in FY2015. Contributing to the revenue increase was higher sales from the increase in volume recorded by our Transportation and Bulk Cargo, and Warehousing divisions which secured new contracts and registered expanded sales volumes from existing customers.

However, an increase in depreciation of property, plant and equipment, higher employee compensation, rental on operating leases and sub-contracting costs pushed overall expenses up by 20% to S\$138.7 million. This increase was partly offset by the decrease in cost of inventories sold.

Depreciation of property, plant and equipment increased by 11% from S\$11.1 million in FY2014 to S\$12.3 million in FY2015. Nevertheless, this was a necessary measure contributed by the Group's increased investments in property, plant and equipment to cope with the increase in volume for the Transportation and Bulk Cargo Division and Warehousing Division. The Group believes that these investments would create new opportunities for the Group to handle bigger projects and larger orders, and build a business that is strongly equipped to meet these challenges.

REDEVELOPMENT OF 42 AND 48 PANDAN ROAD

In 2014, leases for our warehouse and office space at 42 and 48 Pandan Road – the Group's anchor premises since 1979 were successfully renewed. We accepted an offer from the Jurong Town Corporation ("JTC Corporation") to lease the premises for a further term of 24 years 4 months commencing 19 October 2019 and 1 July 2019 respectively. This renewal is critical for smooth business continuity.

Our core services at 42 and 48 Pandan Road are transportation and warehousing. PTCL will be improving on our core competencies by structuring a new and modern ramp-up warehouse with a block of office space together with ancillary facilities (Redevelopment project). Upon completion, the total gross floor area of our premises will increase to approximately 101,590 square metres. The intensification of land use will be accompanied by investments in forklifts, pallets, prime movers and trailers, among others. These investments will help PTCL to achieve sustainable growth in the next decade and beyond.

PTCL is strong in drum filling of chemical products in Jurong Island. Capitalising on this capability, we are seeking to expand into the high growth sector of drumming non-dangerous goods in Pandan Road. Our expansion plans at Pandan Road will enhance our overall competitive strength and service capabilities.

The Group is in Phase 1 of the redevelopment project to construct a single-user general warehouse comprising a block of ramp-up warehouse building with a block of office space together with ancillary facilities. Full completion of the entire project is slated for February 2018.

This is an important project for the Group as it will put us in a good stead to cope with the future and strengthen the Group's position in growth markets. The expanded warehousing capacity will allow us to consolidate our business activities in a single location, better utilise resources and reap cost efficiencies. The project is estimated to cost approximately S\$128 million, not including any provisional sum and contingency sum. It will be funded by banking facilities of S\$110 million and internal funds.

RETURNS TO SHAREHOLDERS

To reward loyal shareholders, the Board of Directors has recommended a final dividend of 2.25 cents per share. Including the interim dividend of 0.75 cents per share, the total dividend for FY2015 would be 3.00 cents.

STRATEGIC FOCUS IN 2016

Looking ahead to 2016, we anticipate more challenges due to the diesel prices, tight labour market, wage costs pressure and fluctuations of interest rates which may affect some of our business divisions.

PTCL is dedicated to serving the needs and interests of our shareholders and clients and to continually improve our offerings. Our aims are to strengthen employee, shareholder and customer benefits to improve loyalty, work more closely with business partners as new industry technologies develop and further enhance the business propositions we offer within our markets.

We will stay the course by exploring all ways to grow our four core businesses – Transportation and Bulk Cargo, Warehousing, Trading and Leasing. Our growth strategy is to continue to focus on raising customer retention, enhancing infrastructure to deliver the best customer experience, and effectively managing our cost structure to optimise operations. Besides focusing on areas where we have a competitive advantage and actively manage our business portfolio to achieve long-term growth, we will also look for synergistic opportunities to make PTCL a sustainable business.

DIRECTORS

On behalf of the Board of Directors, I would like to welcome Mr Poh Kay Leong to the Board. Mr Poh Kay Leong is appointed as an Executive Director on 1 March 2016.

APPRECIATION

Last but not least, I would also like to take this opportunity to thank everyone at PTCL for their hard work in 2015 and for delivering a year of record results. I would also like to express my thanks to the Board of Directors and all our dedicated employees as well as customers and shareholders for their continued loyalty, diligence, professionalism and contributions towards the Group. Let me assure you that we will continue to work hard to improve our service and seek sustainable growth.

Poh Choon Ann
Chairman and Chief Executive Officer

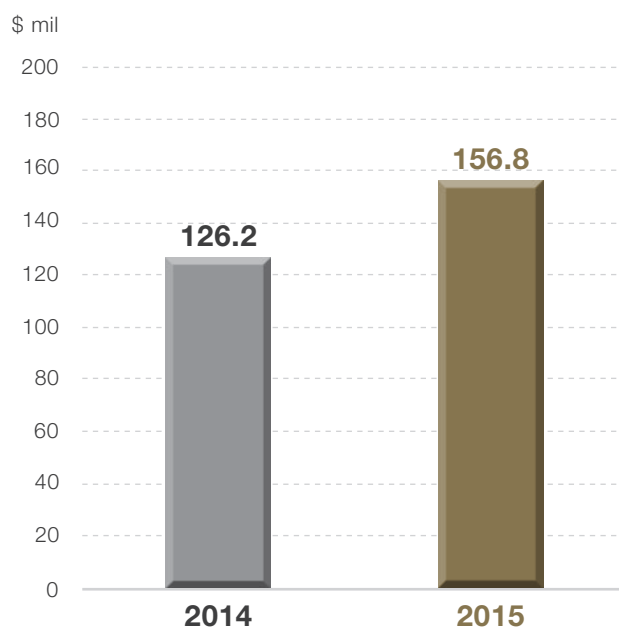
FINANCIAL HIGHLIGHTS

REVENUE

Revenue increased by 24% from \$126.2 million in 2014 to \$156.8 million in 2015.

+24%

\$156.8
MILLION

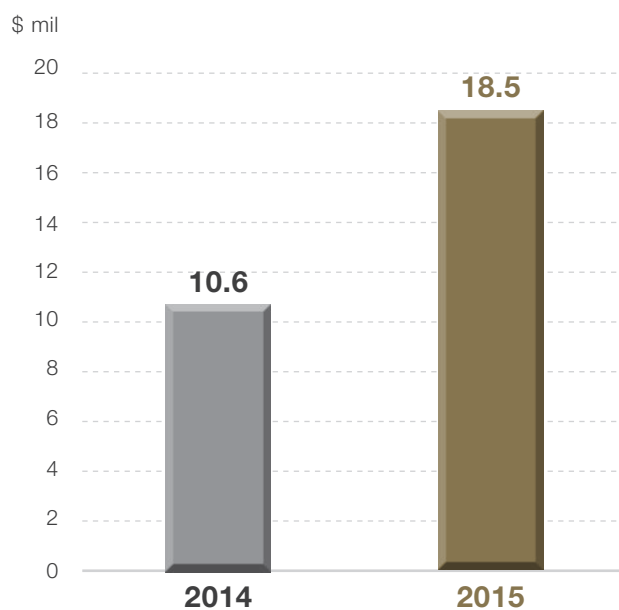


PROFIT BEFORE TAX

Profit before tax increased by 75% from \$10.6 million in 2014 to \$18.5 million in 2015.

+75%

\$18.5
MILLION



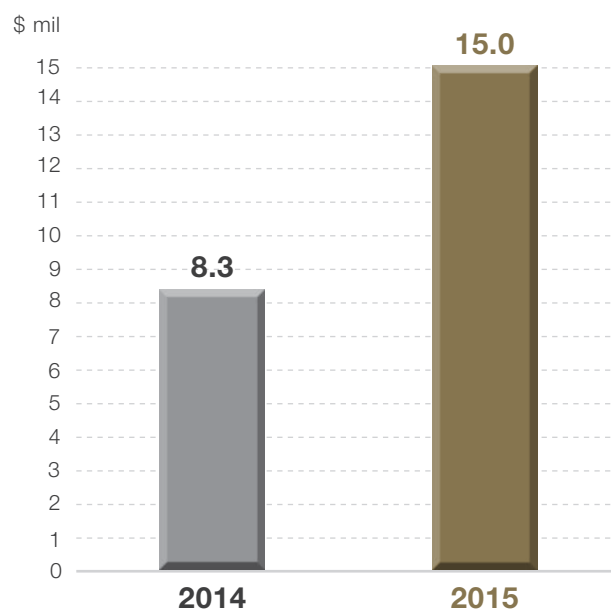
FINANCIAL HIGHLIGHTS

PROFIT AFTER TAX ATTRIBUTABLE TO SHAREHOLDERS

Profit after tax attributable to shareholders increased by 81% from \$8.3 million in 2014 to \$15.0 million in 2015.

+81%

\$15.0
MILLION

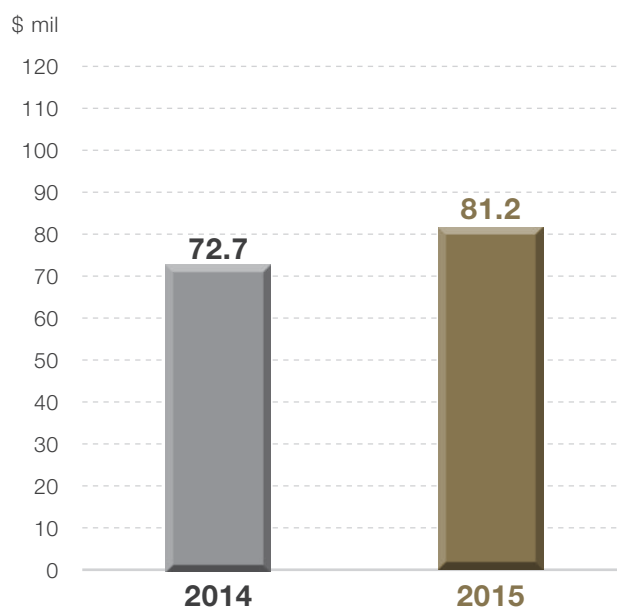


SHAREHOLDERS FUND

Shareholders' fund increased by 12% from \$72.7 million in 2014 to \$81.2 million in 2015.

+12%

\$81.2
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 in 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 Musician 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 Citizen's Consultative Committee and Chua Chu Kang Citizen's 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 Boards of AsiaMedic Limited, China Merchants Holdings (Pacific) Limited and YTL Starhill Global REIT Management Limited. A former Member of Parliament and Chairman of the Parliamentary Select Committee on Land Transportation, he is an honorary Council Member of the Singapore Chinese Chamber of Commerce and Industry.

BOARD OF DIRECTORS



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 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 Citizen's 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) Council (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 double honors degree in Bachelor of Science in Computer Science and Bachelor of Science in Mathematics from the University of San Francisco, USA (1989).

Mr Poh currently holds the rank of Deputy Superintendent (NS) in the Singapore Police Force and is also the Chairman of the Advisory Committee to Chua Chu Kang Secondary School. 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 roles 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, Honorary Chairman of Centre of Activity and Recreation for the Elders and Honorary President of TAS Theatre Company Singapore Limited, the Vice Chairman of Cultural and Education Committee of Singapore-China Business Association, Honorary President and Association Advisor of Singapore Ann Kway Association, President of Singapore Literature Society and Director of The Chinese Opera Institute. 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 Division 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 on 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 the Warehousing as its Deputy General Manager. In his capacity, he is responsible for marketing the Company's warehousing services and oversees the drumming business which is an integrated part of the 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 his guidance and with his in-depth operational experience, Warehousing 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 and she oversees the administration support to the Transportation Department. She joined the Group in 1988 and was transferred from Corporate Services to Transportation Department as a Manager in 2004.

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

KEY EXECUTIVES



LESHAN BOO

ASSISTANT GENERAL MANAGER, Warehousing

Ms Leshan Boo joined the Group in 1999 and oversees the Customer Service team. She also assisted the Deputy General Manager in the marketing of the Group's warehousing services. She holds a Bachelor of Management 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), is qualified as a Chartered Accountant of Singapore and 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 were responsible for numerous challenging projects from 1982 to 2000. 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 caters to the Group's key clients.



LOH CHIA WEE

SENIOR MANAGER, Health, Safety, Environment & Quality

Mr Loh Chia Wee, Senior Manager of Environment and Quality, graduated from the Nanyang Technological University with a Bachelor Degree in Mechanical Engineering. He joined the Group in 1999 and is 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)/PROJECT MANAGER

Mr Alex Lo Man Fai is the Senior Manager (China Desk)/Project Manager with the responsibilities of overseeing the operations & business development of PTC Shanghai and as the overall project-in-charge for the redevelopment project of our 42 & 48 Pandan Road headquarter.

Mr Lo previously joined PTC 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 interest 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 by the Singapore Civil Defence Force.

OPERATIONAL REVIEW



A SOLID OPERATING PERFORMANCE

PTCL continues to record solid operating performance in 2015 with total consolidated assets amounting to S\$197.7 million. The FY2015 strategic imperatives set by the Group are substantially completed and set the foundations for future development and growth. Specifically, the FY2015 strategic focus encompasses five key imperatives:

- Raising customer retention
- Enhancing infrastructure to deliver best customer experience
- Optimising operations
- Responding to the needs of our clients
- Improving business efficiency

Besides being well-positioned to take advantage of the attractive opportunities within its business segments, the Group also continues to believe that the underlying favourable trends in asset gathering and strong financial background will provide continued opportunity for growth.

TRANSPORTATION AND BULK CARGO

The Group's Transportation and Bulk Cargo Division continued to perform well in 2015 with increased sales volume, resulting in a 27% surge in revenue to S\$122.1 million as compared to S\$95.8 million recorded in FY2014. This was despite pressure from difficult trading conditions.

The biggest revenue contributor accounting for 78% of total Group revenue, the Division had successfully secured new contracts and recorded an expanded volume from existing customers during the year. These results had culminated in a profit increase of 139% to S\$13.4 million in FY2015.

The Division which also provides the main core business in land transportation, stevedoring and equipment hire services, will continue to boost capabilities and strengthen its long-term competitiveness. It is the Group's shared view that the structural changes happening now within the division will help expand its depth and breadth of services, as well as effectively ride the growing outsourcing trend for transportation and cargo handling.

Looking ahead, diesel prices, rising wages and shortage of labour will continue to impact operations. With our focus placed on raising productivity via increased automation and skill sets upgrading, and keeping the cost structure lean and efficient, we are confident that we will emerge from these challenges in a stronger position. The Division will also explore ways to attract and retain local workers to mitigate the shortage in foreign labour.

WAREHOUSING

Revenue from the Warehousing Division, which included the drumming operations, rose 28% in FY2015. This success is primarily due to increased sales volume and

OPERATIONAL REVIEW



new contracts secured by the warehousing division during the financial year. The division was battling against space constraints to cope with the increased volume and to house the warehousing department during the redevelopment of 42 Pandan Road. Despite the increase in revenue, high rental costs and depreciation expenses exerted a downward pressure on profit, which only saw a marginal increase of S\$0.1 million to S\$2.7 million.

Construction works are currently being carried out to construct a single user general warehouse comprising a ramped-up warehouse building with a block of office space and ancillary facilities, following the Group's successful lease renewal of its anchor premises at 42 and 48 Pandan Road for another 24 years and 4 months which will commence on 19 October 2019 and 1 July 2019 respectively. This will allow the Group to have a larger space to consolidate its supply chain business activities. The Redevelopment Project will address the limited space availability encountered by the Warehousing Division, and limit its exposure to rental rate increases for third party warehouses when completed.

During the Redevelopment Project, the Warehousing Division records an increase in rental costs as it leases third party warehouses in various locations to support operations.

Looking ahead, the demand for chemical warehousing is expected to remain strong. Over the years, the Division has built a strong track record in providing warehousing and drumming for chemical products and hazardous cargos. To provide the Group with a meaningful future earnings driver, we will continue to ride on this strength, and build on our high-density automated drumming and warehousing capabilities to retain existing customers and attract new ones.

TRADING

The sole activity of the Trading Division is on the sale of diesel to industries. Revenue from Trading Division declined by 35% to S\$3.3 million due to the sliding diesel prices in FY2015, and generated a profit of S\$0.1 million.

LEASING

The Leasing Division continues to generate a steady income and deliver strong operational performance in FY2015. 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.

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
(Executive Director)

POH KAY LEONG
(Executive Director)

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 HEADQUARTER

PTC CHEMICAL LOGISTICS
COMPLEX
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Partner-in-charge: Trillion So
(appointed in 2015)

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12 Marina Boulevard Level 28
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Tower 3
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DONALDSON & BURKINSHAW
24 Raffles Place
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Singapore 048621

GURBANI & CO
78 Shenton Way #31-02
Singapore 079120

PRINCIPAL BANKERS

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
1 Raffles Place #32-00
One Raffles Place
Singapore (048616)

MALAYAN BANKING BERHAD
2 Battery Road
Maybank Tower
Singapore 049907

OVERSEA-CHINESE BANKING
CORPORATION LIMITED
65 Chulia Street
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STANDARD CHARTERED BANK
8 Marina Boulevard, Level 24
Marina Bay Financial Centre
Tower 1
Singapore 018981

THE HONG KONG AND SHANGHAI
BANKING CORPORATION LTD
21 Collyer Quay #08-01
HSBC Building
Singapore 049320

THE DEVELOPMENT BANK OF
SINGAPORE LTD
12 Marina Boulevard Level 46
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Financial Centre Tower 3
Singapore 018982

UNITED OVERSEAS BANK LIMITED
80 Raffles Place
UOB Plaza
Singapore 048624

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

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DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the balance sheet of the Company as at 31 December 2015.

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 27 to 88 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 2015 and of 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 31.12.2015	At 1.1.2015	At 31.12.2015	At 1.1.2015
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 2015

- (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:

	<u>At 31.12.2015</u>	<u>At 1.1.2015</u>
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 2016 were the same as those as at 31 December 2015.

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 2015

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;
- 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 2015 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

30 March 2016

POH KHIM HONG
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POH TIONG CHOON LOGISTICS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Poh Tiong Choon Logistics Limited (the "Company") and its subsidiary corporations (the "Group") set out on pages 27 to 88, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2015, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

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.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 30 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
Revenue	4	156,777	126,155
Other income	5	79	53
Other gains	5	336	454
Other losses	5	–	(659)
Expenses			
– Cost of inventories sold		(2,779)	(4,540)
– Employee compensation	6	(60,886)	(50,730)
– Upkeep of commercial vehicles		(15,218)	(16,085)
– Sub-contractors charges		(20,615)	(13,152)
– Depreciation of property, plant and equipment	16	(12,271)	(11,074)
– Impairment of property, plant and equipment and intangible assets		(594)	–
– Rental on operating leases		(10,089)	(5,994)
– Insurance		(2,814)	(2,555)
– Travelling and transportation		(1,005)	(1,122)
– Depreciation of investment properties	17	(762)	(794)
– Finance	7	(301)	(346)
– Amortisation of intellectual property rights	18	(93)	(90)
– Other		(11,256)	(9,020)
Total expenses		(138,683)	(115,502)
Share of (losses)/profits of joint ventures	14	(12)	52
Profit before income tax		18,497	10,553
Income tax expense	8(a)	(2,705)	(1,686)
Total profit		15,792	8,867
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation gains arising from consolidation		61	27
Other comprehensive income, net of tax		61	27
Total comprehensive income		15,853	8,894
Profit attributable to:			
Equity holders of the Company		14,987	8,271
Non-controlling interests		805	596
		15,792	8,867
Total comprehensive income attributable to:			
Equity holders of the Company		15,048	8,298
Non-controlling interests		805	596
		15,853	8,894
Earnings per share attributable to equity holders of the Company			
– Basic earnings per share	9	7.01 cents	3.85 cents
– Diluted earnings per share	9	7.01 cents	3.85 cents

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

BALANCE SHEETS

AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	10	28,773	20,905	25,183	17,719
Trade and other receivables	11	21,598	22,317	25,906	30,828
Inventories	12	136	203	–	–
Other current assets	13	5,090	3,079	3,822	1,940
		<u>55,597</u>	<u>46,504</u>	<u>54,911</u>	<u>50,487</u>
Non-current assets					
Trade and other receivables	11	2,026	1,969	2,525	3,282
Investments in joint ventures	14	1,027	1,039	788	788
Investments in subsidiaries	15	–	–	3,325	5,668
Property, plant and equipment	16	117,597	64,329	101,571	44,959
Investment properties	17	20,849	21,611	4,643	4,932
Intangible assets	18	226	367	–	–
Other non-current assets	19	396	651	162	390
		<u>142,121</u>	<u>89,966</u>	<u>113,014</u>	<u>60,019</u>
Total assets		<u>197,718</u>	<u>136,470</u>	<u>167,925</u>	<u>110,506</u>
LIABILITIES					
Current liabilities					
Trade and other payables	20	29,581	22,394	34,770	27,751
Current income tax liabilities	8(b)	2,798	1,448	1,580	722
Borrowings	21	59,503	16,146	55,904	13,442
		<u>91,882</u>	<u>39,988</u>	<u>92,254</u>	<u>41,915</u>
Non-current liabilities					
Trade and other payables	20	6,554	7,140	4,393	4,979
Borrowings	21	8,188	6,484	4,915	1,671
Deferred income tax liabilities	23	6,699	6,513	4,475	4,571
		<u>21,441</u>	<u>20,137</u>	<u>13,783</u>	<u>11,221</u>
Total liabilities		<u>113,323</u>	<u>60,125</u>	<u>106,037</u>	<u>53,136</u>
NET ASSETS		<u>84,395</u>	<u>76,345</u>	<u>61,888</u>	<u>57,370</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	30,244	30,244	30,244	30,244
Currency translation reserve	25	239	178	–	–
Retained profits	26	50,692	42,228	31,644	27,126
		<u>81,175</u>	<u>72,650</u>	<u>61,888</u>	<u>57,370</u>
Non-controlling interests	15	3,220	3,695	–	–
Total equity		<u>84,395</u>	<u>76,345</u>	<u>61,888</u>	<u>57,370</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

← Attributable to equity holders of the Company →						
Note	Share capital \$'000	Currency translation reserve \$'000	Retained profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
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 26	–	–	(1,178)	(1,178)	–	(1,178)
Dividends paid 27	–	–	(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
2014						
Beginning of financial year	30,244	151	39,332	69,727	3,539	73,266
Profit for the year	–	–	8,271	8,271	596	8,867
Other comprehensive income for the year	–	27	–	27	–	27
Total comprehensive income for the year	–	27	8,271	8,298	596	8,894
Dividends paid 27	–	–	(5,375)	(5,375)	–	(5,375)
Dividends paid to non-controlling interests	–	–	–	–	(440)	(440)
Total transactions with owners, recognised directly in equity	–	–	(5,375)	(5,375)	(440)	(5,815)
End of financial year	30,244	178	42,228	72,650	3,695	76,345

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Total profit		15,792	8,867
Adjustments for:			
– Depreciation of property, plant and equipment	16	12,271	11,074
– Depreciation of investment properties	17	762	794
– Amortisation of intangible assets	18	93	90
– Gain on disposal of property, plant and equipment	5	(291)	(255)
– Write-off of property, plant and equipment	5	–	659
– Impairment loss of property, plant and equipment and other intangible assets		594	–
– Income tax expense	8(a)	2,705	1,686
– Interest expense	7	301	346
– Interest income	5	(79)	(53)
– Share of (profits)/losses of joint ventures	14	12	(52)
		32,160	23,156
Change in working capital			
– Trade and other receivables		662	(3,567)
– Inventories		67	(126)
– Other current and non-current assets		(1,756)	(206)
– Trade and other payables		2,852	1,985
Cash generated from operations		33,985	21,242
Income tax paid	8(b)	(1,169)	(1,740)
Interest paid		(243)	(288)
Net cash provided by operating activities		32,573	19,214
Cash flows from investing activities			
Interest received		79	53
Proceeds from disposal of property, plant and equipment		614	346
Purchase of intangible asset		(3)	(44)
Additions to property, plant and equipment		(56,778)	(16,948)
Net cash used in investing activities		(56,088)	(16,593)
Cash flows from financing activities			
Dividends paid to equity holders of the Company		(5,345)	(5,375)
Dividends paid to non-controlling interests		(1,280)	(440)
Proceeds from borrowings		54,588	21,362
Proceeds from finance lease liabilities		765	–
Repayments of borrowings		(13,950)	(12,562)
Repayments of lease liabilities		(2,269)	(775)
Shares repurchased and cancelled		(1,178)	–
Net cash provided by financing activities		31,331	2,210
Net increase in cash and cash equivalents		7,816	4,831
Cash and cash equivalents			
Beginning of financial year		20,905	16,045
Effects of currency translation on cash and cash equivalents		52	29
End of financial year	10	28,773	20,905

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 subsidiaries are disclosed in Note 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 2015

On 1 January 2015, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 collectibility 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Group accounting (Continued)

(a) Subsidiaries (Continued)

(i) Consolidation (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Group accounting (Continued)

(a) Subsidiaries (Continued)

(ii) Acquisitions (Continued)

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.

(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 2015

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 2015

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:

	<u>Useful lives</u>
Properties on leasehold land	2.5 – 60 years
Commercial vehicles	5 – 10 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 2015

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 2015

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 lands 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 of 20 to 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Leases (Continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Income taxes (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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*

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. A provision 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.

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 translation 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Currency translation (Continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

(a) *Impairment of non-financial assets*

Property, plant and equipment are reviewed for impairment whenever there is an indication that these assets may be impaired. The Group considers the guidance of FRS 36 in assessing whether there is any indication that an item of the above assets may be impaired. This assessment requires management's judgement.

If any of such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount to ascertain the amount of impairment loss. The recoverable amount is defined as the higher of the fair value less cost to sell and value in use.

As at 31 December 2015, management has determined that some of the Group's machinery and equipment and other intangible assets are impaired. Management has determined the assets' recoverable amount based on their value-in-use, calculated as the present value of total estimated cash flows over the remaining useful lives of the assets. Key assumptions made by management include future expected sales revenue, operating expense, inflation rate and discount rate of 10%.

As a result of the impairment test, the Group recorded impairment charges of \$543,000 and \$51,000 on the carrying amount of its machinery and equipment and other intangible assets.

(b) *Useful lives and residual values of property, plant and equipment*

The Group reviews the appropriateness of the useful lives and residual values of property, plant and equipment at each balance sheet date. Changes in the expected level of usage and technological advancements could impact the economic useful lives and residual values of these assets. Where there is a material change in the useful lives and residual values of property, plant and equipment, such a change may impact the future depreciation charges in the financial period in which the change arises.

The Group concluded that there were no changes required to the useful lives and residual values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4. REVENUE

	Group	
	2015 \$'000	2014 \$'000
Rendering of services	149,704	117,282
Sale of goods	3,324	5,121
Rental income from investment properties	3,749	3,752
Total revenue	156,777	126,155

5. OTHER INCOME, OTHER GAINS AND OTHER LOSSES

	Group	
	2015 \$'000	2014 \$'000
Other income – Interest income	79	53
Other gains		
– Gain on disposal of property, plant and equipment	291	255
– Other	45	199
	336	454
Other losses – Write off of property, plant and equipment	–	(659)

6. EMPLOYEE COMPENSATION

	Group	
	2015 \$'000	2014 \$'000
Wages and salaries	53,119	44,844
Employer's contribution to defined contribution plans including Central Provident Fund	4,263	3,431
Other staff costs	3,504	2,455
	60,886	50,730

7. FINANCE EXPENSE

	Group	
	2015 \$'000	2014 \$'000
Interest expense		
– Bank borrowings	100	253
– Finance lease liabilities	143	35
– Non-current rental deposit: unwinding of discount	58	58
	301	346

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8. INCOME TAXES

(a) Income tax expense

	Group	
	2015 \$'000	2014 \$'000
Tax expense attributable to profit is made up of:		
– Current income tax	2,761	1,429
– Deferred income tax (Note 23)	162	293
	<u>2,923</u>	<u>1,722</u>
(Over)/under provision in prior financial years:		
– Current income tax	(242)	(63)
– Deferred income tax (Note 23)	24	27
	<u>(218)</u>	<u>(36)</u>
	<u>2,705</u>	<u>1,686</u>

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	
	2015 \$'000	2014 \$'000
Profit before tax	18,497	10,553
Share of losses/(profits) of joint ventures	12	(52)
Profit before tax and share of losses/(profits) of joint ventures	<u>18,509</u>	<u>10,501</u>
Tax calculated at a tax rate of 17% (2014: 17%)	3,147	1,785
Effects of		
– Different tax rates in other countries	(136)	(82)
– Expenses not deductible for tax purposes	173	100
– Income not subject to tax	–	(4)
– Tax incentives	(548)	(272)
– Statutory stepped income exemption	(167)	(116)
– Deferred tax assets not recognised	454	467
– Utilisation of previously unrecognised deferred tax assets	–	(156)
– Overprovision in prior financial years	(218)	(36)
Tax charge	<u>2,705</u>	<u>1,686</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8. INCOME TAXES (Continued)

(b) Movements in current income tax liabilities

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Beginning of financial year	1,448	1,822	722	1,120
Income tax paid	(1,169)	(1,740)	(500)	(1,104)
Tax expense	2,761	1,429	1,766	1,216
Group relief transferred from a subsidiary	–	–	(410)	(494)
(Over)/under provision in prior financial years	(242)	(63)	2	(16)
End of financial year	2,798	1,448	1,580	722

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	
	2015	2014
Net profit attributable to equity holders of the Company (\$'000)	14,987	8,271
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	213,899	215,018
Basic earnings per share (cents per share)	7.01 cents	3.85 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash at bank and on hand	16,718	11,905	13,128	8,719
Short-term bank deposits	12,055	9,000	12,055	9,000
	28,773	20,905	25,183	17,719

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Current</i>				
Trade receivables:				
– Non-related parties	21,880	22,533	19,079	19,618
– Joint ventures	24	10	24	10
– Related parties	66	75	66	75
Less: Allowance for impairment of receivables – non-related parties	(440)	(399)	(369)	(265)
Trade receivables – net	21,530	22,219	18,800	19,438
 Non-trade receivables:				
– Subsidiaries	–	–	7,680	11,953
Less: Allowance for impairment of receivables – subsidiaries	–	–	(590)	(590)
	–	–	7,090	11,363
Staff loans	68	98	16	27
	<u>21,598</u>	<u>22,317</u>	<u>25,906</u>	<u>30,828</u>
 <i>Non-current</i>				
Accrued revenue from non-related parties	2,026	1,969	–	–
Loans to subsidiaries	–	–	3,319	3,282
Less: Allowance for impairment of receivables – subsidiaries	–	–	(794)	–
	<u>2,026</u>	<u>1,969</u>	<u>2,525</u>	<u>3,282</u>

- (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 \$4,213,800 (2014: \$9,172,700) which is interest-bearing at 2.2% (2014: 1.7%) 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 2015

12. INVENTORIES

	Group	
	2015 \$'000	2014 \$'000
Finished goods	27	35
Spares and consumables	109	168
	<u>136</u>	<u>203</u>

The cost of inventories recognised as an expense and included in "cost of inventories sold" amounted to \$2,779,000 (2014: \$4,540,000).

13. OTHER CURRENT ASSETS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deposits	2,113	605	1,859	371
Prepayments	2,633	2,055	1,728	1,221
Other receivables	344	419	235	348
	<u>5,090</u>	<u>3,079</u>	<u>3,822</u>	<u>1,940</u>

14. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Equity investment at cost			978	978
Less: Accumulated impairment losses			(190)	(190)
			<u>788</u>	<u>788</u>
Beginning of financial year	1,039	987		
Share of (losses)/profits	<u>(12)</u>	<u>52</u>		
End of financial year	<u>1,027</u>	<u>1,039</u>		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. INVESTMENTS IN JOINT VENTURES (Continued)

Set out below are the joint ventures of the Group as at 31 December 2015, 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	
			2015 %	2014 %
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	
	2015 \$'000	2014 \$'000
<i>Equity investments at cost:</i>		
Beginning of financial year	7,262	7,262
Additions	500	–
End of financial year	7,762	7,262
<i>Accumulated impairment losses:</i>		
Beginning of financial year	(1,594)	(971)
Impairment charge	(2,843)	(623)
End of financial year	(4,437)	(1,594)
Carrying amount		
End of financial year	3,325	5,668

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 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 2015

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	
			2015 %	2014 %	2015 %	2014 %
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 Shanghai LSC Certified Public Accountants 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 2015

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Transactions with non-controlling interest

There were no transactions with non-controlling interests for the financial years ended 31 December 2015 and 2014.

Carrying value of non-controlling interest

	2015 \$'000	2014 \$'000
PTC-Chien Li Transportation Pte Ltd	584	611
PTC-Xin Hua Transportation Pte Ltd	1,313	1,500
PTC Development Pte. Ltd.	1,810	1,660
PTC-Qianyang Technology Pte. Ltd.	(271)	37
Others	(216)	(113)
	<u>3,220</u>	<u>3,695</u>

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		PTC-Xin Hua Transportation Pte Ltd	
	As at 31 December		As at 31 December	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current				
Assets	2,046	2,580	6,962	7,308
Liabilities	793	1,094	4,191	3,640
Total current net assets	<u>1,253</u>	<u>1,486</u>	<u>2,771</u>	<u>3,668</u>
Non-current				
Assets	1,205	1,046	6,209	6,903
Liabilities	124	88	2,413	3,072
Total non-current net assets	<u>1,081</u>	<u>958</u>	<u>3,796</u>	<u>3,831</u>
Net assets	<u>2,334</u>	<u>2,444</u>	<u>6,567</u>	<u>7,499</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15. INVESTMENTS IN SUBSIDIARIES (Continued)

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

Summarised balance sheet (Continued)

	PTC Development Pte. Ltd.		PTC-Qianyang Technology Pte. Ltd.	
	As at 31 December		As at 31 December	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Current				
Assets	958	959	555	688
Liabilities	5,213	5,296	236	916
Total current net (liabilities)/assets	(4,255)	(4,337)	319	(228)
Non-current				
Assets	18,422	18,865	197	1,929
Liabilities	4,112	5,307	1,603	1,554
Total non-current net assets	14,310	13,558	(1,406)	375
Net assets	10,055	9,221	(1,087)	147

Summarised statement of comprehensive income

	PTC-Chien Li Transportation Pte Ltd		PTC-Xin Hua Transportation Pte Ltd	
	For the year ended 31 December		For the year ended 31 December	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Revenue	4,889	4,832	21,212	19,103
Profit before income tax	1,003	1,016	3,795	2,872
Income tax expense	(114)	(108)	(476)	(334)
Profit after income tax	889	908	3,319	2,538
Other comprehensive income	—	—	—	—
Total comprehensive income	889	908	3,319	2,538
Total comprehensive income allocated to non-controlling interests	222	227	664	507
Dividends paid to non-controlling interests	250	250	850	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue	3,072	3,072	506	545
Profit/(loss) before income tax	2,183	2,132	(1,841)	(1,272)
Income tax (expense)/credit	(349)	(307)	607	–
Profit/(loss) after income tax	1,834	1,825	(1,234)	(1,272)
Other comprehensive income	–	–	–	–
Total comprehensive income/(loss)	1,834	1,825	(1,234)	(1,272)
Total comprehensive income/(loss) allocated to non-controlling interests	330	329	(307)	(316)
Dividends paid to non-controlling interests	180	90	–	–

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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash generated from operations	1,982	1,454	6,357	1,451
Interest paid	–	–	(52)	(26)
Income tax paid	(79)	(49)	(275)	(275)
Net cash generated from operating activities	1,903	1,405	6,030	1,150
Net cash used in investing activities	(855)	(398)	(362)	(237)
Net cash used in financing activities	(1,000)	(1,000)	(5,312)	(1,183)
Net increase/(decrease) in cash and cash equivalents	48	7	356	(270)
Cash and cash equivalents at beginning of year	52	45	269	539
Cash and cash equivalents at end of year	100	52	625	269

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.		PTC-Qianyang Technology Pte. Ltd.	
	For the year ended 31 December		For the year ended 31 December	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Cash generated from/(used in) operations	2,558	2,586	(64)	(2)
Income tax paid	(306)	(300)	—	—
Net cash generated from/(used in) operating activities	<u>2,252</u>	<u>2,286</u>	<u>(64)</u>	<u>(2)</u>
Net cash provided by/(used in) investing activities	<u>4</u>	<u>2</u>	<u>(4)</u>	<u>(857)</u>
Net cash (used in)/provided by financing activities	<u>(2,257)</u>	<u>(1,827)</u>	<u>50</u>	<u>826</u>
Net (decrease)/increase in cash and cash equivalents	(1)	461	(18)	(33)
Cash and cash equivalents at beginning of year	<u>925</u>	<u>464</u>	<u>24</u>	<u>57</u>
Cash and cash equivalents at end of year	<u><u>924</u></u>	<u><u>925</u></u>	<u><u>6</u></u>	<u><u>24</u></u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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
2015									
<i>Cost</i>									
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
<i>Accumulated depreciation and impairment losses</i>									
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 2015

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group (Continued)

	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
2014									
<i>Cost</i>									
Beginning of financial year	39,020	57,432	18,809	11,646	2,577	611	927	1,365	132,387
Currency translation differences	–	63	–	–	3	2	2	–	70
Additions	1,719	9,250	2,640	9,216	292	36	46	904	24,103
Disposals	(5,731)	(3,000)	(176)	–	(72)	–	(23)	–	(9,002)
Transfers	–	–	1,365	–	–	–	–	(1,365)	–
End of financial year	35,008	63,745	22,638	20,862	2,800	649	952	904	147,558
<i>Accumulated depreciation and impairment losses</i>									
Beginning of financial year	16,273	42,138	11,518	7,383	2,274	266	492	–	80,344
Currency translation differences	–	56	–	–	3	2	2	–	63
Depreciation charge	1,596	4,301	2,827	1,984	195	73	98	–	11,074
Disposals	(5,072)	(2,909)	(176)	–	(72)	–	(23)	–	(8,252)
End of financial year	12,797	43,586	14,169	9,367	2,400	341	569	–	83,229
Net book value									
End of financial year	22,211	20,159	8,469	11,495	400	308	383	904	64,329

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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
2015									
<i>Cost</i>									
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
<i>Accumulated depreciation and impairment losses</i>									
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	<u>20,962</u>	<u>12,352</u>	<u>5,627</u>	<u>1,859</u>	<u>440</u>	<u>374</u>	<u>239</u>	<u>59,718</u>	<u>101,571</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company (Continued)

	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
2014									
<i>Cost</i>									
Beginning of financial year	39,020	38,707	17,745	5,973	2,268	482	713	–	104,908
Additions	1,719	5,476	1,427	–	235	–	11	904	9,772
Disposals	(5,731)	(1,491)	(175)	–	(69)	–	(23)	–	(7,489)
End of financial year	35,008	42,692	18,997	5,973	2,434	482	701	904	107,191
<i>Accumulated depreciation and impairment losses</i>									
Beginning of financial year	16,273	29,602	10,965	2,902	2,018	164	345	–	62,269
Depreciation charge	1,596	2,622	1,601	642	161	60	71	–	6,753
Disposals	(5,072)	(1,451)	(175)	–	(69)	–	(23)	–	(6,790)
End of financial year	12,797	30,773	12,391	3,544	2,110	224	393	–	62,232
Net book value									
End of financial year	22,211	11,919	6,606	2,429	324	258	308	904	44,959

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Commercial vehicles and equipment	12,549	6,981	7,217	2,235

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

Location	Description/existing use	Tenure
42 Pandan Road Singapore	Warehouse and office	Leasehold expiring on 18 October 2019 and further extension of lease expiring on 31 October 2043
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

- (c) Interest amounting to \$549,000 (2014: nil) have been capitalised during the year as it relates to specific borrowings for the redevelopment of 42 Pandan Road.
- (d) In the previous financial year, property, plant and equipment amounted to \$659,000 was written-off due to early retirement of the assets as part of the Company's redevelopment plan of its premises at 42 Pandan Road.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17. INVESTMENT PROPERTIES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Cost</i>				
Beginning/end of financial year	27,706	27,706	7,835	7,835
<i>Accumulated depreciation</i>				
Beginning of financial year	6,095	5,301	2,903	2,613
Depreciation charge	762	794	289	290
End of financial year	6,857	6,095	3,192	2,903
<i>Net book value</i>				
<i>End of financial year</i>	20,849	21,611	4,643	4,932

Investment properties are leased to non-related parties under operating leases [Note 28(c)].

An investment property with a net book amount of \$16,206,000 (2014: \$16,679,000) is mortgaged to secure bank loans (Note 21).

The following amounts are recognised in profit or loss:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Rental income (Note 4)	3,749	3,752	676	679
Direct operating expenses arising from:				
– investment properties that generated rental income	(1,055)	(1,091)	(292)	(297)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17. INVESTMENT PROPERTIES (Continued)

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

At 31 December 2015, the fair values of the investment properties amounted to \$47,930,000 (2014: \$51,340,000). Details of the valuation methodologies of the investment properties are as follows:

Fair value hierarchy

Description	Fair value measurements at 31 December using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	\$'000	\$'000	\$'000
2015			
Recurring fair value measurements			
Investment properties:			
– Office/commercial buildings – Singapore	–	–	47,930
2014			
Recurring fair value measurements			
Investment properties:			
– Office/commercial buildings – Singapore	–	–	51,340

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 2015

18. INTANGIBLE ASSETS

	Goodwill arising on acquisition \$'000	Other intangible assets \$'000	Total \$'000
<u>Group</u>			
2015			
<i>Cost</i>			
Beginning of financial year	476	269	745
Additions	–	3	3
End of financial year	476	272	748
<i>Accumulated amortisation</i>			
Beginning of financial year	–	128	128
Amortisation charge	–	93	93
End of financial year	–	221	221
<i>Accumulated impairment losses</i>			
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
2014			
<i>Cost</i>			
Beginning of financial year	476	262	738
Additions	–	7	7
End of financial year	476	269	745
<i>Accumulated amortisation</i>			
Beginning of financial year	–	38	38
Amortisation charge	–	90	90
End of financial year	–	128	128
<i>Accumulated impairment losses</i>			
Beginning/end of financial year	250	–	250
Net book value			
End of financial year	226	141	367

The Company has no intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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% (2014: 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% (2014: 8%). An absolute change in the discount rate of 1% (2014: 1%) would result in approximately \$57,000 (2014: \$44,000) 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 2015 (2014: 31 December 2014).

19. OTHER NON-CURRENT ASSETS

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Club membership at cost	102	103	58	59
Prepayment	190	217	–	–
Deposits	104	331	104	331
	<u>396</u>	<u>651</u>	<u>162</u>	<u>390</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<i>Current</i>				
Trade payables:				
– Non-related parties	8,111	6,151	3,214	3,851
– Subsidiaries	–	–	14,230	12,607
– Related parties	4	29	4	29
	<u>8,115</u>	<u>6,180</u>	<u>17,448</u>	<u>16,487</u>
Rental deposits	172	341	24	33
Group relief transferred from a subsidiary	–	–	1,133	723
Accruals for operating expenses	13,543	11,236	9,629	7,879
Payables for purchase of property, plant and equipment	5,951	2,773	5,950	1,966
Deferred revenue from non-related parties	586	586	586	586
Sundry creditors	<u>1,214</u>	<u>1,278</u>	<u>–</u>	<u>77</u>
	<u>29,581</u>	<u>22,394</u>	<u>34,770</u>	<u>27,751</u>
<i>Non-current</i>				
Deferred revenue from non-related parties	4,799	5,443	4,393	4,979
Rental deposit	<u>1,755</u>	<u>1,697</u>	<u>–</u>	<u>–</u>
	<u>6,554</u>	<u>7,140</u>	<u>4,393</u>	<u>4,979</u>

Included in trade and other payables of the Company is an amount of \$1,133,000 (2014: \$723,000) representing the approximate consideration payable for the transfer of unabsorbed capital allowances from a subsidiary. This amount is provisional in nature and will only be finalised upon the finalisation and agreement of the unabsorbed capital allowances available for claim by the subsidiary with the local tax authority.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21. BORROWINGS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Current</i>				
Bank borrowings	56,539	14,690	54,250	13,000
Finance lease liabilities (Note 22)	2,964	1,456	1,654	442
	<u>59,503</u>	<u>16,146</u>	<u>55,904</u>	<u>13,442</u>
<i>Non-current</i>				
Bank borrowings	972	2,172	–	–
Finance lease liabilities (Note 22)	7,216	4,312	4,915	1,671
	<u>8,188</u>	<u>6,484</u>	<u>4,915</u>	<u>1,671</u>
Total borrowings	<u>67,691</u>	<u>22,630</u>	<u>60,819</u>	<u>15,113</u>

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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Not later than one year	<u>57,511</u>	<u>16,862</u>	<u>54,250</u>	<u>13,000</u>

(a) Security granted

At the balance sheet date, finance lease liabilities of the Group and the Company amounting to \$10,180,000 (2014: \$5,768,000) and \$6,569,000 (2014: \$2,113,000) 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 \$2,172,000 (2014: \$3,372,000) 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 2015

21. BORROWINGS (Continued)

(b) Fair value of non-current borrowings

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Bank borrowings	972	2,172	–	–
Finance lease liabilities	7,216	4,312	4,915	1,671
	<u>8,188</u>	<u>6,484</u>	<u>4,915</u>	<u>1,671</u>

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	
	2015 %	2014 %	2015 %	2014 %
Bank borrowings	2.1	1.8	2.3	1.9
Finance lease liabilities	2.4	2.3	2.3	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).

22. FINANCE LEASE LIABILITIES

The Group leases certain commercial vehicles and equipment 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Minimum lease payments due:				
– Not later than one year	3,127	1,554	1,749	468
– Between one and five years	7,574	4,527	5,200	1,771
	<u>10,701</u>	<u>6,081</u>	<u>6,949</u>	<u>2,239</u>
Less: Future finance charges	(521)	(313)	(380)	(126)
Present value of finance lease liabilities	<u>10,180</u>	<u>5,768</u>	<u>6,569</u>	<u>2,113</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

22. FINANCE LEASE LIABILITIES (Continued)

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Not later than one year (Note 21)	2,964	1,456	1,654	442
Between one and five years (Note 21)	7,216	4,312	4,915	1,671
Total	10,180	5,768	6,569	2,113

23. 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deferred income tax liabilities:				
– To be settled within one year	45	325	166	237
– To be settled after one year	6,654	6,188	4,309	4,334
	6,699	6,513	4,475	4,571

Movement in deferred income tax liabilities, which arose mainly from accelerated tax depreciation, is as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Beginning of financial year	6,513	6,193	4,571	4,784
Tax charged/(credited) to profit or loss (Note 8)	162	293	(130)	(237)
Under provision in prior financial years (Note 8)	24	27	34	24
End of financial year	6,699	6,513	4,475	4,571

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 \$3,504,000 (2014: \$1,688,000) 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 \$3,448,000 (2014: \$1,503,000) will expire between 2017 (2014: 2017) and 2020 (2014: 2019) except for \$56,000 (2014: \$185,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

24. SHARE CAPITAL

The Company's share capital comprises fully paid-up 213,251,000 (2014: 215,018,000) ordinary shares with no par value, amounting to a total of \$30,244,000 (2014: \$30,244,000).

During the financial year, the Company repurchased 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 \$1,178,000 and this was represented as a reduction in retained profits [Note 26(b)] as the share buy-back were made entirely out of profits.

Subsequent to financial year end, the Company repurchased 633,100 (2014: 544,700) of its ordinary shares by way of market acquisition for total consideration of \$451,490 (2014: \$317,902). These financial statements do not reflect this transaction, which will be accounted for in shareholders' equity in the financial year ending 31 December 2016.

25. CURRENCY TRANSLATION RESERVE

	Group	
	2015 \$'000	2014 \$'000
Currency translation reserve	239	178

Movements:

	Group	
	2015 \$'000	2014 \$'000
Beginning of financial year	178	151
Currency translation differences arising from consolidation	61	27
End of the financial year	239	178

The above reserve is non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. RETAINED PROFITS

(a) Retained profits of the Group are distributable except for retained profits of the joint ventures amounting to \$23,000 (2014: \$26,000). Retained profits of the Company are distributable.

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

	Company	
	2015 \$'000	2014 \$'000
Beginning of financial year	27,126	26,502
Net profit	11,041	5,999
Shares repurchased and cancelled (Note 24)	(1,178)	–
Dividends paid (Note 27)	(5,345)	(5,375)
End of financial year	31,644	27,126

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

27. DIVIDENDS

	Group	
	2015 \$'000	2014 \$'000
<i>Ordinary dividends paid</i>		
Final exempt dividend in respect of the previous financial year of 1.75 cents (2014: 2.00 cents) per share	3,746	4,300
Interim exempt dividend in respect of current financial year of 0.75 cents (2014: 0.50 cents) per share	1,599	1,075
	5,345	5,375

At the Annual General Meeting on 29 April 2016, a final exempt dividend of 2.25 cents per share amounting to a total of \$4,784,000 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 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

28. 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Plant and equipment	80,517	137,015	80,488	136,351

Included in capital commitment of the Group and the Company is \$76,357,000 (2014: \$133,800,000) relating to the redevelopment plan of the leasehold land at 42 and 48 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Not later than one year	8,663	9,554	7,696	8,625
Between one and five years	12,327	15,813	10,772	13,784
Later than five years	39,883	40,109	39,883	40,109
	60,873	65,476	58,351	62,518

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 \$2,595,000 (2014: \$2,434,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

28. COMMITMENTS (Continued)

(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.

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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Not later than one year	3,089	3,103	130	146
Between one and five years	13,001	12,665	267	235
Later than five years	10,659	13,969	168	216
	<u>26,749</u>	<u>29,737</u>	<u>565</u>	<u>597</u>

29. 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 2015, the Group is not exposed to equity price risk as it does not hold equity financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(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.

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% (2014: 0.2%) with all other variables including tax rates being held constant, the profit after tax will be lower/higher by \$95,000 (2014: \$28,000) and \$90,000 (2014: \$22,000) 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	
	2015 \$'000	2014 \$'000
Corporate guarantees provided to banks on subsidiaries' loans	5,910	6,195

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<u>By business segment</u>				
Transportation and bulk cargo	16,978	17,210	14,682	15,059
Warehousing	4,118	4,350	4,118	4,350
Trading	434	630	–	–
Leasing	–	29	–	29
	<u>21,530</u>	<u>22,219</u>	<u>18,800</u>	<u>19,438</u>

(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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Past due < 1 month	5,623	6,518	4,857	6,159
Past due 1 to 3 months	1,256	2,855	770	2,613
Past due over 3 months	37	494	–	208
	<u>6,916</u>	<u>9,867</u>	<u>5,627</u>	<u>8,980</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

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

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	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Gross amount	440	399	369	265
Less: Allowance for impairment	(440)	(399)	(369)	(265)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Beginning of financial year	399	524	265	265
Allowance made	111	11	111	–
Allowance utilised	(70)	(136)	(7)	–
End of financial year	<u>440</u>	<u>399</u>	<u>369</u>	<u>265</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

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
<u>Group</u>				
2015				
Trade and other payables	28,995	148	168	1,439
Borrowings	59,739	3,807	4,761	–
	<u>88,734</u>	<u>3,955</u>	<u>4,929</u>	<u>1,439</u>
2014				
Trade and other payables	21,808	148	168	1,381
Borrowings	18,379	2,131	2,911	–
	<u>40,187</u>	<u>2,279</u>	<u>3,079</u>	<u>1,381</u>
<u>Company</u>				
2015				
Trade and other payables	34,184	–	–	–
Corporate guarantees	3,322	1,725	1,049	–
Borrowings	55,999	1,750	3,450	–
	<u>93,505</u>	<u>3,475</u>	<u>4,499</u>	<u>–</u>
2014				
Trade and other payables	27,165	–	–	–
Corporate guarantees	2,426	1,730	2,387	–
Borrowings	13,718	468	1,303	–
	<u>43,309</u>	<u>2,198</u>	<u>3,690</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. FINANCIAL RISK MANAGEMENT (Continued)

(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% (2014: 150%). The Group's and Company's strategies, which were unchanged from 2014, 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	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Net debt	69,668	25,230	69,820	24,559
Total equity	81,175	72,650	61,888	57,370
Total capital	150,843	97,880	131,708	81,929
Gearing ratio	46%	26%	53%	30%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2014.

(e) Financial instruments by category

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

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Loans and receivables	52,932	44,577	53,287	49,597
Financial liabilities at amortised cost	98,441	46,135	95,003	42,278

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. FINANCIAL RISK MANAGEMENT (Continued)

(f) Offsetting financial assets and financial liabilities

As at 31 December 2015, 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 (a)	Less: Gross amounts – financial (assets)/liabilities \$'000 (b)	Net amounts – financial assets/ (liabilities) presented in the balance sheet \$'000 (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)

The Company does not have any netting arrangements over its financial assets and financial liabilities instruments.

As at 31 December 2014, 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 2015

30. 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	
	2015 \$'000	2014 \$'000
Income		
Hiring of commercial vehicles, machinery and equipment and transport services provided to:		
– Joint venture	144	141
– Related party	214	208
Rental income from related parties	10	12
Expenses		
Freight charges charged by a related party	–	6
Rental expenses charged by a related party	61	66

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 2015, 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	
	2015 \$'000	2014 \$'000
Directors' fees	429	369
Salaries and other short-term employee benefits	5,248	4,062
Employer's contribution to Central Provident Fund	115	111
	5,792	4,542

Included in the above is total compensation to directors of the Company amounting to \$3,915,000 (2014: \$2,798,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

31. REMUNERATION OF AUDITORS

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

	Group	
	2015 \$'000	2014 \$'000
Fees on audit services paid/payable to:		
– Auditor of the Company	212	198
– Other auditors	21	19
	<u>233</u>	<u>217</u>

There was no non-audit service provided by the Auditor of the Company or other auditors during the financial years ended 31 December 2015 and 31 December 2014.

32. 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 2015, 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 2015

32. 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
<u>Group</u>					
2015					
Sales					
– External sales	122,079	27,625	3,324	3,749	156,777
– Inter-segment sales	–	26	4,285	–	4,311
	<u>122,079</u>	<u>27,651</u>	<u>7,609</u>	<u>3,749</u>	<u>161,088</u>
Elimination					(4,311)
					<u>156,777</u>
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					<u>15,792</u>
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					<u>197,718</u>
Segment liabilities	13,570	2,256	1,847	7,909	25,582
Unallocated liabilities					87,741
Consolidated total liabilities					<u>113,323</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. SEGMENT INFORMATION (Continued)

	Transportation and bulk cargo \$'000	Warehousing \$'000	Trading \$'000	Leasing \$'000	Group \$'000
<i>Group</i>					
2014					
Sales					
– External sales	95,762	21,520	5,121	3,752	126,155
– Inter-segment sales	–	25	5,537	–	5,562
	<u>95,762</u>	<u>21,545</u>	<u>10,658</u>	<u>3,752</u>	<u>131,717</u>
Elimination					<u>(5,562)</u>
					<u>126,155</u>
Segment result	5,444	2,906	68	2,581	10,999
Other gains	406	46	2	–	454
Other losses	(336)	(323)	–	–	(659)
Interest income	51	–	–	2	53
Finance expense					(346)
Share of results of joint ventures					<u>52</u>
Profit before income tax					10,553
Income tax expense					<u>(1,686)</u>
Total profit					<u>8,867</u>
Other segment items					
Capital expenditure					
– Property, plant and equipment	22,321	2,243	61	–	24,625
Depreciation					
– Property, plant and equipment	9,220	1,821	33	–	11,074
– Investment properties	–	–	–	794	794
– Intangible assets	<u>90</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>90</u>
Segment assets	63,204	26,132	1,193	24,795	115,324
Investments in joint ventures					1,039
Unallocated assets					<u>20,107</u>
Consolidated total assets					<u>136,470</u>
Segment liabilities	13,768	2,423	525	8,615	25,331
Unallocated liabilities					<u>34,794</u>
Consolidated total liabilities					<u>60,125</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. SEGMENT INFORMATION (Continued)

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.

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.

33. 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 2016 or later periods and which the Group has not early adopted:

- Amendments to FRS 1: Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 27: Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)
- FRS 7 *Disclosure Initiative* (effective for annual periods beginning on or after 1 January 2017)
- FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* (effective for annual periods beginning on or after 1 January 2017)
- FRS 115 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018)
- FRS 109 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018)
- Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods to be determined)

The management anticipates that the adoption of the above FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to ensure consistency in the presentation of the financial statements for the financial year ended 31 December 2015. The reclassification has no material impact to the Group and the Company.

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 30 March 2016.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 2015, 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:

Name	Board	Audit	Committees 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 Ping ¹	Director (Non-Independent, Non-executive)			
Poh Kay Leong ²	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 Ping retired as Non-Executive, Non-Independent Director with effect from 30 April 2015.

² Mr Poh Kay Leong was appointed as Executive Director with effect from 1 March 2016 and will be seeking re-election at the annual general meeting.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 2015 is as follows:

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

¹ Mr Poh Kay Ping retired as Non-Executive, Non-Independent Director with effect from 30 April 2015.

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 2015

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 2015

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 2015

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	30 April 2015	Executive/Non-Independent
Poh Khim Hong	Director	23 July 1986	30 April 2014	Executive/Non-Independent
Poh Kay Yong	Director	12 January 1999	30 April 2013	Executive/Non-Independent
Poh Key Boon	Director	12 January 1999	30 April 2014	Executive/Non-Independent
Poh Kay Ping	Director	1 November 1994	Retired on 30 April 2015	Non-Executive/Non-Independent
Poh Kay Leong	Director	1 March 2016	–	Executive/Non-Independent
Lew Syn Pau	Director	15 April 1999	30 April 2015	Non-Executive/Independent
Hong Hai	Director	26 June 2000	30 April 2015	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.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

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.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

Principle 9 – Disclosure on remuneration

The breakdown of the remuneration of the Directors in percentage (%) for FY 2015 is as follows:

Directors

Remuneration Band	Fee ¹ (%)	Salary ² (%)	Bonus ³ (%)	Other Benefits ⁴ (%)	Total (%)
S\$2,000,000 to below S\$2,500,000					
Poh Choon Ann	4	26	56	14	100
S\$500,000 to below S\$550,000					
Poh Khim Hong	11	48	39	2	100
Poh Kay Yong	9	51	38	2	100
Poh Key Boon	9	51	38	2	100
Below S\$250,000					
Poh Kay Ping	25	–	–	75	100
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 2015.

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 club membership. For Mr Poh Kay Ping (who retired as Non-Executive Director, Non-Independent Director on 30 April 2015), other benefits related to an once-off ex-gratia payment for his 20 years of service with the Group.

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.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Top 5 Key Executives

The total remuneration paid to the key management personnel (who are not Directors or the CEO) for the year ended 31 December 2015 was S\$1,386,000. Four of the top five 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 5 key executives are not disclosed.

Employees related to Director or CEO

For FY 2015, 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	Assistant 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.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

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 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 2015.

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).

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

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 31 on page 84 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 action 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.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

DIVIDEND POLICY

The Company declares annual dividends at the rate of approximately 43% of the net profit after tax in accordance with the consolidated financial statements. In determining the quantum of dividends to be paid out of 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 need not be a member of the Company.

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 from the upcoming AGM to be held on 29 April 2016.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 2015, 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 30 on page 83 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.

DEALINGS IN SECURITIES

The Group has an internal code of conduct for Directors and officers 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, 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.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 2015, the petrochemical industry contributed about 36% 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 29 on pages 76 to 82 of the Annual Report.

SHAREHOLDING STATISTICS

AS AT 17 MARCH 2016

No. of Issued and Fully Paid-Up Shares	–	212,917,900
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	579	27.29	574,800	0.27
1,001 – 10,000	984	46.37	5,717,200	2.68
10,001 – 1,000,000	540	25.45	41,510,100	19.50
1,00,001 and above	19	0.89	165,115,800	77.55
Total	2,122	100.00	212,917,900	100.00

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

	Name	No. of Shares	%
1	HO KIM LEE ADRIAN	30,519,900	14.33
2	POH SIN CHOON (PTE) LTD	27,842,000	13.08
3	HONG LEONG FINANCE NOMINEES PTE LTD	25,327,000	11.90
4	POH CHOON HER INVESTMENT PTE LTD	16,476,000	7.74
5	MAYBANK NOMINEES (SINGAPORE) PTE LTD	13,557,000	6.37
6	LIM & TAN SECURITIES PTE LTD	10,492,400	4.93
7	POH CHOON ANN (PTE) LTD	9,643,000	4.53
8	KB NOMINEES PTE LTD	4,800,000	2.25
9	DBS NOMINEES PTE LTD	3,612,500	1.70
10	TAY THO BOK	3,600,000	1.69
11	POH TIONG CHOON HOLDINGS (PTE) LTD	3,429,000	1.61
12	ANG JWEE HERNG	2,682,000	1.26
13	LEE KUAN JEN SEBASTIAN	2,657,100	1.25
14	MAYBANK KIM ENG SECURITIES PTE LTD	2,420,000	1.14
15	TANG CHEE HENG	2,400,000	1.13
16	CIMB SECURITIES (SINGAPORE) PTE LTD	2,302,900	1.08
17	HO SIEW HONG KATHERINE	1,276,000	0.60
18	ONG KHENG HO	1,061,000	0.50
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,018,000	0.48
20	LOH TECK ENG	916,000	0.43
Total:		166,031,800	78.00

SHAREHOLDING STATISTICS

As at 17 March 2016

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	30,519,900	—
Nelly Rolles	—	12,410,600 ⁽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 combined holdings 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) Ms Nelly Rolles is deemed to have an interest in the 5,000,000 Shares held by Hong Leong Finance Nominees Pte Ltd and 7,410,600 Shares held by Lim & Tan Securities Pte Ltd.

COMPLIANCE WITH RULE 723 OF THE LISTING MANUAL

Based on information available to the Company as at 17 March 2016, approximately 54.48% 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-Seventh Annual General Meeting of Poh Tiong Choon Logistics Limited (the “**Company**”) will be held at Albizia Room (Level 2), Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Friday, 29 April 2016 at 11.30 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 2015 together with the Independent Auditor’s Report thereon. **Resolution 1**
2. To declare a final tax exempt (one-tier) dividend of 2.25 cents per ordinary share in the capital of the Company (“**Share**”) for the financial year ended 31 December 2015. **Resolution 2**
3. To re-appoint Mr Poh Choon Ann, who will retire pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) which was in force before 3 January 2016, as a Director of the Company. **Resolution 3**
4. To re-appoint Dr Hong Hai, who will retire pursuant to Section 153(6) of the Companies Act which was in force before 3 January 2016, as a Director of the Company.

Dr Hong Hai will, upon re-appointment as Director, remain as Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) **Resolution 4**
5. To re-elect Mr Poh Kay Yong 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 5**
6. To re-elect Mr Poh Kay Leong who will cease to hold office pursuant to Article 97 of the Constitution of the Company and who, being eligible, will offer himself for re-election as a Director of the Company. **Resolution 6**
7. To approve the payment of Directors’ fees of S\$429,000 for the financial year ended 31 December 2015 (2014: S\$368,600). **Resolution 7**
8. To re-appoint PricewaterhouseCoopers LLP as Independent Auditor of the Company and to authorise the Directors to fix its remuneration. **Resolution 8**

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

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

9. AUTHORITY TO ISSUE SHARES AND/OR CONVERTIBLE SECURITIES

Resolution 9

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:

- (1)
 - (i) issue Shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (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 (“**Shareholders**”) (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;

NOTICE OF ANNUAL GENERAL MEETING

- (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 ("**AGM**") or the date by which the next AGM is required by law to be held, whichever is the earlier.

10. RENEWAL OF SHARE PURCHASE MANDATE

Resolution 10

That:

- (1) for the purposes of 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 issued 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 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 listing 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 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; or
 - (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 of the Company 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 AGM 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

11. To transact any other business that may be transacted at an AGM.

By Order of the Board

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

Singapore
14 April 2016

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED

1. Ordinary Resolution 9, if passed, will empower the Directors from the date of this 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 9 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 8 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 10, 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; or (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; or (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 not exceeding 10% of the issued Shares (excluding treasury shares) in the capital of the Company as at the date of this Resolution. More details of the Share Purchase Mandate are set out in the Company's Letter to Shareholders in relation to the proposed Share Purchase Mandate dated 14 April 2016 the "**Letter**").

The Company may use internal sources of funds or 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 21,261,790 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 2015 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 13 May 2016 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 2016 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 2016 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 2016.

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 (Number 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 Albizia Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Friday, 29 April 2016 at 11.30 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 will vote or abstain from voting as he/they may think fit, as he/they will 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-appointment of Mr Poh Choon Ann as Director		
4	Re-appointment of Dr Hong Hai as Director		
5	Re-election of Mr Poh Kay Yong as Director		
6	Re-election of Mr Poh Kay Leong as Director		
7	Approval of Directors' fees		
8	Re-appointment of PricewaterhouseCoopers LLP as Auditor		
	SPECIAL BUSINESS		
9	Authority for Directors to issue shares and/or convertible securities		
10	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 _____ 2016

Total Number of Shares Held	
------------------------------------	--



IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Signature of Individual Shareholder/
Common Seal of Corporate Shareholder

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 14 April 2016 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.

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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

48 Pandan Road | Singapore 609280

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

Company Reg No. 196900049H