

IMPORTANT NOTICE

THIS OFFERING MEMORANDUM IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBs (AS DEFINED BELOW) UNDER RULE 144A OR (2) NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (AS DEFINED BELOW) (“REGULATION S”)) PURCHASING THE SECURITIES OUTSIDE THE U.S. IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S.

IMPORTANT: You must read the following before continuing. The following applies to the Offering Memorandum following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THIS OFFERING MEMORANDUM.

Confirmation of Your Representation: In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the notes, investors must be either (I) Qualified Institutional Buyers (“QIBs”) (within the meaning of Rule 144A under the Securities Act) or (II) non-U.S. persons eligible to purchase securities outside the United States in an offshore transaction in reliance on Regulation S. This Offering Memorandum is being sent at your request and by accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) you consent to delivery of this Offering Memorandum and any amendments and supplements thereto by electronic transmission.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the attached Offering Memorandum may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Memorandum to any other person.

The materials relating to any offering of securities to which this Offering Memorandum relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and any of the Arrangers and Dealers or any affiliate of the Arrangers and Dealers is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Arranger or Dealer or such affiliate on behalf of the relevant Issuer (as defined in this Offering Memorandum) in such jurisdiction.

This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Dealers or any person who controls any Dealer or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from any of the Dealers.

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STRICTLY CONFIDENTIAL



The World's Port of Call

PSA INTERNATIONAL PTE LTD

*(incorporated in the Republic of Singapore with limited liability)
(Company Registration Number: 197200399R)*

PSA TREASURY PTE. LTD.

*(incorporated in the Republic of Singapore with limited liability)
(Company Registration Number: 201606623H)*

U.S.\$3,500,000,000 Global Medium Term Note Programme

Under the Global Medium Term Note Programme described in this Offering Memorandum (the "Programme"), PSA International Pte Ltd ("PSAI") and PSA Treasury Pte. Ltd. ("PSA Treasury") and, together with PSAI in such capacity, the "Issuers" and each an "Issuer", subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "Notes"). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$3,500,000,000 (or the equivalent in other currencies).

Notes issued by PSA Treasury (the "Guaranteed Notes") will be guaranteed (the "Guarantee") by PSAI (in such capacity, the "Guarantor"). Notes issued by PSAI will not be guaranteed. References in this Offering Memorandum to the Guarantor and the Guarantee shall only apply to any Guaranteed Notes that are issued under the Programme.

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Unlisted Series (as defined herein) of Notes may also be issued pursuant to the Programme. The relevant Pricing Supplement (as defined herein) in respect of any Series of Notes will specify whether or not such Notes will be listed on the SGX-ST (or any other stock exchange). There is no assurance that the application to the SGX-ST for the listing of the Notes will be approved. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of PSAI, PSA Treasury, the PSA Group (as defined herein) or such Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein.

An investment in Notes issued under the Programme involves certain risks. Prospective investors should have regard to the risks described in "Risk Factors".

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws in the United States or any other jurisdiction, and the Notes may include bearer notes that are subject to U.S. tax law requirements. The Notes may be offered and sold (i) in the United States only to "qualified institutional buyers" ("QIBs") as defined in Rule 144A under the Securities Act ("Rule 144A") in transactions exempt from registration under the Securities Act and/or (ii) outside the United States to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act ("Regulation S")). Prospective purchasers are hereby notified that sellers of the Notes may be relying on exemptions from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Each Series of Notes in bearer form ("Bearer Notes") will be represented on issue by a temporary global note in bearer form (each a "temporary Global Note") or a permanent global note in bearer form (each a "permanent Global Note" and, together with the temporary Global Notes, the "Global Notes"), and will be sold in an "offshore transaction" within the meaning of Regulation S. Interests in temporary Global Notes generally will be exchangeable for interests in permanent Global Notes, or if so stated in the relevant Pricing Supplement, definitive Notes ("Definitive Notes"), after the date falling 40 days after the later of the commencement of the offering and the relevant issue date of such Tranche (as defined herein), upon certification as to non-U.S. beneficial ownership. Global Notes may be deposited on the relevant issue date with (a) The Central Depository (Pte) Limited ("CDP"), or a common depository on behalf of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") (the "Common Depository") or (b) such other clearing system as agreed between the relevant Issuer, the Guarantor, the Issuing and Paying Agent (as defined herein), the Trustee (as defined herein) and the relevant Dealer(s) (as defined herein).

The Notes of each Series to be issued in registered form ("Registered Notes") will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's (as defined herein) entire holding of Registered Notes of one Series. Registered Notes which are offered and sold in an "offshore transaction" within the meaning of Regulation S ("Unrestricted Notes"), will initially be represented by a permanent registered global certificate (each an "Unrestricted Global Certificate") without interest coupons, which may be deposited on the relevant issue date (a) with, and registered in the name of, CDP, or a Common Depository for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg. Beneficial interests in an Unrestricted Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by, CDP, Euroclear or Clearstream, Luxembourg; and (b) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, CDP or Euroclear and/or Clearstream, Luxembourg, or delivered outside a clearing system, as agreed between the relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Trustee, the relevant Registrar (as defined herein) and the relevant Dealer(s). Registered Notes which are offered or sold in the United States to QIBs within the meaning of Rule 144A under the Securities Act that are also qualified purchasers as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940 (the "Investment Company Act") ("Restricted Notes") will initially be represented by a permanent registered global certificate (each a "Restricted Global Certificate" and, together with the Unrestricted Global Certificate, the "Global Certificates"), without interest coupons, which may be deposited on the relevant issue date with a custodian (the "Custodian") for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company ("DTC"). The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Note, and interests in Global Certificates for individual Certificates, are described in "Summary of Provisions Relating to the Notes while in Global Form". For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Offering Memorandum, see "Selling Restrictions – Singapore", "Subscription and Sale" and "Transfer Restrictions".

This Offering Memorandum is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC.

Arrangers

DBS BANK LTD.

HSBC

Dealers

BNP PARIBAS

CREDIT SUISSE

DBS BANK LTD.

HSBC

MORGAN STANLEY

Offering Memorandum dated 27 August 2019

In making an investment decision, investors must rely on their own examination of PSAI, PSA Treasury and the PSA Group (as defined herein), the terms of the Programme and the terms and conditions of any Series of Notes offered thereunder. By receiving this Offering Memorandum, investors acknowledge that (i) they have been afforded an opportunity to request and to review, and have received, all information that investors consider necessary to verify the accuracy of, or to supplement, the information contained in this Offering Memorandum, (ii) they have not relied on any Arranger or Dealer or any person affiliated with any Arranger or Dealer in connection with their investigation of the accuracy of any information in this Offering Memorandum or their investment decision and (iii) no person has been authorised to give any information or to make any representation concerning the issue or sale of the Notes, PSAI, PSA Treasury or the PSA Group other than as contained in this Offering Memorandum and, if given or made, any such other information or representation should not be relied upon as having been authorised by PSAI, PSA Treasury, the Arrangers or the Dealers.

PSAI and PSA Treasury accept responsibility for the information contained in this Offering Memorandum. PSAI and PSA Treasury, having made all reasonable inquiries, confirm that, to the best of their knowledge and belief, this Offering Memorandum contains all information with respect to PSAI, PSA Treasury, the PSA Group, and the Notes and the Guarantee that is material in the context of the issue and offering of the Notes and the giving of the Guarantee, the statements contained in it relating to PSAI and PSA Treasury are true and accurate in all material respects and not misleading in any material respect, the opinions and intentions expressed in this Offering Memorandum with regard to PSAI and PSA Treasury are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, and that there are no other facts in relation to PSAI, PSA Treasury, the PSA Group, the Notes or the Guarantee the omission of which would, in the context of the issue and offering of the Notes and the giving of the Guarantee, make any statement in this Offering Memorandum misleading in any material respect and all reasonable enquiries have been made by PSAI and PSA Treasury to ascertain such facts and to verify the accuracy of all such information. Certain information in this Offering Memorandum has been obtained from publicly available documents. PSAI and PSA Treasury make no representation, express or implied, and do not accept any responsibility with respect to the accuracy or completeness of any information obtained from publicly available documents.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by PSAI, PSA Treasury or any of the Arrangers or the Dealers. Neither the delivery of this Offering Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of PSAI, PSA Treasury or the PSA Group since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial position of PSAI, PSA Treasury or the PSA Group since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Prohibition of Sales to EEA Retail Investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

The distribution of this Offering Memorandum or any Pricing Supplement and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Memorandum comes are required by PSAI, PSA Treasury, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions.

THE NOTES AND THE GUARANTEE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS.

THE NOTES MAY BE OFFERED OR SOLD (I) IN THE UNITED STATES IN REGISTERED FORM ONLY TO QIBS IN TRANSACTIONS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, IN WHICH CASE EACH SUCH PURCHASER MUST BE ABLE TO MAKE, AND WILL BE DEEMED TO HAVE MADE, CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS, WARRANTIES AND AGREEMENTS AS SET FORTH IN THIS OFFERING MEMORANDUM IN RESPECT OF SUCH SERIES OF NOTES, AND/OR (II) OUTSIDE THE UNITED STATES, TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. ANY SERIES OF NOTES MAY BE SUBJECT TO ADDITIONAL SELLING RESTRICTIONS. ANY ADDITIONAL SELLING RESTRICTIONS ON THE SALE OR TRANSFER OF ANY SERIES OF NOTES WILL BE SPECIFIED IN THE APPLICABLE PRICING SUPPLEMENT FOR SUCH NOTES.

IF NOTES OF A SERIES ARE BEING OFFERED AND SOLD TO U.S. PERSONS IN THE UNITED STATES, PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. THE ARRANGERS AND THE DEALERS, THROUGH THEIR RESPECTIVE SELLING AGENTS, MAY ARRANGE FOR THE OFFER AND RESALE OF SUCH NOTES TO U.S. PERSONS OR PERSONS IN THE UNITED STATES WHO ARE QIBS IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF NOTES AND DISTRIBUTION OF THIS OFFERING MEMORANDUM, SEE “*SELLING RESTRICTIONS – SINGAPORE*”, “*SUBSCRIPTION AND SALE*” AND “*TRANSFER RESTRICTIONS*”.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE NOTES OR THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

This Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of PSAI, PSA Treasury, the Arrangers or the Dealers to subscribe for, or purchase, any Notes.

The Arrangers and the Dealers have not separately verified the information contained in (or incorporated into) this Offering Memorandum. To the fullest extent permitted by law, none of the Arrangers or the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in (or incorporated into) this Offering Memorandum or for any statement, made or purported to be made, by any of the Arrangers or any of the Dealers or on their behalf in connection with PSAI, PSA Treasury or the issue and offering of the Notes. The Arrangers and the Dealers accordingly disclaim all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Offering Memorandum or any such statement. Neither this Offering Memorandum nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of PSAI, PSA Treasury, the Arrangers or the Dealers that any recipient of this Offering Memorandum or any other person should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Memorandum and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Arrangers or the Dealers undertakes to review PSAI's or PSA Treasury's financial condition or affairs during the life of the arrangements contemplated by this Offering Memorandum or to advise any potential purchaser of Notes of any information coming to the attention of any of the Arrangers or the Dealers.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal, financial, tax and other advisers before purchasing or acquiring the Notes.

In connection with the issue of any Series of Notes, one or more Dealers named as stabilisation manager (the “**Stabilisation Manager(s)**”) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series of Notes and 60 days after the date of the allotment of the relevant Series of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

Selling Restrictions – Singapore. This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the “SFA” is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

For a description of other restrictions, see “*Subscription and Sale*” and “*Transfer Restrictions*”.

Notification under Section 309B of the SFA: Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

ADDITIONAL U.S. INFORMATION

This Offering Memorandum is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes may be offered and sold outside the United States to non-U.S. persons pursuant to Regulation S. Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption requirements of the Securities Act provide by Rule 144A.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes “forward-looking statements” within the meaning of Section 27A of the Securities Act and 21E of the U.S. Securities Exchange Act of 1934 (the “**Exchange Act**”). All statements other than statements of historical facts included in this Offering Memorandum, including, without limitation, those regarding PSAI’s or the PSA Group’s financial position, business strategy, plans and objectives of management for future operations relating to PSAI’s or the PSA Group’s products and business, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or industry results of PSAI or the PSA Group, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding PSAI’s or the PSA Group’s present and future business strategies and the environment in which PSAI or the PSA Group will operate in the future. Among the important factors that could cause PSAI’s or the PSA Group’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the condition of and changes in the local, regional or global economy that adversely affect the port industry, changes in government regulation and licensing of the business activities of PSAI or the PSA Group, and increased competition in the port industry. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Risk Factors*”, “*Industry Background and Trends*”, “*PSAI and the PSA Group*” and “*Management and Employees*”. These forward-looking statements speak only as at the date of this Offering Memorandum. PSAI and PSA Treasury expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in PSAI’s, PSA Treasury’s or the PSA Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Given the uncertainties of forward-looking statements, PSAI and PSA Treasury cannot assure any prospective purchaser that projected results or events will be achieved and prospective purchaser not to place undue reliance on these statements.

AVAILABLE INFORMATION

Each of PSAI and PSA Treasury has agreed that, for so long as any Notes issued by it are “restricted securities” as defined in Rule 144(a)(3) under the Securities Act, it will, during any period that it is neither subject to sections 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder furnish, upon request, to any QIB who is a holder or beneficial owner of such restricted securities or any QIB who is a prospective purchaser designated by any such holder or beneficial owner or to the Trustee for delivery to such holder, beneficial owner of prospective purchaser, in each case upon the request of such holder, beneficial owner, prospective purchaser or Trustee, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

ENFORCEABILITY OF JUDGMENTS

Each of PSAI and PSA Treasury is a company incorporated under the laws of Singapore. Substantially all of the directors and executive officers of PSAI and the directors of PSA Treasury reside outside the United States. All or substantially all of the assets of such persons and of PSAI and PSA Treasury may be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon any of PSAI, PSA Treasury or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States. Judgments of United States courts based upon the civil liability provisions of the federal securities laws of the United States may not be enforceable in Singapore courts, and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts used throughout this Offering Memorandum have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of PSAI, PSA Treasury, the Arrangers or the Dealers makes any representation as to the accuracy or completeness of that information.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise stated, all financial and other data regarding PSAI's business and operations presented herein is on a consolidated basis. Included elsewhere in this Offering Memorandum are:

- PSAI's consolidated statements of financial position as at 31 December 2016 and 2017, its consolidated income statements for the years ended 31 December 2016 and 2017 and its consolidated statements of cash flows for the two years ended 31 December 2016 and 2017, prepared in accordance with Singapore Financial Reporting Standards ("**SFRS**"); and
- PSAI's consolidated statements of financial position as at 31 December 2017 and 2018, its consolidated income statements for the years ended 31 December 2017 and 2018 and its consolidated statements of cash flows for the two years ended 31 December 2017 and 2018, prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") issued by the Accounting Standards Council of Singapore, and International Financial Reporting Standards ("**IFRS**").

each audited by KPMG LLP, Public Accountants and Chartered Accountants, as stated in their report attached hereto.

All references to SFRS(I) and IFRS are subsequently referred to as SFRS(I) in this Offering Memorandum unless otherwise stated.

In this Offering Memorandum, unless otherwise specified or the context otherwise requires, all references to "Singapore" are references to the Republic of Singapore and all references to the "U.S." and "United States" are references to the United States of America. All references to the "Government" herein are references to the government of the Republic of Singapore. References herein to "Singapore dollars" and "\$" are to the lawful currency of Singapore and all references to "U.S. dollars" and "U.S.\$" are to the lawful currency of the United States of America.

Except where such references are made in the context of financial information, all references herein to the "**PSA Group**" are to PSAI, together with its subsidiaries and joint ventures taken as a whole.

In the context of financial information, references to the "**PSA Group**" are to PSAI and its subsidiaries, taken as a whole.

Certain volume figures in this Offering Memorandum are expressed in "TEU". A TEU is a twenty-foot equivalent unit that is based on the dimensions of a cargo container 20 feet long by 8 feet wide by 8 feet 6 inches high with maximum load of 24 tonnes. Volumes, consistent with the general practice in the port industry, is calculated on a gross basis, which means that any operations in which the PSA Group has a partial stake are accounted for as if such operations were fully-owned by the PSA Group.

In this Offering Memorandum, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

SUPPLEMENTARY OFFERING MEMORANDUM

Each of PSAI and PSA Treasury has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Offering Memorandum the inclusion of which would reasonably be required by an investor for the purpose of making an informed assessment of the assets and liabilities, financial position and profits and losses of PSAI, and the rights attaching to the Notes or the Guarantee, PSAI and/or PSA Treasury shall prepare an amendment or supplement to this Offering Memorandum or publish a replacement Offering Memorandum for use in connection with any subsequent offering of the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof:

- (i) each relevant Pricing Supplement;
- (ii) the most recently published audited consolidated annual financial statements, and any interim financial statements (whether audited or unaudited) published subsequent to such annual financial statements, of PSAI from time to time (if any), in each case with the report of PSAI's auditors in connection therewith (if any); and
- (iii) all amendments and supplements from time to time to this Offering Memorandum (if any),

(together, the **"Incorporated Documents"**)

shall be deemed to be incorporated in, and to form part of, this Offering Memorandum and which shall be deemed to modify or supersede the contents of this Offering Memorandum to the extent that a statement contained in any such Incorporated Document is inconsistent with such contents. Such Incorporated Documents shall be incorporated in and form part of this Offering Memorandum, save that any statement contained in an Incorporated Document shall be deemed to be modified or superseded for the purpose of this Offering Memorandum to the extent that a statement contained in any subsequent Incorporated Document modifies or supersedes such statement in the earlier Incorporated Document (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

Copies of all Incorporated Documents which are so deemed to be incorporated in, and to form part of, this Offering Memorandum will be available during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection by the Noteholders at the office of the Issuing and Paying Agent set out at the end of this Offering Memorandum.

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information and financial statements contained or referred to elsewhere in this Offering Memorandum including the sections “Risk Factors”, “PSAI and the PSA Group” and “Board, Committees and Management of PSAI”.

Introduction

The PSA Group is a leading global port group and a trusted partner to cargo stakeholders around the world. The PSA Group’s primary business is the provision of integrated container terminal services. PSAI, through its subsidiaries, joint ventures and an investee company, has a network of over 50 coastal, rail and inland terminals in 18 countries – Singapore, Belgium, Argentina, Canada, China, Colombia, India, Indonesia, Italy, Japan, Panama, Poland, Portugal, Saudi Arabia, South Korea, Thailand, Turkey and Vietnam. In 2018, the PSA Group handled 81.0 million TEUs of containers at all its ports around the world. Revenue derived from the PSA Group’s terminals business amounted to approximately 92.0 per cent. of the PSA Group’s total revenue in 2018. PSAI is the holding company of the PSA Group.

The PSA Group also provides marine services through PSA Marine (Pte) Ltd (“**PSA Marine**”), a wholly-owned subsidiary of PSAI.

For the year ended 31 December 2018, the PSA Group’s consolidated revenue and net profit attributable to owner of PSAI amounted to S\$4,086.2 million and S\$1,204.7 million respectively and, as at 31 December 2018, the PSA Group had total consolidated assets of S\$20,242.4 million.

Strategy

The PSA Group is a trusted partner to cargo stakeholders around the world. PSA actively collaborates with its customers and partners to deliver world-class port services, develop innovative cargo solutions and co-create an ‘Internet of Logistics’.

Its multi-pronged strategy is described below:

Continue to Strengthen its Key Transshipment Hub in Singapore

PSA Singapore is the world’s largest container transshipment hub, handling 36.3 million TEUs in 2018 and anchoring Singapore’s position as the world’s second busiest container port. Singapore is strategically located across major trade lines, providing shippers with excellent connectivity to 600 ports around the world. About 85 per cent. of containers handled by PSA Singapore are bound for other regional and international ports. In 2018, PSA Singapore handled more than 16 per cent. of global container transshipment volumes. PSA Singapore is equipped with facilities, systems and equipment which enable it to handle the largest vessels sailing on the world’s oceans today – many of which can carry over 20,000 TEUs of containers. Its scale, scope of resources and reputation for operational excellence have enabled it to respond nimbly to the constant changes in the shipping line industry and the resulting re-alignment of shipping services. Given the strategic location of Singapore, PSA Singapore benefits from being at the nexus of major trade routes, enabling it to capture a share of the east-west, north-south and intraregional shipping trade. PSA Singapore will remain a key pillar of the PSA Group.

Initiatives to strengthen PSA Singapore’s competitive position include:

- (i) building on PSA Singapore’ strong connectivity and seamless transshipment processes by offering a range of frequent daily sailings, which in turn translates into faster time to market for shippers. The PSA Group believes that this is a competitive strength of PSA Singapore relative to other ports in the region;

- (ii) capitalising on the natural deep-water characteristics of PSA Singapore's location by consolidating its leading position to capture an increasing share of large container vessels that ply the major trade routes through further expansion of its berth and crane facilities. PSA Singapore has invested S\$3.5 billion to develop class-leading infrastructure and the latest port technology in its newest terminals at Pasir Panjang, bringing its total capacity to 45 million TEUs;
- (iii) enhancing its ability to provide customised service to its customers and to handle large volumes of containers on behalf of its shipping line customers including managing the operational complexities of transshipment and connections among the shipping alliances. PSA Singapore is able to provide customers with an online, real-time interface with shipping agencies, freight forwarders, hauliers and trade and customs agencies with its proprietary PORTNET® system. Together with its Computer Integrated Terminal Operations System (CITOS®), PSA Singapore handles more than 95,000 TEUs daily. This operational capability, together with its strong connectivity and Singapore's strategic location, helps customers to reduce overall shipping times and benefit from the advantages of scale offered by PSA Singapore; and
- (iv) working closely with the Government and the Maritime and Port Authority of Singapore ("MPA") to actively promote Singapore as a maritime hub and develop the future Tuas Port as part of an integrated supply chain ecosystem. Tuas Port will be co-located alongside an industrial hinterland, which will allow the port to be both physically and digitally integrated with the wider supply chain network. The PSA Group currently expects that Phase 1 of Tuas Port will begin operations in 2021. When completed, Tuas Port is expected to be the largest fully automated container terminal in the world, with an annual handling capacity of 65 million TEUs.

Continue to Deepen and Diversify its Global Presence

The PSA Group is a global terminal operator with a network of over 50 coastal, rail and inland terminals in 18 countries. It has a diversified geographic reach, serving the growing needs of its customers. With a wide network of ports in key locations, spanning important global cargo gateways, customers are able to benefit from high levels of efficiency, reliable service and access to complementary cargo solutions. The PSA Group has been able to expand by leveraging its expertise in the efficient management of port and port-related activities thereby diversifying to reduce earnings concentration.

The PSA Group has, since initiating its international operations, established container terminal operations in 17 countries outside Singapore spanning important global cargo gateways, supported by its strong financial position. The PSA Group's cash and bank balances averaged S\$3.8 billion in the past three financial years, providing a significant source of financial flexibility for its expansion.

The PSA Group continually evaluates new overseas port ventures in accordance with two important criteria: (a) growth potential in container volumes and (b) scope for productivity and efficiency improvements. The PSA Group is open to opportunities to build successful partnerships and/or secure management arrangements with strategic partners to expand its global operations in every region. In 2018, the PSA Group's operations outside Singapore handled 44.7 million TEUs.

In response to the evolving and increasingly complex demands of the global supply chain, the PSA Group has also invested and intends to continue to invest in growing its hinterland coverage and port adjacencies assets. In China, the PSA Group invested in China United International Rail Containers Co., Ltd. ("CUIRC") in 2016, which operates China's largest inland railway container terminal network. The PSA Group also continues to participate in the expanding scope and progressive build-up of the International Land-Sea Trade Corridor (ILSTC) between Chongqing to Beibuwan and onwards to ASEAN and beyond. In 2018, the PSA Group acquired a majority stake in Ashcroft Terminal in Western Canada, an important entry point to the hinterland supply chain servicing the North American market.

Building Win-Win Partnerships to Co-Create New Value

Building successful partnerships with cargo stakeholders is a key approach in achieving the PSA Group's strategy.

The PSA Group places strong emphasis on delivering high standards of service and nurturing excellent customer relations. The PSA Group has continuously developed and upgraded its terminal infrastructure, pioneered new systems and processes, as well as streamlined operations to meet the rapid growth in its terminals business. It works closely with the shipping lines, using its collective skills, knowledge and experience to anticipate its customers' needs and deliver customised services according to the shipping line customers' individual requirements.

As part of its aim to provide value-added services to its customers, the PSA Group has engaged in strategic partnerships and joint ventures with shipping lines, governments, port authorities, and multi-national corporations to develop, operate and own port terminal facilities globally. The PSA Group collaborates and partners with, among others, the Panama Canal Authority, the Busan Port Authority, the Tianjin Port Group and the Italy Ministry for Infrastructure and Transport. Such joint ventures and partnerships allow the PSA Group's shipping line customers to secure assured capacity to accommodate growing volumes at key hubs, while ensuring sustained volume growth in the future for the PSA Group.

In Singapore, the PSA Group has established joint venture terminals with CMA CGM S.A., China COSCO SHIPPING Co. Ltd., MSC Mediterranean Shipping Company S.A. ("**MSC**"), Ocean Network Express ("**ONE**") and Pacific International Lines ("**PIL**") between 2003 and 2018. The PSA Group also entered into a joint venture with Nippon Yusen Kabushiki Kaisha ("**NYK**") and Kawasaki Kisen Kaisha, Ltd ("**K-Line**") to establish Singapore's first dedicated car terminal, Asia Automobile Terminal (Singapore) in 2008. In Belgium, the PSA Group entered into a joint venture with MSC in 2003 to jointly manage the MSC Home Terminal in Antwerp, now known as the MSC PSA European Terminal ("**MPET**") and one of MSC's major European hubs. Elsewhere around the world, the PSA Group established PT New Priok Container Terminal One ("**NPCT1**") in 2014, with PT. Pelabuhan Indonesia II (Persero), Mitsui and NYK to jointly participate in the construction and operation of a new container terminal at Tanjung Priok Port, Jakarta, Indonesia. In 2015, the PSA Group established Beibu Gulf-PSA International Container Terminal ("**BPCT**") by signing a joint venture agreement with Beibu Gulf Port Group ("**BPG**") and PIL to operate a new container terminal in Qinzhou City (Guangxi Province, China). In 2019, the PSA Group acquired Halterm Container Terminal in the Port of Halifax, its first coastal terminal in Canada. The PSA Group also gained its first foothold in Eastern Europe by partnering the Polish Development Fund and the IFM Global Infrastructure Fund to jointly acquire Deepwater Container Terminal Gdansk ("**DCT Gdansk**") in 2019.

In order to harness the potential of digital technologies and the energy of the startup ecosystem, the PSA Group launched its external innovation and corporate venture capital arm, PSA unboXed in 2016. PSA unboXed focuses on seeking solutions related to ports, maritime, logistics and containerised cargo flow. In 2018, PSA unboXed signed a memorandum of understanding with CMA-CGM Ze Box to collaborate and co-create solutions to address industry challenges.

The PSA Group also established a Group Cargo Solutions unit in 2018 to seek out partnerships and common ground with stakeholders to orchestrate the supply chain with port as the centre and co-create an 'Internet of Logistics'. The Group Cargo Solutions unit offers complementary port solutions including differentiated services, physical assets and multimodal (land, sea and air) solutions and integrated systems on a digital platform, to connect communities and to create new value. In 2018, the PSA Group acquired the majority share of CrimsonLogic Pte Ltd ("**CrimsonLogic**"), with the aim of building on its integrated trade facilitation platforms. CrimsonLogic provides end-to-end business and citizen centric eGovernment solutions, products and services to streamline customs, trade facilitation, legal and information technology ("**IT**") security. In collaboration with CrimsonLogic's wholly-owned subsidiary Global eTrade Services Asia Pte Ltd ("**GeTS**"), the PSA Group developed and launched CALISTA™ (Cargo Logistics, Inventory

Streamlining & Trade Aggregation), a global supply chain platform that together with partners from diverse domains, streamlines key physical, compliance and financial activities of cargo logistics, in order to create greater cargo flow visibility, improve regulatory documentation, and create seamless, risk-managed financing solutions.

The PSA Group believes it continues to be well-positioned to capitalise on the growth opportunities for container volumes arising from strong global trade, the trend towards increasing use of regional and international transshipment hubs, the rise of larger container vessels and the application of digital technologies.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following tables present summary consolidated financial information for PSAI as at and for the years ended 31 December 2016, 2017 and 2018.

The summary financial information below has been derived from, and should be read in conjunction with, PSAI's audited consolidated financial statements and the notes thereto which appear elsewhere in this Offering Memorandum. The audited consolidated financial statements of PSAI were audited by PSAI's independent auditors, KPMG LLP, whose reports on the audited financial statements for each of the years ended 31 December 2017 and 2018 are included herein.

PSA International Pte Ltd

Consolidated Statements of Financial Position

	As at 31 December		
	2016	2017	2018
	(S\$' million)		
Assets			
Property, plant and equipment	5,963.2	6,302.3	5,396.5
Intangible assets	1,621.4	2,117.4	2,140.2
Associates	3,539.0	3,413.7	3,418.8
Joint ventures	2,269.0	2,283.0	2,803.9
Financial assets	1,217.8	1,335.2	1,187.4
Other non-current assets	26.9	42.2	229.7
Deferred tax assets	18.8	15.5	12.6
Non-current assets	<u>14,656.1</u>	<u>15,509.2</u>	<u>15,189.1</u>
Inventories	56.1	44.5	44.9
Trade and other receivables	686.3	773.7	954.0
Cash and bank balances	3,752.5	3,713.7	4,054.4
Current assets	<u>4,494.8</u>	<u>4,531.9</u>	<u>5,053.3</u>
Total assets	<u><u>19,150.9</u></u>	<u><u>20,041.1</u></u>	<u><u>20,242.4</u></u>
Equity			
Share capital	1,135.4	1,135.4	1,135.4
Accumulated profits	10,131.4	10,401.5	11,415.3
Other reserves	(397.0)	(457.2)	(1,206.8)
Equity attributable to owner of PSAI	<u>10,869.7</u>	<u>11,079.7</u>	<u>11,343.9</u>
Non-controlling interests	<u>415.7</u>	<u>534.9</u>	<u>701.6</u>
Total equity	<u>11,285.4</u>	<u>11,614.7</u>	<u>12,045.4</u>
Liabilities			
Borrowings	5,396.0	5,809.3	4,586.8
Provisions	39.9	49.1	9.2
Other non-current obligations	103.5	119.4	239.2
Deferred tax liabilities	343.8	522.5	493.9
Non-current liabilities	<u>5,883.2</u>	<u>6,500.2</u>	<u>5,329.2</u>
Trade and other payables	1,345.9	1,593.3	1,393.0
Borrowings	445.0	185.7	1,254.5
Current tax payable	191.4	147.2	220.3
Current liabilities	<u>1,982.4</u>	<u>1,926.2</u>	<u>2,867.8</u>
Total liabilities	<u>7,865.5</u>	<u>8,426.4</u>	<u>8,197.0</u>
Total equity and liabilities	<u><u>19,150.9</u></u>	<u><u>20,041.1</u></u>	<u><u>20,242.4</u></u>

Consolidated Income Statements

For the years ended 31 December

	2016	2017	2018
	<i>(S\$' million)</i>		
Revenue	3,680.1	3,967.7	4,086.2
Other income	120.9	181.4	212.3
Staff and related costs	(836.8)	(900.3)	(981.5)
Contract services	(424.1)	(494.8)	(531.1)
Running, repair and maintenance costs	(300.7)	(347.6)	(366.9)
Other operating expenses	(427.3)	(428.5)	(366.2)
Property taxes	(29.3)	(30.2)	(31.7)
Depreciation and amortisation	(512.9)	(610.0)	(663.7)
Service concession revenue	653.4	486.1	115.6
Service concession costs	(653.4)	(486.1)	(115.6)
	—	—	—
Profit from operations	1,270.0	1,337.7	1,357.4
Finance costs	(173.5)	(169.0)	(217.9)
Share of profit of associates, net of tax	184.2	170.8	148.1
Share of profit of joint ventures, net of tax	162.6	188.5	192.0
Profit before income tax	1,443.3	1,528.0	1,479.7
Income tax expense	(215.9)	(235.6)	(228.9)
Profit for the year	1,227.4	1,292.4	1,250.8
Non-controlling interests	(54.1)	(59.0)	(46.0)
Net profit attributable to owner of PSAI	<u>1,173.3</u>	<u>1,233.5</u>	<u>1,204.7</u>

The table below presents certain unaudited financial data relating to the PSA Group as at and for the years ended 31 December 2016, 2017 and 2018.

	As at and for the years ended 31 December		
	2016	2017	2018
EBITDA ⁽¹⁾ (S\$' million)	2,253.3	2,352.3	2,357.7
Total Debt/EBITDA ⁽¹⁾⁽²⁾ (times)	2.6	2.5	2.5
EBITDA/Finance Costs ⁽¹⁾ (times)	13.0	13.9	10.8
Total Debt/Total Capitalisation ⁽²⁾⁽³⁾	34.1%	34.0%	32.7%

Notes:

- (1) EBITDA represents profit for the year plus (i) income tax expense, (ii) finance costs, (iii) depreciation of property, plant and equipment, (iv) amortisation of intangible assets, (v) impairment of assets and (vi) losses on disposal of property, plant and equipment, intangible assets, financial assets, associates, jointly-controlled entities and subsidiaries, minus (vii) gains on disposal of property, plant and equipment, intangible assets, financial assets, associates, jointly-controlled entities and subsidiaries and (viii) reversal of impairment of assets. EBITDA may not be comparable to similarly titled measures reported by other companies due to potential inconsistencies in the method of calculation. The PSA Group has included EBITDA because it believes it is an indicative measure of its operating performance and is used by investors and analysts to evaluate companies in its industry. EBITDA should be considered in addition to, not as a substitute for, operating income, net income, cash flows from operating activities and other measures of financial performance and liquidity reported in accordance with SFRS(I) and SFRS.
- (2) Total Debt is defined as the sum of bank loans, fixed and floating rate notes, finance lease liabilities, loans from joint venture and interest-bearing loans from non-controlling shareholders of subsidiaries.
- (3) Total Capitalisation is defined as Total Debt plus total equity.

The table below presents certain unaudited operational data relating to the PSA Group for the years ended 31 December 2016, 2017 and 2018.

	For the years ended 31 December		
	2016	2017	2018
	<i>(million TEUs)</i>		
PSA Singapore Terminals	30.6	33.4	36.3
Rest of the World	37.0	40.9	44.7
Total volumes.	<u>67.6</u>	<u>74.2</u>	<u>81.0</u>

OVERVIEW OF THE PROGRAMME

The following is a general overview of the Programme. This overview is partly derived from and should be read in conjunction with, the full text of the terms and conditions of the Notes (the “Conditions”) (see “Terms and Conditions of the Notes”) and the Amended and Restated Trust Deed dated 29 March 2016 between PSAI, PSA Treasury and the Trustee (the “Trust Deed”) (and, where applicable, the Singapore Supplemental Trust Deed dated 29 March 2016 between PSAI, PSA Treasury and the Trustee (the “Supplemental Trust Deed”)) relating to the Notes. The Conditions and the Trust Deed (and, where applicable, the Supplemental Trust Deed) will prevail to the extent of any inconsistency with the terms set out in this summary.

Issuers:	PSA International Pte Ltd and PSA Treasury Pte. Ltd.
Guarantor:	Notes issued by PSA Treasury will be guaranteed by PSAI. Notes issued by PSAI will not be guaranteed. References in this Offering Memorandum to the Guarantor and the Guarantee shall only apply to any Guaranteed Notes that are issued under the Programme.
Description:	Global Medium Term Note Programme.
Size:	Up to U.S.\$3,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arrangers:	DBS Bank Ltd. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
Dealers:	BNP Paribas, Credit Suisse (Hong Kong) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Morgan Stanley Asia (Singapore) Pte. The Issuers and the Guarantor may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches (as defined below) or in respect of the whole Programme. References in this Offering Memorandum to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Trustee:	The Bank of New York Mellon.
Issuing and Paying Agent:	The Bank of New York Mellon.
Paying Agent in London:	The Bank of New York Mellon, London Branch.
Paying Agent in Singapore:	The Bank of New York Mellon, Singapore Branch.

Registrar:	The Bank of New York Mellon (in respect of each Series of Notes cleared through the DTC (“ DTC Notes ”)), The Bank of New York Mellon, Singapore Branch (in respect of each Series of Notes cleared through CDP (“ CDP Notes ”)) or The Bank of New York Mellon SA/NV, Luxembourg Branch (formerly The Bank of New York Mellon (Luxembourg) S.A.) in respect of each Series of Notes (other than DTC Notes and CDP Notes).
Calculation Agent:	The Bank of New York Mellon, London Branch.
Exchange Agent:	The Bank of New York Mellon (in respect of each Series of DTC Notes) or The Bank of New York Mellon, London Branch in respect of each Series of Notes (other than DTC Notes and CDP Notes).
Transfer Agent:	The Bank of New York Mellon (in respect of each Series of DTC Notes), The Bank of New York Mellon, Singapore Branch (in respect of each Series of CDP Notes) or The Bank of New York Mellon SA/NV, Luxembourg Branch (formerly The Bank of New York Mellon (Luxembourg) S.A.) in respect of each Series of Notes (other than DTC Notes and CDP Notes).
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ Series ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be fungible with all other Notes of that Series. Each Series may be issued in tranches (each a “ Tranche ”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the pricing supplement (the “ Pricing Supplement ”).
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly-Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes:	The Notes may be issued in bearer form (“ Bearer Notes ”), in bearer form exchangeable for Registered Notes (“ Exchangeable Bearer Notes ”) or in registered form (“ Registered Notes ”). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “ <i>Selling Restrictions</i> ” below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “ Global Certificates ”.

Registered Notes sold in an “offshore transaction” within the meaning of Regulation S will initially be represented by an Unrestricted Global Certificate. Registered Notes sold in reliance on Rule 144A will initially be represented by a Restricted Global Certificate.

Clearing Systems:

CDP, Clearstream, Luxembourg, Euroclear, DTC and, in relation to any Tranche, such other clearing system as may be agreed between the relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Trustee, the relevant Registrar and the relevant Dealer(s).

Initial Delivery of Notes:

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may be deposited with CDP or a Common Depository for Euroclear and Clearstream, Luxembourg or any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the relevant Issuer, the Guarantor, the Trustee, the Issuing and Paying Agent and the relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.

Currencies:

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s).

Maturities:

Subject to compliance with all relevant laws, regulations and directives, the Notes may have any maturity agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s), subject to any minimum or maximum maturity as required by relevant laws and regulations.

Specified Denomination:

Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement save that (i) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area (the “EEA”), the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes); and (ii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies) and (iii) in the case of any Notes to be sold in the United States in reliance on Rule 144A, the minimum specified denomination shall be U.S.\$200,000.

Fixed Rate Notes:

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.

Floating Rate Notes:	<p>Floating Rate Notes (as defined in the “<i>Terms and Conditions of the Notes</i>”) will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or (ii) by reference to LIBOR, LIBID, LIMEAN, EURIBOR, HIBOR, SIBOR or SOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. <p>Interest periods will be specified in the relevant Pricing Supplement.</p>
Variable Rate Notes:	<p>Variable Rate Notes (as defined in “<i>Terms and Conditions of the Notes</i>”) may be issued pursuant to the Programme on terms specified in the relevant Pricing Supplement.</p>
Zero Coupon Notes:	<p>Zero Coupon Notes (as defined in “<i>Terms and Conditions of the Notes</i>”) may be issued at their nominal amount or at a discount to it and will not bear interest.</p>
Dual Currency Notes:	<p>Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in “<i>Terms and Conditions of the Notes</i>”) will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.</p>
Index Linked Interest Notes:	<p>Payments of principal in respect of Index Linked Interest Notes (as defined in “<i>Terms and Conditions of the Notes</i>”) or of interest in respect of Index Linked Interest Notes (as defined in “<i>Terms and Conditions of the Notes</i>”) will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.</p>
Interest Periods and Interest Rates:	<p>The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.</p>
Redemption:	<p>The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).</p>

Redemption by Instalments:	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly-Paid Notes and any other type of Note that the relevant Issuer, the Guarantor, the Trustee and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement and the supplementary Offering Memorandum.
Optional Redemption:	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Status of Notes and Guarantee:	<p>The Notes will constitute unsubordinated and unsecured obligations of the relevant Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the relevant Issuer under the Notes and the Receipts and the Coupons shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of such Issuer, present and future.</p> <p>The payment obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank <i>pari passu</i> with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.</p> <p>See “<i>Terms and Conditions of the Notes – Status and Guarantee</i>”.</p>
Negative Pledge:	None.
Cross Default:	See “ <i>Terms and Conditions of the Notes – Events of Default</i> ”.
Ratings:	<p>PSAI has been assigned a credit rating of Aa1 (stable) by Moody’s and AA (stable) by Standard and Poor’s.</p> <p>Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Pricing Supplement.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>
Early Redemption:	Except as provided in “ <i>Optional Redemption</i> ” above, Notes will be redeemable at the option of the relevant Issuer prior to maturity only for tax reasons. See “ <i>Terms and Conditions of the Notes – Redemption, Purchase and Options</i> ”.

Withholding Tax:

The principal of, and interest on, Notes not denominated in Singapore dollars will be payable by the relevant Issuer or the Guarantor without withholding or deductions for, or on account of, taxes imposed by or on the relevant Issuer or the Guarantor, except as otherwise required by law. If the relevant Issuer or the Guarantor is required by law to deduct or withhold any taxes, imposed or levied by or on the relevant Issuer or the Guarantor, the relevant Issuer or, as the case may be, the Guarantor will, subject to certain exceptions, be required to pay such additional amounts as necessary to enable holders of Notes not denominated in Singapore dollars to receive, after such deductions or withholding, the amounts they would have received in the absence of such withholding or deductions. The relevant Issuer or, as the case may be, the Guarantor is not required to reimburse such amounts to holders of Singapore dollar denominated Notes, all as described in “*Terms and Conditions of the Notes – Taxation*”.

Governing Law:

English law or Singapore law, as specified in the relevant Pricing Supplement. Notes governed by English law shall be issued under the Trust Deed and Notes governed by Singapore law shall be issued under the Supplemental Trust Deed.

Listing and Admission to Trading:

Application has been made to the SGX-ST for permission to deal in and quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the SGX-ST will be approved. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in other currencies).

Unlisted Series of Notes may also be issued pursuant to the Programme. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s) in relation to each Series of Notes. The Pricing Supplement relating to each Series of Notes will state whether or not the Notes of such Series will be listed on any stock exchange(s) and, if so, on which stock exchange(s) the Notes are to be listed.

Redenomination, Renominalisation and/or Consolidation:

Notes denominated in a currency of a country that subsequently participates in the third stage of European Economic and Monetary Union may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in Euro. The provisions applicable to any such redenomination, renominalisation and/or consolidation will be as specified in the relevant Pricing Supplement.

Selling Restrictions:

The United States, the European Economic Area, the United Kingdom, Hong Kong, Japan and Singapore. See “*Selling Restrictions – Singapore*” and “*Subscription and Sale*”.

For the purposes of Regulation S, Category 2 selling restrictions shall apply.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”)) (the “**D Rules**”) unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the “**C Rules**”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

Transfer Restrictions:

There are restrictions on the transfer of Notes sold pursuant to Regulation S and on the transfer of Registered Notes sold pursuant to Rule 1A under the Securities Act. See “*Transfer Restrictions*”.

RISK FACTORS

The risks described below should be carefully considered before making any investment decision. The risks described below are not the only ones relevant to PSAI, PSA Treasury, the PSA Group, the Notes and the Guarantee. Additional risks not presently known to PSAI or PSA Treasury or that they currently deem immaterial may also impair PSAI's, PSA Treasury's and the PSA Group's business operations. PSAI's, PSA Treasury's and the PSA Group's business, financial condition and/or results of operations could be materially adversely affected by any of these risks.

Terms used but not defined in this section shall have the meanings given to them in "Terms and Conditions of the Notes". The Conditions, the Trust Deed (and where applicable, the Supplemental Trust Deed) and the Agency Agreement will prevail to the extent of any inconsistency with the information set out in the sections "Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme" and "Risks related to Notes generally".

Factors that may affect the ability of PSAI or PSA Treasury to fulfil its respective obligations under Notes issued under the Programme

Indirect Government ownership of PSAI

PSAI is wholly-owned by Temasek Holdings (Private) Limited ("**Temasek**"), which is in turn wholly-owned by the Government through the Minister for Finance, a body corporate constituted under the Minister for Finance (Incorporation) Act, Chapter 183 of Singapore. However, as the Government is not legally obligated to provide financial support to Temasek or any of its subsidiaries (including PSAI), PSAI's obligations under the Notes and the Guarantee and PSA Treasury's obligations under the Notes are not guaranteed by the Government and the Government has no obligation to Noteholders. There can be no assurance that the Government will provide financial support to PSAI or PSA Treasury in the event that PSAI or PSA Treasury is unable to meet its obligations under the Notes or the Guarantee (as the case may be). In addition, the Government is not obligated to, and there can be no assurance that it will, maintain its current level of ownership in Temasek and Temasek is not obligated to, and there can be no assurance that Temasek will, maintain its current level of ownership in PSAI.

Significant contribution from major customers

Consistent with the high degree of concentration in the shipping industry and in line with other port operators, the major global and regional shipping lines contribute significantly to PSAI's and the PSA Group's business and revenue. Any departure of these major customers may adversely affect PSAI and the PSA Group. In 2018, the PSA Group's 10 largest shipping line customers accounted for approximately 66 per cent. of its consolidated revenue.

The container shipping industry continues to undergo significant consolidation. The PSA Group anticipates that for the foreseeable future, a limited number of its largest shipping line customers will continue to account for a significant portion of its container volumes and revenue globally. As a result of this consolidation, there can be no assurance that, were the PSA Group to lose one or more of its major customers, the PSA Group would be able to obtain business from other customers in amounts sufficient to replace any such lost revenue. Further, there can be no assurance that any of the PSA Group's existing customers will not transfer any of their business to other ports. Shipping lines, with consolidation of the shipping industry, have greater ability to negotiate prices, which may have an adverse effect on the PSA Group's business, results of operations, financial condition and future growth.

Significant competition

The global container terminal industry is highly competitive. The PSA Group's container terminals business, both in Singapore and overseas, will continue to face continued competition from other global and local container terminal operators within the markets in which the PSA Group operates and other strategically-located ports that are able to offer container services at competitive prices.

Any loss in the PSA Group's ability to counter competition from other port operators may adversely affect PSAI's and the PSA Group's business, results of operations, financial condition and future growth.

Dependence on economic and trade growth

The PSA Group believes that there is generally a direct correlation between the growth of global and regional trade and the growth in the volumes of its terminals business. The results of operations of the PSA Group reflect cargo volumes of shipping customers that are handled by the PSA Group, which in turn depend on worldwide trade volumes and the import and export volumes of the regions in which it operates. Such global trade volumes and the import and export volumes of the regions in which the PSA Group operates are significantly affected by changes in global and regional economic and financial conditions that are outside of its control. Any deterioration in such conditions may adversely affect the PSA Group's business, results of operations, financial condition and future growth.

Adverse impact of trade tensions and trade barriers

The shift in the political narrative in the United States towards protectionism has led to the implementation and threat of import duties on major trading partners of the United States, such as the European Union, Canada, Mexico and China. Instigated by retaliatory tariffs and contrasting geo-political agendas, the trade friction between the United States and China has further escalated in 2019 and the likelihood of resolution remains uncertain. Import duties and trade barriers negatively impact imports and exports, and worsening international trade relations could have a knock-on effect on the global economy and global trade environment. The PSA Group's results of operations, being dependent on worldwide trade volumes and the import and export volumes of the regions in which it operates, may be adversely affected if trade tensions and trade barriers lead to reduced trading activity, or a slowdown in the global economy.

Credit risks of customers

The PSA Group sets credit limits for customers, takes financial guarantees from customers (where applicable) and monitors outstanding receivables. Despite these measures, there is a risk that the PSA Group's customers may in the future default on their obligations to any member of the PSA Group due to bankruptcy, lack of liquidity, operational failure or other reasons. Customers of the PSA Group primarily operate in the same industry as the PSA Group and therefore may be similarly affected by changes in economic and other conditions which affect the PSA Group. As a result of the significant consolidation that has occurred in the container shipping line industry, a limited number of the PSA Group's largest shipping customers account for a significant portion of the PSA Group's revenue and receivables. Furthermore, if any of its customers are privately-held companies, the PSA Group may face difficulties obtaining reliable information regarding their financial condition. Delayed payment, non-payment or non-performance of any of its customers could have a material adverse effect on the PSA Group's business, results of operations, financial condition and future growth.

Fluctuations in currency exchange rates

The PSA Group presents its financial statements in Singapore dollars. The PSA Group is exposed to fluctuations in currency exchange rates when translating the financial statements of its foreign subsidiaries, jointly-controlled entities and associated companies.

In addition to the currency translation exposure, the PSA Group incurs foreign currency risk on transactions that are denominated in a currency other than the functional currencies of the PSA Group entities. The functional currencies of the PSA Group entities are primarily Singapore dollars and Euro.

Political, economic, legal and regulatory changes

The PSA Group currently has investments in over 50 coastal, rail and inland terminals in 18 countries – Singapore, Belgium, Argentina, Canada, China, Colombia, India, Indonesia, Italy, Japan, Panama, Poland, Portugal, Saudi Arabia, South Korea, Thailand, Turkey and Vietnam. The PSA Group is subject to a broad range of risks, and these risks may increase as the PSA Group expands its operations into new countries, in particular countries which may have a heightened political and/or regulatory climate or particular onerous regulatory regimes.

The PSA Group may be adversely affected by political, economic, legal and regulatory changes in these countries and other countries where it may invest and/or operate in the future. Specific country risks that may have a material adverse effect on the PSA Group's financial condition and results of operations include political instability and violence, war and civil disturbance and government interventions, including expropriation or nationalisation of assets, increased protectionism and the introduction of tariffs or subsidies, changing fiscal, regulatory and tax regimes and arbitrary or inconsistent government action (including capricious application of tax laws and selective tax audits, cancellation, nullification or unenforceability of contractual rights), policies implemented by supranational regulatory bodies and under-developed industrial and economic infrastructure, including railway and road systems.

In addition, the legal system in certain of the jurisdictions in which the PSA Group operates and any new jurisdiction in which the PSA Group may operate, is less developed than in certain other countries, and the laws in such jurisdictions may not be interpreted and enforced in a consistent manner. The interpretation of laws may be subject to policy changes, such as those which reflect domestic policy changes. Further, as the legal system in such jurisdictions develop, the promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may have an adverse effect on the PSA Group's business, results of operations, financial condition and future growth.

Changes in investment policies in any of the countries in which the PSA Group operates could result in the introduction of increased government regulations with respect to price controls, export, import and volume controls, income and other taxes, environmental legislation, foreign ownership restrictions, foreign exchange and currency controls, labour and welfare benefit policies and land and water use.

Although the PSA Group has not experienced any significant problems with respect to its international operations, there can be no assurance that such problems will not occur. The occurrence of such problems in the future could have a material adverse effect on its business, results of operations, financial condition and future growth.

Regulation, compliance and legal and other proceedings

The PSA Group's terminal services and marine services are conducted under valid licences, concessions, permits or certificates granted by the applicable regulatory body in each jurisdiction. The operations of the PSA Group are contingent on its ability to comply with these laws and regulations and to obtain, maintain and renew as necessary related licences, concessions, permits or certificates from governmental agencies and authorities in the countries in which it operates.

Failure to comply with the relevant laws and regulations may result in financial penalties, administrative proceedings and legal proceedings against the PSA Group, including the revocation or suspension of its licences. If any of the licences, concessions, permits or certificates are revoked, suspended or amended, the PSA Group's operations, financial position and prospects may be adversely affected. There can be no assurance that the PSA Group will receive any compensation for any loss of revenue arising from such revocation, suspension or amendment.

There is also no assurance that the PSA Group will not from time to time be involved in disputes with various parties, which may lead to legal and other proceedings and may cause the PSA Group to suffer additional costs.

Joint venture and acquisition risks

The PSA Group has entered and expects to continue to enter into joint ventures and concession arrangements with other parties. Disagreements may occur between the PSA Group, its joint venture partners and/or such other parties, as the case may be, which may not be resolved amicably. Such joint ventures may also involve risks associated with the possibility that a joint venture partner may:

- have economic, business or legal interests or goals that are inconsistent with the PSA Group's interests;
- take actions contrary to the PSA Group's instructions, requests, policies and/or objectives;
- be unable or unwilling to fulfil its obligations under the joint venture or associated agreements;
- experience financial difficulties or experience a decline in their credit-worthiness; or
- have disputes with the PSA Group as to the scope of their responsibilities and obligations.

Although the PSA Group has not experienced any significant problems with respect to its joint venture partners to date, there can be no assurance that such problems will not occur. The occurrence of such problems in the future could result in the PSA Group making additional funding or capital contributions to its joint ventures and/or have a material adverse effect on the PSA Group's business, results of operations, financial condition and future growth.

In addition, the PSA Group has in the past acquired and may continue to acquire assets and businesses in order to expand its operations, and any such acquisitions entail risks resulting from, among others, integration of employees, processes, technologies and products. Such transactions may also give rise to substantial administrative and other expenses, and may also be subject to regulatory oversight, governmental or other approvals.

There is also a risk that not all material risks in connection with any acquisition or the establishment of a joint venture or strategic partnership will be identified in the due diligence process. These risks could materialise only after such acquisition has been completed or a joint venture or strategic partnership has been entered into, and may result in delays, increases in costs and expenses, disputes and/or proceedings, or other adverse consequences for the PSA Group. Any of the foregoing factors could have a material adverse effect on the PSA Group's businesses, financial position and results of operations.

Structural subordination of the Notes

PSAI is the holding company of the PSA Group. As a result of this structure, the Notes issued by PSAI and the Guarantee given by PSAI over the Guaranteed Notes are structurally subordinated to any and all existing and future liabilities and obligations of PSAI's subsidiaries, associated companies and joint ventures. Generally, claims of creditors, including trade creditors, and claims of preferred shareholders, if any, of such companies will have priority with respect to the assets and earnings of such companies over the claims of PSAI and its creditors, including the Noteholders.

Terrorist acts, war-related events and other catastrophic events may affect the operations of the PSA Group

The business operations of the PSA Group could be adversely affected or disrupted by terrorist attacks, natural disasters or other catastrophic or otherwise disruptive events, including without limitation:

- war, invasion, piracy, sabotage (including cybersecurity attacks), rebellion, revolution, insurrection, military or usurped power, riots or other forms of civil disturbance;

- radioactive or other material environmental contamination;
- outbreak of contagious diseases, which may adversely affect global or regional trade volumes or customer demand with respect to cargo transported to or from affected areas or lead to any imposition of quarantines;
- denial of the use of any railway, port, airport, shipping service or other means of public transport; and
- strike or lock-out or other industrial action by workers or employers.

The occurrence of any of these events at one or more of the facilities of the PSA Group or in the regions in which it operates may cause delays in the arrival and departure of vessels or disruptions to its operations in part or in whole, may subject the PSA Group to liability and may otherwise hinder the normal operation of its container terminals, which could materially affect its business, results of operations and financial condition. The effect of any of these events on the financial condition and results of operations of the PSA Group may be worsened to the extent that any such event involves risks for which the PSA Group is uninsured or not fully insured. See “*Insurance coverage and environmental liabilities*” below.

Further, the terrorist attacks over the last few years, including in the U.S. and Europe, have resulted in substantial and continuing economic volatility and social unrest globally. The political unrest in certain regions in Asia and terrorist attacks such as those in Indonesia, Sri Lanka and other areas of Asia, have exacerbated this volatility. Further developments stemming from these events or other similar events could cause further volatility. The direct and indirect consequences of any of these terrorist attacks or armed conflicts are unpredictable, and the PSA Group may not be able to foresee events that could have an adverse effect on the results of its business operations. An increase in the frequency, severity or geographic reach of terrorist acts could destabilise the jurisdictions in which the PSA Group operates. Any additional significant military or other response by the U.S. and/or its allies or other nations or any further terrorist activities could also materially and adversely affect international financial markets and the economies in which the PSA Group operates and may adversely affect the PSA Group’s business, results of operations, financial condition and future growth.

Adverse effect of additional security requirements and any breach of third parties’ security procedures

In recent years, various international bodies and governmental agencies and authorities in the countries in which the PSA Group operates have implemented security measures that may affect its container terminal operations and the costs associated with such operations. Failure on the part of the PSA Group to comply with the security requirements applicable to it or obtain relevant security-related certifications may prevent certain shipping line customers from using its facilities, which could have a material adverse effect on its business, results of operations, financial condition and future growth.

Other than inspecting cargo that enters its terminals in accordance with the inspection procedures prescribed by, and under the authority of, the governmental body charged with oversight of the relevant port, the PSA Group also relies on the security procedures carried out by its shipping line customers and the port facilities that such cargo has previously passed through to supplement its own inspection to varying degrees. Although the PSA Group maintains security at its terminals to comply with required standards, there is no assurance that security of the cargo has not been breached prior to being loaded or unloaded from port facilities operated by the PSA Group. A security breach or act of terrorism that occurs at one or more of the PSA Group’s facilities, or at the shipping lines or other port facilities in relation to the cargoes handled by the PSA Group, could subject the PSA Group to significant liability, including the risk of litigation and loss of goodwill. Further, a major security breach or act of terrorism that involves any container terminal operators may result in a temporary shutdown of some or a major part of the container terminal industry and/or the introduction of additional or more stringent security measures and other regulations affecting the container terminal industry. The costs associated with any such outcome could have a material adverse effect on the PSA Group’s business, results of operations, financial condition and future growth.

Insurance coverage and environmental liabilities

Although members of the PSA Group maintain comprehensive insurance with reputable insurance companies to cover their assets against natural perils and certain operational risks, such insurance may be insufficient to cover losses which they might incur. The PSA Group's operations may also be affected by a number of risks, including terrorist acts and war-related events, for which full insurance cover is either not available or not available on commercially reasonable terms. In addition, the severity and frequency of various other events, such as accidents and other mishaps, business interruptions or potential damage to the PSA Group's facilities, machinery, property and equipment caused by fire, explosion, power loss, telecommunications failure, intentional unlawful act, natural disaster, inclement weather, human error, pollution and labour disputes or any decline in the PSA Group's business as a result of any threat of war, outbreak of disease or epidemic, as well as risks relating to provision of services to customers, including damage to customers' property, delays, misrouting of cargo and documentation errors, may result in losses or expose the PSA Group to liabilities in excess of its insurance coverage. There can be no assurance that insurance coverage effected by the members of the PSA Group will be sufficient to cover the loss arising from any or all such events or that they will be able to renew existing insurance cover or to renew on commercially reasonable terms.

In the event that an incident occurs in relation to which the PSA Group has no insurance cover or inadequate insurance cover, the PSA Group could lose the capital invested in, and anticipated future revenues relating to, any property that is damaged or destroyed and, in certain cases, it may remain liable for financial obligations related to the impacted property. Any of these occurrences could have a material adverse effect on the PSA Group's business, results of operations and financial condition.

In addition, to the extent that any of the PSA Group's operations is located in a country or region that is designated a Hull, War, Strikes, Terrorism and Related Perils Listed Area by Lloyd's Joint War Committee, any insurance that the PSA Group obtains for such operation or its shipping customers obtain to call at such operation will likely require the payment of a war risk premium, which may be significant.

Credit ratings assigned to PSAI and/or the Notes

PSAI has been assigned a credit rating of Aa1 (stable) by Moody's and AA (stable) by Standard & Poor's. Each Series of Notes that may be issued under the Programme may be rated or unrated. The ratings may not reflect the potential impact of all risks related to structure, market, the risks discussed in this section and/or other factors that may affect the value of the Notes.

A credit rating is a statement of opinion and is not a recommendation to buy, sell or hold the Notes. Credit ratings are subject to suspension, revision or withdrawal at any time by the assigning credit rating agency. Credit rating agencies may also revise or replace entirely the methodology applied to assign credit ratings. No assurances can be given that a credit rating will remain for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the relevant credit rating agency if in its judgment circumstances in the future so warrant or if a different methodology is applied to assign such credit ratings.

Failure in information and technology systems could result in business operations delays

The information and technology systems of the PSA Group are designed to enable it to use its infrastructure resources as efficiently as possible and monitor and control all aspects of its operations. Any failure or breakdown in these systems could interrupt its normal business operations and result in a significant slowdown in operational and management efficiency for the duration of such failure or breakdown. Any prolonged failure or breakdown could significantly impact the ability of the PSA Group to offer services to its customers, which could have a material adverse effect on its business and results of operations. Similarly, any significant delays or interruptions in its loading or unloading of a customer's cargo could negatively impact its reputation as an efficient and reliable terminal operator. Given the pervasive nature of cybersecurity risks, and the reliance of the PSA Group on its information and technology systems, failure to adequately manage cybersecurity risk and update and review processes may

leave the PSA Group vulnerable to cyber-attacks, which may cripple operations and have an adverse impact on its business, results of operations, financial condition, prospects, and reputation.

In addition, the PSA Group is reliant on third-party vendors to supply and maintain part of its information technology. In the event that any of such third-party vendors that the PSA Group engages to provide support and upgrades with respect to components of its information technology ceased operations or became otherwise unable or unwilling to meet its needs, there can be no assurance that the PSA Group would be able to replace any such vendor promptly or on commercially reasonable terms, if at all. Delay or failure in finding a suitable replacement could adversely affect its financial condition, results of operations and prospects.

The PSA Group may fail to implement and manage its new business strategy

The PSA Group has a strong history and depth of expertise as a global ports and terminal operator, and provider of marine services. Through investment in CUIRC and acquisition of CrimsonLogic, the PSA Group has begun to extend its offerings beyond port to cargo solutions and digital products and systems for cross-border trade in partnership with supply chain stakeholders. This is in line with the PSA Group's vision of enabling supply chain orchestration with port as the centre to unleash the full potential of supply chain reliability and efficiency. However, the PSA Group may not have the same depth of experience, familiarity and business relationships in these new business segments, and there is no assurance that the PSA Group will succeed in expanding into these new business segments and achieve profitability in these new segments.

Further, there are new risks associated with these new business segments. The PSA Group's operations in these new business segments are also subject to additional laws and regulations, and there are risks arising from potential failure to fully comply with such additional laws and regulations.

If the new business strategies are not successfully managed, or any of the additional risks described above materialises, there could be an adverse effect on the PSA Group's business, results of operations, financial condition and future growth.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the relevant Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Interest Notes and Dual Currency Notes

Each Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, each Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-Paid Notes

Each Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Variable Rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of these features or other similar related features, their market values may be even more volatile than those securities that do not include these features.

Floating Rate Notes

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate (“**LIBOR**”), which are used to determine the amounts payable under financial instruments or the value of such financial instruments (“**Benchmarks**”), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that (if so specified in the relevant Pricing Supplement) may be converted from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such conversion of the interest rate will affect the secondary market and the market value of such Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing rates on its Notes.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification and waivers

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Trust Deed also provides that the Trustee may agree, without the consent of Noteholders or Couponholders, to (a) any modification to the Trust Deed which is in the opinion of the Trustee of a formal, minor or technical nature or to correct a manifest error or is to comply with mandatory provisions of English or Singapore law or is required by the SGX-ST and/or DTC and/or Euroclear and/or Clearstream, Luxembourg and/or CDP for or in connection with the listing and trading of the Notes and

(b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on all Noteholders and Couponholders.

Change of law

The Conditions are based on English law or Singapore law (as the case may be) in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or changes to English law or Singapore law (as the case may be) or administrative practices after the date of issue of the relevant Notes.

There is no assurance that PSAI and/or PSA Treasury will have sufficient cash flow to meet payment obligations under the Notes

There is no assurance that PSAI and/or PSA Treasury will have sufficient cash flow to meet payment obligations under the Notes as and when they fall due, in the event PSAI and/or PSA Treasury suffers a material deterioration in its financial condition. In such event, the ability of PSAI and/or PSA Treasury to comply with its payment obligations under the Trust Deed and the Notes may be adversely affected.

Application of Singapore insolvency and related laws to PSAI and PSA Treasury may result in a material adverse effect on the Noteholders

There can be no assurance that PSAI or PSA Treasury will not become bankrupt or insolvent or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. In the event of an insolvency or near insolvency of PSAI or PSA Treasury, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on the Noteholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Noteholders.

Where PSAI or PSA Treasury is insolvent or close to insolvent and undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to PSAI or PSA Treasury (as the case may be). It may also be possible that if a company related to PSAI or PSA Treasury proposes a creditor scheme of arrangement and obtains an order for a moratorium, PSAI or PSA Treasury (as the case may be) may also seek a moratorium even if PSAI or PSA Treasury (as the case may be) is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against PSAI or PSA Treasury, the need to obtain court permission may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Noteholders may be made subject to a binding scheme of arrangement where the majority in number representing 75 per cent. in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, recent amendments to the Companies Act in 2017 have introduced cram-down provisions for where there is a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75 per cent. in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Noteholders may be bound by a scheme of arrangement to which they may have dissented.

Further to the amendments that took effect on 23 May 2017 (some of which have been highlighted above), the Insolvency, Restructuring and Dissolution Bill (the “**IRD Bill**” or as passed, the “**IRD Act**”) was passed in Parliament on 1 October 2018, but is not yet in force. The IRD Act includes a prohibition against

terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings, by reason only that the proceedings are commenced or that the company is insolvent. The extent to which the provisions in the IRD Act will impact transactions contemplated under the Programme (if at all) will depend on the extent to which such transactions will be exempted from the application of such provisions. While the relevant authorities have indicated that bonds will generally be exempted from the prohibition described above, the relevant details are not yet available and there is no certainty as to whether or the extent to which the transactions contemplated under the Programme will fall within such exemptions.

Singapore Taxation

The Notes to be issued from time to time under the Programme during the period from the date of this Offering Memorandum to 31 December 2023 are intended to be “qualifying debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore, subject to the fulfilment of certain conditions more particularly described in the section “*Taxation – Singapore Taxation*”. However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Trading and liquidity risk of the Notes

The Notes have not been and will not be registered under the Securities Act or the securities or blue sky laws of any state of the United States. Holders may not offer the Notes in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement. In addition, the Notes have not been registered under the securities laws of any other country. It is the holder’s obligation to ensure that its offers and sales of the Notes in the United States and other countries comply with applicable securities laws. See “*Subscription and Sale*” and “*Transfer Restrictions*”.

Any Notes to be issued will constitute a new class of the relevant Issuer’s securities with no established market or prior trading history. While certain of the Notes issued under the Programme may be listed on the SGX-ST or such other or further stock exchange, there can be no assurance that a market for such Notes will be available or, if it is available, that it will provide investors with an avenue for liquidity for investment, nor can there be any assurance as to how long such Notes will be listed on the relevant stock exchange or the prices at which they may trade. In particular, the Notes could trade at prices that may be higher or lower than the initial offering price due to many factors, including prevailing interest rates, the PSA Group’s operating results, the market for similar securities and general macroeconomic and market conditions in Singapore and elsewhere.

The Issuers have been advised by the Arrangers and certain Dealers that following an issuance of Notes they may make a market in such Notes. However, they are not obligated to do so and any market-making activities with respect to such Notes may be discontinued at any time without notice.

Exchange rate risks and exchange controls

Each Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction

over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risk

Noteholders may suffer unforeseen losses (both realised and unrealised) due to fluctuations in interest rates. In particular, fixed rate Notes may see their price fluctuate due to fluctuations in interest rates. There is no assurance that Noteholders will be able to sell their Notes at a price which is attractive to them, or be able to sell their Notes at all.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Corporate disclosure and accounting standards in Singapore may differ from those in the United States

The PSA Group prepared its financial statements in accordance with SFRS for the years ended 31 December 2016 and 2017 and in accordance with SFRS(I) for the years ended 31 December 2018 and 2017, which differs in certain significant respects from U.S. GAAP. No reconciliation to U.S. GAAP of the financial statements or any other financial information contained in this Offering Memorandum has been undertaken.

USE OF PROCEEDS

The net proceeds from issuances of Notes under the Programme (after the deduction of fees, discounts, commissions and other expenses incurred by the relevant Issuer associated with the Programme) will be used by PSAI to finance its capital and operating expenditures and for general corporate purposes, unless otherwise disclosed in the relevant Pricing Supplement.

CAPITALISATION

The table below sets forth PSAI's capitalisation and indebtedness as at 31 December 2018. The information set out in this table has been extracted from and should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this Offering Memorandum.

	As at 31 December 2018
	Actual
	<i>(S\$' million)</i>
Bank loans	2,662.5
Fixed and floating rate notes	3,088.6
Finance lease liabilities	12.6
Loans from joint venture	68.0
Interest-bearing loans from non-controlling shareholders of subsidiaries	9.6
Total debt	5,841.3
Issued and paid-up share capital	1,135.4
Reserves	10,208.5
Non-controlling interests	701.6
Total equity	12,045.4
Total capitalisation	17,886.7

SELECTED FINANCIAL DATA

The selected financial information below has been derived from, and should be read in conjunction with, PSAI's audited consolidated financial statements and the notes thereto which appear elsewhere in this Offering Memorandum. The audited consolidated financial statements of PSAI were audited by PSAI's independent auditors, KPMG LLP, whose reports on the audited financial statements for each of the years ended 31 December 2017 and 2018 are included herein.

PSA International Pte Ltd

Consolidated Statements of Financial Position

	As at 31 December		
	2016	2017	2018
	(S\$'million)		
Assets			
Property, plant and equipment	5,963.2	6,302.3	5,396.5
Intangible assets	1,621.4	2,117.4	2,140.2
Associates	3,539.0	3,413.7	3,418.8
Joint ventures	2,269.0	2,283.0	2,803.9
Financial assets	1,217.8	1,335.2	1,187.4
Other non-current assets	26.9	42.2	229.7
Deferred tax assets	18.8	15.5	12.6
Non-current assets	14,656.1	15,509.2	15,189.1
Inventories	56.1	44.5	44.9
Trade and other receivables	686.3	773.7	954.0
Cash and bank balances	3,752.5	3,713.7	4,054.4
Current assets	4,494.8	4,531.9	5,053.3
Total assets	19,150.9	20,041.1	20,242.4
Equity			
Share capital	1,135.4	1,135.4	1,135.4
Accumulated profits	10,131.4	10,401.5	11,415.3
Other reserves	(397.0)	(457.2)	(1,206.8)
Equity attributable to owner of PSAI	10,869.7	11,079.7	11,343.9
Non-controlling interests	415.7	534.9	701.6
Total equity	11,285.4	11,614.7	12,045.4
Liabilities			
Borrowings	5,396.0	5,809.3	4,586.8
Provisions	39.9	49.1	9.2
Other non-current obligations	103.5	119.4	239.2
Deferred tax liabilities	343.8	522.5	493.9
Non-current liabilities	5,883.2	6,500.2	5,329.2
Trade and other payables	1,345.9	1,593.3	1,393.0
Borrowings	445.0	185.7	1,254.5
Current tax payable	191.4	147.2	220.3
Current liabilities	1,982.4	1,926.2	2,867.8
Total liabilities	7,865.5	8,426.4	8,197.0
Total equity and liabilities	19,150.9	20,041.1	20,242.4

Consolidated Income Statements

	For the years ended 31 December		
	2016	2017	2018
	<i>(S\$' million)</i>		
Revenue	3,680.1	3,967.7	4,086.2
Other income	120.9	181.4	212.3
Staff and related costs	(836.8)	(900.3)	(981.5)
Contract services	(424.1)	(494.8)	(531.1)
Running, repair and maintenance costs	(300.7)	(347.6)	(366.9)
Other operating expenses	(427.3)	(428.5)	(366.2)
Property taxes	(29.3)	(30.2)	(31.7)
Depreciation and amortisation	(512.9)	(610.0)	(663.7)
Service concession revenue	653.4	486.1	115.6
Service concession costs	(653.4)	(486.1)	(115.6)
	—	—	—
Profit from operations	1,270.0	1,337.7	1,357.4
Finance costs	(173.5)	(169.0)	(217.9)
Share of profit of associates, net of tax	184.2	170.8	148.1
Share of profit of joint ventures, net of tax	162.6	188.5	192.0
Profit before income tax	1,443.3	1,528.0	1,479.7
Income tax expense	(215.9)	(235.6)	(228.9)
Profit for the year	1,227.4	1,292.4	1,250.8
Non-controlling interests	(54.1)	(59.0)	(46.0)
Net profit attributable to owner of PSAI	1,173.3	1,233.5	1,204.7

The table below presents certain unaudited financial data relating to the PSA Group as at and for the years ended 31 December 2016, 2017 and 2018.

	As at and for the years ended 31 December		
	2016	2017	2018
EBITDA ⁽¹⁾ (S\$' million)	2,253.3	2,352.3	2,357.7
Total Debt/EBITDA ⁽¹⁾⁽²⁾ (times)	2.6	2.5	2.5
EBITDA/Finance Costs ⁽¹⁾ (times)	13.0	13.9	10.8
Total Debt/Total Capitalisation ⁽²⁾⁽³⁾	34.1%	34.0%	32.7%

Notes:

- (1) EBITDA represents profit for the year plus (i) income tax expense, (ii) finance costs, (iii) depreciation of property, plant and equipment, (iv) amortisation of intangible assets, (v) impairment of assets and (vi) losses on disposal of property, plant and equipment, intangible assets, financial assets, associates, jointly-controlled entities and subsidiaries, minus (vii) gains on disposal of property, plant and equipment, intangible assets, financial assets, associates, jointly-controlled entities and subsidiaries and (viii) reversal of impairment of assets. EBITDA may not be comparable to similarly titled measures reported by other companies due to potential inconsistencies in the method of calculation. The PSA Group has included EBITDA because it believes it is an indicative measure of its operating performance and is used by investors and analysts to evaluate companies in its industry. EBITDA should be considered in addition to, not as a substitute for, operating income, net income, cash flows from operating activities and other measures of financial performance and liquidity reported in accordance with SFRS(I) and SFRS.
- (2) Total Debt is defined as the sum of bank loans, fixed and floating rate notes, finance lease liabilities, loans from joint venture and interest-bearing loans from non-controlling shareholders of subsidiaries.
- (3) Total Capitalisation is defined as Total Debt plus total equity.

The table below presents certain unaudited operational data relating to the PSA Group for the years ended 31 December 2016, 2017 and 2018.

	For the years ended 31 December		
	2016	2017	2018
	<i>(million TEUs)</i>		
PSA Singapore Terminals	30.6	33.4	36.3
Rest of the World	37.0	40.9	44.7
Total volumes	<u>67.6</u>	<u>74.2</u>	<u>81.0</u>

INDUSTRY BACKGROUND AND TRENDS

The information in the section below has been derived, in part, from various public sources. This information has not been independently verified by PSAI, PSA Treasury, the PSA Group, the Arrangers, the Dealers, the Trustee, the Agents or any of their respective affiliates or advisors. The information may not be consistent with other information compiled by any other source.

Global Trade

Global seaborne trade consists of four main segments:

- breakbulk general cargo, which is carried by conventional, roll-on/roll-off and multi-purpose shipping vessels;
- containerised general cargo, which is mainly carried by container vessels;
- dry bulk cargo, which is carried by standard and specialised bulk carriers; and
- liquid bulk cargo, which is carried by specialised vessels such as tankers.

The increase in, and globalisation of, world trade has led to rapid growth in the volume of sea cargo shipments, including containerised cargo shipments. According to Drewry Shipping Consultants Ltd (“Drewry”), global TEU container volumes handled at ports increased from approximately 524.4 million TEUs in 2008 to approximately 783.6 million TEUs in 2018¹.

Containerisation

The PSA Group’s terminals business deals mainly with containerised trade. The containerisation of cargo increases the efficiency of its transportation by standardising the container for both seaborne transport as well as overland transportation, by rail and road, which is usually required at both ends of a cargo’s sea journey.

The increased volumes of global trade in recent years have led to significant growth in the volume of sea cargo shipments in general. In addition to this, an increasing proportion of trade has been containerised. The combination of these two factors has led to increasing global container volumes. This growth in containerised cargo volume has resulted in shipping lines carrying increasing volumes of containerised cargo along global sea trade routes. The major global sea trade routes include the East-West route comprising the Trans-Pacific, Trans-Atlantic and Europe-Far East routes, which are used mainly by larger container vessels servicing designated ports along these routes. The Intra-Asian route is also experiencing growth due to the strong economic performance of the Asian economies.

Container trade volume is typically measured in TEUs and according to Drewry, global container trade volume increased from approximately 148.6 million TEUs in 2008 to approximately 220.2 million TEUs in 2018¹.

Trend Towards Bigger Ships

Increasing volumes of containerised cargoes and an ongoing drive by shipping lines for economies of scale have resulted in the construction of larger container vessels as well as ports being upgraded with facilities that are equipped to handle large vessels and volume, and the development of sophisticated shipping and port-related technology.

¹ Source: Drewry Container Forecaster Q2 2010 and Q2 2019.

The largest vessels in the world fleet increased in size from around 14,500 TEU in 2008 to over 22,000 TEU currently. The increasing size of ships on the East-West routes, in particular the Europe-Far East route, favours the bigger terminal operators with the facilities, know-how and equipment to be able to handle the demands of these larger vessels.

Container Terminal Industry Background

According to Drewry, the top 10 container port groups in 2018 by equity-based throughput are as set out in the table below:

Container Terminal Operator	Throughput (million TEUs)	Share of the World Container Port Throughput (%)
PSAI	60.3	7.7
Hutchison Ports	46.7	6.0
China Cosco Shipping	46.1	5.9
DP World	44.2	5.6
APM Terminals	42.8	5.5
China Merchants Ports	35.1	4.5
Terminal Investment Limited (“TIL”)	26.5	3.4
ICTSI	8.9	1.1
Evergreen	8.5	1.1
SSA Marine	8.1	1.0

Source: Drewry Annual Review for Global Terminal Operators 2019

Notes:

- (1) Unless stated otherwise, figures include total annual throughput for all terminals in which shareholdings held as at 31 December 2018, adjusted according to the extent of equity held in each terminal.
- (2) Figures for each operator include equity volumes from other GRO/ITO and non-GTO/ITO operators in which stakes are held.
- (3) Figures do not include stevedoring operations at common user terminals and also exclude barge/river terminals.
- (4) PSAI’s and Hutchison Ports figures have been adjusted to account for PSAI’s 20% shareholding in Hutchison Ports.
- (5) China Merchant Ports figures have been adjusted to account for its 49% shareholding in Terminal Link.
- (6) Hutchison Port figures include Hutchison Port Holdings Trust volumes.
- (7) TIL figure does not include MSC/affiliated companies.
- (8) APM Terminals figure has been adjusted to account for its stake in GPI.
- (9) Some figures are estimated.

According to Drewry, the top 10 global/international container terminal operators in 2018 by consolidated throughput are set out in the table below:

Container Terminal Operator	Throughput (million TEUs)	Share of the World Container Port Throughput (%)
China Cosco Shipping	105.8	13.5
Hutchison Ports	82.6	10.5
PSAI	80.1	10.2
APM Terminals	78.6	10.0
DP World	70.0	8.9
Terminal Investment Ltd	47.7	6.1
China Merchants Ports	34.5	4.4
CMA CGM	25.6	3.3
Eurogate	13.7	1.7
SSA Marine	12.6	1.6

Source: Drewry Annual Review of Global Container Terminal Operators 2019

Notes:

- (1) Unless stated otherwise, figures include total annual volumes for all terminals in which 10 per cent. shareholdings held as at 31 December 2018.
- (2) Figures do not include stevedoring operations at common-user terminals and also exclude barge and river terminals.
- (3) Due to method of calculation, there is some degree of variation between Drewry’s figures and some terminal operators’ publicly announced results.
- (4) Some figures are estimated.
- (5) Hutchison Ports figures include Hutchison Port Holding Trust’s volumes.
- (6) TIL figures do not include MSC/affiliated companies.
- (7) CMA CGM figures include APL terminals.

Rise of Technology and Digitalisation

The rise of digital technologies has not left the shipping and ports industry untouched. Industrial revolution 4.0 technologies such as autonomous vehicles, connected platforms, augmented reality, virtual reality, the ‘Internet of Things’ and blockchain technology have the potential to revolutionise operations and processes in shipping. Shipping organisations also now need to cater to the increasingly sophisticated, digital demands of their customers.

PSA TREASURY

History and Business

PSA Treasury was incorporated as a private company limited by shares under the laws of the Republic of Singapore on 14 March 2016. PSA Treasury is a direct wholly-owned subsidiary of PSAI whose principal activities are investment holding and port operators.

The registered office of PSA Treasury is #38-00, PSA Building, 460 Alexandra Road, Singapore 119963.

Shareholding and Capital

As at the date of this Offering Memorandum, the issued and fully paid up share capital of PSA Treasury is S\$100,000, comprising 100,000 ordinary shares.

Directors

The directors of PSA Treasury are:

- (1) Tan Chong Meng;
- (2) Lim Pek Suat; and
- (3) Goh Mia Hock.

PSAI AND THE PSA GROUP

Introduction

The PSA Group is a leading global port group and a trusted partner to cargo stakeholders around the world. The PSA Group's primary business is the provision of integrated container terminal services. PSAI, through its subsidiaries, joint ventures and an investee company, has a network of over 50 coastal, rail and inland terminals in 18 countries – Singapore, Belgium, Argentina, Canada, China, Colombia, India, Indonesia, Italy, Japan, Panama, Poland, Portugal, Saudi Arabia, South Korea, Thailand, Turkey and Vietnam. In 2018, the PSA Group handled 81.0 million TEUs of containers at all its ports around the world. Revenue derived from the PSA Group's terminals business amounted to approximately 92.0 per cent. of the PSA Group's total revenue in 2018. PSAI is the holding company of the PSA Group, which comprises PSAI and its subsidiaries and its interests in associates and jointly-controlled entities.

The PSA Group also provides marine services through PSA Marine, a wholly-owned subsidiary of PSAI.

For the year ended 31 December 2018, the PSA Group's consolidated revenue and net profit attributable to owner of PSAI amounted to S\$4,086.2 million and S\$1,204.7 million respectively and, as at 31 December 2018, the PSA Group had total consolidated assets of S\$20,242.4 million.

Historical Background

The PSA Group is the successor company to the commercial functions of the former 'Port of Singapore Authority'. The Port of Singapore Authority was formed in April 1964 as a statutory board to take over the functions, assets and liabilities of its predecessor, the Singapore Harbour Board.

In 1972, Singapore became the first country in Southeast Asia to have purpose-built container terminal facilities when the Port of Singapore Authority established its first container berth at Tanjong Pagar. Through the 1970s and into the 1980s, the Port of Singapore Authority developed its hub-and-spoke transshipment capabilities and created an extensive network of main-haul and feeder shipping connections. This enabled Singapore to grow into a major transshipment hub in Asia for containerised cargo.

In 1996, the Port of Singapore Authority embarked on its first overseas venture in China through its investment in Dalian Container Terminal. In 1997, the Government decided to separate the regulatory and operator functions in the Port of Singapore Authority. It set up a new statutory board, the MPA, to be the port regulator. PSA Corporation Limited was established as a public limited company on 29 September 1997 as the successor company to the Port of Singapore Authority to manage and operate its terminals and related businesses.

On 1 December 2003, PSAI became the holding company of the PSA Group under a scheme of arrangement. PSA Corporation Limited and PSA Marine became wholly-owned subsidiaries of PSAI. PSA Corporation Limited now oversees the PSA Group's businesses at PSA Singapore.

Since 1997, the PSA Group has expanded into a global port operator with further ventures in Belgium, Argentina, Canada, China, Colombia, India, Indonesia, Italy, Japan, Panama, Poland, Portugal, Saudi Arabia, South Korea, Thailand, Turkey and Vietnam. Its second flagship terminal is located in Belgium, following the acquisition of an 80 per cent. stake in Hesse-Noord Natie N.V. (now known as PSA Antwerp N.V.) in 2002, a well-established port operator in the Port of Antwerp, and acquiring the remaining 20 per cent. in 2003. In 2005, the PSA Group acquired an effective 20 per cent. stake in Hongkong International Terminals ("HIT") and an effective 10 per cent. stake in COSCO-HIT Terminals, and in 2006, it acquired a 20 per cent. effective equity stake in each of Hutchison Port Holdings Limited and Hutchison Ports Investments S.à.r.l.. In 2011, Hutchison Port Holdings Limited and the PSA Group completed the divestment of its deep water container business in Hong Kong (including the interest in HIT and COSCO-HIT terminals) and the Guangdong province into Hutchison Port Holdings Trust, which is listed on the Main Board of the SGX-ST.

Most recently in 2019, the PSA Group acquired Halterm Container Terminal in the Port of Halifax, its first coastal terminal in Canada. The PSA Group also gained its first foothold in Eastern Europe by partnering the Polish Development Fund and the IFM Global Infrastructure Fund to jointly acquire DCT Gdansk in 2019. The PSA Group has also entered into a sale and purchase agreement for the acquisition of a marine

terminal business in the United States. Subject to satisfaction of closing precedents, the acquisition is expected to complete around August/September 2019 and the acquisition (if completed) will expand the PSA Group’s network of terminals into the United States.

Expanding its influence beyond coastal ports in order to enhance its multi-modal logistics offerings, the PSA Group in 2016 invested in CUIRC, China’s largest inland railway container terminal network. In 2018, the PSA Group also acquired a majority stake in Ashcroft Terminal, an inland terminal facility in Canada.

In line with the PSA Group’s efforts to create new value differentiators in the global supply chain enabled by technology, PSAI became the majority shareholder of CrimsonLogic in 2018, a provider of digital solutions, products and services in the areas of trade, legal and digital government. In April 2018, the PSA Group developed and launched CALISTA™, an open global supply chain platform that brings together key physical, compliance and financial activities of cargo logistics on a digital eco-system. CALISTA™ is developed by GeTS, a wholly-owned subsidiary of CrimsonLogic.

PSAI is wholly-owned by Temasek, an investment company headquartered in Singapore with a diversified investment portfolio. Temasek is in turn wholly-owned by the Government through the Minister for Finance, a body corporate constituted under the Minister for Finance (Incorporation) Act, Chapter 183 of Singapore.

Business Overview

Business Organisation of the PSA Group

The following chart illustrates the organisation of the PSA Group’s principal business activities:



The PSA Group’s terminal operations are organised into five geographical regions, namely Southeast Asia, Northeast Asia, Europe & Mediterranean, Middle East South Asia and The Americas, each led by a regional head responsible for its business performance. Each regional head reports to the Group Chief Executive Officer (“CEO”), who is assisted by senior executives at the PSA Group’s corporate centre.

Principal Businesses

PSAI is the holding company of the PSA Group, a leading global port operator. The PSA Group’s primary business is the provision of integrated container terminal services. In addition to being a global terminal operator, the PSA Group provides marine services in Singapore and other countries, including Bangladesh, China (including Hong Kong), India, Oman, Southeast Asia and Taiwan.

The PSA Group's consolidated revenue by principal business for each of the periods indicated is set out below:

	Year Ended 31 December					
	2016		2017		2018	
	Percentage of Total <i>(S\$' million (except percentages))</i>					
Port business	3,388.6	92.1%	3,671.4	92.5%	3,757.3	92.0%
Marine business	291.5	7.9%	296.3	7.5%	288.2	7.0%
Others	–	–	–	–	40.7	1.0%
Consolidated revenue . . .	<u>3,680.1</u>	<u>100%</u>	<u>3,967.7</u>	<u>100%</u>	<u>4,086.2</u>	<u>100%</u>

Strategy

The PSA Group is a trusted partner to cargo stakeholders around the world. PSA actively collaborates with its customers and partners to deliver world-class port services alongside, develop innovative cargo solutions and co-create an 'Internet of Logistics'.

The PSA Group's multi-pronged strategy is described as follows:

Continue to Strengthen its Key Transshipment Hub in Singapore

PSA Singapore is the world's largest container transshipment hub, handling 36.3 million TEUs in 2018 and anchoring Singapore's position as the world's second busiest container port last year. Singapore is strategically located across major trade lines, providing shippers with excellent connectivity to 600 ports around the world. About 85 per cent. of containers handled by PSA Singapore are bound for other regional and international ports. In 2018, PSA Singapore handled more than 16 per cent of global container transshipment volumes. PSA Singapore is equipped with facilities and equipment which enable it to handle the largest vessels sailing on the world's oceans today – many of which can carry over 20,000 TEUs of containers. Its scale, scope of resources and reputation for operational excellence have enabled it to respond nimbly to the constant changes in the shipping line industry and the resulting re-alignment of shipping services. Given the strategic location of Singapore, PSA Singapore benefits from being at the nexus of major trade routes, enabling it to capture a share of the east-west, north-south and intra-regional shipping trade. PSA Singapore will remain a key pillar of the PSA Group.

Initiatives to strengthen PSA Singapore's competitive position include:

- (i) building on PSA Singapore's strong connectivity and seamless transshipment processes by offering a range of frequent daily sailings, which in turn translates into faster time to market for shippers. The PSA Group believes that this is a competitive strength of PSA Singapore relative to other ports in the region;
- (ii) capitalising on the natural deep-water characteristics of PSA Singapore's location by consolidating its leading position to capture an increasing share of large container vessels that ply the major trade routes through further expansion of its berth and crane facilities. PSA Singapore has invested S\$3.5 billion to develop class-leading infrastructure and the latest port technology in its newest terminals at Pasir Panjang, bringing its total capacity to 45 million TEUs;
- (iii) enhancing its ability to provide customised service to its customers and to handle large volumes of containers on behalf of its shipping line customers including managing the operational complexities of transshipment and connections among the shipping alliances. PSA Singapore is able to provide customers with an online, real-time interface with shipping agencies, freight forwarders, hauliers and

trade and customs agencies with its proprietary PORTNET® system. Together with its Computer Integrated Terminal Operations System (CITOS®), PSA Singapore handles more than 95,000 TEUs daily. This operational capability, together with its strong connectivity and Singapore's strategic location, helps customers to reduce overall shipping times and benefit from the advantages of scale offered by PSA Singapore; and

- (iv) working closely with the Government and MPA to actively promote Singapore as a maritime hub and develop the future Tuas Port as part of an integrated supply chain ecosystem. Tuas Port will be co-located alongside an industrial hinterland, which will allow the port to be both physically and digitally integrated with the wider supply chain network. The PSA Group currently expects that Phase 1 of Tuas Port will begin operations in 2021. When completed, Tuas Port is expected to be the largest fully automated container terminal in the world, with an annual handling capacity of 65 million TEUs.

Continue to Deepen and Diversify its Global Presence

The PSA Group is a global terminal operator with a network of over 50 coastal, rail and inland terminals in 18 countries. It has a diversified geographic reach, serving the growing needs of its customers. With a wide network of ports in key locations, spanning important global cargo gateways, customers are able to benefit from high levels of efficiency, reliable service and access to complementary cargo solutions. The PSA Group has been able to expand by leveraging its expertise in the efficient management of port and port-related activities thereby diversifying to reduce earnings concentration.

The PSA Group has, since initiating its international operations, established container terminal operations in 17 countries outside Singapore spanning important global cargo gateways, supported by its strong financial position. The PSA Group's cash and bank balances averaged S\$3.8 billion in the past three financial years, providing a significant source of financial flexibility for its expansion.

The PSA Group continually evaluates new overseas port ventures in accordance with two important criteria: (a) growth potential in container volumes and (b) scope for productivity and efficiency improvements. The PSA Group is open to opportunities to build successful partnerships and/or secure management arrangements with strategic partners to expand its global operations in every region. In 2018, the PSA Group's operations outside Singapore handled 44.7 million TEUs.

In response to the evolving and increasingly complex demands of the global supply chain, the PSA Group has also invested and intends to continue to invest in growing its hinterland coverage and port adjacencies assets. In China, the PSA Group invested in CUIRC in 2016, which operates China's largest inland railway container terminal network. The PSA Group also continues to participate in the expanding scope and progressive build up of the International Land-Sea Trade Corridor (ILSTC) between Chongqing to Beibuwan and onwards to ASEAN and beyond. In 2018, the PSA Group acquired a majority stake in Ashcroft Terminal in Western Canada, an important entry point to the hinterland supply chain servicing the North American market.

Building Win-Win Partnerships to Co-Create New Value

Building successful partnerships with cargo stakeholders is a key approach in achieving the PSA Group's strategy.

The PSA Group places strong emphasis on delivering high standards of service and nurturing excellent customer relations. The PSA Group has continuously developed and upgraded its terminal infrastructure, pioneered new systems and processes, as well as streamlined operations to meet the rapid growth in its terminals business. It works closely with the shipping lines, using its collective skills, knowledge and experience to anticipate its customers' needs and deliver customised services according to the shipping line customers' individual requirements.

As part of its aim to provide value-added services to its customers, the PSA Group has engaged in strategic partnerships and joint ventures with shipping lines, governments, port authorities, and multi-national corporations to develop, operate and own port terminal facilities globally. The PSA Group collaborates and partners with, among others, the Panama Canal Authority, the Busan Port Authority, the Tianjin Port Group and the Italy Ministry for Infrastructure and Transport. Such joint ventures and partnerships allow the PSA Group's shipping line customers to secure assured capacity to accommodate growing volumes at key hubs, while ensuring sustained volume growth in the future for the PSA Group.

In Singapore, the PSA Group has established joint venture terminals with CMA CGM, COSCO, MSC, ONE and PIL between 2003 and 2018. The PSA Group also entered into a joint venture with NYK and K-Line to establish Singapore's first dedicated car terminal, Asia Automobile Terminal (Singapore) in 2008. In Belgium, the PSA Group entered into a joint venture with MSC in 2003 to jointly manage MPET in Antwerp, one of MSC's major European hubs. Elsewhere around the world, the PSA Group established NPCT1 in 2014, with PT. Pelabuhan Indonesia II (Persero), Mitsui and NYK to jointly participate in the construction and operation of a new container terminal at Tanjung Priok Port, Jakarta, Indonesia. In 2015, the PSA Group established BPCT by signing a joint venture agreement with BPG and PIL to operate a new container terminal in Qinzhou City (Guangxi Province, China). In 2019, the PSA Group acquired Halterm Container Terminal in the Port of Halifax, its first coastal terminal in Canada. The PSA Group also gained its first foothold in Eastern Europe by partnering the Polish Development Fund and the IFM Global Infrastructure Fund to jointly acquire DCT Gdansk in 2019.

In order to harness the potential of digital technologies and the energy of the startup ecosystem, the PSA Group launched its external innovation and corporate venture capital arm, PSA unboXed in 2016. PSA unboXed focuses on seeking solutions related to ports, maritime, logistics and containerised cargo flow. In 2018, PSA unboXed also signed a memorandum of understanding with CMA-CGM Ze Box to collaborate and co-create solutions to address industry challenges.

The PSA Group also established a Group Cargo Solutions unit in 2018 to seek out partnerships and common ground with stakeholders to orchestrate the supply chain with port as the centre and co-create an 'Internet of Logistics'. The Group Cargo Solutions unit offers complementary port solutions including differentiated services, physical assets and multimodal (land, sea and air) solutions and integrated systems on a digital platform, to connect communities and to create new value. In 2018, the PSA Group acquired the majority share of CrimsonLogic, with the aim of building on its integrated trade facilitation platforms. CrimsonLogic provides end-to-end business and citizen centric eGovernment solutions, products and services to streamline customs, trade facilitation, legal and IT security. In collaboration with CrimsonLogic's wholly-owned subsidiary GeTS, the PSA Group also developed and launched CALISTA™, a global supply chain platform that together with partners from diverse domains, streamlines key physical, compliance and financial activities of cargo logistics, in order to create greater cargo flow visibility, improve regulatory documentation, and create seamless, risk-managed financing solutions.

The PSA Group believes it continues to be well-positioned to capitalise on the growth opportunities for container volumes arising from strong global trade, the trend towards increasing use of regional and international transshipment hubs, the rise of larger container vessels and the application of digital technologies.

Portfolio of Businesses

Terminals Business

The PSA Group operates an extensive global network of over 50 coastal, rail and inland terminals in 18 countries. In 2018, the Group handled 81.0 million TEUs. PSA Singapore, one of the PSA Group's two flagship terminals, contributed 36.3 million TEUs (an increase of 8.9 per cent. from the year before), while terminals outside Singapore achieved 44.7 million TEUs (an increase of 9.3 per cent. from the year before).

An overview of the PSA Group's ports and terminals business by geography as at August 2019 is set out below:

	<u>Coastal projects</u>	<u>Railway/Inland projects</u>
Southeast Asia	Singapore Laem Chabang, Thailand Vung Tau, Vietnam Jakarta, Indonesia	
Northeast Asia	Dalian, China Fuzhou, China Guangzhou, China Tianjin, China Dongguan, China Lianyungang, China Qinzhou, China Incheon, South Korea Busan, South Korea Kitakyushu, Japan	Wuhan, China* Xi'an, China* Qingdao, China* Ningbo, China* Dalian, China* Kunming, China* Zhengzhou, China* Tianjin, China* Chongqing, China* Chengdu, China* Urumqi, China* Qinzhou, China
Middle East South Asia.	Tuticorin, India Chennai, India Navi Mumbai, India Kolkata, India Dammam, Saudi Arabia	
Europe, Mediterranean & The Americas . . .	Antwerp, Belgium Zeebrugge, Belgium Genoa, Italy Venice, Italy Sines, Portugal Mersin, Turkey Gdańsk, Poland Buenos Aires, Argentina Panama City, Panama Buenaventura, Colombia Halifax, Canada	British Columbia, Canada

* Held through the PSA Group's investment in CUIRC

Description of Terminals Business

Singapore

One of the PSA Group’s two flagship terminals, PSA Singapore operates the world’s largest container transshipment hub, handling 36.3 million TEUs in 2018 (an increase of 8.9 percent from the year before) and anchoring Singapore’s position as the world’s second largest container port.

PSA Singapore provides shippers with excellent connectivity to 600 ports in the world and its services are primarily geared towards the transshipment of containers with about 85 per cent. of containers handled by PSA Singapore bound for other regional and international ports. In 2018, PSA Singapore handled more than 16 percent of global container transshipment volumes.

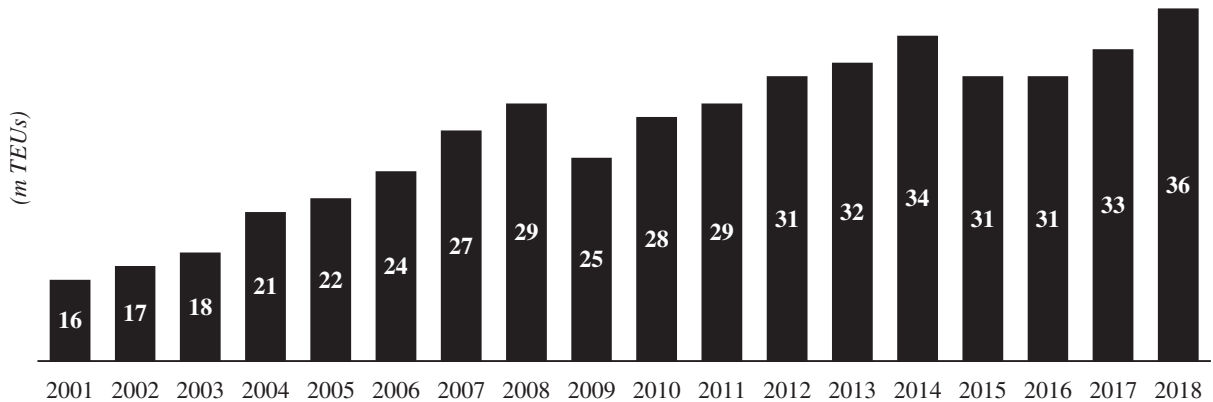
PSA Singapore has nine terminals – one of each located in Tanjong Pagar, Keppel, Brani and six located at Pasir Panjang in Singapore – which work together as one seamless entity. PSA Singapore is equipped with water depth of up to 18 metres and super post-Panamax quay cranes which enable it to handle the largest vessels sailing on the world’s oceans today, which can carry over 20,000 TEUs of containers. PSA Singapore has invested S\$3.5 billion to develop class-leading infrastructure and the latest port technology at Pasir Panjang Terminals (“PPT”) 4 – 6 to handle the increasing volumes and growing mega vessels from shipping alliances. PPT 4 – 6 were completed in 2018, expanding the PSA Group’s annual handling capacity in Singapore to 45 million TEUs.

PSA Singapore is also working closely with the Government and MPA to actively promote Singapore as a maritime hub and develop the future Tuas Port as part of an integrated supply chain ecosystem. When completed, Tuas Port will be co-located alongside an industrial hinterland, which will allow the port to be both physically and digitally integrated with the wider supply chain network. The PSA Group currently expects that Phase 1 of Tuas Port will begin operations in 2021. When completed, Tuas Port is expected to be a fully automated container terminal with an annual handling capacity of 65 million TEUs.

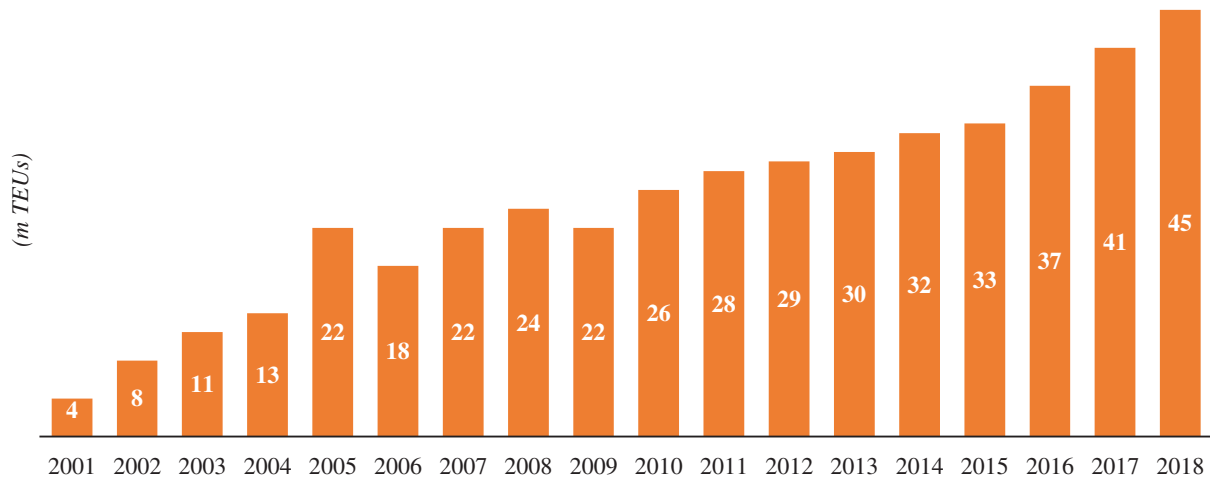
With more than 50 years of operating experience, PSA Singapore is known for its high productivity and ability to help turn ships around quickly in Singapore, reducing their port stay.

PSA Group has successfully expanded its international operations, exemplified by its track record of increased throughput contribution from overseas operations over the years. The table below sets out the total volume of containers handled by the PSA Group’s container terminals in Singapore and overseas for each of the years shown:

Singapore



Overseas



Belgium

Besides Singapore, the PSA Group's other flagship project is located in Antwerp, Belgium.

PSA Antwerp is the container gateway to Europe with excellent transshipment and hinterland connections for rail, road, barge and short-sea vessels. The company operates two fully-owned container terminals in Antwerp: Noordzee Terminal is equipped with three container berths, a 1,125-metre quay length and has a designed capacity of 2.6 million TEUs. Europa Terminal has three container berths, a 1,180-metre quay length and a designed capacity of 1.8 million TEUs.

PSA Antwerp also operates MPET, a joint venture with TIL, MSC's container terminal arm. Located on the left bank of Scheide River, MPET is the largest container terminal in Europe with a designed capacity of 9 million TEUs per annum.

PSA Zeebrugge ("PSAZ") – another PSA terminal in Belgium – operates in the port of Zeebrugge. The port serves both local and overseas markets and acts as a hub for many industries. An ultra-modern multi-purpose terminal, PSAZ is highly automated and includes a 100,000-square metre covered distripark.

Argentina

The PSA Group's Exolgan Container Terminal is situated in the Port of Buenos Aires. The largest container facility in Argentina, it provides a comprehensive suite of services to shippers and shipping lines, including complementary logistics and warehousing businesses. The terminal has a designed capacity of 1.1 million TEUs.

Canada

Ashcroft Terminal is an inland port facility located approximately 300 kilometres east of the Port of Vancouver. It is the only major privately-owned industrial property in Canada where both Class 1 railroad lines run through, transporting cargoes across Canadian and North American markets. Ashcroft Terminal also represents PSA's first foray into Canada and offers an entry point into the hinterland supply chain for the North American market.

Halterm Container Terminal is located in the Port of Halifax, in Eastern Canada. It operates three container berths covering more than a kilometre of quay length with depth of up to 16 metres. The terminal is currently undergoing further berth expansion, including the delivery of a fifth Super Post-Panamax Quay Crane, which is expected to complete in 2020 and upon completion is expected to enable Halterm to handle two mega container vessels concurrently.

China

The PSA Group's investment in Dalian, China also represented the PSA Group's first port investment outside of Singapore. Dalian Container Terminal is a natural deepwater port favourably located at the entrance of Bohai Rim, serving as the gateway to Northeast China and hub port to the Bohai Rim. The terminal's designed capacity is currently 6.1 million TEUs and with upgrading, is expected to increase to 8.4 million TEUs.

In Tianjin, the PSA Group teamed up with Tianjin Port Group and other partners to form the Tianjin Port Alliance International Container Terminal ("TACT") and Tianjin Port Pacific International Container Terminal ("TPCT"). The port of Tianjin is a major gateway in North China and ranks sixth among the top ten ports in China (excluding Hong Kong). The designed capacity of TACT is 1.85 million TEUs, while the designed capacity of TPCT is 4.0 million TEUs.

The PSA Group operates three container terminals in Fuzhou which are collectively managed under joint venture company Fuzhou International Container Terminals Co., Ltd.. The terminals are: Fuzhou Qingzhou Container Terminal ("FQCT"), Fuzhou International Container Terminal ("FICT") and Fujian Jiangyin International Container Terminal ("FJCT"); FICT and FJCT are located side-by-side. The terminals are strategically located for cross-Straits and intra-Asia trades. The designed capacity of FQCT is 680,000 TEUs, while the combined designed capacity of FICT and FJCT is 3.0 million TEUs.

The PSA Group's Guangzhou Container Terminal ("GCT") offers fully integrated container terminal operations at its four container berths at Guangzhou Huangpu Xingang. The Pearl River Delta region is one of the fastest-growing in China and the terminal benefits from its location in that region. GCT has a designed capacity of 1.3 million TEUs.

In Dongguan, the PSA Group's Dongguan Container Terminal ("DGCT") is strategically located on the east of the Pearl River estuary and serves as an important gateway to South China. The two container berths are well equipped with modern container handling equipment and fully integrated computer systems. DGCT has a designed capacity of 1.4 million TEUs.

The PSA Group's investment in Lianyungang-PSA Container Terminal ("LPCT") was the Group's first major foray into the Yangtze River Delta region, one of the most important economic regions in China. LPCT has a designed capacity of 2.8 million TEUs.

Over in Qinzhou City, the PSA Group's BPCT supports container trade growth in the southwestern China region and serves the vast hinterlands of Guangxi, Yunnan, Guizhou, Sichuan, Chongqing and Hunan. It also supports China's Belt and Road Initiative as an important gateway connecting the Silk Road Economic Belt and 21st Century Maritime Silk Road. BPCT has a designed capacity of 3.0 million TEUs.

The PSA Group invested in CUIRC, a Sino-Foreign joint venture with a mandate from the government of the People's Republic of China to develop and operate railway container terminals across the country. The inland terminals are strategically located at regional economic centres to form the core of China's intermodal transportation network. Headquartered in Beijing, CUIRC has 12 terminals in operation as at June 2019 – in Kunming, Chongqing, Chengdu, Zhengzhou, Wuhan, Xi'an, Dalian, Qingdao, Ningbo, Tianjin, Urumqi and Qinzhou.

Colombia

Located in the Port of Buenaventura, Sociedad Puerto Industrial Aguadulce S.A. ("SPIA") is the PSA Group's investment in Colombia. Besides offering the shortest distance to Colombia's main cities of Bogota, Medellin and Cali, the port is the country's sole cargo gateway to the Pacific, as well as the first port of call for southbound shipping services to and from the west coast of South America. SPIA currently has a designed capacity of 600,000 TEU.

India

In 1998, the PSA Group made its first investment in India with Tuticorin Container Terminal (“**TCT**”). Located in the south eastern tip of India in the state of Tamil Nadu, TCT is a gateway for the region’s exports, including textile and agricultural products. TCT has a designed annual capacity of 450,000 TEUs.

Further north, the PSA Group’s Chennai International Terminals (“**CIT**”) is situated in Chennai Port – India’s second-largest port – and supports the high-growth region and its hinterland. CIT has a designed capacity of 1.5 million TEUs.

Bharat Kolkata Container Terminals (“**BKCT**”) is located in Kolkata Port, a gateway to the hinterland comprising eastern and northeastern India as well as two land-locked neighbouring countries – Nepal and Bhutan. BKCT has a designed capacity of 850,000 TEUs.

PSA’s Bharat Mumbai Container Terminals (“**BMCT**”) is located in Jawaharlal Nehru Port, India’s largest and premier container gateway. Well-connected by rail and highways to key markets in Maharashtra, Gujarat, and the National Capital Region, the terminal serves the important industrial and manufacturing centres and cities in West and Northwest India, as well as the country’s largest hinterland with a population in excess of 400 million. BMCT currently has a designed capacity of 2.4 million TEUs in Phase 1, which is expected to increase to 4.8 million TEUs when the terminal is fully developed.

Indonesia

The PSA Group operates NPCT1 at Tanjung Priok Port in Jakarta. Tanjung Priok is Indonesia’s largest port by container volume and serves as its main gateway to international markets. NPCT1 is equipped with deepwater berths and facilities to serve mega container vessels. It has a designed capacity of 1.5 million TEUs.

Italy

In Italy, the PSA Group has a significant presence in Genoa through its operations at PSA Genova Pra’ (“**PGP**”). Located in the northwest of the Italian peninsula, PGP is the gateway port for shipping lines serving the vast hinterland of southern continental Europe. The terminal has a designed capacity of 2.0 million TEUs.

The PSA Group also operates PSA Venice, the main container facility in the Port of Venice. The terminal has a designed capacity of 430,000 TEUs and is well-connected to trans-European rail and road networks and major shipping routes in the Mediterranean.

Panama

PSA Panama International Terminal (“**PPIT**”) was the PSA Group’s first investment in the Americas. Located at the Pacific entrance of the Panama Canal, the terminal aims to provide a world-class port facility on one of the world’s most important shipping channels. PPIT has a designed capacity of 2 million TEUs.

Poland

The PSA Group operates DCT Gdańsk, the largest container terminal in Poland. DCT Gdańsk is situated at the crossroads of the Baltic deep-sea trading routes and holds a strategic position as a major gateway into Poland and Central-Eastern European markets. The terminal has a designed capacity of 3.2 million TEUs.

Portugal

In Portugal, the PSA Group runs Sines Container Terminal (“SCT”), which is strategically located along the east-west and north-south shipping routes in Europe. The terminal is situated 150km south of the capital, Lisbon, and is a gateway to Portugal and the Iberian Peninsula. SCT has a designed capacity of 2.1 million TEUs.

Saudi Arabia

The PSA Group entered a joint venture with the Public Investment Fund, the sovereign wealth fund of Saudi Arabia, to develop and operate Saudi Global Ports LLC (“SGP”), a container terminal located in King Abdul Aziz Port in Dammam. A deepwater hinterland port and the largest Gulf port in Saudi Arabia, Dammam is well-connected by rail and highways to serve the regional economies of the Arabian Peninsula. SGP currently has a designed capacity of 900,000 TEUs in Phase 1, which is expected to increase to 1.8 million TEUs when the terminal is fully developed.

South Korea

The PSA Group is involved in three port projects in South Korea. Incheon Container Terminal is the gateway to the Seoul Metropolitan Area and is currently operating with two 300-metre berths and a designed capacity of 900,000 TEUs. Pusan Newport International Terminal and PSA Hyundai Pusan New-port Terminal are located on major trunk lanes connecting Trans-Pacific and Northeast Asia trade routes. The two terminals each have a designed capacity of 2.5 million TEUs.

Thailand

Eastern Sea Laem Chabang Terminal Co., Ltd. (“ESCO”), the PSA Group’s investment in Thailand, operates Container Terminal B-3 at Laem Chabang Port. Located at Chonburi province in the upper Gulf of Thailand, Laem Chabang Port is a key point of entry for Thailand’s container traffic. ESCO also has sizeable stakes in Container Terminal A-0/B-0 and Container Terminal B-1. Together, these terminals have a combined capacity of over 2.2 million TEUs.

Turkey

The PSA Group runs Mersin International Port (“MIP”) in Turkey. The country’s largest port, it is connected to more than 100 international ports and is a key gateway to the eastern Mediterranean. MIP is also the only terminal in the region capable of handling vessels over 18,000 TEUs. The terminal has a designed capacity of 2.6 million TEUs.

Vietnam

SP-PSA International Port, the PSA Group’s investment in Vietnam, is strategically located near the mouth of the Cai Mep-Thi Vai river. The terminal is equipped to handle large vessels at its deepwater berths.

Key Awards

Over the decades, the PSA Group’s companies have been conferred numerous awards and accolades from the global ports and shipping industry, many of which are based on votes by the PSA Group’s customers and industry professionals. The table below lists some in recent years:

<u>Year</u>	<u>Awarded To</u>	<u>Awards & Accolades</u>	<u>Conferring Organisation</u>
2018	PSA International	Best Global Container Terminal Operator [13th win]	Asian Freight, Logistics & Supply Chain Awards

Year	Awarded To	Awards & Accolades	Conferring Organisation
2019	PSA Singapore	Best Container Terminal – Asia (Over 4 Million TEUs) [29th win]	Asian Freight, Logistics & Supply Chain Awards
2018	PSA Singapore	Port Infrastructure Development of the Year	Lloyd’s List Asia Pacific Awards
2018	PSA Singapore	Ports and Terminals Award	Seatrade Maritime Awards Asia
2018	PSA Singapore	APSN Green Port Award	APEC Port Services Network
2018	PSA Singapore	Singapore Environmental Achievement Award (Maritime Category)	Singapore Environment Council
2018	PSA Antwerp	Best Container Terminal – Europe [2nd win]	Asian Freight, Logistics & Supply Chain Awards
2017	Beibu Gulf-PSA International Container Terminal	2016 Top 10 Foreign Invested Enterprises in Guangxi	Department of Commerce of Guangxi Zhuang Autonomous Region
2017	Fuzhou International Container Terminal	Top 10 Excellent Container Ports in China	China Shipping Gazette
2017	Fujian Jiangyin International Container Terminal	Outstanding Logistics Port	China logistics association
2018	Incheon Container Terminal	Commendation for Fostering Port Industry & Nation’s Economic Development	President of Korea
2018	Bharat Kolkata Container Terminals	Smart Container Terminal Award	Smart Logistic Awards
2018	Bharat Kolkata Container Terminals	Providing Excellent Container Handling Services in a Challenging Ecosystem	Kolkata Port Trust
2018	Bharat Mumbai Container Terminals	Upcoming Terminal of the Year	Jawaharlal Nehru Port Trust’s Annual Awards
2017	Saudi Global Ports	Operational Excellence Award	Transport Arabia
2017	Saudi Global Ports	Railway Infrastructure Award	Transport Arabia
2017	Chennai International Terminals	Container Terminal Operator of the Year	9th South East Cargo & Logistics Awards
2018	Chennai International Terminals	Container Terminal Operator of the Year (3rd time)	10th South East Cargo & Logistics Awards
2017	Mersin International Port	“Grand Prize” for the company that has contributed the most to employment in Mersin	Mersin Governorship
2017	Mersin International Port	Port Operator of the Year [7th win]	Atlas Logistics Awards

Year	Awarded To	Awards & Accolades	Conferring Organisation
2018	Exolgan CT/Exologistica	Innovation Award	National Technology Forum, Argentina

Customers

The PSA Group’s customers are principally global and regional shipping lines, including, as at 1 July 2019, APL Co. Pte. Ltd., Advance Container Lines (Pte) Ltd, China COSCO SHIPPING Co. Ltd., CMA CGM S.A., Evergreen Marine Corporation, Hamburg Südamerikanische Dampfschiffahrts-Gesellschaft KG, Hapag-Lloyd A.G., Hyundai Merchant Marine Co. Ltd, A.P. Møller-Mærsk A/S, MSC, Ocean Network Express Pte. Ltd., Orient Overseas Container Line Ltd, Pacific International Lines Pte Ltd, Regional Container Lines, PT Samudera Indonesia Tbk, Wan Hai Lines Ltd., Yang Ming Marine Transport Corporation and Zim Integrated Shipping Services Ltd.

In 2018, the PSA Group’s largest customers, many of whom have long term relationships with the PSA Group in Singapore and across PSA’s portfolio of terminals, comprise the top 10 global liners deploying more than 80 per cent. of global liner shipping capacity.

PSA’s flagship terminal in Singapore, which comprises approximately 45 per cent of the PSA Group’s volume, has established long term partnerships with three key shipping alliances – 2M, Ocean and THE – through joint ventures and long term Terminal Service Agreements.

Marine Services Business

PSA Marine, a wholly-owned subsidiary of PSAI, is a leading harbour and terminal towage operator, and pilotage services provider. PSA Marine owns and operates more than 60 tugs in Bangladesh, China (including Hong Kong), India, Oman, Southeast Asia and Taiwan, with flagship operations in Singapore. Over in Europe, PSA Marine’s Njord Offshore Ltd is one of the largest operators of classed crew transfer vessels and serves the offshore wind market in the region.

Technology

The PSA Group was among the first port operators to actively develop and widely use technology, including information technology, operations research and automation, and data analytics in its terminals business and operations. The PSA Group continually updates its technology, migrates to more advanced platforms, and invests in the development of new technology with the aim of improving its operational capabilities and enhancing the competitiveness of its customers. For example, PSA Singapore boasts class-leading infrastructure and the latest port innovations, such as a zero-direct-emission, fully-automated electric yard crane system. PSA Singapore is also testing out new automation technologies at its Living Lab at Pasir Panjang Terminal, including automated guided vehicles, fast battery charging and autonomous prime movers.

The PSA Group’s key information technology systems are PORTNET® and CITOS®, which are used primarily in Singapore, and its Global TOS (Terminal Operating System) which is used in some of its terminals overseas.

PORTNET® is an e-business, collaborative paperless platform for shipping lines, hauliers, freight forwarders and government agencies including customs, to manage their complex and integrative network of information efficiently. Running on internet-based computing environment, customers can locate the status of their container in real-time over the internet from anywhere in the world, without the need to go through their Singapore offices. More than 10,000 users generate an average of 220 million transactions annually. A global version of Portnet has also been developed and used in a PSA terminal outside Singapore.

CITOS® is PSA's proprietary terminal management system to coordinate and integrate terminal operations. Developed in 1988 and fine-tuned through the decades, the system is implemented in PSA Singapore to handle the unparalleled scale and complexity of terminal operations. It enables the terminals to maximise land use and optimise retrieval of containers, track the location of each container, and maximise resource productivity through advanced planning.

PSA's Global TOS is another in-house proprietary full-suite solution with applications spanning the entire range of terminal operations; such as yard planning, vessel planning, equipment control and tracking, gate administration, invoicing and management reporting. It has adaptive and pre-emptive features that allow terminals to be operated more efficiently and optimally.

Beyond terminal systems and equipment, the PSA Group developed and launched CALISTA™ in 2018, an open global supply chain platform that brings together key physical, compliance and financial activities of cargo logistics on a digital ecosystem. CALISTA™ is developed by GeTS, a wholly-owned subsidiary of CrimsonLogic.

Insurance

The PSA Group is covered by insurance policies, at the respective business units, for loss caused by accident, fire, flood, riot, strike and malicious damage and for its liability to its customers and third parties. The PSA Group believes that its properties are covered with adequate insurance provided by reputable insurance companies in the relevant jurisdictions and with commercially reasonable deductibles and limits on coverage, which are normal for the type and location of the assets and properties to which they relate.

Subsidiaries, Associates and Jointly-Controlled Entities

Lists of significant subsidiaries, associates and jointly-controlled entities of the PSA Group as at 31 December 2018 are set out in Notes 5, 6 and 7, respectively, of the financial statements for the year ended 31 December 2018 included in this Offering Memorandum.

Governmental Regulations and Licences

The operations of the PSA Group are subject to a variety of laws and regulations promulgated by the national and local government of each jurisdiction in which it operates. PSAI believes that the PSA Group is in compliance in all material respects with applicable governmental regulations in each jurisdiction in which the PSA Group operates. Compliance with such laws has not had, and in the PSA Group's opinion, is not expected to have, a material adverse effect upon the PSA Group's capacity expenditures, earnings or competitive position. PSAI is not aware of any governmental proceedings or investigations to which it or any member of the PSA Group is or might become a party and which may have a material adverse effect on the properties and operations of the PSA Group taken as a whole.

Various governmental and quasi-governmental agencies and regulatory bodies require the holding of certain licences, concessions and permits with respect to port and port-related operations. In Singapore, the PSA Group operates its container terminal and multi-purpose terminal services, as well as its pilotage and towage services conducted in connection with its marine services business, under licences, the first granted in 1997, by the MPA, the regulatory body for the port of Singapore and maritime affairs. The PSA Group's overseas operations are conducted under valid licences, concessions, permits or certificates granted by the applicable regulatory body in that jurisdiction.

The PSA Group, through its management teams or representatives in each jurisdiction, maintains regular dialogue with local government and regulatory authorities to ensure compliance with the requirements and conditions for obtaining and maintaining the aforementioned licences, concessions, permits or certificates, and to ensure the general smooth running of its operations in each jurisdiction.

Legal Proceedings

Although the PSA Group is and may from time to time be involved in legal proceedings, including commercial arbitration, employment matters, landlord-tenant disputes and general commercial disputes, none of PSAI, PSA Treasury or any of their respective subsidiaries is presently involved in any legal proceedings which may have a material adverse effect on the consolidated financial condition or results of operations of the PSA Group taken as a whole.

BOARD, COMMITTEES AND MANAGEMENT OF PSAI

Board of Directors

The Board of Directors of PSAI comprises nine members:

Name	Position
Peter Robert Voser	Group Chairman
Tan Chong Meng	Director/Group CEO
Davinder Singh s/o Amar Singh.	Director
Frank Kwong Shing Wong	Director
Chan Lai Fung	Director
Kaikhushru Shiavax Nargolwala	Director
Tommy Thomsen	Director
Steven Terrell Clontz	Director
Jeanette Wong Kai Yuan	Director

Committees

The Executive Committee

The Executive Committee develops and reviews long-term strategies for the PSA Group. It is responsible for the approval of major acquisitions, divestments, capital expenditures, loans, provision of guarantees, investment policies, customer contracts, tenders and purchase contracts. The Chairman of the Executive Committee is Peter Robert Voser, and its Members are Tan Chong Meng, Frank Kwong Shing Wong and Kaikhushru Shiavax Nargolwala.

The Audit Committee

The Audit Committee identifies and mitigates significant risk areas through regular reviews of the effectiveness of control procedures. It assesses the reliability of management reporting, compliance with applicable laws and regulations and reviews the statutory accounts. The Chairman of the Audit Committee is Tommy Thomsen, and its Members are Steven Terrell Clontz and Jeanette Wong Kai Yuan.

The Leadership Development and Compensation Committee

The Leadership Development and Compensation Committee oversees leadership development, talent management and remuneration. It ensures that the PSA Group has in place appropriate programmes and consistent policies for grooming leaders, developing global talent and preparing potential successors for key leadership positions. It also reviews the performance and approves the remuneration of PSAI's senior management. The Chairman of the Leadership Development and Compensation Committee is Peter Robert Voser, and its Members are Davinder Singh s/o Amar Singh, Frank Kwong Shing Wong and co-opted member, Chan Wai Ching who serves as Head, Organisation & People at Temasek.

Supervisory Committees

Supervisory Committees ("SCs") are responsible for aligning management resources to better manage the PSA Group's global portfolio of terminals. There are five SCs: Southeast Asia SC, Northeast Asia SC, Middle East South Asia SC, Europe, Mediterranean & The Americas SC and Marine Services SC. Each SC plans and reviews growth strategies and approves major capital expenditures, customer contracts, tenders and purchase contracts for entities of the PSA Group under its business purview.

Biographical Information

Peter Robert Voser

Mr Voser was appointed the Group Chairman of PSAI and the Chairman of PSA Corporation Limited on 1 April 2019. He is also the Chairman of the Board of Directors and interim CEO of ABB Ltd., a member of the Board of Directors of IBM Corporation and Temasek Holdings (Private) Limited, and the Chairman of the Board of Trustees of the St. Gallen Foundation for International Studies. He was previously the CEO of Shell from 2009 to 2013 and its Chief Financial Officer (“CFO”) from 2004 to 2009. Prior to that, he held various leadership roles at Shell in Argentina, Chile, the Netherlands, Switzerland and the United Kingdom.

Tan Chong Meng

Mr Tan was appointed the Group CEO and a Director of PSAI on 1 October 2011. He is also the Chairman of JTC Corporation, a Director of National University Health System Pte. Ltd. (“NUHS”) and a member of the International Advisory Panel of Singapore’s Public Service Division. Before joining PSA, Mr Tan was Executive Vice President, Global Commercial, Shell Downstream of the Royal Dutch Shell Group. A global leader with more than 20 years of experience in Shell, Mr Tan held various leadership positions in the United States, Europe, China and Singapore. Prior to that, Mr Tan served in various positions with Singapore’s Ministry of National Development for five years.

Davinder Singh s/o Amar Singh

Mr Davinder Singh, Senior Counsel, is a Director and Executive Chairman of Davinder Singh Chambers LLC. He is also the Chairman of the Singapore International Arbitration Centre and currently sits on the Board of Singapore International Mediation Centre and Delfi Limited. He has an extensive litigation practice covering areas such as banking and corporate law, civil and commercial law, intellectual property, insolvency, defamation, fraud, trust, tort and negligence and white-collar crime. He previously held the position of Managing Director and CEO of Drew & Napier LLC.

Frank Kwong Shing Wong

Mr Wong is a Director of Asia Philanthropic Ventures Pte. Ltd. and serves as a Trustee of the Caritas Singapore Community Council Agape Fund. He has a long and distinguished career in the financial industry and in public service, and had previously served as Vice Chairman of DBS Bank Ltd. From 1967 to 1999, Mr Wong held a series of progressively senior positions in major financial services firms in Asia and Europe, such as Citibank, JP Morgan and Natwest. Mr Wong had also served in various positions with Hong Kong’s government bodies and business associations.

Chan Lai Fung

Ms Chan is the Permanent Secretary (National Research & Development) at the Prime Minister’s Office, Singapore. She is also the Chairwoman of the Agency for Science, Technology and Research (A*Star) and a member of the National Research Foundation (NRF) Board. She was previously Permanent Secretary (Education) at the Ministry of Education, Permanent Secretary at the Ministry of Law and Permanent Secretary (Finance) (Performance) at the Ministry of Finance. She had served in various positions in the Ministry of Communications and Information, Ministry of Health, Public Service Division of the Prime Minister’s Office, Ministry of the Environment and the Ministry of Trade and Industry.

Kaikhushru Shiavax Nargolwala

Mr Nargolwala is the Chairman of Clifford Capital Pte. Ltd. and Prudential Corporation Asia Limited. He is also the Chairman of the Governing Board of the Duke-NUS Medical School Singapore and a Director of Prudential plc and Credit Suisse Group AG. He has a distinguished banking career with several leading international banking organisations. He served as the Chairman of Credit Suisse's operations in the Asia Pacific Region from 2010 to 2011, as CEO of the Asia Pacific Region and member of the Executive Board of Credit Suisse AG from 2008 to 2010. Before that, he was an Executive Director of Standard Chartered PLC from 2006 to 2007, and was its Head of Wholesale Bank from 1998 to 2005. Prior to that, he was Group Executive Vice President at Bank of America from 1990 to 1995, and held various senior positions with the bank from 1976 to 1994.

Tommy Thomsen

Mr Thomsen is a Director and CEO of Lauritzen Foundation. He is also the Chairman of J. Lauritzen A/S and the Danish Maritime Fund and holds directorships in the Panama Canal Advisory Board, Chemical Transportation Group and C.W. Obel A/S. He was formerly the CEO and Managing Director for IFU Investment Fund for Developing Countries. Prior to that, he held various positions with the A.P. Møller-Mærsk Group, having progressed from junior roles to partner, with a seat on the Group Executive Board. As a partner, he was responsible for APM Terminals where he led its transition from a smaller terminal department to a global terminal operator. He had also served as President & CEO of A.P. Møller-Mærsk Group's North American division, overseeing its business activities in USA, Canada, Mexico and Central America.

Steven Terrell Clontz

Mr Clontz is Senior Executive Vice President, International at ST Telemedia, responsible for stewarding its global investments. He is also the Chairman of StarHub Ltd and sits on the Boards of Cloud9 Technologies, LLC, Virgin Mobile Latin America, Inc. and STT GDC Pte. Ltd. Mr Clontz is a veteran of the telecommunications and media industry with more than 40 years of industry experience. He was the CEO of StarHub for 11 years before retiring in 2010, during which he transformed the company into a fully-integrated "quad-play" service provider and advanced its market position to become Singapore's second largest mobile operator. Prior to StarHub, he was the President of BellSouth International (Asia-Pacific). He also served as President and CEO of IPC Information Systems.

Jeanette Wong Kai Yuan

Ms Wong is a Director of UBS Group AG, Essilor International (France), JTC Corporation, FFMC Holdings Pte Ltd and Fullerton Fund Management Company Ltd. Ms Wong is also an Advisory Member, Asia Cabinet of the Global Advisory Board of the University of Chicago Booth School of Business and a member of the NUS Business School Management Advisory Board and Securities Industry Council. She was previously a DBS Group executive, responsible for the Institutional Banking Group which encompasses Corporate Banking, Global Transaction Services, Strategic Advisory and Mergers & Acquisitions and was the CFO of DBS Group from 2003 to 2008. Prior to DBS, Ms Wong was at JP Morgan for 16 years where she was responsible for the Global Markets and Emerging Markets Sales and Trading business in Asia and was JP Morgan's head for Singapore from 1997 to 2002.

Senior Management

Set out below are the current executive officers of PSAI:

Name	Position
Tan Chong Meng	Group CEO
Caroline Lim	Global Head of Human Resource & Corporate Affairs
Lim Pek Suat	Group CFO
Goh Mia Hock	Head of Group Process Excellence & Group Technology
Ong Kim Pong	Regional CEO (Southeast Asia)
David Yang	Regional CEO (Europe, Mediterranean & The Americas)
Roger Tan	Regional CEO (Northeast Asia)
Wan Chee Foong	Regional CEO (Middle East South Asia)/Head of Group Business Development
Terence Tan	General Counsel & Company Secretary
Ho Ghim Siew	Head of Group Commercial, Strategy & Cargo Solutions

Biographical Information

Tan Chong Meng

Mr Tan joined PSA in 2011 as the Group CEO. Together with the Senior Management Council of PSAI, he is responsible for the overall performance of the PSA Group. As an accomplished global leader, Mr Tan has extensive experience managing the complexity, diversity and breadth of a global business. Aside from the PSA Group, Mr Tan serves as Chairman of the JTC Corporation Board, a Non-Executive Director on the Board of the NUHS and a member of the International Advisory Panel of Singapore's Public Service Division. Prior to joining the PSA Group, Mr Tan was Executive Vice President of Global Commercial, Shell Downstream, of the Royal Dutch Shell Group, where he led six global business segments responsible for the marketing and sales of fuels, lubricants and specialty products to commercial customers. With over 20 years of experience in Shell, Mr Tan held senior leadership positions spanning management, sales marketing, trading, refinery operations, customer service and merger and acquisitions in the United States, Europe, China and Singapore.

Caroline Lim

Ms Lim joined the PSA Group in 2003 and is currently the Global Head of Human Resources & Corporate Affairs, and a member of the Senior Management Council of PSAI. As Global Head of Human Resources, Ms Lim provides leadership in all aspects of human resources for the PSA Group's operations globally. As Global Head of Corporate Affairs, Ms Lim is responsible for the PSA brand and the PSA Group's corporate communications strategy. Prior to joining the PSA Group, Ms Lim was the Regional Vice-President of Human Resources in Cap Gemini Ernst & Young, Asia-Pacific, for seven years. A veteran of Human Resources management, Ms Lim has over 30 years of experience in across various sectors, such as consulting services, manufacturing, retail services, transportation and logistics.

Lim Pek Suat

Ms Lim is Group CFO of the PSA Group and is responsible for the Group's global finance and assurance portfolio, including Financial Management, Treasury, Financial Risk Management, Enterprise Risk Management, Business Continuity Management and Insurance. She is also a member of PSAI's Senior Management Council. Ms Lim joined PSA in 2001, bringing with her nearly 15 years of experience in corporate and project management accounting, as well as investment and treasury activities. Prior to joining the PSA Group, Ms Lim worked with a boutique private equity unit specialising in infocomm and

biotech investments, and had held various positions in treasury, project management accounting, business and investment analysis in leading MNCs such as Shell Eastern Petroleum, Union Bank of Switzerland and SG Warburg.

Goh Mia Hock

As the Head of Group Process Excellence and Group Technology, Mr Goh oversees group level functions including Operations Development, IT, Health, Safety, Security & Environment, Data for Excellence (DFE) and Technology, and is senior advisor for Group Corporate Affairs. He also sits on the Senior Management Council. In his Group Operations Development and Group IT portfolios, Mr Goh is responsible for process and service excellence in the PSA Group's port operations, the supporting IT infrastructure, and the PSA Group's culture of innovation. He also leads the DFE team in supporting and promoting the application and integration of data analytics into the PSA Group's business processes. He also champions PSA's transformation into CP4.0TM, using technology and automation to enhance operational efficiency. Mr Goh also plays an advisory role for Group Corporate Affairs, providing guidance on policies, media and crisis communication guidelines, to ensure consistent corporate branding and messaging across the PSA Group. Prior to his current appointment, he was Senior Vice President for Planning from 1999 to 2004 in PSA Corporation, and has also served as the Company Secretary of PSAI.

Ong Kim Pong

Mr Ong is the Regional CEO, Southeast Asia of the PSA Group. He has overall responsibility and accountability for the PSA Group's portfolio of operating terminals and investments in Southeast Asia, including PSA Singapore. He also sits on the Senior Management Council of PSAI, and serves on the Next Generation Port 2030 Steering Committee (NGP 2030), International Maritime Centre 2030 Advisory Committee (IMC 2030), Management Board of the Centre for Maritime Studies (CMS), and the Urban Redevelopment Authority (URA) Board. He has also recently been appointed on the Boards of CrimsonLogic and PSA UnboXed. Prior to his current appointment, Mr Ong was the Regional CEO of Northeast Asia ("NEA") for five years where he led the NEA team in the management of PSA's portfolios in China (including Hong Kong) and South Korea.

David Yang

Mr Yang is the Regional CEO, Europe & Mediterranean and The Americas of the PSA Group, and has overall responsibility and accountability for leading and expanding the businesses in these regions, achieving strategic objectives and performance targets. Mr Yang sits on the Senior Management Council of PSAI. He is also the Co-Chairman of the Turkey-Singapore Business Council. Under the patronage of The Singapore Business Federation, the Council aims to promote bilateral trade and collaboration between the two business communities. Mr Yang first joined the PSA Group in 2001 and re-joined in 2008 following a short stint in DFS (Ventures Singapore) Group where he was Senior Vice President, Global Logistics. From 2001 to 2006, he served in a number of roles in the PSA Group including Regional Director for Europe and Group Head of Business Development. Before joining the PSA Group in 2001, Mr Yang was the Milan Centre Director at the Singapore Economic Development Board.

Roger Tan

Mr Tan is the Regional CEO, Northeast Asia of the PSA Group, and has overall responsibility and accountability for the PSA Group's portfolio of operating terminals and investments in this region. He also sits on the Senior Management Council of PSAI. A veteran of the PSA Group with over 30 years experience, Mr Tan held various senior management positions both in Singapore as well as overseas including in China and in South Korea. He also sits on the Board of Directors of several companies in China and was awarded The Efficiency Medal by the Government in 1988 and the Technical Friendship Award for contributions to the seaport industry by the Chinese Government in 1997.

Wan Chee Foong

Mr Wan is the Regional CEO, Middle East South Asia (“**MESA**”) of the PSA Group and the Head of Group Business Development. He also sits on the Senior Management Council of PSAI. As the Regional CEO of MESA, he bears overall responsibility and accountability for PSA Group’s portfolio of operating terminals, and investments in MESA. In his portfolio covering Group Business Development, Mr Wan is responsible for identifying and developing new business opportunities around the world. He supports the Group global expansion, and provides leadership in scoping, strategizing, evaluating and structuring potential opportunities. Prior to his current appointment, Mr Wan held leadership roles in the area of group commercial development for the PSA Group.

Terence Tan

Mr Tan is the General Counsel & Company Secretary of the PSA Group and he oversees the PSA Group’s global legal and corporate secretarial function. He is also a member of the Senior Management Council of PSAI. Mr Tan brings with him a broad range of transactional experience covering deals and negotiations, management and advisory on mergers and acquisitions, business development, litigation and risk management. Prior to joining the PSA Group, Mr Tan spent more than nine years at Hewlett-Packard as its Regional Counsel for Asia Pacific including Japan (“**APJ**”) and he was also the General Counsel of Cap Gemini Ernst & Young in APJ and Senior Counsel for Oracle Corporation (South Asia).

Ho Ghim Siew

Ms Ho is the Head of Group Commercial, Strategy & Cargo Solutions of the PSA Group, and is a member of the Senior Management Council of PSAI. She is responsible for the PSA Group’s commercial and business strategy and business relationships with key global shipping lines. Ms Ho also leads Group Cargo Solutions Development which leverages the PSA Group’s connectivity, expertise, and operation and digital capabilities to offer complementary port solutions to participants in the supply chain.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions (the “Conditions”) that, save for the words in italics and, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

This Note is one of a series of Notes issued by PSA International Pte Ltd (“PSAI”) or PSA Treasury Pte. Ltd. (“PSA Treasury”) (each of PSAI and PSA Treasury, in relation to Notes issued by it, the “Issuer”) pursuant to the Trust Deed (as defined below). Issues of Notes by PSA Treasury will be guaranteed by PSAI (in such capacity, the “Guarantor”). References in these Conditions to the Guarantor and the Guarantee (as defined below) shall only apply to Notes issued by PSA Treasury.

The Notes are constituted by an Amended and Restated Trust Deed (as amended or supplemented as at the date of issue of the Notes (the “Issue Date”), the “Trust Deed”) dated 29 March 2016 between PSAI, PSA Treasury and The Bank of New York Mellon (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below) [as supplemented by the Amended and Restated Singapore Supplemental Trust Deed relating to Notes governed by Singapore law (the “Supplemental Trust Deed”) dated 29 March 2016 between PSAI, PSA Treasury and the Trustee]². These terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of the Trust Deed[, as supplemented by the Supplemental Trust Deed]², as the case may be, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Amended and Restated Agency Agreement (as amended or supplemented as at the Issue Date, the “Agency Agreement”) dated 29 March 2016 has been entered into in relation to the Notes between PSAI, PSA Treasury, the Trustee, The Bank of New York Mellon as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Issuing and Paying Agent”, the “Paying Agents” (which expression shall include the Issuing and Paying Agent), the “Registrar”, the “Transfer Agents” (which expression shall include the Registrar) and the “Calculation Agent(s)”. Copies of the Trust Deed, [the Supplemental Trust Deed]² and the Agency Agreement referred to above are available for inspection free of charge during usual business hours at the principal office of the Trustee (presently at One Canada Square, London E14 5AL, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders of the interest coupons (the “Coupons”) relating to interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts for the payment of instalments of principal (the “Receipts”) relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, “Tranche” means Notes which are identical in all respects.

1 Form, Denomination and Title

The Notes are issued in bearer form (“Bearer Notes”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“Registered Notes”) or in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”), in each case in the

Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under Directive 2003/71/EC (the “**Prospectus Directive**”), the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes. Unless otherwise permitted by the then current laws and regulations, Notes which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 (“FSMA”) will have a minimum denomination of £100,000 (or its equivalent in other currencies). Notes sold in reliance on Rule 144A will be in minimum denominations of U.S.\$200,000 (or its equivalent in another currency) and integral multiples of U.S.\$1,000 (or its equivalent in another currency) in excess thereof, subject to compliance with all legal and/or regulatory requirements applicable to the relevant currency. Notes which are listed on SGX-ST will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time.

This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly-Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

- (a) **Exchange of Exchangeable Bearer Notes:** Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined below) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require without service charge and subject to payment of any taxes, duties and other governmental charges in respect of such transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within five business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined below) or Purchase Notice (as defined below) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice, Purchase Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice, Purchase Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (e) **Exchange Free of Charge:** Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(d), (iii) after any such Note has been called for redemption or (iv) during the period of 15 days ending on (and including) any date on which payment is due. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3 Status and Guarantee

- (a) **Status:** The Notes and the Receipts and Coupons constitute unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.
- (b) **Guarantee:** The payment of all sums expressed to be payable by PSA Treasury under the Trust Deed, the Notes and the Coupons is unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

4 Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(i).
- (b) **Interest on Floating Rate Notes, Index Linked Interest Notes and Variable Rate Notes:**
 - (i) *Interest Payment Dates:* Each Floating Rate Note, Index Linked Interest Note and Variable Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(i). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date, provided that the Agreed Yield in respect of any Variable Rate Note for any Interest Period shall be payable on the first day of that Interest Period.

- (ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) = the Floating Rate Option is as specified hereon
- (y) = the Designated Maturity is a period specified hereon and
- (z) = the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes where the Reference Rate is not specified as being SIBOR or SOR

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:
- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference

Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (C) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SIBOR or SOR

Each Floating Rate Note where the Reference Rate is specified as being SIBOR (in which case such Note will be a SIBOR Note) or SOR (in which case such Note will be a Swap Rate Note) bears interest at a floating rate determined by reference to a benchmark as specified hereon or in any case such other benchmark as specified hereon.

- (x) The Rate of Interest payable from time to time in respect of each Floating Rate Note under Condition 4(b)(iii)(C) will be determined by the Calculation Agent on the basis of the following provisions:

- (I) in the case of Floating Rate Notes which are SIBOR Notes

- (aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSFIX01 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME” and the column headed “SGD SIBOR” (or such other Relevant Screen Page);
- (bb) if no such rate appears on the Reuters Screen ABSFIX01 Page (or such other replacement page thereof), the Calculation Agent will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears on the Reuters Screen SIBP Page under the caption “SINGAPORE DOLLAR INTER-BANK OFFERED RATES – 11:00 A.M.” and the row headed “SIBOR SGD” (or such other replacement page thereof), being the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period;
- (cc) if no such rate appears on the Reuters Screen SIBP Page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if Reuters Screen SIBP Page (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which

deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations, as determined by the Calculation Agent;

- (dd) if on any Interest Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (cc) above on the basis of the quotations of those Reference Banks providing such quotations; and
- (ee) if on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the rate per annum which the Calculation Agent determines to be arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date.

(II) in the case of Floating Rate Notes which are Swap Rate Notes

- (aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Calculation Agent as being the rate which appears on the Reuters Screen ABSFIX01 Page under the column headed "SGD SOR RATES" (or such other page as may replace Reuters Screen ABSFIX01 Page for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period);

- (bb) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Average Swap Rate (which shall be round up to the nearest 1/16 per cent.) for such Interest Period as the rate published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select;
- (cc) if on any Interest Determination Date the Calculation Agent is unable to determine the Average Swap Rate under (aa) or (bb) above, the Average Swap Rate shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16%) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, in an amount equal to the aggregate nominal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and the Rate of Interest for the relevant Interest Period shall be the Average Swap Rate (as so determined by the Calculation Agent), or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16%) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date.
- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified thereon.
- (v) *Rate of Interest for Variable Rate Notes*
- (A) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this Condition 5(b)(v). The interest payable in respect of a Variable Rate Note for each Interest Period relating to that Variable Rate Note, which shall be payable on the first day of such Interest Period, is referred to in this Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.

- (B) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall be determined as follows:
- (x) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the fifth business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:
 - (1) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;
 - (2) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Rate of Interest for such Variable Rate Note for such Interest Period shall be zero); and
 - (3) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “**Agreed Rate**”) and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
 - (y) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the fifth business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (x) above, the Rate of Interest for such variable Rate Note for such Interest Period shall automatically be the Fall Back Rate.
- (C) The Issuer has undertaken to the Issuing and Paying Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:
- (x) notify the Issuing and Paying Agent and the Calculation Agent in writing of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
 - (y) cause such Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.
- (D) For the purposes of paragraph (B) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note shall be the rate (the “**Fall Back Rate**”) determined by reference to a Reference Rate as specified hereon.
- (E) The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 4(b)(iii)(B) or 4(b)(iii)(C), as the case may be, above (mutatis mutandis) and references therein to “Rate of Interest” shall mean “Fall Back Rate”.

- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)).
- (d) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.
- (e) **Partly-Paid Notes:** In the case of Partly-Paid Notes (other than Partly-Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.
- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date.
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to Condition 4(g)(ii).
- (ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (h) **Calculations:** The amount of interest payable per calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the “**Calculation Amount**”) in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (j) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition 4, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Trustee pursuant to this Condition 4(j) shall (in the absence of manifest error) be final and binding upon all parties.
- (k) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:
- “**Business Day**” means:
- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or

- (iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual – ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] \pm [30 \times (M_2 - M_1)] \pm (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] \pm [30 \times (M_2 - M_1)] \pm (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D₂** will be 30;

- (v) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] \pm [30 \times (M_2 - M_1)] \pm (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D₂** will be 30; and

- (vi) if “**Actual/Actual-ICMA**” is specified hereon,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“**euro**” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in the relevant Financial Centre for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon and, in the case of a determination of SIBOR or SOR, the principal Singapore office of three major banks in the Singapore inter-bank market.

“Reference Rate” means the rate specified as such hereon.

“Relevant Dealer” means the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded an agreement for the issue of Notes pursuant to the Programme Agreement.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information source).

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the relevant Financial Centre specified hereon or, if none is specified, the local time in the relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the relevant Financial Centre or, if no such customary local time exists, 11.00 hours in the relevant Financial Centre and, for the purpose of this definition “local time” means, with respect to the Euro-zone as a relevant Financial Centre, Central European Time.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (l) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of an Extraordinary Resolution of holders of the Notes) appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless otherwise provided hereon and unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within Condition 5(a)(i) above, its final Instalment Amount.

(b) Early Redemption:

(i) Zero Coupon Notes:

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(f).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) Other Notes: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons:**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note or an Indexed Linked Note) or, at any time (if this Note is neither a Floating Rate Note or an Indexed Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 5(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or if the Guarantee was called, the Guarantor) satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay Additional Amounts (as described under Condition 7) as a result of any change in, or amendment to, the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, (or any taxing authority of any taxing jurisdiction to which the Issuer (or the Guarantor, as the case may be) is or has become subject and in respect of which it has given such undertaking as referred to above in this Condition 5(c)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee a certificate signed by two directors of the Issuer (or the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 5(c) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate without any further inquiry as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above of this Condition 5(c) without liability to any person in which event it shall be conclusive and binding on Noteholders and Couponholders.

(d) **Redemption at the option of the Issuer:**

If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on the Optional Redemption Date(s). Any such redemption of Notes shall be at the Optional Redemption Amount specified hereon together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Redemption at the option of holders of Notes:** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (an "**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Purchase at the option of holders of Variable Rate Notes:** If VRN Purchase Option is specified hereon, each holder of Variable Rate Notes shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Variable Rate Notes (together with all unmatured Receipts and Coupons and unexchanged Talons) to be purchased with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option purchase notice (a "**Purchase Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (g) **Partly-Paid Notes:** Partly-Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

- (h) **Purchases:** The Issuer, the Guarantor and any of their respective subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (i) **Cancellation:** All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.
- (j) **Trustee Not Obligated to Monitor:** None of the Trustee or the Agents shall be under any duty to determine, calculate or verify the Early Redemption Date or be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 5 and will not be responsible to the Noteholders or Couponholders for any loss arising from any failure by it to do so. Unless and until the Trustee has notice in writing of the occurrence of any event or circumstance within this Condition 5, it shall be entitled to assume that no such event or circumstance exists.

6 Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **Registered Notes:**
 - (i) Payments of principal (which for the purposes of this Condition 6(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 6(b)(ii) below.
 - (ii) Interest (which for the purpose of this Condition 6(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer and the Guarantor shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer or, where applicable, the Guarantor, any adverse tax consequence to the Issuer or, as the case may be, the Guarantor.
- (d) **Payments subject to fiscal laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer and the Guarantor shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities, and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 6(c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

- (f) **Unmatured Coupons and Receipts and unexchanged Talons:**
 - (i) Upon the due date for redemption, Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes) should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Redemption Amount due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 6(h), “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such other jurisdictions as shall be specified as “**Financial Centres**” hereon and:
 - (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
 - (ii) (in the case of a payment in euro) which is a TARGET Business Day.

7 Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by

law. In that event, in relation to Notes denominated in Singapore dollars, the Issuer or, as the case may be, the Guarantor will not pay any additional amounts in respect of any such withholding or deduction from payments in respect of such Notes for, or on account of, any such taxes or duties, and, in relation to Notes which are not denominated in Singapore dollars, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts (the “**Additional Amounts**”) as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is (i) treated as a resident of Singapore or as having a permanent establishment in Singapore for tax purposes or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Singapore other than the mere holding of the Note, Receipt or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

*Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”), shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.*

8 Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

9 Events of Default

If any of the following events (“**Events of Default**”) occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to its being indemnified and/or secured to its satisfaction), give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

- (a) **Non-Payment:** the Issuer or the Guarantor fails to pay the principal of or any interest on any of the Notes or under the Guarantee when due and such failure continues for a period of 4 days; or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed and such default continues for a period of 60 days after notice of such default shall have been given to the Issuer by the Trustee; or
- (c) **Cross-Default:** the failure by the Issuer or the Guarantor to pay when due and payable, after the expiration of any applicable grace period, any portion of the principal of, or involuntary acceleration of the maturity of, indebtedness for borrowed money of or guaranteed by the Issuer or the Guarantor having an aggregate principal amount outstanding in excess of U.S.\$100,000,000 (or its equivalent in another currency); or
- (d) **Court Orders:** (i) the entry by a court having jurisdiction in the premises of a decree or order for relief in respect of the Issuer or the Guarantor in any voluntary case or proceeding under any applicable bankruptcy, insolvency, reorganisation, winding up (other than a reorganisation or winding up under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency), sequestration or other similar law or (ii) the entry by a court having jurisdiction in the premises of a decree or order adjudging the Issuer or the Guarantor a bankrupt or insolvent, or approving as properly filed a petition seeking reorganisation, arrangement, adjustment or composition of or in respect of the Issuer or the Guarantor under any applicable law (other than any reorganisation, arrangement, adjustment or composition for the purposes of, or in connection with, a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency) or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Issuer or the Guarantor or ordering the winding up or liquidation of the affairs of the Issuer or the Guarantor (other than a reorganisation, winding up or liquidation under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency), and any such decree or order for relief or any such other decree or order shall not have been discharged or stayed within 60 days; or
- (e) **Voluntary insolvency proceedings:** commencement by the Issuer or the Guarantor of a voluntary case or proceeding under any applicable bankruptcy, insolvency, reorganisation (other than a reorganisation, winding up or liquidation under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency) or other similar law or any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Issuer or the Guarantor to the entry of a decree or order for relief in respect of the Issuer or, as the case may be, the Guarantor in an involuntary case or proceeding under any applicable bankruptcy, insolvency, reorganisation (other than a reorganisation, winding up or liquidation under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency) or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Issuer or the Guarantor or the filing by the Issuer or the Guarantor of a petition or answer or consent seeking reorganisation (other than a reorganisation, winding up or liquidation under or in connection

with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency) or relief under any such applicable law, or the consent by the Issuer or the Guarantor to the filing of such petition or to the appointment or the taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Issuer, or as the case may be, the Guarantor, or the making by the Issuer or the Guarantor of an assignment for the benefit of creditors, or the taking of action by the Issuer or the Guarantor in furtherance of any such action,

Provided that in the case of Conditions 9(b) and 9(c), the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

10 Restrictions on Consolidation, Merger and Sale of Assets

Neither the Issuer nor the Guarantor may consolidate with or merge into any other Person or permit any other Person to consolidate with or merge into it or directly or indirectly convey, transfer, sell or lease or otherwise dispose of all or substantially all of its property and assets to any Person unless:

- (a) any Person formed by such consolidation or into which the Issuer or, as the case may be, the Guarantor is merged or to whom the Issuer or, as the case may be, the Guarantor has conveyed, transferred, sold or leased or otherwise disposed of all or substantially all its properties and assets (the “**Successor Entity**”) is a corporation, partnership or trust organised and validly existing under the laws of the jurisdiction where it is organised, and such Successor Entity shall expressly assume by a supplemental trust deed all of the Issuer’s or, as the case may be, the Guarantor’s obligations under the Notes and the Trust Deed (including any obligation to pay any Additional Amounts as provided in Condition 7);
- (b) immediately after giving effect to the transaction, no event of default, and no event which, after notice or lapse of time or both, would become an event of default, shall have occurred and be continuing;
- (c) any such Successor Entity not organised under the laws of the Republic of Singapore shall expressly agree by a supplemental trust deed that all payments pursuant to the Notes in respect of principal of and interest on the Notes shall be made without deduction or withholding for or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of organisation or tax residency of such Successor Entity or any political subdivision or taxing authority thereof or therein, unless such taxes, duties, assessments or governmental charges are required by such jurisdiction or any such subdivision or authority to be withheld or deducted, in which case such Successor Entity will, in relation to Notes which are not denominated in Singapore dollars, pay such additional amounts of, or in respect of the principal of and interest on such Notes (“**Successor Additional Amounts**”) as will result (after deduction of such taxes, duties, assessments or governmental charges and any additional taxes, duties, assessments or governmental charges payable in respect of such) in the payment to the Holders of such Notes of the amounts which would have been payable in respect of such Notes had no such withholding or deduction been required, subject to the same exceptions as apply with respect to the payment by the Issuer or, as the case may be, the Guarantor of additional amounts in respect of the Notes (inserting references to the taxing jurisdiction where appropriate), and provided that such Successor Entity shall not have the right to redeem the Notes pursuant to Condition 5(c) in respect of such Successor Additional Amounts unless (A) the obligation to pay such Successor Additional Amounts arises as a result of any change in, or amendment to, the laws or regulations of such Successor Entity’s jurisdiction of organisation or any political subdivision or taxing authority thereof or therein, or any change in the general application or official or general interpretation of such laws or regulations, which change or amendment is proposed and becomes effective after the date such Successor Entity assumes the obligations of the Issuer or, as the case may be, the Guarantor under the Trust Deed and the Notes, (B) such

obligation to pay Successor Additional Amounts cannot be avoided by such Successor Entity taking reasonable measures available to it and (C) all other requirements contained in the Trust Deed relating to the redemption of the Notes shall have been satisfied; and

- (d) the Issuer or, as the case may be, the Guarantor or such Successor Entity shall have delivered to the Trustee an officers' certificate and opinion of counsel, each stating that such transaction and such supplemental trust deed comply with this Condition 10 and that all conditions precedent provided for in this Condition 10 relating to such transaction have been complied with.

In this Condition 10, "**Person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation or government or any agency or political subdivision thereof.

11 Meetings of Noteholders, Modification, Waiver and Substitution

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding and subject to the Trustee being indemnified to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (ix) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

- (b) **Modification of the Trust Deed:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error or is to comply with mandatory provisions of English or Singapore law or is required by the SGX-ST and/or DTC and/or Euroclear and/or Clearstream Luxembourg and/or CDP for or in connection with the listing and trading of the Notes, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's or the Guarantor's successor in business or any subsidiary of the Issuer or the Guarantor or its successor in business in place of the Issuer or, as the case may be, the Guarantor, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.
- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require from the Issuer or the Guarantor nor shall any Noteholder or Couponholder be entitled to claim from the Issuer, the Guarantor or the Trustee, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12 Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related to the Issuer or the Guarantor without accounting for any profit.

14 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer, the Guarantor or any Agent may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Singapore (which is expected to be the Business Times) and so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) and the rules of the SGX-ST so require, published on the website of the SGX-ST (www.sgx.com). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Singapore. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

17 Contracts (Rights of Third Parties) Act [1999]¹

[No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.]¹

[No person shall have the right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.]²

18 Governing Law and Jurisdiction

- (a) **Governing Law:** The [Trust Deed]¹ [, as supplemented by the Supplemental Trust Deed]², the Notes, the Receipts, the Coupons, the Talons and the Guarantee [and any non-contractual obligations arising out of or in connection with them]¹ are governed by, and shall be construed in accordance with, [English]¹ [Singapore]² law.
- (b) **Jurisdiction:** The Courts of [England]¹ [Singapore]² are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons, Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons, Talons or the Guarantee (“**Proceedings**”) may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.
- (c) [**Service of Process:** Each of the Issuer and the Guarantor has in the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.]¹

¹ Include for Notes governed by English law.

² Include for Notes governed by Singapore law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Series to CDP or a Common Depository.

Upon the initial deposit of a Global Note with CDP or a common depository for Euroclear and Clearstream, Luxembourg (the “**Common Depository**”) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg or CDP (as the case may be) and delivery of the relative Global Certificate to the Common Depository or CDP (as the case may be), Euroclear or Clearstream, Luxembourg or CDP (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Upon the initial deposit of a Global Certificate in respect of, and registration of, Registered Notes in the name of a nominee for DTC and delivery of the relevant Global Certificate to the Custodian (as defined below) for DTC, DTC will credit each participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC, CDP or any other clearing system (an “**Alternative Clearing System**”) as agreed between the relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Trustee, the relevant Registrar and the Dealer(s) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, DTC, CDP or such Alternative Clearing System (as the case may be) for its share of each payment made by the relevant Issuer or the Guarantor (as the case may be) to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC, CDP or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the relevant Issuer or the Guarantor in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the relevant Issuer or the Guarantor will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

Temporary Global Notes

Each temporary Global Note deposited with CDP or a Common Depository will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Pricing Supplement indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “*Overview of the Programme – Selling Restrictions*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Amended and Restated Agency Agreement dated 29 March 2016 (the “**Agency Agreement**”) for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

Permanent Global Notes

Each permanent Global Note deposited with CDP or a Common Depositary will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “*Partial Exchange of Permanent Global Notes*”, in part for Definitive Notes or Registered Notes: (i) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes represented by a corresponding interest in an Unrestricted Global Certificate or a Certificate that does not bear the Rule 144A Legend and (ii) (a) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, and (b) if the permanent Global Note is held by or on behalf of CDP and (1) an Event of Default (as defined in the Conditions), enforcement event or analogous event entitling an accountholder or the Trustee to declare the Notes due and payable as provided in the Conditions has occurred and is continuing, (2) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (3) CDP has announced an intention permanently to cease business and no Alternative Clearing System is available or (4) CDP has notified the relevant Issuer that it is unable or unwilling both to act as depository for the Notes and to continue performing its duties set out in the application form dated 29 March 2016 signed by the relevant Issuer and accepted by CDP together with the terms and conditions for the provision of depository services by CDP referred to therein, (the “**Depository Services Agreement**”) and no Alternative Clearing System is available.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly-Paid Notes.

Permanent Global Certificates

Unrestricted Global Certificates

If the relevant Pricing Supplement states that the Notes are to be represented by an Unrestricted Global Certificate on issue, the following will apply in respect of transfers of Notes deposited with CDP or held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by an Unrestricted Global Certificate pursuant to Condition 2 may only be made:

- (i) in the case where the Unrestricted Global Certificate is held in Euroclear, Clearstream, Luxembourg or an Alternative Clearing System:
 - (A) in whole but not in part, if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
 - (B) in whole or in part, with the consent of the relevant Issuer; and
- (ii) in the case where the Unrestricted Global Certificate is deposited with CDP, in whole but not in part, if (1) an Event of Default (as defined in the Conditions), enforcement event or analogous event entitling an accountholder or the Trustee to declare the Notes due and payable as provided in the Conditions with respect to such Series has occurred and is continuing, or (2) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), or (3) CDP has announced an intention permanently to cease business and no Alternative Clearing System is available, or (4) CDP has notified the relevant Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the Depository Services Agreement and no Alternative Clearing System is available;

provided that in the case of any transfer pursuant to sub-paragraph (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

Restricted Global Certificates

If the relevant Pricing Supplement states that the Restricted Notes are to be represented by a Restricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in DTC. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of DTC, but will limit the circumstances in which the Notes may be withdrawn from DTC.

Transfers of the holding of Notes represented by a Restricted Global Certificate pursuant to Condition 2 may only be made:

- (i) in whole but not in part, if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the relevant Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to that Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or
- (ii) in whole or in part, with the relevant Issuer's consent,

provided that, in the case of any transfer pursuant to sub-paragraph (i) above, the relevant Registered Noteholder has given the relevant Registrar not less than 30 days' notice at its specified office of the Registered Noteholder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out in "*Transfer Restrictions*".

Delivery of Notes

On or after any due date for exchange the holder of a Global Note or Global Certificate may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to, or to the order of, the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the relevant Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note or Global Certificate exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Offering Memorandum, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the relevant Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given or, where applicable, after the 15th day on which a clearing system is closed for business, and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in Singapore and the city in which the relevant clearing system is located.

Amendment to Conditions

The Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Memorandum. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or Global Certificate or for Definitive Notes or Registered Notes or Certificates is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note or a Global Certificate will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note or Global Certificate to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note or Global Certificate, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “business day” set out in Condition 6(h).

All payments made in respect of Notes represented by a Global Certificate held on behalf of Euroclear or Clearstream, Luxembourg, will be made to, or to the order of, the person whose name is entered on the register of the Noteholders at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

All payments made in respect of Notes represented by a Global Certificate held in CDP will be made to, or to the order of, the person whose name is entered on the register of Noteholders at the close of business on the fifth business day immediately prior to the date for payment.

Prescription

Claims against the relevant Issuer or the Guarantor in respect of Notes that are represented by a permanent Global Note or a Global Certificate will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Global Certificates are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder’s holding, whether or not represented by a Global Certificate.

Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by a reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent for endorsement in the relevant schedule of such permanent Global Note or, in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates in the register of the Certificateholders, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

Purchase

Notes represented by a permanent Global Note or a Global Certificate may only be purchased by the relevant Issuer, the Guarantor or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

Issuer’s Option

Any option provided to the relevant Issuer in the Conditions of any Notes while such Notes are represented by a permanent Global Note or a Global Certificate shall be exercised by such Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, DTC, CDP or any Alternative Clearing System (as the case may be).

Noteholders' Option

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note or a Global Certificate may be exercised by the holder of the permanent Global Note or Global Certificate, as the case may be, giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation or, in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificate in the register of the Certificateholders.

Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Global Certificates are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Global Certificate and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

Notices

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions.

Partly-Paid Notes

The provisions relating to Partly-Paid Notes are not set out in this Offering Memorandum, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly-Paid Notes are overdue, no interest in a temporary Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly-Paid Notes within the time specified, the relevant Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

TAXATION

The following summary of certain Singapore tax consequences of the ownership of the Notes is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary is not to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. You should consult your own tax advisor concerning the application of Singapore tax laws to your particular situation as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction or any tax treaties.

Singapore Taxation

The statements made herein regarding taxation are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the MAS in force as at the date of this Offering Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or in the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposition of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuers, the Guarantor and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the “ITA”) the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole was arranged by Financial Sector Incentive (Bond Market) Companies (as defined in the ITA) prior to 1 January 2014, and by Financial Sector Incentive (Bond Market), Financial Sector Incentive (Capital Market) or Financial Sector Incentive (Standard Tier) Companies (as defined in the ITA) thereafter, any tranche of the Notes ("**Relevant Notes**") issued as debt securities under the Programme during the period from the date of this Offering Memorandum to 31 December 2023 would be qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the submission by the relevant Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require, and the inclusion by the relevant Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes, paid by the relevant Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (b) subject to certain conditions having been fulfilled (including the submission by the relevant Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes paid by the relevant Issuer and derived by any company or a body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

- (c) subject to:
- (i) the relevant Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (ii) the submission by the relevant Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the relevant Issuer.

Notwithstanding the foregoing:

- (a) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer, such Relevant Notes would not qualify as QDS; and
- (b) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the relevant Issuer, Qualifying Income derived from such Relevant Notes held by:
 - (i) any related party of the relevant Issuer; or
 - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the relevant Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. Qualifying Income) derived from the Relevant Notes is not exempt from tax (including for the reasons described above) is required to include such income in a return of income made under the ITA.

The terms “**break cost**”, “**prepayment fee**” and “**redemption premium**” are defined in the ITA as follows:

“**break cost**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be subject to tax in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard (“**FRS**”) 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (“**SFRS(I) 9**”) (as the case may be) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on “*Adoption of FRS 39, FRS 109 or SFRS(I)9 for Singapore Income Tax Purposes*”.

Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The Inland Revenue Authority of Singapore has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION AND SALE

Summary of the Dealer Agreement

Subject to the terms and on the conditions contained in the amended and restated dealer agreement dated 29 March 2016 (together with all supplements and further amendments thereto, the “**Dealer Agreement**”), between PSAI, PSA Treasury, the Arrangers and the Dealers named therein, the Notes will be offered from time to time for sale through the Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Dealer Agreement also provides for Notes to be issued in syndicated series that are jointly and severally or severally underwritten by two or more Dealers. The Dealer Agreement further provides for the termination of existing Dealers and the appointment of additional Dealers.

The relevant Issuer, failing which the Guarantor, will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by such Dealer. Each Issuer, failing which the Guarantor, has agreed to reimburse the Arrangers for their expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme.

Each Issuer and the Guarantor has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to purchase Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

The Dealers may from time to time purchase and sell Notes in the secondary market, but they are not obligated to do so, and there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, the Dealers may make a market in the Notes.

Other Relationships

From time to time, in the ordinary course of business, certain of the Dealers and their affiliates may have, directly or indirectly, provided advisory and investment banking services, and entered into other commercial transactions with PSAI, PSA Treasury and/or their respective affiliates, including commercial banking services, for which customary compensation may have been received. It is expected that the Dealers and their affiliates will continue to provide such services to, and enter into such transactions, with PSAI, PSA Treasury and/or their respective affiliates in the future.

The Dealers or certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

The Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to Notes and/or other securities of PSAI, PSA Treasury or their respective subsidiaries or associates at the same time as the offer and sale of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of Notes to which this Offering Memorandum relates (notwithstanding that such selected counterparties may also be purchasers of Notes).

Selling Restrictions

General

These selling restrictions may be modified by the agreement of the relevant Issuer, the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Memorandum.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Memorandum or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes, or has in its possession or distributes this Offering Memorandum, any other offering material or any Pricing Supplement.

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell, or in the case of Notes in bearer form, deliver Notes (1) as part of their distribution at any time and (2) otherwise until 40 days after completion of the distribution of an identifiable tranche of which such Notes are a part as determined, and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period (other than resales pursuant to Rule 144A) a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

This Offering Memorandum has been prepared by the Issuers for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. Each Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason.

This Offering Memorandum does not constitute an offer to any person in the United States or to any U.S. person, other than any qualified institutional buyer within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Offering Memorandum by any non-U.S. person outside the United States or by any qualified institutional buyer in the United States to any U.S. person or to any other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer with respect thereto, is unauthorised and any disclosure without the prior written consent of each Issuer and the Guarantor of any of its contents to any such U.S. person or other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer, is prohibited.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (i) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (a) a retail client as defined in point (11) of MiFID II; or
 - (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (c) not a qualified investor as defined in the Prospectus Regulation; and
- (ii) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (“**FSMA**”) by the relevant Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuers or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

In relation to each Tranche of Notes issued by the relevant Issuer, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes (except for Notes which are a “**structured product**” as defined in the Securities and Futures Ordinance ((Cap. 571) of Hong Kong) other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO, or (ii) in other circumstances which do not result in the document being a “**prospectus**” as defined in the Companies Ordinance (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan Law (Act No. 25 of 1948, as amended; the “**Financial Instruments and Exchange Act**”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer represents, warrants and agrees that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the

SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any reference to the “SFA” is a reference to the Securities and Futures Act, Chapter 289 of Singapore, and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

FORM OF PRICING SUPPLEMENT

[MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

Prohibition of Sales to EEA Retail Investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

[The Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]¹

Pricing Supplement dated [●]

[PSA INTERNATIONAL PTE LTD/PSA TREASURY PTE. LTD.]

(Legal Entity Identifier: 254900SIC44UKBM2WI40/254900X7FR3V7789SL36)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[guaranteed by PSA International Pte Ltd]
under the U.S.\$3,500,000,000 Global Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Memorandum dated 27 August 2019 [and the supplemental [Offering Memorandum] dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Memorandum [as so supplemented].

[The following language applies if any tranche of the Notes is intended to be “qualifying debt securities” (as defined in the Income Tax Act, Chapter 134 of Singapore):

¹ For any Notes to be offered to investors in Singapore, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “ITA”), shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under Offering Memorandum with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Offering Memorandum dated [●] 2019. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Memorandum dated [●] 2019 [and the supplemental Offering Memorandum dated [●]], save in respect of the Conditions which are extracted from the Offering Memorandum dated [original date] and are attached hereto.] [Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.

- | | | |
|---|--|---|
| 1 | (i) Issuer: | [PSA International Pte Ltd/PSA Treasury Pte. Ltd.] |
| | (ii) [Guarantor | PSA International Pte Ltd] |
| 2 | (i) Series Number: | [●] |
| | (ii) Tranche Number: | [●] |
| | (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible) | |
| 3 | Specified Currency or Currencies: | [●] |
| 4 | Aggregate Nominal Amount: | |
| | (i) Series: | [●] |
| | (ii) Tranche: | [●] |
| | (iii) Issue Price: | [●] |
| 5 | (i) Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (in the case of fungible issues only, if applicable)] |
| | (ii) Net proceeds: | [●] [(Required only for listed issues)] |
| 6 | (i) Specified Denominations: | [●] <i>[Where multiple denominations are being used, the following sample wording should be followed: “€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000.”]</i> |
| | (ii) Calculation Amount: | [●] |

- 7 (i) Issue Date: [●]
(ii) Interest Commencement Date: [*Specify*/Issue date/Not Applicable]
- 8 Maturity Date: [specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year/None]
- 9 Interest Basis: [●] per cent. Fixed Rate [from [●] to [●]]
[[specify reference rate] +/- [●] per cent.
Floating Rate [from [●] to [●]]
[Zero Coupon]
[Index Linked Interest]
[Other (*specify*)]
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (*specify*)]
- 11 Change of Interest or Redemption: [*Specify details of any Payment Basis: provision for convertibility of Notes into another interest or redemption/payment basis*]
- 12 Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
- 13 (i) Status of the Notes: Senior
(ii) Status of the Guarantee: Senior
- 14 Listing: [SGX-ST/(specify)/None]
- 15 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16 Fixed Rate Note Provisions: [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]

- (vi) [Determination Dates: in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
- 17 Floating Rate Not Provisions [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) Interest Period Date: [●]
(*Not applicable unless different from Interest Payment Date*)
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (v) Business Centre(s): [●]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [●]
- (viii) Screen Rate Determination: [●]
– Reference Rate: [●]
– Interest Determination Date(s): [●]
– Relevant Screen Page: [●]
- (ix) ISDA Determination: [●]
– Floating Rate Option: [●]
– Designated Maturity: [●]
– Reset Date: [●]
- (x) Margin(s): [+/-][●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum
- (xiii) Day Count Fraction: [●]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]

18	Variable Rate Note Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Interest Period(s):	[●]
	(ii) Specified Interest Payment Dates:	[●]
	(iii) Interest Period Date:	[●] <i>(Not applicable unless different from Interest Payment Date)</i>
	(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other <i>(give details)</i>]
	(v) Business Centre(s):	[●]
	(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other <i>(give details)</i>]
	(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[●]
	(viii) Screen Rate Determination:	
	– Reference Rate:	[●]
	– Interest Determination Date(s):	[●]
	– Relevant Screen Page:	[●]
	(ix) ISDA Determination:	
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Variable Rate Date:	[●]
	(x) Margin(s):	[+/-][●] per cent. per annum
	(xi) Minimum Rate of Interest:	[●] per cent. per annum
	(xii) Maximum Rate of Interest:	[●] per cent. per annum
	(xiii) Day Count Fraction:	[●]
	(xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
19	Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Amortisation Yield:	[●] per cent. per annum
	(ii) Reference Price:	[●]
	(iii) Any other formula/basis of determining amount payable:	[●]

20	Index-Linked Interest Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Index/Formula:	[give or annex details]
	(ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]):	[●]
	(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted:	[●]
	(iv) Interest Periods:	[●]
	(v) Specified Interest Payment Dates:	[●]
	(vi) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other <i>(give details)</i>]
	(vii) Business Centre(s):	[●]
	(viii) Minimum Rate of Interest:	[●] per cent. per annum
	(ix) Maximum Rate of Interest:	[●] per cent. per annum
	(x) Day Count Fraction:	[●]
21	Variable Rate Note Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Interest Period(s):	[●]
	(ii) Specified Interest Payment Dates:	[●]
	(iii) Interest Period Date:	[●]
	(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other <i>(give details)</i>]
	(v) Business Centre(s):	[●]
	(vi) Party responsible for calculating the Fall Back Rate and Interest Amount(s) (if not the [Agent]):	[●]
	– Reference Rate:	[●]
	– Interest Determination Date(s):	[●]
	– Relevant Screen Page:	[●]
	(vii) Margin(s):	[+/-][●] per cent. per annum
	(viii) Minimum Rate of Interest:	[●] per cent. per annum
	(ix) Maximum Rate of Interest:	[●] per cent. per annum

- (xi) Day Count Fraction: [●]
 - (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating the Fall Back Rate on Variable Rate Notes, if different from those set out in the Conditions: [●]
- 22 Dual Currency Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
 - (ii) Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [●]
 - (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
 - (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

PROVISIONS RELATING TO REDEMPTION

- 23 Call Option [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s): [●] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [●] per Calculation Amount
 - (b) Maximum Redemption Amount: [●] per Calculation Amount
 - (iv) Notice period: [●]
- 24 Put Option [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
 - (iii) Notice period: [●]

- 25 VRN Purchase Option: [Applicable/Not Applicable]
(if not applicable, delete the remaining sub-paragraph)
- (i) Purchase Option Period: [Specify maximum and minimum number of days for notice period]
- 26 Final Redemption Amount of each Note [●] per Calculation Amount
- 27 Early Redemption Amount
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 28 Form of Notes: Bearer Notes:
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]
[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] *[N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denominations of the Notes in paragraph 6 includes multiple denominations]*
[Registered Notes]
- 29 Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details. Note that this paragraph relates to *the date and place of payment, and not interest period end dates, to which sub-paragraphs 16 (ii), 17(iv) and 19(vii) relate*]
- 30 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
- 31 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
- 32 Details relating to Instalment Notes: amount of each Instalment ("**Instalment Amount**"), date on which each payment is to be made ("**Instalment Date**"): [Not Applicable/*give details*]

- 33 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [●]]
[annexed to this Pricing Supplement] apply]
- 34 Consolidation provisions: [Not Applicable/The provisions [in Condition [●]]
[annexed to this Pricing Supplement apply]]
- 35 Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

- 36 (i) If syndicated, names of Managers: [Not Applicable/*give names*]
(ii) Stabilising Manager (if any): [Not Applicable/*give name*]
- 37 If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- 38 Additional selling restrictions: [Not Applicable/*give details*]

OPERATIONAL INFORMATION

- 39 ISIN Code: [●]
- 40 Common Code: [●]
- 41 CUSIP: [●]
- 42 Any clearing system(s) other than The Central Depository (Pte) Limited, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- 43 Delivery: Delivery [against/free of] payment
- 44 Additional Paying Agent(s) (if any): [●]

GENERAL

- 45 Applicable Governing Document: [Amended and Restated Trust Deed dated 29 March 2016 between PSA International Pte Ltd, PSA Treasury Pte. Ltd. and the Trustee]
[Supplemental Trust Deed dated 29 March 2016 between PSA International Pte Ltd, PSA Treasury Pte. Ltd. and the Trustee]
- 46 Governing Law: [English] [Singapore]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Singapore Exchange Securities Trading Limited of the Notes described herein pursuant to the U.S.\$3,500,000,000 Global Medium Term Note Programme of PSA International Pte Ltd and PSA Treasury Pte. Ltd.]

[STABILISATION

In connection with this issue, [*insert name of Stabilising Manager*] (the “**Stabilisation Manager(s)**”) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series of Notes and 60 days after the date of the allotment of the relevant Series of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.]

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement.

Signed on behalf of [PSA International Pte Ltd/PSA Treasury Pte. Ltd.]:

[Signed on behalf of PSA International Pte Ltd as Guarantor:

By:
Duly authorised]

[Signed on behalf of PSA International Pte Ltd as Guarantor:

By:
Duly authorised]

GLOBAL CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in, or reinterpretation of the rules, regulations and procedures of CDP, DTC, Euroclear and Clearstream, Luxembourg (together, the “Clearing Systems”) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither PSAI, PSA Treasury, any other party to the Agency Agreement, the Arrangers nor any Dealer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

The relevant Pricing Supplement will specify the clearing system(s) applicable for each Series.

The Clearing Systems

DTC

DTC is a limited purpose trust company organised under the laws of the State of New York, a “banking organisation” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions among participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organisations. Indirect access to the DTC system is available to others such as banks, securities brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly (“**indirect participants**”). DTC makes payments only in U.S. dollars.

DTC has advised the Issuers that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the relevant Restricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Certificates for exchange for Individual Certificates (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

CDP

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (the “**Depository System**”) maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note or Global Certificate for persons holding the Notes in securities accounts with CDP (the “**Depositors**”). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Notes through the Depository System may be effected through securities sub-accounts held with corporate depositors (the “**Depository Agents**”) Depositors holding Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuers, the Guarantor, the Paying Agent nor any other Agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with each other. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant’s overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures.

Book-Entry Ownership

Bearer Notes

The relevant Issuer may make applications to CDP, Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note in bearer form without coupons may be deposited with CDP, or with a Common Depository for Euroclear and Clearstream, Luxembourg or any Alternative Clearing System. Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal Euromarket debt securities operating procedures of CDP, Euroclear and Clearstream, Luxembourg or, if appropriate, the Alternative Clearing System.

Registered Notes

The relevant Issuer may make applications to CDP, Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes to be represented by an Unrestricted Global Certificate. Each Unrestricted Global Certificate will have an ISIN or Common Code.

The relevant Issuer, and a relevant US agent appointed for such purpose that is an eligible DTC participant, may make application to DTC for acceptance in its book-entry settlement system of the Registered Notes represented by a Restricted Global Certificate. Each such Restricted Global Certificate will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under “*Transfer Restrictions*”.

The custodian with whom the Restricted Global Certificates are deposited (the “**Custodian**”), and DTC, will electronically record the principal amount of the Restricted Notes held within the DTC system. Investors in Notes of such Series may hold their interests in an Unrestricted Global Certificate only through CDP, Euroclear or Clearstream, Luxembourg, as the case may be. Investors in Notes of such Series may hold their beneficial interests in the Restricted Global Certificate directly through DTC if they are participants in such system, or indirectly through organisations that are participants in such system.

Payments of the principal of, and interest on, each Restricted Global Certificate registered in the name of DTC’s nominee will be to, or to the order of, its nominee as the registered owner of such Restricted Global Certificate. The relevant Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Restricted Global Certificate as shown on the records of DTC or the nominee. The relevant Issuer also expects that payments by DTC participants to owners of beneficial interests in such Restricted Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants.

Neither the Issuers, the Guarantor, the Trustee nor any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Registered Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate and/or a Restricted Global Certificate. Individual Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate, in amounts specified in the applicable Pricing Supplement, and, in the case of Notes initially represented by a Restricted Global Certificate, in minimum amounts of U.S.\$200,000 (or its equivalent rounded upwards as agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s)), or higher integral multiples of U.S.\$1,000, in certain limited circumstances described below.

Payments through DTC

Payments in US dollars of principal and interest in respect of a Restricted Global Certificate registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than US dollars in respect of Notes evidenced by a Restricted Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Exchange Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Exchange Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the relevant Issuer by the Exchange Agent who will on the due date make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants which DTC has informed the Exchange Agent are entitled to receive the relevant payment having made an irrevocable election to DTC, in the case of

payments of interest, on or prior to the third business day in New York City after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. DTC will inform the Exchange Agent of the account numbers of the relevant DTC participants and the amount of relevant Notes held by such holders. The Exchange Agent will convert the remaining amounts in such currency into US dollars and deliver such US dollar amount in same day funds to DTC for payment through its settlement system (after deduction of any costs and commission of the Exchange Agent, pursuant to the Agency Agreement) to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

Individual Certificates

Registration of title to Registered Notes in a name other than CDP or its nominee or a depository or nominee for Euroclear and Clearstream, Luxembourg or DTC will be permitted only (i) in the case of Restricted Global Certificates, in the circumstances set forth in “*Summary of Provisions Relating to Notes while in Global Form – Exchange – Restricted Global Certificates*” or (ii) in the case of Unrestricted Global Certificates in the circumstances set forth in “*Summary of Provisions Relating to Notes while in Global Form – Exchange – Unrestricted Global Certificates*”. In such circumstances, the relevant Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s).

A person having an interest in a Global Certificate must provide the Registrar with:

- (i) written order containing instructions and such other information as the relevant Issuer and the Registrar may require to complete, execute and deliver such Individual Certificates; and
- (ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Transfers of Registered Notes

Transfers of interests in Global Certificates within CDP, DTC, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws in some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer an interest in a Global Certificate to such persons may be limited. Because DTC can only act on behalf of participants in DTC, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Certificate to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may only be held through CDP, Euroclear or Clearstream, Luxembourg. In the case of Registered Notes to be cleared through Euroclear, Clearstream, Luxembourg and/or DTC, transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through a Restricted Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the distribution compliance period (as used in “*Subscription and Sale*”) relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by any Transfer Agent of a written certificate from Euroclear or Clearstream, Luxembourg, as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A that is also a QP within

the meaning of the Investment Company Act and in accordance with any applicable securities laws of any state of the United States. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Euroclear or Clearstream, Luxembourg by the holder of an interest in the Unrestricted Global Certificate to the Issuing and Paying Agent of details of that account at DTC to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and DTC to be credited and debited, respectively, with an interest in each relevant Global Certificate.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under “*Transfer Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Issuing and Paying Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (“**T+3**”). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Certificates will be effected through the Issuing and Paying Agent, the Custodian, the relevant Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) five business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) four business days after receipt by the Issuing and Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see “*Transfer Restrictions*”.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuers, the Guarantor, the Trustee nor any Agent will have any responsibility for the performance by DTC, CDP, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Notes represented by Individual Certificates will not be eligible for clearance or settlement through DTC, Euroclear or Clearstream, Luxembourg.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the US secondary market generally are required to settle within T+3, unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is three business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+3, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is three business days prior to the relevant Issue Date should consult their own adviser.

TRANSFER RESTRICTIONS

Restricted Notes

Each purchaser of Restricted Notes will be deemed to have acknowledged, represented to and agreed with the relevant Issuer, the Guarantor and each Dealer as follows:

- (1) It understands and acknowledges that the Notes have not been registered under the Securities Act or any other applicable securities law, are being offered for resale in transactions not requiring registration under the Securities Act or any other securities law, including sales pursuant to Rule 144A under the Securities Act, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.
- (2) It is (a) a qualified institutional buyer within the meaning of Rule 144A (“QIB”) that is also a qualified purchaser as defined in Section 2(a)(51) of the Investment Company Act (“QP”); (b) not a broker-dealer that owns and invests on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers; (c) not a participant-directed employee plan, such as a 401(k) plan; (d) acquiring such Notes for its own account, or for the account of one or more QIBs each of which is also a QP; (e) not formed for the purpose of investing in the Notes or the relevant Issuer; (f) the purchaser, and each account for which it is purchasing, will hold and transfer an amount of Notes not less than U.S.\$100,000; and (g) aware, and each beneficial owners of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.
- (3) It understands that the relevant Issuer has the power under the Trust Deed to compel any beneficial owners of Restricted Notes that is a U.S. person and is not a QIB and a QP to sell its interest in the Restricted Notes, or may sell such interest on behalf of, or purchase such interest from, such owners at the price described in the legend below. The relevant Issuer has the right to refuse to honour the transfer of an interest the Restricted Notes to a U.S. person who is not a QIB and a QP. In addition, it understands that the relevant Issuer may receive a list of participants holding positions in the Notes from one or more book-entry depositories.
- (4) It acknowledges that none of the relevant Issuer, the Guarantor nor the Dealers, nor any person representing the Issuer, the Guarantor or the Dealers, has made any representation to it with respect to the offering or sale of any Notes, other than the information contained in this Offering Memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning the PSA Group and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes.
- (5) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act.

Each holder of Restricted Notes agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes only (i) to the relevant Issuer, (ii) pursuant to a registration statement that has been declared effective under the Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the Securities Act, to a person it reasonably believes is a QIB that is also a QP that purchases for its own account or for the account of a QIB that is also a QP to

whom notice is given that the transfer is being made in reliance on Rule 144A under the Securities Act, (iv) pursuant to offers and sales that occur outside the United States to non-U.S. persons in compliance with Regulation S under the Securities Act or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the relevant Issuer's and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the other side of the security is completed and delivered by the transferor to the Trustee. Each purchaser acknowledges that each Restricted Note will contain a legend substantially to the following effect:

THIS NOTE AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OF 1933. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY ONLY (A) TO THE RELEVANT ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT OF 1933, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933 (“**RULE 144A**”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT IS ALSO A “QUALIFIED PURCHASER” AS DEFINED IN SECTION 2(A)(51) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”) THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER THAT IS ALSO A QUALIFIED PURCHASER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933 OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE RELEVANT ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE.

IF THE BENEFICIAL OWNER HEREOF IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S, SUCH BENEFICIAL OWNER REPRESENTS THAT (A) IT IS A QUALIFIED INSTITUTIONAL BUYER THAT IS ALSO A QUALIFIED PURCHASER; (B) IT IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25 MILLION IN SECURITIES OF UNAFFILIATED ISSUERS, (C) IT IS NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(K) PLAN, (D) IT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF ONE OF MORE QIBS EACH OF WHICH IS ALSO A QP, (E) IT WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE NOTES OR THE RELEVANT ISSUER OR THE GUARANTOR, (F) THE PURCHASER, AND EACH ACCOUNT FOR WHICH IT IS PURCHASING, WILL HOLD AND TRANSFER IN AN AMOUNT OF NOT LESS THAN U.S.\$200,000, (G) IT UNDERSTANDS THAT THE RELEVANT ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY

DEPOSITARIES, AND (H) IT IS AWARE, AND EACH BENEFICIAL OWNER OF SUCH NOTES HAS BEEN ADVISED, THAT THE SALE OF SUCH NOTES TO IT IS BEING MADE IN RELIANCE ON RULE 144A.

THE BENEFICIAL OWNER HEREOF HEREBY ACKNOWLEDGES THAT IF AT ANY TIME WHILE IT HOLDS AN INTEREST IN THIS NOTE IT IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S WHILE IT IS NOT A QUALIFIED INSTITUTIONAL BUYER THAT IS ALSO A QUALIFIED PURCHASER, THE RELEVANT ISSUER MAY (A) COMPEL IT TO SELL ITS INTEREST IN THIS NOTE TO A PERSON (I) WHO IS A U.S. PERSON WHO IS A QUALIFIED INSTITUTIONAL BUYER AND ALSO A QUALIFIED PURCHASER AND WHO IS OTHERWISE QUALIFIED TO PURCHASE THIS NOTE IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) WHO IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S OR (B) COMPEL THE BENEFICIAL OWNER TO SELL ITS INTEREST IN THIS NOTE TO THE RELEVANT ISSUER OR AN AFFILIATE OF THE RELEVANT ISSUER OR TRANSFER ITS INTEREST IN THIS NOTE TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE RELEVANT ISSUER AT A PRICE EQUAL TO THE LEAST OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE BENEFICIAL OWNERS, (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF OR (Z) THE FAIR MARKET VALUE THEREOF. THE RELEVANT ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THIS NOTE TO A U.S. PERSON WHO IS NOT A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER. THE RELEVANT ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.

THE RELEVANT ISSUER MAY COMPEL EACH BENEFICIAL OWNER OF THIS NOTE THAT IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S TO CERTIFY PERIODICALLY THAT SUCH BENEFICIAL OWNER IS A QUALIFIED INSTITUTIONAL INVESTOR AND A QUALIFIED PURCHASER.

- (1) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.
- (2) It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.
- (3) It acknowledges that the Trustee will not be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to the Relevant Issuer and the Trustee that the restrictions set forth therein have been complied with.
- (4) It understands that the Notes offered in reliance on Rule 144A will be represented by a Rule 144A Global Certificate. Before any interest in a Rule 144A Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

It acknowledges that the relevant Issuer, the Guarantor, the Dealers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify each Manager. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

Unrestricted Notes

Each purchaser of Unrestricted Notes outside the United States and each subsequent purchaser of such Unrestricted Notes in resales, by accepting delivery of this Offering Memorandum and the Unrestricted Notes, will be deemed to have represented, agreed and acknowledged that:

- (1) It is, or at the time Unrestricted Notes are purchased will be, the beneficial owner of such Unrestricted Notes and (a) it is not a U.S. person (if any transfer is made prior to the expiration of the distribution compliance period) and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the relevant Issuer or a person acting on behalf of such an affiliate.
- (2) It understands that the Unrestricted Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A under the Securities Act in an amount of not less than U.S.\$200,000 to a person whom it and any person acting on its behalf reasonably believe is a QIB who is also a QP purchasing for its own account or the account of a QIB that is also a QP and who takes delivery in the form of an interest in the Rule 144A Global Note (if applicable) or (b) in an offshore transaction to a person who is not a U.S. person in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
- (3) The relevant Issuer, the Guarantor, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (4) It understands that the Notes offered in reliance on Regulation S will be represented by a Regulation S Global Certificate. Before any interest in a Regulation S Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (5) Each purchaser acknowledges that each Unrestricted Note will contain a legend substantially to the following effect.

THIS NOTE AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (“**THE SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. THE BENEFICIAL OWNER HEREOF HEREBY ACKNOWLEDGES THAT IF AT ANY TIME WHILE IT HOLDS AN INTEREST IN THIS NOTE IT IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S WHILE IT IS NOT A QUALIFIED INSTITUTIONAL BUYER THAT IS ALSO A QUALIFIED PURCHASER, THE RELEVANT ISSUER MAY (A) COMPEL IT TO SELL ITS INTEREST IN THIS NOTE TO A PERSON (I) WHO IS A U.S. PERSON WHO IS A QUALIFIED INSTITUTIONAL BUYER AND ALSO A QUALIFIED PURCHASER AND WHO IS OTHERWISE QUALIFIED TO PURCHASE THIS NOTE IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) WHO IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S OR (B) COMPEL THE BENEFICIAL OWNER TO SELL ITS INTEREST IN THIS NOTE TO THE RELEVANT ISSUER OR AN AFFILIATE OF THE RELEVANT ISSUER OR TRANSFER ITS INTEREST IN THIS NOTE TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE RELEVANT ISSUER AT A PRICE EQUAL TO THE LEAST OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE BENEFICIAL OWNERS, (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF OR (Z) THE FAIR MARKET VALUE THEREOF. THE RELEVANT ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THIS NOTE TO A U.S. PERSON WHO IS NOT A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER. THE RELEVANT ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.

ACCOUNTANTS

The consolidated financial statements for PSAI as at and for each of the years ended 31 December 2016, 2017 and 2018 included in this Offering Memorandum have been audited by KPMG LLP (Public Accountants and Chartered Accountants) as stated in their report appearing herein.

GENERAL INFORMATION

- (1) PSAI is incorporated in Singapore under the Companies Act, Chapter 50 of Singapore as a private company limited by shares and its registration number is 197200399R. PSA Treasury is incorporated in Singapore under the Companies Act, Chapter 50 of Singapore as a private company limited by shares and its registration number is 201606623H. The registered office of PSAI and PSA Treasury is #38-00, PSA Building, 460 Alexandra Road, Singapore 119963.
- (2) PSAI has obtained all necessary consents, approvals and authorisations in connection with the establishment and update of the Programme and the giving of the Guarantee. The establishment of the Programme was authorised by the Board of Directors of PSAI and passed on 4 August 2009. The update of the Programme and the giving of the Guarantee was authorised by the Board of Directors of PSAI on 26 August 2019. PSA Treasury has obtained all necessary consents, approvals and authorisations in connection with the update of the Programme. The update of the Programme was authorised by the Board of Directors of PSA Treasury and passed on 26 August 2019.
- (3) Application has been made to the SGX-ST for permission to deal in and quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of PSAI, PSA Treasury, the PSA Group or such Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Notes listed on the SGX-ST will trade on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).
- (4) There has been no material adverse change in the financial position or prospects of PSAI or PSA Treasury, which is material in the context of the issue and offering of the Notes, since 31 December 2018.
- (5) None of PSAI, PSA Treasury or any of their respective subsidiaries is presently involved in any legal proceedings which may have a material adverse effect on the consolidated financial condition or results of operations of the PSA Group taken as a whole.
- (6) Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code of 1986".
- (7) Notes may be accepted for clearance through CDP, Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). In addition, PSAI or PSA Treasury may make an application for any Restricted Notes to be accepted for trading in book-entry form by DTC. Acceptance by DTC of such Certificates will be confirmed in the relevant Pricing Supplement. The Common Code, the International Securities Identification Number ("ISIN"), the Committee on the Uniform Security Identification Procedure ("CUSIP") number and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Pricing Supplement.

The legal entity identifier of PSAI and PSA Treasury are 254900SIC44UKBM2WI40 and 254900X7FR3V7789SL36 respectively.
- (8) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Pricing Supplement of each Series, based on the prevailing market conditions. Each of PSAI and PSA Treasury does not intend to provide any post-issuance information in relation to any issues of Notes.

- (9) For so long as Notes may be issued pursuant to this Offering Memorandum, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection by Noteholders at the office of the Issuing and Paying Agent:
- (i) the Trust Deed (which includes the form of the Global Notes, the definitive Notes, the Certificates, the Coupons, the Receipts and the Talons);
 - (ii) the Supplemental Trust Deed;
 - (iii) the Agency Agreement;
 - (iv) the Constitution of PSAI and PSA Treasury;
 - (v) the published annual report and audited consolidated annual accounts of PSAI and the PSA Group for the two years ended 31 December 2017 and 2018;
 - (vi) each Pricing Supplement (save that the relevant Pricing Supplement relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer, the Guarantor and the Issuing and Paying Agent as to its holding of Notes and identity);
 - (vii) a copy of this Offering Memorandum together with any supplement to this Offering Memorandum or further Offering Memorandum; and
 - (viii) a copy of any document incorporated into this Offering Memorandum by reference.
- (10) Each of PSAI and PSA Treasury has agreed that, for so long as any Notes issued by it are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner or to the Trustee for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner, prospective purchaser or Trustee, the information required to be provided by Rule 144A(d)(4) under the Securities Act.
- (11) Drewry Shipping Consultants Ltd has given and not withdrawn its consent to the inclusion in this Offering Memorandum of references to its name and reports, in the form and context in which they appear. Certain information contained in the reports of Drewry Shipping Consultants Ltd is based on estimates or subjective judgments in circumstances where data for actual market conditions does not exist in which it appears.
- (12) KPMG LLP (Public Accountants and Chartered Accountants) has audited, and rendered unqualified audit reports on, the accounts of PSAI and the PSA Group for the three years ended 31 December 2016, 2017 and 2018.

DISCUSSION OF CERTAIN DIFFERENCES BETWEEN SFRS, SFRS(I) AND IFRS

The audited consolidated financial statements for the years ended 31 December 2016 and 2017 appearing in this Offering Memorandum have been prepared in accordance with SFRS and the audited consolidated financial statements for the years ended 31 December 2018 and 2017 have been prepared in accordance with SFRS(I). SFRS and SFRS(I) differ in certain respects from IFRS, issued by the International Accounting Standards Board. As a result, the audited consolidated financial statements and reported earnings could be different from those which would be reported under IFRS. Had the financial statements and other financial information of the PSA Group been prepared in accordance with IFRS, its results of operations and financial position may have been materially different.

SFRS(I) are Singapore's equivalent of IFRS. Currently, there is a SFRS(I) for every IFRS issued. There are however, differences in implementation dates and transitional provisions.

The PSA Group has not prepared a complete reconciliation of its audited consolidated financial statements and related footnote disclosures between SFRS, SFRS(I) and IFRS and has not quantified such differences, and as such has not made any attempt to identify the necessary disclosure, presentation or classification differences.

Additionally, no attempt has been made to identify future differences (including differences for standards mandatorily effective after the latest balance sheet in this Offering Memorandum) between SFRS, SFRS(I) and IFRS as a result of future prescribed changes in accounting standards or as a result of transactions or events that may occur in the future.

In making an investment decision, investors must rely upon their own examination of PSAI, PSA Treasury and the PSA Group, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between SFRS, SFRS(I) and IFRS and how these differences might affect the financial information herein.

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PSA International Pte Ltd and its Subsidiaries
Registration Number: 197200399R

Annual Report
Year ended 31 December 2018

KPMG LLP (Registration No. T08LL1267L) an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2018.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS71 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 2018 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act (Chapter 50), Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Mr Fock Siew Wah	(Group Chairman)
Mr Peter Robert Voser	(Deputy Chairman, appointed on 1 July 2018)
Mr Tan Chong Meng	(Group Chief Executive Officer)
Ms Chan Lai Fung	
Mr Davinder Singh s/o Amar Singh	
Mr Frank Kwong Shing Wong	
Ms Jeanette Wong Kai Yuan	(Appointed on 1 July 2018)
Mr Kaikhushru Shiavax Nargolwala	
Mr Steven Terrell Clontz	
Mr Tommy Thomsen	

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act (Chapter 50), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in related corporations are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Fock Siew Wah		
Singapore Telecommunications Limited		
- Ordinary shares	3,240	3,240

Name of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Chan Lai Fung		
Singapore Telecommunications Limited		
- Ordinary shares	1,550	1,550
Davinder Singh s/o Amar Singh		
Singapore Airlines Limited		
- S\$500 million 3.22% Notes due 2020	S\$500,000	S\$500,000
Singapore Technologies Engineering Ltd		
- Ordinary shares	83,337	83,337
Singapore Telecommunications Limited		
- Ordinary shares	1,800	1,800
Frank Kwong Shing Wong		
Mapletree North Asia Commercial Trust Management Ltd.		
- Unit holdings in Mapletree North Asia Commercial Trust	2,399,000 ¹	2,369,000 ¹
Jeanette Wong Kai Yuan		
Singapore Airlines Limited		
- Ordinary shares	6,600	6,600
Singapore Technologies Engineering Ltd		
- Ordinary shares	10,000	10,000
Singapore Telecommunications Limited		
- Ordinary shares	17,821	17,821
Kaikhushru Shiavax Nargolwala		
Ascendas Funds Management (S) Limited		
- Unit holdings in Ascendas Real Estate Investment Trust	140,000 ¹	140,000 ¹
Mapletree Industrial Trust Management Ltd.		
- Unit holdings in Mapletree Industrial Trust	200,000 ¹	200,000 ¹
Mapletree Logistics Trust Management Ltd.		
- Unit holdings in Mapletree Logistics Trust	220,000 ¹	300,000 ¹
Mapletree Investments Pte Ltd		
- Unit holdings in Mapletree Global Student Accommodation Private Trust (trust managed by Mapletree Real Estate Advisors Pte. Ltd.)	4,608 ²	4,608 ²
SIA Engineering Company Limited		
- Ordinary shares	34,000 ¹	50,000 ¹
Singapore Technologies Engineering Ltd		
- Ordinary shares	-	45,000 ¹
Singapore Telecommunications Limited		
- Ordinary shares	556,000 ¹	556,000 ¹

Name of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Steven Terrell Clontz		
StarHub Ltd.		
- Ordinary shares	107,700	143,600

¹ Held in trust by trustee company on behalf of the director.

² Held in trust by trustee company on behalf of the director and consists of 2,304 Class A and 2,304 Class B units respectively.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

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 in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

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

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Fock Siew Wah
Director

Tan Chong Meng
Director

26 February 2019

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Independent auditors' report

Member of the Company
PSA International Pte Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of PSA International Pte Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2018, and the income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS71.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act), Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS) 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 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group 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 '*Auditors' 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 *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.

<p>Impairment assessment of goodwill (\$484.6 million) (Refer to notes 2.1, 2.6 and 4 to the financial statements)</p>	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group has goodwill for which the SFRS(I) requires at least an annual impairment assessment. This assessment involves management identifying the cash-generating units (CGUs) to which the goodwill relates and estimating the recoverable amounts of the CGUs. An impairment is recognised when the recoverable amounts of the CGUs are lower than the carrying amounts of the CGUs goodwill and operating assets comprising intangibles and property plant and equipment.</p> <p>The recoverable amounts of the CGUs are determined based on assumptions of expected growth in revenue, gross margin and discount rates. These estimates require judgement and is a key focus area of our audit.</p>	<p>We assessed the Group's process over setting annual budgets on which the cash flow projections are based.</p> <p>We assessed the key assumptions on revenue growth rates and operating profit margins applied in the cash flow projections based on our knowledge of the CGUs' operations and compared them against economic and industry forecasts. This included making enquiries with management to understand their future plans around growth and capital expenditures.</p> <p>We assessed the methodology and key inputs used to derive the discount rates, including comparison with comparable companies.</p> <p>We performed sensitivity analysis around the key assumptions to assess the extent of the change that would be required for the assets to be impaired.</p> <p>We also assessed the adequacy of the Group's disclosures on the CGUs' key assumptions used and sensitivity of the outcome of the impairment assessment to changes in key assumptions.</p>
<i>Our findings</i>	
<p>We found that the assumptions and resulting estimates were balanced and that the disclosures in Note 4 to the financial statements to be adequate.</p>	

Valuation of trade and accrued receivables (\$633.2 million) (Refer to notes 2.8, 11 and 12 to the financial statements)	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
The recoverability of trade and accrued receivables is considered a key audit matter due to the inherent subjectivity that was involved in making judgment over expected credit losses (ECL).	<p>We tested key controls over the Group's credit review and collection process. This included reviewing the Group's process to identify and monitor ECL, as well as the Group's basis of making allowance for ECL.</p> <p>We identified a sample of outstanding balances of significant amounts for collectability assessment individually. Where the debt is subject to dispute or potential dispute, we reviewed management's assessment of collectability and the Group's rights under the contracts to assess the reasonableness of recorded allowance amount.</p> <p>We compared the Group's views of recoverability of outstanding amounts to historical patterns of receipts and cash received subsequent to year end.</p>
<i>Our findings</i>	
We found that the Group's estimates relating to collectability of trade and accrued receivables to be prudent. We have discussed the effects of the identified excess allowances for certain trade and accrued receivables with the directors, which were found not to be significant to the financial statements as a whole.	

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained the Directors' statement and Group financial highlights prior to the date of this auditors' report.

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

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

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, SFRS(I) and IFRS, 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.

Auditors' 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 auditors' 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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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 auditors' report unless the law or regulations preclude 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 auditors' report is Phuoc Tran.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
26 February 2019

Statements of financial position
As at 31 December 2018

	Note	Group			Company		
		2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
Assets							
Property, plant and equipment	3	5,396,507	6,302,309	5,963,178	191	395	554
Intangible assets	4	2,140,186	2,117,371	1,621,392	14,673	8,284	2,964
Subsidiaries	5	–	–	–	9,939,443	9,484,317	9,138,020
Associates	6	3,418,825	3,413,661	3,539,030	–	–	–
Joint ventures	7	2,803,883	2,283,039	2,269,019	–	–	–
Financial assets	8	1,187,432	1,335,169	1,217,759	110,625	–	–
Other non-current assets	9	229,663	42,155	26,874	22,787	–	–
Deferred tax assets	10	12,619	15,460	18,845	–	3,907	5,753
Non-current assets		<u>15,189,115</u>	<u>15,509,164</u>	<u>14,656,097</u>	<u>10,087,719</u>	<u>9,496,903</u>	<u>9,147,291</u>
Inventories		44,854	44,509	56,084	–	–	–
Trade and other receivables	11	954,047	773,710	686,289	134,178	144,330	169,872
Cash and bank balances	14	4,054,386	3,713,708	3,752,452	2,721,605	2,382,658	2,636,172
Current assets		<u>5,053,287</u>	<u>4,531,927</u>	<u>4,494,825</u>	<u>2,855,783</u>	<u>2,526,988</u>	<u>2,806,044</u>
Total assets		<u>20,242,402</u>	<u>20,041,091</u>	<u>19,150,922</u>	<u>12,943,502</u>	<u>12,023,891</u>	<u>11,953,335</u>
Equity							
Share capital	15	1,135,372	1,135,372	1,135,372	1,135,372	1,135,372	1,135,372
Accumulated profits		11,415,267	10,401,529	10,131,354	8,582,366	7,980,335	7,571,009
Other reserves	16	(1,206,785)	(457,176)	(397,022)	(33,384)	(15,097)	(1,443)
Equity attributable to owner of the Company		<u>11,343,854</u>	<u>11,079,725</u>	<u>10,869,704</u>	<u>9,684,354</u>	<u>9,100,610</u>	<u>8,704,938</u>
Non-controlling interests		<u>701,592</u>	<u>534,949</u>	<u>415,692</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total equity		<u>12,045,446</u>	<u>11,614,674</u>	<u>11,285,396</u>	<u>9,684,354</u>	<u>9,100,610</u>	<u>8,704,938</u>
Liabilities							
Borrowings	17	4,586,819	5,809,301	5,396,022	1,705,250	2,337,615	2,527,495
Provisions	18	9,214	49,054	39,869	–	–	–
Other non-current obligations	19	239,175	119,371	103,462	163,422	18,977	–
Deferred tax liabilities	10	493,943	522,492	343,819	3,617	–	–
Non-current liabilities		<u>5,329,151</u>	<u>6,500,218</u>	<u>5,883,172</u>	<u>1,872,289</u>	<u>2,356,592</u>	<u>2,527,495</u>
Trade and other payables	20	1,392,992	1,593,328	1,345,895	691,930	554,724	437,136
Borrowings	17	1,254,479	185,669	445,031	681,745	–	279,749
Current tax payable		220,334	147,202	191,428	13,184	11,965	4,017
Current liabilities		<u>2,867,805</u>	<u>1,926,199</u>	<u>1,982,354</u>	<u>1,386,859</u>	<u>566,689</u>	<u>720,902</u>
Total liabilities		<u>8,196,956</u>	<u>8,426,417</u>	<u>7,865,526</u>	<u>3,259,148</u>	<u>2,923,281</u>	<u>3,248,397</u>
Total equity and liabilities		<u>20,242,402</u>	<u>20,041,091</u>	<u>19,150,922</u>	<u>12,943,502</u>	<u>12,023,891</u>	<u>11,953,335</u>

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

Consolidated income statement
Year ended 31 December 2018

	Note	2018 \$'000	2017 \$'000
Revenue	22	4,086,213	3,967,685
Other income	23	212,296	181,378
Staff and related costs	24	(981,521)	(900,306)
Contract services		(531,088)	(494,809)
Running, repair and maintenance costs		(366,913)	(347,560)
Other operating expenses		(366,190)	(428,515)
Property taxes		(31,681)	(30,151)
Depreciation and amortisation		(663,688)	(609,974)
Service concession revenue	25	115,606	486,139
Service concession costs	25	(115,606)	(486,139)
Profit from operations	26	1,357,428	1,337,748
Finance costs	27	(217,868)	(168,966)
Share of profit of associates, net of tax		148,062	170,765
Share of profit of joint ventures, net of tax		192,032	188,481
Profit before income tax		1,479,654	1,528,028
Income tax expense	28	(228,894)	(235,607)
Profit for the year		1,250,760	1,292,421
Profit attributable to:			
Owner of the Company		1,204,734	1,233,461
Non-controlling interests		46,026	58,960
Profit for the year		1,250,760	1,292,421

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

Consolidated statement of comprehensive income
Year ended 31 December 2018

	2018	2017
	\$'000	\$'000
Profit for the year	1,250,760	1,292,421
Other comprehensive income		
Items that will not be reclassified to income statement:		
Defined benefit plan remeasurements	(74)	2,279
Net change in fair value of equity investments at FVOCI	(268,067)	–
Income tax on other comprehensive income	16,499	(408)
	(251,642)	1,871
Items that are or may be reclassified subsequently to income statement:		
Exchange differences of foreign operations	(42,046)	(343,339)
Exchange differences on monetary items forming part of net investment in foreign operations	7,478	(52,113)
Exchange differences on hedge of net investment in a foreign operation	(42,206)	168,161
Inflation adjustment for the year	72,113	–
Effective portion of changes in fair value of cash flow hedges	4,215	(10,525)
Net change in fair value of cash flow hedges reclassified to income statement	(338)	(3,628)
Net change in fair value of available-for-sale financial assets	–	184,061
Share of reserves in associates	(90,208)	106,620
Share of reserves in joint ventures	9,348	2,674
Reserves reclassified to income statement on disposal of a subsidiary	11,578	–
Income tax on other comprehensive income	(7,041)	(118,966)
	(77,107)	(67,055)
Other comprehensive income for the year, net of tax	(328,749)	(65,184)
Total comprehensive income for the year	922,011	1,227,237
Total comprehensive income attributable to:		
Owner of the Company	884,129	1,172,837
Non-controlling interests	37,882	54,400
Total comprehensive income for the year	922,011	1,227,237

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

**Consolidated statement of changes in equity
Year ended 31 December 2018**

	Share capital \$'000	Capital reserve \$'000	Insurance reserve \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Total attributable to owner Company \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2017	1,135,372	25,925	97,357	(798,807)	(27,528)	306,031	10,131,354	10,869,704	415,692	11,285,396
Total comprehensive income for the year							1,233,461	1,233,461	58,960	1,292,421
Profit for the year										
Other comprehensive income										
Exchange differences of foreign operations				(339,345)				(339,345)	(3,994)	(343,339)
Exchange differences on monetary items forming part of net investment in foreign operations				(52,113)				(52,113)		(52,113)
Exchange differences on hedge of net investment in a foreign operation				168,161				168,161		168,161
Effective portion of changes in fair value of cash flow hedges					(10,048)			(10,048)	(477)	(10,525)
Net change in fair value of cash flow hedges reclassified to income statement					(3,628)			(3,628)		(3,628)
Net change in fair value of available-for-sale financial assets						184,061		184,061		184,061
Share of reserves in associates		7,065		97,941		1,614		106,620		106,620
Share of reserves in joint ventures				389	2,285			2,674		2,674
Defined benefit plan remeasurements							2,393	2,393	(114)	2,279
Income tax on other comprehensive income						(118,966)	(433)	(119,399)	25	(119,374)
Total other comprehensive income		7,065		(124,967)	(11,391)	66,709	1,960	(60,624)	(4,560)	(65,184)
Total comprehensive income for the year		7,065		(124,967)	(11,391)	66,709	1,235,421	1,172,837	54,400	1,227,237
Transactions with owner, recorded directly in equity										
Contributions by and distributions to owner of the Company										
Capital contribution by non-controlling shareholders of subsidiaries									53,523	53,523
Dividends paid to non-controlling shareholders of subsidiaries									(58,360)	(58,360)
Final tax exempt dividend declared and paid of \$0.49 per share							(300,000)	(300,000)		(300,000)
Interim tax exempt dividend declared and paid of \$1.15 per share							(700,000)	(700,000)		(700,000)
Total contributions by and distributions to owner of the Company							(1,000,000)	(1,000,000)	(4,837)	(1,004,837)
Changes in ownership interests in subsidiaries										
Acquisition of interest in a subsidiary from non-controlling interest, without a change in control							(46,780)	(46,780)	(20,446)	(67,226)
Disposal of interests in subsidiaries to non-controlling interest, without a change in control				(2,760)	5,190		81,534	83,964	90,140	174,104
Total changes in ownership interests in subsidiaries				(2,760)	5,190		34,754	37,184	69,694	106,878
At 31 December 2017	1,135,372	32,990	97,357	(926,534)	(33,729)	372,740	10,401,529	11,079,725	534,949	11,614,674

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

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2018

	Share capital \$'000	Capital reserve \$'000	Insurance reserve \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Total attributable to owner of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2018	1,135,372	32,990	97,357	(926,534)	(33,729)	372,740	10,401,529	11,079,725	534,949	11,614,674
Adjustment on initial application of SFRS(1) 9 (net of tax)	-	-	-	-	-	(428,140)	428,140	-	-	-
Adjusted balance at 1 January 2018	1,135,372	32,990	97,357	(926,534)	(33,729)	(55,400)	10,829,669	11,079,725	534,949	11,614,674
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	1,204,734	1,204,734	46,026	1,250,760
Other comprehensive income										
Exchange differences of foreign operations	-	-	-	(29,817)	-	-	-	(29,817)	(12,229)	(42,046)
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	7,478	-	-	-	7,478	-	7,478
Exchange differences on hedge of net investment in a foreign operation	-	-	-	(42,206)	-	-	-	(42,206)	-	(42,206)
Inflation adjustment for the year	-	-	-	72,113	-	-	-	72,113	-	72,113
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	131	-	-	131	4,084	4,215
Net change in fair value of cash flow hedges reclassified to income statement	-	-	-	-	(338)	-	-	(338)	-	(338)
Net change in fair value of equity investments at FVOCI	-	-	-	-	-	(268,067)	-	(268,067)	-	(268,067)
Share of reserves in associates	-	(3,802)	-	(58,679)	-	(27,727)	-	(90,208)	-	(90,208)
Share of reserves in joint ventures	-	-	-	86	907	-	8,355	9,348	-	9,348
Reserves reclassified to income statement on disposal of a subsidiary	-	-	-	11,578	-	-	-	11,578	-	11,578
Defined benefit plan remeasurements	-	-	-	-	-	-	(75)	(75)	1	(74)
Income tax on other comprehensive income	-	-	-	(39,447)	848	(279,068)	864	(320,605)	(8,144)	(328,749)
Total other comprehensive income										
Total comprehensive income for the year										
Transactions with owner, recorded directly in equity	-	(3,802)	-	(39,447)	848	(279,068)	864	(320,605)	(8,144)	(328,749)
Contributions by and distributions to owner of the Company										
Capital contribution by non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	117,914	117,914
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	(52,689)	(52,689)
Interim tax exempt dividend declared and paid of \$1.02 per share	-	-	-	-	-	-	(620,000)	(620,000)	-	(620,000)
Total contributions by and distributions to owner of the Company										
Changes in ownership interests in subsidiaries										
Acquisition of interests in subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	56,321	56,321
Disposal of interest in a subsidiary to non-controlling interests, with a change in control	-	-	-	-	-	-	-	-	7,215	7,215
Total changes in ownership interests in subsidiaries										
At 31 December 2018	1,135,372	29,188	97,357	(965,981)	(32,881)	(334,468)	11,415,267	11,343,854	701,592	12,045,446

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

Consolidated statement of cash flows
Year ended 31 December 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Profit for the year		1,250,760	1,292,421
Adjustments for:			
Depreciation and amortisation		663,688	609,974
Net change in fair value of equity investments at FVTPL		(7,785)	–
Impairment loss on available-for-sale financial assets		–	66,629
(Loss)/gain on disposal of:			
Subsidiary		8,760	–
Joint ventures		(2,543)	(9,689)
Intangible assets		–	796
Property, plant and equipment		(9,722)	(12,382)
Dividend income from financial assets		(52,378)	(60,250)
Interest income		(114,886)	(76,104)
Share of profit of associates, net of tax		(148,062)	(170,765)
Share of profit of joint ventures, net of tax		(192,032)	(188,481)
Finance costs	27	217,868	168,966
Income tax expense	28	228,894	235,607
		<u>1,842,562</u>	<u>1,856,722</u>
Changes in working capital:			
Inventories		(176)	11,575
Trade and other receivables		(166,040)	(121,907)
Trade and other payables		156,060	69,929
Cash generated from operations		<u>1,832,406</u>	<u>1,816,319</u>
Income tax paid		<u>(173,841)</u>	<u>(216,501)</u>
Net cash from operating activities		<u>1,658,565</u>	<u>1,599,818</u>

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

Consolidated statement of cash flows (cont'd)
Year ended 31 December 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from investing activities			
Dividends received		389,118	318,904
Interest received		108,514	65,467
Purchase of property, plant and equipment and intangible assets		(937,954)	(1,220,621)
Proceeds from disposal of property, plant and equipment and intangible assets		23,725	16,272
Purchase of financial assets		(125,981)	(2,569)
Investment in an associate		–	(668)
Investments in and loans to joint ventures		(111,996)	(88,556)
Repayment of loans to joint ventures		4,551	59,961
Acquisition of interests in subsidiaries, net of cash acquired	32	(68,714)	–
Disposal of interest in a subsidiary to non-controlling interests, with a change in control, net of cash disposed	32	(7,756)	–
Acquisition of interest in a subsidiary from non-controlling interest, without a change in control		–	(67,226)
Proceeds from disposal of interest in a subsidiary to non-controlling interest, without a change in control		–	174,104
Proceeds from disposal of a joint venture		392	–
Capital reduction in an associate and a joint venture		9,919	–
Net cash used in investing activities		<u>(716,182)</u>	<u>(744,932)</u>
Cash flows from financing activities			
Proceeds from bank loans and notes		221,243	841,021
Repayment of bank loans and notes		(221,972)	(569,261)
Proceeds from loans from joint venture		205,736	73,691
Repayment of loans from joint venture		(21,659)	–
Repayment of finance lease liabilities		(43)	–
Capital contribution by non-controlling shareholders of subsidiaries		117,914	53,523
Repayment of loans from non-controlling shareholders of subsidiaries		–	(9,800)
Dividends paid to owner of the Company		(620,000)	(1,000,000)
Dividends paid to non-controlling shareholders of subsidiaries		(52,689)	(58,360)
Interest paid		(215,187)	(229,311)
Net cash used in financing activities		<u>(586,657)</u>	<u>(898,497)</u>
Net increase/(decrease) in cash and bank balances		355,726	(43,611)
Cash and bank balances at beginning of the year		3,713,708	3,752,452
Translation differences on consolidation		(15,048)	4,867
Cash and bank balances at end of the year	14	<u>4,054,386</u>	<u>3,713,708</u>

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 26 February 2019.

1 Domicile and activities

PSA International Pte Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 460 Alexandra Road, PSA Building, #38-00, Singapore 119963.

The principal activities of the Company are investment holding and the provision of consultancy services on port management, port operations and information technology. The principal activities of the subsidiaries are mainly those of providers of port, marine, software development and IT related services.

The immediate and ultimate holding company during the financial year is Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interests in associates and joint ventures.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS). As these are the Group's first financial statements prepared in accordance with SFRS(I) and IFRS, SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* and IFRS 1 *First-time Adoption of International Financial Reporting Standards* have been applied. All references to SFRS(I) and IFRS are subsequently referred to as SFRS(I) in these financial statements unless otherwise specified.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRS). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in note 35.

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise presented.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position as at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated. The accounting policies have been applied consistently by Group entities.

The preparation of financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates

Impairment of property, plant and equipment and intangible assets

The Group has significant tangible and intangible assets in its business. Changes in technology or changes in the intended use of these assets may cause the estimated period of use or value of these assets to change.

Assets that have an infinite useful life are tested for impairment annually. Assets that are subject to depreciation and amortisation are reviewed to determine whether there is any indication that the carrying amounts of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in the income statement.

Management judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying amount of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Depreciation and amortisation

Depreciation and amortisation of non-financial assets constitute significant operating costs for the Group. The costs of these non-financial assets are charged as depreciation or amortisation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activities and residual values to determine adjustments to estimated remaining useful lives and depreciation or amortisation rates.

Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable or amortisable lives and therefore depreciation or amortisation expense in future periods.

Residual values of the port assets are estimated after considering the price that could be recovered from the sale of the port assets and the expected age and condition at the end of their useful lives, after deducting the estimated costs of disposal.

2.2 Basis of consolidation

Business combinations

Business combinations are accounted for under the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been adjusted where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. Joint ventures are arrangements in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Associates and joint ventures are accounted for in the consolidated financial statements under the equity method and are recognised initially at cost. The cost of the investments includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition results and reserves of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. The latest audited financial statements of the associates and joint ventures are used and where these are not available, unaudited financial statements are used. Any differences between the unaudited financial statements and the audited financial statements obtained subsequently are adjusted for in the subsequent financial year.

The Group's investments in equity-accounted investees include goodwill on acquisition and other intangible assets acquired from business combinations. Where the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions with non-controlling interests

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests, which are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, at fair value or at the proportionate share of the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value at acquisition date.

Changes in the Group's ownership interest in a subsidiary that do not result in a change in control are accounted for as transactions with owners in their capacity as owners and therefore the carrying amounts of assets and liabilities are not changed and goodwill and bargain purchase gain are not recognised as a result of such transactions. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Any difference between the adjustment to non-controlling interests and the fair value of consideration paid or received is recognised directly in equity and presented as part of equity attributable to owner of the Company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective (see note 2.7), which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at the average exchange rates for the year.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income and presented within equity in foreign currency translation reserve. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

For foreign operations in hyperinflationary economies, the income statement and non-monetary items in the foreign operation's statement of financial position are first restated to reflect changes in the general purchasing power of the foreign operation's functional currency based on the inflation rate up to the reporting date, with the resultant adjustment taken to the foreign operation's income statement as a net gain or loss on monetary items. All amounts (i.e. assets, liabilities, equity items, income and expenses) are then translated to Singapore dollars at the exchange rates prevailing at the reporting date, with the differences from opening balances recognised in other comprehensive income, and presented within equity in foreign currency translation reserve.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve is reclassified to the income statement as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.

Net investment in a foreign operation

Foreign exchange gains and losses arising from monetary items, that in substance form part of the Group's net investment in a foreign operation, are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve. When the net investment is disposed of, the relevant amount in the foreign currency translation reserve is reclassified to the income statement as an adjustment to the gain or loss arising on disposal.

2.4 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use, and an estimated cost of dismantling and removing the items and restoring the site on which they are located when the Group has an obligation to remove the assets or restore the site, and capitalised borrowing costs, where applicable.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net in the income statement.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation

Depreciation is recognised in the income statement on a straight-line basis to write down the cost of property, plant and equipment to its estimated residual value over the estimated useful life (or lease term, if shorter) of each component of an item of property, plant and equipment.

Estimated useful lives are as follows:

Leasehold land	20 to 80 years
Buildings	10 to 58 years
Wharves, hardstanding and roads	5 to 33 years
Plant, equipment and machinery	3 to 25 years
Floating crafts	10 to 20 years
Dry-docking costs	2.5 to 5 years
Motor vehicles	3 to 10 years
Computers	3 to 5 years

No depreciation is provided on capital work-in-progress until the related property, plant and equipment is ready for use. Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

2.5 Intangible assets

Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with infinite useful lives or not ready for use are stated at cost less accumulated impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and joint ventures is presented together with investments in associates and joint ventures.

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Goodwill is measured at cost less accumulated impairment losses and is subject to testing for impairment, as described in note 2.6.

Computer software

Computer software, which is acquired by the Group, where it is not an integral part of the related hardware, is treated as an intangible asset. Computer software is amortised in the income statement on a straight-line basis over its estimated useful lives of 3 to 10 years, from the date on which it is ready for use.

Software development costs

Development expenditure attributable to projects, where the technical feasibility and commercial viability of which are reasonably assured, is capitalised and amortised over the time period for which the tangible benefits of the projects are expected to be realised. Software development costs are not amortised until the completion date and when the software is ready for use. Amortisation is charged to the income statement on a straight-line basis over estimated useful lives of 3 to 10 years.

Port concession, port use and other operating rights

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value upon initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition the intangible asset is measured at cost, which includes capitalised borrowings costs, less accumulated amortisation and accumulated impairment losses.

The expenditures incurred in relation to the right to operate a port are capitalised as port use rights. These rights are amortised in the income statement on a straight-line basis over their estimated useful lives of 22 to 84 years (the period of the operating rights being available).

Research costs

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Other intangible assets

Other intangible assets which are acquired by the Group are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the income statement on a straight-line basis over estimated useful lives of 3 to 22 years.

Capital work-in-progress

No amortisation is provided on capital work-in-progress until the intangible asset is ready for use.

2.6 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. Goodwill and other non-financial assets with infinite useful lives or not yet available for use are tested for impairment at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the income statement unless it reverses a previous revaluation credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

2.7 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, other non-current assets, trade and other receivables, cash and bank balances, other non-current liabilities, trade and other payables, and borrowings.

Cash and cash equivalents comprise cash balances, bank deposits, and bank overdrafts. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire, or it transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of ownership of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised when the Group's contractual obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial instruments (unless it is a trade receivable without a significant financing component) are initially measured at fair value plus, for non-derivative financial instruments not at fair value through profit or loss (FVTPL), any directly attributable transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Non-derivative financial assets - Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) for equity investments.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The determination of the classification at initial recognition into each of the measurement category and the subsequent measurement for each measurement category are as described below.

(a) Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the income statement. Any gain or loss on derecognition is recognised in the income statement.

(b) Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognised as income in the income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the income statement.

(c) Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the income statement.

Non-derivative financial assets - Policy applicable before 1 January 2018

On initial recognition, a financial asset is classified and measured at: loans and receivables, held-to-maturity investments, available-for-sale financial assets, and financial assets carried at cost. The determination of the classification at initial recognition into each of the measurement category and the subsequent measurement for each measurement category are as described below.

(a) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise cash and cash equivalents, trade and other receivables and other non-current assets which are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

(c) Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale debt instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When the financial asset is derecognised, the cumulative gain or loss in fair value reserve is reclassified to the income statement.

(d) Financial assets carried at cost

Investments in unquoted equity securities are classified as financial assets carried at cost only when the equity instruments do not have a quoted market price in an active market and whose fair value cannot be reliably measured because the range of possible fair value estimates is wide and the probabilities of the various estimates within the range cannot be reasonably assessed.

Non-derivative financial liabilities - Policy applicable before and after 1 January 2018

Non-derivative financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the income statement.

Derivative financial instruments and hedge accounting - Policy applicable from 1 January 2018

The Group holds derivative financial instruments to hedge its foreign exchange, fuel price and interest rate risk exposures. The use of hedging instruments is governed by the Group's policies which provide written principles on the use of financial instruments consistent with the Group's risk management strategy.

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item in assessing whether they have values that generally move in the opposite direction because of the same hedged risk.

Hedging relationships designated under FRS 39 that were still existing as at 31 December 2017 are treated as continuing hedges under SFRS(I) 9.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as follows:

(a) Cash flow hedges

Changes in the fair value of the derivative designated as a hedging instrument of a cash flow hedge is recognised in other comprehensive income and presented within equity in the hedging reserve to the extent the hedge is effective, limited to the cumulative change in fair value of the hedged item from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation revoked, then hedge accounting is discontinued prospectively.

The cumulative gain or loss previously recognised in equity in the hedging reserve remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is reclassified to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects the income statement.

If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to the income statement.

(b) Fair value hedges

Changes in the fair value of a derivative designated as a hedging instrument of a fair value hedge are recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in the income statement and the carrying amount of the hedged item is adjusted.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised or the designation is revoked, then hedge accounting is discontinued prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the income statement from that date.

(c) Hedge of net investment in a foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income and presented within equity in the foreign currency translation reserve, to the extent that the hedge is effective. The ineffective foreign currency differences are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in foreign currency translation reserve is reclassified to the income statement as an adjustment to the gain or loss on disposal when the investment in the foreign operation is disposed.

(d) Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in the income statement as part of foreign currency gains and losses.

(e) Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in the income statement.

Derivative financial instruments and hedge accounting - Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018, except that embedded derivatives are separated for all host contracts, including host contracts that are financial assets.

2.8 Impairment of financial assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised cost; and
- contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Policy applicable before 1 January 2018

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of loans and receivables is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. An impairment loss in respect of a financial asset carried at cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

All individually significant loans and receivables are assessed for specific impairment. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in fair value reserve is reclassified to the income statement.

Impairment losses for loans and receivables and available-for-sale debt securities are reversed through the income statement if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. Impairment losses once recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in fair value of such assets is recognised in other comprehensive income and presented within equity in the fair value reserve. Impairment losses for financial assets carried at cost are not reversed.

2.9 Financial guarantees

Financial guarantee contracts issued by the Company to external parties on behalf of entities within the Group are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

2.10 Leases

When entities within the Group are lessees of finance leases

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance cost and reduction of the lease liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

When entities within the Group are lessees of operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expenses over the term of the lease. Contingent rentals are charged to the income statement in the financial year in which they are incurred.

When entities within the Group are lessors of operating leases

Assets leased out under operating leases are included in leasehold buildings and are depreciated over the period of the land lease. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term of the operating lease with the lessee.

2.11 Inventories

Inventories mainly comprise stores and consumables which are valued at cost of purchase (including cost incurred in bringing the inventories to their present location and condition) on a weighted average cost method less any applicable allowance for obsolescence. When inventories are consumed, the carrying amount of these inventories is recognised as an expense in the year in which the consumption occurs.

2.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the income statement when incurred.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligations in respect of defined benefit plans are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.15 Revenue recognition

Income from services

Income from port and marine services rendered is recognised at a point in time and income from consultancy services is generally recognised over time, when the Group satisfies a performance obligation by transferring service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to each satisfied performance obligation. Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised services.

License fee

License fee represents fees earned from the sale of license of software to customers and is recognised when the customer takes delivery of the software, and the criteria for acceptance have been satisfied.

System development revenue

System development contracts of less than 12 months' duration and completed within the financial year are recognised at a point in time based on the completed contract method. System development for longer-term contracts are recognised over time. The stage of completion is typically assessed by reference to work performed based on the ratio of costs incurred to date to the estimated total costs for each contract.

Service concession arrangements

Revenue related to construction or upgrade services under a service concession arrangement is recognised over time based on the percentage of completion of the work performed. The percentage of completion is assessed by reference to surveys of work performed. The related costs are recognised in the income statement when they are incurred. Operation or service revenue is recognised in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration received is allocated with reference to the relative stand-alone selling prices of the services delivered.

Dividend income

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

Interest income

Interest income is recognised as it accrues, using the effective interest method, except where the collection is contingent upon certain conditions being met, then such income is recognised when received.

2.16 Government grants

Government grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised in the income statement on a systematic basis in the same period in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in the income statement on a systematic basis over the useful life of the asset.

2.17 Finance costs

Finance costs comprise interest expense on borrowings which includes reclassifications of net losses previously recognised in other comprehensive income and the unwinding of the discount on provisions. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.18 Income tax expense

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.19 Non-current assets held for sale or distribution

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured under different rules in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment losses.

2.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Executive Committee and Senior Management Council of the Company to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3 Property, plant and equipment

Group	Leasehold land \$'000	Buildings \$'000	Wharves, hard- standing and roads \$'000	Plant, equipment and machinery \$'000	Floating crafts and dry-docking costs \$'000	Motor vehicles \$'000	Computers \$'000	Capital work-in- progress \$'000	Total \$'000
Cost									
At 1 January 2017	1,401,091	607,094	2,495,579	5,077,959	454,359	23,010	146,626	1,154,824	11,360,542
Reclassifications	61,577	33,177	269,854	793,259	1,175	1,062	23,465	(1,183,569)	—
Additions	—	978	2,774	38,690	13,879	203	2,152	890,863	949,539
Disposals	(1,961)	(2,354)	(613)	(175,192)	(37,018)	(576)	(3,024)	—	(220,738)
Transferred to intangible assets	—	—	—	—	—	—	—	(32,047)	(32,047)
Translation differences on consolidation	148	10,668	(3,705)	58,653	(859)	(10)	1,346	(12,338)	53,903
At 31 December 2017	1,460,855	649,563	2,763,889	5,793,369	431,536	23,689	170,565	817,733	12,111,199
Reclassifications	6,368	10,327	74,323	219,672	24,290	1,635	24,927	(361,542)	—
Additions	—	1,647	8,050	48,462	17,014	926	7,572	279,863	363,534
Acquisition of subsidiaries	48,510	43,836	—	25,055	—	1,010	44,821	—	163,232
Disposals	(974)	(14,952)	(1,742)	(283,383)	(24,903)	(706)	(38,275)	—	(364,935)
Disposal of a subsidiary	—	(6,369)	(147,777)	(46,109)	—	(807)	(5,929)	(548,041)	(755,032)
Translation differences on consolidation	(1,044)	(6,207)	(11,003)	(38,726)	(37)	(172)	(1,276)	(23,574)	(82,039)
At 31 December 2018	1,513,715	677,845	2,685,740	5,718,340	447,900	25,575	202,405	164,439	11,435,959

Group	Leasehold land \$'000	Buildings \$'000	Wharves, hard- standing and roads \$'000	Plant, equipment and machinery \$'000	Floating crafts and dry-docking costs \$'000	Motor vehicles \$'000	Computers \$'000	Capital work-in- progress \$'000	Total \$'000
Accumulated depreciation and impairment losses									
At 1 January 2017	781,983	351,250	1,183,931	2,750,393	192,914	17,260	119,633	–	5,397,364
Depreciation charge for the year	48,949	27,251	115,641	327,198	35,681	2,332	21,162	–	578,214
Disposals	(1,961)	(2,354)	(613)	(174,308)	(34,078)	(576)	(2,958)	–	(216,848)
Translation differences on consolidation	–	8,078	3,483	37,499	(62)	17	1,145	–	50,160
At 31 December 2017	828,971	384,225	1,302,442	2,940,782	194,455	19,033	138,982	–	5,808,890
Depreciation charge for the year	49,806	26,392	120,471	332,051	34,188	2,220	19,996	–	585,124
Acquisition of subsidiaries	6,672	17,985	–	10,034	–	69	43,207	–	77,967
Disposals	(974)	(14,857)	(1,673)	(280,287)	(20,836)	(704)	(38,288)	–	(357,619)
Disposal of a subsidiary	–	(1,253)	(25,113)	(13,262)	–	(581)	(3,442)	–	(43,651)
Translation differences on consolidation	–	(4,682)	(3,950)	(21,399)	(108)	(126)	(994)	–	(31,259)
At 31 December 2018	884,475	407,810	1,392,177	2,967,919	207,699	19,911	159,461	–	6,039,452
Carrying amounts									
At 1 January 2017	619,108	255,844	1,311,648	2,327,566	261,445	5,750	26,993	1,154,824	5,963,178
At 31 December 2017	631,884	263,338	1,461,447	2,852,587	237,081	4,656	31,583	817,733	6,302,309
At 31 December 2018	629,240	270,035	1,293,563	2,750,421	240,201	5,664	42,944	164,439	5,396,507

Company	Plant, equipment and machinery \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
Cost				
At 1 January 2017	247	774	1,918	2,939
Additions	16	–	121	137
Disposals	–	–	(5)	(5)
At 31 December 2017	263	774	2,034	3,071
Additions	–	–	19	19
Disposals	(8)	–	(41)	(49)
At 31 December 2018	255	774	2,012	3,041
Accumulated depreciation				
At 1 January 2017	182	489	1,714	2,385
Depreciation charge for the year	41	86	169	296
Disposals	–	–	(5)	(5)
At 31 December 2017	223	575	1,878	2,676
Depreciation charge for the year	23	85	115	223
Disposals	(8)	–	(41)	(49)
At 31 December 2018	238	660	1,952	2,850
Carrying amounts				
At 1 January 2017	65	285	204	554
At 31 December 2017	40	199	156	395
At 31 December 2018	17	114	60	191

Leased property, plant and equipment

At 31 December 2018, the net carrying amount of leased property, plant and equipment of the Group was \$10.4 million (2017: \$11.5 million; 1 Jan 2017: \$12.9 million).

4 Intangible assets

Group	Goodwill on consolidation \$'000	Computer software \$'000	Software development costs \$'000	Capital work-in-progress \$'000	Port and other operating rights \$'000	Other intangible assets \$'000	Total \$'000
Cost							
At 1 January 2017	534,427	42,659	65,091	674,500	546,568	15,081	1,878,326
Reclassifications	–	2,719	3,866	(6,585)	–	–	–
Additions	–	5,764	80	489,624	55	1,041	496,564
Disposals	–	–	–	(796)	–	–	(796)
Transferred from property, plant and equipment	–	2,631	29,416	–	–	–	32,047
Translation differences on consolidation	2,584	2,064	155	(11,128)	9,809	394	3,878
At 31 December 2017	537,011	55,837	98,608	1,145,615	556,432	16,516	2,410,019
Reclassifications	–	1,047	8,997	(1,158,301)	1,148,186	71	–
Additions	–	7,650	337	133,568	4,074	458	146,087
Acquisition of subsidiaries	18,652	2,706	15,702	243	–	17,983	55,286
Disposals	–	(2,048)	(7,664)	–	–	–	(9,712)
Translation differences on consolidation	(1,721)	(1,716)	(874)	(67,240)	(16,213)	(789)	(88,553)
At 31 December 2018	553,942	63,476	115,106	53,885	1,692,479	34,239	2,513,127

Group	Goodwill on consolidation \$'000	Computer software \$'000	Software development costs \$'000	Capital work-in-progress \$'000	Port and other operating rights \$'000	Other intangible assets \$'000	Total \$'000
Accumulated amortisation and impairment losses							
At 1 January 2017	68,978	35,001	57,933	-	89,527	5,495	256,934
Amortisation charge for the year	-	4,799	7,630	-	18,454	877	31,760
Translation differences on consolidation	721	1,720	263	-	873	377	3,954
At 31 December 2017	69,699	41,520	65,826	-	108,854	6,749	292,648
Amortisation charge for the year	-	7,622	7,557	-	61,835	1,550	78,564
Acquisition of subsidiaries	-	2,688	8,341	-	-	-	11,029
Disposals	-	(2,048)	(977)	-	-	-	(3,025)
Translation differences on consolidation	(363)	(1,501)	(282)	-	(3,923)	(206)	(6,275)
At 31 December 2018	69,336	48,281	80,465	-	166,766	8,093	372,941
Carrying amounts							
At 1 January 2017	465,449	7,658	7,158	674,500	457,041	9,586	1,621,392
At 31 December 2017	467,312	14,317	32,782	1,145,615	447,578	9,767	2,117,371
At 31 December 2018	484,606	15,195	34,641	53,885	1,525,713	26,146	2,140,186

Company	Computer software \$'000	Software development costs \$'000	Capital work-in- progress \$'000	Total \$'000
Cost				
At 1 January 2017	3,795	411	2,193	6,399
Additions	108	–	5,700	5,808
At 31 December 2017	3,903	411	7,893	12,207
Additions	–	–	6,771	6,771
At 31 December 2018	3,903	411	14,664	18,978
Accumulated amortisation				
At 1 January 2017	3,024	411	–	3,435
Amortisation charge for the year	488	–	–	488
At 31 December 2017	3,512	411	–	3,923
Amortisation charge for the year	382	–	–	382
At 31 December 2018	3,894	411	–	4,305
Carrying amounts				
At 1 January 2017	771	–	2,193	2,964
At 31 December 2017	391	–	7,893	8,284
At 31 December 2018	9	–	14,664	14,673

Impairment testing for cash-generating units (CGUs) containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's port business in the country of operation, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. At 31 December 2018, the carrying amount of goodwill primarily relates to the Group's port business CGU in Belgium of \$455.9 million (2017: \$456.7 million; 1 Jan 2017: \$454.8 million). The remaining goodwill relates to the Group's port business CGUs in other countries.

The recoverable amounts of these port business CGUs were based on the value in use approach. They were determined by discounting the future cash flows generated from the continuing use of these CGUs. The cash flow projections were based on the financial budgets approved by management covering a five-year period and a further outlook based on the long-term nature of concession agreements.

Key assumptions include the expected growth in revenue, gross margin and discount rates. The pre-tax discount rate used for impairment testing of Belgium CGU was 8.3% (2017: 9.0%).

Judgement is required to determine key assumptions adopted in the cash flow projections and changes to the key assumptions can significantly affect these cash flow projections and therefore the results of the impairment tests.

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying amount of the Belgium CGU to materially exceed its recoverable amount.

5 Subsidiaries

	Company		
	2018	2017	1 Jan
	\$'000	\$'000	2017
	\$'000	\$'000	\$'000
Equity investments, at cost	1,168,122	1,165,322	1,162,022
Loans to subsidiaries	9,050,692	8,606,841	8,274,644
	<u>10,218,814</u>	<u>9,772,163</u>	<u>9,436,666</u>
Impairment losses	(279,371)	(287,846)	(298,646)
	<u>9,939,443</u>	<u>9,484,317</u>	<u>9,138,020</u>

The loans to subsidiaries form part of the Company's net investments in these subsidiaries. The loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future. These amounts are in substance capital contributions by the Company. Accordingly, these loans are stated at cost less accumulated impairment losses.

The loans are principally denominated in Singapore dollars, US dollars and Hong Kong dollars, and comprise:

- (a) \$1,661.1 million (2017: \$1,679.2 million; 1 Jan 2017: \$1,817.5 million) loans bearing fixed interest rates ranging from 3.80% to 4.63% (2017: 3.80% to 4.63%; 1 Jan 2017: 3.80% to 4.63%) per annum; and
- (b) \$57.7 million (2017: \$54.5 million; 1 Jan 2017: \$203.4 million) loans bearing floating interest rates ranging from 2.50% to 7.59% (2017: 2.24% to 6.50%; 1 Jan 2017: 1.06% to 6.29%) per annum and the interest rates repriced at intervals of 6 to 12 months.

The remaining loans to subsidiaries are interest-free.

Details of significant subsidiaries are as follows:

Name of subsidiary	Principal place of business/country of incorporation	Effective percentage held by the Group		
		2018	2017	1 Jan
		%	%	2017
		%	%	%
PSA Corporation Limited	Singapore	100	100	100
PSA Marine (Pte) Ltd	Singapore	100	100	100
PSA Antwerp N.V.	Belgium	100	100	100

6 Associates

	Group		
	2018	2017	1 Jan
	\$'000	\$'000	2017
			\$'000
Investments in associates	3,418,825	3,413,661	3,539,030
Loans to associates	7,128	7,128	7,128
	<u>3,425,953</u>	<u>3,420,789</u>	<u>3,546,158</u>
Impairment losses	(7,128)	(7,128)	(7,128)
	<u>3,418,825</u>	<u>3,413,661</u>	<u>3,539,030</u>

The loans to associates form part of the Group's net investments in these associates. The loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future. These amounts are in substance capital contributions by the Group. Accordingly, these loans are stated at cost less accumulated impairment losses.

Details of significant associates are as follows:

Name of associate	Principal place of business/country of incorporation	Effective percentage held by the Group		
		2018	2017	1 Jan
		%	%	2017
		%		%
Hutchison Port Holdings Limited	British Virgin Islands	20.0	20.0	20.0
Hutchison Ports Investments S.à r.l.	Luxembourg	20.0	20.0	20.0

The reconciliation of the SFRS(I) financial statements of the associates modified for fair value adjustments, with the carrying amounts of the investments in associates in the consolidated financial statements is as follows:

	Group		
	2018	2017	1 Jan
	\$'000	\$'000	2017
			\$'000
At 1 January	3,413,661	3,539,030	3,496,955
Group's share of:			
- profit for the year	148,062	170,765	184,197
- other comprehensive income	(90,208)	106,620	(80,111)
- total comprehensive income	57,854	277,385	104,086
Dividends received during the year	(110,154)	(130,518)	(134,370)
Investment during the year	–	668	–
Capital reduction during the year	(3,998)	–	–
Translation differences on consolidation	61,462	(272,904)	72,359
At 31 December	<u>3,418,825</u>	<u>3,413,661</u>	<u>3,539,030</u>

The Group's investments in associates relate mainly to its investment in Hutchison Port Holdings Limited and Hutchison Ports Investments S.à r.l.. The Group's share of contingent liabilities of the associates is \$102.1 million (2017: \$98.6 million; 1 Jan 2017: \$111.6 million).

7 Joint ventures

	Group		
	2018	2017	1 Jan
	\$'000	\$'000	2017
			\$'000
Investments in joint ventures	1,973,395	1,834,940	1,775,473
Loans to joint ventures	854,296	472,973	518,420
	<u>2,827,691</u>	<u>2,307,913</u>	<u>2,293,893</u>
Impairment losses	(23,808)	(24,874)	(24,874)
	<u>2,803,883</u>	<u>2,283,039</u>	<u>2,269,019</u>

The loans to joint ventures form part of the Group's net investments in these joint ventures. The loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future. These amounts are in substance capital contributions by the Group. Accordingly, these loans are stated at cost less accumulated impairment losses.

The loans are principally denominated in US dollars and Renminbi, and comprised:

- (a) \$442.6 million (2017: \$407.8 million; 1 Jan 2017: \$388.9 million) loans bearing fixed interest rates at 6.00% (2017: 6.00%; 1 Jan 2017: 6.00%) per annum; and
- (b) \$387.1 million (2017: \$65.1 million; 1 Jan 2017: \$124.4 million) loans bearing floating interest rates ranging from 2.56% to 6.39% (2017: 2.10% to 4.75%; 1 Jan 2017: 1.55% to 4.75%) per annum.

The remaining loans to joint ventures are interest-free.

Details of significant joint ventures are as follows:

Name of joint venture	Principal place of business/country of incorporation	Effective percentage held by the Group		
		2018	2017	1 Jan
		%	%	2017
		%	%	%
Dalian Container Terminal Co., Ltd.	People's Republic of China	26.0	26.0	49.0
Mersin Uluslararası Liman İşletmeciliği A.S.	Turkey	51.0	51.0	50.0
PSA Panama International Terminal, S.A.	Republic of Panama	42.5	–	–
Sociedad Puerto Industrial Aguadulce S.A.	Colombia	47.3	47.3	46.3
Tianjin Port Pacific International Container Terminal Co., Ltd.	People's Republic of China	49.0	49.0	49.0

The Group's share of commitments of the joint ventures was as follows:

	Group		
	2018	2017	1 Jan
	\$'000	\$'000	2017
			\$'000
(a) Capital commitments which have been authorised and contracted but not provided for in the financial statements	78,548	75,401	199,028
(b) Non-cancellable operating lease commitments:			
Within 1 year	6,919	3,829	4,695
Between 1 and 5 years	16,683	6,450	7,723
After 5 years	15,193	15,004	30,634

The Group does not have any individually material joint venture.

8 Financial assets

	Group			Company		
	2018	2017	1 Jan	2018	2017	1 Jan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Equity investments at FVOCI	1,187,432	–	–	110,625	–	–
Quoted trust units, available-for-sale	–	502,421	569,050	–	–	–
Quoted equity securities, available-for-sale	–	693,212	509,151	–	–	–
Unquoted equity securities, at cost	–	139,922	139,923	–	–	–
Impairment losses	–	(386)	(365)	–	–	–
	–	139,536	139,558	–	–	–
	<u>1,187,432</u>	<u>1,335,169</u>	<u>1,217,759</u>	<u>110,625</u>	<u>–</u>	<u>–</u>

9 Other non-current assets

	Group			Company		
	2018	2017	1 Jan	2018	2017	1 Jan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Loan to joint venture	9,839	14,604	–	–	–	–
Other receivables	196,286	22,687	21,363	22,787	–	–
Non-current portion of financial assets at amortised cost/ loans and receivables	206,125	37,291	21,363	22,787	–	–
Hedging instruments	21,949	3,348	4,021	–	–	–
Transferable corporate club memberships	1,589	1,516	1,490	–	–	–
	<u>229,663</u>	<u>42,155</u>	<u>26,874</u>	<u>22,787</u>	<u>–</u>	<u>–</u>

The loan to joint venture was denominated in Euro, unsecured, bears floating interest rate of 1% per annum and repayable by 2022.

10 Deferred tax

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year were as follows:

Group	Provisions	Other items	Total	
	\$'000	\$'000	\$'000	
Deferred tax assets				
At 1 January 2017	57,812	17,636	75,448	
Recognised in income statement	(4,832)	(4,269)	(9,101)	
Recognised in other comprehensive income	(408)	–	(408)	
Translation differences on consolidation	994	761	1,755	
At 31 December 2017	53,566	14,128	67,694	
Acquisition of subsidiaries	286	325	611	
Recognised in income statement	(13,874)	1,670	(12,204)	
Recognised in other comprehensive income	(196)	–	(196)	
Translation differences on consolidation	(332)	(407)	(739)	
At 31 December 2018	39,450	15,716	55,166	
Deferred tax liabilities				
At 1 January 2017	326,071	62,970	11,381	400,422
Recognised in income statement	54,486	–	(254)	54,232
Recognised in other comprehensive income	–	118,966	–	118,966
Translation differences on consolidation	550	–	556	1,106
At 31 December 2017	381,107	181,936	11,683	574,726
Acquisition of subsidiaries	234	–	14	248
Recognised in income statement	(27,276)	–	(917)	(28,193)
Recognised in other comprehensive income	–	(16,726)	7,072	(9,654)
Translation differences on consolidation	(272)	–	(365)	(637)
At 31 December 2018	353,793	165,210	17,487	536,490

Deferred tax assets and liabilities of the Company were attributable to the following:

	Company		
	2018	2017	1 Jan
	\$'000	\$'000	2017
			\$'000
Deferred tax assets			
Provisions	4,963	5,380	6,370
Deferred tax liabilities			
Property, plant and equipment	25	132	195
Unremitted income	1,532	1,341	422
Other items	7,023	–	–
	8,580	1,473	617

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting were included in the statements of financial position as follows:

	Group			Company		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
Deferred tax assets	12,619	15,460	18,845	–	3,907	5,753
Deferred tax liabilities	493,943	522,492	343,819	3,617	–	–

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses amounting to \$141.4 million (2017: \$53.9 million; 1 Jan 2017: \$70.9 million). The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these tax losses because there is no indication that future taxable profit will be available against which the respective subsidiaries of the Group can utilise the benefits.

11 Trade and other receivables

	Note	Group			Company		
		2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
Trade and accrued receivables	12	633,207	526,100	437,699	–	–	–
Deposits and other receivables	13	196,981	122,488	101,810	26,386	18,814	8,087
Amounts due from:							
Subsidiaries		–	–	–	96,696	114,445	136,684
Associates		185	12	–	–	–	–
Joint ventures		86,822	92,570	100,722	10,596	10,189	8,001
Related corporations		16	2	19	–	–	–
Loan to joint venture		4,373	4,493	–	–	–	–
Current portion of financial assets at amortised cost/loans and receivables		921,584	745,665	640,250	133,678	143,448	152,772
Advances and prepayments		31,750	27,285	25,870	500	460	461
Hedging instruments		713	760	20,169	–	422	16,639
		<u>954,047</u>	<u>773,710</u>	<u>686,289</u>	<u>134,178</u>	<u>144,330</u>	<u>169,872</u>

The amounts due from subsidiaries, associates, joint ventures and related corporations were unsecured, interest-free and repayable on demand. The loan to joint venture was denominated in Euro, unsecured, bore floating interest rate of 1% per annum and repayable in one year.

12 Trade and accrued receivables

	Group		
	2018	2017	1 Jan
	\$'000	\$'000	2017
			\$'000
Trade and accrued receivables	703,951	586,002	489,728
Allowance for impairment	(70,744)	(59,902)	(52,029)
	<u>633,207</u>	<u>526,100</u>	<u>437,699</u>

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's internationally dispersed customers. Due to the nature of the Group's business, credit risk is not concentrated in any specific geographical region but concentrated in companies exposed to business cyclical fluctuations that are commonly found in the shipping industry. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

13 Deposits and other receivables

	Group			Company		
	2018	2017	1 Jan	2018	2017	1 Jan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deposits	5,759	3,857	3,558	–	–	–
Other receivables	191,222	118,631	98,252	26,386	18,814	8,087
	<u>196,981</u>	<u>122,488</u>	<u>101,810</u>	<u>26,386</u>	<u>18,814</u>	<u>8,087</u>

14 Cash and bank balances

	Group			Company		
	2018	2017	1 Jan	2018	2017	1 Jan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	559,926	537,167	547,316	105,423	96,763	69,530
Fixed deposits	3,494,460	3,176,541	3,205,136	2,616,182	2,285,895	2,566,642
	<u>4,054,386</u>	<u>3,713,708</u>	<u>3,752,452</u>	<u>2,721,605</u>	<u>2,382,658</u>	<u>2,636,172</u>

At the reporting date, cash and cash equivalents for the Group include \$656.1 million (2017: nil) cash from subsidiaries pooled together under a sweeping arrangement and managed centrally by the Company in bank balances and fixed deposits as part of the Group's cash management and treasury activities. These balances are not presented as part of the bank balance of the Company.

15 Share capital

	Company	
	2018	2017
	No. of shares	No. of shares
	'000	'000
Issued and fully-paid, with no par value:		
At 1 January and 31 December	<u>607,372</u>	<u>607,372</u>

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Group defines capital as share capital and all components of equity. The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

There were no changes to the Group's approach to capital management during the year.

Certain subsidiaries within the Group are subject to externally imposed capital requirements as required by law. These subsidiaries have complied with the requirements during the financial year. The Company and the rest of its subsidiaries are not subject to any externally imposed capital requirements.

16 Other reserves

	Note	Group			Company		
		2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital reserve	(a)	29,188	32,990	25,925	–	–	–
Insurance reserve	(b)	97,357	97,357	97,357	–	–	–
Foreign currency translation reserve	(c)	(965,981)	(926,534)	(798,807)	–	–	–
Hedging reserve	(d)	(32,881)	(33,729)	(27,528)	(19,718)	(15,097)	(1,443)
Fair value reserve	(e)	(334,468)	372,740	306,031	(13,666)	–	–
		<u>(1,206,785)</u>	<u>(457,176)</u>	<u>(397,022)</u>	<u>(33,384)</u>	<u>(15,097)</u>	<u>(1,443)</u>

(a) Capital reserve

The capital reserve comprises the Group's share of capital reserve of associates and joint ventures.

(b) Insurance reserve

The insurance reserve relates to a sum transferred from the former Port of Singapore Authority to PSA Corporation Limited in 1997 as part of the vesting of property, rights and liabilities. This reserve is to cover potential past liabilities and for funding future potential liabilities in relation to the port related activities undertaken by PSA Corporation Limited.

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises:

- (i) all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company;
- (ii) the effective portion of the cumulative net change in fair value of foreign currency loans used to hedge the Group's net investment in foreign operations;
- (iii) foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations;
- (iv) the Group's share of foreign currency translation reserve of associates and joint ventures; and
- (v) changes in the equity of foreign operations as a result of adjusting non-monetary assets and liabilities and equity balances for hyperinflation (inflation adjustment).

(d) Hedging reserve

The hedging reserve comprises:

- (i) the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred; and
- (ii) the Group's share of hedging reserve of associates and joint ventures.

(e) Fair value reserve

The fair value reserve comprises:

- (i) the cumulative net changes in the fair values of equity investments at FVOCI until the investments are derecognised; and
- (ii) the Group's share of fair value reserve of associates and joint ventures.

17 Borrowings

	Note	Group			Company		
		2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
Non-current							
Unsecured fixed and floating rate notes		2,106,213	3,040,744	3,230,404	1,029,924	1,675,995	1,812,587
Secured bank loans		1,057,940	1,289,854	980,494	–	–	–
Unsecured bank loans		1,340,179	1,410,743	1,163,433	–	–	–
Finance lease liabilities		12,476	12,539	12,136	–	–	–
Loans from joint venture		60,456	45,866	–	–	–	–
Loans from non-controlling shareholders of subsidiaries		9,555	9,555	9,555	–	–	–
Unsecured loan from subsidiary		–	–	–	675,326	661,620	714,908
		<u>4,586,819</u>	<u>5,809,301</u>	<u>5,396,022</u>	<u>1,705,250</u>	<u>2,337,615</u>	<u>2,527,495</u>
Current							
Unsecured fixed and floating rate notes		982,368	–	144,484	681,745	–	144,484
Secured bank loans		62,818	30,044	37,565	–	–	–
Unsecured bank loans		201,603	127,800	262,982	–	–	135,265
Finance lease liabilities		134	–	–	–	–	–
Loans from joint venture		7,556	27,825	–	–	–	–
		<u>1,254,479</u>	<u>185,669</u>	<u>445,031</u>	<u>681,745</u>	<u>–</u>	<u>279,749</u>
Total borrowings		<u>5,841,298</u>	<u>5,994,970</u>	<u>5,841,053</u>	<u>2,386,995</u>	<u>2,337,615</u>	<u>2,807,244</u>
Total borrowings comprise:							
Total unsecured fixed and floating rate notes		3,088,581	3,040,744	3,374,888	1,711,669	1,675,995	1,957,071
Total secured bank loans	(a)	1,120,758	1,319,898	1,018,059	–	–	–
Total unsecured bank loans		1,541,782	1,538,543	1,426,415	–	–	135,265
Total finance lease liabilities	(b)	12,610	12,539	12,136	–	–	–
Total loans from joint venture	(c)	68,012	73,691	–	–	–	–
Total loans from non-controlling shareholders of subsidiaries	(d)	9,555	9,555	9,555	–	–	–
Total unsecured loan from subsidiary		–	–	–	675,326	661,620	714,908
		<u>5,841,298</u>	<u>5,994,970</u>	<u>5,841,053</u>	<u>2,386,995</u>	<u>2,337,615</u>	<u>2,807,244</u>

(a) Secured bank loans

The loans were secured by mortgages on the borrowing subsidiaries' property, plant and equipment and port use rights with a carrying amount of \$1,766.5 million (2017: \$1,619.8 million; 1 Jan 2017: \$1,238.3 million).

(b) Finance lease liabilities

Finance lease liabilities were payable as follows:

Group	Principal \$'000	Interest \$'000	Total \$'000
31 December 2018			
Payable within 1 year	134	10	144
Payable between 1 and 5 years	3,598	2,385	5,983
Payable after 5 years	8,878	820	9,698
Total	<u>12,610</u>	<u>3,215</u>	<u>15,825</u>
31 December 2017			
Payable between 1 and 5 years	2,355	1,812	4,167
Payable after 5 years	10,184	1,998	12,182
Total	<u>12,539</u>	<u>3,810</u>	<u>16,349</u>
1 January 2017			
Payable between 1 and 5 years	1,366	1,112	2,478
Payable after 5 years	10,770	3,410	14,180
Total	<u>12,136</u>	<u>4,522</u>	<u>16,658</u>

The effective interest rate of finance lease liabilities was 5.33% (2017: 5.33%) per annum.

(c) Loans from joint venture

The loans from joint venture were denominated in Euro, unsecured and bore floating interest rates. Interest rates repriced at intervals of three months.

(d) Loans from non-controlling shareholders of subsidiaries

The loans from non-controlling shareholders were unsecured and bore floating interest rates. Interest rates repriced at intervals of three months.

(e) **Terms and debt repayment schedule**

The terms and conditions of outstanding loans and borrowings were as follows:

Group	Effective interest rate %	Year of maturity	2018		2017		1 Jan 2017	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Unsecured fixed and floating rate notes	2.50 - 4.63	2019 - 2026	3,095,950	3,088,581	3,047,800	3,040,744	3,384,440	3,374,888
Secured bank loans	2.92 - 12.00	2019 - 2039	1,120,758	1,120,758	1,319,898	1,319,898	1,018,059	1,018,059
Unsecured bank loans	0.05 - 3.35	2019 - 2022	1,542,864	1,541,782	1,540,147	1,538,543	1,445,361	1,426,415
Loans from joint venture	0.62 - 1.50	2019 - 2022	68,012	68,012	73,691	73,691	—	—
Loans from non-controlling shareholders of subsidiaries	1.74	2027	9,555	9,555	9,555	9,555	9,555	9,555
			5,837,139	5,828,688	5,991,091	5,982,431	5,857,415	5,828,917
Company								
Unsecured fixed and floating rate notes	3.80 - 4.63	2019 - 2025	1,713,500	1,711,669	1,679,200	1,675,995	1,961,990	1,957,071
Unsecured bank loans	—	—	—	—	—	—	135,265	135,265
Unsecured loan from subsidiary	2.65	2026	675,326	675,326	661,620	661,620	714,908	714,908
			2,388,826	2,386,995	2,340,820	2,337,615	2,812,163	2,807,244

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	Loans and borrowings \$'000	Finance lease liabilities \$'000	Total \$'000
At 1 January 2017	5,828,917	12,136	5,841,053
Changes from financing cash flows			
- Proceeds from bank loans and notes	841,021	–	841,021
- Repayment of bank loans and notes	(569,261)	–	(569,261)
- Proceeds from loans from joint venture	73,691	–	73,691
Total changes from financing cash flows	345,451	–	345,451
Effect of changes in foreign exchange rates	(194,279)	403	(193,876)
Changes in fair value	(505)	–	(505)
Amortisation of loan facilities upfront fees	2,847	–	2,847
At 31 December 2017	5,982,431	12,539	5,994,970
At 1 January 2018	5,982,431	12,539	5,994,970
Changes from financing cash flows			
- Proceeds from bank loans and notes	221,243	–	221,243
- Repayment of bank loans and notes	(221,972)	–	(221,972)
- Proceeds from loans from joint venture*	17,960	–	17,960
- Repayment of loans from joint venture	(21,659)	–	(21,659)
- Repayment of finance lease liabilities	–	(43)	(43)
Total changes from financing cash flows	(4,428)	(43)	(4,471)
Acquisition of subsidiaries	27,309	340	27,649
Disposal of a subsidiary	(196,770)	–	(196,770)
Effect of changes in foreign exchange rates	19,536	(226)	19,310
Changes in fair value	(2,303)	–	(2,303)
Amortisation of loan facilities upfront fees	2,913	–	2,913
At 31 December 2018	5,828,688	12,610	5,841,298

* Excludes loan from a joint venture carried at amortised cost (note 19).

18 Provisions

Group	Compensation sum \$'000	Site restoration costs \$'000	Total \$'000
At 1 January 2017	37,977	1,892	39,869
Provisions made	–	7,042	7,042
Translation differences on consolidation	2,143	–	2,143
At 31 December 2017	40,120	8,934	49,054
Provisions made	–	280	280
Provisions utilised	(612)	–	(612)
Write-back	(40,627)	–	(40,627)
Translation differences on consolidation	1,119	–	1,119
At 31 December 2018	–	9,214	9,214

The compensation sum in 2017 related to a provision made by a subsidiary arising from an existing customer's termination of contract with a third party. The amount was written back as the claim was settled during the year.

The provision for site restoration relates to provisions made by subsidiaries to restore their leased sites to original condition by the end of the lease terms.

19 Other non-current obligations

	Group			Company		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
Hedging instruments	17,109	56,268	29,612	17,109	18,977	–
Amount due to joint venture	7,387	9,147	8,611	–	–	–
Loan from a subsidiary	–	–	–	146,313	–	–
Loan from a joint venture	146,313	–	–	–	–	–
Loan from non-controlling shareholder of a subsidiary	6,909	6,909	16,709	–	–	–
Other non-current obligations	61,457	47,047	48,530	–	–	–
	<u>239,175</u>	<u>119,371</u>	<u>103,462</u>	<u>163,422</u>	<u>18,977</u>	<u>–</u>

The loans from a subsidiary and a joint venture are denominated in US dollars, unsecured, interest-free and due in 2025. The loan from non-controlling shareholder of a subsidiary forms part of the shareholder's investment in the subsidiary. The loan is unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future. This amount is in substance a capital contribution by the non-controlling shareholder of the subsidiary.

20 Trade and other payables

	Note	Group			Company		
		2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
Trade payables and accrued operating expenses		962,195	822,439	756,513	73,736	76,603	77,269
Deposits and other payables	21	293,593	667,348	509,835	31,527	31,283	35,785
Amounts due to:							
Subsidiaries		–	–	–	580,777	446,117	323,363
Joint ventures		40,655	47,206	26,771	–	–	10
Related corporations		1,086	1,356	1,002	–	–	–
Other financial liabilities at amortised cost		1,297,529	1,538,349	1,294,121	686,040	554,003	436,427
Advances		79,143	54,979	51,448	756	721	709
Hedging instruments		16,320	–	326	5,134	–	–
		<u>1,392,992</u>	<u>1,593,328</u>	<u>1,345,895</u>	<u>691,930</u>	<u>554,724</u>	<u>437,136</u>

The amounts due to subsidiaries, joint ventures and related corporations were unsecured, interest-free and repayable on demand.

21 Deposits and other payables

	Group			Company		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
Deposits	8,722	8,045	7,742	–	–	–
Accrued capital expenditure	50,113	478,446	313,511	–	–	–
Other payables	234,758	180,857	188,582	31,527	31,283	35,785
	<u>293,593</u>	<u>667,348</u>	<u>509,835</u>	<u>31,527</u>	<u>31,283</u>	<u>35,785</u>

The Group's and the Company's other payables included interest payable of \$54.0 million (2017: \$52.3 million; 1 Jan 2017: \$52.1 million) and \$30.4 million (2017: \$29.8 million; 1 Jan 2017: \$34.8 million) respectively and other sundry creditors.

22 Revenue

This comprises revenue from container handling, marine services, operation of multi-purpose terminals, warehousing and logistics related services, software development and IT related services, consultancy fees but excludes intra-group transactions. Payment is due when services are provided to customer. Disaggregation of revenue is presented in note 29.

23 Other income

	Group	
	2018 \$'000	2017 \$'000
Dividend income from financial assets	52,378	60,250
Interest income from:		
Cash and bank balances	59,293	45,919
Joint ventures	41,272	27,463
Trade and other receivables	14,321	2,722
Gain on disposal of:		
Joint ventures	2,543	9,689
Property, plant and equipment, net	9,722	12,382
Net change in fair value of equity investments at FVTPL	7,785	–
Exchange gain, net	7,513	–
Others	17,469	22,953
	<u>212,296</u>	<u>181,378</u>

24 Staff and related costs

	Group	
	2018	2017
	\$'000	\$'000
Wages and salaries	883,101	808,199
Contributions to defined contribution plans	98,420	92,107
	981,521	900,306

25 Service concession

Service concession revenue represents the fair value of the construction services provided. No margin has been recognised as the Group believes that the fair value of the construction services approximates the construction costs.

26 Profit from operations

Profit from operations included the following items:

	Group	
	2018	2017
	\$'000	\$'000
Impairment loss on available-for-sale financial assets	–	66,629
Allowance for impairment on trade receivables	10,452	8,386
Loss on disposal of:		
Intangible assets	–	796
Subsidiary	8,760	–
Exchange loss, net	–	528
Operating lease expense	40,067	30,089
	40,067	30,089

27 Finance costs

	Group	
	2018	2017
	\$'000	\$'000
Interest paid or payable to:		
Banks and other financial institutions	104,047	52,938
Fixed and floating rate notes holders	113,649	115,917
Non-controlling shareholders of subsidiaries	172	111
	217,868	168,966

28 Income tax expense

	Group	
	2018	2017
	\$'000	\$'000
Current tax expense		
Current year	259,876	174,752
Over provided in prior years	(14,993)	(2,478)
	244,883	172,274
Deferred tax expense		
Movements in temporary differences	(23,677)	64,033
Under provided in prior years	7,688	–
Change in tax rate	–	(700)
	(15,989)	63,333
Income tax expense	228,894	235,607
Tax reconciliation		
Profit before income tax	1,479,654	1,528,028
Share of profit of associates, net of tax	(148,062)	(170,765)
Share of profit of joint ventures, net of tax	(192,032)	(188,481)
Profit before income tax excluding share of profit of associates and joint ventures, net of tax	1,139,560	1,168,782
Tax calculated using Singapore tax rate of 17% (2017: 17%)	193,725	198,693
Effect of change in tax rate	–	(700)
Effect of different tax rates in other countries	2,017	4,437
Tax rebates and incentives	(15,952)	(15,486)
Income not subject to tax	(10,498)	(8,797)
Expenses not deductible for tax purposes	37,200	51,910
Change in unrecognised tax benefits	13,239	(2,827)
Withholding tax	16,468	10,855
Over provided in prior years	(7,305)	(2,478)
Income tax expense	228,894	235,607

29 Operating segments

The Group is organised into business units based on their services and has two main reportable operating segments as follows:

- Port business: The provision of container handling, operation of multi-purpose terminals and other port related services.
- Marine business: The provision of marine services.

Other businesses are not significant and are therefore presented in aggregate as “others”.

The Executive Committee and Senior Management Council of the Company monitor the operating results of the business units separately for the purpose of making strategic decisions. Performance is measured based on segment operating profit which includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm’s length basis. Segment capital expenditure is the total costs incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Information about reportable segments

Group	Port business \$'000	Marine business \$'000	Others \$'000	Total reportable segments \$'000
31 December 2018				
Revenue				
Total revenue	3,765,400	301,573	40,695	4,107,668
Inter-segment revenue	(8,082)	(13,373)	–	(21,455)
External revenue	<u>3,757,318</u>	<u>288,200</u>	<u>40,695</u>	<u>4,086,213</u>
Operating profit	<u>1,134,879</u>	<u>87,695</u>	<u>(803)</u>	<u>1,221,771</u>
Material item				
Depreciation and amortisation	<u>624,300</u>	<u>37,699</u>	<u>1,084</u>	<u>663,083</u>
Segment assets	<u>8,275,471</u>	<u>352,709</u>	<u>114,415</u>	<u>8,742,595</u>
Segment liabilities	<u>1,395,796</u>	<u>75,403</u>	<u>28,041</u>	<u>1,499,240</u>
31 December 2017				
Revenue				
Total revenue	3,679,254	310,949	–	3,990,203
Inter-segment revenue	(7,858)	(14,660)	–	(22,518)
External revenue	<u>3,671,396</u>	<u>296,289</u>	<u>–</u>	<u>3,967,685</u>
Operating profit	<u>1,196,680</u>	<u>104,315</u>	<u>–</u>	<u>1,300,995</u>
Material item				
Depreciation and amortisation	<u>569,467</u>	<u>39,723</u>	<u>–</u>	<u>609,190</u>
Segment assets	<u>8,955,272</u>	<u>320,674</u>	<u>–</u>	<u>9,275,946</u>
Segment liabilities	<u>1,519,765</u>	<u>72,463</u>	<u>–</u>	<u>1,592,228</u>
1 January 2017				
Segment assets	<u>7,996,567</u>	<u>333,060</u>	<u>–</u>	<u>8,329,627</u>
Segment liabilities	<u>1,269,191</u>	<u>72,060</u>	<u>–</u>	<u>1,341,251</u>

The capital expenditure for port and marine business segments was \$428.1 million (2017: \$921.7 million; 1 Jan 2017: \$1,311.0 million) and \$72.6 million (2017: \$22.0 million; 1 Jan 2017: \$22.1 million) respectively.

Reconciliations of reportable segment operating profit, assets and liabilities

	Group	
	2018	2017
	\$'000	\$'000
Operating profit		
Operating profit for reportable segments	1,221,771	1,300,995
Corporate expenses	(76,639)	(77,996)
Other income	212,296	181,378
Impairment loss on available-for-sale financial assets	–	(66,629)
Share of profit of associates, net of tax	148,062	170,765
Share of profit of joint ventures, net of tax	192,032	188,481
Finance costs	(217,868)	(168,966)
Profit before income tax	1,479,654	1,528,028

	Group		
	2018	2017	1 Jan
	\$'000	\$'000	2017
			\$'000
Segment assets			
Segment assets for reportable segments	8,742,595	9,275,946	8,329,627
Associates	3,418,825	3,413,661	3,539,030
Joint ventures	2,803,883	2,283,039	2,269,019
Cash and bank balances	4,054,386	3,713,708	3,752,452
Financial assets	1,187,432	1,335,169	1,217,759
Deferred tax assets	12,619	15,460	18,845
Hedging instruments	22,662	4,108	24,190
	20,242,402	20,041,091	19,150,922

Segment liabilities			
Segment liabilities for reportable segments	1,499,240	1,592,228	1,341,251
Corporate liabilities	108,712	113,257	118,037
Borrowings	5,841,298	5,994,970	5,841,053
Current tax payable	220,334	147,202	191,428
Deferred tax liabilities	493,943	522,492	343,819
Hedging instruments	33,429	56,268	29,938
	8,196,956	8,426,417	7,865,526

Geographical information

The Group operates principally in Southeast Asia, Europe and Mediterranean, and Northeast Asia. Contributions from the other individual overseas operations are not significant and are therefore presented in aggregate as “others”. Segment revenue is based on geographical location of the operations. Segment assets are based on the geographical location of the assets. Non-current assets presented consist of property, plant and equipment, intangible assets and other non-current assets.

	Group	
	2018 \$'000	2017 \$'000
Revenue		
Southeast Asia	2,824,791	2,714,284
Europe and Mediterranean	749,470	774,193
Northeast Asia	345,874	337,699
Others	166,078	141,509
	4,086,213	3,967,685

	Group		1 Jan
	2018 \$'000	2017 \$'000	2017 \$'000
Non-current assets			
Southeast Asia	4,414,735	4,628,266	4,552,736
Europe and Mediterranean	1,117,969	1,092,508	1,023,521
Northeast Asia	678,788	719,492	713,416
Others	1,554,864	2,021,569	1,321,771
	7,766,356	8,461,835	7,611,444

Revenue and non-current assets included \$2,824.6 million (2017: \$2,714.3 million) and \$4,414.7 million (2017: \$4,627.6 million; 1 Jan 2017: \$4,552.4 million) respectively from Singapore.

30 Financial risk management

Overview

Risk management is integral to the whole business of the Group. Exposure to credit, liquidity and market risks (including interest rate, currency and price risks) arises in the normal course of the Group's business. The Group has written risk management policies and guidelines. In addition, the Group has established processes to monitor and manage major exposures. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash and fixed deposits are placed with banks and financial institutions which are regulated. Investments and transactions involving hedging instruments are allowed only with counterparties that are of certain credit standing.

At 31 December 2018, there was no significant concentration of credit risk. The maximum exposure to credit risk was represented by the carrying amounts of each financial asset, including hedging instruments, in the statements of financial position.

The Group entities use varied methods including past due information to assess its exposure to credit risk which takes into account the risk characteristics of the customers. As trade and other receivables are short-term in nature, forward-looking information need not be incorporated. Credit risks are defined using qualitative and quantitative factors that are indicative of the risk of default.

A summary of these entities' exposure to credit risk for trade and accrued receivables as at 31 December 2018 are as follows:

	Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
Not past due	399,983	–	No
Past due less than 30 days	137,247	–	No
Past due 30 - 120 days	79,967	(1,085)	No
Past due more than 120 days	86,754	(69,659)	Yes
	<u>703,951</u>	<u>(70,744)</u>	

An analysis of the credit quality of loans and receivables (excluding deposits, other receivables and other non-current assets), net of allowance for impairment under FRS 39 is as follows:

	Group		Company	
	2017 \$'000	1 Jan 2017 \$'000	2017 \$'000	1 Jan 2017 \$'000
Not past due	470,933	458,418	124,634	144,685
Past due less than 30 days	81,051	61,995	–	–
Past due 30 - 120 days	57,642	13,174	–	–
Past due more than 120 days	13,551	4,853	–	–
	<u>623,177</u>	<u>538,440</u>	<u>124,634</u>	<u>144,685</u>

Movements in allowance for impairment

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group Lifetime ECL \$'000
At 1 January 2017 per FRS 39	52,029
Allowance for impairment	8,386
Allowance written off	(818)
Translation differences on consolidation	305
At 31 December 2017 per FRS 39	<u>59,902</u>
At 1 January 2018 per FRS 39	59,902
Adjustment on initial application of SFRS(I) 9	–
At 1 January 2018 per SFRS(I) 9	59,902
Allowance for impairment	10,452
Amounts written off	(276)
Acquisition of subsidiaries	835
Translation differences on consolidation	(169)
At 31 December 2018 per SFRS(I) 9	<u>70,744</u>

Except for the impaired receivables, no allowance for impairment is considered necessary in respect of the remaining trade receivables, including those receivables that are past due, as the Group believes that the amounts are still collectible, based on historical payment patterns and good credit records maintained by the customers.

The principal risk to which the Company is exposed is credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing guarantees on behalf of.

At 31 December 2018, the Company has issued guarantees on behalf of its subsidiaries and joint ventures which amounted to \$17.7 million (2017: \$31.1 million; 1 Jan 2017: \$26.6 million). These guarantees would become immediately payable by the Company in the event of default by these subsidiaries and joint ventures.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The following are the expected contractual undiscounted cash inflows/(outflows) of non-derivative financial liabilities and hedging instruments, including interest payments and excluding the impact of netting agreements:

	Carrying amounts \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000
Group					
31 December 2018					
Non-derivative financial liabilities					
Interest-bearing liabilities	5,763,731	(6,648,013)	(1,424,812)	(3,816,116)	(1,407,085)
Loans from joint venture	68,012	(71,341)	(8,468)	(61,457)	(1,416)
Loans from non-controlling shareholders of subsidiaries	9,555	(10,680)	(225)	(900)	(9,555)
Trade and other payables	1,297,529	(1,297,529)	(1,297,529)	–	–
Hedging instruments					
- Assets	(22,662)				
Inflow		685,303	20,584	664,719	–
Outflow		(665,767)	(52,814)	(612,953)	–
- Liabilities	33,429				
Inflow		639,001	321,662	27,298	290,041
Outflow		(653,816)	(338,000)	(27,420)	(288,396)
	<u>7,149,594</u>	<u>(8,022,842)</u>	<u>(2,779,602)</u>	<u>(3,826,829)</u>	<u>(1,416,411)</u>

Group	Carrying amounts \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000
31 December 2017					
Non-derivative financial liabilities					
Interest-bearing liabilities	5,911,724	(7,067,460)	(366,389)	(5,227,962)	(1,473,109)
Loans from joint venture	73,691	(75,884)	(28,537)	(45,427)	(1,920)
Loans from non-controlling shareholders of subsidiaries	9,555	(10,276)	(144)	(577)	(9,555)
Trade and other payables	1,538,349	(1,538,349)	(1,538,349)	–	–
Hedging instruments					
- Assets	(4,108)				
Inflow		73,043	70,051	2,992	–
Outflow		(68,538)	(66,812)	(1,726)	–
- Liabilities	56,268				
Inflow		1,006,523	16,398	699,284	290,841
Outflow		(1,066,197)	(51,158)	(719,793)	(295,246)
	<u>7,585,479</u>	<u>(8,747,138)</u>	<u>(1,964,940)</u>	<u>(5,293,209)</u>	<u>(1,488,989)</u>
1 January 2017					
Non-derivative financial liabilities					
Interest-bearing liabilities	5,831,498	(6,768,368)	(598,627)	(4,508,554)	(1,661,187)
Loans from non-controlling shareholders of subsidiaries	9,555	(10,090)	(107)	(428)	(9,555)
Trade and other payables	1,294,121	(1,294,121)	(1,294,121)	–	–
Hedging instruments					
- Assets	(24,190)				
Inflow		385,677	33,659	30,548	321,470
Outflow		(356,945)	(27,429)	(27,420)	(302,096)
- Liabilities	29,938				
Inflow		730,193	40,507	689,686	–
Outflow		(782,425)	(75,137)	(707,288)	–
	<u>7,140,922</u>	<u>(8,096,079)</u>	<u>(1,921,255)</u>	<u>(4,523,456)</u>	<u>(1,651,368)</u>
Company					
31 December 2018					
Non-derivative financial liabilities					
Interest-bearing liabilities	2,386,995	(2,765,427)	(786,317)	(1,060,943)	(918,167)
Trade and other payables	686,040	(686,040)	(686,040)	–	–
Hedging instruments					
- Liabilities	22,243				
Inflow		599,539	282,200	27,298	290,041
Outflow		(603,167)	(287,351)	(27,420)	(288,396)
	<u>3,095,278</u>	<u>(3,455,095)</u>	<u>(1,477,508)</u>	<u>(1,061,065)</u>	<u>(916,522)</u>

Company	Carrying amounts \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000
31 December 2017					
Non-derivative financial liabilities					
Interest-bearing liabilities	2,337,615	(2,843,596)	(64,108)	(1,825,015)	(954,473)
Trade and other payables	554,003	(554,003)	(554,003)	–	–
Hedging instruments					
- Assets	(422)				
Inflow		57,898	57,898	–	–
Outflow		(57,536)	(57,536)	–	–
- Liabilities	18,977				
Inflow		324,271	6,686	26,744	290,841
Outflow		(329,516)	(6,850)	(27,420)	(295,246)
	2,910,173	(3,402,482)	(617,913)	(1,825,691)	(958,878)
1 January 2017					
Non-derivative financial liabilities					
Interest-bearing liabilities	2,807,244	(3,276,717)	(340,881)	(1,923,343)	(1,012,493)
Trade and other payables	436,427	(436,427)	(436,427)	–	–
Hedging instruments					
- Assets	(16,639)				
Inflow		357,592	7,224	28,898	321,470
Outflow		(336,366)	(6,850)	(27,420)	(302,096)
	3,227,032	(3,691,918)	(776,934)	(1,921,865)	(993,119)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, equity prices and fuel prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's interest-earning financial assets and interest-bearing financial liabilities. The Group's objective is to maintain a balance of fixed and floating rate exposures as well as a balanced maturity period. At the reporting date, the interest rate profile of the interest-bearing financial assets and liabilities was:

	Group			Company		
	2018	2017	1 Jan	2018	2017	1 Jan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fixed rate						
Cash and bank balances	3,494,460	3,176,541	3,205,136	2,616,182	2,285,895	2,566,642
Borrowings	(3,454,400)	(3,392,791)	(3,749,101)	(2,386,995)	(2,337,615)	(2,662,760)
	<u>40,060</u>	<u>(216,250)</u>	<u>(543,965)</u>	<u>229,187</u>	<u>(51,720)</u>	<u>(96,118)</u>
Floating rate						
Cash and bank balances	559,926	537,167	547,316	105,423	96,763	69,530
Borrowings	(2,386,898)	(2,602,179)	(2,091,952)	-	-	(144,484)
	<u>(1,826,972)</u>	<u>(2,065,012)</u>	<u>(1,544,636)</u>	<u>105,423</u>	<u>96,763</u>	<u>(74,954)</u>

Hedging

The Group has raised funding with issuance of debt capital market instruments and bank loans to diversify funding sources. Interest rate swaps have been entered to achieve an appropriate mix of fixed and floating rate exposures within the Group's policy.

Fair value hedge

A portion of the fixed rate Singapore dollar notes with a notional amount of \$150.0 million (2017: \$150.0 million; 1 Jan 2017: \$150.0 million) has been hedged against the exposure to changes in the fair value of the notes. In connection with this, the Group entered into interest rate swap contracts to receive fixed rate interest and pay variable rate on the \$150.0 million (2017: \$150.0 million; 1 Jan 2017: \$150.0 million) notes. The Group is therefore exposed to market fluctuations in interest rates on the \$150.0 million (2017: \$150.0 million; 1 Jan 2017: \$150.0 million) notes and the corresponding interest rate swap contracts. The net fair value of the swaps as at 31 December 2018 comprised assets of \$0.7 million (2017: \$3.3 million; 1 Jan 2017: \$4.0 million).

Cash flow hedge

A portion of the floating rate bank loans amounting to \$630.0 million (2017: \$630.0 million; 1 Jan 2017: \$389.2 million and forecasted loan drawdown of \$215.8 million) have been hedged against the exposure to market fluctuations in interest rate payments. In connection with these loans, the Group entered into cross currency swap contracts to receive variable rate interest and pay fixed rate on the notional amounts. Both the floating rate bank loans and cross currency swaps have the same terms and conditions. The net fair value of the swaps as at 31 December 2018 comprises assets of \$21.9 million (2017: comprises liabilities of \$37.3 million; 1 Jan 2017: comprises liabilities of \$29.6 million). The weighted average interest rate of the swaps as at 31 December 2018 ranged from 7.52% to 9.03% and the SGD:INR forward exchange rate as at 31 December 2018 ranged from 45.22 to 53.40. The swaps will mature in 2021. Reclassification adjustments are recorded in finance income/cost.

Sensitivity analysis

At 31 December 2018, it is estimated that a general increase of 100bps in interest rates would decrease the Group's profit before tax by approximately \$13.5 million (2017: \$15.9 million; 1 Jan 2017: \$13.1 million). A general decrease of 100bps in interest rates would have the equal but opposite effect on the Group's profit before tax. The general increase or decrease of 100bps in interest rates would have no significant impact on the Group's other comprehensive income. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the associated tax effects and share of non-controlling interests.

At 31 December 2018, it is estimated that a general increase of 100bps in interest rates would increase the Company's profit before tax by approximately \$1.0 million (2017: increase by approximately \$1.0 million; 1 Jan 2017: decrease by approximately \$0.7 million). A general decrease of 100bps in interest rates would have the equal but opposite effect on the Company's profit before tax. The general increase or decrease of 100bps in interest rates would have no significant impact on the Company's other comprehensive income. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the associated tax effects.

(b) Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases, bank deposits, bank loans and fixed and floating rate notes that are denominated in a currency other than the functional currencies of the Group entities. The functional currencies of the Group entities are primarily the Singapore dollar and the Euro. In respect of other monetary assets and liabilities held in currencies other than the functional currencies of the Group entities, the Group monitors the net exposure.

A portion of the Group and the Company's fixed rate bonds amounting to \$272.0 million (2017: \$267.4 million; 1 Jan 2017: \$289.0 million) has been hedged against the exposure to fluctuations in foreign currency. In connection with this, the Group and the Company entered into cross currency swap contracts to receive and pay fixed interest rate. Both the fixed rate bonds and foreign currency contracts have the same terms and conditions. The net fair value of the swaps as at 31 December 2018 comprises liabilities of \$17.1 million (2017: comprises liabilities of \$19.0 million; 1 Jan 2017: comprises assets of \$16.7 million). The weighted average SGD:USD forward exchange rate as at 31 December 2018 ranged from 0.73 to 0.74. The swap will mature in 2026. Reclassification adjustments are recorded in finance income/cost.

The Group's US dollar and Hong Kong dollar denominated unsecured bank loans, fixed and floating rate notes amounting to \$1.95 billion (2017: \$1.99 billion; 1 Jan 2017: \$2.27 billion) are designated as hedging instruments for the Group's investments in its associates.

The Group's (excluding the US dollar and Hong Kong dollar denominated unsecured bank loans, fixed and floating rate notes designated as hedging instruments for the Group's investments in its associates) and Company's significant exposures to foreign currencies were as follows:

Group	2018		2017	
	HK Dollar \$'000	US Dollar \$'000	HK Dollar \$'000	US Dollar \$'000
Financial assets	516	415,619	–	502,421
Other non-current assets	–	135,570	–	–
Cash and bank balances	18,804	178,581	32,634	92,348
Trade and other receivables	–	74,567	–	14,303
Interest-bearing liabilities	–	(166,518)	–	(82,906)
Trade and other payables	(10,560)	(91,066)	(10,360)	(69,750)
	<u>8,760</u>	<u>546,753</u>	<u>22,274</u>	<u>456,416</u>
 Company				
Financial assets	–	110,625	–	–
Loans to subsidiaries	–	1,045,147	–	928,625
Cash and bank balances	14,146	166,292	11,668	83,189
Interest-bearing liabilities	(348,365)	(1,765,649)	(341,702)	(1,728,473)
Trade and other payables	(10,560)	(19,841)	(10,360)	(19,438)
	<u>(344,779)</u>	<u>(463,426)</u>	<u>(340,394)</u>	<u>(736,097)</u>

Sensitivity analysis

At 31 December 2018, it is estimated that a 10% strengthening in the Singapore dollar against the Hong Kong dollar would decrease the Group's profit before tax by approximately \$0.8 million (2017: \$2.2 million) and decrease the Group's other comprehensive income by approximately \$0.05 million (2017: nil). A 10% weakening in the Singapore dollar against the Hong Kong dollar would have the equal but opposite effect on the Group's profit before tax and other comprehensive income.

At 31 December 2018, it is estimated that a 10% strengthening in the Singapore dollar against the US dollar would decrease the Group's profit before tax by approximately \$13.1 million (2017: increase by approximately \$4.6 million) and decrease the Group's other comprehensive income by approximately \$41.6 million (2017: \$50.2 million). A 10% weakening in the Singapore dollar against the US dollar would have the equal but opposite effect on the Group's profit before tax and other comprehensive income.

At 31 December 2018, it is estimated that a 10% strengthening in the Singapore dollar against the Hong Kong dollar would increase the Company's profit before tax by approximately \$34.5 million (2017: \$34.0 million). A 10% weakening in the Singapore dollar against the Hong Kong dollar would have the equal but opposite effect on the Company's profit before tax.

At 31 December 2018, it is estimated that a 10% strengthening in the Singapore dollar against the US dollar would increase the Company's profit before tax by approximately \$57.4 million (2017: \$73.6 million) and decrease the Company's other comprehensive income by approximately \$11.1 million (2017: nil). A 10% weakening in the Singapore dollar against the US dollar would have the equal but opposite effect on the Company's profit before tax and other comprehensive income.

This analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects and share of non-controlling interests.

(c) Equity price risk

Equity security price risk is the risk of changes in fair value of the Group's investments due to changes in the underlying equity securities prices. The risk is concentrated in the Group's investments in equity securities.

Sensitivity analysis

At 31 December 2018, it is estimated that a 10% increase in the underlying equity prices would increase the Group's other comprehensive income by \$118.7 million (2017: \$119.6 million). A 10% decrease in the underlying equity prices would have the equal but opposite effect on the Group's other comprehensive income (2017: decrease the Group's profit before tax by approximately \$50.2 million and other comprehensive income by approximately \$69.3 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the associated tax effects and share of non-controlling interests.

31 Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

(a) Quoted equity securities and trust units

Fair value is based on quoted bid prices at the reporting date, without any deduction for transaction costs.

(b) Hedging instruments

The fair value of interest rate swaps, cross currency swaps and fuel forward contracts is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(c) Fixed rate interest-bearing borrowings

Fair value is calculated based on quoted offer price or discounted expected future principal and interest cash flows using market interest rates.

(d) Floating rate interest-bearing borrowings

The Group believes that the carrying amounts of floating rate interest-bearing loans, which are repriced at least semi-annually, reflect the corresponding fair values.

(e) Finance lease liabilities

The fair value of finance lease liabilities is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect changes in interest rates.

(f) Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including cash and bank balances, trade and other receivables, trade and other payables, current borrowings) are assumed to approximate their fair values because of the short period to maturity.

Fair values versus carrying amounts

The fair values of financial assets and financial liabilities, together with the carrying amounts were as follows:

Group	Note	Amortised cost \$'000	FVOCI – equity instruments \$'000	Fair value – hedging instruments \$'000	Other financial liabilities \$'000	Total carrying amounts \$'000	Fair values \$'000
31 December 2018							
Equity investments at FVOCI	8	–	1,187,432	–	–	1,187,432	1,187,432
Hedging instruments	9, 11	–	–	22,662	–	22,662	22,662
		–	1,187,432	22,662	–	1,210,094	1,210,094
Other non-current assets	9	196,286	–	–	–	196,286	196,286
Trade and other receivables	11	921,584	–	–	–	921,584	921,584
Cash and bank balances	14	4,054,386	–	–	–	4,054,386	4,054,386
		5,172,256	–	–	–	5,172,256	5,172,256
Hedging instruments	19, 20	–	–	(33,429)	–	(33,429)	(33,429)
Unsecured fixed and floating rates notes	17	–	–	–	(3,088,581)	(3,088,581)	(3,091,650)
Secured bank loans	17	–	–	–	(1,120,758)	(1,120,758)	(1,120,758)
Unsecured bank loans	17	–	–	–	(1,541,782)	(1,541,782)	(1,541,782)
Finance lease liabilities	17	–	–	–	(12,610)	(12,610)	(12,610)
Loans from joint venture	17	–	–	–	(68,012)	(68,012)	(68,012)
Loans from non-controlling shareholders of subsidiaries	17	–	–	–	(9,555)	(9,555)	(9,555)
Trade and other payables	20	–	–	–	(1,297,529)	(1,297,529)	(1,297,529)
		–	–	–	(7,138,827)	(7,138,827)	(7,141,896)

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Group	Note	Loans and receivables \$'000	Available- for-sale \$'000	Hedging instruments \$'000	Other financial liabilities \$'000	Total carrying amounts \$'000	Fair values \$'000
31 December 2017							
Financial assets	8	–	1,195,633	–	–	1,195,633	1,195,633
Other non-current assets	9	22,687	–	–	–	22,687	22,687
Hedging instruments	9, 11	–	–	4,108	–	4,108	4,108
Trade and other receivables	11	745,665	–	–	–	745,665	745,665
Cash and bank balances	14	3,713,708	–	–	–	3,713,708	3,713,708
		<u>4,482,060</u>	<u>1,195,633</u>	<u>4,108</u>	<u>–</u>	<u>5,681,801</u>	<u>5,681,801</u>
Unsecured fixed and floating rate notes	17	–	–	–	(3,040,744)	(3,040,744)	(3,094,025)
Secured bank loans	17	–	–	–	(1,319,898)	(1,319,898)	(1,319,898)
Unsecured bank loans	17	–	–	–	(1,538,543)	(1,538,543)	(1,538,543)
Finance lease liabilities	17	–	–	–	(12,539)	(12,539)	(12,539)
Loans from joint venture	17	–	–	–	(73,691)	(73,691)	(73,691)
Loans from non-controlling shareholders of subsidiaries	17	–	–	–	(9,555)	(9,555)	(9,555)
Hedging instruments	19	–	–	(56,268)	–	(56,268)	(56,268)
Trade and other payables	20	–	–	–	(1,538,349)	(1,538,349)	(1,538,349)
		<u>–</u>	<u>–</u>	<u>(56,268)</u>	<u>(7,533,319)</u>	<u>(7,589,587)</u>	<u>(7,642,868)</u>
1 January 2017							
Financial assets	8	–	1,078,201	–	–	1,078,201	1,078,201
Other non-current assets	9	21,363	–	–	–	21,363	21,363
Hedging instruments	9, 11	–	–	24,190	–	24,190	24,190
Trade and other receivables	11	640,250	–	–	–	640,250	640,250
Cash and bank balances	14	3,752,452	–	–	–	3,752,452	3,752,452
		<u>4,414,065</u>	<u>1,078,201</u>	<u>24,190</u>	<u>–</u>	<u>5,516,456</u>	<u>5,516,456</u>
Unsecured fixed and floating rate notes	17	–	–	–	(3,374,888)	(3,374,888)	(3,445,697)
Secured bank loans	17	–	–	–	(1,018,059)	(1,018,059)	(1,018,059)
Unsecured bank loans	17	–	–	–	(1,426,415)	(1,426,415)	(1,426,415)
Finance lease liabilities	17	–	–	–	(12,136)	(12,136)	(12,136)
Loans from non-controlling shareholders of subsidiaries	17	–	–	–	(9,555)	(9,555)	(9,555)
Hedging instruments	19, 20	–	–	(29,938)	–	(29,938)	(29,938)
Trade and other payables	20	–	–	–	(1,294,121)	(1,294,121)	(1,294,121)
		<u>–</u>	<u>–</u>	<u>(29,938)</u>	<u>(7,135,174)</u>	<u>(7,165,112)</u>	<u>(7,235,921)</u>

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Company	Note	Amortised cost \$'000	FVOCI – equity instruments \$'000	Fair value – hedging instruments \$'000	Other financial liabilities \$'000	Total carrying amounts \$'000	Fair values \$'000
31 December 2018							
Equity investments at FVOCI	8	–	110,625	–	–	110,625	110,625
Other non-current assets	9	22,787	–	–	–	22,787	22,787
Trade and other receivables	11	133,678	–	–	–	133,678	133,678
Cash and bank balances	14	2,721,605	–	–	–	2,721,605	2,721,605
		<u>2,878,070</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,878,070</u>	<u>2,878,070</u>
Hedging instruments	19, 20	–	–	(22,243)	–	(22,243)	(22,243)
Unsecured fixed and floating rate notes	17	–	–	–	(1,711,669)	(1,711,669)	(1,748,292)
Unsecured loan from subsidiary	17	–	–	–	(675,326)	(675,326)	(678,395)
Trade and other payables	20	–	–	–	(686,040)	(686,040)	(686,040)
		<u>–</u>	<u>–</u>	<u>–</u>	<u>(3,073,035)</u>	<u>(3,073,035)</u>	<u>(3,112,727)</u>
1 January 2017							
Hedging instruments	11	–	422	–	–	422	422
Trade and other receivables	11	143,448	–	–	–	143,448	143,448
Cash and bank balances	14	2,382,658	–	–	–	2,382,658	2,382,658
		<u>2,526,106</u>	<u>422</u>	<u>–</u>	<u>–</u>	<u>2,526,528</u>	<u>2,526,528</u>
Unsecured fixed and floating rate notes	17	–	–	–	(1,675,995)	(1,675,995)	(1,729,197)
Unsecured loan from subsidiary	17	–	–	–	(661,620)	(661,620)	(676,864)
Hedging instruments	19	–	(18,977)	–	–	(18,977)	(18,977)
Trade and other payables	20	–	–	–	(554,003)	(554,003)	(554,003)
		<u>–</u>	<u>(18,977)</u>	<u>–</u>	<u>(2,891,618)</u>	<u>(2,910,595)</u>	<u>(2,979,041)</u>
Hedging instruments	11	–	16,639	–	–	16,639	16,639
Trade and other receivables	11	152,772	–	–	–	152,772	152,772
Cash and bank balances	14	2,636,172	–	–	–	2,636,172	2,636,172
		<u>2,788,944</u>	<u>16,639</u>	<u>–</u>	<u>–</u>	<u>2,805,583</u>	<u>2,805,583</u>
Unsecured fixed and floating rate notes	17	–	–	–	(1,957,071)	(1,957,071)	(2,047,823)
Unsecured bank loans	17	–	–	–	(135,265)	(135,265)	(135,265)
Unsecured loan from subsidiary	17	–	–	–	(714,908)	(714,908)	(710,347)
Trade and other payables	20	–	–	–	(436,427)	(436,427)	(436,427)
		<u>–</u>	<u>–</u>	<u>–</u>	<u>(3,243,671)</u>	<u>(3,243,671)</u>	<u>(3,329,862)</u>

Fair value hierarchy

The tables below analyse fair value measurements for financial assets and financial liabilities, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and financial liabilities carried at fair value

Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2018				
Hedging instrument assets	–	22,662	–	22,662
Equity instruments	1,050,837	–	136,595	1,187,432
	<u>1,050,837</u>	<u>22,662</u>	<u>136,595</u>	<u>1,210,094</u>
Hedging instrument liabilities	–	(33,429)	–	(33,429)
Unsecured fixed rate notes	–	(150,623)	–	(150,623)
	<u>–</u>	<u>(184,052)</u>	<u>–</u>	<u>(184,052)</u>
31 December 2017				
Hedging instrument assets	–	4,108	–	4,108
Available-for-sale financial assets	1,195,633	–	–	1,195,633
	<u>1,195,633</u>	<u>4,108</u>	<u>–</u>	<u>1,199,741</u>
Hedging instrument liabilities	–	(56,268)	–	(56,268)
Unsecured fixed rate notes	–	(152,926)	–	(152,926)
	<u>–</u>	<u>(209,194)</u>	<u>–</u>	<u>(209,194)</u>
1 January 2017				
Hedging instrument assets	–	24,190	–	24,190
Available-for-sale financial assets	1,078,201	–	–	1,078,201
	<u>1,078,201</u>	<u>24,190</u>	<u>–</u>	<u>1,102,391</u>
Hedging instrument liabilities	–	(29,938)	–	(29,938)
Unsecured fixed rate notes	–	(153,431)	–	(153,431)
	<u>–</u>	<u>(183,369)</u>	<u>–</u>	<u>(183,369)</u>

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Company				
31 December 2018				
Equity instruments	110,625	–	–	110,625
Hedging instrument liabilities	–	(22,243)	–	(22,243)
31 December 2017				
Hedging instrument assets	–	422	–	422
Hedging instrument liabilities	–	(18,977)	–	(18,977)
1 January 2017				
Hedging instrument assets	–	16,639	–	16,639

*Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed**

	Level 1 \$'000	Level 2 \$'000	Total \$'000
Group			
31 December 2018			
Other non-current assets	–	196,286	196,286
Unsecured fixed and floating rate notes	–	(2,941,027)	(2,941,027)
Secured bank loans	–	(1,120,758)	(1,120,758)
Unsecured bank loans	–	(1,541,782)	(1,541,782)
Finance lease liabilities	–	(12,610)	(12,610)
Loans from joint venture	–	(68,012)	(68,012)
Loans from non-controlling shareholders of subsidiaries	–	(9,555)	(9,555)
	–	(5,693,744)	(5,693,744)
31 December 2017			
Other non-current assets	–	22,687	22,687
Unsecured fixed and floating rate notes	–	(3,094,025)	(3,094,025)
Secured bank loans	–	(1,319,898)	(1,319,898)
Unsecured bank loans	–	(1,538,543)	(1,538,543)
Finance lease liabilities	–	(12,539)	(12,539)
Loans from joint venture	–	(73,691)	(73,691)
Loans from non-controlling shareholders of subsidiaries	–	(9,555)	(9,555)
	–	(6,048,251)	(6,048,251)

Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed*

Group	Level 1 \$'000	Level 2 \$'000	Total \$'000
1 January 2017			
Other non-current assets	–	21,363	21,363
Unsecured fixed and floating rate notes	–	(3,445,697)	(3,445,697)
Secured bank loans	–	(1,018,059)	(1,018,059)
Unsecured bank loans	–	(1,426,415)	(1,426,415)
Finance lease liabilities	–	(12,136)	(12,136)
Loans from non-controlling shareholders of subsidiaries	–	(9,555)	(9,555)
	–	(5,911,862)	(5,911,862)
Company			
31 December 2018			
Unsecured fixed and floating rate notes	–	(1,748,292)	(1,748,292)
Unsecured loan from subsidiary	–	(678,395)	(678,395)
	–	(2,426,687)	(2,426,687)
31 December 2017			
Unsecured fixed and floating rate notes	–	(1,729,197)	(1,729,197)
Unsecured loan from subsidiary	–	(676,864)	(676,864)
	–	(2,406,061)	(2,406,061)
1 January 2017			
Unsecured fixed and floating rate notes	–	(2,047,823)	(2,047,823)
Unsecured bank loans	–	(135,265)	(135,265)
Unsecured loan from subsidiary	–	(710,347)	(710,347)
	–	(2,893,435)	(2,893,435)

* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

32 Acquisition and disposal of subsidiaries

(a) Acquisition of subsidiaries

The Group acquired equity interests in certain subsidiaries (mainly in Singapore and Canada) during 2018. The acquisition of the subsidiaries has no significant impact to the Group's net profit for the year. The effects of the acquisition on the financial position of the Group were as follows:

	Group 2018 \$'000
Property, plant and equipment	85,265
Intangible assets	44,258
Financial assets	1,514
Deferred tax assets	611
Other non-current assets	113
Cash and bank balances	33,459
Other current assets	73,016
Borrowings	(27,649)
Current tax payable	(2,091)
Deferred tax liabilities	(248)
Other non-current obligations	(428)
Other current liabilities	(37,030)
Identifiable net assets	170,790
Less: Non-controlling interests	(56,321)
Total identifiable net assets	114,469
Less: Amounts previously accounted for as financial asset and joint venture	(1,968)
Gain on disposal of joint venture	(2,543)
Net change in fair value of equity investments at FVTPL	(7,785)
Total consideration paid	102,173
Cash acquired	(33,459)
Net cash outflow on acquisition of subsidiaries	68,714

(b) Disposal of a subsidiary

The Group disposed equity interest in a subsidiary in America during 2018. The effects of the disposal on the financial position of the Group were as follows:

	Group 2018 \$'000
Property, plant and equipment	711,381
Other non-current assets	2,956
Cash and bank balances	7,756
Other current assets	30,945
Borrowings	(196,770)
Current liabilities	(7,212)
Other non-current obligations	(2,930)
Net assets derecognised	546,126
Non-controlling interests	7,215
Reclassification of reserves	11,578
Accounted for as investments in joint ventures	(179,411)
Accounted for as loans to joint ventures	(234,894)
Accounted for as amounts due from joint ventures	(12,933)
Net assets disposed	137,681
Loss on disposal of a subsidiary	(8,760)
Total consideration deferred	(128,921)
Cash and bank balances disposed	(7,756)
Disposal of a subsidiary, net of cash disposed	(7,756)

33 Commitments

As at the reporting dates, the Group had the following commitments:

	Group	
	2018 \$'000	2017 \$'000
(a) Capital commitments which have been authorised and contracted but not provided for in the financial statements	407,468	453,780
(b) Non-cancellable operating lease commitments:		
Within 1 year	21,109	14,514
Between 1 and 5 years	32,724	16,665
After 5 years	75	2,349

The Group leases equipment and office premises under operating leases. The leases run over various periods with some leases containing an option to renew the lease upon expiry. Lease terms are reviewed at renewal of leases.

34 Related parties

Key management personnel compensation

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Board of Directors and Senior Management Council of the Company are considered as key management personnel of the Group.

The compensation paid or payable to key management personnel comprised:

	Group	
	2018	2017
	\$'000	\$'000
Directors' fees	2,715	2,543
Senior Management Council remuneration	18,300	18,920
	<u>21,015</u>	<u>21,463</u>

Other related party transactions

Other than disclosed elsewhere in the financial statements, transactions with related parties were as follows:

	Group	
	2018	2017
	\$'000	\$'000
Provision of services		
Related corporations	1,357	1,184
Joint ventures	<u>65,681</u>	<u>100,040</u>
Purchase of services		
Related corporations	(29,943)	(29,013)
Joint ventures	<u>(133,668)</u>	<u>(172,996)</u>

35 Explanation of transition to SFRS(I) and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual periods beginning on 1 January 2018.

As stated in note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In addition to the adoption of the new framework, the Group also concurrently applied SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date. The SFRS(I)s that are applicable to the Group are:

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*

The Group has adopted SFRS(I) and SFRS(I) 15 using the retrospective approach. In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017 in relation to SFRS(I) 9. Accordingly, the information for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. The Group is also exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for 2017 to the extent that these disclosures relate to items within the scope of SFRS(I) 9. There were no material adjustments on the transition from previous FRS to SFRS(I) and the adoption of SFRS(I) 9 and SFRS(I) 15 on the Group's and the Company's financial position, financial performance and cash flows except as described below.

(a) *Classification of financial assets*

The following table explains the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's and the Company's financial assets as at 1 January 2018.

			1 January 2018	
			Original	New
			classification under FRS 39	classification under SFRS(I) 9
Group				
Financial assets				
Quoted trust units	Available-for-sale	FVOCI - equity instrument	502,421	502,421
Quoted equity securities	Available-for-sale	FVOCI - equity instrument	693,212	693,212
Unquoted equity securities	At cost	FVOCI - equity instrument	135,936	135,936
Unquoted equity securities	At cost	FVTPL – equity instrument	3,600	3,600
Other non-current assets	Loans and receivables	Amortised cost	22,687	22,687
Hedging instruments	Fair value - hedging instrument	Fair value - hedging instrument	4,108	4,108
Trade and other receivables	Loans and receivables	Amortised cost	745,665	745,665
Cash and bank balances	Loans and receivables	Amortised cost	3,713,708	3,713,708
			5,821,337	5,821,337

	Original classification under FRS 39	New classification under SFRS(I) 9	1 January 2018	
			Original carrying amount under FRS 39 \$'000	New carrying amount under SFRS(I) 9 \$'000
Company				
Financial assets				
	Fair value -	Fair value -		
Hedging instruments	hedging instrument	hedging instrument	422	422
Trade and other receivables	Loans and receivables	Amortised cost	143,448	143,448
Cash and bank balances	Loans and receivables	Amortised cost	2,382,658	2,382,658
			<u>2,526,528</u>	<u>2,526,528</u>

(b) *Impairment of financial assets*

SFRS(I) 9 replaces the incurred loss model in FRS 39 with an expected credit loss model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and intra-group financial guarantee contracts, but not to equity investments.

The application of SFRS(I) 9 impairment requirements at 1 January 2018 did not result in significant additional allowances for impairment.

(c) *Hedge accounting*

Under FRS 39, the change in fair value of the forward elements of the forward exchange contracts (forward points) was recognised immediately in the income statement. However, under SFRS(I) 9, the forward points are separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity. There is no significant impact on the reserves as at 1 January 2018 arising from hedge accounting.

36 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. The Group has not early adopted the following key new SFRS(I) applicable to the Group that has been issued but not yet effective.

SFRS(I) 16 Leases effective for annual periods beginning after 1 January 2019

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Group is currently performing a detailed analysis to assess the impact upon adoption of SFRS(I) 16 on its financial statements.

PSA International Pte Ltd and its Subsidiaries
Registration Number: 197200399R

Annual Report
Year ended 31 December 2017

KPMG LLP (Registration No. T08LL1267L) an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2017.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS59 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 2017 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Mr Fock Siew Wah (Group Chairman)
Mr Tan Chong Meng (Group Chief Executive Officer)
Ms Chan Lai Fung
Mr Davinder Singh s/o Amar Singh
Mr Frank Kwong Shing Wong
Mr Kaikhushru Shiavax Nargolwala
Mr Kua Hong Pak
Mr Steven Terrell Clontz
Mr Tommy Thomsen

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in related corporations are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Fock Siew Wah Singapore Telecommunications Limited - Ordinary shares	3,240	3,240

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Chan Lai Fung		
Singapore Telecommunications Limited		
- Ordinary shares	1,550	1,550
Davinder Singh s/o Amar Singh		
Singapore Airlines Limited		
- S\$500 million 3.22% Notes due 2020	S\$500,000	S\$500,000
Singapore Technologies Engineering Ltd		
- Ordinary shares	83,337	83,337
Singapore Telecommunications Limited		
- Ordinary shares	1,800	1,800
Frank Kwong Shing Wong		
Mapletree Greater China Commercial Trust Management Ltd.		
- Unit holdings in Mapletree Greater China Commercial Trust	1,699,000 ¹	2,399,000 ¹
Olam International Limited		
- S\$275 million 7% Perpetual Capital Securities	S\$1,250,000 ¹	–
Kaikhushru Shiavax Nargolwala		
Ascendas Funds Management (S) Limited		
- Unit holdings in Ascendas Real Estate Investment Trust	–	140,000 ¹
Mapletree Industrial Trust Management Ltd.		
- Unit holdings in Mapletree Industrial Trust	–	200,000 ¹
Mapletree Logistics Trust Management Ltd.		
- Unit holdings in Mapletree Logistics Trust	200,000 ¹	220,000 ¹
Mapletree Investments Pte Ltd		
- Unit holdings in Mapletree Global Student Accommodation Private Trust (trust managed by Mapletree Real Estate Advisors Pte. Ltd.)	–	4,608 ²
SIA Engineering Company Limited		
- Ordinary shares	34,000 ¹	34,000 ¹
Singapore Telecommunications Limited		
- Ordinary shares	530,000 ¹	556,000 ¹
Kua Hong Pak		
Singapore Telecommunications Limited		
- Ordinary shares	3,027	3,027
Steven Terrell Clontz		
StarHub Ltd.		
- Ordinary shares	80,700	107,700

¹ Held in trust by trustee company on behalf of the director.

² Held in trust by trustee company on behalf of the director and consists of 2,304 Class A and 2,304 Class B units respectively.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

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 in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

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

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Fock Siew Wah
Director

Tan Chong Meng
Director

6 March 2018

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Independent auditors' report

Member of the Company
PSA International Pte Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of PSA International Pte Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2017, and the income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS59.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (FRS) 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 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group 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 '*Auditors' 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 *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.

<p>Impairment assessment of goodwill (\$467.3 million) (Refer to notes 2.1, 2.6 and 4 to the financial statements)</p>	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group has goodwill for which the FRS requires at least an annual impairment assessment, regardless of impairment indicators. This assessment involves management identifying the cash-generating units (CGUs) to which the goodwill relate and estimating the recoverable amounts of the CGUs to which the goodwill belongs.</p> <p>The recoverable amounts of the CGUs are determined based on assumptions of expected growth in revenue, gross margin and discount rates used in estimating the CGUs' cash flow projections. These estimates require judgement and is a key focus area of our audit.</p>	<p>We assessed the Group's process over setting annual budgets on which the cash flow projections are based.</p> <p>We assessed the key assumptions on revenue growth rates and operating profit margins applied in the cash flow projections based on our knowledge of the CGUs' operations and compared them against economic and industry forecasts. This included making enquiries with management to understand their future plans around growth and capital expenditures.</p> <p>We assessed the methodology and key inputs used to derive the discount rates, including comparison with comparable companies.</p> <p>We performed sensitivity analysis around the key assumptions to assess the extent of the change that would be required for the assets to be impaired.</p> <p>We also assessed the adequacy of the Group's disclosures on the CGUs' key assumptions used and sensitivity of the outcome of the impairment assessment to changes in key assumptions.</p>
<i>Our findings</i>	
<p>We found that the assumptions and resulting estimates were balanced and that the disclosures in Note 4 to the financial statements to be adequate.</p>	

Valuation of trade and accrued receivables (\$526.1 million) (Refer to notes 2.8, 11 and 12 to the financial statements)	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
The recoverability of trade and accrued receivables is considered a key audit matter due to the inherent subjectivity that was involved in making judgment over bad or doubtful debts.	<p>We tested key controls over the Group's credit review and collection process. This included reviewing the Group's process to identify and monitor potential doubtful or bad debts, as well as the Group's basis of making allowance for doubtful receivables.</p> <p>We identified a sample of outstanding balances of significant amounts for collectability assessment individually. Where the debt is subject to dispute or potential dispute, we reviewed management's assessment of collectability and the Group's rights under the contracts to assess the reasonableness of recorded allowance amount.</p> <p>We compared the Group's views of recoverability of outstanding amounts to historical patterns of receipts and cash received subsequent to year end. We considered the historical accuracy of impairment allowances made by the Group by examining the reversal of previously recorded allowances and bad debts written off.</p>
<i>Our findings</i>	
We found that the Group's estimates relating to collectability of trade and accrued receivables to be prudent. We have discussed the effects of the identified excess allowances for certain trade and accrued receivables with the directors, which were found not to be significant to the financial statements as a whole.	

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained the Directors' statement and Group financial highlights prior to the date of this auditors' report.

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

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

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 FRS, 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.

Auditors' 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 auditors' 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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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 auditors' report unless the law or regulations preclude 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 auditors' report is Phuoc Tran.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
6 March 2018

Statements of financial position
As at 31 December 2017

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets					
Property, plant and equipment	3	6,302,309	5,963,178	395	554
Intangible assets	4	2,117,371	1,621,392	8,284	2,964
Subsidiaries	5	–	–	9,484,317	9,138,020
Associates	6	3,413,661	3,539,030	–	–
Joint ventures	7	2,283,039	2,269,019	–	–
Financial assets	8	1,335,169	1,217,759	–	–
Other non-current assets	9	42,155	26,874	–	–
Deferred tax assets	10	15,460	18,845	3,907	5,753
Non-current assets		<u>15,509,164</u>	<u>14,656,097</u>	<u>9,496,903</u>	<u>9,147,291</u>
Inventories		44,509	56,084	–	–
Trade and other receivables	11	773,710	686,289	144,330	169,872
Cash and bank balances	14	<u>3,713,708</u>	<u>3,752,452</u>	<u>2,382,658</u>	<u>2,636,172</u>
Current assets		<u>4,531,927</u>	<u>4,494,825</u>	<u>2,526,988</u>	<u>2,806,044</u>
Total assets		<u>20,041,091</u>	<u>19,150,922</u>	<u>12,023,891</u>	<u>11,953,335</u>
Equity					
Share capital	15	1,135,372	1,135,372	1,135,372	1,135,372
Accumulated profits		10,401,529	10,131,354	7,980,335	7,571,009
Other reserves	16	<u>(457,176)</u>	<u>(397,022)</u>	<u>(15,097)</u>	<u>(1,443)</u>
Equity attributable to owner of the Company		<u>11,079,725</u>	<u>10,869,704</u>	<u>9,100,610</u>	<u>8,704,938</u>
Non-controlling interests		<u>534,949</u>	<u>415,692</u>	<u>–</u>	<u>–</u>
Total equity		<u>11,614,674</u>	<u>11,285,396</u>	<u>9,100,610</u>	<u>8,704,938</u>
Liabilities					
Borrowings	17	5,809,301	5,396,022	2,337,615	2,527,495
Provisions	18	49,054	39,869	–	–
Other non-current obligations	19	119,371	103,462	18,977	–
Deferred tax liabilities	10	<u>522,492</u>	<u>343,819</u>	<u>–</u>	<u>–</u>
Non-current liabilities		<u>6,500,218</u>	<u>5,883,172</u>	<u>2,356,592</u>	<u>2,527,495</u>
Trade and other payables	20	1,593,328	1,345,895	554,724	437,136
Borrowings	17	185,669	445,031	–	279,749
Current tax payable		<u>147,202</u>	<u>191,428</u>	<u>11,965</u>	<u>4,017</u>
Current liabilities		<u>1,926,199</u>	<u>1,982,354</u>	<u>566,689</u>	<u>720,902</u>
Total liabilities		<u>8,426,417</u>	<u>7,865,526</u>	<u>2,923,281</u>	<u>3,248,397</u>
Total equity and liabilities		<u>20,041,091</u>	<u>19,150,922</u>	<u>12,023,891</u>	<u>11,953,335</u>

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

Consolidated income statement
Year ended 31 December 2017

	Note	2017 \$'000	2016 \$'000
Revenue	22	3,967,685	3,680,108
Other income	23	181,378	120,946
Staff and related costs	24	(900,306)	(836,798)
Contract services		(494,809)	(424,081)
Running, repair and maintenance costs		(347,560)	(300,719)
Other operating expenses		(428,515)	(427,269)
Property taxes		(30,151)	(29,332)
Depreciation and amortisation		(609,974)	(512,874)
Service concession revenue	25	486,139	653,379
Service concession costs	25	(486,139)	(653,379)
		—	—
Profit from operations	26	1,337,748	1,269,981
Finance costs	27	(168,966)	(173,491)
Share of profit of associates, net of tax		170,765	184,197
Share of profit of joint ventures, net of tax		188,481	162,596
Profit before income tax		1,528,028	1,443,283
Income tax expense	28	(235,607)	(215,910)
Profit for the year		1,292,421	1,227,373
Profit attributable to:			
Owner of the Company		1,233,461	1,173,318
Non-controlling interests		58,960	54,055
Profit for the year		1,292,421	1,227,373

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

Consolidated statement of comprehensive income
Year ended 31 December 2017

	2017	2016
	\$'000	\$'000
Profit for the year	1,292,421	1,227,373
Other comprehensive income		
Items that will not be reclassified to income statement:		
Defined benefit plan remeasurements	2,279	(4,205)
Income tax on other comprehensive income	(408)	1,004
	1,871	(3,201)
Items that are or may be reclassified subsequently to income statement:		
Exchange differences of foreign operations	(343,339)	30,904
Exchange differences on monetary items forming part of net investment in foreign operations	(52,113)	9,255
Exchange differences on hedge of net investment in a foreign operation	168,161	(43,595)
Effective portion of changes in fair value of cash flow hedges	(10,525)	(7,176)
Net change in fair value of cash flow hedges reclassified to income statement	(3,628)	16,186
Net change in fair value of available-for-sale financial assets	184,061	(10,346)
Share of reserves in associates	106,620	(80,111)
Share of reserves in joint ventures	2,674	915
Reserves reclassified to income statement on disposal of joint ventures	–	2,849
Income tax on other comprehensive income	(118,966)	1,247
	(67,055)	(79,872)
Other comprehensive income for the year, net of tax	(65,184)	(83,073)
Total comprehensive income for the year	1,227,237	1,144,300
Total comprehensive income attributable to:		
Owner of the Company	1,172,837	1,087,587
Non-controlling interests	54,400	56,713
Total comprehensive income for the year	1,227,237	1,144,300

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

Consolidated statement of changes in equity
Year ended 31 December 2017

	Share capital \$'000	Capital reserve \$'000	Insurance reserve \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Total attributable to owner of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2016	1,135,372	28,580	97,357	(704,758)	(37,658)	301,958	9,460,903	10,281,754	274,517	10,556,271
Total comprehensive income for the year							1,173,318	1,173,318	54,055	1,227,373
Profit for the year										
Other comprehensive income										
Exchange differences of foreign operations				28,246				28,246	2,658	30,904
Exchange differences on monetary items forming part of net investment in foreign operations				9,255				9,255		9,255
Exchange differences on hedge of net investment in a foreign operation				(43,595)				(43,595)		(43,595)
Effective portion of changes in fair value of cash flow hedges					(7,176)			(7,176)		(7,176)
Net change in fair value of cash flow hedges reclassified to income statement					16,186			16,186		16,186
Net change in fair value of available-for-sale financial assets						(10,346)		(10,346)		(10,346)
Share of reserves in associates		(2,655)		(90,628)		13,172		(80,111)		(80,111)
Share of reserves in joint ventures				(205)	1,120			915		915
Reserves reclassified to income statement on disposal of joint ventures				2,849				2,849		2,849
Defined benefit plan remeasurements							(4,205)	(4,205)		(4,205)
Income tax on other comprehensive income						1,247	1,004	2,251		2,251
Total other comprehensive income		(2,655)		(94,078)	10,130	4,073	(3,201)	(85,731)	2,658	(83,073)
Total comprehensive income for the year		(2,655)		(94,078)	10,130	4,073	1,170,117	1,087,587	56,713	1,144,300
Transactions with owner, recorded directly in equity										
Contributions by and distributions to owner of the Company										
Capital contribution by non-controlling shareholders of subsidiaries									108,094	108,094
Dividends paid to non-controlling shareholders of subsidiaries									(39,631)	(39,631)
Interim tax exempt dividend declared and paid of \$0.82 per share							(500,000)	(500,000)		(500,000)
Total contributions by and distributions to owner of the Company							(500,000)	(500,000)	68,463	(431,537)
Changes in ownership interests in subsidiaries										
Acquisition of subsidiary with non-controlling interests									18,202	18,202
Acquisition of interest in a subsidiary from non-controlling interest, without a change in control							669	669	(3,333)	(2,664)
Disposal of interest in a subsidiary to non-controlling interest, without a change in control				29			(335)	(306)	1,130	824
Total changes in ownership interests in subsidiaries				29			334	363	15,999	16,362
At 31 December 2016	1,135,372	25,925	97,357	(798,807)	(27,528)	306,031	10,131,354	10,869,704	415,692	11,285,396

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

PSA International Pte Ltd and its Subsidiaries
Financial statements
Year ended 31 December 2017

	Share capital \$'000	Capital reserve \$'000	Insurance reserve \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Total attributable to owner of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2017	1,135,372	25,925	97,357	(798,807)	(27,528)	306,031	10,131,354	10,869,704	415,692	11,285,396
Total comprehensive income for the year							1,233,461	1,233,461	58,960	1,292,421
Profit for the year										
Other comprehensive income										
Exchange differences of foreign operations				(339,345)				(339,345)	(3,994)	(343,339)
Exchange differences on monetary items forming part of net investment in foreign operations				(52,113)				(52,113)		(52,113)
Exchange differences on hedge of net investment in a foreign operation				168,161				168,161		168,161
Effective portion of changes in fair value of cash flow hedges					(10,048)			(10,048)	(477)	(10,525)
Net change in fair value of cash flow hedges reclassified to income statement					(3,628)			(3,628)		(3,628)
Net change in fair value of available-for-sale financial assets						184,061		184,061		184,061
Share of reserves in associates		7,065		97,941		1,614		106,620		106,620
Share of reserves in joint ventures				389	2,285			2,674		2,674
Defined benefit plan remeasurements							2,393	2,393	(114)	2,279
Income tax on other comprehensive income						(118,966)	(433)	(119,399)	25	(119,374)
Total other comprehensive income				(124,967)	(11,391)	66,709	1,960	(60,624)	(4,560)	(65,184)
Total comprehensive income for the year				(124,967)	(11,391)	66,709	1,235,421	1,172,837	54,400	1,227,237
Transactions with owner, recorded directly in equity										
Contributions by and distributions to owner of the Company										
Capital contribution by non-controlling shareholders of subsidiaries									53,523	53,523
Dividends paid to non-controlling shareholders of subsidiaries									(58,360)	(58,360)
Final tax exempt dividend declared and paid of \$0.49 per share							(300,000)	(300,000)		(300,000)
Interim tax exempt dividend declared and paid of \$1.15 per share							(700,000)	(700,000)		(700,000)
Total contributions by and distributions to owner of the Company							(1,000,000)	(1,000,000)	(4,837)	(1,004,837)
Changes in ownership interests in subsidiaries										
Acquisition of interest in a subsidiary from non-controlling interest, without a change in control							(46,780)	(46,780)	(20,446)	(67,226)
Disposal of interests in subsidiaries to non-controlling interest, without a change in control				(2,760)	5,190		81,534	83,964	90,140	174,104
Total changes in ownership interests in subsidiaries				(2,760)	5,190		34,754	37,184	69,694	106,878
At 31 December 2017	1,135,372	32,990	97,357	(926,534)	(33,729)	372,740	10,401,529	11,079,725	534,949	11,614,674

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

Consolidated statement of cash flows
Year ended 31 December 2017

	Note	2017	2016
		\$'000	\$'000
Cash flows from operating activities			
Profit for the year		1,292,421	1,227,373
Adjustments for:			
Depreciation and amortisation		609,974	512,874
Impairment made for:			
Financial assets		66,629	109,352
Intangible assets		–	9,797
(Gain)/loss on disposal of:			
Joint ventures		(9,689)	2,990
Intangible assets		796	–
Property, plant and equipment		(12,382)	1,559
Dividend income from financial assets		(60,250)	(64,489)
Interest income		(76,104)	(43,359)
Share of profit of associates, net of tax		(170,765)	(184,197)
Share of profit of joint ventures, net of tax		(188,481)	(162,596)
Finance costs	27	168,966	173,491
Income tax expense	28	235,607	215,910
Net fair value loss on fair value hedge		168	136
		<u>1,856,890</u>	<u>1,798,841</u>
Changes in working capital:			
Inventories		11,575	3,293
Trade and other receivables		(121,907)	(36,854)
Trade and other payables		69,761	(30,839)
Cash generated from operations		<u>1,816,319</u>	<u>1,734,441</u>
Income tax paid		<u>(216,501)</u>	<u>(197,154)</u>
Net cash from operating activities		<u>1,599,818</u>	<u>1,537,287</u>

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

PSA International Pte Ltd and its Subsidiaries
Financial statements
Year ended 31 December 2017

	Note	2017	2016
		\$'000	\$'000
Cash flows from investing activities			
Dividends received		318,904	343,058
Interest received		65,467	41,667
Purchase of property, plant and equipment and intangible assets		(1,220,621)	(1,309,726)
Proceeds from disposal of property, plant and equipment and intangible assets		16,272	23,188
Purchase of financial assets		(2,569)	(131,865)
Investment in an associate		(668)	–
Investments in and loans to joint ventures		(88,556)	(154,866)
Repayment of loans to joint ventures		59,961	13,501
Acquisition of a subsidiary, net of cash acquired	32	–	(46,270)
Acquisition of interest in a subsidiary from non-controlling interest, without a change in control		(67,226)	(2,664)
Proceeds from disposal of interest in a subsidiary to non-controlling interest, without a change in control		174,104	824
Proceeds from disposal of joint ventures		–	5,586
Net cash used in investing activities		<u>(744,932)</u>	<u>(1,217,567)</u>
Cash flows from financing activities			
Proceeds from bank loans and notes		841,021	1,870,678
Repayment of bank loans and notes		(569,261)	(926,654)
Proceeds from loans from joint venture		73,691	–
Capital contribution by non-controlling shareholders of subsidiaries		53,523	108,094
Repayment of loans from non-controlling shareholders of subsidiaries		(9,800)	(7,350)
Dividends paid to owner of the Company		(1,000,000)	(500,000)
Dividends paid to non-controlling shareholders of subsidiaries		(58,360)	(39,631)
Interest paid		(229,311)	(192,367)
Net cash (used in)/from financing activities		<u>(898,497)</u>	<u>312,770</u>
Net (decrease)/increase in cash and bank balances		(43,611)	632,490
Cash and bank balances at beginning of the year		3,752,452	3,120,856
Effect of exchange rate fluctuations on cash held		4,867	(894)
Cash and bank balances at end of the year	14	<u>3,713,708</u>	<u>3,752,452</u>

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 6 March 2018.

1 Domicile and activities

PSA International Pte Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 460 Alexandra Road, PSA Building, #38-00, Singapore 119963.

The principal activities of the Company are investment holding and the provision of consultancy services on port management, port operations and information technology. The principal activities of the subsidiaries are mainly those of providers of port and marine services.

The immediate and ultimate holding company during the financial year is Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interests in associates and joint ventures.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS) under the historical cost basis except for certain financial assets and liabilities that are carried at fair value and/or amortised cost as disclosed in the accounting policies set out below.

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise presented.

On 1 January 2017, the Group has adopted the new and revised FRS and Interpretations of FRS (INT FRS) that are mandatory for the financial year beginning 1 January 2017. The adoption of these FRS and INT FRS has no significant financial impact to the Group. The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgement in applying accounting policies

Impairment of available-for-sale financial assets

The Group recognises impairment losses on available-for-sale financial assets when there has been a significant or prolonged decline in their fair value below their cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of the financial asset is less than its cost.

Critical accounting estimates

Impairment of property, plant and equipment and intangible assets

The Group has made significant investments in tangible and intangible assets in its port business. Changes in technology or changes in the intended use of these assets may cause the estimated period of use or value of these assets to change.

Assets that have an infinite useful life are tested for impairment annually. Assets that are subject to depreciation and amortisation are reviewed to determine whether there is any indication that the carrying amounts of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in the income statement.

Management judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying amount of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Depreciation and amortisation

Depreciation and amortisation of non-financial assets constitute significant operating costs for the Group. The costs of these non-financial assets are charged as depreciation or amortisation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activities and residual values to determine adjustments to estimated remaining useful lives and depreciation or amortisation rates.

Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable or amortisable lives and therefore depreciation or amortisation expense in future periods.

Residual values of the port assets are estimated after considering the price that could be recovered from the sale of the port assets and the expected age and condition at the end of their useful lives, after deducting the estimated costs of disposal.

2.2 Basis of consolidation

Business combinations

Business combinations are accounted for under the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been adjusted where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. Joint ventures are arrangements in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Associates and joint ventures are accounted for in the consolidated financial statements under the equity method and are recognised initially at cost. The cost of the investments includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition results and reserves of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. The latest audited financial statements of the associates and joint ventures are used and where these are not available, unaudited financial statements are used. Any differences between the unaudited financial statements and the audited financial statements obtained subsequently are adjusted for in the subsequent financial year.

The Group's investments in equity-accounted investees include goodwill on acquisition and other intangible assets acquired from business combinations. Where the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions with non-controlling interests

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests, which are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, at fair value or at the proportionate share of the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value at acquisition date.

Changes in the Group's ownership interest in a subsidiary that do not result in a change in control are accounted for as transactions with owners in their capacity as owners and therefore the carrying amounts of assets and liabilities are not changed and goodwill and bargain purchase gain are not recognised as a result of such transactions. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Any difference between the adjustment to non-controlling interests and the fair value of consideration paid or received is recognised directly in equity and presented as part of equity attributable to owner of the Company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of available-for-sale equity instruments and a financial liability designated as a hedge of the net investment in a foreign operation that is effective (see note 2.13), which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at the average exchange rates for the year.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income and presented within equity in foreign currency translation reserve. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve is reclassified to the income statement as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.

Net investment in a foreign operation

Foreign exchange gains and losses arising from monetary items, that in substance form part of the Group's net investment in a foreign operation, are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve. When the net investment is disposed of, the relevant amount in the foreign currency translation reserve is reclassified to the income statement as an adjustment to the gain or loss arising on disposal.

2.4 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use, and an estimated cost of dismantling and removing the items and restoring the site on which they are located when the Group has an obligation to remove the assets or restore the site, and capitalised borrowing costs, where applicable.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net in the income statement.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation

Depreciation is recognised in the income statement on a straight-line basis to write down the cost of property, plant and equipment to its estimated residual value over the estimated useful life (or lease term, if shorter) of each component of an item of property, plant and equipment.

Estimated useful lives are as follows:

Leasehold land	20 to 80 years
Buildings	10 to 40 years
Wharves, hardstanding and roads	5 to 40 years
Plant, equipment and machinery	3 to 25 years
Floating crafts	10 to 20 years
Dry-docking costs	2.5 to 5 years
Motor vehicles	3 to 10 years
Computers	3 to 5 years

No depreciation is provided on capital work-in-progress until the related property, plant and equipment is ready for use. Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

2.5 Intangible assets

Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with infinite useful lives or not ready for use are stated at cost less accumulated impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and joint ventures is presented together with investments in associates and joint ventures.

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Goodwill is measured at cost less accumulated impairment losses and is subject to testing for impairment, as described in note 2.6.

Computer software

Computer software, which is acquired by the Group, where it is not an integral part of the related hardware, is treated as an intangible asset. Computer software is amortised in the income statement on a straight-line basis over its estimated useful life of 3 years, from the date on which it is ready for use.

Software development costs

Development expenditure attributable to projects, where the technical feasibility and commercial viability of which are reasonably assured, is capitalised and amortised over the time period for which the tangible benefits of the projects are expected to be realised. Software development costs are not amortised until the completion date and when the software is ready for use. Amortisation is charged to the income statement on a straight-line basis over an estimated useful lives of 3 to 10 years.

Port concession, port use and other operating rights

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value upon initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition the intangible asset is measured at cost, which includes capitalised borrowings costs, less accumulated amortisation and accumulated impairment losses.

The expenditures incurred in relation to the right to operate a port are capitalised as port use rights. These rights are amortised in the income statement on a straight-line basis over their estimated useful lives of 22 to 84 years (the period of the operating rights being available).

No amortisation is provided on capital work-in-progress until the intangible asset is ready for use.

2.6 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. Goodwill and other non-financial assets with infinite useful lives or not yet available for use are tested for impairment at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the income statement unless it reverses a previous revaluation credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

2.7 Non-derivative financial assets

A financial asset is recognised when the Group becomes a party to the contractual provisions of the asset. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire, or it transfers the financial asset to another party without retaining control or transfers substantially all the risk and rewards of ownership of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial assets are measured according to the following categories:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise cash and cash equivalents, trade and other receivables and other non-current assets which are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances, bank deposits and bank overdrafts. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale debt instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When the financial asset is derecognised, the cumulative gain or loss in fair value reserve is reclassified to the income statement.

Financial assets carried at cost

Investments in unquoted equity securities are classified as financial assets carried at cost only when the equity instruments do not have a quoted market price in an active market and whose fair value cannot be reliably measured because the range of possible fair value estimates is wide and the probabilities of the various estimates within the range cannot be reasonably assessed.

2.8 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of loans and receivables is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. An impairment loss in respect of a financial asset carried at cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

All individually significant loans and receivables are assessed for specific impairment. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in fair value reserve is reclassified to the income statement.

Impairment losses for loans and receivables and available-for-sale debt securities are reversed through the income statement if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. Impairment losses once recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in fair value of such assets is recognised in other comprehensive income and presented within equity in the fair value reserve. Impairment losses for financial assets carried at cost are not reversed.

2.9 Financial guarantees

Financial guarantee contracts issued by the Company to external parties on behalf of entities within the Group are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

2.10 Leases

When entities within the Group are lessees of finance leases

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance cost and reduction of the lease liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

When entities within the Group are lessees of operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expenses over the term of the lease. Contingent rentals are charged to the income statement in the financial year in which they are incurred.

When entities within the Group are lessors of operating leases

Assets leased out under operating leases are included in leasehold buildings and are depreciated over the period of the land lease. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term of the operating lease with the lessee.

2.11 Inventories

Inventories mainly comprise stores and consumables which are valued at cost of purchase (including cost incurred in bringing the inventories to their present location and condition) on a weighted average cost method less any applicable allowance for obsolescence. When inventories are consumed, the carrying amount of these inventories is recognised as an expense in the year in which the consumption occurs.

2.12 Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities category. A financial liability is recognised when the Group becomes a party to the contractual provisions of the liability. Financial liabilities are derecognised when the Group's contractual obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial liabilities comprise borrowings and trade and other payables, and are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

2.13 Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign exchange, fuel price and interest rate risk exposures. The use of hedging instruments is governed by the Group's policies which provide written principles on the use of financial instruments consistent with the Group's risk management strategy.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as follows:

Cash flow hedges

Changes in the fair value of the derivative designated as a hedging instrument of a cash flow hedge is recognised in other comprehensive income and presented within equity in the hedging reserve to the extent the hedge is effective. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to the income statement.

The cumulative gain or loss previously recognised in other comprehensive income and presented within equity in the hedging reserve remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is reclassified to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects the income statement.

Fair value hedges

Changes in the fair value of a derivative designated as a hedging instrument of a fair value hedge are recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in the income statement and the carrying amount of the hedged item is adjusted.

Hedge of net investment in a foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income and presented within equity in the foreign currency translation reserve, to the extent that the hedge is effective. The ineffective foreign currency differences are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in foreign currency translation reserve is reclassified to the income statement as an adjustment to the gain or loss on disposal when the investment in the foreign operation is disposed.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in the income statement as part of foreign currency gains and losses.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in the income statement.

2.14 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the income statement when incurred.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligations in respect of defined benefit plans are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2.16 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.17 Revenue recognition

Income from services

Income from services rendered is recognised as and when such services are rendered, provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be reliably measured.

Dividend income

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

Interest income

Interest income is recognised as it accrues, using the effective interest method, except where the collection is contingent upon certain conditions being met, then such income is recognised when received.

Service concession arrangements

Revenue related to construction or upgrade services under a service concession arrangement is recognised based on the stage of completion of the work performed. Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered when the amounts are separately identifiable.

2.18 Finance costs

Finance costs comprise interest expense on borrowings which includes reclassifications of net losses previously recognised in other comprehensive income and the unwinding of the discount on provisions. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.19 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.20 Non-current assets held for sale or distribution

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured under different rules in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment losses.

2.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Executive Committee and Senior Management Council of the Company to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3 Property, plant and equipment

Group	Leasehold land \$'000	Buildings and roads \$'000	Wharves, hard- standing equipment and machinery \$'000	Floating crafts and dry-docking costs \$'000	Motor vehicles \$'000	Computers \$'000	Capital work-in- progress \$'000	Total \$'000
Cost								
At 1 January 2016	1,352,567	618,759	2,384,768	467,042	21,430	144,682	1,322,448	10,871,861
Reclassifications	48,570	25,586	229,469	4,681	1,427	13,773	(740,781)	–
Additions	–	600	1,832	16,495	397	1,803	1,241,333	1,324,216
Acquisition of a subsidiary	–	–	6,127	–	180	–	–	250,175
Disposals	–	(33,389)	(46,438)	(33,775)	(422)	(13,168)	–	(240,958)
Transferred to intangible assets	–	–	–	–	–	–	(3,269)	(3,269)
Translation differences on consolidation	(46)	(3,942)	899	(84)	(2)	(464)	1,631	(12,767)
At 31 December 2016	1,401,091	607,614	2,576,657	454,359	23,010	146,626	1,821,362	12,189,258
Reclassified to intangible assets*	–	(520)	(81,078)	–	–	–	(666,538)	(828,716)
At 31 December 2016 and 1 January 2017, restated*	1,401,091	607,094	2,495,579	454,359	23,010	146,626	1,154,824	11,360,542
Reclassifications	61,577	33,177	269,854	1,175	1,062	23,465	(1,183,569)	–
Additions	–	978	2,774	13,879	203	2,152	890,863	949,539
Disposals	(1,961)	(2,354)	(613)	(37,018)	(576)	(3,024)	–	(220,738)
Transferred to intangible assets	–	–	–	–	–	–	(32,047)	(32,047)
Translation differences on consolidation	148	10,668	(3,705)	(859)	(10)	1,346	(12,338)	53,903
At 31 December 2017	1,460,855	649,563	2,763,889	431,536	23,689	170,565	817,733	12,111,199

Group	Leasehold land \$'000	Buildings \$'000	Wharves, hard-standing and roads \$'000	Plant, equipment and machinery \$'000	Floating crafts and dry-docking costs \$'000	Motor vehicles \$'000	Computers \$'000	Capital work-in-progress \$'000	Total \$'000
Accumulated depreciation and impairment losses									
At 1 January 2016	735,477	362,474	1,132,244	2,574,840	183,862	15,065	116,033	—	5,119,995
Reclassifications	—	(4,087)	4,087	—	—	—	—	—	—
Acquisition of a subsidiary	—	—	1,219	62,634	—	108	—	—	63,961
Depreciation charge for the year	46,506	23,850	107,973	257,894	37,879	2,492	17,178	—	493,772
Disposals	—	(27,826)	(38,438)	(107,483)	(28,888)	(408)	(13,168)	—	(216,211)
Translation differences on consolidation	—	(2,950)	(1,246)	(10,424)	61	3	(410)	—	(14,966)
At 31 December 2016	781,983	351,461	1,205,839	2,777,461	192,914	17,260	119,633	—	5,446,551
Reclassified to intangible assets*	—	(211)	(21,908)	(27,068)	—	—	—	—	(49,187)
At 31 December 2016 and 1 January 2017, restated*	781,983	351,250	1,183,931	2,750,393	192,914	17,260	119,633	—	5,397,364
Depreciation charge for the year	48,949	27,251	115,641	327,198	35,681	2,332	21,162	—	578,214
Disposals	(1,961)	(2,354)	(613)	(174,308)	(34,078)	(576)	(2,958)	—	(216,848)
Translation differences on consolidation	—	8,078	3,483	37,499	(62)	17	1,145	—	50,160
At 31 December 2017	828,971	384,225	1,302,442	2,940,782	194,455	19,033	138,982	—	5,808,890
Carrying amounts									
At 1 January 2016	617,090	256,285	1,252,524	1,985,325	283,180	6,365	28,649	1,322,448	5,751,866
At 31 December 2016*	619,108	255,844	1,311,648	2,327,566	261,445	5,750	26,993	1,154,824	5,963,178
At 31 December 2017	631,884	265,338	1,461,447	2,852,587	237,081	4,656	31,583	817,733	6,302,309

* Certain parts of the Group have been assessed to be within the scope of INT FRS 112 *Service Concession Arrangements*. The port concession rights and the related port concession service revenue and costs have been separately presented in the statements of financial position and income statement. The presentation has been applied by restating the 2016 comparatives. The total equity and net profit for 2016 have not been affected.

Company	Plant, equipment and machinery \$'000	Motor vehicles \$'000	Computers \$'000	Capital work-in- progress \$'000	Total \$'000
Cost					
At 1 January 2016	233	774	1,802	34	2,843
Additions	14	–	116	–	130
Transferred to intangible assets	–	–	–	(34)	(34)
At 31 December 2016	247	774	1,918	–	2,939
Additions	16	–	121	–	137
Disposals	–	–	(5)	–	(5)
At 31 December 2017	263	774	2,034	–	3,071
Accumulated depreciation					
At 1 January 2016	142	403	1,521	–	2,066
Depreciation charge for the year	40	86	193	–	319
At 31 December 2016	182	489	1,714	–	2,385
Depreciation charge for the year	41	86	169	–	296
Disposals	–	–	(5)	–	(5)
At 31 December 2017	223	575	1,878	–	2,676
Carrying amounts					
At 1 January 2016	91	371	281	34	777
At 31 December 2016	65	285	204	–	554
At 31 December 2017	40	199	156	–	395

Leased property, plant and equipment

At 31 December 2017, the net carrying amount of leased property, plant and equipment of the Group was \$11.5 million (2016: \$12.9 million).

4 Intangible assets

Group	Goodwill on consolidation \$'000	Computer software \$'000	Software development costs \$'000	Capital work-in-progress \$'000	Port and other operating rights \$'000	Total \$'000
Cost						
At 1 January 2016	542,621	38,317	83,751	4,188	197,431	866,308
Reclassifications	(7,392)	1,117	3,288	(4,405)	7,392	–
Additions	–	1,833	276	8,156	1,094	11,359
Acquisition of a subsidiary	–	1,185	–	–	192,716	193,901
Disposals	–	(2,479)	(22,181)	–	–	(24,660)
Transferred from property, plant and equipment	–	3,235	–	34	–	3,269
Translation differences on consolidation	(802)	(549)	(43)	(11)	838	(567)
At 31 December 2016	534,427	42,659	65,091	7,962	399,471	1,049,610
Reclassified from property, plant and equipment (note 3)	–	–	–	666,538	162,178	828,716
At 31 December 2016 and 1 January 2017, restated	534,427	42,659	65,091	674,500	561,649	1,878,326
Reclassifications	–	2,719	3,866	(6,585)	–	–
Additions	–	5,764	80	489,624	1,096	496,564
Disposals	–	–	–	(796)	–	(796)
Transferred from property, plant and equipment	–	2,631	29,416	–	–	32,047
Translation differences on consolidation	2,584	2,064	155	(11,128)	10,203	3,878
At 31 December 2017	537,011	55,837	98,608	1,145,615	572,948	2,410,019
Accumulated amortisation and impairment losses						
At 1 January 2016	59,404	31,220	75,785	–	37,389	203,798
Acquisition of a subsidiary	–	973	–	–	–	973
Amortisation charge for the year	–	5,766	4,359	–	8,977	19,102
Disposals	–	(2,479)	(22,181)	–	–	(24,660)
Impairment losses	9,797	–	–	–	–	9,797
Translation differences on consolidation	(223)	(479)	(30)	–	(531)	(1,263)
At 31 December 2016	68,978	35,001	57,933	–	45,835	207,747
Reclassified from property, plant and equipment (note 3)	–	–	–	–	49,187	49,187
At 31 December 2016 and 1 January 2017, restated	68,978	35,001	57,933	–	95,022	256,934
Amortisation charge for the year	–	4,799	7,630	–	19,331	31,760
Translation differences on consolidation	721	1,720	263	–	1,250	3,954
At 31 December 2017	69,699	41,520	65,826	–	115,603	292,648
Carrying amounts						
At 1 January 2016	483,217	7,097	7,966	4,188	160,042	662,510
At 31 December 2016 (note 3)	465,449	7,658	7,158	674,500	466,627	1,621,392
At 31 December 2017	467,312	14,317	32,782	1,145,615	457,345	2,117,371

Company	Computer software \$'000	Software development costs \$'000	Capital work-in- progress \$'000	Total \$'000
Cost				
At 1 January 2016	3,684	411	–	4,095
Additions	111	–	2,159	2,270
Transferred from property, plant and equipment	–	–	34	34
At 31 December 2016	3,795	411	2,193	6,399
Additions	108	–	5,700	5,808
At 31 December 2017	3,903	411	7,893	12,207
Accumulated amortisation				
At 1 January 2016	2,099	411	–	2,510
Amortisation charge for the year	925	–	–	925
At 31 December 2016	3,024	411	–	3,435
Amortisation charge for the year	488	–	–	488
At 31 December 2017	3,512	411	–	3,923
Carrying amounts				
At 1 January 2016	1,585	–	–	1,585
At 31 December 2016	771	–	2,193	2,964
At 31 December 2017	391	–	7,893	8,284

Impairment testing for cash-generating units (CGUs) containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's port business in the country of operation, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. At 31 December 2017, the carrying amount of goodwill primarily relates to the Group's port business CGU in Belgium of \$456.7 million (2016: \$454.8 million). The remaining goodwill relates to the Group's port business CGUs in other countries.

The recoverable amounts of these port business CGUs were based on the value in use approach. They were determined by discounting the future cash flows generated from the continuing use of these CGUs. The cash flow projections were based on the financial budgets approved by management covering a five-year period and a further outlook based on the long-term nature of concession agreements.

Key assumptions include the expected growth in revenue, gross margin and discount rates. The pre-tax discount rate used for impairment testing of Belgium CGU was 9.0% (2016: 9.0%).

Judgement is required to determine key assumptions adopted in the cash flow projections and changes to the key assumptions can significantly affect these cash flow projections and therefore the results of the impairment tests.

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying amount of the Belgium CGU to materially exceed its recoverable amount.

Impairment loss

At 31 December 2016, the recoverable amount of a CGU containing goodwill, estimated based on its value in use, was lower than its carrying amount. Accordingly, an impairment loss of \$9.8 million was recognised in other operating expenses in the income statement.

5 Subsidiaries

	Company	
	2017	2016
	\$'000	\$'000
Equity investments, at cost	1,165,322	1,162,022
Loans to subsidiaries	8,606,841	8,274,644
	<u>9,772,163</u>	<u>9,436,666</u>
Impairment losses	(287,846)	(298,646)
	<u>9,484,317</u>	<u>9,138,020</u>

The loans to subsidiaries form part of the Company's net investments in these subsidiaries. The loans were unsecured and settlement was neither planned nor likely to occur in the foreseeable future. Accordingly, these loans were stated at cost less accumulated impairment losses.

The loans were principally denominated in Singapore dollars, US dollars and Hong Kong dollars, and comprised:

- (a) \$1,679.2 million (2016: \$1,817.5 million) loans bearing fixed interest rates ranging from 3.80% to 4.63% (2016: 3.80% to 4.63%) per annum; and
- (b) \$54.5 million (2016: \$203.4 million) loans bearing floating interest rates ranging from 2.24% to 6.50% (2016: 1.06% to 6.29%) per annum and the interest rates repriced at intervals of six months.

The remaining loans to subsidiaries were interest-free.

Details of significant subsidiaries are as follows:

Name of subsidiary	Principal place of business/country of incorporation	Effective percentage held by the Group	
		2017	2016
		%	%
PSA Corporation Limited	Singapore	100	100
PSA Marine (Pte) Ltd	Singapore	100	100
PSA Antwerp N.V.	Belgium	100	100

6 Associates

	Group	
	2017	2016
	\$'000	\$'000
Investments in associates	3,413,661	3,539,030
Loans to associates	7,128	7,128
	<u>3,420,789</u>	<u>3,546,158</u>
Impairment losses	(7,128)	(7,128)
	<u>3,413,661</u>	<u>3,539,030</u>

The loans to associates form part of the Group's net investments in these associates. The loans were unsecured and settlement was neither planned nor likely to occur in the foreseeable future. Accordingly, these loans were stated at cost less accumulated impairment losses.

Details of significant associates are as follows:

Name of associate	Principal place of business/country of incorporation	Effective percentage held by the Group	
		2017	2016
		%	%
Hutchison Port Holdings Limited	British Virgin Islands	20.0	20.0
Hutchison Ports Investments S.à r.l.	Luxembourg	20.0	20.0

The reconciliation of the FRS financial statements of the associates modified for fair value adjustments, with the carrying amounts of the investments in associates in the consolidated financial statements is as follows:

	Group	
	2017	2016
	\$'000	\$'000
At 1 January	3,539,030	3,496,955
Group's share of:		
- profit for the year	170,765	184,197
- other comprehensive income	106,620	(80,111)
- total comprehensive income	277,385	104,086
Dividends received during the year	(130,518)	(134,370)
Investment during the year	668	-
Translation differences on consolidation	(272,904)	72,359
At 31 December	<u>3,413,661</u>	<u>3,539,030</u>

The Group's investments in associates relate mainly to its investment in Hutchison Port Holdings Limited and Hutchison Ports Investments S.à r.l., which has been included in the port business reportable segment.

The Group's share of contingent liabilities of the associates was \$98.6 million (2016: \$111.6 million).

7 Joint ventures

	Group	
	2017	2016
	\$'000	\$'000
Investments in joint ventures	1,834,940	1,775,473
Loans to joint ventures	472,973	518,420
	<u>2,307,913</u>	<u>2,293,893</u>
Impairment losses	(24,874)	(24,874)
	<u>2,283,039</u>	<u>2,269,019</u>

The loans to joint ventures form part of the Group's net investments in these joint ventures. The loans were unsecured and settlement was neither planned nor likely to occur in the foreseeable future. Accordingly, these loans were stated at cost less accumulated impairment losses.

The loans were principally denominated in US dollars and Renminbi, and comprised:

- (a) \$407.8 million (2016: \$388.9 million) loans bearing fixed interest rates at 6.00% (2016: 6.00%) per annum; and
- (b) \$65.1 million (2016: \$124.4 million) loans bearing floating interest rates ranging from 2.10% to 4.75% (2016: 1.55% to 4.75%) per annum.

The remaining loans to joint ventures were interest-free.

Details of significant joint ventures are as follows:

Name of joint venture	Principal place of business/country of incorporation	Effective percentage held by the Group	
		2017	2016
		%	%
Dalian Container Terminal Co., Ltd.	People's Republic of China	26.0	49.0
Lianyungang New Oriental Container Terminal Co., Ltd.	People's Republic of China	49.0	49.0
Mersin Uluslararası Liman İşletmeciliği A.S.	Turkey	51.0	50.0
Sociedad Puerto Industrial Aguadulce S.A.	Colombia	47.3	46.3
Tianjin Port Pacific International Container Terminal Co., Ltd.	People's Republic of China	49.0	49.0

The Group's share of commitments of the joint ventures was as follows:

	Group	
	2017	2016
	\$'000	\$'000
(a) Capital commitments which have been authorised and contracted but not provided for in the financial statements	75,401	199,028
(b) Non-cancellable operating lease commitments:		
Within 1 year	3,829	4,695
Between 1 and 5 years	6,450	7,723
After 5 years	15,004	30,634

The Group does not have any individually material joint venture.

8 Financial assets

	Group	
	2017	2016
	\$'000	\$'000
Quoted trust units, available-for-sale	502,421	569,050
Quoted equity securities, available-for-sale	693,212	509,151
Unquoted equity securities, at cost	139,922	139,923
Impairment losses	(386)	(365)
	139,536	139,558
	1,335,169	1,217,759

9 Other non-current assets

	Group	
	2017	2016
	\$'000	\$'000
Loans to joint venture partners	21,310	21,310
Allowance for doubtful receivables	(21,310)	(21,310)
	-	-
Loan to joint venture	14,604	-
Other receivables	22,687	21,363
Non-current portion of loans and receivables	37,291	21,363
Hedging instruments	3,348	4,021
Transferable corporate club memberships	1,516	1,490
	42,155	26,874

The loan to joint venture was denominated in Euro, unsecured, bore floating interest rate of 1% per annum and repayable by 2022.

10 Deferred tax

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year were as follows:

Group	Provisions \$'000	Other items \$'000	Total \$'000	
Deferred tax assets				
At 1 January 2016	58,668	18,324	76,992	
Acquisition of a subsidiary	–	765	765	
Recognised in income statement	(1,268)	(1,162)	(2,430)	
Recognised in other comprehensive income	1,004	–	1,004	
Translation differences on consolidation	(592)	(291)	(883)	
At 31 December 2016	57,812	17,636	75,448	
Recognised in income statement	(4,832)	(4,269)	(9,101)	
Recognised in other comprehensive income	(408)	–	(408)	
Translation differences on consolidation	994	761	1,755	
At 31 December 2017	53,566	14,128	67,694	
Deferred tax liabilities				
	Property, plant and equipment \$'000	Fair value reserve \$'000	Other items \$'000	Total \$'000
At 1 January 2016	314,924	64,217	6,780	385,921
Recognised in income statement	11,499	–	4,784	16,283
Recognised in other comprehensive income	–	(1,247)	–	(1,247)
Translation differences on consolidation	(352)	–	(183)	(535)
At 31 December 2016	326,071	62,970	11,381	400,422
Recognised in income statement	54,486	–	(254)	54,232
Recognised in other comprehensive income	–	118,966	–	118,966
Translation differences on consolidation	550	–	556	1,106
At 31 December 2017	381,107	181,936	11,683	574,726

Deferred tax assets and liabilities of the Company were attributable to the following:

	Company	
	2017 \$'000	2016 \$'000
Deferred tax assets		
Provisions	5,380	6,370
Deferred tax liabilities		
Property, plant and equipment	132	195
Unremitted income	1,341	422
	1,473	617

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting were included in the statements of financial position as follows:

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	15,460	18,845	3,907	5,753
Deferred tax liabilities	522,492	343,819	–	–

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses amounting to \$53.9 million (2016: \$70.9 million). The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these tax losses because there is no indication that future taxable profit will be available against which the respective subsidiaries of the Group can utilise the benefits.

11 Trade and other receivables

	Note	Group		Company	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
Trade and accrued receivables	12	526,100	437,699	–	–
Deposits and other receivables	13	122,488	101,810	18,814	8,087
Amounts due from:					
Subsidiaries		–	–	114,445	136,684
Associates	12	–	–	–	–
Joint ventures		92,570	100,722	10,189	8,001
Related corporations	2	–	19	–	–
Loan to joint venture		4,493	–	–	–
Current portion of loans and receivables		745,665	640,250	143,448	152,772
Advances and prepayments		27,285	25,870	460	461
Hedging instruments		760	20,169	422	16,639
		<u>773,710</u>	<u>686,289</u>	<u>144,330</u>	<u>169,872</u>

The amounts due from subsidiaries, associates, joint ventures and related corporations were unsecured, interest-free and repayable on demand. The loan to joint venture was denominated in Euro, unsecured, bore floating interest rate of 1% per annum and repayable in one year.

12 Trade and accrued receivables

	Group	
	2017	2016
	\$'000	\$'000
Trade and accrued receivables	586,002	489,728
Allowance for doubtful receivables	(59,902)	(52,029)
	526,100	437,699

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's internationally dispersed customers. Due to the nature of the Group's business, credit risk is not concentrated in any specific geographical region but concentrated in companies exposed to business cyclical fluctuations that are commonly found in the shipping industry. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believed that no additional allowance for collection losses is required.

13 Deposits and other receivables

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Deposits	3,857	3,558	-	-
Other receivables	120,759	100,380	18,814	8,087
Allowance for doubtful receivables	(2,128)	(2,128)	-	-
	118,631	98,252	18,814	8,087
	122,488	101,810	18,814	8,087

The Group's other receivables included an amount recoverable from a third party of \$7.7 million (2016: \$7.3 million) arising from an existing customer's termination of contract (see note 18).

14 Cash and bank balances

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	537,167	547,316	96,763	69,530
Fixed deposits	3,176,541	3,205,136	2,285,895	2,566,642
	3,713,708	3,752,452	2,382,658	2,636,172

15 Share capital

	Company	
	2017	2016
	No. of shares '000	No. of shares '000
Issued and fully-paid, with no par value:		
At 1 January and 31 December	607,372	607,372

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Group defines capital as share capital and all components of equity. The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

There were no changes to the Group's approach to capital management during the year.

Certain subsidiaries within the Group are subject to externally imposed capital requirements as required by law. These subsidiaries have complied with the requirements during the financial year. The Company and the rest of its subsidiaries are not subject to any externally imposed capital requirements.

16 Other reserves

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Capital reserve	(a)	32,990	25,925	–	–
Insurance reserve	(b)	97,357	97,357	–	–
Foreign currency translation reserve	(c)	(926,534)	(798,807)	–	–
Hedging reserve	(d)	(33,729)	(27,528)	(15,097)	(1,443)
Fair value reserve	(e)	372,740	306,031	–	–
		(457,176)	(397,022)	(15,097)	(1,443)

(a) Capital reserve

The capital reserve comprises the Group's share of capital reserve of associates and joint ventures.

(b) Insurance reserve

The insurance reserve relates to a sum transferred from the former Port of Singapore Authority to PSA Corporation Limited in 1997 as part of the vesting of property, rights and liabilities. This reserve is to cover potential past liabilities and for funding future potential liabilities in relation to the port related activities undertaken by PSA Corporation Limited.

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises:

- (i) all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company;
- (ii) the effective portion of the cumulative net change in fair value of foreign currency loans used to hedge the Group's net investment in foreign operations;
- (iii) foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations; and
- (iv) the Group's share of foreign currency translation reserve of associates and joint ventures.

(d) Hedging reserve

The hedging reserve comprises:

- (i) the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred; and
- (ii) the Group's share of hedging reserve of associates and joint ventures.

(e) Fair value reserve

The fair value reserve comprises:

- (i) the cumulative net changes in the fair values of available-for-sale financial assets until the investments are derecognised or impaired; and
- (ii) the Group's share of fair value reserve of associates and joint ventures.

17 Borrowings

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current					
Unsecured fixed and floating rate notes		3,040,744	3,230,404	1,675,995	1,812,587
Secured bank loans		1,289,854	980,494	–	–
Unsecured bank loans		1,410,743	1,163,433	–	–
Finance lease liabilities		12,539	12,136	–	–
Loans from joint venture		45,866	–	–	–
Loans from non-controlling shareholders of subsidiaries		9,555	9,555	–	–
Unsecured loan from subsidiary		–	–	661,620	714,908
		<u>5,809,301</u>	<u>5,396,022</u>	<u>2,337,615</u>	<u>2,527,495</u>
Current					
Unsecured fixed and floating rate notes		–	144,484	–	144,484
Secured bank loans		30,044	37,565	–	–
Unsecured bank loans		127,800	262,982	–	135,265
Loans from joint venture		27,825	–	–	–
		<u>185,669</u>	<u>445,031</u>	<u>–</u>	<u>279,749</u>
Total borrowings		<u>5,994,970</u>	<u>5,841,053</u>	<u>2,337,615</u>	<u>2,807,244</u>
Total borrowings comprise:					
Total unsecured fixed and floating rate notes		3,040,744	3,374,888	1,675,995	1,957,071
Total secured bank loans	(a)	1,319,898	1,018,059	–	–
Total unsecured bank loans		1,538,543	1,426,415	–	135,265
Total finance lease liabilities	(b)	12,539	12,136	–	–
Total loans from joint venture	(c)	73,691	–	–	–
Total loans from non-controlling shareholders of subsidiaries	(d)	9,555	9,555	–	–
Total unsecured loan from subsidiary		–	–	661,620	714,908
		<u>5,994,970</u>	<u>5,841,053</u>	<u>2,337,615</u>	<u>2,807,244</u>

(a) Secured bank loans

The loans were secured by mortgages on the borrowing subsidiaries' property, plant and equipment and port use rights with a carrying amount of \$1,619.8 million (2016: \$1,238.3 million).

(b) Finance lease liabilities

Finance lease liabilities were payable as follows:

Group	2017			2016		
	Principal \$'000	Interest \$'000	Total \$'000	Principal \$'000	Interest \$'000	Total \$'000
Payable between 1 and 5 years	2,355	1,812	4,167	1,366	1,112	2,478
Payable after 5 years	10,184	1,998	12,182	10,770	3,410	14,180
Total	<u>12,539</u>	<u>3,810</u>	<u>16,349</u>	<u>12,136</u>	<u>4,522</u>	<u>16,658</u>

The effective interest rate of finance lease liabilities was 5.33% (2016: 5.33%) per annum.

(c) Loans from joint venture

The loans from joint venture were denominated in Euro, unsecured and bore floating interest rates. Interest rates repriced at intervals of three months.

(d) Loans from non-controlling shareholders of subsidiaries

The loans from non-controlling shareholders were unsecured and bore floating interest rates. Interest rates repriced at intervals of three months.

(e) Terms and debt repayment schedule

The terms and conditions of outstanding loans and borrowings were as follows:

Group	Effective interest rate %	Year of maturity	2017		2016	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Unsecured fixed and floating rate notes	2.50 - 4.63	2019 - 2026	3,047,800	3,040,744	3,384,440	3,374,888
Secured bank loans	2.23 - 12.00	2018 - 2039	1,319,898	1,319,898	1,018,059	1,018,059
Unsecured bank loans	0.05 - 8.21	2018 - 2022	1,540,147	1,538,543	1,445,361	1,426,415
Loans from joint venture	0.62 - 1.50	2018 - 2022	73,691	73,691	—	—
Loans from non- controlling shareholders of subsidiaries	1.46	2027	9,555	9,555	9,555	9,555
			<u>5,991,091</u>	<u>5,982,431</u>	<u>5,857,415</u>	<u>5,828,917</u>
Company						
Unsecured fixed and floating rate notes	3.80 - 4.63	2019 - 2025	1,679,200	1,675,995	1,961,990	1,957,071
Unsecured bank loans	—	—	—	—	135,265	135,265
Unsecured loan from subsidiary	2.65	2026	661,620	661,620	714,908	714,908
			<u>2,340,820</u>	<u>2,337,615</u>	<u>2,812,163</u>	<u>2,807,244</u>

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	Loans and borrowings \$'000	Finance lease liabilities \$'000	Total \$'000
At 1 January 2017	5,828,917	12,136	5,841,053
Changes from financing cash flows			
- Proceeds from bank loans and notes	841,021	–	841,021
- Repayment of bank loans and notes	(569,261)	–	(569,261)
- Proceeds from loans from joint venture	73,691	–	73,691
Total changes from financing cash flows	345,451	–	345,451
Effect of changes in foreign exchange rates	(194,279)	403	(193,876)
Changes in fair value	(505)	–	(505)
Amortisation of loan facilities upfront fees	2,847	–	2,847
At 31 December 2017	<u>5,982,431</u>	<u>12,539</u>	<u>5,994,970</u>

18 Provisions

Group	Compensation sum \$'000	Site restoration costs \$'000	Total \$'000
At 1 January 2016	38,642	2,007	40,649
Provisions reversed	–	(115)	(115)
Translation differences on consolidation	(665)	–	(665)
At 31 December 2016	<u>37,977</u>	<u>1,892</u>	<u>39,869</u>
Provisions made	–	7,042	7,042
Translation differences on consolidation	2,143	–	2,143
At 31 December 2017	<u>40,120</u>	<u>8,934</u>	<u>49,054</u>

The compensation sum relates to a provision made by a subsidiary arising from an existing customer's termination of contract with a third party. The estimated amount provided was based on actual claim made against the foreign subsidiary. A corresponding recoverable amount of \$7.7 million (2016: \$7.3 million) from another third party was included in other receivables (see note 13).

The provision for site restoration relates to provisions made by subsidiaries to restore their leased sites to original condition by end of the lease terms.

19 Other non-current obligations

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Hedging instruments	56,268	29,612	18,977	–
Amount due to joint venture	9,147	8,611	–	–
Loan from non-controlling shareholder of a subsidiary	6,909	16,709	–	–
Other non-current obligations	47,047	48,530	–	–
	<u>119,371</u>	<u>103,462</u>	<u>18,977</u>	<u>–</u>

The loan from non-controlling shareholder of a subsidiary forms part of the shareholder's investment in the subsidiary. The loan was unsecured, interest-free and settlement was neither planned nor likely to occur in the foreseeable future. Accordingly, it was stated at cost.

20 Trade and other payables

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade payables and accrued operating expenses		822,439	756,513	76,603	77,269
Deposits and other payables	21	667,348	509,835	31,283	35,785
Amounts due to:					
Subsidiaries		–	–	446,117	323,363
Joint ventures		47,206	26,771	–	10
Related corporations		1,356	1,002	–	–
Other financial liabilities at amortised cost		1,538,349	1,294,121	554,003	436,427
Advances		54,979	51,448	721	709
Hedging instruments		–	326	–	–
		<u>1,593,328</u>	<u>1,345,895</u>	<u>554,724</u>	<u>437,136</u>

The amounts due to subsidiaries, joint ventures and related corporations were unsecured, interest-free and repayable on demand.

21 Deposits and other payables

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Deposits	8,045	7,742	–	–
Accrued capital expenditure	478,446	313,511	–	–
Other payables	180,857	188,582	31,283	35,785
	<u>667,348</u>	<u>509,835</u>	<u>31,283</u>	<u>35,785</u>

The Group's and the Company's other payables included interest payable of \$52.3 million (2016: \$52.1 million) and \$29.8 million (2016: \$34.8 million) respectively and other sundry creditors.

22 Revenue

This comprises revenue from container handling, marine services, operation of multi-purpose terminals, warehousing and logistics related services, consultancy fees but excludes intra-group transactions.

23 Other income

	Group	
	2017 \$'000	2016 \$'000
Dividend income from financial assets	60,250	64,489
Interest income from:		
Cash and bank balances	45,919	37,672
Joint ventures	27,463	4,364
Trade and other receivables	2,722	1,323
Gain on disposal of:		
Joint ventures	9,689	–
Property, plant and equipment, net	12,382	–
Others	22,953	13,098
	<u>181,378</u>	<u>120,946</u>

24 Staff and related costs

	Group	
	2017 \$'000	2016 \$'000
Wages and salaries	808,199	748,677
Contributions to defined contribution plans	92,107	88,121
	<u>900,306</u>	<u>836,798</u>

25 Service concession

Service concession revenue represents the fair value of the construction services provided. No margin has been recognised as the Group believes that the fair value of the construction services approximates the construction costs.

26 Profit from operations

Profit from operations included the following items:

	Group	
	2017	2016
	\$'000	\$'000
Impairment made for:		
Financial assets	66,629	109,352
Intangible assets	–	9,797
Loss on disposal of:		
Joint ventures	–	2,990
Intangible assets	796	–
Property, plant and equipment, net	–	1,559
Exchange loss, net	528	2,768
Operating lease expense	30,089	25,142
Net fair value loss on fair value hedge	168	136
	<u>168</u>	<u>136</u>

27 Finance costs

	Group	
	2017	2016
	\$'000	\$'000
Interest paid or payable to:		
Banks and other financial institutions	52,938	39,497
Fixed and floating rate notes holders	115,917	133,844
Non-controlling shareholders of subsidiaries	111	150
	<u>168,966</u>	<u>173,491</u>

28 Income tax expense

	Group	
	2017	2016
	\$'000	\$'000
Current tax expense		
Current year	174,752	206,699
Over provided in prior years	(2,478)	(9,502)
	<u>172,274</u>	<u>197,197</u>
Deferred tax expense		
Movements in temporary differences	64,033	17,710
Change in tax rate	(700)	1,003
	<u>63,333</u>	<u>18,713</u>
Income tax expense	<u>235,607</u>	<u>215,910</u>

	Group	
	2017	2016
	\$'000	\$'000
<i>Tax reconciliation</i>		
Profit before income tax	1,528,028	1,443,283
Share of profit of associates, net of tax	(170,765)	(184,197)
Share of profit of joint ventures, net of tax	(188,481)	(162,596)
Profit before income tax excluding share of profit of associates and joint ventures, net of tax	1,168,782	1,096,490
Tax calculated using Singapore tax rate of 17% (2016: 17%)	198,693	186,403
Effect of change in tax rate	(700)	1,003
Effect of different tax rates in other countries	4,437	5,881
Tax rebates and incentives	(15,486)	(22,329)
Income not subject to tax	(8,797)	(6,676)
Expenses not deductible for tax purposes	51,910	51,442
Effects of unrecognised tax benefits	(2,827)	(2,752)
Withholding tax	10,855	12,440
Over provided in prior years	(2,478)	(9,502)
Income tax expense	235,607	215,910

29 Operating segments

The Group is organised into business units based on their services and has two reportable operating segments as follows:

- Port business: The provision of container handling, operation of multi-purpose terminals and other port related services.
- Marine business: The provision of marine services.

The Executive Committee and Senior Management Council of the Company monitor the operating results of the business units separately for the purpose of making strategic decisions. Performance is measured based on segment operating profit which includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis. Segment capital expenditure is the total costs incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Information about reportable segments

Group	Port business \$'000	Marine business \$'000	Total reportable segments \$'000	Joint arrangements \$'000	Total \$'000
2017					
Revenue					
Total revenue	4,867,315	322,525	5,189,840	(1,199,637)	3,990,203
Inter-segment revenue	(7,858)	(14,660)	(22,518)	–	(22,518)
External revenue	<u>4,859,457</u>	<u>307,865</u>	<u>5,167,322</u>	<u>(1,199,637)</u>	<u>3,967,685</u>
Operating profit	<u>1,542,675</u>	<u>114,938</u>	<u>1,657,613</u>	<u>(356,618)</u>	<u>1,300,995</u>
Material item					
Depreciation and amortisation	<u>772,039</u>	<u>41,957</u>	<u>813,996</u>	<u>(204,806)</u>	<u>609,190</u>
Segment assets	<u>15,895,647</u>	<u>358,255</u>	<u>16,253,902</u>	<u>(1,281,256)</u>	<u>14,972,646</u>
Segment liabilities	<u>1,802,499</u>	<u>73,267</u>	<u>1,875,766</u>	<u>(290,447)</u>	<u>1,585,319</u>
2016					
Revenue					
Total revenue	4,464,744	319,065	4,783,809	(1,082,564)	3,701,245
Inter-segment revenue	(7,824)	(13,313)	(21,137)	–	(21,137)
External revenue	<u>4,456,920</u>	<u>305,752</u>	<u>4,762,672</u>	<u>(1,082,564)</u>	<u>3,680,108</u>
Operating profit	<u>1,552,706</u>	<u>113,688</u>	<u>1,666,394</u>	<u>(326,989)</u>	<u>1,339,405</u>
Material item					
Depreciation and amortisation	<u>631,872</u>	<u>44,593</u>	<u>676,465</u>	<u>(164,835)</u>	<u>511,630</u>
Segment assets	<u>15,094,716</u>	<u>375,407</u>	<u>15,470,123</u>	<u>(1,332,447)</u>	<u>14,137,676</u>
Segment liabilities	<u>1,543,794</u>	<u>73,514</u>	<u>1,617,308</u>	<u>(292,766)</u>	<u>1,324,542</u>

The capital expenditure for port and marine business segments was \$1.44 billion (2016: \$1.51 billion) and \$22.0 million (2016: \$22.1 million) respectively.

Reconciliations of reportable segment operating profit, assets and liabilities

	Group	
	2017	2016
	\$'000	\$'000
Operating profit		
Operating profit for reportable segments	1,300,995	1,339,405
Corporate expenses	(77,996)	(71,221)
Other income	181,378	120,946
Impairment made for financial assets	(66,629)	(109,352)
Impairment made for intangible assets	–	(9,797)
Share of profit of associates, net of tax	170,765	184,197
Share of profit of joint ventures, net of tax	188,481	162,596
Finance costs	(168,966)	(173,491)
Profit before income tax	1,528,028	1,443,283
Segment assets		
Segment assets for reportable segments	14,972,646	14,137,676
Cash and bank balances	3,713,708	3,752,452
Financial assets	1,335,169	1,217,759
Deferred tax assets	15,460	18,845
Hedging instruments	4,108	24,190
	20,041,091	19,150,922
Segment liabilities		
Segment liabilities for reportable segments	1,585,319	1,324,542
Corporate liabilities	113,257	118,037
Borrowings	5,994,970	5,841,053
Loan from non-controlling shareholder of a subsidiary	6,909	16,709
Current tax payable	147,202	191,428
Deferred tax liabilities	522,492	343,819
Hedging instruments	56,268	29,938
	8,426,417	7,865,526

Geographical information

The Group operates principally in Southeast Asia, Europe and Mediterranean, and Northeast Asia. Contributions from the other individual overseas operations are not significant and are therefore presented in aggregate as “others”. Segment revenue is based on geographical location of the operations. Segment assets are based on the geographical location of the assets. Non-current assets presented consist of property, plant and equipment, intangible assets and other non-current assets.

	Group	
	2017	2016
	\$'000	\$'000
Revenue		
Southeast Asia	2,844,559	2,690,190
Europe and Mediterranean	1,283,848	1,159,763
Northeast Asia	680,038	602,694
Others	358,877	310,025
	5,167,322	4,762,672
Joint arrangements	(1,199,637)	(1,082,564)
	3,967,685	3,680,108
Non-current assets		
Southeast Asia	4,964,826	4,909,877
Europe and Mediterranean	2,057,125	1,985,109
Northeast Asia	2,281,057	2,251,375
Others	2,528,411	1,903,843
	11,831,419	11,050,204
Joint arrangements	(3,369,584)	(3,438,760)
	8,461,835	7,611,444

Revenue and non-current assets included \$2,732.6 million (2016: \$2,635.7 million) and \$4,716.1 million (2016: \$4,649.1 million) respectively from Singapore.

30 Financial risk management

Overview

Risk management is integral to the whole business of the Group. Exposure to credit, liquidity and market risks (including interest rate, currency and price risks) arises in the normal course of the Group's business. The Group has written risk management policies and guidelines. In addition, the Group has established processes to monitor and manage major exposures. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash and fixed deposits are placed with banks and financial institutions which are regulated. Investments and transactions involving hedging instruments are allowed only with counterparties that are of certain credit standing.

At 31 December 2017, there was no significant concentration of credit risk. The maximum exposure to credit risk was represented by the carrying amount of each financial asset, including hedging instruments, in the statements of financial position.

The ageing of loans and receivables (excluding deposits, other receivables and other non-current assets), net of allowance for doubtful receivables at the reporting date was:

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Not past due	470,933	458,418	124,634	144,685
Past due less than 30 days	81,051	61,995	–	–
Past due 30 - 120 days	57,642	13,174	–	–
Past due more than 120 days	13,551	4,853	–	–
	<u>623,177</u>	<u>538,440</u>	<u>124,634</u>	<u>144,685</u>

The change in allowance for doubtful receivables during the year was as follows:

	Trade and accrued receivables		Other non-current assets	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Group				
At 1 January	52,029	32,595	21,310	21,310
Allowance recognised	8,386	19,807	–	–
Allowance utilised	(818)	(330)	–	–
Translation differences on consolidation	305	(43)	–	–
At 31 December	<u>59,902</u>	<u>52,029</u>	<u>21,310</u>	<u>21,310</u>

The principal risk to which the Company is exposed is credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing guarantees on behalf of.

At 31 December 2017, the Company has issued guarantees on behalf of its subsidiaries and joint ventures which amounted to \$31.1 million (2016: \$26.6 million). These guarantees would become immediately payable by the Company in the event of default by these subsidiaries and joint ventures.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The following are the expected contractual undiscounted cash inflows/(outflows) of non-derivative financial liabilities and hedging instruments, including interest payments and excluding the impact of netting agreements:

Group	Carrying amounts \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000
31 December 2017					
Non-derivative financial liabilities					
Interest-bearing liabilities	5,911,724	(7,067,460)	(366,389)	(5,227,962)	(1,473,109)
Loans from joint venture	73,691	(75,884)	(28,537)	(45,427)	(1,920)
Loans from non-controlling shareholders of subsidiaries	9,555	(10,276)	(144)	(577)	(9,555)
Trade and other payables	1,538,349	(1,538,349)	(1,538,349)	–	–
Hedging instruments					
- Assets	(4,108)				
Inflow		73,043	70,051	2,992	–
Outflow		(68,538)	(66,812)	(1,726)	–
- Liabilities	56,268				
Inflow		1,006,523	16,398	699,284	290,841
Outflow		(1,066,197)	(51,158)	(719,793)	(295,246)
	<u>7,585,479</u>	<u>(8,747,138)</u>	<u>(1,964,940)</u>	<u>(5,293,209)</u>	<u>(1,488,989)</u>
31 December 2016					
Non-derivative financial liabilities					
Interest-bearing liabilities	5,831,498	(6,768,368)	(598,627)	(4,508,554)	(1,661,187)
Loans from non-controlling shareholders of subsidiaries	9,555	(10,090)	(107)	(428)	(9,555)
Trade and other payables	1,294,121	(1,294,121)	(1,294,121)	–	–
Hedging instruments					
- Assets	(24,190)				
Inflow		385,677	33,659	30,548	321,470
Outflow		(356,945)	(27,429)	(27,420)	(302,096)
- Liabilities	29,938				
Inflow		730,193	40,507	689,686	–
Outflow		(782,425)	(75,137)	(707,288)	–
	<u>7,140,922</u>	<u>(8,096,079)</u>	<u>(1,921,255)</u>	<u>(4,523,456)</u>	<u>(1,651,368)</u>
Company					
31 December 2017					
Non-derivative financial liabilities					
Interest-bearing liabilities	2,337,615	(2,843,596)	(64,108)	(1,825,015)	(954,473)
Trade and other payables	554,003	(554,003)	(554,003)	–	–
Hedging instruments					
- Assets	(422)				
Inflow		57,898	57,898	–	–
Outflow		(57,536)	(57,536)	–	–
- Liabilities	18,977				
Inflow		324,271	6,686	26,744	290,841
Outflow		(329,516)	(6,850)	(27,420)	(295,246)
	<u>2,910,173</u>	<u>(3,402,482)</u>	<u>(617,913)</u>	<u>(1,825,691)</u>	<u>(958,878)</u>

Company	Carrying amounts \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000
31 December 2016					
Non-derivative financial liabilities					
Interest-bearing liabilities	2,807,244	(3,276,717)	(340,881)	(1,923,343)	(1,012,493)
Trade and other payables	436,427	(436,427)	(436,427)	-	-
Hedging instruments					
- Assets	(16,639)				
Inflow		357,592	7,224	28,898	321,470
Outflow		(336,366)	(6,850)	(27,420)	(302,096)
	<u>3,227,032</u>	<u>(3,691,918)</u>	<u>(776,934)</u>	<u>(1,921,865)</u>	<u>(993,119)</u>

The table above indicates the periods in which the hedging instruments that are cash flow hedges are expected to impact the income statement.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, equity prices and fuel prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's interest-earning financial assets and interest-bearing financial liabilities. The Group's objective is to maintain a balance of fixed and floating rate exposures as well as a balanced maturity period. At the reporting date, the interest rate profile of the interest-bearing financial assets and liabilities was:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Fixed rate				
Cash and bank balances	3,176,541	3,205,136	2,285,895	2,566,642
Borrowings	<u>(3,392,791)</u>	<u>(3,749,101)</u>	<u>(2,337,615)</u>	<u>(2,662,760)</u>
	<u>(216,250)</u>	<u>(543,965)</u>	<u>(51,720)</u>	<u>(96,118)</u>
Floating rate				
Cash and bank balances	537,167	547,316	96,763	69,530
Borrowings	<u>(2,602,179)</u>	<u>(2,091,952)</u>	<u>-</u>	<u>(144,484)</u>
	<u>(2,065,012)</u>	<u>(1,544,636)</u>	<u>96,763</u>	<u>(74,954)</u>

Hedging

The Group has raised funding with issuance of debt capital market instruments and bank loans to diversify funding sources. Interest rate swaps have been entered to achieve an appropriate mix of fixed and floating rate exposures within the Group's policy.

Fair value hedge

A portion of the fixed rate Singapore dollar notes with a notional amount of \$150.0 million (2016: \$150.0 million) has been hedged against the exposure to changes in the fair value of the notes. In connection with this, the Group entered into interest rate swap contracts to receive fixed rate interest and pay variable rate on the \$150.0 million (2016: \$150.0 million) notes. The Group is therefore exposed to market fluctuations in interest rates on the \$150.0 million (2016: \$150.0 million) notes and the corresponding interest rate swap contracts. The net fair value of the swaps as at 31 December 2017 comprised assets of \$3.3 million (2016: \$4.0 million).

Cash flow hedge

A portion of the floating rate bank loans amounting to \$630.0 million (2016: \$389.2 million and forecasted loan drawdown of \$215.8 million) have been hedged against the exposure to market fluctuations in interest rate payments. In connection with these loans, the Group entered into cross currency swap contracts to receive variable rate interest and pay fixed rate on the notional amounts. Both the floating rate bank loans and cross currency swaps have the same terms and conditions. The net fair value of the swaps as at 31 December 2017 comprises liabilities of \$37.3 million (2016: \$29.6 million).

Sensitivity analysis

At 31 December 2017, it is estimated that a general increase of 100bps in interest rates would decrease the Group's profit before tax by approximately \$15.9 million (2016: \$13.1 million). A general decrease of 100bps in interest rates would have the equal but opposite effect on the Group's profit before tax. The general increase or decrease of 100bps in interest rates would have no significant impact on the Group's other comprehensive income. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the associated tax effects and share of non-controlling interests.

At 31 December 2017, it is estimated that a general increase of 100bps in interest rates would increase the Company's profit before tax by approximately \$1.0 million (2016: decrease by approximately \$0.7 million). A general decrease of 100bps in interest rates would have the equal but opposite effect on the Company's profit before tax. The general increase or decrease of 100bps in interest rates would have no significant impact on the Company's other comprehensive income. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the associated tax effects.

(b) Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases, bank deposits, bank loans and fixed and floating rate notes that are denominated in a currency other than the functional currencies of the Group entities. The functional currencies of the Group entities are primarily Singapore dollar and Euro. In respect of other monetary assets and liabilities held in currencies other than the functional currencies of the Group entities, the Group monitors the net exposure.

Other than as disclosed in note 30(a), the notional amount of cross currency swap contracts to receive and pay fixed interest rate entered into by the Group and the Company is \$267.4 million (2016: \$289.0 million).

Hedge of net investment in a foreign operation

The Group's US dollar and Hong Kong dollar denominated unsecured bank loans, fixed and floating rate notes amounting to \$1.99 billion (2016: \$2.27 billion) are designated as hedging instruments for the Group's investments in its associates.

The Group's (excluding the US dollar and Hong Kong dollar denominated unsecured bank loans, fixed and floating rate notes designated as hedging instruments for the Group's investments in its associates) and Company's significant exposures to foreign currencies were as follows:

	2017		2016	
	HK Dollar \$'000	US Dollar \$'000	HK Dollar \$'000	US Dollar \$'000
Group				
Financial assets	–	502,421	–	569,050
Cash and bank balances	32,634	92,348	47,103	130,845
Trade and other receivables	–	14,303	–	14,173
Interest-bearing liabilities	–	(82,906)	–	(115,592)
Trade and other payables	(10,360)	(69,750)	(11,288)	(60,842)
	<u>22,274</u>	<u>456,416</u>	<u>35,815</u>	<u>537,634</u>
Company				
Loans to subsidiaries	–	928,625	–	859,487
Cash and bank balances	11,668	83,189	29,257	115,905
Interest-bearing liabilities	(341,702)	(1,728,473)	(372,172)	(2,010,827)
Trade and other payables	(10,360)	(19,438)	(11,287)	(22,650)
	<u>(340,394)</u>	<u>(736,097)</u>	<u>(354,202)</u>	<u>(1,058,085)</u>

Sensitivity analysis

At 31 December 2017, it is estimated that a 10% strengthening in the Singapore dollar against the Hong Kong dollar would decrease the Group's profit before tax by approximately \$2.2 million (2016: \$3.6 million). A 10% weakening in the Singapore dollar against the Hong Kong dollar would have the equal but opposite effect on the Group's profit before tax.

At 31 December 2017, it is estimated that a 10% strengthening in the Singapore dollar against the US dollar would increase the Group's profit before tax by approximately \$4.6 million (2016: \$3.1 million) and decrease the Group's other comprehensive income by approximately \$50.2 million (2016: \$56.9 million). A 10% weakening in the Singapore dollar against the US dollar would increase the Group's profit before tax by approximately \$45.6 million (2016: \$53.8 million).

At 31 December 2017, it is estimated that a 10% strengthening in the Singapore dollar against the Hong Kong dollar and the US dollar would increase the Company's profit before tax by approximately \$34.0 million (2016: \$35.4 million) and \$73.6 million (2016: \$105.8 million) respectively. A 10% weakening in the Singapore dollar against the respective currencies would have the equal but opposite effect on the Company's profit before tax.

This analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects and share of non-controlling interests.

(c) **Equity price risk**

Equity security price risk is the risk of changes in fair value of the Group's investments due to changes in the underlying equity securities prices. The risk is concentrated in the Group's investments in equity securities.

Sensitivity analysis

At 31 December 2017, it is estimated that a 10% increase in the underlying equity prices would increase the Group's other comprehensive income by \$119.6 million (2016: \$107.8 million). A 10% decrease in the underlying equity prices would decrease the Group's profit before tax by approximately \$50.2 million (2016: \$56.9 million) and other comprehensive income by approximately \$69.3 million (2016: \$50.9 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the associated tax effects and share of non-controlling interests.

31 Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

(a) **Quoted equity securities and trust units**

Fair value is based on quoted bid prices at the reporting date, without any deduction for transaction costs.

(b) **Hedging instruments**

The fair value of interest rate swaps, cross currency swaps and fuel forward contracts is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(c) **Fixed rate interest-bearing borrowings**

Fair value is calculated based on quoted offer price or discounted expected future principal and interest cash flows using market interest rates.

(d) **Floating rate interest-bearing borrowings**

The Group believes that the carrying amounts of floating rate interest-bearing loans, which are repriced at least semi-annually, reflect the corresponding fair values.

(e) Finance lease liabilities

The fair value of finance lease liabilities is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect changes in interest rates.

(f) Non-derivative financial assets and liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market interest rates at the reporting date.

(g) Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including cash and bank balances, trade and other receivables, trade and other payables, current borrowings) are assumed to approximate their fair values because of the short period to maturity.

Fair values versus carrying amounts

The fair values of financial assets and financial liabilities, together with the carrying amounts were as follows:

Group	Note	Loans and receivables \$'000	Available- for-sale \$'000	Hedging instruments \$'000	Other financial liabilities \$'000	Total carrying amounts \$'000	Fair values \$'000
31 December 2017							
Financial assets	8	–	1,195,633	–	–	1,195,633	1,195,633
Other non-current assets	9	22,687	–	–	–	22,687	22,687
Hedging instruments	9, 11	–	–	4,108	–	4,108	4,108
Trade and other receivables	11	745,665	–	–	–	745,665	745,665
Cash and bank balances	14	3,713,708	–	–	–	3,713,708	3,713,708
		<u>4,482,060</u>	<u>1,195,633</u>	<u>4,108</u>	<u>–</u>	<u>5,681,801</u>	<u>5,681,801</u>
Unsecured fixed and floating rate notes	17	–	–	–	(3,040,744)	(3,040,744)	(3,094,025)
Secured bank loans	17	–	–	–	(1,319,898)	(1,319,898)	(1,319,898)
Unsecured bank loans	17	–	–	–	(1,538,543)	(1,538,543)	(1,538,543)
Finance lease liabilities	17	–	–	–	(12,539)	(12,539)	(12,539)
Loans from joint venture	17	–	–	–	(73,691)	(73,691)	(73,691)
Loans from non- controlling shareholders of subsidiaries	17	–	–	–	(9,555)	(9,555)	(9,555)
Hedging instruments	19	–	–	(56,268)	–	(56,268)	(56,268)
Trade and other payables	20	–	–	–	(1,538,349)	(1,538,349)	(1,538,349)
		<u>–</u>	<u>–</u>	<u>(56,268)</u>	<u>(7,533,319)</u>	<u>(7,589,587)</u>	<u>(7,642,868)</u>

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Group	Note	Loans and receivables \$'000	Available- for-sale \$'000	Hedging instruments \$'000	Other financial liabilities \$'000	Total carrying amounts \$'000	Fair values \$'000
31 December 2016							
Financial assets	8	–	1,078,201	–	–	1,078,201	1,078,201
Other non-current assets	9	21,363	–	–	–	21,363	21,363
Hedging instruments	9, 11	–	–	24,190	–	24,190	24,190
Trade and other receivables	11	640,250	–	–	–	640,250	640,250
Cash and bank balances	14	3,752,452	–	–	–	3,752,452	3,752,452
		<u>4,414,065</u>	<u>1,078,201</u>	<u>24,190</u>	<u>–</u>	<u>5,516,456</u>	<u>5,516,456</u>
Unsecured fixed and floating rate notes	17	–	–	–	(3,374,888)	(3,374,888)	(3,445,697)
Secured bank loans	17	–	–	–	(1,018,059)	(1,018,059)	(1,018,059)
Unsecured bank loans	17	–	–	–	(1,426,415)	(1,426,415)	(1,426,415)
Finance lease liabilities	17	–	–	–	(12,136)	(12,136)	(12,136)
Loans from non- controlling shareholders of subsidiaries	17	–	–	–	(9,555)	(9,555)	(9,555)
Hedging instruments	19, 20	–	–	(29,938)	–	(29,938)	(29,938)
Trade and other payables	20	–	–	–	(1,294,121)	(1,294,121)	(1,294,121)
		<u>–</u>	<u>–</u>	<u>(29,938)</u>	<u>(7,135,174)</u>	<u>(7,165,112)</u>	<u>(7,235,921)</u>
		Note	Loans and receivables \$'000	Hedging instruments \$'000	Other financial liabilities \$'000	Total carrying amounts \$'000	Fair values \$'000
Company							
31 December 2017							
Hedging instruments	11	–	–	422	–	422	422
Trade and other receivables	11	143,448	–	–	–	143,448	143,448
Cash and bank balances	14	2,382,658	–	–	–	2,382,658	2,382,658
		<u>2,526,106</u>	<u>–</u>	<u>422</u>	<u>–</u>	<u>2,526,528</u>	<u>2,526,528</u>
Unsecured fixed and floating rate notes	17	–	–	–	(1,675,995)	(1,675,995)	(1,729,197)
Unsecured loan from subsidiary	17	–	–	–	(661,620)	(661,620)	(676,864)
Hedging instruments	19	–	–	–	(18,977)	(18,977)	(18,977)
Trade and other payables	20	–	–	–	(554,003)	(554,003)	(554,003)
		<u>–</u>	<u>–</u>	<u>–</u>	<u>(2,910,595)</u>	<u>(2,910,595)</u>	<u>(2,979,041)</u>
31 December 2016							
Hedging instruments	11	–	–	16,639	–	16,639	16,639
Trade and other receivables	11	152,772	–	–	–	152,772	152,772
Cash and bank balances	14	2,636,172	–	–	–	2,636,172	2,636,172
		<u>2,788,944</u>	<u>–</u>	<u>16,639</u>	<u>–</u>	<u>2,805,583</u>	<u>2,805,583</u>
Unsecured fixed and floating rate notes	17	–	–	–	(1,957,071)	(1,957,071)	(2,047,823)
Unsecured bank loans	17	–	–	–	(135,265)	(135,265)	(135,265)
Unsecured loan from subsidiary	17	–	–	–	(714,908)	(714,908)	(710,347)
Trade and other payables	20	–	–	–	(436,427)	(436,427)	(436,427)
		<u>–</u>	<u>–</u>	<u>–</u>	<u>(3,243,671)</u>	<u>(3,243,671)</u>	<u>(3,329,862)</u>

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Fair value hierarchy

The tables below analyse fair value measurements for financial assets and financial liabilities, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and financial liabilities carried at fair value

Group	Level 1 \$'000	Level 2 \$'000	Total \$'000
31 December 2017			
Available-for-sale financial assets	1,195,633	–	1,195,633
Hedging instrument assets	–	4,108	4,108
	<u>1,195,633</u>	<u>4,108</u>	<u>1,199,741</u>
Non-derivative financial liabilities	–	(152,926)	(152,926)
Hedging instrument liabilities	–	(56,268)	(56,268)
	<u>–</u>	<u>(209,194)</u>	<u>(209,194)</u>
31 December 2016			
Available-for-sale financial assets	1,078,201	–	1,078,201
Hedging instrument assets	–	24,190	24,190
	<u>1,078,201</u>	<u>24,190</u>	<u>1,102,391</u>
Non-derivative financial liabilities	–	(153,431)	(153,431)
Hedging instrument liabilities	–	(29,938)	(29,938)
	<u>–</u>	<u>(183,369)</u>	<u>(183,369)</u>
Company			
31 December 2017			
Hedging instrument assets	–	422	422
Hedging instrument liabilities	–	(18,977)	(18,977)
31 December 2016			
Hedging instrument assets	–	16,639	16,639

Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed*

Group	Level 1 \$'000	Level 2 \$'000	Total \$'000
31 December 2017			
Other non-current assets	–	22,687	22,687
Unsecured fixed and floating rate notes	–	(3,094,025)	(3,094,025)
Secured bank loans	–	(1,319,898)	(1,319,898)
Unsecured bank loans	–	(1,538,543)	(1,538,543)
Finance lease liabilities	–	(12,539)	(12,539)
Loans from joint venture	–	(73,691)	(73,691)
Loans from non-controlling shareholders of subsidiaries	–	(9,555)	(9,555)
	–	(6,048,251)	(6,048,251)
31 December 2016			
Other non-current assets	–	21,363	21,363
Unsecured fixed and floating rate notes	–	(3,445,697)	(3,445,697)
Secured bank loans	–	(1,018,059)	(1,018,059)
Unsecured bank loans	–	(1,426,415)	(1,426,415)
Finance lease liabilities	–	(12,136)	(12,136)
Loans from non-controlling shareholders of subsidiaries	–	(9,555)	(9,555)
	–	(5,911,862)	(5,911,862)
Company			
31 December 2017			
Unsecured fixed and floating rate notes	–	(1,729,197)	(1,729,197)
Unsecured loan from subsidiary	–	(676,864)	(676,864)
	–	(2,406,061)	(2,406,061)
31 December 2016			
Unsecured fixed and floating rate notes	–	(2,047,823)	(2,047,823)
Unsecured bank loans	–	(135,265)	(135,265)
Unsecured loan from subsidiary	–	(710,347)	(710,347)
	–	(2,893,435)	(2,893,435)

* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

32 Acquisition of a subsidiary

The Group acquired equity interest in a subsidiary in Korea during 2016. The acquisition of the subsidiary has no significant impact to the Group's net profit for the year. The effects of the acquisition on the financial position of the Group were as follows:

	Group 2016 \$'000
Property, plant and equipment	186,214
Intangible assets	192,928
Deferred tax assets	765
Cash and bank balances	54,902
Other current assets	31,420
Borrowings	(274,754)
Current tax payable	(3,180)
Other current liabilities	(21,761)
Identifiable net assets	166,534
Less: Non-controlling interests	(18,202)
Total identifiable net assets	148,332
Total consideration paid	148,332
Consideration paid in previous financial year	(47,160)
Cash acquired, net of overdrafts of subsidiary	(54,902)
Net cash outflow on acquisition of subsidiary	46,270

33 Commitments

As at the reporting dates, the Group had the following commitments:

	Group	
	2017 \$'000	2016 \$'000
(a) Capital commitments which have been authorised and contracted but not provided for in the financial statements	453,780	1,492,280
(b) Non-cancellable operating lease commitments:		
Within 1 year	14,514	14,617
Between 1 and 5 years	16,665	30,187
After 5 years	2,349	7,201

The Group leases equipment and office premises under operating leases. The leases run over various periods with some leases containing an option to renew the lease upon expiry. Lease terms are reviewed at renewal of leases.

34 Related parties

Key management personnel compensation

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Board of Directors and Senior Management Council of the Company are considered as key management personnel of the Group.

The compensation paid or payable to key management personnel comprised:

	Group	
	2017	2016
	\$'000	\$'000
Directors' fees	2,543	2,543
Senior Management Council remuneration	18,920	19,987
	21,463	22,530

Other related party transactions

Other than disclosed elsewhere in the financial statements, transactions with related parties were as follows:

	Group	
	2017	2016
	\$'000	\$'000
Provision of services		
Related corporations	1,184	92,027
Joint ventures	100,040	57,292
	101,224	149,319
Purchase of services		
Related corporations	(29,013)	(29,761)
Joint ventures	(172,996)	(105,026)
	(202,009)	(134,787)

35 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)) issued by the Accounting Standards Council, and IFRS issued by the International Accounting Standards Board. As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*. The Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

In addition to the adoption of the new framework, the Group will be adopting the following new SFRS(I)s that are applicable to the Group when effective:

		Effective for annual period beginning on or after
SFRS(I) 15	<i>Revenue from Contracts with Customers</i>	1 January 2018
SFRS(I) 9	<i>Financial Instruments</i>	1 January 2018
SFRS(I) 16	<i>Leases</i>	1 January 2019

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Group does not expect the application of SFRS(I) 15 to have any significant impact on its revenue.

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss (ECL) model for calculating impairment of financial assets, and new general hedge accounting requirements. The Group's available-for-sale (AFS) financial assets amounting to \$1.2 billion are expected to be reclassified as financial assets subsequently measured at fair value through other comprehensive income. Any impairment losses recognised previously on AFS financial assets will be potentially reclassified from accumulated profits to fair value reserve upon initial application. The new ECL impairment model will apply to financial assets measured at amortised cost. The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables. The Group does not expect the application of SFRS(I) 9 to have any significant impact on its trade receivables.

The Group expects all its existing hedging that are designated in effective hedging relationships will continue to qualify for hedge accounting under SFRS(I) 9.

SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. The Group expects its existing operating lease arrangements to be recognised as right-of-use assets with corresponding lease liabilities under SFRS(I) 16. The Group is currently performing a detailed analysis to assess the impact upon adoption of SFRS(I) 16 on its financial statements.

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