Prohibition of Sales to EEA and UK 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**") or in the United Kingdom (the "**UK**"). 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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK 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).

Pricing Supplement dated 9 March 2020

PSA TREASURY PTE. LTD.

(Legal Entity Identifier: 254900X7FR3V7789SL36)

Issue of S$500,000,000 1.63 per cent. Guaranteed Notes due 2030
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. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Memorandum. This Pricing Supplement, together with the information set out in the Schedule to this Pricing Supplement, supplements the Offering Memorandum and supersedes the information in the Offering Memorandum to the extent inconsistent with the information included therein.

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.

1			
	(i)	Issuer:	PSA Treasury Pte. Ltd.
	(ii)	Guarantor:	PSA International Pte Ltd
2			
	(i)	Series Number:	008

	(ii)	Tranche Number	001
3	Specified Currency or Currencies		Singapore Dollars ("**S$**")
4	Aggregate Nominal Amount:		
	(i)	Series:	S$500,000,000
	(ii)	Tranche:	S$500,000,000
5	Issue Price:		100 per cent. of the Aggregate Nominal Amount
6			
	(i)	Specified Denominations:	S$250,000
	(ii)	Calculation Amount:	S$250,000
7			
	(i)	Issue Date:	18 March 2020
	(ii)	Interest Commencement Date:	Issue date
8	Maturity Date:		18 March 2030
9	Interest Basis:		1.63 per cent. Fixed Rate
10	Redemption/Payment Basis		Redemption at par
11	Change of Interest or Redemption		Not Applicable
12	Put/Call Options		Not Applicable
13			
	(i)	Status of the Notes:	Senior
	(ii)	Status of the Guarantee:	Senior
14	Listing:		SGX-ST
15	Method of distribution:		Non-Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Note Provisions:		Applicable
	(i)	Rate of Interest:	1.63 per cent. per annum payable semi-annually in arrear
	(ii)	Interest Payment Date(s):	18 March and 18 September in each year
	(iii)	Fixed Coupon Amount:	Not Applicable
	(iv)	Broken Amount(s):	Not Applicable
	(v)	Day Count Fraction:	Actual/365 (Fixed)
	(vi)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17	Floating Rate Note Provisions:		Not Applicable

18	Variable Rate Note Provisions:	Not Applicable
19	Zero Coupon Note Provisions:	Not Applicable
20	Index-Linked Interest Note Provisions:	Not Applicable
21	Variable Rate Note Provisions:	Not Applicable
22	Dual Currency Note Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

23	Call Option:	Not Applicable
24	Put Option	Not Applicable
25	VRN Purchase Option:	Not Applicable
26	Final Redemption Amount of each Note	S$250,000 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):	S$250,000

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28	Form of Notes:	Registered Notes
29	Financial Centre(s) or other special provisions relating to Payment Dates:	Singapore, London
30	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
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
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

33	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
34	Consolidation provisions:	Not Applicable
35	Other terms or special Conditions:	Not Applicable

DISTRIBUTION

36		
	(i) If syndicated, names of Managers:	Not Applicable
	(ii) Stabilising Manager (if any):	DBS Bank Ltd.
37	If non-syndicated, name of Dealer:	DBS Bank Ltd.
38	Additional selling restrictions:	Not Applicable. The Notes will be offered pursuant to the requirements of Regulation S, Cat 2.

OPERATIONAL INFORMATION

39	ISIN Code:	XS2134362362
40	Common Code:	213436236
41	CUSIP:	Not applicable
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
43	Delivery:	Delivery against payment
44	Additional Paying Agent(s) (if any):	Not Applicable

GENERAL

45	Rating:	The Notes are rated Aa1 by Moody's Investors Service, Inc
46	Applicable Governing Document:	Amended and Restated Trust Deed dated 29 March 2016 between PSA International Pte Ltd, PSA Treasury Pte. Ltd. and the Trustee
47	Governing Law	English

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.

USE OF PROCEEDS

The net proceeds from the issuance of the Notes will be used by PSA International Pte Ltd for refinancing of borrowings and general corporate purposes.

STABILISATION

In connection with this issue, DBS Bank Ltd. (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 responsibility for the information contained in this Pricing Supplement.

Signed on behalf of PSA Treasury Pte. Ltd. as Issuer:

By: ....

Duly authorised

By: ....

Duly authorised

Signed on behalf of PSA International Pte Ltd as Guarantor:

By: .... By: ....

Duly authorised Duly authorised

SCHEDULE
TO THE PRICING SUPPLEMENT

The Offering Memorandum is hereby supplemented with the following information, which shall be deemed to be incorporated in, and to form part of, the Offering Memorandum. Save as otherwise defined herein, terms defined in the Offering Memorandum have the same meaning when used in this Schedule.

RECENT DEVELOPMENTS

The section of the Offering Memorandum titled "PSAI and the PSA Group" is amended and supplemented by inserting the following sub-section on page 46 of the Offering Memorandum after the sub-section "Historical Background".

"**Recent Developments**

In 2019, the PSA Group handled 85.2 million TEUs (an increase of 5.2 per cent. from the year before). PSA Singapore contributed 36.9 million TEUs (an increase of 1.6 per cent. from the year before), while terminals outside Singapore handled 48.3 million TEUs (an increase of 8.1 per cent. from the year before).

In September 2019, the PSA Group completed the acquisition of the marine terminal business in the United States referred to in "– Historical Background". The acquisition of Penn Terminals, a multipurpose marine terminal located on the Delaware River, United States, expanded the PSA Group's network of terminals into the United States. Penn Terminals has been providing terminal, warehousing and stevedoring services since 1986, and is able to handle containers, perishables, project cargo, super sack, steel, pipes, forest products and other break-bulk cargoes. It recently underwent a capacity upgrade with the addition of two new post-panamax ship-to-shore ("**STS**") cranes in late 2018, bringing its total STS count to four. Penn Terminals has approximately 2,850,000 cubic feet (80,400 cubic metres) of on-dock reefer warehouse space. With a designed capacity of 421,000 TEUs, it is a key component of the perishable cargo handling infrastructure of the Delaware River.

In February 2020, the PSA Group also expanded its marine services business through PSA Marine's acquisition of Tramarsa Flota S.A., a premier maritime port services company that provides an integrated service offering of towage, pilotage, launch boat and offshore services in 10 major ports along the Peruvian coastline. It owns 45 vessels, including 17 tugs, 23 launches and five support vessels for diving activities and other marine services, and is managed by a team of over 600 people. With the acquisition of Tramarsa Flota S.A., PSA Marine will operate in over seven countries globally with a fleet of more than 100 harbour crafts and 300 harbour pilots."

SUBSCRIPTION AND SALE

The sub-section titled "– *Selling Restrictions – Prohibition of Sales to EEA Retail Investors*" appearing on page 107 of the Offering Memorandum shall be deemed to be deleted in its entirety and replaced with the following:

*"**Prohibition of Sales to EEA and UK 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 the Offering Memorandum as contemplated by the

*Pricing Supplement in relation thereto to any retail investor in the EEA or in the United Kingdom. For the purposes of this provision, 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 Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or*

(b) *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*

(c) *not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and*

*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.*"

ANNUAL REPORT – YEAR ENDED 31 DECEMBER 2019

KPMG

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

Annual Report
Year ended 31 December 2019

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 2019.

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 2019 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 Peter Robert Voser	(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	
Ms Jeanette Wong Kai Yuan	
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	Holdings at end of the year
Chan Lai Fung		
Singapore Telecommunications Limited		
- Ordinary shares	1,550	1,550

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
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	2,369,000[1]	2,369,000[1]
Jeanette Wong Kai Yuan		
CapitaLand Limited		
- Ordinary shares	N.A.[2]	15,000
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]	162,400[1]
CapitaLand Commercial Trust Management Limited		
- Unit holdings in CapitaLand Commercial Trust	N.A.[2]	100,000[1]
CapitaLand Mall Trust Management Limited		
- Unit holdings in CapitaLand Mall Trust	N.A.[2]	100,000[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	300,000[1]	300,000[1]
Mapletree Real Estate Advisors Pte. Ltd.		
- Unit holdings in Mapletree Global Student Accommodation Private Trust	4,608[3]	4,608[3]
SIA Engineering Company Limited		
- Ordinary shares	50,000[1]	50,000[1]
Singapore Technologies Engineering Ltd		
- Ordinary shares	45,000[1]	62,000[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	Holdings at end of the year
Steven Terrell Clontz		
StarHub Ltd.		
- Ordinary shares	143,600	199,300

[1] Held in trust by trustee company on behalf of the director.
[2] Became a related corporation during the financial year.
[3] 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 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

Peter Robert Voser
Director

Tan Chong Meng
Director

28 February 2020

KPMG

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16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

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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 2019, 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 2019 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.

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Impairment assessment of goodwill ($484.5 million) (Refer to notes 2.1, 2.7 and 4 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The Group has goodwill for which SFRS(I) 1-36 *Impairment of Assets* 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. 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.	We assessed the Group's process over setting annual budgets on which the cash flow projections are based. 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. We assessed the methodology and key inputs used to derive the discount rates, including comparison with comparable companies. 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. 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.
Our findings	
We found that the assumptions and resulting estimates of recoverable amounts of CGUs were balanced.	

KPMG

Valuation of trade and accrued receivables ($546.7 million) (Refer to notes 2.1, 2.9, 12 and 13 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The collectability of trade and accrued receivables is considered a key audit matter due to the inherent subjectivity that was involved in estimating expected credit losses (ECL).	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. 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. We compared the Group's views of collectability of outstanding amounts to historical patterns of receipts and cash received subsequent to year end.
Our findings	
We found that the Group's estimates relating to collectability of trade and accrued receivables to be reasonable.	

KPMG

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.

KPMG

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 Quek Shu Ping.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 February 2020

Statements of financial position
As at 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Assets					
Property, plant and equipment	3	5,869,509	5,396,507	320	191
Intangible assets	4	2,552,864	2,140,186	30,252	14,673
Right-of-use assets	5	938,891	–	–	–
Subsidiaries	6	–	–	11,410,802	9,939,443
Associates	7	3,130,037	3,418,825	–	–
Joint ventures	8	3,413,032	2,803,883	–	–
Financial assets	9	1,296,117	1,187,432	76,633	110,625
Other non-current assets	10	238,191	229,663	17,681	22,787
Deferred tax assets	11	38,015	12,619	86	–
Non-current assets		17,476,656	15,189,115	11,535,774	10,087,719
Inventories		43,211	44,854	–	–
Trade and other receivables	12	906,606	954,047	156,855	134,178
Cash and bank balances	15	3,188,073	4,054,386	2,008,313	2,721,605
Current assets		4,137,890	5,053,287	2,165,168	2,855,783
Total assets		21,614,546	20,242,402	13,700,942	12,943,502
Equity					
Share capital	16	1,135,372	1,135,372	1,135,372	1,135,372
Accumulated profits and other reserves	17	10,370,225	10,208,482	8,716,207	8,548,982
Equity attributable to owner of the Company		11,505,597	11,343,854	9,851,579	9,684,354
Non-controlling interests		713,686	701,592	–	–
Total equity		12,219,283	12,045,446	9,851,579	9,684,354
Liabilities					
Borrowings	18	4,133,249	4,586,819	2,179,351	1,705,250
Lease liabilities	18	990,360	–	–	–
Provisions	19	10,736	9,214	–	–
Other non-current obligations	20	341,253	239,175	158,559	163,422
Deferred tax liabilities	11	495,184	493,943	–	3,617
Non-current liabilities		5,970,782	5,329,151	2,337,910	1,872,289
Borrowings	18	1,828,056	1,254,479	691,283	681,745
Lease liabilities	18	54,902	–	–	–
Trade and other payables	21	1,294,257	1,392,992	797,465	691,930
Current tax payable		247,266	220,334	22,705	13,184
Current liabilities		3,424,481	2,867,805	1,511,453	1,386,859
Total liabilities		9,395,263	8,196,956	3,849,363	3,259,148
Total equity and liabilities		21,614,546	20,242,402	13,700,942	12,943,502

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

Consolidated income statement
Year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Revenue	23	4,077,451	4,086,213
Other income	24	275,855	212,296
Staff and related costs	25	(1,037,139)	(981,521)
Contract services		(542,612)	(531,088)
Running, repair and maintenance costs		(357,689)	(366,913)
Other operating expenses		(294,039)	(366,190)
Property taxes		(32,939)	(31,681)
Depreciation and amortisation		(719,537)	(663,688)
Service concession revenue	26	42,154	115,606
Service concession costs	26	(42,154)	(115,606)
Profit from operations	27	1,369,351	1,357,428
Finance costs	28	(262,664)	(217,868)
Share of profit of associates, net of tax		197,895	148,062
Share of profit of joint ventures, net of tax		157,962	192,032
Profit before income tax		1,462,544	1,479,654
Income tax expense	29	(197,096)	(228,894)
Profit for the year		1,265,448	1,250,760
Profit attributable to:			
Owner of the Company		1,245,802	1,204,734
Non-controlling interests		19,646	46,026
Profit for the year		1,265,448	1,250,760

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

Consolidated statement of comprehensive income
Year ended 31 December 2019

	2019 $'000	2018 $'000
Profit for the year	1,265,448	1,250,760
Other comprehensive income		
Items that will not be reclassified to income statement:		
Defined benefit plan remeasurements	(1,675)	(74)
Net change in fair value of equity investments at FVOCI	87,313	(268,067)
Income tax on other comprehensive income	(59,622)	16,499
	26,016	(251,642)
Items that are or may be reclassified subsequently to income statement:		
Exchange differences of foreign operations	(143,630)	(42,046)
Exchange differences on monetary items forming part of net investment in foreign operations	(34,487)	7,478
Exchange differences on hedge of net investment in a foreign operation	29,000	(42,206)
Inflation adjustment for the year	47,692	72,113
Effective portion of changes in fair value of cash flow hedges	50,178	4,215
Net change in fair value of cash flow hedges reclassified to income statement	(20,590)	(338)
Share of reserves in associates	(51,257)	(90,208)
Share of reserves in joint ventures	965	9,348
Reserves reclassified to income statement on disposal of a subsidiary	(6,214)	11,578
Income tax on other comprehensive income	(148)	(7,041)
	(128,491)	(77,107)
Other comprehensive income for the year, net of tax	(102,475)	(328,749)
Total comprehensive income for the year	1,162,973	922,011
Total comprehensive income attributable to:		
Owner of the Company	1,150,832	884,129
Non-controlling interests	12,141	37,882
Total comprehensive income for the year	1,162,973	922,011

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

Consolidated statement of changes in equity
Year ended 31 December 2019

	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(I) 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	–	–	–	–	148	16,726	(7,416)	9,458	–	9,458
Total other comprehensive income	–	(3,802)	–	(39,447)	848	(279,068)	864	(320,605)	(8,144)	(328,749)
Total comprehensive income for the year	–	(3,802)	–	(39,447)	848	(279,068)	1,205,598	884,129	37,882	922,011

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

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2019

	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
Transactions with owner, recorded directly in equity										
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	–	–	–	–	–	–	(620,000)	(620,000)	65,225	(554,775)
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	–	–	–	–	–	–	–	–	63,536	63,536
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 changes in equity (cont'd)
Year ended 31 December 2019

	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 2019	1,135,372	29,188	97,357	(965,981)	(32,881)	(334,468)	11,415,267	11,343,854	701,592	12,045,446
Adjustment on initial application of SFRS(I) 16 (net of tax) - subsidiaries	–	–	–	–	–	–	(65,810)	(65,810)	(16,466)	(82,276)
Adjustment on initial application of SFRS(I) 16 (net of tax) - associates	–	–	–	–	–	–	(318,279)	(318,279)	–	(318,279)
Adjusted balance at 1 January 2019	1,135,372	29,188	97,357	(965,981)	(32,881)	(334,468)	11,031,178	10,959,765	685,126	11,644,891
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	1,245,802	1,245,802	19,646	1,265,448
Other comprehensive income										
Exchange differences of foreign operations	–	–	–	(137,669)	–	–	–	(137,669)	(5,961)	(143,630)
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	(34,487)	–	–	–	(34,487)	–	(34,487)
Exchange differences on hedge of net investment in a foreign operation	–	–	–	29,000	–	–	–	29,000	–	29,000
Inflation adjustment for the year	–	–	–	47,692	–	–	–	47,692	–	47,692
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	44,943	–	–	44,943	5,235	50,178
Net change in fair value of cash flow hedges reclassified to income statement	–	–	–	–	(13,811)	–	–	(13,811)	(6,779)	(20,590)
Net change in fair value of equity investments at FVOCI	–	–	–	–	–	87,313	–	87,313	–	87,313
Share of reserves in associates	–	(9,152)	–	(25,652)	–	(16,453)	–	(51,257)	–	(51,257)
Share of reserves in joint ventures	–	–	–	283	682	–	–	965	–	965
Reserves reclassified to income statement on disposal of a subsidiary	–	–	–	(6,214)	–	–	–	(6,214)	–	(6,214)
Defined benefit plan remeasurements	–	–	–	–	–	–	(1,675)	(1,675)	–	(1,675)
Income tax on other comprehensive income	–	–	–	–	(148)	(60,369)	747	(59,770)	–	(59,770)
Total other comprehensive income	–	(9,152)	–	(127,047)	31,666	10,491	(928)	(94,970)	(7,505)	(102,475)
Total comprehensive income for the year	–	(9,152)	–	(127,047)	31,666	10,491	1,244,874	1,150,832	12,141	1,162,973

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

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2019

	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
Hedging gains and losses and costs of hedging transferred to property, plant and equipment	–	–	–	–	(5,000)	–	–	(5,000)	–	(5,000)
Transactions with owner, recorded directly in equity										
Contributions by and distributions to owner of the Company										
Capital contribution by non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	101,910	101,910
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	(64,179)	(64,179)
Interim tax exempt dividend declared and paid of $0.99 per share	–	–	–	–	–	–	(600,000)	(600,000)	–	(600,000)
Total contributions by and distributions to owner of the Company	–	–	–	–	–	–	(600,000)	(600,000)	37,731	(562,269)
Changes in ownership interests in subsidiaries										
Disposal of interest in a subsidiary to non-controlling interests, with a change in control	–	–	–	–	–	–	–	–	(21,312)	(21,312)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	–	(21,312)	(21,312)
At 31 December 2019	1,135,372	20,036	97,357	(1,093,028)	(6,215)	(323,977)	11,676,052	11,505,597	713,686	12,219,283

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

Consolidated statement of cash flows
Year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Profit for the year		1,265,448	1,250,760
Adjustments for:			
Depreciation and amortisation		719,537	663,688
Net change in fair value of equity investments at FVTPL		(6,201)	(7,785)
(Gain)/loss on disposal of:			
Subsidiary		(19,310)	8,760
Joint ventures		–	(2,543)
Intangible assets		1,472	–
Property, plant and equipment		(10,976)	(9,722)
Financial asset		(589)	–
Dividend income from financial assets		(56,530)	(52,378)
Interest income		(144,097)	(114,886)
Share of profit of associates, net of tax		(197,895)	(148,062)
Share of profit of joint ventures, net of tax		(157,962)	(192,032)
Finance costs	28	262,664	217,868
Income tax expense	29	197,096	228,894
		1,852,657	1,842,562
Changes in working capital:			
Inventories		1,643	(176)
Trade and other receivables		51,787	(166,040)
Trade and other payables		(24,051)	156,060
Cash generated from operations		1,882,036	1,832,406
Income tax paid		(236,935)	(173,841)
Net cash from operating activities		1,645,101	1,658,565

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

Consolidated statement of cash flows (cont'd)
Year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Cash flows from investing activities			
Dividends received		364,615	389,118
Interest received		89,879	108,514
Purchase of property, plant and equipment and intangible assets		(1,185,550)	(937,954)
Proceeds from disposal of property, plant and equipment and intangible assets		44,085	23,725
Purchase of financial assets		(12,551)	(125,981)
Investments in and loans to joint ventures		(655,232)	(111,996)
Repayment of loans provided to joint ventures		55,123	4,551
Acquisition of interests in subsidiaries, net of cash acquired	33	(663,723)	(68,714)
Disposal of interests in subsidiaries to non-controlling interests, with a change in control, net of cash disposed	33	(31,853)	(7,756)
Proceeds from disposal of a joint venture		–	392
Proceeds from disposal of financial asset		598	–
Capital reduction in a joint venture and an associate		16,149	9,919
Net cash used in investing activities		(1,978,460)	(716,182)
Cash flows from financing activities			
Proceeds from bank loans and notes		2,298,462	221,243
Repayment of bank loans and notes		(1,944,468)	(221,972)
Proceeds from loans from joint venture		151	205,736
Repayment of loans from joint venture		–	(21,659)
Payment of lease liabilities		(58,280)	–
Repayment of finance lease liabilities		–	(43)
Capital contribution by non-controlling shareholders of subsidiaries		101,910	117,914
Dividends paid to owner of the Company		(600,000)	(620,000)
Dividends paid to non-controlling shareholders of subsidiaries		(64,179)	(52,689)
Interest paid		(256,180)	(215,187)
Net cash used in financing activities		(522,584)	(586,657)
Net (decrease)/increase in cash and bank balances		(855,943)	355,726
Cash and bank balances at beginning of the year		4,054,386	3,713,708
Translation differences on consolidation		(10,370)	(15,048)
Cash and bank balances at end of the year	15	3,188,073	4,054,386

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 28 February 2020.

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). All references to SFRS(I) and IFRS are subsequently referred to as SFRS(I) in these financial statements unless otherwise specified.

This is the first set of the Group's financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.2.

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, 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, intangible assets and right-of-use 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.

Impairment of trade receivables

The Group assesses whether there are indicators that financial assets have been impaired at each balance sheet date. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy and default, or significant delay in payments are indicators that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the market, economic or legal environment in which the debtor operates.

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 Changes in accounting policies

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in accumulated profits at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. Under SFRS(I) 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 2.11.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases - i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to short-term leases and low-value leases (see note 27). For leases of other assets, which were classified as operating leases under SFRS(I) 1-17, the Group recognised right-of-use assets and lease liabilities.

(i) Leases classified as operating leases under SFRS(I) 1-17

On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured on a lease-by-lease basis at either:

- their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients on a lease-by-lease basis when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low-value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

(ii) Leases previously classified as finance leases

For leases that were classified as finance leases under SFRS(I) 1-17, the carrying amount of the right-of-use assets and the lease liabilities at 1 January 2019 are determined at the carrying amount of the lease assets and lease liabilities under SFRS(I) 1-17 immediately before that date.

Impact on financial statements

The impact on transition to SFRS(I) 16 on the Group's financial statements as at 1 January 2019 are mainly as follows:

	1 January 2019
	$'000
Right-of-use assets	1,430,540
Deferred tax asset	22,470
Lease liabilities	(1,533,702)*
Accumulated profits	65,810
Non-controlling interests	16,466

* The lease liabilities included $12.6 million finance lease liabilities under SFRS(I) 1-17 and excluded short-term leases and leases of low-value assets of $5.1 million.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The weighted average rate applied was 4.12%.

2.3 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.

2.4 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 2.8), 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.

2.5 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 15 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.

2.6 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 2.7.

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 21 to 42 years.

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.

2.7 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.

2.8 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

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 as 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 liabilities

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

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.

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.

2.9 Impairment of financial assets

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.

2.10 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.

2.11 Leases

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities separately in the statements of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy before 1 January 2019

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.

Policy applicable from and before 1 January 2019

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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 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.

2.20 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	Freehold land $'000	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 2018	–	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
Adjustment on initial application of SFRS(I) 16	–	–	–	(3,196)	(41,495)	–	–	–	–	(44,691)
Adjusted balance at 1 January 2019	–	1,513,715	677,845	2,682,544	5,676,845	447,900	25,575	202,405	164,439	11,391,268
Reclassifications	32,697	(32,697)	17,615	11,939	104,796	27,661	770	27,510	(190,291)	–
Additions	4,540	–	11,067	7,387	20,781	36,538	2,059	4,755	1,032,869	1,119,996
Acquisition of subsidiaries	38,530	–	53,501	–	123,536	–	5,189	1,783	11,683	234,222
Disposals	–	–	(8,775)	(6,034)	(151,408)	(78,143)	(1,327)	(16,915)	(6)	(262,608)
Disposal of a subsidiary	–	–	–	(3,893)	(215,077)	–	(219)	–	(109)	(219,298)
Transferred to intangible assets	–	–	–	–	–	–	–	–	(16,369)	(16,369)
Translation differences on consolidation	(609)	–	(7,590)	(6,949)	(49,700)	(1,649)	(130)	(2,047)	(3,716)	(72,390)
At 31 December 2019	75,158	1,481,018	743,663	2,684,994	5,509,773	432,307	31,917	217,491	998,500	12,174,821

Group	Freehold land $'000	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 2018	–	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
Adjustment on initial application of SFRS(I) 16	–	–	–	(1,278)	(32,195)	–	–	–	–	(33,473)
Adjusted balance at 1 January 2019	–	884,475	407,810	1,390,899	2,935,724	207,699	19,911	159,461	–	6,005,979
Depreciation charge for the year	–	50,018	26,945	118,676	311,295	31,065	2,124	23,728	–	563,851
Acquisition of subsidiaries	–	–	33,444	–	48,244	–	1,324	879	–	83,891
Disposals	–	–	(8,734)	(5,910)	(150,279)	(58,310)	(1,262)	(16,907)	–	(241,402)
Disposal of a subsidiary	–	–	–	(766)	(68,446)	–	(164)	–	–	(69,376)
Translation differences on consolidation	–	–	(5,729)	(3,769)	(26,195)	(512)	(100)	(1,326)	–	(37,631)
At 31 December 2019	–	934,493	453,736	1,499,130	3,050,343	179,942	21,833	165,835	–	6,305,312
Carrying amounts										
At 1 January 2018	–	631,884	265,338	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
At 31 December 2019	75,158	546,525	289,927	1,185,864	2,459,430	252,365	10,084	51,656	998,500	5,869,509

	Plant, equipment and machinery $'000	Motor vehicles $'000	Computers $'000	Total $'000
Company				
Cost				
At 1 January 2018	263	774	2,034	3,071
Additions	–	–	19	19
Disposals	(8)	–	(41)	(49)
At 31 December 2018	255	774	2,012	3,041
Additions	388	–	2	390
Disposals	–	(428)	(8)	(436)
At 31 December 2019	643	346	2,006	2,995
Accumulated depreciation				
At 1 January 2018	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
Depreciation charge for the year	90	50	57	197
Disposals	–	(364)	(8)	(372)
At 31 December 2019	328	346	2,001	2,675
Carrying amounts				
At 1 January 2018	40	199	156	395
At 31 December 2018	17	114	60	191
At 31 December 2019	315	–	5	320

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 2018	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
Reclassifications	–	787	10,011	(138,045)	126,615	632	–
Additions	–	1,759	661	146,971	31,388	991	181,770
Acquisition of subsidiaries	–	–	–	–	532,970	58,734	591,704
Disposals	–	(911)	–	–	(13,304)	(88)	(14,303)
Disposal of a subsidiary	–	(2,031)	–	–	(198,018)	(104)	(200,153)
Transferred from property, plant and equipment	–	16,183	186	–	–	–	16,369
Translation differences on consolidation	(515)	(1,936)	(1,087)	(237)	(67,103)	(345)	(71,223)
At 31 December 2019	553,427	77,327	124,877	62,574	2,105,027	94,059	3,017,291

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 2018	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
Amortisation charge for the year	–	6,963	10,200		64,213	4,677	86,053
Acquisition of subsidiaries	–	–	–	–	–	38,119	38,119
Disposals	–	(840)	–	–	–	(88)	(928)
Disposal of a subsidiary	–	(1,367)	–	–	(22,234)	–	(23,601)
Translation differences on consolidation	(444)	(1,538)	(410)	–	(5,312)	(453)	(8,157)
At 31 December 2019	68,892	51,499	90,255	–	203,433	50,348	464,427
Carrying amounts							
At 1 January 2018	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
At 31 December 2019	484,535	25,828	34,622	62,574	1,901,594	43,711	2,552,864

Company	Computer software $'000	Software development costs $'000	Capital work-in-progress $'000	Total $'000
Cost				
At 1 January 2018	3,903	411	7,893	12,207
Additions	–	–	6,771	6,771
At 31 December 2018	3,903	411	14,664	18,978
Additions	85	–	15,602	15,687
Reclassifications	81	4,677	(4,758)	–
At 31 December 2019	4,069	5,088	25,508	34,665
Accumulated amortisation				
At 1 January 2018	3,512	411	–	3,923
Amortisation charge for the year	382	–	–	382
At 31 December 2018	3,894	411	–	4,305
Amortisation charge for the year	30	78	–	108
At 31 December 2019	3,924	489	–	4,413
Carrying amounts				
At 1 January 2018	391	–	7,893	8,284
At 31 December 2018	9	–	14,664	14,673
At 31 December 2019	145	4,599	25,508	30,252

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 2019, the carrying amount of goodwill primarily relates to the Group's port business CGU in Belgium of $454.5 million (2018: $455.9 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 7.7% (2018: 7.7%).

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 Right-of-use assets

Group	Leasehold land $'000	Buildings $'000	Wharves, hard-standing and roads $'000	Plant, equipment and machinery $'000	Motor vehicles $'000	Others $'000	Total $'000
Cost							
Recognition of right-of-use assets on initial application of SFRS(I) 16	1,008,348	16,544	351,862	81,202	4,005	2,052	1,464,013
Additions	1,284	535	6,840	11,174	2,145	2,593	24,571
Acquisition of subsidiaries	63,888	–	–	1,385	–	–	65,273
Disposal of a subsidiary	(460,921)	–	(3,170)	(39,799)	–	(1,357)	(505,247)
Translation differences on consolidation	(28,594)	(60)	(11,791)	(1,730)	(168)	(33)	(42,376)
At 31 December 2019	584,005	17,019	343,741	52,232	5,982	3,255	1,006,234
Accumulated depreciation							
Recognition of right-of-use assets on initial application of SFRS(I) 16	–	–	1,278	31,648	–	547	33,473
Depreciation charge for the year	26,114	9,678	14,248	17,537	1,646	410	69,633
Acquisition of subsidiaries	–	–	–	249	–	–	249
Disposal of a subsidiary	(1,815)	–	(1,281)	(31,448)	–	(549)	(35,093)
Translation differences on consolidation	(205)	(14)	(195)	(479)	(20)	(6)	(919)
At 31 December 2019	24,094	9,664	14,050	17,507	1,626	402	67,343
Carrying amounts							
At 1 January 2019	1,008,348	16,544	350,584	49,554	4,005	1,505	1,430,540
At 31 December 2019	559,911	7,355	329,691	34,725	4,356	2,853	938,891

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.

6 Subsidiaries

	Company 2019 $'000	Company 2018 $'000
Equity investments, at cost	1,168,122	1,168,122
Loans to subsidiaries	10,517,757	9,050,692
	11,685,879	10,218,814
Impairment losses	(275,077)	(279,371)
	11,410,802	9,939,443

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 Euro, and comprise:

(a) $1,756.9 million (2018: $1,661.1 million) loans bearing fixed interest rates ranging from 0.43% to 9.88% (2018: 3.80% to 4.63%) per annum; and

(b) $60.4 million (2018: $57.7 million) loans bearing floating interest rates ranging from 2.10% to 7.21% (2018: 2.50% to 7.59%) 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 2019 %	Effective percentage held by the Group 2018 %
PSA Corporation Limited	Singapore	100	100
PSA Marine (Pte) Ltd	Singapore	100	100
PSA Antwerp N.V.	Belgium	100	100

7 Associates

	Group 2019 $'000	Group 2018 $'000
Investments in associates	3,130,037	3,418,825
Loans to associates	7,128	7,128
	3,137,165	3,425,953
Impairment losses	(7,128)	(7,128)
	3,130,037	3,418,825

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 2019 %	Effective percentage held by the Group 2018 %
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 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 2019 $'000	Group 2018 $'000
At 1 January	3,418,825	3,413,661
Adjustment on initial application of SFRS(I) 16	(318,279)	–
Adjusted balance at 1 January	3,100,546	3,413,661
Group's share of:		
- profit for the year	197,895	148,062
- other comprehensive income	(51,257)	(90,208)
- total comprehensive income	146,638	57,854
Dividends received during the year	(94,237)	(110,154)
Capital reduction during the year	–	(3,998)
Translation differences on consolidation	(22,910)	61,462
At 31 December	3,130,037	3,418,825

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 $69.6 million (2018: $102.1 million).

8 Joint ventures

	Group 2019 $'000	Group 2018 $'000
Investments in joint ventures	2,425,385	1,973,395
Loans to joint ventures	1,011,455	854,296
	3,436,840	2,827,691
Impairment losses	(23,808)	(23,808)
	3,413,032	2,803,883

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 Euro, and comprised:

(a) $600.4 million (2018: $442.6 million) loans bearing fixed interest rates ranging from 6.00% to 10.00% (2018: 6.00%) per annum; and

(b) $402.2 million (2018: $387.1 million) loans bearing floating interest rates ranging from 2.56% to 6.80% (2018: 2.56% to 6.39%) 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 2019 %	Effective percentage held by the Group 2018 %
DCT Gdansk S.A.	Republic of Poland	40.0	–
Mersin Uluslararasi Liman Isletmeciligi A.S.	Turkey	51.0	51.0
PSA Panama International Terminal, S.A.	Republic of Panama	42.5	42.5
Sociedad Puerto Industrial Aguadulce S.A.	Colombia	49.8	47.3
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 2019 $'000	Group 2018 $'000
(a) Capital commitments which have been authorised and contracted but not provided for in the financial statements	68,711	78,548

	Group 2018 $'000
(b) Non-cancellable operating lease commitments:	
Within 1 year	6,919
Between 1 and 5 years	16,683
After 5 years	15,193

The Group does not have any individually material joint venture.

9 Financial assets

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Equity investments at FVOCI	1,285,286	1,187,432	76,633	110,625
Equity investments at FVTPL	10,831	–	–	–
	1,296,117	1,187,432	76,633	110,625

10 Other non-current assets

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Loan to joint venture	5,282	9,839	–	–
Other receivables	192,369	196,286	17,664	22,787
Non-current portion of financial assets at amortised cost	197,651	206,125	17,664	22,787
Hedging instruments	38,996	21,949	17	–
Transferable corporate club memberships	1,544	1,589	–	–
	238,191	229,663	17,681	22,787

The loan to joint venture was denominated in Euro, unsecured, bears floating interest rate of 1% per annum and repayable by 2022.

11 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 2018	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
Adjustment on initial application of SFRS(I) 16	–	22,470	22,470
Disposal of a subsidiary	–	(300)	(300)
Recognised in income statement	251	2,130	2,381
Recognised in other comprehensive income	276	18	294
Translation differences on consolidation	(541)	(1,704)	(2,245)
At 31 December 2019	39,436	38,330	77,766

	Property, plant and equipment $'000	Fair value reserve $'000	Other items $'000	Total $'000
Deferred tax liabilities				
At 1 January 2018	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
Acquisition of subsidiaries	–	–	2,751	2,751
Recognised in income statement	(57,928)	–	(6,462)	(64,390)
Recognised in other comprehensive income	–	60,228	(164)	60,064
Translation differences on consolidation	(424)	–	444	20
At 31 December 2019	295,441	225,438	14,056	534,935

Deferred tax assets and liabilities of the Company were attributable to the following:

	Company	
	2019	2018
	$'000	$'000
Deferred tax assets		
Provisions	4,232	4,963
Deferred tax liabilities		
Property, plant and equipment	266	25
Unremitted income	1,750	1,532
Other items	2,130	7,023
	4,146	8,580

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	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Deferred tax assets	38,015	12,619	86	–
Deferred tax liabilities	495,184	493,943	–	3,617

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses amounting to $182.7 million (2018: $141.4 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.

12 Trade and other receivables

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Trade and accrued receivables	13	546,651	633,207	–	–
Deposits and other receivables	14	172,821	196,981	15,021	26,386
Amounts due from:					
Subsidiaries		–	–	126,528	96,696
Associates		57	185	–	–
Joint ventures		139,348	86,822	10,517	10,596
Related corporations		60	16	–	–
Loan to joint venture		4,225	4,373	–	–
Current portion of financial assets at amortised cost		863,162	921,584	152,066	133,678
Advances and prepayments		38,148	31,750	981	500
Hedging instruments		5,296	713	3,808	–
		906,606	954,047	156,855	134,178

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.

13 Trade and accrued receivables

	Group 2019 $'000	Group 2018 $'000
Trade and accrued receivables	641,958	703,951
Allowance for impairment	(95,307)	(70,744)
	546,651	633,207

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 allowance beyond amounts provided for collection losses is required.

14 Deposits and other receivables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Deposits	5,797	5,759	–	–
Other receivables	167,024	191,222	15,021	26,386
	172,821	196,981	15,021	26,386

15 Cash and bank balances

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash at bank and in hand	403,656	559,926	28,917	105,423
Fixed deposits	2,784,417	3,494,460	1,979,396	2,616,182
	3,188,073	4,054,386	2,008,313	2,721,605

At the reporting date, cash and cash equivalents for the Group include $595.8 million (2018: $656.1 million) 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.

16 Share capital

	Company	
	2019	2018
	No. of shares	No. of shares
	'000	'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.

17 Accumulated profits and other reserves

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**
Capital reserve	(a)	20,036	29,188	–	–
Insurance reserve	(b)	97,357	97,357	–	–
Foreign currency translation reserve	(c)	(1,093,028)	(965,981)	–	–
Hedging reserve	(d)	(6,215)	(32,881)	480	(19,718)
Fair value reserve	(e)	(323,977)	(334,468)	(47,658)	(13,666)
Accumulated profits		11,676,052	11,415,267	8,763,385	8,582,366
		10,370,225	10,208,482	8,716,207	8,548,982

(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.

18 Borrowings and lease liabilities

		Group		Company	
		2019	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**
Borrowings					
Unsecured fixed and floating rates notes		2,179,081	2,106,213	845,770	1,029,924
Secured bank loans		807,484	1,057,940	–	–
Unsecured bank loans		1,073,374	1,340,179	–	–
Loans from joint venture		63,755	60,456	–	–
Loans from non-controlling shareholders of subsidiaries		9,555	9,555	–	–
Unsecured loan from subsidiary		–	–	1,333,581	675,326
Finance lease liabilities		–	12,476	–	–
Non-current borrowings		4,133,249	4,586,819	2,179,351	1,705,250
Unsecured fixed and floating rates notes		572,996	982,368	172,996	681,745
Secured bank loans		60,870	62,818	–	–
Unsecured bank loans		1,192,077	201,603	518,287	–
Loans from joint venture		2,113	7,556	–	–
Finance lease liabilities		–	134	–	–
Current borrowings		1,828,056	1,254,479	691,283	681,745
		5,961,305	5,841,298	2,870,634	2,386,995
Total borrowings comprise:					
Total unsecured fixed and floating rates notes		2,752,077	3,088,581	1,018,766	1,711,669
Total secured bank loans	(a)	868,354	1,120,758	–	–
Total unsecured bank loans		2,265,451	1,541,782	518,287	–
Total loans from joint venture	(b)	65,868	68,012	–	–
Total loans from non-controlling shareholders of subsidiaries	(c)	9,555	9,555	–	–
Total unsecured loan from subsidiary		–	–	1,333,581	675,326
Total finance lease liabilities	(d)	–	12,610	–	–
		5,961,305	5,841,298	2,870,634	2,386,995
Lease liabilities					
Non-current lease liabilities		990,360	–	–	–
Current lease liabilities		54,902	–	–	–
		1,045,262	–	–	–

(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 $1,630.3 million (2018: $1,766.5 million).

(b) 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.

(c) 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.

(d) 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	12,610	3,215	15,825

In 2018, the effective interest rate of finance lease liabilities was 5.33% per annum.

Terms and debt repayment schedule

The terms and conditions of outstanding borrowings and lease liabilities were as follows:

	Effective interest rate %	Year of maturity	2019 Face value $'000	2019 Carrying amount $'000	2018 Face value $'000	2018 Carrying amount $'000
Group						
Unsecured fixed and floating rates notes	2.13 - 4.27	2020 - 2029	2,784,255	2,752,077	3,095,950	3,088,581
Secured bank loans	2.92 - 10.50	2020 - 2036	868,354	868,354	1,120,758	1,120,758
Unsecured bank loans	0.04 - 4.06	2020 - 2024	2,265,907	2,265,451	1,542,864	1,541,782
Loans from joint venture	0.62 - 1.50	2020 - 2022	65,868	65,868	68,012	68,012
Loans from non-controlling shareholders of subsidiaries	1.88	2027	9,555	9,555	9,555	9,555
			5,993,939	5,961,305	5,837,139	5,828,688
Lease liabilities	0.44 - 17.60	2020 - 2051	1,578,365	1,045,262	–	–
Company						
Unsecured fixed and floating rates notes	3.80 - 4.27	2020 - 2025	1,095,050	1,018,766	1,713,500	1,711,669
Unsecured bank loans	0.04 - 2.35	2020	518,287	518,287	–	–
Unsecured loan from subsidiary	2.27 - 2.64	2026 - 2029	1,333,581	1,333,581	675,326	675,326
			2,946,918	2,870,634	2,388,826	2,386,995

Reconciliation of movements of borrowings and lease liabilities to cash flows arising from financing activities

Group	Borrowings $'000	Finance lease liabilities $'000	Total $'000
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)
Amortisation of loan facilities upfront fees	2,913	–	2,913
Changes in fair value	(2,303)	–	(2,303)
Effect of changes in foreign exchange rates	19,536	(226)	19,310
At 31 December 2018	5,828,688	12,610	5,841,298

	Borrowings $'000	Lease liabilities $'000	Total $'000
At 1 January 2019	5,828,688	12,610	5,841,298
Adjustment on initial application of SFRS (I) 16	–	1,521,092	1,521,092
Adjusted balance at 1 January 2019	5,828,688	1,533,702	7,362,390
Changes from financing cash flows			
- Proceeds from bank loans and notes	2,298,462	–	2,298,462
- Repayment of bank loans and notes	(1,944,468)	–	(1,944,468)
- Proceeds from loans from joint venture	151	–	151
- Repayment of lease liabilities	–	(58,280)	(58,280)
- Interest paid	–	(40,575)	(40,575)
Total changes from financing cash flows	354,145	(98,855)	255,290
Addition of new leases	–	24,831	24,831
Acquisition of subsidiaries	53,269	64,659	117,928
Disposal of a subsidiary	(235,014)	(473,657)	(708,671)
Interest expenses	–	40,955	40,955
Amortisation of loan facilities upfront fees	2,730	–	2,730
Changes in fair value	(572)	–	(572)
Effect of changes in foreign exchange rates	(41,941)	(46,373)	(88,314)
At 31 December 2019	5,961,305	1,045,262	7,006,567

Total cash outflow for all the leases in 2019 was $116.5 million.

19 Provisions

Group	Compensation sum $'000	Site restoration costs $'000	Total $'000
At 1 January 2018	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
Provisions made	–	346	346
Acquisition of subsidiaries	–	1,176	1,176
At 31 December 2019	–	10,736	10,736

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.

20 Other non-current obligations

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Hedging instruments	8,312	17,109	7,326	17,109
Amount due to joint venture	4,310	7,387	–	–
Loan from a subsidiary	–	–	151,233	146,313
Loan from a joint venture	151,233	146,313	–	–
Loan from non-controlling shareholder of a subsidiary	–	6,909	–	–
Service concession obligations	111,424	–	–	–
Other non-current obligations	65,974	61,457	–	–
	341,253	239,175	158,559	163,422

The loans from a subsidiary and a joint venture are denominated in US dollars, unsecured, interest-free and due in 2025. At 31 December 2018, the loan from non-controlling shareholder of a subsidiary was unsecured and interest-free. The amount was in substance a capital contribution by the non-controlling shareholder of the subsidiary and has been repaid in 2019.

21 Trade and other payables

		Group		Company	
	Note	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade payables and accrued operating expenses		917,171	962,195	86,425	73,736
Deposits and other payables	22	271,362	293,593	24,080	31,527
Amounts due to:					
Subsidiaries		–	–	686,812	580,777
Joint ventures		44,226	40,655	–	–
Related corporations		1,712	1,086	–	–
Other financial liabilities at amortised cost		1,234,471	1,297,529	797,317	686,040
Advances		58,710	79,143	148	756
Hedging instruments		1,076	16,320	–	5,134
		1,294,257	1,392,992	797,465	691,930

The amounts due to subsidiaries, joint ventures and related corporations were unsecured, interest-free and repayable on demand.

22 Deposits and other payables

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Deposits	8,295	8,722	–	–
Accrued capital expenditure	70,303	50,113	–	–
Other payables	192,764	234,758	24,080	31,527
	271,362	293,593	24,080	31,527

The Group's and the Company's other payables included interest payable of $54.9 million (2018: $54.0 million) and $22.8 million (2018: $30.4 million) respectively and other sundry creditors.

23 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 30.

24 Other income

	Group 2019 $'000	Group 2018 $'000
Dividend income from financial assets	56,530	52,378
Interest income from:		
Cash and bank balances	68,929	59,293
Joint ventures	67,528	41,272
Trade and other receivables	7,640	14,321
Gain on disposal of:		
Subsidiary	19,310	–
Joint ventures	–	2,543
Financial asset	589	–
Property, plant and equipment, net	10,976	9,722
Net change in fair value of equity investment at FVTPL	6,201	7,785
Exchange gain, net	–	7,513
Others	38,152	17,469
	275,855	212,296

25 Staff and related costs

	Group 2019 $'000	Group 2018 $'000
Wages and salaries	932,704	883,101
Contributions to defined contribution plans	104,435	98,420
	1,037,139	981,521

26 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.

27 Profit from operations

Profit from operations included the following items:

	Group 2019 $'000	Group 2018 $'000
Allowance for impairment on trade receivables	24,952	10,452
Loss on disposal of:		
Intangible assets	1,472	–
Subsidiary	–	8,760
Exchange loss, net	3,470	–
Operating lease expense	–	40,067
Expenses relating to:		
Short-term leases	12,276	–
Leases of low-value assets, excluding short-term leases of low-value assets	595	–
Variable lease payments not included in the measurement of lease liabilities	4,761	–

28 Finance costs

	Group 2019 $'000	Group 2018 $'000
Interest expense in relation to:		
Banks and other financial institutions	108,542	104,047
Fixed and floating rates notes holders	104,371	113,649
Lease liabilities	40,955	–
Service concession obligations	8,557	–
Non-controlling shareholders of subsidiaries	239	172
	262,664	217,868

29 Income tax expense

	Group 2019 $'000	Group 2018 $'000
Current tax expense		
Current year	272,360	259,876
Over provided in prior years	(8,493)	(14,993)
	263,867	244,883
Deferred tax expense		
Movements in temporary differences	(67,386)	(23,677)
Under provided in prior years	615	7,688
	(66,771)	(15,989)
Income tax expense	197,096	228,894
Tax reconciliation		
Profit before income tax	1,462,544	1,479,654
Share of profit of associates, net of tax	(197,895)	(148,062)
Share of profit of joint ventures, net of tax	(157,962)	(192,032)
Profit before income tax excluding share of profit of associates and joint ventures, net of tax	1,106,687	1,139,560
Tax calculated using Singapore tax rate of 17% (2018: 17%)	188,137	193,725
Effect of different tax rates in other countries	2,153	2,017
Tax rebates and incentives	(19,515)	(15,952)
Income not subject to tax	(30,370)	(10,498)
Expenses not deductible for tax purposes	39,811	37,200
Change in unrecognised tax benefits	12,867	13,239
Withholding tax	11,891	16,468
Over provided in prior years	(7,878)	(7,305)
Income tax expense	197,096	228,894

30 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 2019				
Revenue				
Total revenue	3,697,963	287,657	110,757	4,096,377
Inter-segment revenue	(8,491)	(7,609)	(2,826)	(18,926)
External revenue	3,689,472	280,048	107,931	4,077,451
Operating profit	1,124,167	88,738	(5,284)	1,207,621
Material item				
Depreciation and amortisation	681,914	33,879	3,435	719,228
Segment assets	10,024,811	359,980	120,189	10,504,980
Segment liabilities	1,435,504	61,100	27,795	1,524,399
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	3,757,318	288,200	40,695	4,086,213
Operating profit	1,134,879	87,695	(803)	1,221,771
Material item				
Depreciation and amortisation	624,300	37,699	1,084	663,083
Segment assets	8,275,471	352,709	114,415	8,742,595
Segment liabilities	1,395,796	75,403	28,041	1,499,240

The capital expenditure for port and marine business segments was $1,138.0 million (2018: $428.1 million) and $51.4 million (2018: $72.6 million) respectively.

Reconciliations of reportable segment operating profit, assets and liabilities

	Group	
	2019	**2018**
	$'000	**$'000**
Operating profit		
Operating profit for reportable segments	1,207,621	1,221,771
Corporate expenses	(110,655)	(76,639)
Other income	275,855	212,296
Exchange loss, net	(3,470)	–
Share of profit of associates, net of tax	197,895	148,062
Share of profit of joint ventures, net of tax	157,962	192,032
Finance costs	(262,664)	(217,868)
Profit before income tax	1,462,544	1,479,654
Segment assets		
Segment assets for reportable segments	10,504,980	8,742,595
Associates	3,130,037	3,418,825
Joint ventures	3,413,032	2,803,883
Cash and bank balances	3,188,073	4,054,386
Financial assets	1,296,117	1,187,432
Deferred tax assets	38,015	12,619
Hedging instruments	44,292	22,662
	21,614,546	20,242,402
Segment liabilities		
Segment liabilities for reportable segments	1,524,399	1,499,240
Corporate liabilities	112,459	108,712
Borrowings	5,961,305	5,841,298
Lease liabilities	1,045,262	–
Current tax payable	247,266	220,334
Deferred tax liabilities	495,184	493,943
Hedging instruments	9,388	33,429
	9,395,263	8,196,956

Geographical information

The Group operates principally in Southeast Asia, Europe, Mediterranean and The Americas and Rest of Asia. 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, right-of-use assets and other non-current assets.

	Group	
	2019	**2018**
	$'000	**$'000**
Revenue		
Southeast Asia	2,889,111	2,824,791
Europe, Mediterranean and The Americas	824,173	762,391
Rest of Asia	364,167	499,031
	4,077,451	4,086,213

	Group	
	2019	2018
	$'000	$'000
Non-current assets		
Southeast Asia	4,924,809	4,414,735
Europe, Mediterranean and The Americas	2,663,438	1,328,209
Rest of Asia	2,011,208	2,023,412
	9,599,455	7,766,356

Revenue and non-current assets included $2,887.2 million (2018: $2,824.6 million) and $4,924.8 million (2018: $4,414.7 million) respectively from Singapore.

31 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 2019, 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 are as follows:

	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
31 December 2019			
Not past due	384,101	(465)	No
Past due less than 30 days	105,575	(367)	No
Past due 30 - 120 days	64,739	(7,539)	No
Past due more than 120 days	87,543	(86,936)	Yes
	641,958	(95,307)	
31 December 2018			
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
	703,951	(70,744)	

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 2018	59,902
Allowance for impairment	10,452
Amounts written off	(276)
Acquisition of subsidiaries	835
Translation differences on consolidation	(169)
At 31 December 2018	70,744
Allowance for impairment	24,952
Amounts written off	(263)
Acquisition of subsidiaries	113
Translation differences on consolidation	(239)
At 31 December 2019	95,307

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 2019, the Company has issued guarantees on behalf of its subsidiaries and joint ventures which amounted to $29.6 million (2018: $17.7 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:

			Cash flows		
	Carrying amounts $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Between 1 and 5 years $'000**	**After 5 years $'000**
Group					
31 December 2019					
Non-derivative financial liabilities					
Interest-bearing liabilities	5,885,882	(6,381,471)	(1,959,141)	(2,803,953)	(1,618,377)
Lease liabilities	1,045,262	(1,578,365)	(94,087)	(297,948)	(1,186,330)
Loans from joint venture	65,868	(68,456)	(3,067)	(64,458)	(931)
Loans from non-controlling shareholders of subsidiaries	9,555	(10,482)	(185)	(742)	(9,555)
Trade and other payables	1,234,471	(1,234,471)	(1,234,471)	–	–
Hedging instruments					
- Assets	(44,292)				
Inflow		1,573,447	538,381	1,035,066	–
Outflow		(1,534,429)	(496,535)	(1,037,894)	–
- Liabilities	9,388				
Inflow		434,664	91,303	63,900	279,461
Outflow		(439,412)	(92,515)	(65,371)	(281,526)
	8,206,134	(9,238,975)	(3,250,317)	(3,171,400)	(2,817,258)

	Carrying amounts $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Cash flows Between 1 and 5 years $'000	Cash flows 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)
	7,149,594	(8,022,842)	(2,779,602)	(3,826,829)	(1,416,411)
Company					
31 December 2019					
Non-derivative financial liabilities					
Interest-bearing liabilities	2,870,634	(3,199,914)	(760,809)	(837,406)	(1,601,699)
Trade and other payables	797,317	(797,317)	(797,317)	–	–
Hedging instruments					
- Assets	(3,825)				
Inflow		474,496	463,873	10,623	–
Outflow		(468,472)	(465,760)	(2,712)	–
- Liabilities	7,326				
Inflow		313,131	6,734	26,936	279,461
Outflow		(315,815)	(6,869)	(27,420)	(281,526)
	3,671,452	(3,993,891)	(1,560,148)	(829,979)	(1,603,764)
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)
	3,095,278	(3,455,095)	(1,477,508)	(1,061,065)	(916,522)

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	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate				
Cash and bank balances	2,784,417	3,494,460	1,979,396	2,616,182
Borrowings	(2,956,453)	(3,454,400)	(2,352,347)	(2,386,995)
Lease liabilities	(1,045,262)	–	–	–
	(1,217,298)	40,060	(372,951)	229,187
Floating rate				
Cash and bank balances	403,656	559,926	28,917	105,423
Borrowings	(3,004,852)	(2,386,898)	(518,287)	–
	(2,601,196)	(1,826,972)	(489,370)	105,423

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 million in 2018 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 million notes. The Group is therefore exposed to market fluctuations in interest rates on the $150 million notes and the corresponding interest rate swap contracts. The swap was settled in 2019.

Cash flow hedge

A portion of the floating rate bank loans amounting to $630.0 million (2018: $630.0 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 2019 comprises assets of $37.9 million (2018: $21.9 million). The weighted average interest rate of the swaps as at 31 December 2019 ranged from 7.52% to 9.03% (2018: 7.52% to 9.03%) and the SGD:INR forward exchange rate as at 31 December 2019 ranged from 45.22 to 53.40 (2018: 45.22 to 53.40). The swaps will mature in 2021. Reclassification adjustments are recorded in finance income/cost.

Sensitivity analysis

At 31 December 2019, it is estimated that a general increase of 100bps in interest rates would decrease the Group's profit before tax by approximately $19.7 million (2018: $13.5 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 2019, it is estimated that a general increase of 100bps in interest rates would decrease the Company's profit before tax by approximately $4.9 million (2018: increase by approximately $1.0 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 rates 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 $269.4 million (2018: $272.0 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 2019 comprises liabilities of $9.1 million (2018: $17.1 million). The weighted average SGD:USD forward exchange rate as at 31 December 2019 ranged from 0.73 to 0.74 (2018: 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 rates notes amounting to $2.07 billion (2018: $1.95 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 rates notes designated as hedging instruments for the Group's investments in its associates) and Company's significant exposures to foreign currencies were as follows:

	2019		2018	
	HK Dollar $'000	**US Dollar $'000**	**HK Dollar $'000**	**US Dollar $'000**
Group				
Financial assets	516	296,734	516	415,619
Other non-current assets	–	134,847	–	135,570
Cash and bank balances	12,169	85,130	18,804	178,581
Trade and other receivables	–	85,797	–	74,567
Interest-bearing liabilities	–	(28,283)	–	(166,518)
Trade and other payables	(10,481)	(61,301)	(10,560)	(91,066)
	2,204	512,924	8,760	546,753
Company				
Financial assets	–	76,633	–	110,625
Loans to subsidiaries	–	990,659	–	1,045,147
Cash and bank balances	12,143	29,474	14,146	166,292
Interest-bearing liabilities	(345,838)	(1,878,563)	(348,365)	(1,765,649)
Trade and other payables	(10,481)	(10,107)	(10,560)	(19,841)
	(344,176)	(791,904)	(344,779)	(463,426)

Sensitivity analysis

At 31 December 2019, 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 $0.2 million (2018: $0.8 million) and decrease the Group's other comprehensive income by approximately $0.05 million (2018: $0.05 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 and other comprehensive income.

At 31 December 2019, 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 $21.6 million (2018: $13.1 million) and decrease the Group's other comprehensive income by approximately $29.7 million (2018: $41.6 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 2019, 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 $34.4 million (2018: $34.5 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 2019, 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 $86.9 million (2018: $57.4 million) and decrease the Company's other comprehensive income by approximately $7.7 million (2018: $11.1 million). 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 2019, it is estimated that a 10% increase in the underlying equity prices would increase the Group's profit before tax by approximately $1.1 million (2018: nil) and increase the Group's other comprehensive income by $128.5 million (2018: $118.7 million). A 10% decrease in the underlying equity prices would have the equal but opposite effect on the Group's profit before tax and 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.

32 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 carrying amounts of financial assets and liabilities are as follows.

	Note	Amortised cost $'000	FVTPL - equity instruments $'000	FVOCI - equity instruments $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total carrying amounts $'000
Group							
31 December 2019							
Equity investments at FVOCI	9	–	–	1,285,286	–	–	1,285,286
Equity investments at FVTPL	9	–	10,831	–	–	–	10,831
Hedging instruments	10, 12	–	–	–	44,292	–	44,292
		–	10,831	1,285,286	44,292	–	1,340,409
Other non-current assets	10	192,369	–	–	–	–	192,369
Trade and other receivables	12	863,162	–	–	–	–	863,162
Cash and bank balances	15	3,188,073	–	–	–	–	3,188,073
		4,243,604	–	–	–	–	4,243,604
Hedging instruments	20, 21	–	–	–	(9,388)	–	(9,388)

	Note	Amortised cost $'000	FVTPL - equity instruments $'000	FVOCI – equity instruments $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total carrying amounts $'000
Group							
Unsecured fixed and floating rates notes	18	–	–	–	–	(2,752,077)	(2,752,077)
Secured bank loans	18	–	–	–	–	(868,354)	(868,354)
Unsecured bank loans	18	–	–	–	–	(2,265,451)	(2,265,451)
Loans from joint venture	18	–	–	–	–	(65,868)	(65,868)
Loans from non-controlling shareholders of subsidiaries	18	–	–	–	–	(9,555)	(9,555)
Lease liabilities	18	–	–	–	–	(1,045,262)	(1,045,262)
Trade and other payables	21	–	–	–	–	(1,234,471)	(1,234,471)
		–	–	–	–	(8,241,038)	(8,241,038)
31 December 2018							
Equity investments at FVOCI	9	–	–	1,187,432	–	–	1,187,432
Hedging instruments	10, 12	–	–	–	22,662	–	22,662
		–	–	1,187,432	22,662	–	1,210,094
Other non-current assets	10	196,286	–	–	–	–	196,286
Trade and other receivables	12	921,584	–	–	–	–	921,584
Cash and bank balances	15	4,054,386	–	–	–	–	4,054,386
		5,172,256	–	–	–	–	5,172,256
Hedging instruments	20, 21	–	–	–	(33,429)	–	(33,429)
Unsecured fixed and floating rates notes	18	–	–	–	–	(3,088,581)	(3,088,581)
Secured bank loans	18	–	–	–	–	(1,120,758)	(1,120,758)
Unsecured bank loans	18	–	–	–	–	(1,541,782)	(1,541,782)
Loans from joint venture	18	–	–	–	–	(68,012)	(68,012)
Loans from non-controlling shareholders of subsidiaries	18	–	–	–	–	(9,555)	(9,555)
Finance lease liabilities	18	–	–	–	–	(12,610)	(12,610)
Trade and other payables	21	–	–	–	–	(1,297,529)	(1,297,529)
		–	–	–	–	(7,138,827)	(7,138,827)

Company	Note	Amortised cost $'000	FVOCI – equity instruments $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total carrying amounts $'000
31 December 2019						
Equity investments at FVOCI	9	–	76,633	–	–	76,633
Hedging instruments	10, 12	–	–	3,825	–	3,825
		–	76,633	3,825	–	80,458
Other non-current assets	10	17,664	–	–	–	17,664
Trade and other receivables	12	152,066	–	–	–	152,066
Cash and bank balances	15	2,008,313	–	–	–	2,008,313
		2,178,043	–	–	–	2,178,043
Hedging instruments	20, 21	–	–	(7,326)	–	(7,326)
Unsecured fixed and floating rates notes	18	–	–	–	(1,018,766)	(1,018,766)
Unsecured bank loans	18	–	–	–	(518,287)	(518,287)
Unsecured loan from subsidiary	18	–	–	–	(1,333,581)	(1,333,581)
Trade and other payables	21	–	–	–	(797,317)	(797,317)
		–	–	–	(3,667,951)	(3,667,951)
31 December 2018						
Equity investments at FVOCI	9	–	110,625	–	–	110,625
Other non-current assets	10	22,787	–	–	–	22,787
Trade and other receivables	12	133,678	–	–	–	133,678
Cash and bank balances	15	2,721,605	–	–	–	2,721,605
		2,878,070	–	–	–	2,878,070
Hedging instruments	20, 21	–	–	(22,243)	–	(22,243)
Unsecured fixed and floating rates notes	18	–	–	–	(1,711,669)	(1,711,669)
Unsecured loan from subsidiary	18	–	–	–	(675,326)	(675,326)
Trade and other payables	21	–	–	–	(686,040)	(686,040)
		–	–	–	(3,073,035)	(3,073,035)

As at 31 December 2019, the Group's fair value of unsecured fixed and floating rates notes was \$2.8 billion (2018: \$3.1 billion). The Company's fair values of unsecured fixed and floating rates notes and unsecured loan from subsidiary were \$1.0 billion (2018: \$1.7 billion) and \$1.4 billion (2018: \$0.7 billion) respectively. The fair values of other financial assets and liabilities approximate their carrying amounts.

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2019				
Equity instruments at FVOCI	1,125,050	–	160,236	1,285,286
Equity investments at FVTPL	3,519	–	7,312	10,831
Hedging instrument assets	–	44,292	–	44,292
	1,128,569	44,292	167,548	1,340,409
Hedging instrument liabilities	–	(9,388)	–	(9,388)
31 December 2018				
Equity instruments at FVOCI	1,050,837	–	136,595	1,187,432
Hedging instrument assets	–	22,662	–	22,662
	1,050,837	22,662	136,595	1,210,094
Hedging instrument liabilities	–	(33,429)	–	(33,429)
Unsecured fixed rate notes	–	(150,623)	–	(150,623)
	–	(184,052)	–	(184,052)
Company				
31 December 2019				
Equity instruments at FVOCI	76,633	–	–	76,633
Hedging instrument assets	–	3,825	–	3,825
	76,633	3,825	–	80,458
Hedging instrument liabilities	–	(7,326)	–	(7,326)
31 December 2018				
Equity instruments at FVOCI	110,625	–	–	110,625
Hedging instrument liabilities	–	(22,243)	–	(22,243)

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 2019			
Other non-current assets	–	192,369	192,369
Unsecured fixed and floating rates notes	–	(2,778,702)	(2,778,702)
Secured bank loans	–	(868,354)	(868,354)
Unsecured bank loans	–	(2,265,451)	(2,265,451)
Loans from joint venture	–	(65,868)	(65,868)
Loans from non-controlling shareholders of subsidiaries	–	(9,555)	(9,555)
Lease liabilities	–	(1,045,262)	(1,045,262)
	–	(7,033,192)	(7,033,192)
31 December 2018			
Other non-current assets	–	196,286	196,286
Unsecured fixed and floating rates notes	–	(3,091,650)	(3,091,650)
Secured bank loans	–	(1,120,758)	(1,120,758)
Unsecured bank loans	–	(1,541,782)	(1,541,782)
Loans from joint venture	–	(68,012)	(68,012)
Loans from non-controlling shareholders of subsidiaries	–	(9,555)	(9,555)
Finance lease liabilities	–	(12,610)	(12,610)
	–	(5,844,367)	(5,844,367)
Company			
31 December 2019			
Unsecured fixed and floating rates notes	–	(1,047,496)	(1,047,496)
Unsecured bank loans	–	(518,287)	(518,287)
Unsecured loan from subsidiary	–	(1,395,367)	(1,395,367)
	–	(2,961,150)	(2,961,150)
31 December 2018			
Unsecured fixed and floating rates notes	–	(1,748,292)	(1,748,292)
Unsecured loan from subsidiary	–	(678,395)	(678,395)
	–	(2,426,687)	(2,426,687)

* 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.

33 Acquisition and disposal of subsidiaries

(a) Acquisition of subsidiaries

The Group acquired equity interests in subsidiaries in Canada and America during 2019 and 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 2019 $'000	Group 2018 $'000
Property, plant and equipment	150,331	85,265
Intangible assets	553,585	44,258
Right-of-use assets	65,024	–
Financial assets	–	1,514
Deferred tax assets	–	611
Other non-current assets	4,661	113
Cash and bank balances	3,353	33,459
Other current assets	21,009	73,016
Borrowings	(53,269)	(27,649)
Lease liabilities	(64,659)	–
Current tax payable	–	(2,091)
Deferred tax liabilities	(2,751)	(248)
Provisions	(1,176)	–
Other non-current obligations	(1,322)	(428)
Other current liabilities	(7,710)	(37,030)
Identifiable net assets	667,076	170,790
Less: Non-controlling interests	–	(56,321)
Total identifiable net assets	667,076	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	667,076	102,173
Cash acquired	(3,353)	(33,459)
Net cash outflow on acquisition of subsidiaries	663,723	68,714

(b) Disposal of subsidiaries

The Group disposed equity interest in a subsidiary in Korea during 2019 and in America during 2018. The effects of the disposal on the financial position of the Group were as follows:

	Group 2019 $'000	Group 2018 $'000
Property, plant and equipment	149,922	711,381
Intangible assets	176,552	–
Right-of-use assets	470,154	–
Deferred tax assets	300	–
Other non-current assets	–	2,956
Cash and bank balances	74,594	7,756
Other current assets	26,976	30,945
Borrowings	(235,014)	(196,770)
Lease liabilities	(473,657)	–
Other non-current obligations	–	(2,930)
Current liabilities	(35,145)	(7,212)
Net assets derecognised	154,682	546,126
Non-controlling interests	(21,312)	7,215
Reclassification of reserves	(6,214)	11,578
Accounted for as investments in joint ventures	(99,986)	(179,411)
Accounted for as loans to joint ventures	–	(234,894)
Accounted for as amounts due from joint ventures	–	(12,933)
Net assets disposed	27,170	137,681
Gain/(loss) on disposal of subsidiaries	19,310	(8,760)
Total consideration deferred	–	(128,921)
Total consideration in kind	(3,739)	–
Cash and bank balances disposed	(74,594)	(7,756)
Disposal of subsidiaries, net of cash disposed	(31,853)	(7,756)

34 Commitments

As at the reporting dates, the Group had the following commitments:

	Group 2019 $'000	Group 2018 $'000
(a) Capital commitments which have been authorised and contracted but not provided for in the financial statements	1,257,834	407,468
(b) Non-cancellable operating lease commitments:		
Within 1 year		21,109
Between 1 and 5 years		32,724
After 5 years		75

In 2018, the Group leases equipment and office premises under operating leases. The leases ran over various periods with some leases continuing an option to renew the lease upon expiry. In 2019, the Group, on transition to SFRS(I) 16, recognises operating leases on balance sheet (see note 2.2).

35 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	
	2019	**2018**
	$'000	**$'000**
Directors' fees	4,230	2,715
Senior Management Council remuneration	19,787	18,300
	24,017	21,015

Other related party transactions

Other than disclosed elsewhere in the financial statements, transactions with related parties were as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Provision of services		
Related corporations	1,193	1,357
Joint ventures	62,487	65,681
Purchase of services		
Related corporations	(20,448)	(29,943)
Joint ventures	(137,203)	(133,668)

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 2019, and have not been applied in preparing these financial statements. The Group has yet to assess the full impact of these standards and will apply these standards as and when they become effective.

37 Subsequent events

On 12 February 2020, the Group completed the acquisition of 100% interest in Tramarsa Flota S.A and its subsidiaries which provide maritime services along the Peruvian coastline. The financial effect of this acquisition on the Group could not be reasonably estimated at the date of approval of these financial statements.