LEADING AT THE EDGE

Annual Report 2016

PanUnited

CONTENTS

ABOUT PAN-UNITED

Pan-United Corporation Ltd (PanU) is an Asian multinational corporation focused on Concrete & Cement and Ports.

Since we began over 50 years ago, PanU has earned high regard as the trusted brand for consistently delivering quality products and reliable services to customers. PanU thrives on innovation, operational excellence and long-termism. Our operations span five countries with a staff count in excess of 1,700 people.

Today, PanU is Singapore's largest supplier of ready mixed concrete (RMC) and cement. These businesses are vertically integrated with aggregate quarrying and logistics services to maximise on the value chain. PanU is also one of the top two RMC suppliers in Asia*, with a growing footprint in Indonesia, Malaysia and Vietnam. We are committed to creating sustainable solutions for our customers. As a global leader in concrete technologies, we harness innovation and cutting edge technologies to develop quality concrete products that are safe and more environmentally-friendly.

We are also a leading port owner and operator in China. Xinghua Port Group in China has built up strong trust in providing vital integrated logistics hub services from its ports in Changshu City. Counted among China's top ten river ports, they serve as the hub for import cargoes such as pulp and logs for robust domestic markets, and exports of high-value finished steel products and equipment. The ports' strategic location on the Yangtze River Delta is a key competitive edge, both as an international port and as a cargo transshipment gateway for eastern and central China.

**ex-China, by in-country market share and volume*

LEADING AT THE EDGE

INNOVATION. TRUST. INTEGRITY.

At **Pan-United**, we take pride in being industry leaders. We are not merely Singapore's largest supplier of ready mixed concrete and cement. We also own and operate one of China's top ten river ports.

Over the past year, our strategic investments in China as well as in Indonesia, Malaysia and Vietnam have sharpened our competitive edge. They have also made us more resilient in fast-changing regional markets.

Our continued focus on customers' needs, safety, operational excellence and cutting edge technologies has enabled us to optimise opportunities for sustainable growth over the long term.

We are committed to being at the forefront of the industry as thought leaders, trusted innovators and preferred partners.

We are poised at the leading edge of growth.

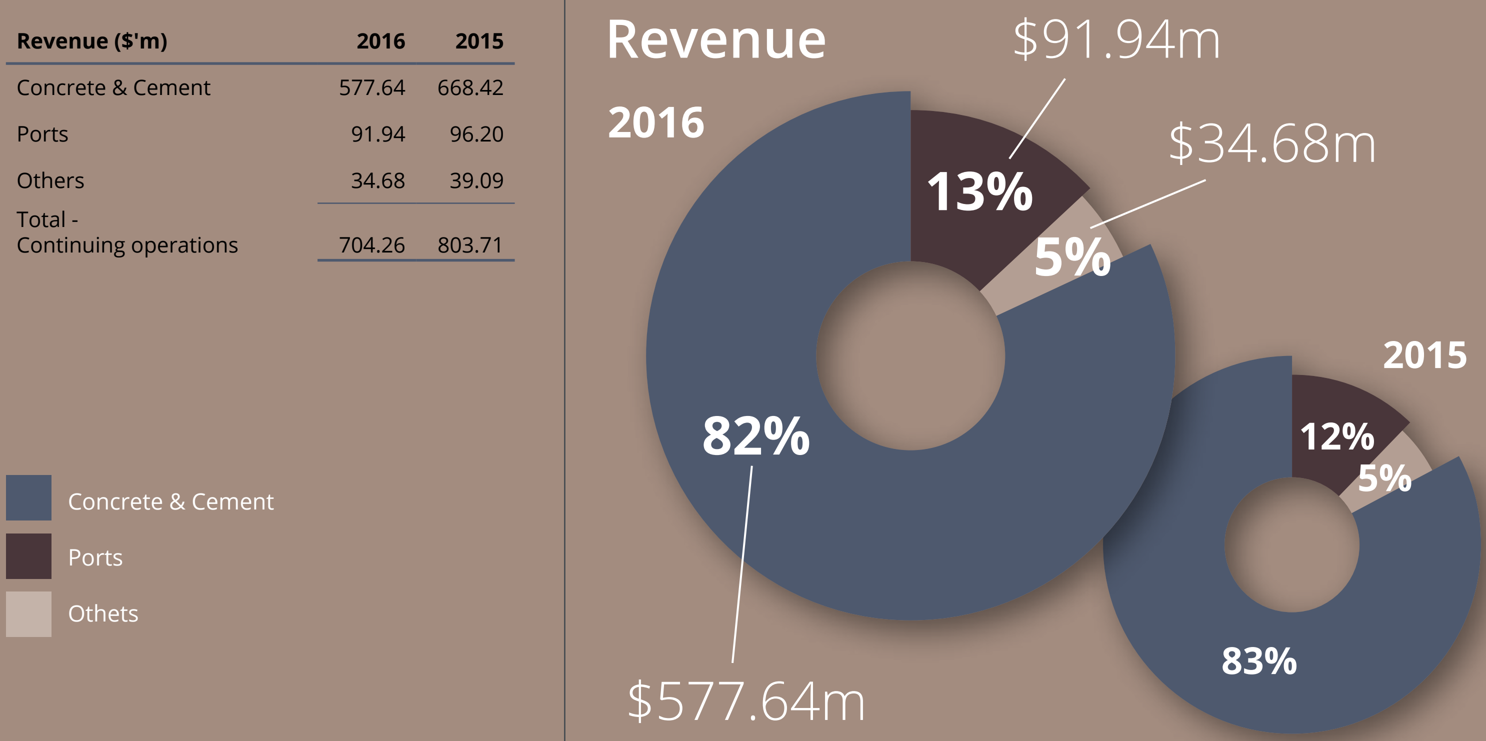
GROUP FINANCIAL SUMMARY
- Continuing Operations

	2016 $'000	2015 $'000	Increase/ (decrease) %
For the year			
Revenue	704,256	803,708	(12)
Profit			
From operations	46,242	48,537	(5)
Before interest expense, income tax and non-controlling interests	49,463	51,086	(3)
Before income tax and non-controlling interests	37,360	36,469	2
After income tax and before non-controlling interests	28,725	28,755	(0)
After income tax and non-controlling interests	24,108	24,160	(0)
Interest expense	12,103	14,617	(17)
Interest cover (times)	4.1	3.5	17
Dividend, paid and proposed	20,992	23,791	(12)
Dividend cover (times)	1.1	1.0	10
At year end			
Shareholders' funds	273,687	280,994	(3)
Non-controlling interests	36,959	34,657	7
Total equity	310,646	315,651	(2)
Total assets	739,515	760,889	(3)
Total liabilities	428,869	445,238	(4)
Per share			
Basic earnings (in cents) (note 1)			
Before income tax and non-controlling interests	6.7	6.5	3
After income tax and non-controlling interests	4.3	4.3	-
Diluted earnings (in cents) (note 2)			
Before income tax and non-controlling interests	6.7	6.5	3
After income tax and non-controlling interests	4.3	4.3	-
Net operating cashflows (in cents) (note 3)	9.6	7.4	30
Dividend (in cents)	3.75	4.25	(12)
Net asset value as at 31 December (in cents)	48.90	50.20	(3)
Return on shareholders' funds (note 4)	8.7%	8.6%	1
Return on vessels, property, plant and equipment (note 4)	6.1%	6.2%	(2)
Net gearing ratio	0.73	0.79	(8)

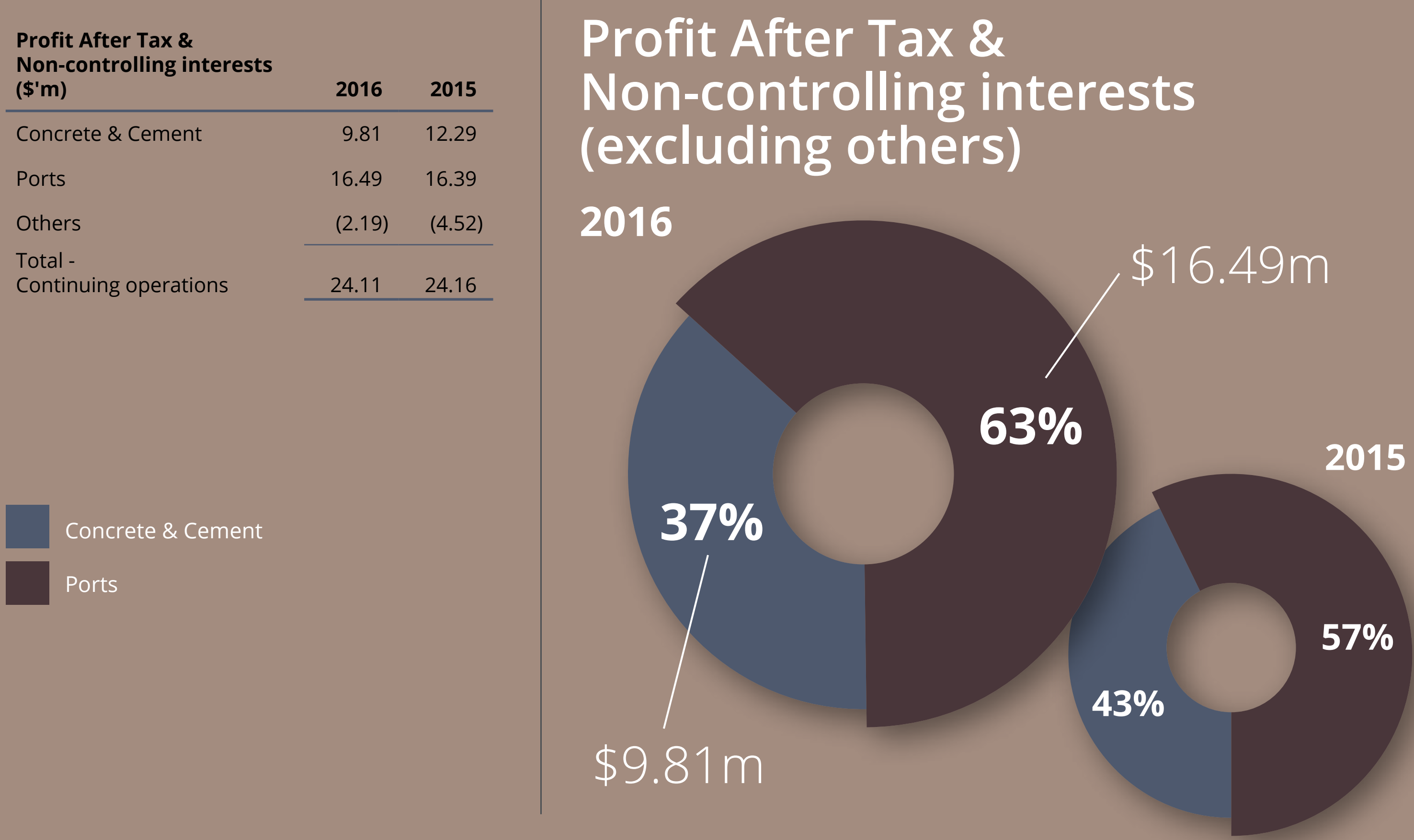
Notes
1 The calculation for basic earnings per share is based on 559,777,660 (2015: 559,777,660) weighted average number of shares in issue during the year.
2 The calculation for diluted earnings per share is based on 559,796,727 (2015: 560,390,267) weighted average number of shares plus dilutive potential shares from share options during the year.
3 Net operating cash flows are net cash flows from operating activities after the payment of interest and income tax but before investing and financing activities.
4 In calculating return on shareholders' funds and return on vessels, property, plant and equipment, the average basis has been used.

SEGMENTAL INFORMATION

Revenue ($'m)	2016	2015
Concrete & Cement	577.64	668.42
Ports	91.94	96.20
Others	34.68	39.09
Total - Continuing operations	704.26	803.71



Profit After Tax & Non-controlling interests ($'m)	2016	2015
Concrete & Cement	9.81	12.29
Ports	16.49	16.39
Others	(2.19)	(4.52)
Total - Continuing operations	24.11	24.16



VALUE ADDED STATEMENT

	2016 $'000	2015 $'000
Value added from continuing operations		
Revenue earned	**704,256**	803,708
Less bought in materials and services	**(591,948)**	(693,688)
Gross value added	**112,308**	110,020
Other non-operating income		
Interest, investment income and other income	**4,837**	4,481
Share of results of associated companies	**3,413**	2,685
Foreign exchange gain	**2,775**	16
Total Group's value added	**123,333**	117,202
Distribution of Group's value added		
To providers of capital on		
Interest expense	**12,103**	14,617
Dividends to non-controlling interests	**1,322**	1,341
Dividends to shareholders, paid and proposed	**20,992**	23,791
	34,417	39,749
To employees in wages, salaries and benefits	**41,086**	36,124
To government in income and other taxes	**15,394**	15,199
	90,897	91,072
Balance retained in business		
Depreciation expenses	**23,250**	22,491
Non-controlling interests	**3,295**	3,254
Retained profit for the year	**3,116**	369
	29,661	26,114
Non-productive item	**2,775**	16
	123,333	117,202
Gross productive analysis		
Number of employees	**1,729**	1,509
Value added per employee ($'000)	**71.3**	77.7
Value added per employee costs ($)	**3.0**	3.2
Value added per dollar revenue (cents)	**18**	15
Value added per dollar investment in vessels, property, plant and equipment (cents)	**27**	26

CORPORATE STRUCTURE

PAN-UNITED CORPORATION LTD

Concrete and Cement

- Pan-United Industries Pte Ltd 100%
  - Pan-United Concrete Pte Ltd 100%
  - United Cement Pte Ltd 100%
  - Pan-United Asphalt Pte Ltd 100%
  - Raffles Concrete Pte Ltd 100%
  - Raffles Cement Pte Ltd 49%
  - Meridian Maplestar Sdn Bhd 100%
  - Fortis Star Sdn Bhd 100%
  - PT. Pan-United Concrete 100%
  - Fico Pan-United Concrete Joint Stock Company 55%

Ports

- Pan-United Infrastructure Pte Ltd 100%
  - Singapore Changshu Development Company Pte Ltd 90%
    - Changshu Xinghua Port Co., Ltd 95%
      - Changshu Changjiang International Port Co., Ltd 90%
      - Changshu Xinghua Transportation Co., Ltd 49%
      - Changshu Westerlund Warehousing Co., Ltd 25%

Others

- PanU Harmony Pte Ltd 100%
- United Bulk Shipping Pte Ltd 51%

CHAIRMAN'S MESSAGE

"We relentlessly pursue innovation, conduct intensive R&D and harness technology to elevate the PanU customer experience."

Dear Shareholder

2016 marked an eventful year for Pan-United Corporation Ltd ("PanU" or the "Group").The overall economic landscape remained challenging during the year in review. However, I am pleased to share that the Group reported a robust set of results on the back of strategic management oversight, and strengthened our reputation in the industries we operate in.

In November, we successfully divested our loss-making tug and barge business and restructured the Group from three core divisions to two, to better reflect the fundamentals of our business today.

For the full year ended 31 December 2016 ("FY2016"), the Group reported a total revenue of $704.3 million, as compared to $803.7 million the preceding year, from continuing operations. This was mainly due to lower contributions from our two core businesses, Concrete & Cement ("C&C") and Ports. Profit after tax and minority interests from continuing operations levelled at $24.1 million in FY2016 (FY2015: $24.2 million). The earnings were maintained from effective streamlining of our businesses and an improved margin mix arising from our investments in technology.

Cognizant of the increasing shift towards online media as a key information portal, we also undertook a full revamp of our corporate website during the year. Incorporated with the latest developments at the Group, we aim to keep all stakeholders abreast with any changes and trends. This is to foster better public understanding of the Group and to promote a greater sense of corporate transparency.

Concrete & Cement: Resilient earnings, increased market penetration

Stiff competition and lower raw material costs continued to weigh on the demand and prices of ready mixed concrete ("RMC") and cement. This resulted in the C&C division posting a 14% decline in revenue to $577.6 million. However, due to prudent cost controls and stronger contributions from our overseas RMC operations, the division recorded a net profit of $10.7 million. Despite the adversarial landscape, PanU also improved our domestic market share in RMC from 37% to 40% during the year.

For 2017, we remain well poised to benefit from an expected increase in construction demand in Singapore, buoyed by a steady pipeline of public sector projects. Ongoing projects in Singapore, Vietnam and Malaysia are also expected to bode positively to the segment's revenue. Some noteworthy projects that we would be working on include development works for Changi Airport Terminal 5, the LTA Thomson-East Coast MRT Line and Jewel Changi Airport in Singapore, amongst many others. In Vietnam, they include Landmark 81 and The One in Ho Chi Minh.

To expand our regional reach, the Group will also commence operations of our new slag grinding plant in Johor, Malaysia, in 2017. As the largest end-user of slag in Singapore, this new facility will help to capture greater value in the Group's vertically integrated RMC chain.

Ports: Stable growth back by robust volumes

Operations at the Ports division remained strong, reporting a full-year revenue of $91.9 million and comparable net profit of $19.6 million. Due to the strong relationships harnessed with our partners and customers, and the focus to continuously improve our services, the division continued to perform. Throughput growth was registered in key cargoes such as high-value finished steel products, pulp & paper, and logs.

Looking ahead, China is expected to face slower GDP growth in 2017 due to a shift towards domestic consumption. We expect to fortify our earnings base with a deliberate market strategy: This is to

expand the throughput of raw material imports such as pulp & paper, catering to domestic consumption needs, and exports of high-value products like finished steel products and equipment cargoes.

Preparing for the upturn

The tenuous global environment drives us to further streamline our business processes with a tight rein on costs and a strong focus on enhancing efficiencies, without compromising on consistent product quality and service. For the C&C division, anchored by our strong home base in Singapore, we aim to broaden our regional footprint, especially in countries such as Vietnam, Malaysia and Indonesia. For the Ports business, we are exploring ways to widen our service offerings to boost utilisation and grow contributions. We will provide more value-added services and diversify our cargo mix to improve margins. These efforts will help to mitigate against a more competitive landscape in 2017.

Towards these ends, and importantly to underpin our long-term growth, several avenues are critical priorities. We relentlessly pursue innovation, conduct intensive research and development, and harness the latest technologies. Such an approach will help create the next dimension of growth and elevate customer experience. We believe that this is the right direction for PanU in order to generate and sustain a good future for our people.

We also strive to align ourselves with the best business practices going forward, with a greater focus on corporate governance and sustainability.

Stable dividends

On the back of a steady set of financials, I am pleased to announce that the Board has recommended a one-tier tax-exempt final ordinary dividend of 2.75 cents per share for FY2016, with the proposed final dividend to be distributed on 18 May 2017, if approved by shareholders at the next Annual General Meeting. This translates to a full-year dividend per share of 3.75 cents, after factoring in an interim dividend of 1.0 cent per share paid on 23 September 2016.

With gratitude

At PanU, we remain firmly committed to generating resilient and sustainable returns for our shareholders and stakeholders. In addition, we will continue to explore avenues to broaden our presence in Singapore and the region, to make PanU a brand that is synonymous with quality and reliability.

On this note, I would like to express our heartfelt appreciation to all our shareholders, business partners, customers and employees for their continued faith and support in us. I am also grateful to the Board of Directors, many of whom have provided invaluable counsel and support to the Group through the up- and down-cycles over the years.

Thank you.

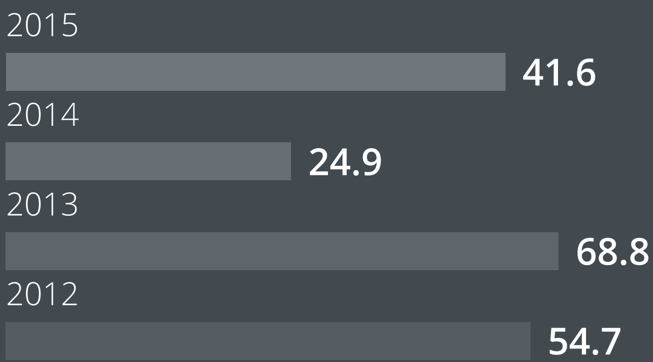
Ch'ng Jit Koon
Chairman

OTHER FINANCIAL INFORMATION

Net cash flows generated from operating activities ($m)

2016

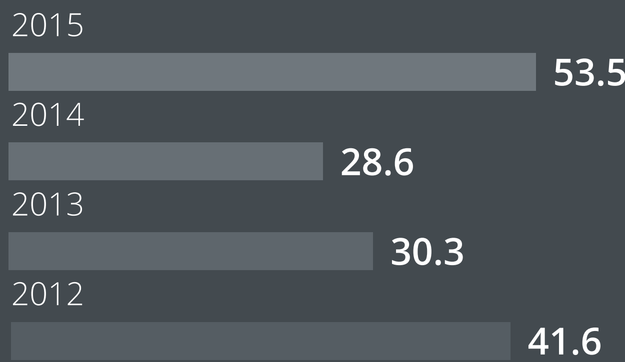
53.6



Capital expenditure ($'m)

2016

46.0



Dividend payout ($'m)

2016

21.0

Total Dividends Per Share (cents)

YEAR	ORDINARY
2016	3.75
2015	4.25
2014	4.25
2013	4.25
2012	4.00

Dividend Payout Ratio (%)

YEAR	ORDINARY
2016	152
2015	117
2014	74
2013	53
2012	52

FINANCIAL CALENDAR

31 DECEMBER 2016	Financial Year End
09 FEBRUARY 2017	Announcement of 2016 results
26 APRIL 2017	Annual General Meeting
MAY 2017	Announcement of 2017 Q1 results
18 MAY 2017	Payment of final dividend
AUGUST 2017	Announcement of 2017 H1/Q2 results
NOVEMBER 2017	Announcement of 2017 Q3 results

CORPORATE INFORMATION

Board of Directors

Chairman
Ch'ng Jit Koon

Deputy Chairman
Patrick Ng Bee Soon

Chief Executive Officer
Ng Bee Bee

Executive Director
Jane Kimberly Ng Bee Kiok

Independent Directors
Lee Cheong Seng
Cecil Vivian Richard Wong
Phua Bah Lee
Tay Siew Choon

Joint Company Secretaries
Lynn Wan Tiew Leng
Cho Form Po

Registered Office
7 Temasek Boulevard
#16-01 Suntec Tower One
Singapore 038987

Share Registrar
Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditor
Ernst & Young LLP
One Raffles Quay
Level 18 North Tower
Singapore 048583

Audit Partner
Low Yen Mei (Since financial year 2015)

BOARD OF DIRECTORS

Ch'ng Jit Koon
Chairman
Independent Director

Mr Ch'ng Jit Koon is the Chairman of Pan-United Corporation Ltd since April 1997.

He was a Member of Parliament, Singapore from 1968 to 1996 and was Senior Minister of State, Ministry of Community Development when he retired in January 1997.

Mr Ch'ng serves in several community organisations and is a director of Ho Bee Land Ltd, Progen Holdings Ltd and Santak Holdings Ltd.

Mr Ch'ng holds a Bachelor of Arts (Economics and Political Science) degree from Nanyang University, Singapore (now Nanyang Technological University).

Patrick Ng Bee Soon
Deputy Chairman

Mr Patrick Ng is the Deputy Chairman of Pan-United Corporation Ltd since March 2011.

He was CEO of the Group from January 2004 to February 2011. Mr Ng has been managing the Group's investments in China since 1994. He also serves as a director of several subsidiaries in the Group.

Mr Ng has a Bachelor of Science degree from the University of Oregon, United States.

Ng Bee Bee
Chief Executive Officer

Ms Ng Bee Bee is the CEO of Pan-United Corporation Ltd since March 2011.

She was previously the Executive Director from January 2004 to February 2011. She sits on the boards of several subsidiaries in the Group.

Ms Ng is the Chairman of Mercatus Co-operative Ltd and a director of NTUC Enterprise Co-operative Ltd.

Ms Ng holds a Bachelor of Arts (Honours) degree from the University of Western Ontario, Canada.

Jane Kimberly Ng Bee Kiok
Executive Director

Ms Jane Ng is the Executive Director of Pan-United Corporation Ltd since March 2009.

She was the Group Financial Controller from 1997 before her appointment as General Manager (Special Projects) in 2002. She moved to Pan-United Marine Ltd upon its demerger as a separate listed company in 2004 and was its Executive Director until July 2007. Ms Ng is a director of several subsidiaries in the Group.

Ms Ng graduated *summa cum laude* with a Bachelor of Science degree from the University Of Oregon, United States.

Cecil Vivian Richard Wong
Independent Director

Mr Cecil Wong is an Independent Director of Pan-United Corporation Ltd since October 1992.

He is also a director of Venture Corporation Ltd, Chartered Asset Management Pte Ltd and John K Young Pte Ltd.

Mr Wong holds a Bachelor of Arts degree from the University of Cambridge and is a member of the Institute of Singapore Chartered Accountants.

Lee Cheong Seng
Independent Director

Mr Lee Cheong Seng is an Independent Director of Pan-United Corporation Ltd. He has held various Board positions in the Group since 1993.

Mr Lee first served as an Independent Director of Pan-United Corporation Ltd from November 1993 to August 2005, after which he assumed an executive position as Senior Executive Director and Advisor until November 2009, from when he became a Non-Executive Director. He was re-designated as an Independent Director in December 2012 after a review by the Nominating Committee.

Mr Lee was formerly the Managing Director and CEO of the ASC Group, which engaged in private equity investment business in Asia.

Mr Lee holds a First Class Honours degree in Chemical Engineering as a Colombo Plan scholar and a Masters of Applied Finance, both from the University of Adelaide, Australia. He also has a Diploma in Management Studies from the University of Chicago Graduate School of Business.

Phua Bah Lee
Independent Director

Mr Phua Bah Lee is an Independent Director of Pan-United Corporation Ltd since November 1993. He is also the Chairman of Changshu Xinghua Port Co., Ltd since 2001.

Mr Phua was in the Singapore Parliament for two decades - as a Member of Parliament for the Tampines Constituency from 1968 to 1988; as Parliamentary Secretary in the Ministry of Communications from 1968 to 1971; and as Senior Parliamentary Secretary in the Ministry of Defence from 1972 to 1988. Mr Phua is a director of Metro Holdings Ltd and Singapura Finance Ltd.

Mr Phua holds a Bachelor of Commerce degree from Nanyang University, Singapore (now Nanyang Technological University).

Tay Siew Choon
Independent Director

Mr Tay Siew Choon is an Independent Director of Pan-United Corporation Ltd since February 2005.

Mr Tay has held top echelon management positions in several listed companies and has extensive local and overseas experience. He was Managing Director and Chief Operating Officer of Singapore Technologies Pte Ltd until March 2004. Mr Tay is currently the Deputy Chairman of TauRx Pharmaceuticals Ltd and a director of TauRx Therapeutics Ltd, Straco Corporation Ltd and WisTa Laboratories Ltd.

Mr Tay holds a Bachelor of Engineering (Electrical) Honours degree as a Colombo Plan scholar from Auckland University, New Zealand and a Master of Science in Systems Engineering from the University of Singapore (now National University of Singapore).

LEADING WITH INNOVATION

SHAPING CITIES OF TOMORROW

CONCRETE & CEMENT (C&C) DIVISION

Market Leader

The operating environment in Singapore was more difficult in 2016 compared with the previous year. Fewer private sector projects and a shift towards mega-sized public sector projects resulted in a lower number of construction contracts awarded during the year. The total value of construction contracts awarded also declined in line with the reduced number of projects, registering a dip of 4% year-on-year to $26.1 billion. This was mainly attributed to a softer property landscape, particularly in the private residential sector.

Like others in the building resource industry, PanU was adversely affected by continued downward pressure on ready mixed concrete (RMC) prices as competition intensified. Singapore demand for cement fell by 15% to 5.1 million tonnes. As a result, we supplied 6% less RMC to projects across the island. Tighter foreign manpower rules and higher levies added to business costs, compressing profit margins. Supported by strong in-house capabilities, PanU remained profitable, even as net profit after tax decreased by 17% to $10.7 million in 2016.

Sustained Profits

We also increased our RMC market share by 3% to 40%, maintaining our lead as the biggest supplier of RMC to both the public and private sectors in Singapore. Our leading position in the cement market in Singapore rose from 30% to 33%, thanks to continued customer confidence in our products and service delivery. Our relentless emphasis on quality and service made the difference.

Completed Projects

In 2016, private residential projects completed in Singapore included Twin Fountains, Hillsta, The Hillier, Forestville and The Glades. We also concluded infrastructure projects such as Tuas Mega Shipyard and works at Changi Airport Terminal 4. Other completed contracts included the Overseas Family School, JTC Launchpad, Telin Data Centre and OCBC Data Centre.

Photo credit: Jewel Changi Airport Devt

"Our strong home base track record in Singapore has given a solid footing to our regional thrust, which is gaining momentum."

JEWEL Changi Airport

Besides supplying RMC to large-scale projects such as the Jewel Changi Airport development, PanU has clinched a slew of new infrastructural projects in 2016. These include Terminal 5 at Changi Airport, LTA Thomson-East Coast Line contracts and the Metro Line 1 project in Ho Chi Minh.

CONCRETE & CEMENT (C&C) DIVISION

Ongoing Projects

Many of our public sector infrastructural projects continue into 2017. These include more works for the LTA Thomson-East Coast Line, the LTA Tuas West Line extension, Sengkang Hospital, Changi General Hospital and the National Heart Centre.

Ongoing private sector projects include Jewel Changi Airport, Tanjong Pagar Centre and residential projects such as The V on Shenton, The Venue Residences, Botanique, Telok Blangah Parcview, City Vue and Commonwealth Towers.

New Projects

Our team clinched a slew of significant new contracts in 2016. These include infrastructural projects such as preparation and other works for the mega Terminal 5 at Changi Airport, JTC Logistics Hub and several LTA Thomson-East Coast Line projects.

New private sector projects include commercial and industrial developments such as Singtel Data Centre, Toll City, JTC Space at Tuas Avenue 1 and an industrial building in Tuas South. New residential projects include High Park Residences, Sims Urban Oasis, EastLawn and EastLace at Canberra, Blossom Spring and Buangkok ParcVista.

R&D and Technology

Our Innovation Centre has created many specialised RMC products that have put us at the frontier as one of the global leaders in concrete technologies.

Advancing Concrete Innovation and Technology

Since 2012, we have invest extensively in the latest technologies to advance concrete product development and service standards in the industry. Our state-of-the-art Innovation Centre has materials scientists, concrete specialists and engineers engaged in research and product development. These efforts are paying off in enhancing our provision of bespoke solutions to meet very specific customer needs and leading standards specifications.

Few concrete companies in the world do their own R&D, which is mostly undertaken by tertiary institutions. To-date, our Innovation Centre has created many specialised RMC products that have put us at the frontier as one of the global leaders in concrete technologies. New products developed include Heavy Density Concrete and Translucent Concrete. We continue our research into creating high performance products with greater sustainable content. One of our R&D projects is to use carbon nano-tubes to produce ultra-high performance concrete that uses less cement.

Robust Regional Expansion

Excluding China, PanU consolidated our position as one of Asia's top two RMC companies by in-country market share and volume. This strong home base track record in Singapore has given a solid footing to our regional thrust, which is gaining momentum.

Our operations in Vietnam have improved on profitability. Since we entered Ho Chi Minh in 2011, the PanU brand has earned high regard for reliability and the ability to supply RMC of consistent quality to large-scale projects. As a result, we have secured the lion's share of the major private sector projects by highly-rated developers and contractors. These include Saigon Centre, the most popular shopping mall in Ho Chi Minh, and prestigious projects such as Landmark 81, The One, Prince Residence and The Estella. We also secured the Metro Line 1 project at the Opera House.

In Malaysia, our new slag grinding plant in Johor will be operational in 2017. The facility will provide the Group with a new source of the cementitious material, and further opportunities to grow our RMC business in Malaysia.

In Indonesia, a new high-capacity batching plant will come onstream in 2017. RMC produced by this plant will be supplied to various projects in Jakarta.

Saigon Centre, Vietnam

We supplied Self-Compacting Concrete and other types of RMC to Saigon Centre in Ho Chi Minh. As the Singapore market matures, the longer-range goal for PanU is to grow the scale and depth of our operations in South-east Asia to comprise some 30-40% of Group revenues.

Opportunities Ahead

Global economic uncertainties are clouding private sector construction in Singapore, although the bullishness in recent government land sales presents hope of a pick up in private residential construction activity. Faced with a rapidly ageing population and pressing needs for infrastructure, the government intends to bolster construction demand with more public sector infrastructure projects over the next few years. Some $28 billion to $35 billion worth of construction contracts will be awarded this year, higher than 2016's preliminary estimate of $26 billion. Of this, about 70% will constitute public sector projects. The latest Budget statement has announced a further boost of another $700 million for the construction sector, to upgrade public facilities. These are in our favour considering PanU's leading position as the largest RMC supplier in Singapore.

In the next five years, prospects are likely to emerge from new public transport projects. These include the Cross Island Line, Circle Line 6, Jurong Regional Line and the new Kim Chuan Depot, apart from new medical hubs. New utility works include Phase 2 of the Deep Tunnel Sewerage System, a new mega-waste treatment plant at Tuas and the Marina Bay desalination plant.

Other potential mega projects include the North-South Expressway, Changi Airport Terminal 5 (a 15-year development programme), the High-Speed Rail system to Kuala Lumpur, the new Changi East Air Base and Tuas Mega Port infrastructural works. More hospitals and healthcare facilities are also expected to be developed to meet the needs of Singapore's ageing population.

A Tougher 2017

On balance, 2017 will continue to present tough conditions in Singapore. The market remains fiercely competitive, which will keep RMC prices low even as the business is strained by high labour and raw material costs.

In the coming year, we will continue to focus on maximising operational cost efficiencies and drive down costs where possible, without compromising on safety, quality and service excellence. We are positioning our businesses to achieve sustainable profit growth over the medium term. The C&C division faces considerable challenges ahead. Yet we will seize opportunities to prepare for the upturn. We expect new growth channels to flow in from our regional operations. As the Singapore market matures, the longer-range goal for PanU is to grow the scale and depth of our operations in South-east Asia to comprise some 30-40% of Group revenues.

SOME KEY PROJECTS IN 2016

Infrastructural

- Container berths and stacking yards at Pasir Panjang Terminal, Phase III
- Changi Airport Terminal 5 taxiways and aircraft parking stands
- Changi East Development
- New shipyard at Tuas South, Phases 1 and 2
- Mass Rapid Transit:
  - Tunnels for LTA Thomson-East Coast Line
  - Downtown Line 3
  - Orchard Interchange
  - Mandai Depot
  - Woodlands, Outram Park and Marina South Stations
  - East West Line Station
- Viaduct For Tuas West Extension
- New Road between MacRitchie Viaduct and Adam Flyover

Residential

- Sol Acres at Choa Chu Kang Grove
- Duo Residences at Fraser Street
- Oasis at Sims Drive
- High Park at Fernvale Road
- Coco Palm at Pasir Ris Grove
- Hillion Residences at Petir Road

Commercial

- Jewel Changi Airport
- Tanjong Pagar Centre
- Duo Tower
- Mediacorp

Institutional

- Sengkang Hospital
- National Centre For Infectious Diseases And Centre For Healthcare Innovation
- Outram Community Hospital
- Changi General Hospital Medical Centre
- National Heart Centre

Educational

- Australian International School at 1 Lorong Chuan
- Singapore Management University School of Law
- Nanyang Technological University, Lee Kong Chian School of Medicine at Novena
- Eunoia Junior College

Industrial

- Food Hub at Senoko
- Industrial factory cum dormitory and heavy vehicle depot in Tuas
- West Jurong Island Substation
- Carros Centre industrial building
- Hankyu Hanshin Regional Logistics Hub

Ho Chi Minh

- Landmark 81
- The One
- Saigon Centre
- Prince Residence
- Metro Line 1 at the Opera House

Some specialised ready mixed concrete products supplied with consistent quality on a large scale include:

- **Coloured Concrete**
- **Eco Concrete**
- **Green Concrete**
- **High-Strength Concrete**
- **Lightweight Concrete**
- **Shotcrete**
- **Self-Compacting Concrete**
- **Temperature-Controlled Concrete**
- **Underwater Concrete**

"We will continue to improve port utilisation and tap into higher margin markets by improving the cargo mix."

Integrated Logistics Hub

The ports' strategic location on the Yangtze River Delta is a key competitive edge, both as an international port for ocean-going vessels and as a transshipment hub for river barges serving major eastern and central Chinese cities.

LEADING WITH TRUST

BUILDING FOUNDATIONS, CONNECTING MARKETS

PORTS

New Opportunities

China has entered a new phase of economic development, a structural change to a "new normal" of better quality growth . GDP growth further decelerated from 6.9% in 2015 to 6.7% in 2016. But even as the Chinese growth engine slowed down, a new trend has become evident. Domestic consumption is gradually picking up, thanks to greater local purchasing power and improved consumer confidence.

[1] New Normal of the Chinese economy, China Daily, 4 Jan 2017

Capturing Higher Margin Cargoes

Our core cargoes, namely pulp & paper (pictured here), high value steel products, logs and containers enjoyed healthy growth. We are growing new key cargo segments such as project equipment (page on right).

PORTS

Resilience as an Integrated Logistics Hub Port

The slower export flows last year led to stiffer competition amongst local ports for outgoing cargoes. However, our two adjoining ports - Changshu Xinghua Port (CXP) and the smaller Changshu Changjiang International Port (CCIP) - remained resilient. The Management at Xinghua Port Group reported 4% lower annual revenue of $91.9 million as a result of the weaker RMB, despite cargo volumes growing by 7% to 13.0 million tonnes.

Our core cargoes – finished steel products, logs, pulp & paper and containers – enjoyed healthy growth. Containers handled jumped 19% to 119,346 TEUs due to increasing inbound container business from the vehicle parts logistics centre set up in Changshu by Chery JLR. Equipment cargo expanded 17% to 587,000 cubic metres on the back of higher outbound cargoes to South-east Asia, Australia, Russia and South America.

The combined port utilisation rate edged above 80%. In particular, usage at CCIP exceeded 70%. This compares with just 5% in 2012.

Utilising our large land area of 1.36 sq km, the Management has been able to broaden the provision of value-added services to our customers in a vertically-integrated value chain - from stevedoring, bonded warehousing and transshipment to port-to-door delivery services. We work closely with ship owners, cargo owners and receivers to provide best-value solutions, maintaining the highest safety standards to elevate productivity.

In FY 2016, interest expense was reduced by 26% to $8.8 million, helped by the lower PBoC rate and lowered loan balances.

Accordingly, the Xinghua Port Group's attributable profit grew to $19.6 million, despite the weaker RMB to the Singapore dollar in the year.

Enhanced Revenue Streams

The focus of the Management is to consolidate the business, and ensure sustainable growth and returns to shareholders.

We will continue to look at ways and means to improve port utilisation. We will also tap into higher margin markets by improving the cargo mix. The synergies derived from the two ports have helped to better serve our stakeholders and increase efficiency as we continue with our integrated logistics hub-and-spoke strategy for core cargoes.

In 2017, we aim to double our equipment cargo throughput. Work is in progress to further consolidate the customer base and grow new customer segments.

The Ports' local management team is relatively young in age, averaging just under 40 years of age. They have accumulated much experience with the Port Group. Their dynamism and expertise are our advantage as we strive for sustainable cargo growth in the "new normal" Chinese economy.

We are working towards advancing our position to become one of China's highest growth river ports in the next few years.

LEADING WITH INTEGRITY

CREATING SUSTAINABLE VALUE AND EXPERIENCES

PanU is mindful of our responsibility towards sustaining the environment and the world which we live and operate in. We pro-actively embrace a holistic approach to sustainability in all our businesses. This includes our Concrete & Cement (C&C) operations in South-east Asia and our two ports in China.

CONCRETE & CEMENT

As a global leader in concrete technologies, our Concrete & Cement division constantly looks at ways and means to reduce the impact of our products on the environment. Towards this end, we formed an Eco & Recycling Department (ERD) in 2015 to focus holistically on four areas of sustainability - to develop systems for recycling products; to source for recycled raw materials; to conduct R&D into recyclable or substitute raw materials; and to innovate new business strategies and products with a green perspective.

The ERD has created a process that allows us to efficiently produce Recycled Concrete Aggregates (RCA) from concrete waste has reduced our disposal costs significantly. It also helps to partially replace natural stone consumed in regular concrete production.

All our concrete batching plants have water filter systems to minimise water consumption. Water is recycled into tanks and grade-filtered for a variety of uses including washing our concrete mixer trucks to ensure clean trucks plying public roads. Bag filters installed at our cement storage silos in Jurong Port sieve out dust to ensure that clean air is released into the environment.

Our state-of-the-art Innovation Centre, formed in 2012, has successfully developed various specialised concrete products that are high-performing while sustainable. These products minimise on carbon emissions by partially replacing natural raw materials, such as stone and sand, with recycled byproducts. These substitutes include RCA, Washed Copper Slag and Ground Granulated Blast Furnace Slag (GGBFS).

Eco and Green products

PanU's sustainable concrete products are the Eco and Green ranges, which have higher content of recycled raw materials. This includes Self-Compacting Concrete a product which eliminates the use of manual compactors. It also saves on manpower by up to 70%, cuts down application time by 40% and reduces noise pollution by 15%. More R&D is being done to create sustainable products.
A milestone in our sustainability initiative will be crossed when our new slag grinding plant starts operations in 2017. This will create a new source of GGBFS to minimise on the use of Ordinary Portland Cement, a key raw material in concrete. Our C&C operations are already designed to comply with international standards of business excellence. Our processes are certified with all three ISOs required for quality (ISO:9001), environmental (ISO:14001) and safety (ISO:18001) management.

We also participate actively in sustainability movements. PanU was one of the founding members of the Business Council of Sustainable Development (BCSD) in Singapore when it was formed in 2013. We were also the first concrete company in Singapore to be accredited as a recycled aggregate supplier by the Waste Management and Recycling Association of Singapore (WMRAS).

Vertically in Sync

A milestone in our sustainability initiative will be crossed when our new slag grinding plant starts operations in 2017.

THE GREEN LEADER

In February 2017, over 150 of our specialised concrete products in three Green and Eco product groups were certified by the Singapore Green Building Council (SGBC) as "Leader" green building products – the highest in its 4-tier system of certification. This makes PanU the first and only RMC company in Singapore to receive such an accolade.

Significantly for our business, the Leader ranking will enhance our global standing and access to international green building networks. All the green and eco-concrete products were created in-house at our Innovation Centre.

PORTS

Our port operations are regularly evaluated to optimise on the use of technology as well as for greater environmental protection, energy and water conservation, and waste reduction.

Safety is our highest priority. It has been inculcated as a way of life and work. We review and monitor every work process. During the year, our Ports invested more than 800 hours of safety training for more than 3,500 individuals, including employees and subcontractors.

A second fire evacuation drill was conducted in collaboration with the district Fire Bureau in October 2016. It ensured our emergency rescue team and entire workforce understood the protocols and responsibilities involved.

Energy conservation initiatives include replacing all light bulbs with energy-efficient LED light bulbs; switching off lights and heating/cooling equipment when not in use; and using heating water only when necessary. Employees also use less paper by going digital where possible. All printers are set at default mode to print on both sides, reducing paper usage.

Drivers of vehicles used at port, including trucks, forklifts and cranes, undergo training to minimise energy consumption and reduce greenhouse gas emissions. Stringent rules are enforced. These include no idle engines; no speeding, no carrying of cargoes exceeding a specified weight limit; and regular maintenance of equipment.

FINANCIAL REPORT

The Company, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the SGX-ST) on 22 December 1993, has set in place self-regulatory corporate governance practices and has enhanced its internal policies and practices, where appropriate, in accordance with the revised Code of Corporate Governance (Code) issued on 2 May 2012 by the Monetary Authority of Singapore.

This report describes the Company's corporate governance practices that were in place for the financial year ended 31 December 2016 (FY2016) with specific reference to the Code. Explanations have been provided where there are deviations from the Code.

Board of Directors

At the date of this report, the Board comprises eight directors, of whom three are executive directors and five are independent directors, namely:

i	Ch'ng Jit Koon	–	Chairman, Independent Director
ii	Patrick Ng Bee Soon	–	Deputy Chairman
iii	Ng Bee Bee	–	Chief Executive Officer
iv	Jane Kimberly Ng Bee Kiok	–	Executive Director
v	Lee Cheong Seng	–	Independent Director
vi	Cecil Vivian Richard Wong	–	Independent Director
vii	Phua Bah Lee	–	Independent Director
viii	Tay Siew Choon	–	Independent Director

The profile of each director is set out on pages 10 and 11 of the Annual Report.

At the coming Annual General Meeting (AGM), the following directors have been recommended by the Nominating Committee for re-election pursuant to Article 89 of the Articles of Association comprising part of the Constitution of the Company (Constitution):

- Ch'ng Jit Koon
- Patrick Ng Bee Soon

The Board's Conduct of Affairs

Principle 1: The Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board delegates the day-to-day operations to Management. However, significant matters exceeding the internal financial limits set by the Board require the Board's approval.

The Board's role is to:

- provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interest and the Company's assets;
- review the performance of Management;
- set the Group's values and standards, and ensure that obligations to shareholders and others are understood and met;
- identify the key stakeholders groups and recognise that their perceptions affect the Company's reputation; and
- consider sustainability issues such as environmental, social and governance factors as part of the Board's strategic formulation.

Each member of the Board has fiduciary duty to discharge his or her duties and responsibilities in the best interests of the Company at all times.

The principal functions of the Board include the following:

- deciding on strategic directions, key initiatives, policy matters and major transactions;
- approving annual capital and operating budgets;
- monitoring Management's performance and reviewing the financial performance of the Group;
- ensuring the adequacy of internal controls;
- implementing effective risk management systems;
- deciding on the appointment and removal of the company secretary;
- ensuring compliance with the Singapore Companies Act, Chapter 50, accounting standards, SGX listing rules and all other relevant statutes and regulations; and
- adopting relevant leading business practices.

Delegation of Authority on certain Board Matters

To facilitate effective management, certain functions have been delegated to four board committees, namely, the Audit Committee, Executive Committee, Nominating Committee and Remuneration Committee, each of which is governed by clear terms of reference which has been approved by the Board. Minutes of all board committees meetings are provided to the Board for their information and update on the proceedings and matters discussed during such meetings.

The Company and the Group have in place financial and approval limits for procurement of goods and services, capital expenditure, investments, divestments, bank borrowings and cheque signatories' arrangements. Also, to facilitate operational efficiency, sub-limit approvals are adopted for the Executive Committee and the different levels of Management.

The Executive Committee comprises:

i Ch'ng Jit Koon – Chairman
ii Patrick Ng Bee Soon
iii Ng Bee Bee
iv Jane Kimberly Ng Bee Kiok

Meetings of the Board and Board Committees, and General meetings

The Board meets at least four times annually and additional meetings may be held as and when necessary to address any significant matters that may arise. Telephonic attendance and conference via audio-visual communication at board meetings are allowed under the Constitution.

The record of the directors' attendance at the scheduled meetings held during FY2016 is set out as follows:

Name of director	Board	Audit Committee	Nominating Committee	Remuneration Committee	Annual General Meeting	Extraordinary General Meeting
Total number of meetings	**5**	**4**	**1**	**2**	**1**	**1**
Ch'ng Jit Koon	5	4	1	–	1	1
Patrick Ng Bee Soon	5	–	–	–	1	1
Ng Bee Bee	5	–	–	–	1	1
Jane Kimberly Ng Bee Kiok	5	–	–	–	1	1
Lee Cheong Seng	5	–	1	–	1	1
Cecil Vivian Richard Wong	5	4	–	2	1	1
Phua Bah Lee	5	–	1	2	1	1
Tay Siew Choon	5	4	–	2	1	1

The Company has in place an orientation programme to familiarise new directors with the Company's structure and organisation, businesses and governance policies. Site visits to the Group's core business units and interaction with the senior Management also form part of the orientation programme. All new directors will undergo training and briefing on the roles and responsibilities as directors of a listed company for an understanding of their legal and fiduciary obligations as an individual and of the Board as a whole.

The Company has adopted a policy to instill and encourage continuous education and training for the Board to keep pace with the regulatory changes and latest developments relevant to the Group. All the directors are members of the Singapore Institute of Directors (SID). An annual budget has been allocated for the training needs of the Board. Under the purview of the Nominating Committee (NC), the directors are encouraged to attend conferences and seminars, organised by SID and other professional organisations, relating to finance, legal, business strategy, risk management and corporate governance issues. In FY2016, the directors attended a total of forty-eight hours of training.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

In light that each of the independent directors has served beyond nine years from the date of his first appointment, the Board, with the concurrence of the NC, performed a rigorous review of their independence, with each abstaining from the deliberation of his own independence. The dates of the first appointment for these directors are set out on page 28 of the Annual Report.

Based on the self-declaration provided by each director of any relationships as set out in the Code, the individual, peer and board evaluations performed and informal reviews conducted, the Board has determined that the five non-executive directors, namely Messrs Ch'ng Jit Koon, Lee Cheong Seng, Cecil Vivian Richard Wong, Phua Bah Lee and Tay Siew Choon, have each exercised independent judgement in the interests of the Company and discharged his duties as an independent director effectively. The Board also acknowledges and recognises the benefits of the experience and stability brought by these long-serving independent directors.

The independent directors are respected members of the business community and they provide core competencies such as accounting, finance, business acumen and management expertise. The Board is of the view that they contribute to the strong independent element of the Board, notwithstanding their tenure on the Board.

The Board, with the concurrence of the NC, having reviewed and considered the size of the Board and the board committees, is of the view that the current size is appropriate for the nature and scope of the Company's operations and facilitates effective decision making for the existing needs and demands of the Group's businesses. The Board, with the concurrence of the NC, is also of the view that the composition of the Board and the board committees, as a group, provides an appropriate balance and diversity of skills, experience, gender and knowledge of the Group. No individual or group dominates the Board's decision-making process.

The non-executive directors always constructively challenge and help develop proposals on strategy and review Management's performance in meeting agreed goals and objectives, and monitor the reporting of Management's performance. The non-executive directors also set aside time to meet with and without the presence of Management.

Chairman and Chief Executive Officer (CEO)

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

The roles of the Chairman and CEO are separate and consist of two directors who are not related to each other. The Chairman is an independent director who bears responsibility for the workings of the Board and assists in enhancing the Company's corporate governance practices. The CEO is the executive director responsible for the day-to-day operations of the Group.

The Chairman's role includes the following:

– leading the Board to ensure its effectiveness on all aspects of its roles;
– setting the agenda and ensure adequate time is available for discussion of all agenda items, in particular strategic issues;
– promoting a culture of openness and debate at the Board;
– ensuring that the directors receives accurate, adequate, timely and clear information;
– ensuring effective communication with shareholders;
– encouraging constructive relations within the Board and between the Board and Management;
– facilitating the effective contribution of non-executive directors at board meetings; and
– promoting high standards of corporate governance.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Nominating Committee comprises three members who are all non-executive independent directors, namely:

i Ch'ng Jit Koon – Chairman
ii Phua Bah Lee
iii Lee Cheong Seng

The main functions of the NC as governed by its written terms of reference, which are approved by the Board, are as follows:

– to make recommendation to the Board on new board appointments;
– to nominate directors, having regard to their contribution and performance, for re-nomination and re-election;
– to determine whether or not a director is independent;
– to conduct a rigorous review to determine the independence of any director who has served the Board beyond nine years since his date of appointment;
– to decide whether or not a director is able to and has been adequately carrying out his duties as director of the Company;
– to assess, through a process implemented by the Board, the effectiveness of the Board as a whole and the contribution by each individual director to the effectiveness of the Board; and
– to review training and professional development programs for the directors.

Having considered the recommendations of the Code and the NC, the Board limits the maximum number of outside directorships of listed companies to five, i.e. the non-executive directors of the Company should not hold more than five directorships in other listed companies.

The NC, in its annual review of the appropriate size and composition of the Board, may make recommendations to the Board for new board appointments. The NC will take the lead in identifying, evaluating and selecting suitable candidates as new directors for the Board's consideration. The NC may engage, if necessary, external search consultants or other advisers to assist with the identifying and short-listing of potential candidates. A formalised letter of appointment, detailing the duties and expectations of a director, will be issued to new directors. No new director was appointed by the Company in FY2016. Alternative directorships in the Company are not encouraged by the NC. The Company has no alternate directors on its Board.

In accordance with Article 88 of the Constitution, all newly-appointed directors will only hold office until the next AGM and Article 89 of the Constitution provides that every director shall retire from office at least once every three (3) years.

Board Membership (continued)

The dates of first appointment and last re-election of each director are set out below:

Name of director	Age	Position	Date of first appointment	Date of last re-election
Ch'ng Jit Koon	83	Chairman, Independent Director	01/04/1997	23/04/2015
Patrick Ng Bee Soon	54	Deputy Chairman	25/05/1993	21/04/2014
Ng Bee Bee	49	Chief Executive Officer	31/01/2004	26/04/2016
Jane Kimberly Ng Bee Kiok	55	Executive Director	12/03/2009	23/04/2015
Lee Cheong Seng	70	Independent Director	29/11/1993	23/04/2015
Cecil Vivian Richard Wong	94	Independent Director	01/10/1992	23/04/2015
Phua Bah Lee	84	Independent Director	29/11/1993	23/04/2015
Tay Siew Choon	69	Independent Director	01/02/2005	26/04/2016

Notes

1) Information on directors' shareholding in the Company and its related companies is set out on pages 35 and 36 of the Annual Report.
2) Information on directorships or chairmanships in other listed companies and other major appointments is set out on pages 10 and 11 of the Annual Report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The Board has adopted an internal process for evaluating the effectiveness of the Board and its board committees as a whole annually. Each director is required to complete a board evaluation form to be returned to the NC Chairman. The evaluation results are subsequently consolidated and presented to the Board together with the NC's recommendations at the board meeting held prior to the AGM.

In evaluating the Board's performance, the NC may take into consideration qualitative and quantitative performance criteria. The evaluation parameters may include performance against set goals and contribution to the Group's long-term objectives and revenue growth. Each director's individual performance is also undertaken on an annual basis through peer evaluation and self assessment.

The Board has decided that the results of the evaluation exercise should not be publicised as the key objective is to obtain constructive feedback from each director to continually improve the Board's performance.

Based on the results of the evaluation exercise of the Board as a whole as well as the actual performance of each director for FY2016, the NC is satisfied that all the directors have adequately carried out their duties, notwithstanding their multiple board representations.

Access to Information

Principle 6: Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The directors are provided with quarterly reports on the Group's financial position as well as timely and complete information to enable them to discharge their responsibilities. The directors are at liberty to request for further explanations, briefings or additional materials on any operational or business issues. The board papers and related materials are usually sent to directors fourteen days before a board meeting.

The directors have separate and independent access to senior Management, including the company secretary, at all times. The company secretary attends and maintains minutes of all board meetings.

The directors, in carrying out their responsibilities, may either individually or as a group, appoint professional advisers of their choice to render advice at the expense of the Company.

Remuneration Matters

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

Disclosure on Remuneration

Principle 9: The Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Remuneration Committee (RC) comprises three members who are all non-executive independent directors, namely:

i Tay Siew Choon – Chairman
ii Cecil Vivian Richard Wong
iii Phua Bah Lee

The main functions of RC as governed by its written terms of reference, which are approved by the Board, are as follows:

- to recommend to the Board, for their endorsement, a general framework of remuneration for the Board and key management personnel;
- to review and recommend to the Board, for their endorsement, the directors' fees for the non-executive directors of the Company to be tabled for shareholders' approval at each Annual General Meeting, the annual remuneration package for each executive director of the Company and key management personnel, which includes a variable bonus component which is performance-related;
- to decide on the early termination compensation of executive directors and key management personnel;
- to consider whether directors, key management personnel and other executives should be eligible for benefits under long-term incentive schemes; and
- to administer the Pan-United Share Option Scheme and to review the design of all share incentive plans for approval by the Board and shareholders

The RC has access to expert advice in the field of executive compensation outside the Company, as and when required.

Non-executive directors are paid directors' fees while executive directors are not paid directors' fees. The RC recommends the directors' fees to the Board annually, after taking into consideration factors such as effort, time spent, contribution and the level of fees of directors in similar industries. The Chairman of each board committee is paid a higher fee because of the greater responsibility carried by that office. The RC ensures that non-executive directors are not over-compensated to the extent that their independence may be compromised. Members of the RC do not participate in any discussions or decisions concerning their own remuneration. Directors' fees are subject to shareholders' approval at the Company's annual general meetings.

The following table shows the breakdown of the level and mix of directors' remuneration for FY2016:

Remuneration bands & name of director	**Base salary/ Directors' fees**	**Performance - related bonus**	**Share options granted**
$250,000 to $500,000			
Patrick Ng Bee Soon	85%	15%	–
Ng Bee Bee	86%	14%	–
Jane Kimberly Ng Bee Kiok	85%	15%	–
Below $250,000			
Ch'ng Jit Koon	100%	–	150,000
Lee Cheong Seng	100%	–	150,000
Cecil Vivian Richard Wong	100%	–	150,000
Phua Bah Lee	100%	–	150,000
Tay Siew Choon	100%	–	150,000

Given the sensitivity and confidentiality of remuneration matters and the highly competitive industry conditions of the Group's operations, the Company has not disclosed the exact details of the remuneration of the CEO and the directors. The Company has, however, disclosed the remuneration of the CEO and the directors in bands of $250,000. On the same token, the Company believes that the disclosure of remuneration of the top five key management personnel as recommended by the Code would be disadvantageous to the Group's interests.

No employee of the Group who is an immediate family member of the CEO or a director was paid remuneration that exceeded $50,000 for FY2016.

The RC also review the Company's obligations arising in the event of termination of any executive directors' and key management personnel's contract of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. There is no contractual provision in the service contracts of executive directors and key management personnel to allow the Company to reclaim incentive components from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss of the Company.

Remuneration Matters (continued)

Details of the Pan-United Share Option Scheme

The extension of the Pan-United Share Option Scheme (Scheme 2002) for another 10 years up to 18 April 2022 was approved by shareholders of the Company at the Extraordinary General Meeting held on 19 April 2012. Scheme 2002 is administered by the RC.

Scheme 2002 allows participation by non-executive directors of the Company, its subsidiaries and associated companies. The Company does not expect that the grant of options to non-executive directors will compromise their independence as the number of options granted will not be significant. No options are granted to controlling shareholders and their associates.

Details of the share options granted pursuant to the Scheme 2002 are set out in the Directors' Statement at pages 36 and 37 of the Annual Report. In accordance with Rule 704(29) of the Listing Rules, the necessary SGXNET announcement of the FY2016 share options granted was made on 11 November 2016.

Accountability and Audit

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

Management provides the Board with management accounts and other relevant information on a timely basis to enable the Board to make a balanced and understandable assessment of the Company's performance, position and prospects.

The Company prepares its financial statements in accordance with the Singapore Financial Reporting Standards (SFRS). The Board complies with the relevant rules of the Listing Manual with the prompt announcements of its quarterly and full-year unaudited financial results and other price-sensitive information via SGXNET.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group adopts the following approach to risk management and internal controls:

Risk Management and Internal Controls

The Audit Committee (AC) assists the Board in overseeing the Group's overall enterprise risk management framework and policies and ensuring that Management maintains a sound system of risk management and internal controls to determine the nature and extent of significant risks and appropriate mitigation measures to address such risks, as well as to safeguard the Group's assets and shareholders' interests.

The Group has adopted an Enterprise Risk Management (ERM) Policy Manual which provides a framework for identification and management of significant risks to enhance its risk management capabilities. Key business risks are proactively identified, assessed, managed, reviewed and reported to AC on a regular basis.

Notwithstanding the delegation of authority to the AC, the Board continues to retain oversight over the ERM framework, and continues to work with the AC on the determination of the levels of risk tolerance and risk policies for the Group, and the oversight of Management in the design, implementation and monitoring of robust risk management and internal control systems.

In assessing the effectiveness of the Group's internal control systems, the AC, under the general direction of the Board, oversees Management in putting in place appropriate policies and measures to prevent or detect fraud or errors in financial and accounting records, ensure the accuracy and completeness of financial and accounting records, ensure financial information is prepared and presented in compliance with applicable laws, regulations and internal policies, and ensure that material assets are properly safeguarded.

The Group's internal and external auditors conduct periodic and annual reviews on the adequacy and effectiveness of the Group's internal controls, including but not limited to financial, operational and compliance controls, and risk management. Any material non-compliance or significant weaknesses in internal controls identified are promptly brought to the attention of the AC and to senior Management for remedial actions. The AC subsequently reviews the effectiveness of the actions taken and provides updates to the Board accordingly.

The AC and the Board have received a written assurance from the CEO and the Executive Director, who oversees the areas which would have been under the charge of a Chief Financial Officer, that for FY2016, the relevant financial records of the Group have been properly maintained and the financial statements of the Group, prepared in accordance with SFRS, presented a true and fair view of the state of affairs of the Group's operations and finances and the Group's risk management and internal control systems, including but not limited to financial, operational, compliance and information technology controls, in place were adequate and effective and also provided a reasonable assurance that assets were safeguarded against unauthorised loss or disposition.

Based on the systems of risk management and internal controls established and maintained by the Group, work performed and reports by the internal and external auditors and the above written assurance, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal controls systems, addressing the financial, operational, compliance and information technology risks, are effective and also adequate.

The Board takes the view that the systems of risk management and internal controls provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board is aware that the risk landscape applicable to the Group and its businesses is constantly evolving, for which the risk management and internal control systems may need to be adjusted accordingly from time to time, and that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, fraud and other irregularities.

Key Risks facing the Group

The Group is vulnerable to a number of risks applicable to the industries and the areas in which it operates. The Group's approach to financial risk management is listed on pages 78 to 80 of the Annual Report. The following are some of the other key risks which could materially and adversely affect the Group's businesses, financial conditions or results of operation.

Business risk

Concrete & Cement

The Concrete and Cement (C&C) division is exposed to changes in demand of basic building materials, mainly for the construction industry. On the supply side, it is exposed to any disruption to raw material supplies and increases in raw material prices. The C&C division responds to these risks by managing its operational costs and having diversified sources of raw materials.

Ports

The Group's Changshu Xinghua Port Co., Ltd (CXP) and Changshu Changjiang International Port Co., Ltd (CCIP), collectively known as Xinghua Port Group, are located in The People's Republic of China (PRC). It is therefore subject to changes in political conditions and policy changes in the PRC and those of the local government. Xinghua Port Group is dependent on import and export trade of cargoes such as steel, logs and pulp and paper which contribute significantly to the total revenue of the Ports division. To help manage these risks, the Ports division will continue to maintain good working relationships with the local authorities and adopt a lean cost structure through cost management measures and operational efficiencies and also to position the ports as one of the leading distribution hubs for steel, logs and pulp and paper along the Yangtze River.

Operational risk

Operational risk refers to potential loss resulting from a breakdown of internal processes, deficiencies in people and management or operational failure arising from external events. The operational risk management process instituted in the Group is to minimise unexpected losses and manage expected losses. This process is supported by a team of experienced management staff and key personnel and it is critical in enhancing the Group's operational risk management process.

Investment risk

The Group expands its business through organic growth of its core businesses and acquisitions of business entities. Investment activities are evaluated through the performance of due diligence exercises. All new business proposals are reviewed by the Group's senior Management and executive directors before obtaining the Board's approval.

Information technology risk

The Group has implemented information technology (IT) management controls and leading practice security controls, so as to ensure an appropriate level of security awareness at all times by users of the Group's IT systems.

The Group has put in place appropriate policies and controls to manage the risk of data privacy breaches.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee comprises three members who are all non-executive independent directors, namely:

I Cecil Vivian Richard Wong – Chairman
ii Ch'ng Jit Koon
iii Tay Siew Choon

The Board is of the view that the AC members, having accounting and related financial management expertise and experience, are appropriately qualified to discharge their responsibilities. None of the members of the AC is a former partner of the Company's external auditor, Ernst & Young LLP or has any financial interest in the audit firm.

Audit Committee (continued)
The AC meets at least four times a year and plays a key role in assisting the Board to ensure that the financial reporting and internal accounting controls of the Group meet the highest standards. It oversees the quality and integrity of the accounting, auditing, internal controls, financial practices of the Group, and its exposure to risks of a regulatory, legal or business nature. The AC keeps under review the effectiveness of the Group's system of accounting and internal controls. It also keeps under review the Group's programme to monitor compliance with its legal, regulatory and contractual obligations. The AC reviews the quarterly financial statements of the Company as well as the auditors' reports.

In performing its functions, the AC reviews the overall scope of both internal and external audits, and the assistance given by Management to the auditors. The AC also meets with the internal and external auditors annually, without the presence of Management, to discuss the results of their respective audit findings and their evaluation of the Group's system of accounting and internal controls. The AC reviews, on an annual basis, the independence of the external auditor and makes recommendation to the Board on the nomination of the external auditor.

Since FY2014, the AC, with the approval of the Board, assumed the function of the board risk committee to oversee the Group's enterprise risk management framework and policies.

The AC is empowered to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention, with full access to records, resources and personnel, to enable it to discharge its functions properly. It has full access to and co-operation of Management, and the internal auditor, and has full discretion to invite any director or executive officer to attend its meetings.

During the year, the key activities of the AC included the following:
- reviewed and recommended to the Board the quarterly and full-year financial results related SGX announcements;
- reviewed and evaluated with internal and external auditors, the adequacy and effectiveness of internal controls systems, including financial, operational and compliance controls;
- reviewed and approved the internal and external audit plans to ensure the adequacy of the audit scope;
- reviewed with internal auditor the audit reports and their recommendations and timely implementation of any improvement measures;
- reviewed the adequacy and effectiveness of the Group's internal audit function, including the adequacy of internal audit resources and its appropriate standing within the Group;
- reviewed with external auditor the key areas of audit emphasis, periodic updates on changes in accounting standards and treatment, independence, fraud considerations and summary of audit differences;
- reviewed the enterprise risk management reports, its mitigation factors and updates;
- reviewed whistle-blowing investigations and ensuring appropriate follow-up actions, is required;
- reviewed Interested Person Transaction under Chapter 9 of SGX listing Manual;
- reviewed and recommended the Board the proposed dividends for financial year ended 31 December 2016;
- met with external and internal auditors without the presence of Management;
- reviewed the letter of engagement of external auditor;
- reviewed and recommended the re-appointment of external auditor and is satisfied with the audit fees paid to the auditor; and
- reviewed the non-audit fee of the external auditor and is satisfied with the non-audit fees paid to the auditor.

In the review of the financial statements for FY2016, the AC has discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditor of the Company and were reviewed by the AC:

Significant matters	AC's commentary
Impairment of goodwill	The AC considered the approach and methodology applied by Management to the respective valuation models for the goodwill impairment assessments, including the key assumptions for short- and long-term growth rates, cash flow expectations and the discount rate used for the Group's cost of capital. The AC was satisfied that the approach and methodology used by Management were appropriate. The impairment review was also an area of focus for the external auditor, who had reported their findings to the AC. Details can be found in the Auditor's Report on page 38.
Impairment of trade receivables	The AC considered the approach and methodology used by Management in the evaluation of the Group's trade receivables for impairment, including assumptions used and analysis of ageing of outstanding trade receivables. The AC was satisfied that the approach and methodology used by Management were appropriate. The impairment assessment of trade receivables was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in the Auditor's Report on page 38.

The aggregate amount of audit and non-audit services payable to the external auditor, Ernst & Young LLP (EY), for FY2016 is disclosed in the financial note 4 on page 59 of the Annual Report. The AC has conducted a review of the non-audit services provided by EY and is satisfied that the independence of EY is not affected by such non-audit services. Having also reviewed and considered EY's audit quality indicators data, the AC recommends to the Board the re-appointment of EY as the external auditor of the Company for the financial year ending 31 December 2017.

With regard to the proposed re-appointment of the external auditor, the AC is satisfied that the Company has complied with the SGX Listing Rules 712 and 715. In addition, the AC is satisfied that the Company has complied with Rule 715 of the SGX Listing Rules regarding the audit of the Company's foreign subsidiaries and joint-ventures for FY2016.

Whistle-Blowing Policy

The whistle-blowing policy provides a channel for employees and other persons to raise their concerns directly to the AC Chairman on possible improprieties concerning financial reporting or other matters. The AC is satisfied that arrangements are in place for independent investigation and appropriate action.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

PricewaterhouseCoopers LLP (PwC), a reputable firm of international public accountants, has been appointed as internal auditor (IA) of the Group since September 2010. Given its pool of specialists in IT, risk management and internal controls, the AC is satisfied that the IA is adequately staffed with persons of the relevant qualification and experience.

The IA's primary reporting line is to the AC Chairman directly although the IA also reports administratively to the CEO. The IA reports their findings and recommendations directly to the AC. The IA has unfettered access to all the Group's documents, records, properties and personnel including access to the AC.

Under its terms of reference, the AC reviews and approves the internal audit plan. The AC also reviews the adequacy and effectiveness of the internal audit function. The AC has re-appointed PwC as the Group's IA for FY2017 and FY2018.

Shareholder Rights and Responsibilities

Shareholder rights

Principle 14: The Company should treat all shareholders fairly and equitable, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Communication with Shareholders

Principle 15: The Company should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Conduct of Shareholder Meetings

Principle 16: The Company should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

The Company does not practise selective disclosure. Price-sensitive announcements, quarterly and full-year results are released via SGXNET and these are also posted on the Company's website immediately thereafter. To reduce our carbon footprint, the Company has produced and provided shareholders with the full annual report in CD-ROM format since 2010. Shareholders can request for a printed copy at no cost if they still wish to receive the Annual Report in paper form. To enhance its communication with shareholders, the Company's website at www.panunited.com.sg provides shareholders with information about the Group.

At the Company's general meetings, the shareholders are given the opportunity to express their views and ask questions regarding the Group's financial statements and its businesses. The Chairman of each board committee is present and available to address questions at these meetings. The external auditor is also present to assist the directors in addressing any relevant queries by shareholders.

The Chairman and the directors of the Board personally interact with the shareholders at the Company's general meetings.

The Constitution allows shareholders of the Company to appoint up to two proxies to attend and vote on their behalf. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at each annual general meeting. The Company is not implementing absentia voting methods, such as voting by mail, email, fax, etc., until the security and integrity issues are satisfactorily resolved.

All resolutions put to every general meeting of the Company are voted separately unless the resolutions are interdependent and linked so as to form one significant proposal.

Since 2012, the Company put all resolutions to vote by electronic poll at the general meetings. An independent scrutineer is appointed to count and validate the votes cast at the meetings. Detailed results showing the number of votes cast for and against each resolution and the respective percentage will be displayed live-on-screen to shareholders/proxies immediately after each poll conducted. The shareholders are briefed on the voting procedures and how to vote for and against each resolution using the electronic hand-held device. The scrutineer will conduct a test poll to vote on a test resolution to familiarise the shareholders with the voting procedures and the electronic hand-held device. After the Company's general meetings, the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced via SGXNET.

The Company Secretary prepares minutes of general meetings, which incorporate substantial comments or queries and questions from shareholders and responses from the Board and Management, where relevant. The minutes are available to any shareholder upon request. The Company conducts analyst briefings regularly and also has a dividend policy in place which is to distribute, subject to projected funds requirements, not less than one third of its annual attributable profits to our shareholders as dividends.

Listing Rule 1207(19) - Dealings in Securities

The Company has implemented a policy which prohibits key executives of the Group and directors of the Company from dealing in the Company's shares for short-term considerations as well as during the period commencing two weeks before the announcement of the Company's quarterly results and one month before the announcement of the full-year results. In addition, directors and employees are made aware that insider trading laws are applicable at all times.

Material contracts

There were no material contracts of the Company or its subsidiaries, involving the interests of any director or controlling shareholder, entered into since the end of the previous financial year.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis. Currently, there is no shareholders' mandate for interested person transaction pursuant to Rule 920 of the Listing Manual of the SGX-ST.

Details of the interested person transaction (IPT) for FY2016 are as follows:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) $'000
Sedgefield Corporation Pte. Ltd. (Sedgefield)*	29,922

* The Company is the "entity at risk" for the purposes of Chapter 9 of the Listing Manual. Sedgefield is wholly-owned by Jane Kimberly Ng Bee Kiok and Ng Bee Bee, who are Directors and controlling shareholders of the Company and Ng Han Whatt, a controlling shareholder of the Company. Jane Kimberly Ng Bee Kiok, Ng Bee Bee and Ng Han Whatt are also directors of Sedgefield. Sedgefield is therefore an "interested person" and the above-mentioned transaction constitutes an "interested person transaction" within the meaning of Chapter 9 of the Listing Manual.

The amount of $29,922,000 represents the consideration for the acquisition of the entire issued and paid-up share capital of Pan-United Shipping Pte Ltd and P.U. Vision Pte Ltd paid by Sedgefield to the Company.

The above-mentioned IPT was approved by the Company's shareholders at the extraordinary general meeting held on 30 November 2016 and the Company announced the completion of the IPT on 7 December 2016.

On behalf of the Board of Directors,

Ch'ng Jit Koon
Chairman

Ng Bee Bee
Chief Executive Officer

Singapore
28 March 2017

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Pan-United Corporation Ltd (the Company) and its subsidiaries (collectively, the Group) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2016.

1. Opinion of the Directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, 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.

2. Board of Directors

As at the date of this statement, the Board comprises eight (8) directors, namely:

Ch'ng Jit Koon	–	Chairman, Independent Director
Patrick Ng Bee Soon	–	Deputy Chairman
Ng Bee Bee	–	Chief Executive Officer
Jane Kimberly Ng Bee Kiok	–	Executive Director
Lee Cheong Seng	–	Independent Director
Cecil Vivian Richard Wong	–	Independent Director
Phua Bah Lee	–	Independent Director
Tay Siew Choon	–	Independent Director

3. Arrangements to Enable Directors to Acquire Shares and Debentures

Except as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' Interests in Shares and Debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
The Company **Pan-United Corporation Ltd** (ordinary shares)				
Ch'ng Jit Koon	1,298,000	1,298,000	–	–
Patrick Ng Bee Soon	27,969,630	27,969,630	318,600,000*	–
Ng Bee Bee	–	–	326,700,002*	326,700,002*
Jane Kimberly Ng Bee Kiok	–	–	326,700,002*	327,047,602*
Lee Cheong Seng	2,000,000	2,000,000	–	–
Cecil Vivian Richard Wong	500,000	500,000	–	–
Phua Bah Lee	1,315,000	1,315,000	10,000	10,000
Tay Siew Choon	830,000	830,000	–	–

* These include 153,000,000 (as at 1 January 2016: 153,000,000) ordinary shares held as joint shareholders.

4. Directors' Interests in Shares and Debentures (continued)

	Direct interest		Deemed interest	
Name of director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
(options to subscribe for ordinary shares)				
Ch'ng Jit Koon	450,000	600,000	–	–
Lee Cheong Seng	600,000	750,000	–	–
Cecil Vivian Richard Wong	450,000	600,000	–	–
Phua Bah Lee	450,000	600,000	–	–
Tay Siew Choon	450,000	600,000	–	–

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr Patrick Ng Bee Soon, Ms Ng Bee Bee and Ms Jane Kimberly Ng Bee Kiok are deemed to have an interest in the shares of the subsidiaries of the Company to the extent that the Company has interest.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2017.

5. Options

The extension of the Pan-United Share Option Scheme (Scheme 2002), which was approved by shareholders of the Company at the Extraordinary General Meeting held on 19 April 2012, will expire on 18 April 2022.

Under the Scheme 2002, the options granted prior to its expiry date and outstanding as at 31 December 2016 are as follows:

			No. of share options
Date granted	Exercise price	Exercise period	At date of grant and at 31 December 2016
22/11/2007	$0.83	22/11/2008 - 21/11/2017	130,000
18/11/2011	$0.47	18/11/2012 - 17/11/2021	88,000
15/11/2012	$0.68	15/11/2013 - 14/11/2017	150,000
15/11/2012	$0.68	15/11/2013 - 14/11/2022	734,500
20/11/2013	$0.99	20/11/2014 - 19/11/2018	750,000
20/11/2013	$0.99	20/11/2014 - 19/11/2023	1,586,000
19/11/2014	$0.87	19/11/2015 - 18/11/2019	750,000
19/11/2014	$0.87	19/11/2015 - 18/11/2024	1,661,000
19/11/2015	$0.60	19/11/2016 - 18/11/2020	750,000
19/11/2015	$0.60	19/11/2016 - 18/11/2025	1,736,000
11/11/2016	$0.60	11/11/2017 - 10/11/2021	750,000
11/11/2016	$0.60	11/11/2017 - 10/11/2026	1,822,000
			10,907,500

During the financial year ended 31 December 2016, the Company has granted 750,000 options to non-executive directors of the Company and 1,822,000 options to certain employees of the Group, at the exercise price of $0.60. Details of these options granted are as follows:

Exercisable date	Expiry date	Number of options
11/11/2017	10/11/2021	750,000
11/11/2017	10/11/2026	537,000
11/11/2018	10/11/2026	555,000
11/11/2019	10/11/2026	730,000
		2,572,000

No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted.

Pursuant to Rule 852 of the Listing Manual of Singapore Exchange Securities Trading Limited, it is reported that during the financial year:

(i) the Scheme 2002 is administered by the Remuneration Committee, comprising three directors, Mr Tay Siew Choon (Chairman), Mr Cecil Vivian Richard Wong and Mr Phua Bah Lee;

(ii) the options granted under the Scheme 2002 were granted without any discount; and

(iii) no options have been granted to controlling shareholders or their associates and no employee received 5% or more of the total options available under Scheme 2002.

No director is involved in discussions or decisions in respect of any remuneration, options or any form of benefits to be granted to him/her.

Details of options granted and exercised under Scheme 2002 for directors of the Company are as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of Scheme 2002 to the end of financial year	Aggregate options exercised since commencement of Scheme 2002 to the end of financial year	Aggregate options lapsed since commencement of Scheme 2002 to the end of financial year	Aggregate options outstanding as at the end of financial year
Ch'ng Jit Koon	150,000	2,040,000	(1,290,000)	(150,000)	600,000
Lee Cheong Seng	150,000	6,290,000	(5,540,000)	–	750,000
Cecil Vivian Richard Wong	150,000	2,040,000	(1,290,000)	(150,000)	600,000
Phua Bah Lee	150,000	2,040,000	(1,290,000)	(150,000)	600,000
Tay Siew Choon	150,000	1,730,000	(830,000)	(300,000)	600,000
	750,000	14,140,000	(10,240,000)	(750,000)	3,150,000

6. Audit Committee

The Audit Committee (AC) carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Report on Corporate Governance.

The AC has recommended to the Board of Directors the re-appointment of Ernst & Young LLP as the external auditor of the Company for the financial year ending 31 December 2017.

7. Auditor

Ernst & Young LLP have expressed their willingness to accept the re-appointment.

On behalf of the Board of Directors,

Ch'ng Jit Koon
Chairman

Ng Bee Bee
Chief Executive Officer

Singapore
28 March 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Pan-United Corporation Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pan-United Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2016, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment of goodwill

At 31 December 2016, the Group has goodwill arising from past acquisitions in Changshu Changjiang International Co., Ltd ("CCIP") and PT. Pacific Granitama ("PTPG") of $22.2 million and $2.3 million respectively. We considered impairment assessment of goodwill to be a key audit matter as this involved significant management's judgement about future results of the Group's various businesses. Based on the annual impairment testing, no impairment charged was required as at 31 December 2016.

In determining the recoverable amounts of the cash generating units to which goodwill had been allocated, the Group used the value-in-use calculations based on key assumptions related to future market and economic conditions such as economic growth, expected inflation rates, revenue and margin estimates. Our audit procedures included, amongst others, evaluating the robustness of management's budgeting process by comparing the actual financial performance against previously forecasted results and considering the latest industry outlook and historical data. We involved our internal specialist to assist us in evaluating the reasonableness of the discount rate applied in the value-in-use calculation. We also assessed management's sensitivity analysis of the goodwill balance to changes in the key assumptions.

Finally, we considered the adequacy of the disclosures in Note 14 to the financial statements, including those key assumptions to which the outcome of the impairment test was most sensitive.

Impairment assessment of trade receivables

As at 31 December 2016, gross trade receivables of the Group and allowance for doubtful trade receivables amounted to $143.0 million and $4.1 million respectively. Trade receivable balances were significant to the Group as they represent 18.8% of the Group's total assets. The collectability of these trade receivables was a key element of the Group's working capital management and was managed on an ongoing basis by the management. As the impairment assessment on these trade receivables required significant management judgement, we determined this area to be a key audit matter.

Our audit procedures included, amongst others, obtaining an understanding of the Group's processes and related controls on the monitoring of the collectability of trade receivables as well as considering the aging profile of outstanding trade receivables to identify collection risks. We requested trade receivable confirmations from major debtors and assessed their collectability by obtaining evidence of subsequent receipts. We also assessed the key assumptions used by management to evaluate the Group's trade receivables for impairment and the estimation of the impairment amount, where applicable, through analysis of ageing of outstanding receivables, assessment of significant overdue individual trade receivables and specific customer profile and risks.

Information regarding the Group's trade receivables and its credit risk management process is disclosed in Notes 16 and 33(c) respectively to the financial statements.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Low Yen Mei.

Ernst & Young LLP
Public Accountants and Chartered Accountants

Singapore
28 March 2017

CONSOLIDATED INCOME STATEMENT

For the Financial Year ended 31 December 2016

	Notes	2016 $'000	2015 $'000
Revenue	3	**704,256**	803,708
Other income		**4,837**	4,481
Raw materials, subcontract costs and other direct costs		**(546,464)**	(646,043)
Staff costs	5	**(41,086)**	(36,124)
Depreciation expenses	10	**(23,250)**	(22,491)
Other expenses		**(52,051)**	(54,994)
Finance costs	6	**(12,295)**	(14,753)
Share of results of associates		**3,413**	2,685
Profit before tax from continuing operations	4	**37,360**	36,469
Income tax expense	7	**(8,635)**	(7,714)
Profit from continuing operations, net of tax		**28,725**	28,755
Discontinued operations			
Loss from discontinued operations, net of tax	8	**(10,309)**	(3,849)
Profit for the year		**18,416**	24,906
Attributable to			
Equity holders of the Company			
Profit from continuing operations, net of tax		**24,108**	24,160
Loss from discontinued operations, net of tax		**(10,309)**	(3,849)
Profit for the year attributable to equity holders of the Company		**13,799**	20,311
Non-controlling interests			
Profit from continuing operations, net of tax		**4,617**	4,595
Profit for the year attributable to non-controlling interests		**4,617**	4,595
Earnings per share from continuing operations attributable to equity holders of the Company (cents per share)			
Basic	9	**4.3**	4.3
Diluted	9	**4.3**	4.3
Earnings per share (cents per share)			
Basic	9	**2.5**	3.6
Diluted	9	**2.5**	3.6

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year ended 31 December 2016

	2016 $'000	2015 $'000
Profit for the year	**18,416**	24,906
Other comprehensive income		
Fair value changes of derivatives	**1,974**	1,178
Foreign currency translation	**(5,431)**	1,681
Other comprehensive income for the year, net of tax	**(3,457)**	2,859
Total comprehensive income for the year	**14,959**	27,765
Attributable to		
Equity holders of the Company	**11,335**	22,602
Non-controlling interests	**3,624**	5,163
Total comprehensive income for the year	**14,959**	27,765
Attributable to Equity holders of the Company		
Total comprehensive income from continuing operations, net of tax	**21,644**	28,377
Total comprehensive loss from discontinued operations, net of tax	**(10,309)**	(5,775)
Total comprehensive income for the year attributable to equity holders of the Company	**11,335**	22,602

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2016

	Notes	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current assets					
Vessels, property, plant and equipment	10	**455,178**	479,494	**318**	122
Subsidiaries	11	**–**	–	**180,119**	207,291
Associates	12	**9,803**	5,761	**–**	–
Other investments	13	**996**	2,204	**930**	560
Other receivables		**933**	504	**–**	–
Goodwill	14	**24,507**	25,572	**–**	–
Derivatives	25	**–**	537	**–**	537
Deferred tax assets	23	**831**	1,062	**–**	-
		492,248	515,134	**181,367**	208,510
Current assets					
Cash and short-term deposits	15	**72,662**	43,686	**43,270**	19,570
Trade and other receivables	16	**146,252**	166,286	**2,812**	2,577
Prepayments		**3,322**	2,305	**580**	163
Work-in -progress		**382**	987	**–**	–
Inventories	17	**20,193**	28,679	**–**	–
Derivatives	25	**2,879**	–	**2,879**	–
Other assets	18	**1,577**	3,812	**–**	–
		247,267	245,755	**49,541**	22,310
Current liabilities					
Loans and borrowings	19	**52,381**	62,104	**2,000**	5,000
Payables and accruals	20	**109,215**	128,165	**1,953**	1,293
Deferred income	21	**558**	3,631	**–**	–
Provisions	22	**1,983**	1,612	**–**	–
Income tax payable		**3,350**	2,848	**2**	4
		167,487	198,360	**3,955**	6,297
Net current assets		**79,780**	47,395	**45,586**	16,013
Non-current liabilities					
Loans and borrowings	19	**245,936**	232,274	**78,000**	70,000
Deferred tax liabilities	23	**10,605**	9,497	**–**	–
Deferred income	21	**893**	1,133	**–**	–
Other liability	24	**580**	574	**–**	–
Provisions	22	**3,000**	3,400	**–**	–
Derivatives	25	**368**	–	**368**	–
		261,382	246,878	**78,368**	70,000
Net assets		**310,646**	315,651	**148,585**	154,523
Equity atributable to equity holders of the Company					
Share capital	26a	**92,052**	92,052	**92,052**	92,052
Treasury shares	26b	**(1,759)**	(1,759)	**(1,759)**	(1,759)
Reserves		**183,394**	190,701	**58,292**	64,230
		273,687	280,994	**148,585**	154,523
Non-controlling interests		**36,959**	34,657	**–**	–
Total equity		**310,646**	315,651	**148,585**	154,523

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 31 December 2016

	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share capital (Note 26a) $'000	Treasury shares (Note 26b) $'000	Statutory reserve (Note 27) $'000	Foreign currency translation reserve (Note 29) $'000	Retained earnings $'000	Other reserves (Note 28) $'000	Total reserves $'000	$'000	$'000
Group 2016									
Balance at 1 January 2016	92,052	(1,759)	3,000	(2,328)	259,150	(69,121)	190,701	34,657	315,651
Effect of adjustment on reclassification of available-for sales investment to associate	–	–	–	–	2,088	–	2,088	–	2,088
Profit for the year	–	–	–	–	13,799	–	13,799	4,617	18,416
Other comprehensive income									
Foreign currency translation	–	–	–	(8,737)	–	–	(8,737)	(993)	(9,730)
Realisation of foreign currency translation reserve	–	–	–	4,299	–	–	4,299	–	4,299
Fair value changes of derivatives	–	–	–	–	–	1,974	1,974	–	1,974
Other comprehensive income for the year, net of tax	–	–	–	(4,438)	–	1,974	(2,464)	(993)	(3,457)
Total comprehensive income for the year	–	–	–	(4,438)	15,887	1,974	13,423	3,624	17,047
Contributions by and distributions to equity holders									
Cost of share-based payment (share options)	–	–	–	–	–	262	262	–	262
Dividends on ordinary shares (Note 36)	–	–	–	–	(20,992)	–	(20,992)	–	(20,992)
Total transactions with equity holders in their capacity as equity holders	–	–	–	–	(20,992)	262	(20,730)	–	(20,730)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(1,322)	(1,322)
Balance at 31 December 2016	92,052	(1,759)	3,000	(6,766)	254,045	(66,885)	183,394	36,959	310,646
Group 2015									
Balance at 1 January 2015	92,052	(1,860)	3,000	(3,441)	262,628	(70,563)	191,624	30,835	312,651
Profit for the year	–	–	–	–	20,311	–	20,311	4,595	24,906
Other comprehensive income									
Foreign currency translation	–	–	–	1,113	–	–	1,113	568	1,681
Fair value changes of derivatives	–	–	–	–	–	1,178	1,178	–	1,178
Other comprehensive income for the year, net of tax	–	–	–	1,113	–	1,178	2,291	568	2,859
Total comprehensive income for the year	–	–	–	1,113	20,311	1,178	22,602	5,163	27,765
Contributions by and distributions to equity holders									
Cost of share-based payment (share options)	–	–	–	–	–	301	301	–	301
Reissuance of treasury shares	–	101	–	–	–	(37)	(37)	–	64
Dividends on ordinary shares (Note 36)	–	–	–	–	(23,789)	–	(23,789)	–	(23,789)
Total transactions with equity holders in their capacity as equity holders	–	101	–	–	(23,789)	264	(23,525)	–	(23,424)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(1,341)	(1,341)
Balance at 31 December 2015	92,052	(1,759)	3,000	(2,328)	259,150	(69,121)	190,701	34,657	315,651

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Share capital (Note 26a) $'000	Treasury Shares (Note 26b) $'000	Retained earnings $'000	Other reserves (Note 28) $'000	Total reserves $'000	Total equity $'000
	Attributable to equity holders of the Company					
Company 2016						
Balance at 1 January 2016	**92,052**	**(1,759)**	**62,463**	**1,767**	**64,230**	**154,523**
Profit for the year	**–**	**–**	**12,818**	**–**	**12,818**	**12,818**
Other comprehensive income						
Fair value changes of derivatives	**–**	**–**	**–**	**1,974**	**1,974**	**1,974**
Other comprehensive income for the year, net of tax	**–**	**–**	**–**	**1,974**	**1,974**	**1,974**
Total comprehensive income for the year	**–**	**–**	**12,818**	**1,974**	**14,792**	**14,792**
Cost of share-based payment (share options)	**–**	**–**	**–**	**262**	**262**	**262**
Dividends on ordinary shares (Note 36)	**–**	**–**	**(20,992)**	**–**	**(20,992)**	**(20,992)**
Balance at 31 December 2016	**92,052**	**(1,759)**	**54,289**	**4,003**	**58,292**	**148,585**
Company 2015						
Balance at 1 January 2015	92,052	(1,860)	60,668	325	60,993	151,185
Profit for the year	–	–	25,584	–	25,584	25,584
Other comprehensive income						
Fair value changes of derivatives	–	–	–	1,178	1,178	1,178
Other comprehensive income for the year, net of tax	–	–	–	1,178	1,178	1,178
Total comprehensive income for the year	–	–	25,584	1,178	26,762	26,762
Cost of share-based payment (share options)	–	-	–	301	301	301
Reissuance of treasury shares	–	101	–	(37)	(37)	64
Dividends on ordinary shares (Note 36)	–	–	(23,789)	–	(23,789)	(23,789)
Balance at 31 December 2015	92,052	(1,759)	62,463	1,767	64,230	154,523

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the Financial Year ended 31 December 2016

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Profit before tax from continuing operations		**37,360**	36,469
Loss from discontinued operations	8	**(10,308)**	(3,830)
Adjustments for			
Depreciation expenses	10	**28,093**	27,875
Dividend income from other investments	4	**(830)**	(1,437)
Interest income	4	**(404)**	(199)
Interest expense	6	**12,103**	14,617
Gain on disposal of subsidiaries	8	**(483)**	–
Gain on disposal of available-for-sale investments	4	**–**	(29)
(Gain)/loss on disposal of property, plant and equipment	4	**(281)**	232
(Reversal of bad debts)/bad debts written off	4	**(23)**	1,013
Impairment loss on trade receivables	4	**105**	515
Write-down/(reversal of write-down) of inventories	4	**42**	(15)
Write-back of impairment in value of other investments	4	**–**	(162)
Reversal of provisions	22	**(15)**	(78)
Write-off of property, plant and equipment	4	**1,593**	478
Fair value changes on held for trading investment		**16**	–
Share-based payment expenses		**262**	301
Share of results of associates		**(3,413)**	(2,685)
Foreign exchange differences		**2,122**	(1,243)
Operating cash flows before working capital changes		**65,939**	71,822
Decrease in trade and other receivables		**16,925**	1,298
(Increase)/decrease in prepayments		**(1,136)**	975
Decrease in inventories and work-in-progress		**8,066**	4,362
Decrease/(increase) in other assets		**2,235**	(3,812)
Decrease in payables, accruals and provisions		**(16,964)**	(9,107)
Decrease in deferred income		**(3,021)**	(472)
Cash flows from operations		**72,044**	65,066
Interest paid	6	**(12,103)**	(14,617)
Income tax paid		**(6,795)**	(9,007)
Interest received	4	**404**	199
Net cash flows from operating activities		**53,550**	41,641
Cash flows from investing activities			
Acquisition of vessels, property, plant and equipment	Note A	**(46,017)**	(53,503)
Proceeds from disposal of subsidiaries	8	**27,543**	–
Purchase of other investments		**(67)**	(430)
Proceeds from disposal of property, plant and equipment		**1,078**	297
Proceeds from disposal of other investments		**–**	341
Dividend income from associates		**2,486**	2,310
Dividend income from other investments		**830**	1,437
Net cash flows used in investing activities		**(14,147)**	(49,548)
Cash flows from financing activities			
Proceeds from bank borrowings		**181,270**	221,961
Repayment of bank borrowings		**(169,428)**	(200,171)
Proceeds from reissuance of treasury shares	26(b)	**–**	64
Dividends paid to shareholders	36	**(20,992)**	(23,789)
Dividends paid to non-controlling interests		**(1,322)**	(1,341)
Net cash flows used in financing activities		**(10,472)**	(3,276)
Net increase/(decrease) in cash and cash equivalents		**28,931**	(11,183)
Cash and cash equivalents as at beginning of year		**43,686**	53,888
Effects of exchange rate changes on opening cash and cash equivalents		**45**	981
Cash and cash equivalents as at end of year	15	**72,662**	43,686
Note A: Reconciliation on acquisition of vessels, property, plant and equipment			
Addition on vessels, property, plant and equipment	10	**46,617**	54,203
Less: Provision for land reinstatement during the financial year	22	**(600)**	(700)
		46,017	53,503

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Pan-United Corporation Ltd (the Company) is a limited liability company incorporated and domiciled in Singapore and is listed on Singapore Exchange Securities Trading Limited (the SGX-ST).

The registered office and principal place of business of the Company is located at 7 Temasek Boulevard, #16-01 Suntec Tower One, Singapore 038987.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 40 Transfer of Investment Property	1 January 2018
FRS 116 Leases	1 January 2019
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group currently measures its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

FRS 115 Revenue from Contracts with Customers (continued)

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
– derecognises the carrying amount of any non-controlling interest;
– derecognises the cumulative translation differences recorded in equity;
– recognises the fair value of the consideration received;
– recognises the fair value of any investment retained;
– recognises any surplus or deficit in profit or loss; and
– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to equity holders of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the Company.

2.6 Foreign currency

The financial statements are presented in Singapore Dollars (SGD), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Vessels, property, plant and equipment

All items of vessels, property, plant and equipment are initially recorded at cost.

Subsequent to recognition, vessels, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Vessels	–	12 to 15 years
Dry docking expenses	–	2.5 years
Leasehold land (includes land use rights)	–	Over the remaining lease terms
Leasehold buildings	–	Over the remaining lease terms
Plant and machinery	–	5 to 50 years
Office furniture and equipment	–	3 to 10 years
Motor vehicles	–	5 to 10 years

2. Summary of significant accounting policies (continued)

2.7 Vessels, property, plant and equipment (continued)

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next dry docking are identified. The cost of these components is depreciated over the period to the next estimated dry docking date. Costs incurred on subsequent dry docking of vessels are capitalised and depreciated over the period to the next dry docking date. When significant dry docking costs recur prior to the expiry of the depreciation period, the remaining costs of the previous dry docking are written off in the month of the subsequent dry docking.

Assets under construction included in vessels, property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of vessels, property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of vessels, property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Import quota

Import quota costs are recognised as an intangible asset when the Group can demonstrate that the cost to secure the quota is separable, its control over the import quota and how the import quota will generate future economic benefits.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2.11 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates.

Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.12 Deferred income

Deferred income relates to land lease arrangements and voyages-in-progress. The deferred income from land lease arrangements is credited to profit or loss on a straight-line basis, over the period of the lease term from the contract commencement date.

Deferred income from voyages-in-progress is credited to profit or loss as the voyages progress.

2.13 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading.

2. Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

(a) Financial assets at fair value through profit or loss (continued)

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(c) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and short-term deposits carried on the balance sheets are classified and accounted for as loans and receivables under FRS 39.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average method and includes all cost incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and after making allowance for damaged, obsolete and slow-moving items.

2.17 Work-in-progress

Work-in-progress comprises cost of voyages-in-progress.

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (continued)

2.19 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

2.20 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.21 Hedge accounting

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedge is classified as:

- fair value hedge when hedging the exposure to changes in the fair value of recognised asset or liability or an unrecognised firm commitment
- cash flow hedge when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedge of a net investment in a foreign operation.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge which meets the strict criteria for hedge accounting is accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss in other expenses. The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments, as well as interest rate swap as hedges of its exposure to interest rate risk. Refer to Note 25 for more details.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

2.22 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.23 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee share option plans

The Company has in place the Pan-United Share Option Scheme (Scheme 2002) for granting of options (equity-settled transactions) to eligible directors and employees of the Group to subscribe for shares in the Company. Details of the Scheme 2002 are disclosed in Note 5.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share option reserve is transferred to revenue reserve upon expiry of the options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.24 Leases

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. Summary of significant accounting policies (continued)

2.24 Leases (continued)

(a) As lessee (continued)

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(e).

2.25 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Sale of goods

Revenue is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Revenue from rendering of services is recognised upon delivery of services.

Charter income is recognised on time apportionment basis.

Freight income is recognised on the percentage of completion method.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

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

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.26 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the taxes relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segments' performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segmental information.

2.28 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.29 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

2. Summary of significant accounting policies (continued)

2.29 Contingencies (continued)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.30 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.31 Discontinued operations

A component of the Group is classified as a discontinued operations when the criteria to be classified as held-for-sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations.

In the profit or loss statement of the current reporting period, and of the comparative period, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations.

2.32 Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Impairment of goodwill

As disclosed in Note 14 to the financial statements, the recoverable amounts of the cash generating units, which goodwill has been allocated to, are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Any significant adverse change in a key assumption would result in an impairment loss. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 14 to the financial statements.

The carrying amount of goodwill as at 31 December 2016 is $24,507,000 (2015: $25,572,000).

(b) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 16 to the financial statements.

3. Revenue

	Group	
	2016	2015
	$'000	$'000
Sale of goods	**606,903**	705,284
Rendering of services	**97,353**	98,424
	704,256	803,708

4. Profit before tax from continuing operations

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the following items have been included in arriving at profit before tax from continuing operations:

	Group	
	2016	2015
	$'000	$'000
(a) **Other income**		
Dividend income from available-for-sale investments	**830**	1,437
Agency and brokerage income	**465**	971
Government grant	**412**	260
Interest income from loans and receivables	**404**	199
Gain/(loss) on disposal of property, plant and equipment	**281**	(232)
Gain on disposal of available-for-sale investments	**–**	29
Write-back of impairment in value of other investments	**–**	162
Others	**2,445**	1,655
(b) **Other expenses**		
Rental of equipment, maintenance and consumables	**24,169**	25,052
Land rental and land usage tax	**12,378**	12,671
Utilities and telecommunication charges	**6,162**	6,530
Write-off of property, plant and equipment	**1,593**	478
Marketing expenses	**1,089**	1,191
Professional fees	**1,064**	816
Insurance expenses	**664**	642
Audit fees paid to		
- Auditor of the Company	**199**	220
- Other auditors	**145**	125
Impairment loss on trade receivables	**105**	515
Write-down/(reversal of write-down) of inventories	**42**	(15)
Non-audit fees paid to		
- Auditor of the Company	**7**	6
(Reversal of bad debts)/bad debts written off	**(23)**	1,013
Other facilities and office expenses	**4,457**	5,750

5. Staff costs

	Group	
	2016	2015
	$'000	$'000
Staff costs (including executive directors)		
Salaries, allowances and bonuses	**33,114**	28,818
Central Provident Fund and other retirement contribution plans	**2,445**	1,985
Share-based payment (share options)	**262**	301
Other personnel-related expenses	**5,265**	5,020
	41,086	36,124

Share option scheme

Under the Pan-United Share Option Scheme (Scheme 2002), share options are granted to eligible directors and employees of the Company, its subsidiaries and associates.

(i) The grantee has to be at least 21 years of age and is not an undischarged bankrupt and has not entered into a composition with its creditors.

(ii) The Scheme 2002 is administered by the Remuneration Committee, who shall determine at its own discretion, the number of shares over which the options are to be offered, taking into account criteria such as the rank, seniority, length of service, performance and potential for future contributions of the grantee and performance of the Group.

(iii) Options granted to executive directors and employees will have a life span of ten years whereas options granted to non-executive directors will have a life span of five years.

(iv) The exercise price of the options shall be equal to the average of the last dealt prices for the Company's shares for the three consecutive trading days immediately preceding the relevant date of grant.

5. Staff costs (continued)

Share option scheme (continued)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2016 No. of share options	2016 WAEP ($)	2015 No. of share options	2015 WAEP ($)
Outstanding at beginning of year	**8,335,500**	**0.80**	6,113,500	0.88
Granted during the year (Note a)	**2,572,000**	**0.60**	2,486,000	0.60
Exercised during the year (Note b)	**–**	**–**	(118,000)	0.55
Forfeited during the year	**–**	**–**	(146,000)	0.88
Outstanding at end of year (Note c)	**10,907,500**	**0.75**	8,335,500	0.80
Exercisable at end of year	**6,447,500**	**0.83**	4,045,500	0.87

Notes

(a) The weighted average fair value of options granted during the year was $0.10 (2015: $0.09).

(b) The weighted average share price at the dates of exercise for the options exercised in 2015 was $0.76.

(c) The range of exercise prices for options outstanding at the end of the year was $0.47 to $0.99 (2015: $0.47 to $0.99). The weighted average remaining contractual life for these options is 7 years (2015: 7 years).

The fair value of share options, as at the date of grant, is estimated using a binomial model, taking into account the terms and conditions upon which the options are granted. The inputs to the binomial model used for the options granted are shown below:

	2016	2015
Dividend yield (%)	**7.08**	7.14
Expected volatility (%)	**32.80**	30.90
Risk-free interest rate (%)	**0.89**	1.16
Average expected life of option (years)	**4.27**	4.24
Share price ($) at grant date	**0.60**	0.60

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

6. Finance costs

	Group	
	2016 $'000	2015 $'000
Interest expense	**12,103**	14,617
Others	**192**	136
	12,295	14,753

7. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	Group	
	2016 $'000	2015 $'000
Consolidated income statement		
Current income tax – continuing operations		
Current income taxation	**7,285**	7,325
Under/(over)provision in respect of previous years	**11**	(1,281)
Deferred income tax – continuing operations (Note 23)		
Origination and reversal of temporary differences	**428**	792
Under/(over) provision in respect of previous years	**57**	(49)
Provision for withholding tax on undistributed earnings of foreign subsidiaries	**854**	927
Income tax attributable to continuing operations	**8,635**	7,714
Current income tax – discontinued operations		
Under provision in respect of previous years	**1**	19
Income tax attributable to discontinued operations (Note 8)	**1**	19
Income tax expense recognised in profit and loss	**8,636**	7,733

(b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the years ended 31 December 2016 and 2015 is as follows:

	Group	
	2016	2015
	$'000	$'000
Profit before tax from continuing operations	**37,360**	36,469
Loss before tax from discontinued operations (Note 8)	**(10,308)**	(3,830)
Accounting profit before tax	**27,052**	32,639
Tax at the domestic rates applicable to profits in the countries where the Group operates	**7,539**	7,507
Adjustments		
Non-deductible expenses	**1,152**	1,762
Effect of partial tax exemption	**(977)**	(1,129)
Income not subject to taxation	**(998)**	(667)
Tax losses not allowed for carry-forward	**1,106**	698
Under/(over) provision in respect of previous years	**69**	(1,311)
Provision for withholding tax on undistributed earnings of foreign subsidiaries	**854**	927
Others	**(109)**	(54)
Income tax expense recognised in profit or loss	**8,636**	7,733

Under Section 13A of the Singapore Income Tax Act, profits derived from the operation and charter of Singapore registered vessels outside Singapore coastal limits are exempted from income tax.

According to People's Republic of China Corporate Income Tax Law Implementing Regulation, Article 87 of the State Council, Changshu Changjiang International Port Co., Ltd ("CCIP") is entitled to three years of full tax exemption followed by three years of 50% tax concession preferential corporate income tax starting from financial year 2012 and ending in financial year 2017. Tax rate for CCIP as at 31 December 2016 is 12.5%.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

8. Discontinued operations

On 4 October 2016, the Company announced that it had entered into a conditional sale and purchase agreement with Sedgefield Corporation Pte. Ltd. (owned by Jane Kimberly Ng Bee Kiok and Ng Bee Bee, who are Directors and controlling shareholders of the Company and Ng Han Whatt, a controlling shareholder of the Company), to dispose its entire stakes in two wholly-owned subsidiaries, Pan-United Shipping Pte Ltd ("PUS") and P.U. Vision Pte Ltd ("PUV"), collectively known as the "Tug and Barge Business", for a cash consideration of $29,922,000. The sales consideration was arrived at after arm's length negotiations, on a willing buyer-willing seller basis which takes into consideration the unaudited net total assets of PUS and PUV as at 30 September 2016 of $1,939,000 and $27,983,000 respectively. The disposal was approved by its shareholders in the extraordinary general meeting held on 30 November 2016 and subsequently completed on 7 December 2016, on which date control of the two subsidiaries was passed to the acquirer.

In accordance with FRS 105 - Non-current Assets Held for Sale and Discontinued operations, the results of the Tug and Barge Business, which include the net divestment gain of the disposal group of $483,000, have been presented separately on the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, as Discontinued operations.

The value of assets and liabilities of PUS and PUV recorded in the consolidated financial statements as at 30 November 2016 and the effects of the disposal were:

	Pan-United Shipping Pte Ltd $'000	**P.U. Vision Pte Ltd $'000**	**Elimination $'000**	**Total $'000**
Vessels, property, plant and equipment	–	26,252	–	26,252
Trade and other receivables	1,839	1,440	(1,440)	1,839
Prepayment	119	–	–	119
Inventories	983	–	–	983
Cash and cash equivalents	2,131	29	–	2,160
Total assets	5,072	27,721	(1,440)	31,353
Trade and other payables	3,206	75	(1,440)	1,841
Deferred income	292	–	–	292
Total liabilities	3,498	75	(1,440)	2,133
Carrying value of net assets	1,574	27,646	–	29,220

8. Discontinued operations (continued)

	Pan-United Shipping Pte Ltd $'000	P.U. Vision Pte Ltd $'000	Total $'000
Cash consideration	1,939	27,983	29,922
Cash and cash equivalents of the subsidiary	(2,131)	(29)	(2,160)
	(192)	27,954	27,762
Cost of divestment			(219)
Net cash inflow on disposal of subsidiary			27,543

	$'000
Cash received	29,922
Cost of divestment	(219)
Net assets derecognised	(29,220)
Gain on disposal	483

The gain on disposal amounting to $483,000 was included in the loss from discontinued operations.

Income statement disclosures

The results of the discontinued operations for the year ended 31 December are as follows:

	Group	
	2016 $'000	2015 $'000
Revenue	**8,424**	23,237
Other income	**910**	485
Expenses	**(15,317)**	(27,516)
Loss from operations	**(5,983)**	(3,794)
Finance costs	**(26)**	(36)
Realisation of foreign currency translation reserve	**(4,299)**	–
Loss before tax from discontinued operations	**(10,308)**	(3,830)
Taxation		
- Related to loss from ordinary activities of the discontinued operations	**(1)**	(19)
Loss from discontinued operations, net of tax	**(10,309)**	(3,849)

Cash flow statement disclosures

The cash flows attributable to the discontinued operations for the year ended 31 December are as follows:

	Group	
	2016 $'000	2015 $'000
Operating	**(425)**	(2,670)
Investing	**26,377**	(183)
Financing	**–**	–
Net cash inflow/(outflow)	**25,952**	(2,853)

Loss per share disclosures

Loss per share from discontinued operations attributable to equity holders of the Company (cents per share)

	Group	
	2016 $'000	2015 $'000
Basic	**(1.8)**	(0.7)
Diluted	**(1.8)**	(0.7)

The basic and diluted loss per share from discontinued operations are calculated by dividing the loss from discontinued operations, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These loss and share data are presented in the tables in Note 9.

9. Earnings per share

Basic earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares under the Scheme 2002 into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the year ended 31 December are as follows:

	Group	
	2016 **$'000**	2015 $'000
Profit for the year attributable to equity holders of the Company	**13,799**	20,311
Add back		
Loss from discontinued operations, net of tax, attributable to equity holders of the Company	**10,309**	3,849
Profit from continuing operations, net of tax, attributable to equity holders of the Company used in the computation of basic earnings per share from continuing operations	**24,108**	24,160

	No. of shares '000	**No. of shares '000**
Weighted average number of ordinary shares for basic earnings per share computation	**559,778**	559,778
Effect of dilution on share options	**19**	612
Weighted average number of ordinary shares for diluted earnings per share computation	**559,797**	560,390

10. Vessels, property, plant and equipment

	Group							
	Vessels $'000	**Dry docking expenses $'000**	**Leasehold land $'000**	**Leasehold buildings $'000**	**Plant and machinery $'000**	**Construction-in-progress $'000**	**Other assets $'000**	**Total $'000**
Cost								
At 1 January 2015	58,467	6,760	81,715	246,307	179,075	8,365	38,437	619,126
Additions	–	152	–	9,646	10,803	26,767	6,835	54,203
Disposals	–	–	–	–	(1,442)	–	(972)	(2,414)
Write-off	–	–	–	(1,170)	(1,626)	–	(75)	(2,871)
Reclassification	–	–	–	294	3,307	(3,614)	13	–
Exchange differences	–	–	1,095	5,338	466	(940)	(191)	5,768
At 31 December 2015 and 1 January 2016	58,467	6,912	82,810	260,415	190,583	30,578	44,047	673,812
Additions	–	1,171	–	7,091	7,731	28,165	2,459	46,617
Disposals	–	–	–	(139)	(3,065)	–	(1,426)	(4,630)
Write-off	–	(6,512)	–	(28)	(2,387)	–	(43)	(8,970)
Reclassification	–	–	3,040	–	6,725	(6,844)	(2,921)	–
Attributable to discontinued operations (Note 8)	(58,467)	(1,571)	–	–	–	–	–	(60,038)
Exchange differences	–	–	(3,363)	(10,834)	(1,653)	(1,323)	(208)	(17,381)
At 31 December 2016	–	–	82,487	256,505	197,934	50,576	41,908	629,410
Accumulated depreciation								
At 1 January 2015	24,896	4,703	15,601	39,917	74,684	–	9,927	169,728
Depreciation charge for the year	4,111	1,270	1,802	5,664	11,479	–	3,549	27,875
Disposals	–	–	–	-	(1,286)	–	(599)	(1,885)
Write-off	–	–	–	(1,111)	(1,216)	–	(66)	(2,393)
Exchange differences	–	–	272	800	320	–	(399)	993
At 31 December 2015 and 1 January 2016	29,007	5,973	17,675	45,270	83,981	–	12,412	194,318
Depreciation charge for the year	3,769	1,065	1,793	5,670	12,122	–	3,674	28,093
Disposals	–	–	–	(47)	(2,531)		(1,255)	(3,833)
Write-off	–	(6,028)	–	(9)	(1,316)	–	(24)	(7,377)
Attributable to discontinued operations (Note 8)	(32,776)	(1,010)	–	–	–	–	–	(33,786)
Exchange differences	–	–	(651)	(1,842)	(1,073)	–	383	(3,183)
At 31 December 2016	–	–	18,817	49,042	91,183	–	15,190	174,232
Net carrying amount								
At 31 December 2016	–	–	63,670	207,463	106,751	50,576	26,718	455,178
At 31 December 2015	29,460	939	65,135	215,145	106,602	30,578	31,635	479,494

10. Vessels, property, plant and equipment (continued)

	Company
	Other assets $'000
Cost	
At 1 January 2015	1,014
Additions	17
Disposals	(207)
At 31 December 2015 and 1 January 2016	824
Additions	271
Disposals	(272)
At 31 December 2016	823
Accumulated depreciation	
At 1 January 2015	692
Depreciation charge for the year	62
Disposals	(52)
At 31 December 2015 and 1 January 2016	702
Depreciation charge for the year	36
Disposals	(233)
At 31 December 2016	505
Net carrying amount	
At 31 December 2016	318
At 31 December 2015	122

Vessels comprise tugboats and barges. Plant and machinery include storage tanks, civil and structure work of silos. Other assets comprise mainly motor vehicles, office furniture and equipment.

Assets pledged as security

The Group's property, plant and equipment with a carrying amount of $254,627,000 (2015: $223,051,000) are mortgaged to secure the Group's bank loans (Note 19).

11. Subsidiaries

	Company	
	2016 $'000	2015 $'000
Unquoted equity shares, at cost	9,952	26,277
Allowance for impairment	(2,466)	(2,466)
	7,486	23,811
Amounts due from subsidiaries	198,816	217,953
Amounts due to subsidiaries	(26,183)	(34,473)
	172,633	183,480
	180,119	207,291

The amounts due from subsidiaries are non-interest bearing, non-trade in nature, unsecured, not expected to be repaid in the next twelve months and are to be settled in cash.

Details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation)	Principal activities	Effective shareholding held by the Group	
		2016 %	2015 %
(a) Singapore Changshu Development Company Pte. Ltd. (Singapore)	Investment holding	90	90
(d) Pan-United Shipping Pte. Ltd. (Singapore)	Provision of shipping services and trading	–	100
Pan-United Industries Pte. Ltd. (Singapore)	Trading and supply of refined petroleum products, ready mixed concrete and granite aggregate	100	100

Name of subsidiaries (Country of incorporation)		Principal activities	Effective shareholding held by the Group 2016 %	2015 %
(a)	United Cement Pte. Ltd. (Singapore)	Cement silo operator and cement trading and distribution	**100**	100
	PanU Harmony Pte. Ltd. (Singapore)	Provision of shipping services	**100**	100
(d)	P.U. Vision Pte. Ltd. (Singapore)	Provision of ship chartering services	**–**	100
(c)	Tinggi Shipping Pte. Ltd. (Singapore)	Provision of ship chartering services	**–**	100
	United Bulk Shipping Pte. Ltd. (Singapore)	Provision of shipping services	**51**	51
	Pan-United Investments Pte. Ltd. (Singapore)	Investment holding	**100**	100
	Pan-United Infrastructure Pte. Ltd. (Singapore)	Investment holding	**100**	100
(a)	Pan-United International Pte. Ltd. (Singapore)	Investment holding	**100**	100
(a)	Changshu Xinghua Port Co., Ltd. (People's Republic of China)	Operation of a port and related services	**86 (f)**	86 (f)
(a)	Pan-United Asphalt Pte. Ltd. (Singapore)	Production of asphalt, building and repairing of roadways	**100**	100
(a)	Pan-United Concrete Pte. Ltd. (Singapore)	Manufacture and supply of ready mixed concrete and related products	**100**	100
(a)	Blue Star Services Sdn. Bhd. (Malaysia)	Quarry operator	**100 (f)**	100 (f)
(a)	Pan-United Resources Pte. Ltd. (Singapore)	Investment holding and general trading	**100**	100
(a)	Pan-United Bulk Trade (2010) Pte. Ltd. (Singapore)	Investment holding and general trading	**100**	100
(a)	Resources Development (2010) Pte. Ltd. (Singapore)	Investment holding and general trading	**100**	100
(a)	PT. Pacific Granitama (Indonesia)	Quarry operator	**80(f)**	80(f)
(a)	Fico Pan-United Concrete Joint Stock Company (Vietnam)	Manufacture and supply of ready mixed concrete and related products	**55(f)**	55(f)
(a)	Raffles Cement Pte. Ltd. (Singapore)	Cement silo operator, cement trading and distribution	**49(b)**	49(b)
(a)	Raffles Concrete Pte. Ltd. (Singapore)	Manufacture and supply of ready mixed concrete and related products	**100**	100
(a)	Cresco Development Pte. Ltd. (Singapore)	Investment holding and general trading	**100**	100
(a)	Salvus Development Pte. Ltd. (Singapore)	Investment holding and general trading	**100**	100
(a)	PT. Pan-United Concrete (Indonesia)	Investment holding and general trading	**100(e)**	100(e)
(a)	Meridian Maplestar Sdn. Bhd. (Malaysia)	General exploration and trading of basic building materials	**100(f)**	100(f)
(a)	Changshu Changjiang International Port Co., Ltd. (People's Republic of China)	Operation of a port and related services	**77(f)**	77(f)
(a)	Fortis Star Sdn. Bhd. (Malaysia)	General exploration and trading of basic building materials	**100 (f)**	100 (f)

11. Subsidiaries (continued)

(a) Held by subsidiaries.

(b) Although the Group owns less than half of the voting power of the entity, Management has determined that it is exposed, 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. Consequently, the Group consolidates this investment as a subsidiary of the Group.

(c) Liquidated during the year ended 31 December 2016.

(d) Disposed during the year ended 31 December 2016.

(e) Not required to be audited for the year ended 31 December 2016 as it has not fully commenced operation.

(f) Audited by member firms of EY Global for the year ended 31 December 2016.

Interest in subsidiary with material non-controlling interests ("NCI")

	Principal place of business	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000
Name of subsidiary				
As at 31 December 2016				
Singapore Changshu Development Company Pte Ltd (Group)	Singapore	14.5%	1,851	29,658
As at 31 December 2015				
Singapore Changshu Development Company Pte Ltd (Group)	Singapore	14.5%	3,641	27,807

Summarised financial information about subsidiary with material NCI
Singapore Changshu Development Company Pte Ltd (Group)

Summarised balance sheet

	2016 $'000	2015 $'000
Current assets	**38,667**	30,503
Non-current assets	**308,158**	327,182
Total assets	**346,825**	357,685
Current liabilities	**48,396**	47,829
Non-current liabilities	**143,946**	168,344
Total liabilities	**192,342**	216,173
Net assets	**154,483**	141,512

	2016 $'000	2015 $'000
Equity attributable to equity holders of the Company		
Share capital	**50,000**	50,000
Reserves	**88,694**	76,339
	138,694	126,339
Non-controlling interests	**15,789**	15,173
Total equity	**154,483**	141,512

Summarised statement of comprehensive income

	2016 $'000	2015 $'000
Revenue	**91,935**	96,195
Profit before tax	**26,027**	26,286
Income tax expense	**(6,486)**	(6,911)
Profit after tax	**19,541**	19,375
Other comprehensive income	**(6,570)**	3,822
Total comprehensive income	**12,971**	23,197
Attributable		
Equity holders of the Company	**12,355**	21,729
Non-controlling interests	**616**	1,468
Total comprehensive income	**12,971**	23,197

Other summarised information

	2016 $'000	2015 $'000
Net cash flows from operating activites	**27,259**	18,192
Acquisition of property, plant and equipment	**6,597**	8,056

12. Associates

The Group's material investments in associates are summarised below:

	Group	
	2016 $'000	2015 $'000
Changshu Westerlund Warehousing Co., Ltd	**5,607**	5,761
PT Lanna Harita Indonesia	**4,196**	–
Changshu Xinghua Transportation Co., Ltd	**–**	–
Carrying amount of investments	**9,803**	5,761

Name of associates (Country of incorporation)	Principal activities	Percentage of equity interest	
		2016 %	2015 %
(a) Changshu Westerlund Warehousing Co., Ltd (People's Republic of China)	Provision of services to receive, warehouse and distribute forestry products and other related products	**25**	25
(b) Changshu Xinghua Transportation Co., Ltd (People's Republic of China)	Provision of logistic services	**49**	49
(c) PT Lanna Harita Indonesia (Indonesia)	Coal mining	**10**	10

The associates are held by subsidiaries of the Group.

(a) Audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP in the Peoples's Republic of China.

(b) This associate is currently dormant and not considered significant as defined under Rule 716 of the Listing Manual of SGX-ST.

(c) Although the Group holds less than 20% of the ownership interest and voting control of PT Lanna Harita Indonesia ("PT Lanna"), the Group has the ability to exercise significant influence through both its shareholding and its nominated director's active participation on the PT Lanna Board of Directors. The associate is audited by EY Jakarta, Indonesia.

12. Associates (continued)

The summarised financial information of the material associates, not adjusted for proportion of ownership interest held by the Group, is as follows:

Summarised balance sheets	Changshu Westerlund Warehousing Co., Ltd		PT Lanna Harita Indonesia	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Current assets	**26,923**	27,567	**31,984**	–
Non-current assets	**6,362**	7,422	**38,656**	–
Total assets	**33,285**	34,989	**70,640**	–
Current liabilities	**10,829**	11,916	**15,851**	–
Non-current liabilities	**–**	–	**8,163**	–
Total liabilities	**10,829**	11,916	**24,014**	–
Net assets	**22,456**	23,073	**46,626**	–
Proportion of the Group's ownership	**25%**	25%	**10%**	10%
Group's share of net assets	**5,614**	5,768	**4,663**	–
Other adjustments	**(7)**	(7)	**(467)**	–
Carrying amount of the investment	**5,607**	5,761	**4,196**	–

Summarised statement of comprehensive income	Changshu Westerlund Warehousing Co., Ltd		PT Lanna Harita Indonesia	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Revenue	**73,979**	66,473	**132,830**	–
Profit after tax	**10,279**	10,370	**8,676**	–
Other comprehensive income	**–**	–	**(48)**	–
Total comprehensive income	**10,279**	10,370	**8,628**	–

13. Other investments

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Non-current				
Held for trading investments				
Quoted equity shares	**14**	–	**–**	–
Available-for-sale investments				
At cost				
Unquoted equity investments	**4,060**	6,247	**614**	614
Others	**535**	553	**370**	–
	4,595	6,800	**984**	614
Less impairment in value	**(3,613)**	(4,596)	**(54)**	(54)
Total other investments	**996**	2,204	**930**	560

14. Goodwill

	Group	
	2016 $'000	**2015** $'000
At 1 January	**25,572**	23,974
Exchange differences	**(1,065)**	1,598
At 31 December	**24,507**	25,572

Goodwill amounting to $22,162,000 and $2,345,000 arose from the acquisition of equity interests in Changshu Changjiang International Port Co., Ltd (77%) and PT. Pacific Granitama (80%) respectively.

Impairment testing of goodwill

For Changshu Changjiang International Port Co., Ltd ("CCIP"), the recoverable amount of Cash Generating Unit ("CGU") has been determined based on value in use calculations using cash flow projections from financial budgets approved by Management covering a five-year period.

For PT. Pacific Granitama ("PTPG"), the recoverable amount was determined based on value in use calculations using the cash flow projections from financial budgets approved by Management.

The pre-tax discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections are as follows:

	CCIP		PTPG	
	2016	2015	**2016**	2015
Growth rates (during the five-year period)	**1 - 4%**	1 - 4%	**0 - 3% (a)**	0 - 29%
Pre-tax discount rates	**8%**	8%	**12%**	12%
Terminal growth rate	**4%**	4%	**–**	–

(a) 2017: 3% and 2018 onwards: 0%

Key assumptions used in the value in use calculations

The calculations of value in use for both the CGUs are most sensitive to the following assumptions:

Growth rates – The forecasted growth rates are based on Management's best estimate and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

Sensitivity to changes in assumptions

Management has performed sensitivity tests on the respective growth rates, pre-tax discount rates and terminal growth rate and is of the view that no impairment charge is required for the financial year ended 31 December 2016.

15. Cash and short-term deposits

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Cash at banks	**39,946**	41,070	**13,258**	19,570
Short-term deposits	**32,716**	2,616	**30,012**	–
Cash and short-term deposits	**72,662**	43,686	**43,270**	19,570

Cash at banks earned interest at the average of 0.20% (2015: 0.20%) per annum. Short-term deposits are placed for varying periods depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term deposit rates. The effective interest rate of short-term deposits ranged from 0.30% to 1.49% (2015: 0.30% to 1.49%) per annum.

16. Trade and other receivables

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Trade and other receivables (current)				
Trade receivables	**138,877**	156,505	**–**	–
Amount due from an associate	**2,834**	2,516	**–**	–
Amounts due from subsidiaries	**–**	–	**2,803**	2,523
Refundable deposits	**1,621**	1,961	**–**	1
Sundry receivables	**2,920**	5,304	**9**	53
Total trade and other receivables	**146,252**	166,286	**2,812**	2,577
Other receivables (non-current)				
Loan to a sub-contractor	**933**	504	**–**	–
	147,185	166,790	**2,812**	2,577
Add: Cash and short-term deposits (Note 15)	**72,662**	43,686	**43,270**	19,570
Total loans and receivables	**219,847**	210,476	**46,082**	22,147

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Related party balances

Amount due from an associate is unsecured, non-interest bearing and is to be settled in cash.

16. Trade and other receivables (continued)

Amounts due from subsidiaries are non-interest bearing and are repayable upon demand. These amounts are non-trade in nature, unsecured and are to be settled in cash.

The carrying values of these amounts approximate their fair values due to their short-term nature.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $68,251,000 (2015: $82,579,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	Group	
	2016	2015
	$'000	$'000
Trade receivables past due		
Less than 30 days	**43,666**	49,631
30 to 60 days	**19,946**	20,922
61 to 90 days	**2,710**	5,944
91 to 120 days	**893**	3,413
More than 120 days	**1,036**	2,669
	68,251	82,579

Receivables that are impaired

The Group's trade receivables that are impaired at the end of reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individual Impaired	
	2016	2015
	$'000	$'000
Trade receivables – nominal amounts	**4,064**	4,221
Less: Allowance for impairment	**(4,064)**	(4,221)
	–	–
Movement in allowance accounts		
At 1 January	**4,221**	4,009
Charge for the year	**105**	515
Written off	**(262)**	(321)
Exchange differences	**–**	18
At 31 December	**4,064**	4,221

Trade receivables that are individually determined to be impaired at the end of reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

17. Inventories

	Group	
	2016	2015
	$'000	$'000
Balance sheet		
Raw materials	**6,420**	10,872
Finished goods	**8,979**	12,356
Consumables	**4,794**	5,451
	20,193	28,679
Income statement		
Inventories recognised as an expense in raw materials, subcontract costs and other direct costs	**385,379**	469,693
Inventories recognised as an expense		
- Inventories written-down	**42**	–
- Reversal of write-down of inventories	**–**	(15)

The reversal of write-down of inventories was made when the related inventories previously identified as obsolete were subsequently consumed during the year.

18. Other assets

Other assets relate to import quota as a right to import from traditional sources which is regulated by Building and Construction Authority ("BCA"). BCA has an Importers' Licencing Scheme which applies to any person in the business of importing sand and granite. This scheme regulates importers of essential construction materials to ensure a secure and reliable supply in Singapore of acceptable quality. Under this scheme, the Group is required to import certain prescribed percentage from non-traditional sources before it is allowed to import the remaining from traditional sources.

19. Loans and borrowings

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Current				
Secured (Note a)	**20,381**	14,729	**–**	–
Unsecured (Note b)	**32,000**	47,375	**2,000**	5,000
	52,381	62,104	**2,000**	5,000
Non-current				
Secured (Note c)	**142,936**	159,004	**–**	–
Unsecured (Note d)	**103,000**	73,270	**78,000**	70,000
	245,936	232,274	**78,000**	70,000
Total bank loans	**298,317**	294,378	**80,000**	75,000

Notes

The secured bank loans are backed by mortgages over certain assets of foreign subsidiaries.

(a) Details of the current secured bank loans are as follows:

(i) $14,248,000 (2015: $11,036,000) is denominated in Renminbi and bears interest of 4.90% to 5.39% (2015: 4.90% to 6.77%) per annum.

(ii) $6,133,000 (2015: $3,693,000) is denominated in Vietnamese Dong and bears interest of 6.50% to 7.00% (2015: 7.00% to 8.20%) per annum.

(b) Details of the current unsecured bank loans are as follows:

(i) $30,000,000 (2015: $37,000,000) is denominated in Singapore dollars and bears interest of 1.41% to 1.86% (2015: 1.37% to 1.65%) per annum.

(ii) $2,000,000 (2015: $5,000,000) is denominated in Singapore dollars and bears interest, comprising fixed and variable components, of 1.68% to 2.08% (2015: 2.08% to 3.00%) per annum. The variable component was hedged using an interest rate swap (Note 25).

(iii) In 2015, $4,939,000 was denominated in US dollars at the interest rate of 1.06% per annum; and $436,000 was denominated in Renminbi at the interest rate of 6.46% per annum.

(c) Details of the non-current secured bank loans are as follows:

(i) $137,462,000 (2015: $159,004,000) is denominated in Renminbi and bears interest of 4.90% to 5.39% (2015: 4.90% to 6.77%) per annum. The loans are repayable between 2018 and 2024.

(ii) $5,474,000 (2015: Nil) is denominated in Malaysia Ringgit and bear interest of 5.26% (2015: Nil) per annum. The loan is repayable between 2018 and 2021.

(d) Details of the non-current unsecured bank loans are as follows:

(i) $103,000,000 (2015: $70,000,000) is denominated in Singapore dollars and bears interest, comprising fixed and variable components, of 1.68% to 2.08% (2015: 2.08% to 3.00%) per annum. The variable component is partially hedged using an interest rate swap (Note 25). The loans are repayable between 2018 and 2021.

(ii) In 2015, $3,270,000 was denominated in Renminbi and bear interest of 6.46% per annum.

20. Payables and accruals

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Payables and accruals (current)				
Trade payables	**76,195**	93,162	**–**	–
Other payables	**20,211**	23,143	**530**	213
Accruals	**12,809**	11,860	**1,423**	1,080
Total payables and accruals	**109,215**	128,165	**1,953**	1,293
Other liability (non-current)				
Advances from non-controlling interests (Note 24)	**580**	574	**–**	–
Add: Loans and borrowings (Note 19)	**298,317**	294,378	**80,000**	75,000
Total financial liabilities carried at amortised cost	**408,112**	423,117	**81,953**	76,293

Trade and other payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days' terms while other payables have an average term of six months.

21. Deferred income

	Group	
	2016	2015
	$'000	$'000
Income recognisable within 12 months		
Voyages-in-progress	**380**	3,444
Lease income	**178**	187
	558	3,631
Income recognisable thereafter		
Lease income	**893**	1,133
	1,451	4,764

In 1997 and 2000, a subsidiary of the Group separately entered into two contracts with an associate for the lease of two plots of land, the land-use-rights of which are owned by the subsidiary. Under the contracts, the associate is required to pay the lease price of USD2,726,000.

Both the lease contracts have a lease term of 25 years. Upon receipt of written request of the associate and subject to satisfactory fulfilment of certain conditions as stipulated in the lease contracts, the associate has the right to extend the lease for terms to be mutually agreed by the subsidiary and the associate.

The subsidiary recognises the fully paid lease income over the lease term of 25 years from the contract commencement date.

22. Provisions

	Group Land Reinstatement Cost	
	2016	2015
	$'000	$'000
At 1 January	**5,012**	4,822
Recognised during the financial year	**600**	700
Utilised	**(614)**	(432)
Unused amounts reversed	**(15)**	(78)
At 31 December	**4,983**	5,012
Current	**1,983**	1,612
Non-current	**3,000**	3,400
	4,983	5,012

Provision for land reinstatement cost is determined based on past experience. The cost is capitalised as part of plant and machinery in vessels, property, plant and equipment and amortised over the remaining leasehold periods.

23. Deferred tax

Deferred income tax as 31 December relates to the following:

	Group 2016 $'000	Group 2015 $'000
(a) Deferred tax liabilities		
Balance at beginning of year	**9,497**	7,983
Origination and reversal of temporary differences	**254**	587
Provision for withholding tax on undistributed earnings of foreign subsidiaries	**854**	927
Balance at end of year	**10,605**	9,497
The deferred tax liabilities principally arise as a result of		
Excess of net book value over tax written down value of vessels, property, plant and equipment	**6,569**	6,315
Provision for withholding tax on undistributed earnings of foreign subsidiaries	**4,036**	3,182
	10,605	9,497
(b) Deferred tax assets		
Balance at beginning of year	**1,062**	1,218
Origination and reversal of temporary differences	**(231)**	(156)
Balance at end of year	**831**	1,062
The deferred tax assets principally arise as a result of		
Provisions	**382**	229
Unutilised tax losses	**449**	833
	831	1,062

Unrecognised tax losses

The Group has no tax losses in 2016 (2015: $23,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses, if any, is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

Tax consequences of proposed dividends

There are no income tax consequences (2015: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 36).

24. Other liability

Other liability relates mainly to advances from non-controlling interests, which are denominated in Vietnamese Dong, unsecured, non-trade related and bear interest of 6.70% to 7.10% (2015: 6.90% to 7.50%) per annum.

25. Derivatives

	Group and Company					
	2016			2015		
	Contract/ Notional amount $'000	**Asset $'000**	**Liability $'000**	Contract/ Notional amount $'000	Asset $'000	Liability $'000
Forward currency contracts	**59,906**	**2,879**	**–**	–	–	–
Interest rate swap	**70,000**	**–**	**368**	75,000	537	–

Forward currency contracts are used to hedge foreign currency risk arising from the Group's purchases denominated in USD.

The interest rate swap receives floating interest equal to 3 months SOR, and pays a fixed rate of interest of 1.79% per annum and matures on 13 September 2018. The accounting policy for hedge accounting is set out in Note 2.21.

26. Share capital and treasury shares

	Group and Company			
	2016		2015	
	No. of shares '000	**$'000**	No. of shares '000	$'000
(a) Share capital				
Issued and fully paid				
At 1 January and 31 December	**561,819**	**92,052**	561,819	92,052

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

Under the Scheme 2002, share options are granted to eligible employees and directors of the Company, its subsidiaries and associates.

	Group and Company			
	2016		2015	
	No. of shares '000	**$'000**	No. of shares '000	$'000
(b) Treasury shares				
At 1 January	**(2,041)**	**(1,759)**	(2,159)	(1,860)
Reissued for cash				
- On exercise of employee share options	**–**	**–**	118	64
- Transferred from share option reserve (Note 28a)	**–**	**–**	–	11
- Loss on reissuance of treasury shares	**–**	**–**	–	26
At 31 December	**(2,041)**	**(1,759)**	(2,041)	(1,759)

Treasure shares relate to ordinary shares of the Company held by the Company.

In 2015, the Company reissued 118,000 treasury shares pursuant to Scheme 2002. In 2016 there was no such reissuance of treasury shares.

27. Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiary in the People's Republic of China ("PRC"), the subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF").

The SRF of the Group comprises the reserve fund, enterprise expansion fund and staff bonus and welfare fund.

The reserve fund is not free for distribution as dividends but it can be used to offset losses or be capitalised as capital. The enterprise expansion fund can be used to expand an enterprise's production and operations and the staff bonus and welfare fund can be used for rewards and collective welfare for employees. The appropriation to the staff bonus and welfare fund is charged to the profit or loss as it is a liability due to employees.

28. Other reserves

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Employee share option reserve	**1,099**	837	**1,099**	837
Gain on reissuance of treasury shares	**393**	393	**393**	393
Hedging reserve	**2,511**	537	**2,511**	537
Premium paid on acquisition of non-controlling interests	**(70,888)**	(70,888)	**–**	–
	(66,885)	(69,121)	**4,003**	1,767

(a) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 5). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

	Group and Company	
	2016 **$'000**	2015 $'000
At 1 January	**837**	547
Cost of share-based payment (share options)	**262**	301
Reissuance of treasury shares pursuant to share option scheme (Note 26b)	**–**	(11)
At 31 December	**1,099**	837

(b) Gain on reissuance of treasury shares

This represents the gain arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

	Group and Company	
	2016 **$'000**	2015 $'000
At 1 January	**393**	419
Loss on reissuance of treasury shares	**–**	(26)
At 31 December	**393**	393

29. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2016 **$'000**	2015 $'000
At 1 January	**(2,328)**	(3,441)
Net effect of exchange differences arising from translation of financial statements of foreign operations	**(4,438)**	1,113
At 31 December	**(6,766)**	(2,328)

30. Commitments

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	Group	
	2016 **$'000**	2015 $'000
Capital commitments in respect of plant and machinery	**3,663**	26,908

(b) Operating lease commitments – as lessee

As at the end of the reporting period, future minimum rentals payable under non-cancellable leases are as follows:

	Group	
	2016 **$'000**	2015 $'000
Within one year	**9,794**	9,090
After one year and within five years	**9,861**	11,754
More than five years	**6,639**	5,173
	26,294	26,017

The Group's operating lease commitments are mainly for leasehold land. The annual rent payable on these leases is subject to the market rates prevailing at the time of revision.

Operating lease payments recognised in the consolidated income statement during the year ended 31 December 2016 amount to $14,226,000 (2015: $11,739,000).

(c) Operating lease commitments – as lessor

As at the end of the reporting period, future minimum lease payments to be received under non-cancellable leases are as follows:

	Group	
	2016 **$'000**	2015 $'000
Within one year	**5,357**	7,038
After one year and within five years	**5,445**	10,602
	10,802	17,640

The above balances are amounts in relation to leases on the Group's property. These non-cancellable leases have remaining lease terms of one to two years (2015: one to three years).

31. Related party disclosures

An entity or individual is considered a related party of the group for the purposes of the financial statements if: (i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the group or vice versa; or (ii) it is subject to common control or common significant influence.

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the financial year at terms agreed between the parties:

	Group	
	2016	2015
	$'000	$'000
Transactions with associates		
Discharging fee income	**22,192**	20,252
Wharfage fee income	**6,739**	6,751
Warehousing service income	**4,866**	3,700
Management income	**114**	121
Miscellaneous income	**799**	463

(b) Compensation of key management personnel

	Group	
	2016	2015
	$'000	$'000
Short-term employee benefits	**3,253**	3,332
Central Provident Fund contributions	**65**	91
	3,318	3,423
Comprise amounts paid to	**1,388**	1,489
Directors of the Company	**1,930**	1,934
Other key management personnel	**3,318**	3,423

The remuneration of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

Directors' and key management personnel's interests in employee share option plan

During the financial year, 750,000 share options were granted to non-executive directors at an exercise price of $0.60 each and exercisable between 11 November 2017 and 10 November 2021 under Scheme 2002.

32. Fair value of financial instruments

Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

		Group				Company			
		2016 $'000		2015 $'000		**2016 $'000**		2015 $'000	
		Quoted prices in active markets for identical instruments	**Significant other observable inputs**	Quoted prices in active markets for identical instruments	Significant other observable inputs	**Quoted prices in active markets for identical instruments**	**Significant other observable inputs**	Quoted prices in active markets for identical instruments	Significant other observable inputs
	Notes	**Level 1**	**Level 2**	Level 1	Level 2	**Level 1**	**Level 2**	Level 1	Level 2
Financial asset									
Held for trading investments									
Quoted equity instruments		14	–	–	–	–	–	–	–
Derivatives									
Forward currency contracts	25	–	2,879	–	–	–	2,879	–	–
Interest rate swap	25	–	–	–	537	–	–	–	537
		14	2,879	–	537	–	2,879	–	537
Financial liability:									
Derivatives									
Interest rate swap	25	–	368	–	–	–	368	–	–
		–	368	–	–	–	368	–	–

Determination of fair value

Forward currency contracts and Interest rate swap contracts (Note 25) are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair values of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

		Group				Company			
		2016 $'000		2015 $'000		**2016 $'000**		2015 $'000	
	Notes	**Carrying amount**	**Fair value**	Carrying amount	Fair value	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial asset									
Available-for-sale investments, net	13	996	(i)	2,204	(i)	930	(i)	560	(i)
Amounts due from subsidiaries, net	11	–	–	–	–	172,633	(ii)	183,480	(ii)

(i) Available-for-sale investments carried at cost (Note 13)

Fair value information has not been disclosed for the Group's investments in unquoted equity instruments and other available-for-sale investments that are carried at cost because their fair values cannot be measured reliably. These unquoted equity instruments represent ordinary shares in companies that are not quoted on any market and do not have any comparable industry peers that are listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose these investments in the foreseeable future.

32. Fair value of financial instruments (continued)

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (continued)

(ii) Amounts due from subsidiaries carried at cost (Note 11)

Fair value information has not been disclosed on amounts due from subsidiaries as these amounts are unsecured and are repayable only when the cash flows of the borrower permits. Accordingly, the fair value of these advances is not determinable as the timing of the future cash flows arising from these advances cannot be estimated reliably.

33. Financial risk management objectives and policies

The Group's principal financial instruments, other than derivative financial instruments, comprise bank loans, cash and short-term deposits. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its operations.

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost efficient.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from the Group's investment portfolio and long term debt obligations. The Group does not use derivative financial instruments to hedge its investment portfolio. Surplus funds are placed with reputable banks and/or invested in floating rate notes and commercial papers.

The Group's policy is to manage interest cost using a mix of fixed and floating rate borrowings. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps.

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit before tax (through the impact on interest expense on floating rate loans and borrowings).

	Group	
	Increase/ decrease in basis points	**Effect on profit before tax $'000**
2016		
Renminbi	**+100**	**(1,517)**
Singapore Dollar	**+100**	**(1,350)**
Vietnamese Dong	**+100**	**(61)**
Malaysia Ringgit	**+100**	**(55)**
Renminbi	**-100**	**1,517**
Singapore Dollar	**-100**	**1,350**
Vietnamese Dong	**-100**	**61**
Malaysia Ringgit	**-100**	**55**
2015		
Renminbi	+100	(1,737)
Singapore Dollar	+100	(370)
Vietnamese Dong	+100	(37)
US Dollar	+100	(49)
Renminbi	-100	1,737
Singapore Dollar	-100	370
Vietnamese Dong	-100	37
US Dollar	-100	49

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, US Dollar (USD), Malaysia Ringgit (RM), Indonesian Rupiah (IDR), Renminbi (RMB) and Vietnamese Dong (VND). The foreign currency in which these transactions are denominated in, is mainly USD. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances (mainly in USD) amount to $1,964,000 and $334,000 for the Group and the Company respectively.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's investments in subsidiaries in the People's Republic of China, Malaysia and Vietnam are partly hedged by borrowings denominated in RMB, MYR and VND respectively.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD and SGD exchange rates (against the respective functional currencies of the Group entities), with all other variables held constant.

		Group	
		Profit before tax	
		2016	2015
		$'000	$'000
SGD/USD	– strengthened 3% (2015: 3%)	**-3**	+3
	– weakened 3% (2015: 3%)	**+3**	-3
USD/SGD	– strengthened 3% (2015: 3%)	**+85**	-14
	– weakened 3% (2015: 3%)	**-85**	+14

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and short-term deposits and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that major customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the respective balance sheets.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 16.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring its trade receivables by business segments on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2016		2015	
	$'000	**% of total**	$'000	% of total
By business segments				
Concrete and Cement	**119,130**	**86**	131,499	84
Ports	**19,389**	**14**	21,236	14
Others	**358**	**–**	3,770	2
	138,877	**100**	156,505	100

33. Financial risk management objectives and policies (continued)

(c) Credit risk (continued)

Financial assets that are neither past due nor impaired

At the end of the reporting period, there is no significant concentration of credit risk. The amounts due from top 3 major customers amounted to approximately 11% (2015: 9%) of the Group's trade receivables. However, the good credit history of these customers reduces the risk to the Group to an acceptable level. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the balance sheet.

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade and other receivables) and Note 13 (Other investments).

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities to meet normal operating commitments and to close market positions at short notice. At the end of the reporting period, 18% (2015: 21%) of the Group's loans and borrowings (Note 19) will mature in less than one year.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments.

	2016				2015			
	Less than 1 year $'000	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**	Less than 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group								
Financial assets								
Other investments	**–**	**–**	**996**	**996**	–	–	2,204	2,204
Trade and other receivables	**146,252**	**933**	**–**	**147,185**	166,286	504	–	166,790
Cash and short-term deposits	**72,662**	**–**	**–**	**72,662**	43,686	–	–	43,686
Total undiscounted financial assets	**218,914**	**933**	**996**	**220,843**	209,972	504	2,204	212,680
Financial liabilities								
Payables and accruals	**109,215**	**–**	**–**	**109,215**	128,165	–	–	128,165
Loans and borrowings	**63,099**	**233,659**	**25,747**	**322,505**	73,062	193,388	73,229	339,679
Other liability	**–**	**–**	**580**	**580**	–	–	574	574
Total undiscounted financial liabilities	**172,314**	**233,659**	**26,327**	**432,300**	201,227	193,388	73,803	468,418
Total net undiscounted financial assets/(liabilities)	**46,600**	**(232,726)**	**(25,331)**	**(211,457)**	8,745	(192,884)	(71,599)	(255,738)
Company								
Financial assets								
Trade and other receivables	**2,812**	**–**	**–**	**2,812**	2,577	–	–	2,577
Cash and short-term deposits	**43,270**	**–**	**–**	**43,270**	19,570	–	–	19,570
Amounts due from subsidiaries (Note 11)	**–**	**–**	**198,816**	**198,816**	–	–	217,953	217,953
Total undiscounted financial assets	**46,082**	**–**	**198,816**	**244,898**	22,147	–	217,953	240,100
Financial liabilities								
Payables and accruals	**1,953**	**–**	**–**	**1,953**	1,293	–	–	1,293
Loans and borrowings	**4,214**	**83,959**	**–**	**88,173**	7,385	72,960	–	80,345
Amounts due to subsidiaries (Note 11)	**–**	**–**	**26,183**	**26,183**	–	–	34,473	34,473
Total undiscounted financial liabilities	**6,167**	**83,959**	**26,183**	**116,309**	8,678	72,960	34,473	116,111
Total net undiscounted financial assets/(liabilities)	**39,915**	**(83,959)**	**172,633**	**128,589**	13,469	(72,960)	183,480	123,989

34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2016 and 31 December 2015.

As disclosed in Note 27, a subsidiary of the Group is required by the Foreign Enterprise Law of the People's Republic of China (PRC) to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 December 2016 and 31 December 2015.

The Group monitors capital using net gearing ratio, which is calculated as net debt (borrowings less cash and short-term deposits) divided by total equity.

	Group	
	2016	2015
	$'000	$'000
Net debt	**225,655**	250,692
Total equity	**310,646**	315,651
Net gearing ratio	**0.73**	0.79

The Group did not breach any gearing covenants during the financial years ended 31 December 2016 and 31 December 2015.

35. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(a) The Concrete and Cement segment supplies mainly cement, granite, ready mixed concrete and refined petroleum products to the construction and marine industries of Singapore and Vietnam.

(b) The Ports segment relates to the operation of two adjacent ports in the People's Republic of China and provision of port related services.

(c) Others relate to the bulk shipping and agency operations and companies which are of investment holding nature.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segments results, assets and liabilities include items directly attributable to a segment.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

35. Segment information (continued)

(a) Business segments (continuing operations)

	Concrete and Cement $'000	Ports $'000	Others $'000	Group $'000
2016				
Revenue				
External sales	**577,639**	**91,935**	**34,682**	**704,256**
Total revenue	**577,639**	**91,935**	**34,682**	**704,256**
Results				
Segment results	**26,089**	**42,320**	**487**	**68,896**
Interest income	**260**	**114**	**30**	**404**
Depreciation expenses	**(12,932)**	**(10,148)**	**(170)**	**(23,250)**
Interest expense	**(918)**	**(8,797)**	**(2,388)**	**(12,103)**
Share of results of associates	**–**	**2,563**	**850**	**3,413**
Profit/(loss) before income tax	**12,499**	**26,052**	**(1,191)**	**37,360**
Income tax expense	**(1,842)**	**(6,486)**	**(307)**	**(8,635)**
Profit/(loss) for the year	**10,657**	**19,566**	**(1,498)**	**28,725**
Attributable to				
Equity holders of the Company	**9,806**	**16,494**	**(2,192)**	**24,108**
Non-controlling interests	**851**	**3,072**	**694**	**4,617**
	10,657	**19,566**	**(1,498)**	**28,725**
Balance Sheet				
Investments in associates	**–**	**5,607**	**4,196**	**9,803**
Additions to non-current assets	**37,898**	**6,597**	**1,522**	**46,017**
Segment assets	**330,950**	**346,808**	**61,757**	**739,515**
Segment liabilities	**156,168**	**190,733**	**81,968**	**428,869**

	Concrete and Cement $'000	Ports $'000	Others $'000	Group $'000
2015				
Revenue				
External sales	668,421	96,194	39,093	803,708
Total revenue	668,421	96,194	39,093	803,708
Results				
Segment results	25,149	46,003	(459)	70,693
Interest income	40	131	28	199
Depreciation expenses	(11,640)	(10,658)	(193)	(22,491)
Interest expense	(367)	(11,859)	(2,391)	(14,617)
Share of results of associates	–	2,685	–	2,685
Profit/(loss) before income tax	13,182	26,302	(3,015)	36,469
Income tax expense	(323)	(6,911)	(480)	(7,714)
Profit/(loss) for the year	12,859	19,391	(3,495)	28,755
Attributable to				
Equity holders of the Company	12,289	16,387	(4,516)	24,160
Non-controlling interests	570	3,004	1,021	4,595
	12,859	19,391	(3,495)	28,755
Balance Sheet				
Investments in associates	–	5,761	–	5,761
Additions to non-current assets	45,279	8,056	168	53,503
Segment assets	330,619	357,650	72,620	760,889
Segment liabilities	147,103	214,363	83,772	445,238

(b) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2016 **$'000**	2015 $'000	**2016** **$'000**	2015 $'000
Singapore	**728,720**	857,308	**113,880**	140,189
China	**91,935**	96,194	**308,141**	327,147
Others	**102,562**	91,607	**70,227**	47,798
Eliminations	**(218,961)**	(241,401)	**–**	–
Total	**704,256**	803,708	**492,248**	515,134

Non-current assets presented above comprise vessels, property, plant and equipment, investments in associates, other investments, other receivables, goodwill, derivatives and deferred tax assets as presented in the consolidated balance sheet.

36. Dividends

	Group and Company	
	2016 **$'000**	2015 $'000
Declared and paid during the year		
Dividends on ordinary shares		
Final exempt (one-tier) dividend for 2015: 2.75 cents (2014: 2.75 cents) per share	**15,394**	15,392
Interim exempt (one-tier) dividend for 2016: 1.00 cent (2015: 1.50 cents) per share	**5,598**	8,397
	20,992	23,789
Proposed but not recognised as a liability as at 31 December		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting		
Final exempt (one-tier) dividend for 2016: 2.75 cents (2015: 2.75 cents) per share	**15,394**	15,394
Dividend per share (in cents)	**3.75**	4.25

37. Authorisation of financial statements

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 28 March 2017.

STATISTICS OF SHAREHOLDINGS

As at 6 March 2017

Class of Shares - Ordinary shares fully paid with equal voting rights*

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	10	0.08	200	–
100 - 1,000	4,033	33.92	4,011,766	0.72
1,001 - 10,000	6,260	52.64	29,350,586	5.24
10,001 - 1,000,000	1,568	13.19	74,402,389	13.29
1,000,001 and above	20	0.17	452,012,719	80.75
	11,891	100.00	559,777,660	100.00

	No. of shares in which shareholder has an interest			
Substantial shareholders	Direct Interest	%**	Deemed Interest	%**
1. Ng Han Whatt	5,400,000	0.96	336,560,030	60.12
2. Patrick Ng Bee Soon	27,969,630	5.00	–	–
3. Ng Bee Bee	–	–	326,700,002	58.36
4. Jane Kimberly Ng Bee Kiok	–	–	327,047,602	58.42

Notes

The deemed interests of Ng Han Whatt, Ng Bee Bee and Jane Kimberly Ng Bee Kiok include their shareholdings held as joint shareholders and the full shareholdings of OCBC Trustee Limited held in nominees.

Based on information available to the Company as at 6 March 2017, approximately 25.05% of the issued ordinary shares of the Company are held by the public and, therefore, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

		No. of shares	%**
1.	Citibank Nominees Singapore Pte Ltd	169,430,000	30.27
2.	Ng Han Whatt, Jane Kimberly Ng Bee Kiok and Ng Bee Bee	153,000,000	27.33
3.	United Overseas Bank Nominees (Private) Limited	40,215,500	7.19
4.	Patrick Ng Bee Soon	27,969,630	5.00
5.	DBS Nominees (Private) Limited	24,159,330	4.32
6.	HSBC (Singapore) Nominees Pte Ltd	13,261,300	2.37
7.	Ng Han Whatt	5,400,000	0.96
8.	Lee Cheong Seng	2,000,000	0.36
9.	UOB Kay Hian Private Limited	1,636,600	0.29
10.	Kor Tor Khoon	1,610,000	0.29
11.	McGregor Annabel Margaret	1,510,000	0.27
12.	OCBC Nominees Singapore Private Limited	1,468,405	0.26
13.	Lee Boon Wah	1,385,000	0.25
14.	Tan Wai See	1,358,000	0.24
15.	OCBC Securities Private Limited	1,334,900	0.24
16.	Phua Bah Lee	1,315,000	0.23
17.	Christina Cheong Foong Yim	1,300,000	0.23
18.	Ch'ng Jit Koon	1,298,000	0.23
19.	Wan Fook Weng	1,200,000	0.21
20.	Phillip Securities Pte Ltd	1,161,054	0.21
		452,012,719	80.75

* Ordinary shares purchased and held as treasury shares by the Company will have no voting rights. As at 6 March 2017, the Company has 2,041,000 shares held as treasury shares and this represents approximately 0.36% against the total number of issued shares excluding treasury shares as at that date.

** The percentage is calculated based on the number of issued ordinary shares of the Company as at 6 March 2017, excluding 2,041,000 shares held as treasury shares as at that date.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 25th Annual General Meeting of Pan-United Corporation Ltd (Company) will be held at Auditorium, Level 6, JEM Office Tower, 52 Jurong Gateway Road, Singapore 608550, on Wednesday, 26 April 2017 at 2.30 p.m. for the following purposes:

ORDINARY BUSINESS

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

2. To declare a final dividend of $0.0275 per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2016. **Resolution 2**

3. To re-elect the following directors retiring in accordance with Article 89 of the Articles of Association comprising part of the Constitution of the Company (Constitution) and who, being eligible, have offered themselves for re-election:
   3.1 Mr Ch'ng Jit Koon **Resolution 3**
   3.2 Mr Patrick Ng Bee Soon **Resolution 4**
   [See Explanatory Note 1]

4. To approve the payment of directors' fees of $520,000 for the financial year ending 31 December 2017 (2016: $520,000). **Resolution 5**

5. To re-appoint Ernst & Young LLP as auditor of the Company for the financial year ending 31 December 2017 and to authorise the directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

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

6. "That authority be and is hereby given, pursuant to Section 161 of the Singapore Companies Act, Chapter 50 (the Companies Act) and Rule 806(2) of the listing manual (the Listing Manual) of Singapore Exchange Securities Trading Limited (the SGX-ST), to the directors of the Company to:

   a i issue shares in the capital of the Company (Shares) whether by way of rights, bonus, or otherwise; and/or

   ii make or grant offers, agreements or options (collectively, Instruments) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

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

   b (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments 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 any Instruments made or granted pursuant to this Resolution) does not exceed 50 per centum (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 to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of any Instruments made or granted pursuant to this Resolution) does not exceed 10 per centum (10%) 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 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 subdivision of Shares;

C in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being; and

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

[See Explanatory Note 2] **Resolution 7**

7. "That:

a for the purposes of the Companies Act, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary Shares not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

i market purchase(s) (each a Market Purchase) on the SGX-ST; and/or

ii off-market purchase(s) (each an Off-Market Purchase) in accordance with any equal access scheme(s) as may be determined or formulated by the directors of the Company, as they consider fit, which scheme(s) shall satisfy all the 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 Buyback Mandate);

b the authority conferred on the directors of the Company pursuant to the Share Buyback Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

i the date on which the next Annual General Meeting is held or required by law to be held;

ii the date on which the share buybacks by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

iii the date on which the authority contained in the Share Buyback Mandate is revoked or varied by the Company in a general meeting;

c in this Resolution:

"Average Closing Market Price" means the average of the closing market prices of a Share over the last five (5) Trading Days on which transactions in the Shares were recorded, preceding the day of the Market Purchase (which is deemed to be adjusted for any corporate action that occurs after such five (5) Trading Day period);

"day of 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 of the Company, 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;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the Trading Day on which there were trades in the Shares immediately preceding the day of making of the offer pursuant to the Off-Market Purchase;

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding,

i in the case of a Market Purchase, 105 per centum (105%) of the Average Closing Market Price; and

ii in the case of an Off-Market Purchase, pursuant to an equal access scheme, 120 per centum (120%) of the Highest Last Dealt Price;

"Maximum Limit" means that number of issued Shares representing 10 per centum (10%) of the total number of issued Shares in the Company as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"Trading Day" means a day on which the Shares are traded on the SGX-ST; and

d the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

[See Explanatory Note 3] **Resolution 8**

ANY OTHER BUSINESS

8. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board

Lynn Wan Tiew Leng
Joint Company Secretary

Singapore
31 March 2017

Explanatory Notes

1. The Board of Directors, in consultation with the Nominating Committee, recommends to members the re-election of Mr Ch'ng Jit Koon and Mr Patrick Ng Bee Soon as directors of the Company.

   Article 89 of the Constitution provides that every director shall retire from office at least once every three (3) years. A retiring director shall be eligible for re-election.

   Mr Ch'ng Jit Koon (Chairman & Independent Director) has consented to his re-election as a director of the Company. If re-elected, he will remain as Chairman of the Board. Mr Ch'ng will also remain as Chairman of both the Executive Committee and the Nominating Committee and a member of the Audit Committee. The Board of Directors considers Mr Ch'ng to be independent for the purposes of Rule 704(8) of the Listing Manual.

   Mr Patrick Ng Bee Soon (Deputy Chairman & Director) has consented to his re-election as a director of the Company. If re-elected, he will remain as Deputy Chairman of the Board and a member of the Executive Committee.

2. Resolution 7, if passed, will empower the directors of the Company, from the date of the passing of Resolution 7 to the date of the next Annual General Meeting to issue Shares and/or to make or grant Instruments that might require Shares to be issued, and to issue Shares in pursuance of such Instruments, up to a limit of 50 per centum (50%) of the total number of issued Shares, excluding treasury shares, with a sub-limit of 10 per centum (10%) of the total number of issued Shares (excluding treasury shares) for issues made other than on a pro rata basis to shareholders, calculated as described in Resolution 7.

   Although the Constitution and the Listing Manual enable the Company to seek a mandate to permit its directors to issue Shares up to a limit of 50 per centum (50%) of the total number of issued Shares (excluding treasury shares) if made on a pro rata basis to shareholders, and up to a sub-limit of 20 per centum (20%) of the total number of issued Shares (excluding treasury shares) for issues made other than on a pro rata basis to shareholders, the Company is nonetheless only seeking a sub-limit of 10 per centum (10%) for issues made other than on a pro rata basis to shareholders. The directors believe that the lower limit sought for the issuance of Shares made other than on a pro rata basis to shareholders is adequate for the time being as it sufficiently addresses the Company's present need to maintain flexibility while taking into account shareholders' concerns against dilution. The directors will review this limit annually.

3. Resolution 8, if passed, is to renew the Share Buyback Mandate that will empower the directors of the Company to exercise all powers of the Company to purchase or otherwise acquire issued and fully paid ordinary Shares on the terms and subject to the conditions of Resolution 8. Please refer to the letter to Shareholders dated 31 March 2017 for details.

Notes

1. A member of the Company entitled to attend and vote at the Annual General Meeting, and who is not a Relevant Intermediary, is entitled to appoint not more than two proxies to attend and vote in his/her stead. Where more than one proxy is appointed, the number of Shares to be represented by each proxy must be stated.

   A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Shares or Shares held by such member, and the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   A proxy need not be a member of the Company.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. The Proxy Form must be deposited at the Company's registered office at 7 Temasek Boulevard, #16-01 Suntec Tower One, Singapore 038987, not less than 48 hours before the time for holding the Annual General Meeting. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

<u>Personal data privacy</u>

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), 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.

Pan-United Corporation Ltd
(Company Registration No. 199106524G)

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