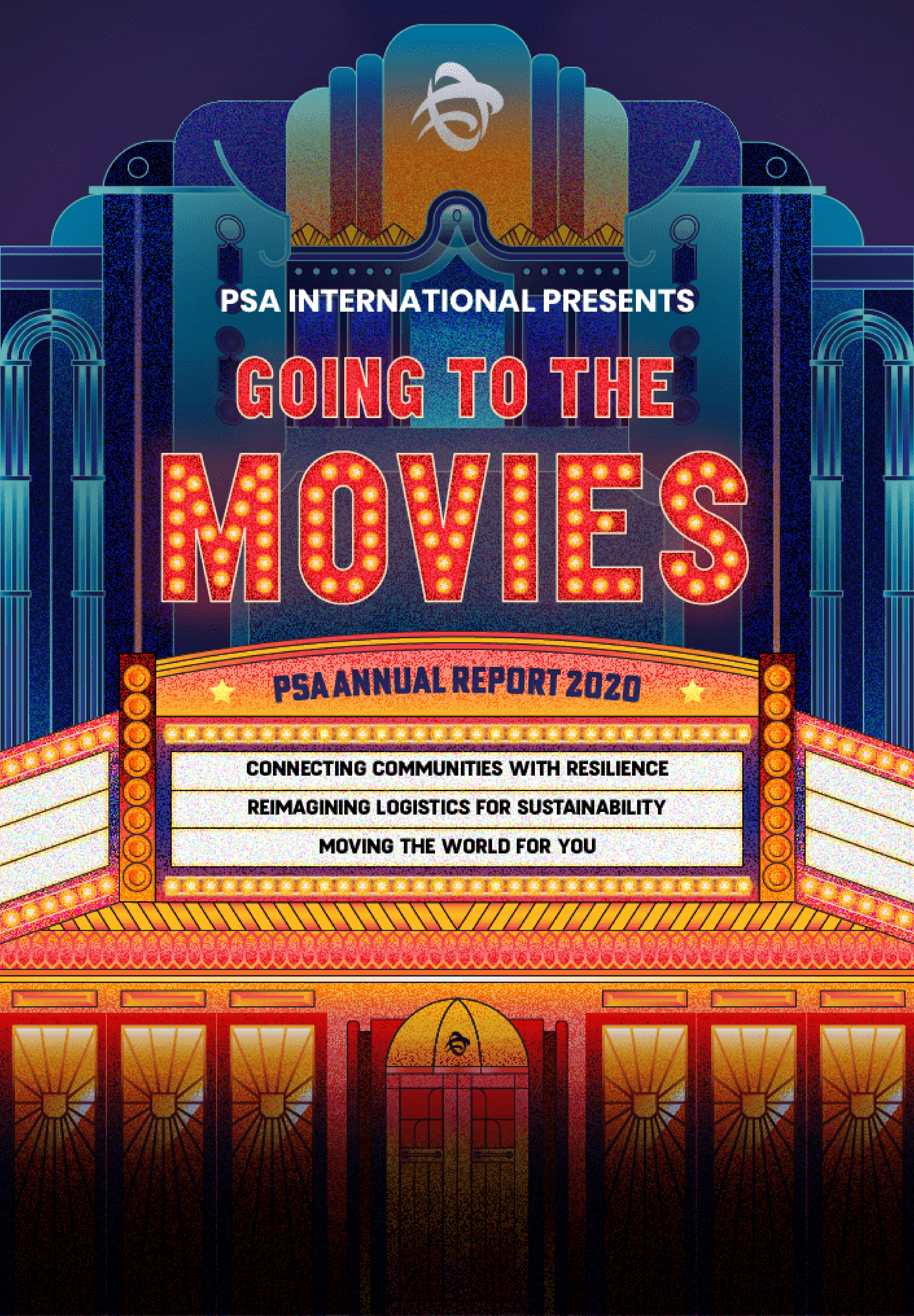
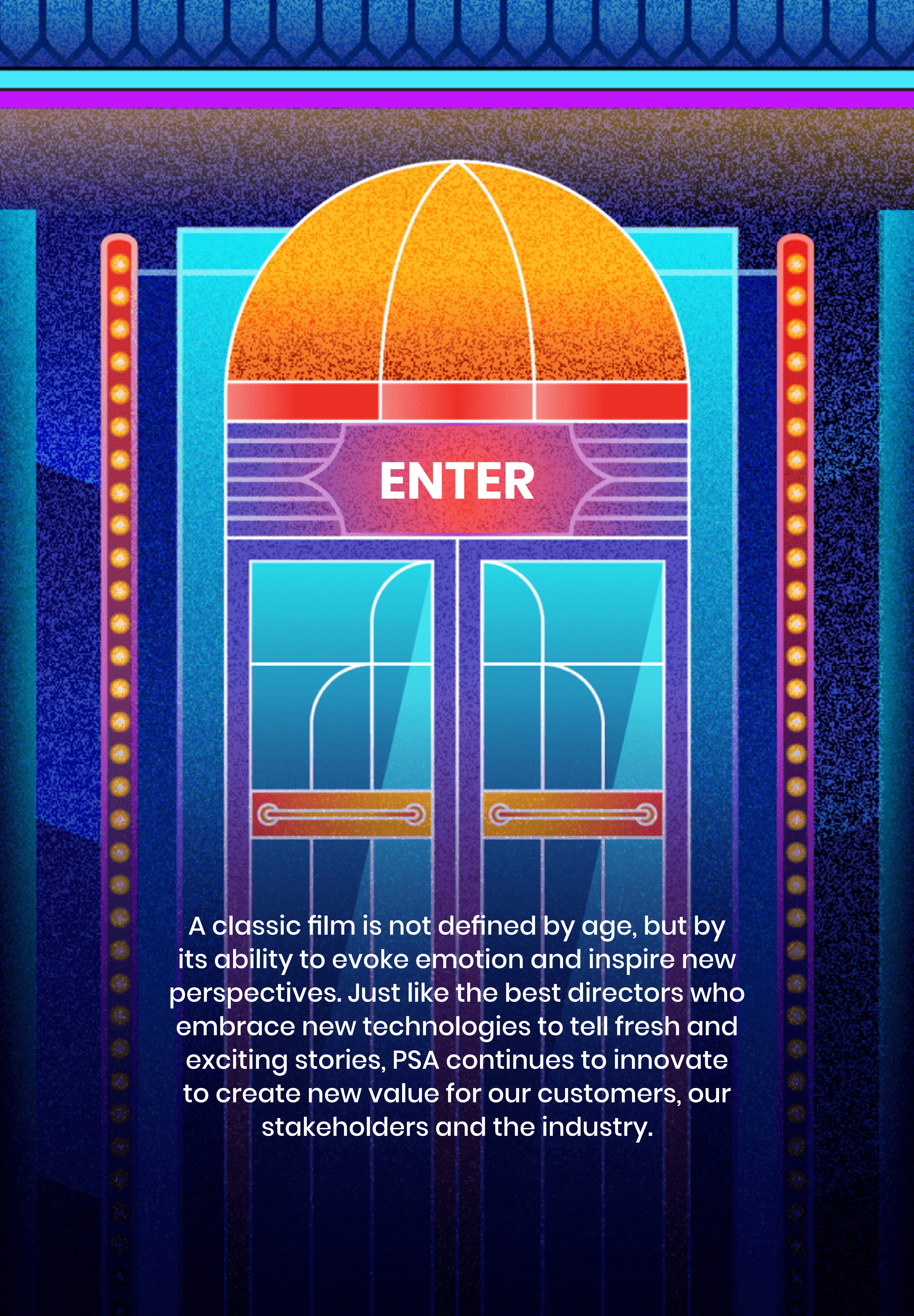

PSA INTERNATIONAL PRESENTS
GOING TO THE
MOVIES
PSA ANNUAL REPORT 2020
CONNECTING COMMUNITIES WITH RESILIENCE
REIMAGINING LOGISTICS FOR SUSTAINABILITY
MOVING THE WORLD FOR YOU



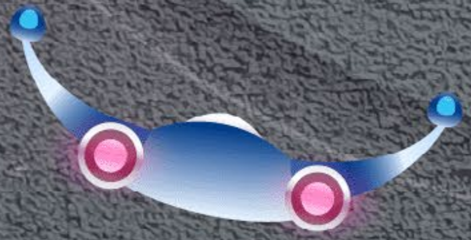
A classic film is not defined by age, but by its ability to evoke emotion and inspire new perspectives. Just like the best directors who embrace new technologies to tell fresh and exciting stories, PSA continues to innovate to create new value for our customers, our stakeholders and the industry.

NOW SHOWING

Explore our curated selection of iconic films that celebrate themes such as courage, resilience, commitment, community, sustainability and creativity – the same values and more that have contributed to PSA's success.

• Select a movie poster and enjoy •

MAY THE FISH BE WITH YOU



At PSA, the force and energy that connects and guides our people and operations across space and time is our organisational culture FISH! and FISH+ — everyone for each other, and everyone for the business. Whatever disturbances there are globally, we will rise to the challenge with confidence, and secure peace of mind for our customers and partners alongside.

Group Chairman's Message

Peter Robert Voser
Group Chairman

2020 was a challenging year on many fronts, as societies and economies grappled with geopolitical tensions, supply chain shocks and the repercussions of COVID-19, particularly in the first half of the year.

With safety at the forefront, the PSA Group proved its resilience and delivered a strong performance, thanks to the tenacity of our team and robust relationships with our customers. We registered a global throughput of 86.6 million Twenty-foot Equivalent Units (TEUs) in 2020, an increase of 1.7% over 2019. Overall group revenue and net profit were S$4.2 billion and S$1.2 billion respectively.

Our steadfast efforts to support our customers and stakeholders did not go unrecognised. PSA Singapore was named "Best Container Terminal – Asia (over 4 million TEUs)" for the 30th time at the 2020 Asian Freight, Logistics & Supply Chain Awards (AFLAS), while PSA Antwerp took home the title of "Best Container Terminal – Europe" for the third time at the same Awards.

In the Middle East, PSA's Saudi Global Ports (SGP) was recognised as the "Most Advanced Container Terminal" and was also awarded the "Best Customer Services Port" at the International Finance Awards.

In China, Dalian Container Terminal (DCT) was recognised by the Dalian Municipal Government with the title of "Excellent Foreign Investment Enterprise".

PSA's New Priok Container Terminal One (NPCT1) in Indonesia was named the "Favourite Terminal Operator on Administration and Reporting Compliance" at the Harbour Master of Tanjung Priok Awards 2020.

Over in India, PSA SICAL bagged the "Port Terminal Service Appreciation Award" at the "Best Export & Port Users Awards", hosted by the Indian Chamber of Commerce & Industry while PSA Kolkata won the "Container Handling Terminal of The Year" at the Cargo and Logistics Awards 2020.

In every circumstance, PSA remains committed to investing in and operating world-class facilities, in order to meet the needs of our customers and to enable more resilient supply chains.

In 2020, we saw the consolidation of operations at King Abdulaziz Port Dammam (KAPD), which paves the way for SGP to transform KAPD into a mega container hub that is well-positioned for the future. PSA Marine also achieved a significant milestone with the acquisition of leading Peruvian maritime services company Tramarsa Flota, now PSA Marine Peru.

In Singapore, Tuas Port's long-term viability and importance as a physically and digitally integrated supply chain ecosystem remain undiminished, and it stays on track to commence operations in the last quarter of 2021. PSA Singapore and HMM also joined forces to form a joint venture in 2020, working together to boost operational excellence and efficiency in container operations.

On the digital front, PSA Cargo Solutions partnered with One Network Enterprises to enhance our capabilities to offer end-to-end services for our supply chain stakeholders. CALISTA® P!NG+ launched at PSA Antwerp, helping beneficial cargo owners and freight forwarders have clearer oversight of their import containers at PSA terminals in Antwerp.

As a business providing an essential service to the world, I am grateful for the dedication and commitment displayed by the PSA team in carrying out their duties, while keeping the health and safety of our colleagues and communities a key priority and grappling with the global crisis of climate change.

Strong commitment, science-informed decisions, focused global coordination, collective government and industry leadership will be necessary for the world to take on this long-term peril.

As an organisation, we have taken important steps to expand our efforts in combating climate change and building a more sustainable future. The PSA Group will publish its inaugural sustainability report in the second half of 2021, laying out our long-term sustainability strategy framework as a Group, and our commitments on priority material issues. We have also adopted the Marginal Abatement Cost Curve (MACC) as a tool to help our businesses make informed decisions on options to reduce our carbon emissions, investing in training our technical experts across the world on its use and methodology.

Doing our part to accelerate the transition to a net zero global economy will require the whole-hearted backing of our people. To foster a community of sustainability advocates within the organisation, we have also launched a series of e-learning modules in 2021 to equip our people with the latest knowledge of climate issues and what PSA is doing about it.

We also continue to support the global fight against COVID-19 in its many aspects. PSA International (PSA) has signed the Neptune Declaration for Seafarer Wellbeing and Crew Change, joining forces with over 300 signatories across the supply chain to ensure that the current crew change crisis is resolved as soon as possible. PSA has also teamed up with the World Economic Forum (WEF) and 17 other like-minded partners to support UNICEF in distributing COVID-19 vaccines under the global COVAX programme, to do our part to ensure the globally inclusive and equitable distribution of these necessary vaccines.

We are steadfast in supporting the communities where we operate in, seeking opportunities to make a positive impact on people's lives. Even as physical volunteering activities were curtailed due to various COVID-19 restrictions, PSA colleagues continued to give back through innovative ways. In Singapore, the PSA Health@ Home team came up with a 'Wishing for 500 Smiles!' initiative – where staff published the wish lists of our beneficiaries online. Thanks to generous donors, all our beneficiaries' wishes were granted within a short span of two weeks. Our teams also spearheaded donation drives in Europe, and provided financial aid via emergency relief funds and food banks in South Korea and Canada.

At this point, I would also like to thank the PSA International Board of Directors and our shareholders for their invaluable insights, perspectives and support. Their collective wisdom has been critical in helping PSA navigate the challenges and disruptions of our new normal.

In every crisis, there is opportunity – for us to learn to do better as individuals, as companies, and as societies. PSA stands ready to continue supporting our customers and partners with strong operational performance and supply chain optimisation solutions amidst the COVID-19 crisis and beyond, and in overcoming the looming climate crisis which we must tackle together with urgency.

In closing, I would like to wish our customers, partners, stakeholders, all PSA staff and families a safe, successful and sustainability-minded 2021.

Group CEO's Message

Tan Chong Meng
Group CEO

Today, the spotlight shines on resilience in its myriad forms, and in counterpoint to the headlines that are dominating the news: COVID-19, social distancing, vaccines and supply chain disruptions. Together with the ongoing trends of regional diversification, digitalisation and decarbonisation, these formidable forces are reshaping the world economy and logistics industry.

Thanks to the dedication and resolve of our management, staff and unions, and in partnership with our customers, authorities and industry associates, PSA has been keeping supply chains operational across our global network, while taking care to ensure that our staff and contract workers were able to work safely wherever they were. Globally, we moved 86.6 million Twenty-foot Equivalent Units (TEUs), of which 36.6 million TEUs were handled in Singapore and 50 million TEUs by PSA terminals outside Singapore.

This was no small feat, as our people had to rise to the challenge of adapting to new work practices due to social distancing, securing sufficient Personal Protective Equipment (PPE) to protect one another, and heightened surges in supply and demand while facing manpower and other resource constraints! On top of this, PSA Singapore stepped up to the plate and supported the Singapore Government in many initiatives during the fight against COVID-19 especially early on – innovating together with other Singapore-based companies to convert facilities to care for community infections during the surge in April to August 2020.

Even as the COVID-19 battle continues to be fought on the health front, demand rebounded strongly in the second half of the year, validating our decision to push on with terminal expansions in various parts of the world. From Tuas in Singapore, to Antwerp in Belgium, Sines in Portugal and Mersin in Turkey and the Dammam consolidation in Saudi Arabia, we have embarked on future-proofing projects that will ensure that our portfolio terminals continue to be able to handle the largest mega vessels and shipping alliances, with optimised capacity and connections to facilitate the smooth functioning of global supply chains and to contribute to sustainable growth and development in their regions.

As a key global player in the transport and logistics industry, PSA is in a unique position to innovate, influence and effect change across the supply chain for greater reliability, and for a healthier and greener world. To this end, we have been purposefully building on our digital and cargo solutions capabilities to benefit cargo owners and customers, and championing cross-industry partnerships to spur collective action towards sustainability.

On the digital front, PSA International has partnered the Singapore Government and 16 other multinational firms to facilitate and accelerate digital adoption in global trade and commerce, inking a Memorandum of Intent at the World Economic Forum in Davos in January just before the pandemic. This was followed by co-leading an Alliance for Action on supply chain digitalisation in Singapore, a private-public coalition that is piloting a new common data infrastructure to boost the interconnectivity and visibility of the supply chain ecosystem, enabling large and small businesses to optimise their supply chain flows through Singapore.

As part of the Alliance for Action efforts, PSA Singapore launched 'SmartBooking' – an integrated one-stop booking platform for container depots, terminals, hauliers and logistics facilities across Singapore, the fruitful result of a collaboration with the Container Depot Association of Singapore (CDAS), and other Singapore government agencies.

Farther afield, we continued in our support of the Global Shipping Business Network (GSBN), of which PSA International is a founding member and shareholder. GSBN, incorporated in March 2021 on a not-for-profit basis, will operate a Data Exchange Platform leveraging Blockchain technology to enable users to exchange first party, real-time trusted logistics data.

The search for more resilient and sustainable supply chains brought some cargo solutions to the forefront, both globally and regionally. For example, PSA Cargo Solutions worked with the Singapore government to use the CALISTA® digital platform to build a dashboard for improving data visibility of food supplies, tracking inventory, orders, shelf-life and risk management. PSA Cargo Solutions also inked a strategic partnership with Hyundai Motor Group to co-innovate supply chain and cargo mobility solutions in Singapore.

Over in Europe, PSA Antwerp customised an integrated value-added solution for Finnish fibre group Metsä Board, using CALISTA to improve Metsä's visibility and the efficiency of the export process, enabling Metsä to reduce its carbon footprint by moving its goods via barges, a more eco-friendly mode of transport for moving large volumes compared to trucks.

In China, PSA China Supply Chain Solutions saw success with chartering their first dedicated China-Europe Railway (CR) Express freight train voyage, transporting containerised cargo from China to Europe. This dedicated train service provided a solution for our customers who experienced disruptions during the COVID-19 pandemic.

PSA Mumbai also partnered technology platform ODeX to launch a digital online payments solution for its Direct Port Delivery (DPD) customers at the Jawaharlal Nehru Port in September 2020, improving process efficiency and reducing physical touchpoints.

Even as we work with partners to enable smarter and greener logistics choices for the supply chain, PSA continues to ensure that we do our part to encourage a green mindset within the organisation, and to operate sustainably. We have put in place a Climate Response Management System at the Group to align our climate-related initiatives globally and focus our efforts on four key areas of climate action - greenhouse gases, energy, water and waste – with reducing carbon emissions as our most pressing goal.

To pioneer new ways to use alternative fuels, PSA Singapore has embarked on a joint initiative with multiple government agencies and corporations to evaluate the technical and commercial feasibility of hydrogen as a low-carbon energy source. PSA Marine also invested in and successfully deployed two dual-fuel LNG harbour tugs, the *PSA Aspen* and the *PSA Oak*.

In addition, PSA International joined the Coalition for the Energy of the Future, an international alliance of 14 global companies with a common vision of accelerating the development of future energies and technologies to sustain new green mobility models and reduce the impact of transport and logistics on climate change.

The COVID-19 pandemic has changed the way we live, work, play, learn and engage with each other. From strengthening our core business in ports and terminals, to expanding our offerings in cargo and digital supply chain solutions, we need to build up the right skills and mindsets in our people to better cope with the change and increased demands on digitalisation and sustainability for our future. Consequently, we developed and launched new inhouse e-learning programmes over the course of the year, to increase pandemic safety awareness, sharpen our staff's data intelligence and motivate them to reduce their individual carbon footprint. Learning has also been well-enabled by technology, allowing us to achieve a more than ten-fold increase in learning placements, to create around 70,000 learning episodes across the Group in 2020 alone.

My deepest appreciation goes out to our Board of Directors for their continued guidance and unwavering support throughout 2020, and to our staff, unions and management globally who have gone above and beyond during this most challenging period. As we collectively strive towards greater resilience and sustainability, I would also like to extend our thanks and gratitude to our customers, partners and stakeholders for their stalwart support.

As businesses and as individuals, I believe that our continued resilience and relevance will rest on whether we can discern and boldly seize the opportunities presented by the new norms. Collaboration is key, so let us act together with conviction and commitment - to play our part to boost supply chain resilience and to co-create new sustainable ways of moving the world's goods, for the greater good.

Coaching Leaders, Hidden Talents

Crouching Tiger, Hidden Dragon is the English translation of a Chinese Idiom that cautions against underestimating people, who might be unnoticed masters and possess hidden talents. At PSA, our leaders strive to nurture and bring forth the best from all our people, to groom the future leaders among us, for they will be the ones who will propel us to new heights.

Our Mission

To be the port operator of choice in the world's gateway hubs, renowned for best-in-class services and successful partnerships.

Our Values

DEDICATED TO CUSTOMERS
We help our customers, external and internal, succeed by anticipating and meeting their needs.

COMMITTED TO EXCELLENCE
We set new standards by continuously improving results and innovating in every aspect of our business.

FOCUSED ON PEOPLE
We win as a team by respecting, nurturing and supporting one another.

INTEGRATED GLOBALLY
We build our strength globally by embracing diversity and optimising operations locally.

Board of Directors

PETER ROBERT VOSER

Group Chairman
–
Main Committees
Chairman, EXCO;
Chairman, LDCC

TAN CHONG MENG

Main Committee
Member, EXCO
–
Supervisory Committees
Member: Southeast Asia; Northeast Asia; Middle East South Asia; Europe, Mediterranean & The Americas; Marine Services

DAVINDER SINGH

Main Committee
Member, LDCC
–
Supervisory Committee
Member: Southeast Asia

FRANK WONG

Main Committees
Member, EXCO; Member, LDCC
–
Supervisory Committee
Chairman, Northeast Asia

KAIKHUSHRU SHIAVAX NARGOLWALA

Main Committee
Member, EXCO
–
Supervisory Committee
Chairman, Middle East South Asia

TOMMY THOMSEN

Main Committee
Chairman, Audit
–
Supervisory Committee
Chairman, Europe, Mediterranean & The Americas

JEANETTE WONG

Main Committee
Member, Audit
–
Supervisory Committees
Chairwoman, Southeast Asia; Member: Northeast Asia; Marine Services

PANG KIN KEONG

Main Committee
Member, Audit
–
Supervisory Committees
Member: Europe, Mediterranean & The Americas; Marine Services

IRVING TAN

Supervisory Committee
Member: Middle East South Asia

Notes:

- Mr Steven Terrell Clontz stepped down as PSAI Board Member on 31 December 2020 after having served 6 years.
- EXCO - Executive Committee
- LDCC - Leadership Development & Compensation Committee

Senior Management Council

TAN CHONG MENG

Group CEO

CAROLINE LIM

Global Head of Human Resource

LIM PEK SUAT

Group CFO

GOH MIA HOCK

Head of Group
Process Excellence &
Group Technology

ONG KIM PONG

Regional CEO
Southeast Asia

DAVID YANG

Regional CEO
Europe, Mediterranean
& The Americas

ROGER TAN

Regional CEO
Northeast Asia

WAN CHEE FOONG

Regional CEO
Middle East South Asia & Head of
Group Business Development

TERENCE TAN

General Counsel &
Company Secretary

HO GHIM SIEW

Head of Group
Commercial, Strategy
& Cargo Solutions

CHRISTOPHER CHAN

Head of Group
Corporate Affairs
& Group Learning

Nurturing the Future

MOULDED BY OUR VALUES

In steering the organisation's business affairs, PSA International's Board of Directors adheres to a prudent and strategic approach, considering the constantly evolving landscape of the industry while keeping a close eye on sustainable growth and financial performance.

The Board meets every quarter to assess investment opportunities, and to chart the company's path ahead. The approval of budgets and audited accounts are carried out on an annual basis. Decisions are made based on a majority voting system. In the event of a tie, the Chairman would cast the deciding vote.

The Board is ably supported by the following Committees:

EXECUTIVE COMMITTEE (EXCO)

The EXCO is in charge of developing and reviewing long-term strategies for the PSA Group. It is responsible for the approval of major acquisitions and divestments, loans, capital expenditures, provision of guarantees, investment policies, customer contracts, tenders and purchase contracts.

AUDIT COMMITTEE (AC)

The AC is tasked with conducting regular reviews of the effectiveness of control procedures, in order to identify and mitigate significant risk areas. It assesses the reliability of management reporting, compliance with applicable laws and regulations, and reviews the statutory accounts.

LEADERSHIP DEVELOPMENT & COMPENSATION COMMITTEE (LDCC)

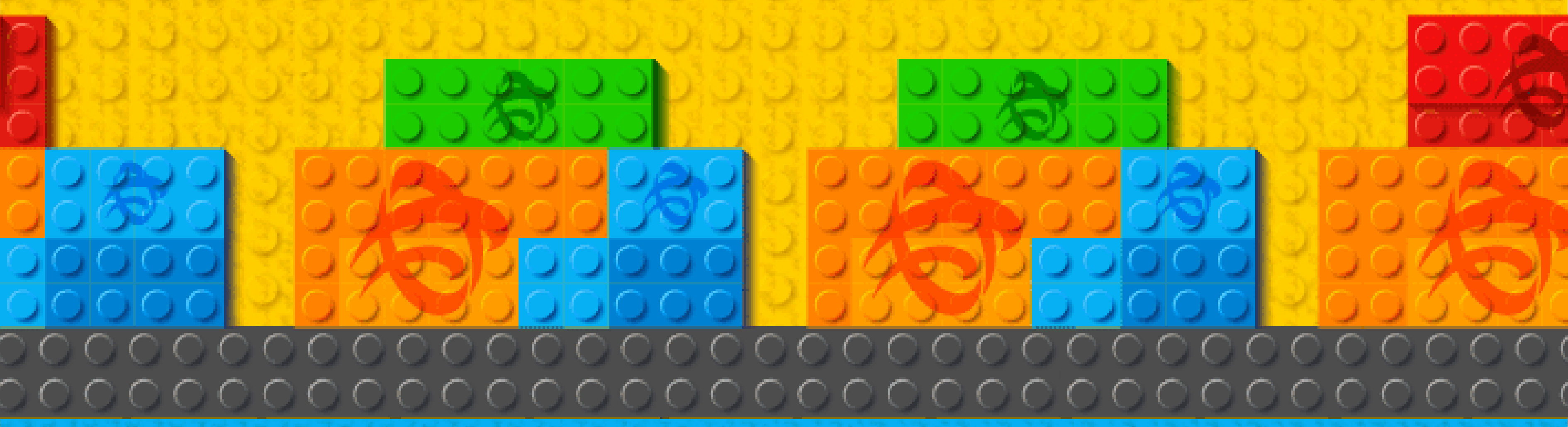
The LDCC oversees leadership development, talent management and remuneration. It puts in place appropriate programmes and consistent policies to groom leaders, develop global talent and ensure the readiness of potential successors in line to assume key leadership positions. It also conducts performance reviews and approves the remuneration of PSA senior management.

SUPERVISORY COMMITTEES (SCS)

The SCs ensure that PSA's global portfolio of terminals is appropriately managed by aligning PSA's management resources. There are five SCs within the organisation, each supervising one or more geographic regions: Southeast Asia SC; Northeast Asia SC; Middle East South Asia SC; Europe, Mediterranean & The Americas SC and Marine Services SC. Each SC plans and reviews growth strategies and approves major capital expenditures, customer contracts, tenders and purchase contracts for PSA entities under its business purview.

In every decision it makes and every step it puts forward, PSA holds itself to the highest standards. At PSA, we are committed to conducting ourselves with integrity and accountability, no matter the challenge at hand. All our commercial practices are strictly guided by the PSA Code of Business Ethics & Conduct.

THE CARGO MOVIE



With imagination and exuberance, PSA's passion and purpose have fuelled the expansion of our operations and capabilities across the globe. We are committed to re-inventing the supply chain with courage, conviction and creativity, building a better and more sustainable world with like-minded partners.

GLOBAL FOOTPRINT

SINGAPORE
Singapore

INDONESIA
Jakarta

MALAYSIA
Johor

THAILAND
Bangkok
Laem Chabang

VIETNAM
Vung Tau

BELGIUM
Antwerp
Zeebrugge

PORTUGAL
Sines

ITALY
Genoa
Venice

TURKEY
Mersin

POLAND
Gdańsk

UNITED KINGDOM
Essex

CHINA
Chengdu
Chongqing
Dalian
Fuzhou
Guangzhou
Hong Kong
Kunming
Lianyungang
Ningbo
Qingdao
Qinzhou
Taichung
Tianjin
Urumqi
Wuhan
Xi'an
Zhengzhou

SOUTH KOREA
Busan
Incheon

JAPAN
Kitakyushu

BANGLADESH
Chattogram

INDIA
Chennai
Kolkata
Tuticorin
Hyderabad
Navi Mumbai
Mundra

OMAN
Sur

SAUDI ARABIA
Dammam

ARGENTINA
Buenos Aires

PANAMA
Panama City

BRAZIL
Barueri
Itajai

PERU
Lima
Talara

CANADA
Ashcroft
Halifax

USA
Philadelphia

COLOMBIA
Buenaventura

URUGUAY
Montevideo

LEGEND
- Deep Sea / Coastal Terminals
- Rail / Inland Terminals
- Container Freight Stations / Distriparks / Warehouses
- Global Portnet
- Marine Services

GROUP FINANCIAL HIGHLIGHTS

TEUs - Twenty-foot Equivalent Units All amounts in Singapore dollars	2020	2019	2018	2017	2016
Throughput (million TEUs)					
Singapore	36.6	36.9	36.3	33.4	30.6
Overseas	50.1	48.3	44.7	40.9	37.0
Global	**86.6**	**85.2**	**81.0**	**74.2**	**67.6**
Consolidated Income Statement ($ million)					
Revenue	4,179	4,077	4,086	3,968	3,680
Operating Expenses	(2,996)	(2,979)	(2,932)	(2,743)	(2,412)
Operating Profit	1,183	1,098	1,154	1,225	1,268
Net Other Income	108	271	203	113	2
Profit from Operations	1,291	1,369	1,357	1,338	1,270
Finance Costs	(239)	(263)	(218)	(169)	(173)
Share of Profit of Associates	187	198	148	171	184
Share of Profit of Joint Ventures	174	158	192	188	163
Profit before Income Tax	1,413	1,463	1,480	1,528	1,443
Income Tax Expense	(222)	(197)	(229)	(236)	(216)
Profit for the year	1,191	1,265	1,251	1,292	1,227
Non-controlling Interests	(23)	(20)	(46)	(59)	(54)
Profit attributable to Owner of the Company	1,168	1,246	1,205	1,233	1,173
Consolidated Financial Position ($ million)					
Total Assets	23,372	21,615	20,242	20,041	19,151
Total Liabilities	10,246	9,395	8,197	8,426	7,866
Total Equity	13,126	12,219	12,045	11,615	11,285
Financial Ratios					
Operating Margin[1]	28.3%	26.9%	28.2%	30.9%	34.5%
Return on Average Total Assets[2]	6.4%	7.3%	7.3%	7.5%	7.7%
Return on Average Total Equity[3]	9.4%	10.4%	10.6%	11.3%	11.2%
Total Debt/Equity (times)[4]	0.49	0.49	0.48	0.52	0.52
Earnings per Share ($)	1.92	2.05	1.98	2.03	1.93

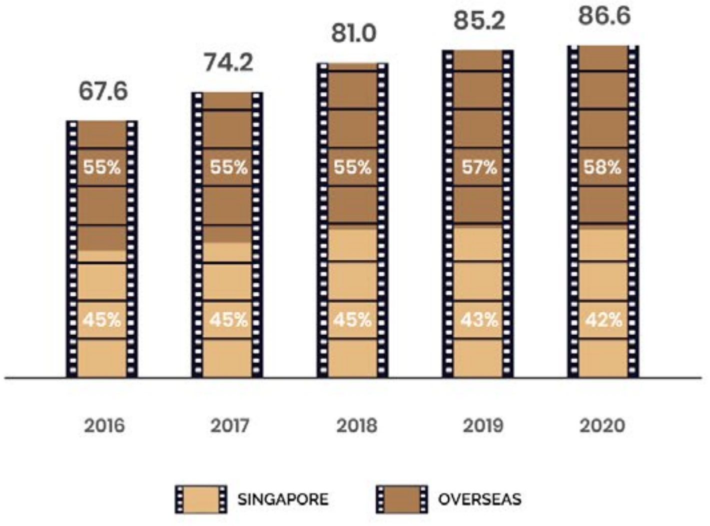
[1] Operating profit expressed as a percentage of revenue

[2] Profit for the year, add back finance costs, expressed as a percentage of average total assets

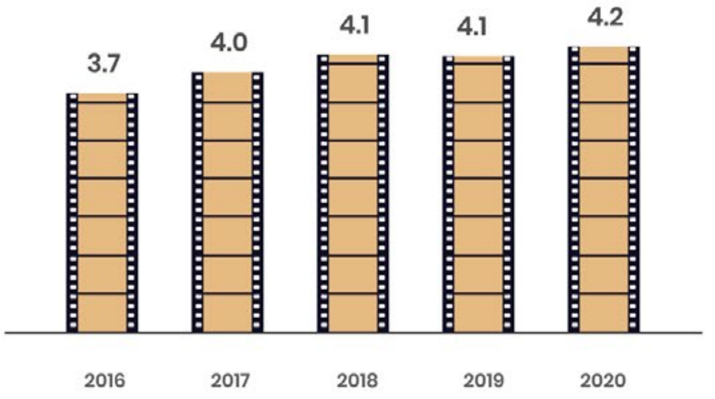
[3] Profit for the year, expressed as a percentage of average total equity

[4] Total debt divided by total equity. Debt is defined as borrowings in the financial statements

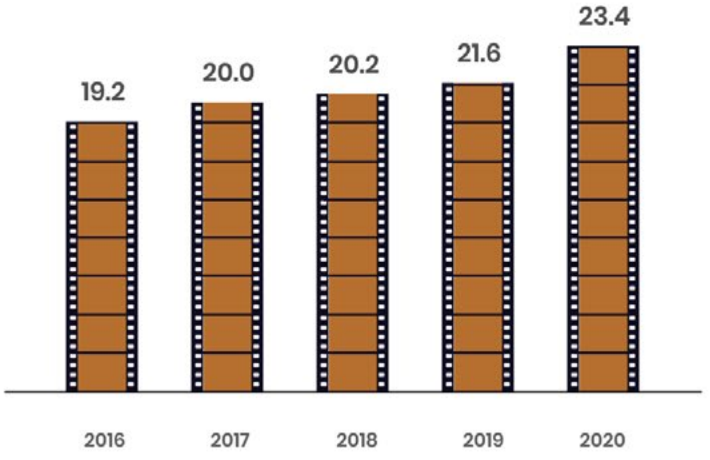
THROUGHPUT (MILLION TEUS)



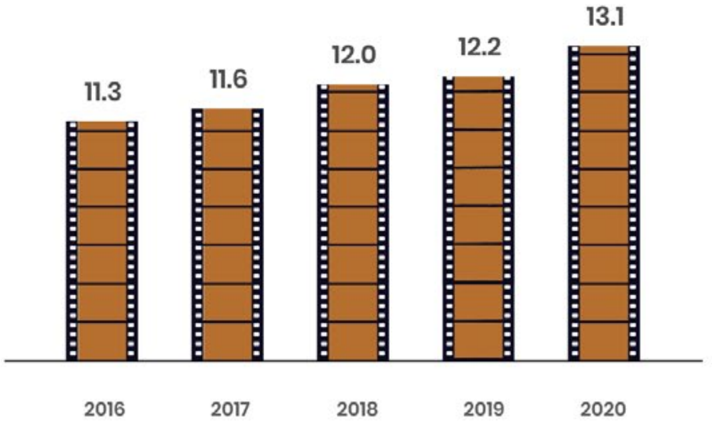
REVENUE (S$ BILLION)



TOTAL ASSETS (S$ BILLION)



TOTAL EQUITY (S$ BILLION)



STILL ROCKIN'

Our operations ring the globe, but our eyes are on the prize – making sure cargo gets to the people who need them, when they need them. PSA continually pushes boundaries by upgrading its technology, developing next-generation digital platforms, and investing in new capabilities and people, to ensure we are ever-ready in an arena of rapid change.

Year in Review

SOUTHEAST ASIA

In Southeast Asia, our business units have remained resilient and continued to stay ahead of the curve through successful partnerships and infrastructure developments. PSA Singapore continues to strengthen its capabilities through strategic alliances, bespoke cargo solutions and by optimising terminal operations through value added services.

PSA and HMM formed a joint venture in Singapore, working alongside each other to boost operational excellence and efficiency in container operations at our terminals. This strategic partnership will offer long-term hubbing certainty to HMM's fast expanding global vessel fleet in PSA Singapore.

Magenta Singapore Terminal (MST), a joint venture between PSA Singapore and Ocean Network Express (ONE), also added berth extensions and new quay cranes to its operations.

To develop smart port operations for the future, PSA Singapore is working closely with the Economic Development Board and JTC Corporation to cultivate and locate future verticals within the Tuas district – including cold chain, energy & chemicals, e-commerce and advanced manufacturing - as well as develop solutions for advancing physical as well as digital connectivity between the port and these clusters.

PSA has also been appointed as the Industry Champion in creating an Intelligent Logistics Ecosystem connecting the key nodes comprising Port, Depots, and Warehouses interfacing with Hauliers in Singapore. PSA has enabled seamless stakeholder-connecting solutions such as iBOX and 'SmartBooking', which streamline processes and data exchange to effect better visibility for stakeholders across the supply chain.

With the drive towards innovative new solutions for the port area, PSA has looked to enhance network connectivity capabilities with the adoption of 5G technology. Phase 1 trials were completed at PSA Living Lab with encouraging results and growing use-case scenarios.

PSA has also enhanced preparedness in the area of cybersecurity, stepping up efforts to mitigate against the very real risk of disruption to critical business services by adopting a holistic approach, converging aspects of Information Technology, Operational Technology and Physical Security.

In 2020, PSA Singapore bagged the "Best Container Terminal - Asia (over 4 million TEUs)" award at the 2020 Asia Freight, Logistics & Supply Chain Awards, organised by maritime trade publication Asia Cargo News.

Beyond our role as a terminal operator, PSA has also stepped up to provide creative solutions to better orchestrate supply chains – such as the logistics arrangement for the safe handling and storage of perishables. PSA has played an advisory role in the diversification of imports of frozen proteins and vegetables from traditional sources such as Brazil and Malaysia to Thailand, Vietnam and China.

PSA Singapore has also been providing barging services from the petrochemical cluster on Jurong Island, reducing carbon emissions by shifting thousands of truck movements per month to a more eco-friendly mode of transport.

Notwithstanding the COVID-19 pandemic, the development of PSA's Tuas port continued as its long-term viability remains secure. The set up of key infrastructure, including container berths and yard, the terminal gate, administrative buildings, as well as maintenance bases, together with testing and commissioning of batches of equipment, are all progressing apace. Envisioned as the world's largest fully automated container terminal when completed, the target operational start date of its first two berths remains unchanged at the end of 2021.

Elsewhere in Southeast Asia, our port projects remained resilient despite the challenges and disruptions throughout the year.

PSA's Thai Connectivity Terminal expanded its warehousing and Container Freight Station (CFS) services, while Eastern Sea Laem Chabang Terminal Company successfully trialled and implemented a trucking platform for trucking operations between Lat Krabang ICD and Laem Chabang, incubated by PSA unboXed's portfolio company Haulio.

In Indonesia, New Priok Container Terminal One (NPCT1) developed an in-house software named "ECON" to enable the digitalisation of an online gate pass using electronic documentation, approvals and payment. The ECON platform provided a solution for our logistics partners in Thailand who have experienced disruptions due to the COVID-19 pandemic, by helping companies to process the NPCT1 gatepass from their premises; thereby enabling business to be conducted as usual while minimising physical contact. The terminal also embarked on a digital collaboration with three leading truck marketplace operators in the region – Logol, Logee and Ritase.

NPCT1 was also awarded the Occupational Health and Safety Award 2020 from the Jakarta Provincial Government, a testament to the safe terminal operations procedures put in place by the team.

In Vietnam, SP-PSA International Port continued to build its agri-feed business with the aim of being a premier bulk-handling terminal.

NORTHEAST ASIA

PSA China continued to make strides towards better supply chain orchestration by leveraging our terminal and railway networks. In 2020, PSA China Supply Chain Solutions (PSA CSCS), a wholly-owned entity of PSA International, pioneered solutions for its customers who experienced logistical challenges due to the global pandemic, through the charter of its first dedicated China-Europe Railway (CR) Express freight train voyage, transporting containerised cargo from China to Europe.

In 2020, China United International Railway Containers Co. (CUIRC) throughput hit a record of 4.7 million TEUs, up 23% from 2019. The surge in volumes came from CUIRC Qinzhou and Cross Border CR Express, which became another driver of railway container growth during the year.

In November, PSA Northeast Asia set up Ease Net (Foshan) Supply Chain Services, a Joint Venture with Guangzhou Transport Logistics to expand exclusively into the eCommerce sector, providing end-to-end cross border supply chain and customs clearance data services.

In addition, Germany-based Duisport has joined PSA Northeast Asia as a strategic partner in our China investments. Duisport brings with them their trusted brand-name among European shippers as well as a wealth of experience operating the largest inland port in the world. They will seek to support cargo consolidation in Chongqing as well as improve utilisation.

Championing PSA's vision of creating an Internet of Logistics and sustainable digitalisation, PSA China's Regional IT strengthened its expertise through attracting new data & IT talents into the PSA family; and committed to drive transformation in supply chain logistics through the digitalisation of its community of logistics players, cargo owners and stakeholders.

PSA China and Fuzhou Port Group also joined hands to form a joint venture company, Fujian PSA Portnet (FPPN). Tapping the core strengths of both shareholders, FPPN will provide an integrated supply chain platform with Digital Road Forwarding and customised digital solutions that will connect communities through key platforms like CALISTA® and Global PORTNET®. With this digital partnership, PSA Fuzhou now has a comprehensive port eco-system of terminal, supply chain and digital space.

The New International Land-Sea Trade Corridor (ILSTC) has proven itself to be a powerful testament to the benefits of connection and integration, with increasing adoption across provinces in China. This has resulted in the Beibu Gulf-PSA International Container Terminal (BPCT) achieving record throughput growth of 2.3m TEUs in 2020, registering 70% growth year-on-year.

Guangzhou Container Terminal has also continued to upgrade its terminal capacity with projected strong growth through Port+ services with PSA-Guangzhou Port Logistics (GPL) warehouse distribution centre. The terminal is also cooperating with China Oil and Foodstuffs Corporation (COFCO) to develop multimodal transportation from Xinjiang to Guangdong.

LYG-PSA Container Terminal continued their foray into developing intermodal corridors and cargo solution initiatives for our customers. In a first for the Jiangsu province, the terminal organised the shipment of 50 open-top containers of coal via rail-sea intermodal. This not only significantly reduced costs for the beneficial cargo owners (BCOs) but is also a greener method of transportation.

Over in South Korea, Pusan Newport International Terminal (PNIT) continued its push towards automation with the conversion of 40 more Rail Mounted Gantry (RMG) cranes to automated e-RMG cranes. PNIT's 2020 throughput hit an all-time high of almost 2.9 million TEUs, up 19% from 2019. This was mainly due to several new services by Maersk and MSC.

Terminal developments continued over at HMM-PSA Newport Terminal (HPNT), with the height of four quay cranes boosted. In a push towards more sustainable operations, the diesel engines on 41 prime movers have also been converted to LNG engines.

MIDDLE EAST SOUTH ASIA

Our business units in the Middle East South Asia region clocked in several achievements in 2020, ranging from terminal expansions to launching digital platforms and solutions for our customers.

In India, PSA Mumbai celebrated a year of operational milestones. The terminal achieved a new rail record, handing 147,100 TEUs on 1,030 trains in 2020, connecting the terminal to 53 inland container depots in India. The rail volume accounted for 18% of the total volume handled by PSA Mumbai and the rail volume proportion is expected to grow further with more cargo switching over to more efficient modes of transportation. It ended off the year with the introduction of a new Far East Service jointly operated with several shipping lines. This new service will not only connect the terminal to major Asia ports, but also signals continued confidence in our services from our customers.

Additionally, PSA Mumbai rolled out a digital online payments solution for its Direct Port Delivery (DPD) customers with India technology platform ODeX. This solution allows DPD customers to process documents and pay terminal handling charges more quickly, with a single click online.

PSA Chennai launched its direct rail services together with the CONCOR Inland Container Depot in Hyderabad, facilitating cargo movements after nationwide lockdowns curtailed road connectivity. In total, two export rakes of 86 TEUs were transported from Hyderabad through this rail service.

In recognition of its achievements, PSA SICAL bagged the "Port Terminal Service Appreciation Award" at the Best Export & Port Users Awards hosted by the Indian Chamber of Commerce & Industry.

PSA Kolkata undertook new infrastructure developments and upgraded its berths to prepare for the handling of higher volumes in the future. It also initiated breakbulk cargo operations to expand its suite of services to the port. The terminal was named "Container Handling Terminal of the Year" at the Cargo and Logistics Awards 2020.

For Saudi Global Ports (SGP), 2020 marked a significant year as it consolidated both the First and Second Container Terminals in King Abdulaziz Port (KAP) in Dammam, paving the way for the planned transformation of KAP into the main gateway port for Saudi Arabia and a major regional hub. The terminal also set a new vessel volume handling record of 17,651 TEUs, which is also a record for the highest volume of containers ever handled on a single vessel for ports located along the eastern provinces of the Kingdom of Saudi Arabia.

SGP also clinched two awards at the 7th Annual International Finance Awards – "Most Advanced Container Terminal" and "Best Customer Services Port" in the Kingdom of Saudi Arabia.

EUROPE AND THE MEDITERRANEAN

Across Europe and the Mediterranean, several of our terminals saw new and transformative developments in terminal infrastructure, at the same time boosting digitalisation with Cargo Solutions initiatives and digital platforms.

PSA Antwerp launched CALISTA P!NG+, a service which allows shippers and freight forwarders to receive detailed data on the status of their import containers. Users of CALISTA P!NG+ not only receive information on the expected moment of discharge of their import containers, they will also be kept up-to-date in real-time on the actual unloading and release statuses from shipping lines, customs and inspection authorities.

During the year, MPET and PSA Antwerp also implemented Crane Optical Character Recognition (OCR), which allows for more efficient and automatic identification of containers, thereby boosting productivity.

In June, PSA Antwerp received the largest container vessel in the world, the HMM Algeciras, at its Noordzee Terminal. MSC PSA European Terminal (MPET) set a new record for the number of containers being handled during a single visit to the Port of Antwerp, moving a total of 15,237 TEUs during a single call.

In April 2020, PSA Zeebrugge welcomed DFDS' Hollandia Seaways, one of Europe's largest ro-ro vessels. To accommodate the growing customer base of BCOs such as Metsä Board, PSA Zeebrugge invested in new facilities, including the construction of two canopies and developed an integrated customs and e-VGM solution on CALISTA.

PSA Genova Pra' (PSA GP) set new rail milestone records. The terminal's dedicated block train service connecting PSA GP and Switzerland (Basel) recorded 5,330 TEUS in 2020, almost doubling the previous year's result. PSA GP also supported one of its customer shipping lines with the launch of a new rail connection between PSA GP and Piacenza, Italy.

In Portugal, PSA Sines continued its push towards automation with the successful conversion of six manual Rubber Tyred Gantry (RTG) cranes to fully automated e-RTG cranes. The terminal enjoyed a 12% year-on-year increase in throughput, handling over 1.6m TEUs in 2020. PSA Sines awarded the contract for the expansion of an additional 204 metres of quay deck, which is expected to provide the terminal with a 1,150 metre-long quay by the end of 2021.

DCT Gdańsk (DCT) in Poland registered commendable results in 2020, becoming the first terminal in the Baltic Sea to cross two million TEUs in the first year under PSA management and amidst the ongoing COVID-19 pandemic. DCT also expanded its yard by six hectares, added five electrical RTGs and increased its refrigerated container capacity. Further terminal expansion is expected to be completed in 2021.

Mersin International Port became the first port in Turkey to exceed the 2 million-TEU mark in a single year. In November 2020, the terminal hit an operational high, handling 193,000 TEUs in a single month – a record across the country as well.

In addition, PSA Cargo Solutions Turkey began operations in October, providing integrated logistics services to the doorstep of customers within its hinterland, through combined Container Freight Station, railway and trucking solutions, extending the reach of PSA towards BCOs.

THE AMERICAS

PSA Penn Terminals registered record throughput volumes despite the impact of COVID-19. For 2020, the terminal's throughput rose 5.8% year-on-year to some 312,000 TEUs.

Over in Canada, PSA Halifax registered a landmark year, with the handling of the 15,000 TEU CMA CGM Brazil, the largest container vessel to call at a Canadian port. The South End Container Terminal extension at the Port of Halifax was also completed. At 800 metres with a depth alongside of 16 metres, PSA Halifax now has the longest and deepest container berth on the Eastern Canadian seaboard, capable of berthing two Ultra-Class Container Vessels at the same time.

PSA Halifax also recorded several rail records, discharging and reloading 49,573 feet of railcars (equivalent to 37 tracks) at an average of 8.5 hours per track.

Ashcroft Terminal completed a significant milestone in its infrastructure expansion with funding partner Transport Canada, including the completion of a 40,000-square feet multi-commodity transload and storage warehouse, and substantial earthworks in preparation of a CN Rail mainline connection in spring 2021.

ITL in Argentina launched ITL TRACK, an online software allowing clients of the ITL group to track their cargo in real time, paving the way to facilitating e-commerce deliveries. Exolgan Container Terminal (ECT) also continued its implementation of the Quay Crane OCR systems and new Automated Wharf Supervision. ITL also opened DFI – a new integrated bonded warehouse – located only two kilometres from ECT. DFI offers warehousing services as well as consolidation of goods for export to be loaded at the port. The warehouse has been designed with a modern system to manage and control all processes, giving customers access to real time management and verification of their operations and stock.

In Colombia, Sociedad Puerto Industrial Aguadulce (SPIA) welcomed APL Esplanade, the largest vessel ever to call at a Colombian Port with a capacity of over 13,800 TEUs. Infrastructure development is also underway, with refurbishments made to the sugar warehouse to operate sugar cargo more efficiently. The terminal is also pushing out value-added services for customers through online solutions, allowing customers to directly release their cargo and have complete visibility over its movements.

Although the country was in a State of Emergency for the greater part of 2020 due to Covid-19, PSA Panama continued to move trade from the heart of the Americas. By October, the one million-TEU milestone was met. 2020 concluded with a 28% growth from the year before. Additionally, an upgrade to its terminal operating system was completed with further enhancements in data analytics and operational performance.

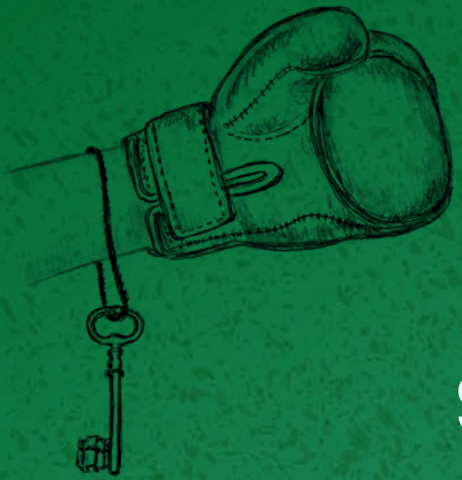
PSA MARINE

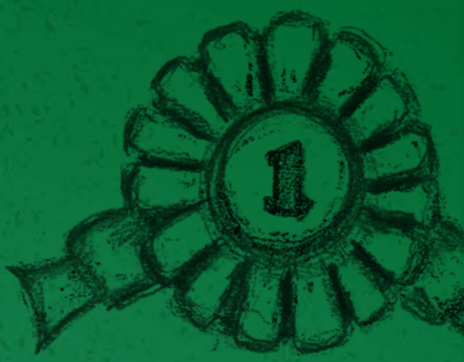
In 2020, PSA Marine completed the acquisition of Tramarsa Flota, which was rebranded as PSA Marine Peru. This anchors PSA Marine's second flagship in Latin America and accelerates its efforts to transform into a global business. Strategically located at 10 major ports along the Peruvian coastline, PSA Marine Peru offers an integrated suite of services including towage, pilotage, launch boat and offshore services.

Aspiring to become the leading offshore wind support vessel provider for Taiwan's offshore wind farms, PSA Marine – through its joint venture Ventus Marine – commissioned the world's first service accommodation transfer vessel, Ventus Formosa, and two crew transfer vessels (CTVs), Ventus Beigang and Ventus Lugang in 2020. PSA Marine aims to further expand its fleet by taking delivery of a third CTV in the first quarter of 2021.

PSA Marine also pushed the boundaries on autonomous vessel operations, completing initial sea trials on the IntelliTug project. The IntelliTug project sets out to discover smarter, safer and more efficient ways of operating a harbour tug, and bagged an award in the "Digital – Marine and Offshore Engineering" category at the Singapore Business Review (SBR) Technology Excellence Awards 2020.

In June 2020, PSA Marine, alongside Bureau Veritas Marine Singapore, successfully conducted a remote marine survey on the harbour tug *PSA Aspen*, marking the first time that a harbour tug registered under the Singapore Registry of Ships has undergone a fully accredited annual survey, without a surveyor physically present on board the vessel. These efforts demonstrate the company's strong commitment in building a smarter, safer and more efficient fleet of the future.





Breaking Barriers, Shaping New Horizons

At PSA, we believe in fostering a culture of innovation and creativity to pioneer new frontiers for our customers and stakeholders. We recognise that our people are central to the drive for innovation, and by supporting new ideas, nurturing sparks of ingenuity and creating an environment conducive to the innovation process, PSA can continue to punch above our weight in the industry.

FANNING FLAMES OF INNOVATION

The spirit of innovation is fuelled by a culture of collaboration. This is made possible with iCAN, an accessible online platform for PSA staff to share ideas. In 2020, PSA International was recognised as a leading innovator at the IdeaScale 2020 Innovation Management Awards in the category of Best Innovation Process. Over 12,800 staff from PSA's global business units (BUs) are now on iCAN.

CELEBRATING OUR TRAILBLAZERS

The Kua Hong Pak Innovation Awards (KHPIA) are presented every year to recognise and reward the ingenuity of PSA innovators. In 2020, the KHPIA reached new heights with a record 484 entries across 40 business and functional units, a tremendous 50 per cent increase from 2019. Now in its eighth year, the KHPIA showcases the depth of our people's innovative creativity and passion, underpinned by specialist knowledge and expertise.

NURTURING AN INTELLIGENT WORKFORCE

To free up the capabilities of our skilled workforce and reduce tedious manual workflow processes, PSA has rolled out Robotic Process Automation (RPA) to our terminals in Singapore, Tianjin, Sines, and Busan, among others. In recent years, the emergence of competitively priced and powerful commercial software has lowered barriers to the adoption of RPA. An RPA Steering Committee has also been set up to provide stewardship and to chart the direction for use of RPA throughout the Group.

START-UP THINKING

PSA unboXed continues to support various PSA businesses units by harnessing technology and innovation in the startup sphere. In 2020, it launched the Developmental Sourcing of Emerging Technologies Scheme (DSETS), which provides a pre-approved engagement model for BUs to directly appoint startups for suitable Proofs of Concept or Pilots on market-friendly business terms. This helps BUs explore a greater range of technology options and potential collaborators.

PSA unboXed also operates a Targeted Search function, which links up appropriate external and innovation experts to business units which may have specific business needs and problems, and regularly introduces startup technologies to staff through a bi-monthly video series.

BUILDING DIGITALISED COMMUNITIES

PSA has kept its finger on the pulse of evolving technologies, adopting automation, innovation and data analytics in its terminal operations. One such example is GLOBAL PORTNET®, a collaborative e-business paperless platform serving the port and maritime ecosystem. Simplifying complex and integrative networks of information, it orchestrates efficient workflows between the port and its adjacent community, shipping lines, government agencies and maritime service providers, thus reducing turnaround time, delivering higher value and enhancing inter-operability among port users.

First developed in Singapore, the platform has now been implemented in the Beibuwan region in Guangxi, China. The rollout has benefitted the four container terminals there and achieved a 60 per cent savings in documentation and digitalised workflows. This platform has also been integrated with local regulatory and maritime functions to serve as the Maritime Single Window of Guangxi, China.

PSA's Global Terminal Operating System (GTOS) is another in-house, proprietary full-suite solution with applications spanning the entire range of PSA's container terminal operations. It comes equipped with adaptive and pre-emptive features that allow terminals to operate efficiently and optimally.

GTOS is upgraded yearly to introduce more product features and strengthen resilience against cybersecurity threats and is being introduced to more PSA terminals outside Singapore. GTOS has also been enhanced to enable terminal automation with optimisation and scheduling intelligence, allowing some of our terminals to transform from manned to automated operations. Beyond terminal operations, GTOS has also expanded to cover rail.

ADVANCING THE INTERNET OF LOGISTICS

As a key global supply chain player, PSA recognises the significant facilitation role that we can play in creating new value for supply chain stakeholders. PSA established PSA Cargo Solutions in 2018 to offer complementary port solutions to supply chain stakeholders. The Group also launched an open supply chain platform CALISTA® to help shippers, cargo owners and our customers better manage the physical movement of goods, trade financing and compliance.

In 2020, together with our development partner Global e-Trade Services (GeTS), we further enhanced product offerings and increased adoption of the CALISTA platform. In the area of logistics, we have grown the adoption of our freight marketplace, CALISTA Freight Exchange. Trade financing was also launched on the CALISTA platform, and since then, has enabled financing for more than 600 invoices, mainly supporting small and medium enterprises (SMEs).

In 2020, PSA also teamed up with One Network Enterprises (ONE) to introduce new capabilities for track-and-trace visibility on cargo bookings. Besides improving end-to-end user experience, this partnership will also amplify the functionalities of CALISTA, to the benefit of supply chain stakeholders and their changing needs.

JOY STORY

Just like how the values of friendship and camaraderie are displayed in the popular computer-animated franchise Toy Story, at PSA, we believe in a culture of collaboration and mutual support, with people at the heart of our business. PSA continually develops our staff, providing them opportunities to grow and learn. We also deeply believe in contributing back to the communities we operate in, spreading the joy to those beyond the organisation.

Our People, Our Story

FISH and FISH+

— CREATING CAMARADERIE, CULTURE AND COHESION

At PSA, we see our organisational culture as a strategic competitive advantage - crucial to creating camaraderie, enriching culture and cementing cohesion across PSA's business units and affiliates globally. As such, we believe that forging a strong common identity and a sense of shared purpose across the organisation, is vital to our success. As the Group navigated unprecedented challenges as a result of the COVID-19 pandemic in 2020, the indomitable spirit of our people, alongside the close partnerships with our labour unions and stalwart leadership served as the anchor for the organisation as we rose above the challenges. We clocked major achievements in the areas of PSA's Organisational Development (OD), global learning and our COVID-19 response.

— TIES THAT BIND

The FISH! and FISH+ principles provide the common language that binds PSA's global workforce. In essence, FISH! is "everyone for each other" and "everyone for the business". On an individual level, the FISH! philosophy embodies the principles of Make Their Day, Play, Choose Your Attitude and Be There, in relation to fellow colleagues. FISH+ values reinforce FISH! by addressing the environment created within the organisation, through the additional principles of Stretch, Support, Self-Discipline and Trust. These behaviours enable employees to feel supported in their efforts toward achieving organisational goals and best outcomes.

The year 2020 saw the launch of a new signature programme, FishBall. This virtual training programme aims to raise awareness of mental wellness and the need to build strong personal and team resilience, amid changes to work practices like telecommuting and a sense of isolation from social distancing. To that end, B.A.L.L., which stands for "Breathe", "Attitude for Gratitude", "Laugh" and "Learner Mindset", introduces participants to good habits that helped improve their coping mechanisms.

In total, more than 700 employees have gone through the FishBall programme in 2020, including some 200 OD practitioners and Business Unit leaders from Southeast Asia, Northeast Asia, Middle East South Asia, Europe, Mediterranean and the Americas regions. Besides commending the activities for being novel, simple and engaging, participants also remarked that the activities enhanced their sense of gratitude and positivity.

*FISH! - For further information on the World Famous Pike Place Fish and the FISH! Philosophy, go to www.fishphilosophy.com

OD2022

— TEAMWORK, IN THE BAG

To introduce a brand new and exciting way for managers to host team-building sessions, Group HR launched the Fish Brownbags as part of OD2022. The Fish Brownbags are a series of Do-It-Yourself learning and teambuilding kits with the resources to facilitate an interactive learning session over an extended virtual meet-up. Each kit is centered around different learning topics, with the first Brownbag of the series being "Swordfish Cybersecurity".

Global Learning

— LEARNING VIRTUALLY, GLOBALLY

While the COVID-19 pandemic put a halt to many face-to-face, group training sessions, PSA University (PSAU) continued to ensure that upskilling opportunities were provided through virtual means. The design, development and delivery of training programmes by PSAU remains a key pillar of our franchise value to stakeholders of the Group.

Adapting to the new normal, PSAU pivoted to convert in-person training programmes to virtual training or e-learning as PSA continues to strengthen its core and build new capabilities, in support of business growth and in preparation of the workforce post-COVID-19.

More than 70,000 training episodes were created and rolled out online to PSA's global employees in 2020, a 10-fold increase compared to 2019. They included Pufferfish (which imparts the basic knowledge to safeguard against COVID-19), Razorfish (data appreciation), GCP+ (skills to use the new cloud-based global enterprise system enabling online work, communication and collaboration) and Swordfish Cybersecurity (essential cybersecurity practices). Other programmes including The Code (PSA's Code of Business Ethics and Conduct) and Fish Booster (the science of happiness at work) were also developed and launched as e-learning. Our thanks and appreciation go to the PSAU teams and their collaborators, for this achievement would not have been possible without their dedication, resourcefulness and agility, in their efforts to transition the learning modules to online formats.

— LEVERAGING TECHNOLOGY

To facilitate virtual education, PSA introduced a cloud-based, e-learning management system, PSAU Learn, which allows staff to learn flexibly, anytime, anywhere, on their device of choice. 2020 also marked the establishment of PSAU's new campuses in Singapore and Antwerp. For the Singapore campus, the move to PSA Horizons – PSA's new flagship building – provided PSAU with the opportunity to consolidate its training facilities. PSAU's new Antwerp campus has also focused on moving its training programmes online and launched its newly renovated campus as it steps up for its expanded offerings to PSA's BUs in Europe, the Mediterranean and the Americas.

COVID-19 Response

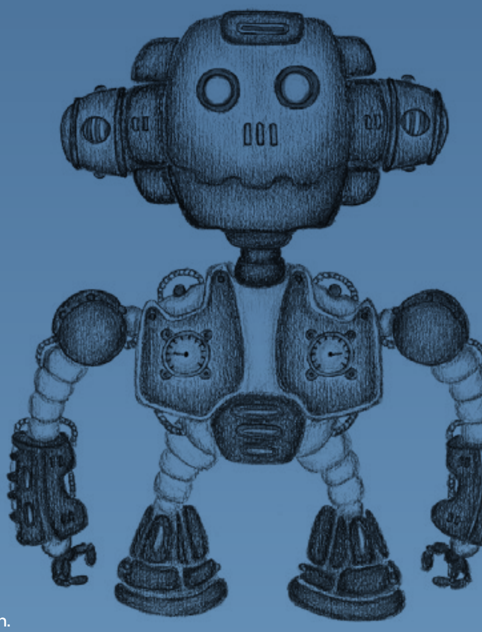
— BEACONS OF LIGHT

To recognise and appreciate employees who courageously stepped up to help us brave the COVID-19 storm, PSA launched the Alongside Heroes Awards. These awards were presented to 16 individuals and 19 teams in the global PSA family. Our Alongside Heroes have gone above and beyond the call of duty, displaying outstanding qualities and making unparalleled contributions to keep our people safe, our operations running and our business agile during this crisis.

— VIGILANCE AND RESILIENCE

PSA formed the Global Covid Response Task Force (GCRTF), which aims to coordinate Group-wide efforts to strengthen PSA's COVID-19 response capabilities. In addition, resilient labour-management relations were instrumental throughout the COVID-19 pandemic, contributing towards business continuity and the safe management of our staff. This has enabled the Group to record several operational milestones around the world, amidst the backdrop of a global recession.

As we progress on our journey to build a great workplace, we are guided by two fundamental principles: our Call to Action and Call to Mission. Answering our Call to Action requires that we maintain our vigilance, and upkeep personal and operational safety. The PSA GCRTF has drawn up solutions in the areas of work, operations and supply chain resilience, and these deliverables will put us in good stead to handle any similar outbreaks in the future. The second, our Call to Mission, is in response to the heightened demands brought about by watershed changes in the geo-political and socio-economic landscape. These upheavals have served to highlight the criticality of ports and logistics in ensuring the seamless continuity of supply chain logistics – so that people are connected with the goods they need, for the greater good. To this end, we will continue to stay alongside one another, nurture a pro-innovation culture centered on the FISH! and FISH+ principles, and step up our digitalisation efforts, so as to create a resilient, sustainability-driven supply chain that will keep goods moving, come rain or shine.



AWAKEN

The box office hit Avatar vividly portrayed a bioluminescent planet, where all life is connected. Acknowledging the importance of environmental sustainability, PSA encourages our staff to support one another, our customers, partners, suppliers and stakeholders, as we tackle climate change collectively. Our goal is to move the world's goods, for the greater good.

Our Climate Response

As a global leader in port operations and logistics, PSA aims to enable smarter trade in a way that prioritises sustainability. Looking ahead to a world beyond the COVID-19 pandemic, PSA is stepping up to address the challenges of global climate change, by boosting environmental awareness and education across our business entities.

At the Group level, PSA has put in place a new framework in 2020 to streamline efforts to tackle climate change and work towards sustainable supply chains. The new Climate Response Management System (CRMS) aligns the Group's climate-related initiatives globally and focuses efforts on four key areas of climate change – namely greenhouse gases, energy, water and waste – with reducing carbon emissions as the most pressing goal.

Pushing the envelope on sustainable development, PSA Group policy now mandates that all major building construction and refurbishment projects at PSA have to adhere to specific requirements, to be green and energy-efficient.

PSA employees group-wide also participated in the annual PSA Go Green event in September 2020. Marking its seventh year, the group-wide Go Green initiative is PSA's effort to promote environmental awareness and advocacy amongst our staff.

The theme for Go Green 2020 was the 3Rs, namely 'Reduce, Reuse, Recycle', which challenged our employees to rethink their personal consumption patterns and re-purpose everyday items – both at home and at work – to extend their lifespans.

Across our BUs, collection drives were held to reuse and recycle pre-loved items. Collectively, more than 3,000 kg of items including e-waste, clothes, plastic bottles and books were collected over several months in support of the Go Green campaign, and sent to recycling plants or donation centres to give them a second life.

Our BUs have also made strides towards sustainability in terminal operations. In 2020, PSA Singapore converted an additional five diesel manual Rubber-Tyred Gantry (RTG) cranes to electric automated RTGs (e-RTGs). As part of water conservation efforts, the PSA Singapore Health, Safety, Security, Environment (HSSE) team is also developing a Water Efficiency Index for our port buildings, to better monitor water consumption and carry out improvements.

In a bid to harness green energy sources, PSA Singapore is collaborating with Chiyoda and Mitsubishi in an R&D project – funded by the National Research Foundation – to study the extraction and use of hydrogen for the Proof-of-Concept of Hydrogen Fuel Cell Prime Movers in Pasir Panjang Terminal. The project represents our first step towards a hydrogen-enabled, low-carbon economy.

In PSA China, more than 90% of its yard cranes are hybrid or electric-powered. Trials to switch towards the use of electric prime movers are also underway in terminals such as Guangzhou Container Terminal.

Over at our terminals in India, the 3Rs have consistently been put into practice. PSA Chennai conducted recycling activities to encourage staff to turn food waste into plant fertilisers; while PSA Kolkata organised waste collection and tree planting activities.

Mersin International Port in Turkey launched the "Forest of Hope" project which aims to plant 6000 saplings in two forests. As part of PSA's Go Green month, the terminal also organised a beach clean-up where employees collected some 300kg of waste.

In Europe, DCT Gdańsk organised a spectrum of Go Green activities for employees, centred on the 3Rs. Activities included a competition to achieve the longest distance clocked through cycling and walking, as well as upcycling workshops to spread awareness.

Over in Italy, PSA Venice and PSA Genova Pra' have rolled out plastic-free and plastic-reduction initiatives, such as replacing disposable plastic cups and stirrers at coffee machines with biodegradable ones, and replacing plastic water bottles with glass bottles.

PSA BUs also made efforts to cut back on single-use face masks by distributing re-usable masks to staff.

PSA Marine launched a new digital solution under its ONEHANDSHAKE™ digital platform – Vessel Pilot Communication (VPC). With VPC, PSA Marine ensures that critical updates on pilot boarding times, and traffic conditions in and around the pilot boarding grounds, are communicated to vessel masters in a timely manner. These updates allow vessel masters to adjust their vessels' speed and time their arrival to Singapore, thereby achieving fuel optimisation and reducing greenhouse gas emissions.

The continual efforts by our BUs around the world represent PSA's commitment to operating sustainably. Alongside our partners and stakeholders, we endeavour to move the world's goods, for the greater good.

Community Relations

GIVING BACK TO SOCIETY

At PSA, we recognise the importance of contributing to the economies and caring for the communities in which we operate; more so during this challenging period of the COVID-19 pandemic.

In 2020, PSA International donated S$300,000 to Keppel Club's annual Charity Golf (KCG) event in Singapore. Funds raised from the event totalled S$1.57 million and were channelled towards the President's Challenge to support its 74 charities, as well as 15 selected local charities including HCA Hospice Care, St Luke's Hospital, the Down Syndrome Association (Singapore) and the Alzheimer's Disease Association.

PSA also contributed S$25,000 towards Eunoia Junior College and Bishan North Community Centre's collaborative project, the *Community Engagement Scholarship Programme*. The initiative seeks to support the education of youth through community outreach and service.

PSA's Health@Home (H@H) programme, which was launched in 2015 to encourage a spirit of volunteerism among Singapore-based staff, maintained its momentum despite challenges caused by the pandemic. While physical volunteering activities could not be held, innovative methods were conceived to continue supporting the needy. Through a "Wishing For 500 Smiles" campaign created by H@H and CrimsonLogic, employees came together to grant the wishes of 500 underprivileged individuals, including patients with life-limiting illnesses. The wishes consisted mainly of lifestyle items and furniture. The initiative received heart-warmingly enthusiastic response as all wishes were adopted within two weeks.

PSAssist – a specialised care pack targeted at helping our H@H partners through this difficult period – was also launched. This included sponsoring meals for underprivileged children, hospice care patients, and healthcare staff deployed to implement COVID-19 tests. Virtual volunteering activities and training sessions were also carried out.

To help vulnerable individuals and groups tide through the pandemic, PSA Singapore donated S$10,000 to the Courage Fund, which is managed by the Community Chest of Singapore and the National Council of Social Service.

Over in Thailand, Eastern Sea Laem Chabang Terminal Company and Thai Connectivity Terminal co-organised activities for residents at Thailand's Karunyawet Home for Persons With Disabilities Protection and Development. LCB Container Terminal 1 donated COVID-19 protective equipment and consumable goods to Baan Jing Jai Foundation and Children's Home Pattaya.

In China, Guangzhou Container Terminal (GCT) provided volunteer support and organised a donation drive for a special needs school in Huangpu, Guangzhou. This is the eighth consecutive year that GCT has spearheaded donation efforts for the school.

Over in South Korea, PSA Korea donated KRW13 million (S$15,500) and face masks to the Korean Association for Children with Leukemia and Cancer. In addition, employees from Incheon Container Terminal and Pusan Newport international Terminal voluntarily raised KRW10.5 million (S$12,540) for the Korea Disaster Relief Association, to aid victims of natural disasters.

In Europe, DCT Gdańsk (DCT) contributed to the 11th edition of charity sports event "Relay of Hope", which took place virtually in 2020 due to the pandemic. Participants ran or cycled at home through the app, logging an impressive 18,378 kilometres in 24 hours. DCT donated 1 PLN for each kilometre to the Pomeranian Hospice for Children.

PSA's two Belgian-based entities in Antwerp and Zeebrugge donated 65,000 hygienic mouth masks to their local CSR partners.

In Italy, PSA Genova Pra' (PSA GP) sponsored several non-profit organisations providing aid to ill patients, including Il Porto dei Piccoli ONLUS and Gigi Ghirotti Association. Besides raising funds, staff from PSA GP also contributed towards patients' daily essentials like clothing and food.

Over in Turkey, Mersin International Port (MIP) contributed 3 million Turkish Lira (S$473,000) towards the governmental social support plan, to support families affected by the pandemic. To help meet educational needs in the region, MIP also worked with the Mersin Governorship to build Mersin International Port Primary School, which has taken in some 700 students.

PSA Sines in Portugal made meal donations to Sines Mercy House and also purchased an RX machine – used for radiology tests and diagnosis – for a local hospital in Portugal.

Over in Canada, PSA Halifax donated US$5,000 (S$6,700) to Hope Cottage, an institution that provides food and assistance to the homeless in Halifax. The terminal also spearheaded fundraising and food collection initiatives to raise more than US$8,000 (S$10,600) for the Metro Food Bank Society, an umbrella organisation for food banks across the province of Nova Scotia.

Ashcroft Terminal presented a Trades Bursary for local high school students pursuing careers in the skilled trades; as well as offered its first internship for an aspiring mechanic. Throughout 2020, the terminal donated to various community organisations, including a local lunch service, an assisted living centre and a Christmas Hamper drive.

Further south, PSA Penn Terminals in the USA donated US$10,000 (S$13,300) to local foodbank Philabundence, a hunger relief organisation in Philadelphia.

Colombia's Sociedad Puerto Industrial Aguadulce was active in lending a helping hand during the pandemic, donating food baskets to local communities and purchasing hospital beds for healthcare organisations.

PSA Panama also donated more than 1,000 food baskets to families and institutions who had lost sources of income due to the pandemic.

As a port operator with terminals across the world, PSA sees the communities in which we operate as an extended family. Through our corporate social responsibility efforts, we are committed to creating a better and more sustainable world.

FINANCIAL REVIEW

Thanks to the efforts of our heroes on the ground, PSA enabled global supply chains to continue their essential service to move 86.6 million TEUs of containers worldwide in 2020 – an extraordinary result in a year where logistics operations were heavily disrupted.

FINANCIAL REPORT 2020

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2020

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 2020.

In our opinion:

(a) the financial statements set out on pages 7 to 66 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 2020 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)
Mr Davinder Singh s/o Amar Singh
Mr Frank Kwong Shing Wong
Ms Jeanette Wong Kai Yuan
Mr Kaikhushru Shiavax Nargolwala
Mr Pang Kin Keong (Appointed on 22 March 2020)
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 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
Davinder Singh s/o Amar Singh		
Singapore Airlines Limited		
- S$500 million 3.22% Notes due 2020	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]	1,369,000[1]
Singapore Airlines Limited		
- Ordinary shares	–	210,000
Jeanette Wong Kai Yuan		
Ascendas Funds Management (S) Limited		
- Unit holdings in Ascendas Real Estate Investment Trust	–	350,000
CapitaLand Limited		
- Ordinary shares	15,000	15,000
CapitaLand Retail China Trust Management Limited		
- Unit holdings in CapitaLand Retail China Trust	–	225,000
Mapletree Logistics Trust Management Ltd.		
- Unit holdings in Mapletree Logistics Trust	–	125,000

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2020

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Jeanette Wong Kai Yuan (cont'd)		
Singapore Airlines Limited		
- Ordinary shares	6,600	16,500
- Mandatory Convertible Bonds	–	19,470
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	162,400[1]	114,000[1]
CapitaLand Commercial Trust Management Limited		
- Unit holdings in CapitaLand Commercial Trust	100,000[1]	N.A.[3]
CapitaLand Integrated Commercial Trust Management Limited (formerly known as CapitaLand Mall Trust Management Limited)		
- Unit holdings in CapitaLand Integrated Commercial Trust (formerly known as CapitaLand Mall Trust)	100,000[1]	100,000[1]
Mapletree Industrial Trust Management Ltd.		
- Unit holdings in Mapletree Industrial Trust	200,000[1]	–
Mapletree Logistics Trust Management Ltd.		
- Unit holdings in Mapletree Logistics Trust	300,000[1]	–
Mapletree Real Estate Advisors Pte. Ltd.		
- Unit holdings in Mapletree Global Student Accommodation Private Trust	4,608[2]	4,608[2]
SIA Engineering Company Limited		
- Ordinary shares	50,000[1]	105,000[1]
Singapore Technologies Engineering Ltd		
- Ordinary shares	62,000[1]	87,000[1]
Singapore Telecommunications Limited		
- Ordinary shares	556,000[1]	556,000[1]
Steven Terrell Clontz		
StarHub Ltd.		
- Ordinary shares	199,300	250,400

[1] Held in trust by trustee company on behalf of the director.
[2] Held in trust by trustee company on behalf of the director and consists of 2,304 Class A and 2,304 Class B units respectively.
[3] Delisted from SGX-ST with effect from 3 November 2020.

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

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

SHARE OPTIONS

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2020

(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 options.

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

3 March 2021

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2020

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 2020, and the income statement, statement of 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 7 to 66.

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 2020 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.

Impairment assessment of goodwill ($487.1 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.

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2020

Valuation of trade and accrued receivables ($653.9 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.

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.

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2020

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
3 March 2021

STATEMENTS OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Assets					
Property, plant and equipment	3	5,931,401	5,869,509	645	320
Intangible assets	4	2,535,758	2,552,864	39,803	30,252
Right-of-use assets	5	998,104	938,891	–	–
Subsidiaries	6	–	–	10,748,602	11,410,802
Associates	7	3,204,997	3,130,037	–	–
Joint ventures	8	3,576,976	3,413,032	–	–
Financial assets	9	1,360,025	1,296,117	86,704	76,633
Other non-current assets	10	202,005	238,191	12,648	17,681
Deferred tax assets	11	39,349	38,015	–	86
Non-current assets		17,848,615	17,476,656	10,888,402	11,535,774
Inventories		45,799	43,211	–	–
Trade and other receivables	12	1,080,561	906,606	200,274	156,855
Cash and bank balances	15	4,396,964	3,188,073	2,811,376	2,008,313
Current assets		5,523,324	4,137,890	3,011,650	2,165,168
Total assets		23,371,939	21,614,546	13,900,052	13,700,942
Equity					
Share capital	16	1,135,372	1,135,372	1,135,372	1,135,372
Accumulated profits and other reserves	17	11,230,788	10,370,225	9,242,978	8,716,207
Equity attributable to owner of the Company		12,366,160	11,505,597	10,378,350	9,851,579
Non-controlling interests		760,056	713,686	–	–
Total equity		13,126,216	12,219,283	10,378,350	9,851,579
Liabilities					
Borrowings	18	4,204,340	4,133,249	1,535,896	2,179,351
Lease liabilities	18	1,062,473	990,360	–	–
Provisions	19	10,624	10,736	–	–
Other non-current obligations	20	451,079	341,253	264,431	158,559
Deferred tax liabilities	11	497,902	495,184	9,964	–
Non-current liabilities		6,226,418	5,970,782	1,810,291	2,337,910
Borrowings	18	2,224,525	1,828,056	905,882	691,283
Lease liabilities	18	58,190	54,902	–	–
Trade and other payables	21	1,464,509	1,294,257	784,283	797,465
Current tax payable		272,081	247,266	21,246	22,705
Current liabilities		4,019,305	3,424,481	1,711,411	1,511,453
Total liabilities		10,245,723	9,395,263	3,521,702	3,849,363
Total equity and liabilities		23,371,939	21,614,546	13,900,052	13,700,942

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

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Revenue	23	4,178,938	4,077,451
Other income	24	224,264	275,855
Staff and related costs	25	(1,013,887)	(1,037,139)
Contract services		(551,897)	(542,612)
Running, repair and maintenance costs		(342,094)	(357,689)
Other operating expenses		(433,188)	(294,039)
Property taxes		(23,524)	(32,939)
Depreciation and amortisation		(748,007)	(719,537)
Service concession revenue	26	–	42,154
Service concession costs	26	–	(42,154)
Profit from operations	27	1,290,605	1,369,351
Finance costs	28	(239,314)	(262,664)
Share of profit of associates, net of tax		187,202	197,895
Share of profit of joint ventures, net of tax		174,249	157,962
Profit before income tax		1,412,742	1,462,544
Income tax expense	29	(221,507)	(197,096)
Profit for the year		1,191,235	1,265,448
Profit attributable to:			
Owner of the Company		1,168,072	1,245,802
Non-controlling interests		23,163	19,646
Profit for the year		1,191,235	1,265,448

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2020

	2020 $'000	2019 $'000
Profit for the year	1,191,235	1,265,448
Other comprehensive income **Items that will not be reclassified to income statement:**		
Defined benefit plan remeasurements	(887)	(1,675)
Net change in fair value of equity investments at FVOCI	60,989	87,313
Income tax on other comprehensive income	(2,570)	(59,622)
	57,532	26,016
Items that are or may be reclassified subsequently to income statement:		
Exchange differences of foreign operations	(68,135)	(143,630)
Exchange differences on monetary items forming part of net investment in foreign operations	64,153	(34,487)
Exchange differences on hedge of net investment in a foreign operation	62,684	29,000
Inflation adjustment for the year	27,725	47,692
Effective portion of changes in fair value of cash flow hedges	8,440	50,178
Net change in fair value of cash flow hedges reclassified to income statement	(19,405)	(20,590)
Share of reserves in associates	55,694	(51,257)
Share of reserves in joint ventures	1,830	965
Reserves reclassified to income statement on disposal of subsidiaries	(382)	(6,214)
Reserves reclassified to income statement on disposal of a joint venture	340	–
Income tax on other comprehensive income	940	(148)
	133,884	(128,491)
Other comprehensive income for the year, net of tax	191,416	(102,475)
Total comprehensive income for the year	1,382,651	1,162,973
Total comprehensive income attributable to:		
Owner of the Company	1,359,460	1,150,832
Non-controlling interests	23,191	12,141
Total comprehensive income for the year	1,382,651	1,162,973

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

	Share capital	Capital reserve	Insurance reserve	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Accumulated profits	Total attributable to owner of the Company	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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
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 CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

	Share capital	Capital reserve	Insurance reserve	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Accumulated profits	Total attributable to owner of the Company	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2020	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
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	1,168,072	1,168,072	23,163	1,191,235
Other comprehensive income										
Exchange differences of foreign operations	–	–	–	(65,382)	–	–	–	(65,382)	(2,753)	(68,135)
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	64,153	–	–	–	64,153	–	64,153
Exchange differences on hedge of net investment in a foreign operation	–	–	–	62,684	–	–	–	62,684	–	62,684
Inflation adjustment for the year	–	–	–	27,725	–	–	–	27,725	–	27,725
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	236	–	–	236	8,204	8,440
Net change in fair value of cash flow hedges reclassified to income statement	–	–	–	–	(11,776)	–	–	(11,776)	(7,629)	(19,405)
Net change in fair value of equity investments at FVOCI	–	–	–	–	–	58,783	–	58,783	2,206	60,989
Share of reserves in associates	–	(17,824)	–	26,553	–	46,965	–	55,694	–	55,694
Share of reserves in joint ventures	–	–	–	658	191	–	981	1,830	–	1,830
Reserves reclassified to income statement on disposal of a subsidiary	–	–	–	(382)	–	–	–	(382)	–	(382)
Reserves reclassified to income statement on disposal of a joint venture	–	–	–	340	–	–	–	340	–	340
Defined benefit plan remeasurements	–	–	–	–	–	–	(887)	(887)	–	(887)
Income tax on other comprehensive income	–	–	–	–	940	1,239	(3,809)	(1,630)	–	(1,630)
Total other comprehensive income	–	(17,824)	–	116,349	(10,409)	106,987	(3,715)	191,388	28	191,416
Total comprehensive income for the year	–	(17,824)	–	116,349	(10,409)	106,987	1,164,357	1,359,460	23,191	1,382,651
Hedging gains and losses and costs of hedging transferred to property, plant and equipment	–	–	–	–	(543)	–	–	(543)	–	(543)
Transactions with owner, recorded directly in equity										
Contributions by and distributions to owner of the Company										
Capital contribution by non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	31,886	31,886
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	(37,005)	(37,005)
Interim tax-exempt dividend declared and paid of $0.82 per share	–	–	–	–	–	–	(500,000)	(500,000)	–	(500,000)
Total contributions by and distributions to owner of the Company	–	–	–	–	–	–	(500,000)	(500,000)	(5,119)	(505,119)
Changes in ownership interests in subsidiaries										
Acquisition of interest in a subsidiary with non-controlling interests	–	–	–	–	–	–	–	–	14,876	14,876
Disposal of interest in subsidiaries to non-controlling interests, without a change in control	–	–	–	327	–	(1,105)	2,424	1,646	13,422	15,068
Total changes in ownership interests in subsidiaries	–	–	–	327	–	(1,105)	2,424	1,646	28,298	29,944
At 31 December 2020	1,135,372	2,212	97,357	(976,352)	(17,167)	(218,095)	12,342,833	12,366,160	760,056	13,126,216

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Profit for the year		1,191,235	1,265,448
Adjustments for:			
Depreciation and amortisation		748,007	719,537
Impairment made for:			
Intangible assets		65,000	–
Property, plant and equipment		39,995	–
Net change in fair value of equity investments at FVTPL		(426)	(6,201)
(Gain)/loss on disposal of:			
Financial assets		(175)	(589)
Intangible assets		1,731	1,472
Joint ventures		(50,749)	–
Property, plant and equipment		(4,890)	(10,976)
Subsidiary		–	(19,310)
Dividend income from financial assets		(38,100)	(56,530)
Interest income		(108,633)	(144,097)
Share of profit of associates, net of tax		(187,202)	(197,895)
Share of profit of joint ventures, net of tax		(174,249)	(157,962)
Finance costs	28	239,314	262,664
Income tax expense	29	221,507	197,096
		1,942,365	1,852,657
Changes in working capital:			
Inventories		(2,588)	1,643
Trade and other receivables		(100,656)	51,787
Trade and other payables		231,976	(24,051)
Cash generated from operations		2,071,097	1,882,036
Income tax paid		(208,813)	(236,935)
Net cash from operating activities		1,862,284	1,645,101

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Cash flows from investing activities			
Dividends received		221,318	364,615
Interest received		76,745	89,879
Purchase of property, plant and equipment and intangible assets		(590,573)	(1,185,550)
Proceeds from disposal of property, plant and equipment and intangible assets		36,781	44,085
Purchase of financial assets		(356)	(12,551)
Investments in and loans to joint ventures		(14,496)	(655,232)
Repayment of loans provided to joint ventures		10,868	55,123
Loan to a non-controlling shareholder of a subsidiary		(9,800)	–
Acquisition of interests in subsidiaries, net of cash acquired	33	(206,350)	(663,723)
Disposal of interests in subsidiaries to non-controlling interests, with a change in control, net of cash disposed	33	–	(31,853)
Proceeds from disposal of interest in subsidiaries to non-controlling interest, without a change in control		15,068	–
Proceeds from disposal of a joint venture		69,351	–
Proceeds from disposal of financial assets		2,328	598
Capital reduction in a joint venture and an associate		–	16,149
Net cash used in investing activities		(389,116)	(1,978,460)
Cash flows from financing activities			
Proceeds from bank loans and notes		2,532,505	2,298,462
Repayment of bank loans and notes		(2,186,135)	(1,944,468)
Proceeds from loans from joint venture		190,476	151
Repayment of loans from joint venture		(2,278)	–
Payment of lease liabilities		(62,655)	(58,280)
Capital contribution by non-controlling shareholders of subsidiaries		31,886	101,910
Dividends paid to owner of the Company		(500,000)	(600,000)
Dividends paid to non-controlling shareholders of subsidiaries		(37,005)	(64,179)
Interest paid		(237,882)	(256,180)
Net cash used in financing activities		(271,088)	(522,584)
Net increase/(decrease) in cash and bank balances		1,202,080	(855,943)
Cash and bank balances at beginning of the year		3,188,073	4,054,386
Translation differences on consolidation		6,811	(10,370)
Cash and bank balances at end of the year	15	4,396,964	3,188,073

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 3 March 2021.

1 DOMICILE AND ACTIVITIES

PSA International Pte Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 1 Harbour Drive, PSA Horizons, #03-00, Singapore 117352.

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 POLICIESS

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.

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.

On 1 January 2020, the Group has adopted the new and revised SFRS(I), amendments to and interpretations of SFRS(I) that are mandatory for the financial year beginning 1 January 2020. The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

Impairment of trade receivables

The Group assesses whether there are indicators that financial assets have been impaired at each reporting 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

New standards and amendments applicable after 1 January 2020

The Group has early adopted *COVID-19-Related Rent Concessions – Amendment to SFRS(I) 16* issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 January 2020.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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	6 to 25 years
Dry-docking costs	2 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 and subscribed 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 borrowing 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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 2 to 21 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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) for equity investments or fair value through profit or loss (FVTPL).

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.

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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.

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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.

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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

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.

COVID-19-related rent concessions

The Group has applied *COVID-19-Related Rent Concessions – Amendment to SFRS(I) 16*. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characterises and in similar circumstances.

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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.

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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.

NOTES TO THE FINANCIAL STATEMENTS

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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.

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3 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Leasehold land	Buildings	Wharves, hardstanding and roads	Plant, equipment and machinery	Floating crafts and dry-docking costs	Motor vehicles	Computers	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Cost										
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
Reclassifications	–	–	111,847	20,718	145,896	31,584	1,572	9,497	(321,114)	–
Additions	–	–	5,299	6,161	70,040	16,288	697	5,261	434,929	538,675
Acquisition of subsidiaries	–	–	2,654	–	72,408	113,768	453	4,025	926	194,234
Disposals	–	–	(19,996)	(6,238)	(56,926)	(39,064)	(351)	(4,458)	–	(127,033)
Transferred to intangible assets	–	–	–	–	–	–	–	(125)	(5,507)	(5,632)
Translation differences on consolidation	(140)	–	14,869	15,212	79,579	(3,593)	121	2,495	4,522	113,065
At 31 December 2020	75,018	1,481,018	858,336	2,720,847	5,820,770	551,290	34,409	234,186	1,112,256	12,888,130
Accumulated depreciation and impairment losses										
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
Depreciation charge for the year	–	50,104	33,016	114,134	310,139	36,717	2,441	18,103	–	564,654
Acquisition of subsidiaries	–	–	2,229	–	42,267	46,387	290	3,537	–	94,710
Disposals	–	–	(19,949)	(3,113)	(55,729)	(28,107)	(317)	(4,432)	–	(111,647)
Transferred to intangible assets	–	–	–	–	–	–	–	(125)	–	(125)
Impairment losses	–	34,885	22	5,083	5	–	–	–	–	39,995
Translation differences on consolidation	–	–	10,117	8,326	45,168	(1,802)	68	1,953	–	63,830
At 31 December 2020	–	1,019,482	479,171	1,623,560	3,392,193	233,137	24,315	184,871	–	6,956,729
Carrying amounts										
At 1 January 2019	–	629,240	270,035	1,291,645	2,741,121	240,201	5,664	42,944	164,439	5,385,289
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
At 31 December 2020	75,018	461,536	379,165	1,097,287	2,428,577	318,153	10,094	49,315	1,112,256	5,931,401

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	Plant, equipment and machinery	Motor vehicles	Computers	Total
	$'000	$'000	$'000	$'000
Company				
Cost				
At 1 January 2019	255	774	2,012	3,041
Additions	388	–	2	390
Disposals	–	(428)	(8)	(436)
At 31 December 2019	643	346	2,006	2,995
Additions	–	–	507	507
Disposals	(71)	–	(48)	(119)
At 31 December 2020	572	346	2,465	3,383
Accumulated depreciation				
At 1 January 2019	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
Depreciation charge for the year	82	–	95	177
Disposals	(66)	–	(48)	(114)
At 31 December 2020	344	346	2,048	2,738
Carrying amounts				
At 1 January 2019	17	114	60	191
At 31 December 2019	315	–	5	320
At 31 December 2020	228	–	417	645

Impairment loss

During the impairment review, the Group assesses whether the carrying amount of an asset exceeds its recoverable amount. At 31 December 2020, the Group recognised an impairment loss of $40.0 million (2019: nil) on certain property, plant and equipment due to lower recoverable amounts arising from changes in operations. The impairment loss was recognised in other operating expenses in the income statement.

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4 INTANGIBLE ASSETS

	Goodwill on consolidation	Computer software and software development costs	Capital work-in-progress	Port and other operating rights	Other intangible assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost						
At 1 January 2019	553,942	178,582	53,885	1,692,479	34,239	2,513,127
Reclassifications	–	10,798	(138,045)	126,615	632	–
Additions	–	2,420	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	–	16,369	–	–	–	16,369
Translation differences on consolidation	(515)	(3,023)	(237)	(67,103)	(345)	(71,223)
At 31 December 2019	553,427	202,204	62,574	2,105,027	94,059	3,017,291
Reclassifications	–	16,833	(21,295)	–	4,462	–
Additions	–	3,365	53,041	410	1,041	57,857
Acquisition of subsidiaries	–	5,785	4,384	147,427	15,747	173,343
Disposals	–	(8,767)	–	(16,988)	(43,619)	(69,374)
Transferred from property, plant and equipment	–	5,632	–	–	–	5,632
Translation differences on consolidation	3,300	7,467	(57)	(53,699)	1,017	(41,972)
At 31 December 2020	556,727	232,519	98,647	2,182,177	72,707	3,142,777
Accumulated amortisation and impairment losses						
At 1 January 2019	69,336	128,746	–	166,766	8,093	372,941
Amortisation charge for the year	–	17,163	–	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)	(1,948)	–	(5,312)	(453)	(8,157)
At 31 December 2019	68,892	141,754	–	203,433	50,348	464,427
Amortisation charge for the year	–	18,865	–	81,514	12,440	112,819
Acquisition of subsidiaries	–	4,959	–	4,272	6,376	15,607
Disposals	–	(8,767)	–	–	(42,371)	(51,138)
Impairment loss	–	–	–	65,000	–	65,000
Transferred from property, plant and equipment	–	125	–	–	–	125
Translation differences on consolidation	709	4,725	–	(6,252)	997	179
At 31 December 2020	69,601	161,661	–	347,967	27,790	607,019
Carrying amounts						
At 1 January 2019	484,606	49,836	53,885	1,525,713	26,146	2,140,186
At 31 December 2019	484,535	60,450	62,574	1,901,594	43,711	2,552,864
At 31 December 2020	487,126	70,858	98,647	1,834,210	44,917	2,535,758

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	Computer software and software development costs	Capital work-in-progress	Total
	$'000	$'000	$'000
Company			
Cost			
At 1 January 2019	4,314	14,664	18,978
Additions	85	15,602	15,687
Reclassifications	4,758	(4,758)	–
At 31 December 2019	9,157	25,508	34,665
Additions	–	11,105	11,105
Reclassifications	6,577	(6,577)	–
At 31 December 2020	15,734	30,036	45,770
Accumulated amortisation			
At 1 January 2019	4,305	–	4,305
Amortisation charge for the year	108	–	108
At 31 December 2019	4,413	–	4,413
Amortisation charge for the year	1,554	–	1,554
At 31 December 2020	5,967	–	5,967
Carrying amounts			
At 1 January 2019	9	14,664	14,673
At 31 December 2019	4,744	25,508	30,252
At 31 December 2020	9,767	30,036	39,803

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 2020, the carrying amount of goodwill primarily relates to the Group's port business CGU in Belgium of $457.2 million (2019: $454.5 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 7.3% (2019: 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.

Impairment loss

During the impairment review, the Group assesses whether the carrying amount of an asset exceeds its recoverable amount. At 31 December 2020, the Group recognised an impairment loss of $65.0 million (2019: nil) on certain port use rights due to lower recoverable amounts arising from weaker economic outlook. The impairment loss was recognised in other operating expenses in the income statement.

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YEAR ENDED 31 DECEMBER 2020

5 RIGHT-OF-USE ASSETS

	Leasehold land	Buildings	Wharves, hard-standing and roads	Plant, equipment and machinery	Floating crafts	Motor vehicles	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
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
Additions	5,786	1,793	558	18,776	–	1,231	2,469	30,613
Acquisition of subsidiaries	36,751	1,729	–	2,324	12,787	–	–	53,591
Disposals	(5,203)	(14,516)	(2,205)	(5,610)	–	(483)	(3)	(28,020)
Translation differences on consolidation	31,224	(145)	26,922	3,730	(682)	426	23	61,498
At 31 December 2020	652,563	5,880	369,016	71,452	12,105	7,156	5,744	1,123,916
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
Depreciation charge for the year	27,606	7,242	14,921	17,374	690	1,971	730	70,534
Acquisition of subsidiaries	2,155	310	–	1,542	701	–	–	4,708
Disposals	(157)	(14,516)	(2,185)	(5,435)	–	(302)	(3)	(22,598)
Translation differences on consolidation	2,186	(63)	1,655	1,918	(67)	187	9	5,825
At 31 December 2020	55,884	2,637	28,441	32,906	1,324	3,482	1,138	125,812
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
At 31 December 2020	596,679	3,243	340,575	38,546	10,781	3,674	4,606	998,104

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.

The Group received rent concessions from its landlords mainly for concession leases as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions.

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6 SUBSIDIARIES

	Company 2020 $'000	Company 2019 $'000
Equity investments, at cost	1,169,922	1,168,122
Loans to subsidiaries	9,853,757	10,517,757
	11,023,679	11,685,879
Impairment losses	(275,077)	(275,077)
	10,748,602	11,410,802

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) $1,780.1 million (2019: $1,756.9 million) loans bearing fixed interest rates ranging from 0.23% to 9.13% (2019: 0.43% to 9.88%) per annum; and

(b) $95.3 million (2019: $60.4 million) loans bearing floating interest rates ranging from 3.72% to 7.06% (2019: 2.10% to 7.21%) 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 2020 %	Effective percentage held by the Group 2019 %
PSA Corporation Limited	Singapore	100	100
PSA Marine (Pte) Ltd	Singapore	100	100
PSA Antwerp N.V.	Belgium	100	100

7 ASSOCIATES

	Group 2020 $'000	Group 2019 $'000
Investments in associates	3,204,997	3,130,037
Loans to associates	7,128	7,128
	3,212,125	3,137,165
Impairment losses	(7,128)	(7,128)
	3,204,997	3,130,037

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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	
		2020	2019
		%	%
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	
	2020	2019
	$'000	$'000
At 1 January	3,130,037	3,100,546
Group's share of:		
- profit for the year	187,202	197,895
- other comprehensive income	55,694	(51,257)
- total comprehensive income	242,896	146,638
Dividends received during the year	(106,848)	(94,237)
Disposal during the year	(21,119)	–
Translation differences on consolidation	(39,969)	(22,910)
At 31 December	3,204,997	3,130,037

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 $97.8 million (2019: $69.6 million).

8 JOINT VENTURES

	Group	
	2020	2019
	$'000	$'000
Investments in joint ventures	2,569,453	2,425,385
Loans to joint ventures	1,031,331	1,011,455
	3,600,784	3,436,840
Impairment losses	(23,808)	(23,808)
	3,576,976	3,413,032

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

The loans are principally denominated in US dollars and Euro, and comprised:

(a) $626.6 million (2019: $600.4 million) loans bearing fixed interest rates ranging from 6.00% to 10.00% (2019: 6.00% to 10.00%) per annum; and

(b) $395.9 million (2019: $402.2 million) loans bearing floating interest rates ranging from 0.42% to 5.94% (2019: 2.56% to 6.80%) 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	
		2020	2019
		%	%
DCT Gdansk S.A.	Republic of Poland	40.0	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	49.8
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	
	2020	2019
	$'000	$'000
Capital commitments which have been authorised and contracted but not provided for in the financial statements	52,864	68,711

The Group does not have any individually material joint venture.

9 FINANCIAL ASSETS

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Equity investments at FVOCI	1,352,288	1,285,286	86,704	76,633
Equity investments at FVTPL	7,737	10,831	–	–
	1,360,025	1,296,117	86,704	76,633

NOTES TO THE FINANCIAL STATEMENTS

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10 OTHER NON-CURRENT ASSETS

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Loan to joint venture	1,139	5,282	–	–
Loan to a non-controlling shareholder of a subsidiary	9,800	–	–	–
Other receivables	188,389	192,369	12,648	17,664
Non-current portion of financial assets at amortised cost	199,328	197,651	12,648	17,664
Hedging instruments	940	38,996	–	17
Transferable corporate club memberships	1,737	1,544	–	–
	202,005	238,191	12,648	17,681

The loan to joint venture was denominated in Euro, unsecured, bore floating interest rate of 1% (2019: 1%) per annum and repayable by 2022.

The loan to a non-controlling shareholder of a subsidiary was denominated in Singapore Dollar, unsecured, bore fixed interest rate of 2.53% per annum and repayable by 2025.

11 DEFERRED TAX

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year were as follows:

	Provisions	Other items	Total
	$'000	$'000	$'000
Group			
Deferred tax assets			
At 1 January 2019	39,450	38,186	77,636
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
Acquisition of subsidiaries	1,098	53	1,151
Recognised in income statement	3,043	(550)	2,493
Recognised in other comprehensive income	45	942	987
Translation differences on consolidation	790	2,012	2,802
At 31 December 2020	44,412	40,787	85,199

NOTES TO THE FINANCIAL STATEMENTS

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	Property, plant and equipment	Fair value reserve	Other items	Total
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
At 1 January 2019	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
Acquisition of subsidiaries	8,981	–	2,687	11,668
Recognised in income statement	(10,950)	–	4,408	(6,542)
Recognised in other comprehensive income	–	(1,239)	3,857	2,618
Translation differences on consolidation	766	–	307	1,073
At 31 December 2020	294,238	224,199	25,315	543,752

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

	Company	
	2020	2019
	$'000	$'000
Deferred tax assets		
Provisions	4,594	4,232
Deferred tax liabilities		
Property, plant and equipment	1,743	266
Unremitted income	4,363	1,750
Other items	8,452	2,130
	14,558	4,146

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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Deferred tax assets	39,349	38,015	–	86
Deferred tax liabilities	497,902	495,184	9,964	–

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses amounting to $235.2 million (2019: $182.7 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

12 TRADE AND OTHER RECEIVABLES

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Trade and accrued receivables	13	653,915	546,651	–	–
Deposits and other receivables	14	166,947	172,821	13,242	15,021
Amounts due from:					
Subsidiaries		–	–	167,390	126,528
Associates		77	57	–	–
Joint ventures		139,495	139,348	16,595	10,517
Related corporations		–	60	–	–
Loan to joint venture		4,556	4,225	–	–
Current portion of financial assets at amortised cost		964,990	863,162	197,227	152,066
Advances and prepayments		48,340	38,148	3,047	981
Hedging instruments		67,231	5,296	–	3,808
		1,080,561	906,606	200,274	156,855

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% (2019: 1%) per annum and repayable in one year.

13 TRADE AND ACCRUED RECEIVABLES

	Group 2020 $'000	Group 2019 $'000
Trade and accrued receivables	767,651	641,958
Allowance for impairment	(113,736)	(95,307)
	653,915	546,651

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 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Deposits	8,336	5,797	–	–
Other receivables	158,611	167,024	13,242	15,021
	166,947	172,821	13,242	15,021

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15 CASH AND BANK BALANCES

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Cash at bank and in hand	1,560,394	403,656	979,769	28,917
Fixed deposits	2,836,570	2,784,417	1,831,607	1,979,396
	4,396,964	3,188,073	2,811,376	2,008,313

At the reporting date, cash and cash equivalents for the Group include $882.0 million (2019: $595.8 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	
	2020 No. of shares	2019 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.

NOTES TO THE FINANCIAL STATEMENTS

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17 ACCUMULATED PROFITS AND OTHER RESERVES

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Capital reserve	(a)	2,212	20,036	–	–
Insurance reserve	(b)	97,357	97,357	–	–
Foreign currency translation reserve	(c)	(976,352)	(1,093,028)	–	–
Hedging reserve	(d)	(17,167)	(6,215)	(6,931)	480
Fair value reserve	(e)	(218,095)	(323,977)	(37,587)	(47,658)
Accumulated profits		12,342,833	11,676,052	9,287,496	8,763,385
		11,230,788	10,370,225	9,242,978	8,716,207

(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.

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18 BORROWINGS AND LEASE LIABILITIES

		Group		Company	
	Note	2020	2019	2020	2019
		$'000	$'000	$'000	$'000
Borrowings					
Unsecured fixed and floating rates notes		2,838,342	2,179,081	170,572	845,770
Secured bank loans		183,047	807,484	–	–
Unsecured bank loans		1,025,565	1,073,374	–	–
Loans from joint venture		147,831	63,755	–	–
Loans from non-controlling shareholders of subsidiaries		9,555	9,555	–	–
Unsecured loan from subsidiary		–	–	1,365,324	1,333,581
Non-current borrowings		4,204,340	4,133,249	1,535,896	2,179,351
Unsecured fixed and floating rates notes		661,802	572,996	661,802	172,996
Secured bank loans		700,886	60,870	–	–
Unsecured bank loans		859,559	1,192,077	244,080	518,287
Loans from joint venture		2,278	2,113	–	–
Current borrowings		2,224,525	1,828,056	905,882	691,283
		6,428,865	5,961,305	2,441,778	2,870,634
Total borrowings comprise:					
Total unsecured fixed and floating rates notes		3,500,144	2,752,077	832,374	1,018,766
Total secured bank loans	(a)	883,933	868,354	–	–
Total unsecured bank loans		1,885,124	2,265,451	244,080	518,287
Total loans from joint venture	(b)	150,109	65,868	–	–
Total loans from non-controlling shareholders of subsidiaries	(c)	9,555	9,555	–	–
Total unsecured loan from subsidiary		–	–	1,365,324	1,333,581
		6,428,865	5,961,305	2,441,778	2,870,634
Lease liabilities					
Non-current lease liabilities		1,062,473	990,360	–	–
Current lease liabilities		58,190	54,902	–	–
		1,120,663	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 $1,752.0 million (2019: $1,630.3 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.

NOTES TO THE FINANCIAL STATEMENTS

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Terms and debt repayment schedule

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

	Effective interest rate	Year of maturity	2020 Face value	2020 Carrying amount	2019 Face value	2019 Carrying amount
	%		$'000	$'000	$'000	$'000
Group						
Unsecured fixed and floating rates notes	1.63 - 4.27	2021 - 2030	3,516,655	3,500,144	2,784,255	2,752,077
Secured bank loans	1.50 - 7.55	2021 - 2036	883,933	883,933	868,354	868,354
Unsecured bank loans	0.17 - 3.88	2021 - 2025	1,886,408	1,885,124	2,265,907	2,265,451
Loans from joint venture	0.62 - 1.50	2022	150,109	150,109	65,868	65,868
Loans from non-controlling shareholders of subsidiaries	0.55 - 1.88	2027	9,555	9,555	9,555	9,555
			6,446,660	6,428,865	5,993,939	5,961,305
Lease liabilities	0.44 - 17.60	2021 - 2051	1,667,287	1,120,663	1,578,365	1,045,262
Company						
Unsecured fixed and floating rates notes	3.88 - 4.27	2021 - 2025	832,550	832,374	1,095,050	1,018,766
Unsecured bank loans	0.43	2021	244,080	244,080	518,287	518,287
Unsecured loan from subsidiary	2.27 - 2.34	2026 - 2030	1,365,324	1,365,324	1,333,581	1,333,581
			2,441,954	2,441,778	2,946,918	2,870,634

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

	Borrowings	Lease liabilities	Total
	$'000	$'000	$'000
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
- Payment 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

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	Borrowings	Lease liabilities	Total
	$'000	$'000	$'000
At 1 January 2020	5,961,305	1,045,262	7,006,567
Changes from financing cash flows			
- Proceeds from bank loans and notes	2,532,505	–	2,532,505
- Repayment of bank loans and notes	(2,186,135)	–	(2,186,135)
- Proceeds from loans from joint venture	81,360	–	81,360
- Repayment of loans from joint venture	(2,278)	–	(2,278)
- Payment of lease liabilities	–	(62,655)	(62,655)
- Interest paid	–	(41,888)	(41,888)
Total changes from financing cash flows	425,452	(104,543)	320,909
Addition of new leases	–	25,399	25,399
Acquisition of subsidiaries	8,621	48,529	57,150
Interest expenses	–	40,542	40,542
Amortisation of loan facilities upfront fees	2,600	–	2,600
Changes in fair value	178	–	178
Effect of changes in foreign exchange rates	30,709	65,474	96,183
At 31 December 2020	6,428,865	1,120,663	7,549,528

Total cash outflow for all the leases in 2020 was $119.8 million (2019: $116.5 million).

19 PROVISIONS

This comprises site restoration 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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Hedging instruments	36,433	8,312	29,661	7,326
Amount due to joint venture	3,176	4,310	–	–
Loan from a subsidiary	–	–	234,770	151,233
Loan from a joint venture	234,770	151,233	–	–
Service concession obligations	104,538	111,424	–	–
Other non-current obligations	72,162	65,974	–	–
	451,079	341,253	264,431	158,559

The loans from a subsidiary and a joint venture are denominated in US dollars, unsecured, interest-free and due in 2025 to 2027.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

21 TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2020	2019	2020	2019
		$'000	$'000	$'000	$'000
Trade payables and accrued operating expenses		1,055,530	917,171	89,542	86,425
Deposits and other payables	22	315,381	271,362	19,571	24,080
Amounts due to:					
Subsidiaries		–	–	674,663	686,812
Joint ventures		49,141	44,226	–	–
Related corporations		1,041	1,712	–	–
Other financial liabilities at amortised cost		1,421,093	1,234,471	783,776	797,317
Advances		40,719	58,710	199	148
Hedging instruments		2,697	1,076	308	–
		1,464,509	1,294,257	784,283	797,465

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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Deposits	9,037	8,295	–	–
Accrued capital expenditure	84,130	70,303	–	–
Other payables	222,214	192,764	19,571	24,080
	315,381	271,362	19,571	24,080

The Group's and the Company's other payables included interest payable of $47.7 million (2019: $54.9 million) and $18.1 million (2019: $22.8 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.

NOTES TO THE FINANCIAL STATEMENTS

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24 OTHER INCOME

	Group	
	2020	2019
	$'000	$'000
Dividend income from financial assets	38,100	56,530
Interest income from:		
Cash and bank balances	39,060	68,929
Joint ventures	62,870	67,528
Trade and other receivables	6,703	7,640
Gain on disposal of:		
Financial assets	175	589
Joint ventures	50,749	–
Property, plant and equipment, net	4,890	10,976
Subsidiary	–	19,310
Net change in fair value of equity investment at FVTPL	426	6,201
Others	21,291	38,152
	224,264	275,855

25 STAFF AND RELATED COSTS

	Group	
	2020	2019
	$'000	$'000
Wages and salaries	909,962	932,704
Contributions to defined contribution plans	103,925	104,435
	1,013,887	1,037,139

Various government grants were received to help business deal with the impact of COVID-19. Government grant income in relation to temporary wage support schemes is deducted against staff and related costs.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

27 PROFIT FROM OPERATIONS

Profit from operations included the following items:

	Group 2020 $'000	Group 2019 $'000
Allowance for impairment on trade receivables	17,956	24,952
Impairment loss of:		
Intangible assets	65,000	–
Property, plant and equipment	39,995	–
Loss on disposal of:		
Intangible assets	1,731	1,472
Exchange loss, net	9,386	3,470
Expenses relating to:		
Short-term leases	9,325	12,276
Leases of low-value assets, excluding short-term leases of low-value assets	1,694	595
Variable lease payments not included in the measurement of lease liabilities	4,204	4,761

28 FINANCE COSTS

	Group 2020 $'000	Group 2019 $'000
Interest expense in relation to:		
Banks and other financial institutions	95,742	108,542
Fixed and floating rates notes holders	95,685	104,371
Lease liabilities	40,542	40,955
Service concession obligations	7,227	8,557
Non-controlling shareholders of subsidiaries	118	239
	239,314	262,664

NOTES TO THE FINANCIAL STATEMENTS

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29 INCOME TAX EXPENSE

	Group	
	2020	2019
	$'000	$'000
Current tax expense		
Current year	233,151	272,360
Over provided in prior years	(2,609)	(8,493)
	230,542	263,867
Deferred tax expense		
Movements in temporary differences	(17,105)	(67,386)
Under provided in prior years	8,070	615
	(9,035)	(66,771)
Income tax expense	221,507	197,096
Tax reconciliation		
Profit before income tax	1,412,742	1,462,544
Share of profit of associates, net of tax	(187,202)	(197,895)
Share of profit of joint ventures, net of tax	(174,249)	(157,962)
Profit before income tax excluding share of profit of associates and joint ventures, net of tax	1,051,291	1,106,687
Tax calculated using Singapore tax rate of 17% (2019: 17%)	178,719	188,137
Effect of different tax rates in other countries	3,249	2,153
Tax rebates and incentives	(14,890)	(19,515)
Income not subject to tax	(48,896)	(30,370)
Expenses not deductible for tax purposes	63,263	39,811
Change in unrecognised tax benefits	15,678	12,867
Withholding tax	18,923	11,891
Under/(over) provided in prior years	5,461	(7,878)
Income tax expense	221,507	197,096

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.

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Information about reportable segments

	Port business $'000	Marine business $'000	Others $'000	Total reportable segments $'000
Group				
31 December 2020				
Revenue				
Total revenue	3,769,675	318,012	108,641	4,196,328
Inter-segment revenue	(8,765)	(6,256)	(2,369)	(17,390)
External revenue	3,760,910	311,756	106,272	4,178,938
Operating profit	1,189,700	87,712	1,447	1,278,859
Material item				
Depreciation and amortisation	695,715	45,418	5,128	746,261
Segment assets	10,036,704	551,965	136,788	10,725,457
Segment liabilities	1,666,497	62,875	30,353	1,759,725
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

The capital expenditure for port and marine business segments was $540.8 million (2019: $1,138.0 million) and $31.7 million (2019: $51.4 million) respectively.

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Reconciliations of reportable segment operating profit, assets and liabilities

	Group	
	2020	2019
	$'000	$'000
Operating profit		
Operating profit for reportable segments	1,278,859	1,207,621
Corporate expenses	(98,137)	(110,655)
Other income	224,264	275,855
Impairment loss of intangible assets	(65,000)	–
Impairment loss of property, plant and equipment	(39,995)	–
Exchange loss, net	(9,386)	(3,470)
Share of profit of associates, net of tax	187,202	197,895
Share of profit of joint ventures, net of tax	174,249	157,962
Finance costs	(239,314)	(262,664)
Profit before income tax	1,412,742	1,462,544
Segment assets		
Segment assets for reportable segments	10,725,457	10,504,980
Associates	3,204,997	3,130,037
Joint ventures	3,576,976	3,413,032
Cash and bank balances	4,396,964	3,188,073
Financial assets	1,360,025	1,296,117
Deferred tax assets	39,349	38,015
Hedging instruments	68,171	44,292
	23,371,939	21,614,546
Segment liabilities		
Segment liabilities for reportable segments	1,759,725	1,524,399
Corporate liabilities	127,357	112,459
Borrowings	6,428,865	5,961,305
Lease liabilities	1,120,663	1,045,262
Current tax payable	272,081	247,266
Deferred tax liabilities	497,902	495,184
Hedging instruments	39,130	9,388
	10,245,723	9,395,263

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.

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	Group	
	2020	2019
	$'000	$'000
Revenue		
Southeast Asia	2,834,840	2,889,111
Europe, Mediterranean and The Americas	968,142	824,173
Rest of Asia	375,956	364,167
	4,178,938	4,077,451
Non-current assets		
Southeast Asia	4,864,685	4,924,809
Europe, Mediterranean and The Americas	3,003,717	2,663,438
Rest of Asia	1,798,866	2,011,208
	9,667,268	9,599,455

Revenue and non-current assets included $2,834.4 million (2019: $2,887.2 million) and $4,864.7 million (2019: $4,924.8 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 2020, 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.

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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 2020			
Not past due	450,715	(1,040)	No
Past due less than 30 days	97,505	(607)	No
Past due 30 - 120 days	79,044	(1,896)	No
Past due more than 120 days	140,387	(110,193)	Yes
	767,651	(113,736)	
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)	

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 2019	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
Allowance for impairment	17,956
Amounts written off	(518)
Acquisition of subsidiaries	520
Translation differences on consolidation	471
At 31 December 2020	113,736

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 Group considers its other financial assets to have low credit risk and the amount of the allowance on other financial assets is not significant.

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 2020, the Company has issued guarantees on behalf of its subsidiaries and joint ventures which amounted to $26.4 million (2019: $29.6 million). These guarantees would become immediately payable by the Company in the event of default by these subsidiaries and joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

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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	Contractual cash flows	Within 1 year	Between 1 and 5 years	After 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
31 December 2020					
Non-derivative financial liabilities					
Interest-bearing liabilities	6,269,201	(6,812,850)	(2,284,857)	(1,470,230)	(3,057,763)
Lease liabilities	1,120,663	(1,664,435)	(98,098)	(324,220)	(1,242,117)
Loans from joint venture	150,109	(151,960)	(3,215)	(148,745)	–
Loans from non-controlling shareholders of subsidiaries	9,555	(9,940)	(77)	(308)	(9,555)
Trade and other payables	1,421,093	(1,421,093)	(1,421,093)	–	–
Hedging instruments					
- Assets	(68,171)				
Inflow		688,581	651,186	37,395	–
Outflow		(631,067)	(595,557)	(35,510)	–
- Liabilities	39,130				
Inflow		1,083,459	312,222	503,188	268,049
Outflow		(1,115,614)	(315,226)	(525,712)	(274,676)
	8,941,580	(10,034,919)	(3,754,715)	(1,964,142)	(4,316,062)
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)

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	Carrying amounts	Contractual cash flows	Cash flows: Within 1 year	Cash flows: Between 1 and 5 years	Cash flows: After 5 years
	$'000	$'000	$'000	$'000	$'000
Company					
31 December 2020					
Non-derivative financial liabilities					
Interest-bearing liabilities	2,441,778	(2,794,841)	(949,472)	(326,675)	(1,518,694)
Trade and other payables	783,776	(783,776)	(783,776)	–	–
Hedging instruments					
– Liabilities	29,969				
Inflow		648,368	116,029	264,290	268,049
Outflow		(670,985)	(115,209)	(281,100)	(274,676)
	3,255,523	(3,601,234)	(1,732,428)	(343,485)	(1,525,321)
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)

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.

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(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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Fixed rate				
Cash and bank balances	2,836,570	2,784,417	1,831,607	1,979,396
Borrowings	(3,714,973)	(2,956,453)	(2,197,698)	(2,352,347)
Lease liabilities	(1,120,663)	(1,045,262)	–	–
	(1,999,066)	(1,217,298)	(366,091)	(372,951)
Floating rate				
Cash and bank balances	1,560,394	403,656	979,769	28,917
Borrowings	(2,713,892)	(3,004,852)	(244,080)	(518,287)
	(1,153,498)	(2,601,196)	735,689	(489,370)

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.

Cash flow hedge

A portion of the floating rate bank loans amounting to $630.0 million (2019: $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 2020 comprises assets of $65.3 million (2019: $37.9 million). The weighted average interest rate of the swaps as at 31 December 2020 ranged from 7.52% to 9.03% (2019: 7.52% to 9.03%) and the SGD:INR forward exchange rate as at 31 December 2020 ranged from 45.22 to 53.40 (2019: 45.22 to 53.40). The swaps will mature in 2021. Reclassification adjustments are recorded in finance income/cost.

Sensitivity analysis

At 31 December 2020, it is estimated that a general increase of 100bps in interest rates would decrease the Group's profit before tax by approximately $5.2 million (2019: $19.7 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 2020, it is estimated that a general increase of 100bps in interest rates would increase the Company's profit before tax by approximately $7.4 million (2019: decrease by approximately $4.9 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.

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(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 $264.7 million (2019: $269.4 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 2020 comprises liabilities of $29.6 million (2019: $9.1 million). The weighted average SGD:USD forward exchange rate as at 31 December 2020 ranged from 0.73 to 0.74 (2019: 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 $2.12 billion (2019: $2.07 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:

	2020		2019	
	HK Dollar	US Dollar	HK Dollar	US Dollar
	$'000	$'000	$'000	$'000
Group				
Financial assets	516	335,432	516	296,734
Other non-current assets	–	133,590	–	134,847
Cash and bank balances	89,110	680,522	12,169	85,130
Trade and other receivables	856	110,751	–	85,797
Interest-bearing liabilities	–	(619,492)	–	(28,283)
Trade and other payables	(6,450)	(52,310)	(10,481)	(61,301)
	84,032	588,493	2,204	512,924
Company				
Financial assets	–	86,704	–	76,633
Loans to subsidiaries	–	1,009,406	–	990,659
Cash and bank balances	89,094	620,750	12,143	29,474
Interest-bearing liabilities	(170,572)	(2,027,126)	(345,838)	(1,878,563)
Trade and other payables	(6,450)	(10,791)	(10,481)	(10,107)
	(87,928)	(321,057)	(344,176)	(791,904)

Sensitivity analysis

At 31 December 2020, 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 $8.4 million (2019: $0.2 million) and decrease the Group's other comprehensive income by approximately $0.05 million (2019: $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 2020, 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 $25.3 million (2019: $21.6 million) and decrease the Group's other comprehensive income by approximately $33.5 million (2019: $29.7 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.

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At 31 December 2020, 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 $8.8 million (2019: $34.4 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 2020, 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 $40.8 million (2019: $86.9 million) and decrease the Company's other comprehensive income by approximately $8.7 million (2019: $7.7 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 2020, it is estimated that a 10% increase in the underlying equity prices would increase the Group's profit before tax by approximately $0.8 million (2019: $1.1 million) and increase the Group's other comprehensive income by $135.2 million (2019: $128.5 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) 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.

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Fair values versus carrying amounts

The carrying amounts of financial assets and liabilities are as follows:

	Note	Amortised cost	FVTPL - equity instruments	FVOCI - equity instruments	Fair value - hedging instruments	Other financial liabilities	Total carrying amounts
		$'000	$'000	$'000	$'000	$'000	$'000
Group							
31 December 2020							
Equity investments at FVOCI	9	–	–	1,352,288	–	–	1,352,288
Equity investments at FVTPL	9	–	7,737	–	–	–	7,737
Hedging instruments	10, 12	–	–	–	68,171	–	68,171
		–	7,737	1,352,288	68,171	–	1,428,196
Other non-current assets	10	188,389	–	–	–	–	188,389
Trade and other receivables	12	964,990	–	–	–	–	964,990
Cash and bank balances	15	4,396,964	–	–	–	–	4,396,964
		5,550,343	–	–	–	–	5,550,343
Hedging instruments	20, 21	–	–	–	(39,130)	–	(39,130)
Unsecured fixed and floating rates notes	18	–	–	–	–	(3,500,144)	(3,500,144)
Secured bank loans	18	–	–	–	–	(883,933)	(883,933)
Unsecured bank loans	18	–	–	–	–	(1,885,124)	(1,885,124)
Loans from joint venture	18	–	–	–	–	(150,109)	(150,109)
Loans from non-controlling shareholders of subsidiaries	18	–	–	–	–	(9,555)	(9,555)
Trade and other payables	21	–	–	–	–	(1,421,093)	(1,421,093)
		–	–	–	–	(7,849,958)	(7,849,958)
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)
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)
Trade and other payables	21	–	–	–	–	(1,234,471)	(1,234,471)
		–	–	–	–	(7,195,776)	(7,195,776)

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	Note	Amortised cost	FVOCI – equity instruments	Fair value – hedging instruments	Other financial liabilities	Total carrying amounts
		$'000	$'000	$'000	$'000	$'000
Company						
31 December 2020						
Equity investments at FVOCI	9	–	86,704	–	–	86,704
Other non-current assets	10	12,648	–	–	–	12,648
Trade and other receivables	12	197,227	–	–	–	197,227
Cash and bank balances	15	2,811,376	–	–	–	2,811,376
		3,021,251	–	–	–	3,021,251
Hedging instruments	20, 21	–	–	(29,969)	–	(29,969)
Unsecured fixed and floating rates notes	18	–	–	–	(832,374)	(832,374)
Unsecured bank loans	18	–	–	–	(244,080)	(244,080)
Unsecured loan from subsidiary	18	–	–	–	(1,365,324)	(1,365,324)
Trade and other payables	21	–	–	–	(783,776)	(783,776)
		–	–	–	(3,225,554)	(3,225,554)
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	169,730	–	–	–	169,730
		339,460	–	–	–	339,460
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)

As at 31 December 2020, the Group's fair value of unsecured fixed and floating rates notes was $3.7 billion (2019: $2.8 billion). The Company's fair values of unsecured fixed and floating rates notes and unsecured loan from subsidiary were $0.9 billion (2019: $1.0 billion) and $1.5 billion (2019: $1.4 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).

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Financial assets and financial liabilities carried at fair value

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2020				
Equity instruments at FVOCI	1,158,551	–	193,737	1,352,288
Equity investments at FVTPL	–	–	7,737	7,737
Hedging instrument assets	–	68,171	–	68,171
	1,158,551	68,171	201,474	1,428,196
Hedging instrument liabilities	–	(39,130)	–	(39,130)
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)
Company				
31 December 2020				
Equity instruments at FVOCI	86,704	–	–	86,704
Hedging instrument liabilities	–	(29,969)	–	(29,969)
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)

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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 2020			
Other non-current assets	–	188,389	188,389
Unsecured fixed and floating rates notes	–	(3,674,736)	(3,674,736)
Secured bank loans	–	(883,933)	(883,933)
Unsecured bank loans	–	(1,885,124)	(1,885,124)
Loans from joint venture	–	(150,109)	(150,109)
Loans from non-controlling shareholders of subsidiaries	–	(9,555)	(9,555)
	–	(6,603,457)	(6,603,457)
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)
	–	(5,987,930)	(5,987,930)
Company			
31 December 2020			
Unsecured fixed and floating rates notes	–	(859,962)	(859,962)
Unsecured bank loans	–	(244,080)	(244,080)
Unsecured loan from subsidiary	–	(1,514,223)	(1,514,223)
	–	(2,618,265)	(2,618,265)
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)

* 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.

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33 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

The Group acquired equity interests in subsidiaries in Peru and Italy during 2020 and mainly in Canada and America during 2019. The acquisition of the subsidiaries had 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	
	2020	2019
	$'000	$'000
Property, plant and equipment	99,524	150,331
Intangible assets	157,736	553,585
Right-of-use assets	48,883	65,024
Deferred tax assets	1,151	–
Other non-current assets	1,612	4,661
Cash and bank balances	1,197	3,353
Other current assets	40,847	21,009
Borrowings	(8,621)	(53,269)
Lease liabilities	(48,529)	(64,659)
Current tax payable	(3,964)	–
Deferred tax liabilities	(11,668)	(2,751)
Provisions	–	(1,176)
Other non-current obligations	(5,530)	(1,322)
Other current liabilities	(29,096)	(7,710)
Identifiable net assets	243,542	667,076
Less: Non-controlling interests	(14,876)	–
Total identifiable net assets	228,666	667,076
Less: Amounts previously accounted for as associate	(21,119)	–
Total consideration paid	207,547	667,076
Cash acquired, net of overdrafts of subsidiaries	(1,197)	(3,353)
Net cash outflow on acquisition of subsidiaries	206,350	663,723

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(b) Disposal of subsidiary

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

	Group 2019 $'000
Property, plant and equipment	149,922
Intangible assets	176,552
Right-of-use assets	470,154
Deferred tax assets	300
Cash and bank balances	74,594
Other current assets	26,976
Borrowings	(235,014)
Lease liabilities	(473,657)
Current liabilities	(35,145)
Net assets derecognised	154,682
Non-controlling interests	(21,312)
Reclassification of reserves	(6,214)
Accounted for as investments in joint ventures	(99,986)
Net assets disposed	27,170
Gain on disposal of subsidiaries	19,310
Total consideration in kind	(3,739)
Cash and bank balances disposed	(74,594)
Disposal of subsidiaries, net of cash disposed	(31,853)

34 COMMITMENTS

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

	Group 2020 $'000	Group 2019 $'000
Capital commitments which have been authorised and contracted but not provided for in the financial statements	973,444	1,257,834

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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	
	2020	2019
	$'000	$'000
Directors' fees	2,399	4,230
Senior Management Council remuneration	21,051	19,787
	23,450	24,017

Other related party transactions

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

	Group	
	2020	2019
	$'000	$'000
Provision of services		
Related corporations	1,313	1,193
Joint ventures	74,061	62,487
Purchase of services		
Related corporations	(23,347)	(20,448)
Joint ventures	(145,302)	(137,203)

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 2020, 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

Subsequent to year end, the directors proposed a net final dividend of $0.33 per share amounting to $200 million in respect of the financial year ended 31 December 2020. The dividend has not been provided for in the financial statements.

On 1 February 2021, the Group completed the acquisition of majority stake in Ameya Logistics Private Limited which provides logistic services in India. The financial effect of this acquisition on the Group could not be reasonably estimated at the date of approval of these financial statements.