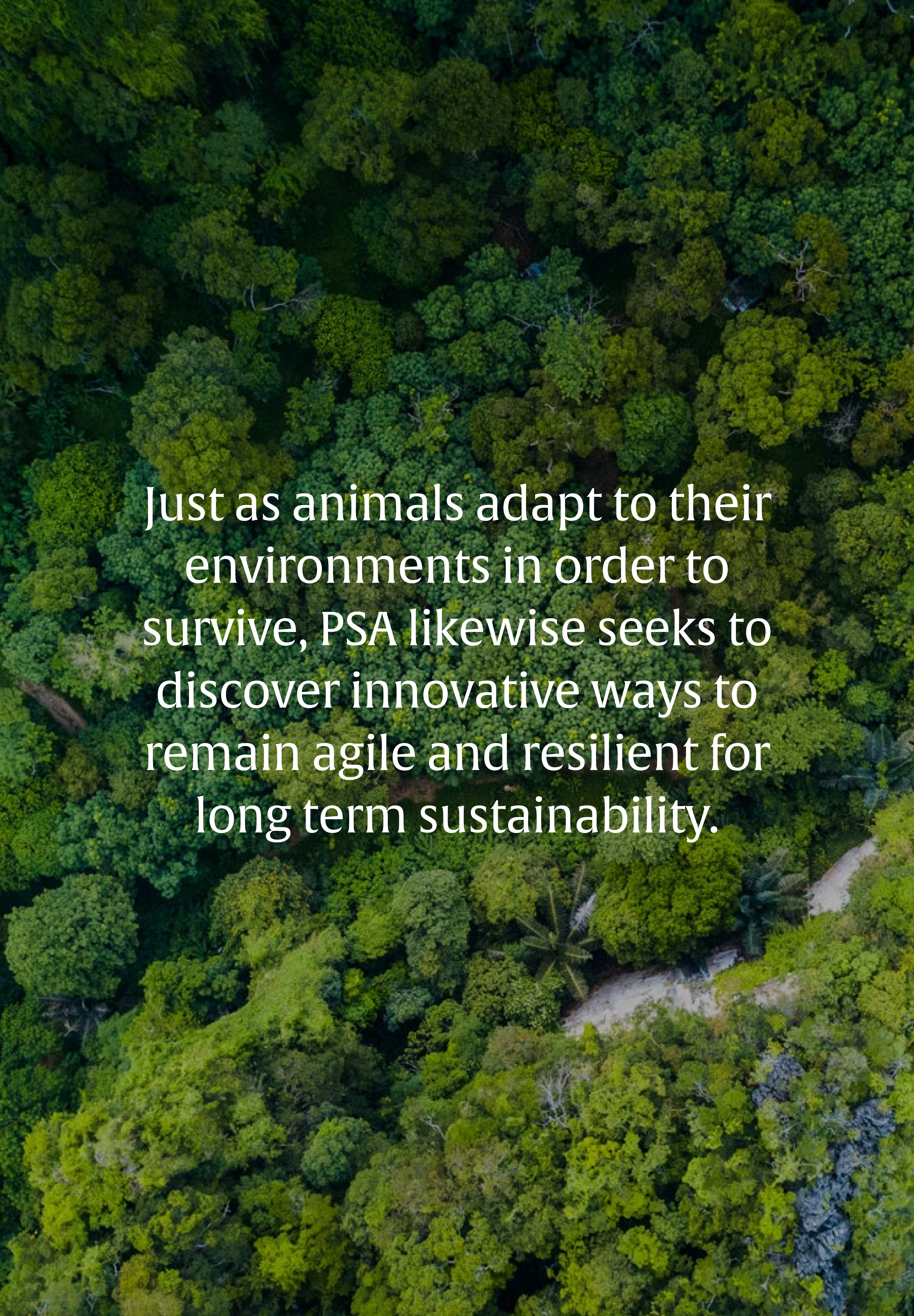
PSA INTERNATIONAL ANNUAL REPORT 2022

It's in our Nature



Just as animals adapt to their environments in order to survive, PSA likewise seeks to discover innovative ways to remain agile and resilient for long term sustainability.

OVERVIEW

Join us on an expedition to discover how it is in our nature to deliver our best in all that we do.

From the keen vision of birds, to the empathy and strength of the elephant, the animal kingdom is home to many wondrous creatures that inspire us.

Just like the animals who rely on their abilities to thrive, at PSA, we seek to leverage our strengths to navigate the way for our stakeholders in the complex world of the global supply chain.

90.9 mil	1.75 mil	160	42
TEUS HANDLED IN 2022	NO. OF SHIPMENTS	LOCATIONS	COUNTRIES

Note: Numbers as at 31 Dec 2022

Braving challenges

Just as the tiger is renowned for its strength and bravery, our strong foundation and track record ensure that we can remain fiercely resilient and agile to overcome the challenges that may lie ahead.

Group Chairman's Message

Peter Robert Voser

2022 was a year marked by unpredictability. While learning to live with COVID-19, businesses and communities were faced with macroeconomic uncertainties arising from geopolitical challenges, including ongoing trade sanctions and the war in Ukraine; record inflation, rising fuel and energy costs, as well as supply chain disruptions and growing climate-related pressures.

Amidst these challenges, PSA stayed focused on our strategic priorities to meet the needs of our customers, partners and stakeholders. PSA registered a throughput of 90.9 million Twenty-foot Equivalent Units (TEUs) globally in 2022, a decrease of 0.7% over 2021. Overall group revenue and net profit were SGD8.0 billion and SGD1.6 billion respectively.

It was a landmark year for PSA as we inaugurated Phase 1 of Tuas Port on 1 September 2022, which marked a momentous milestone in Singapore's maritime history and reinforced PSA Singapore's role as a global hub port. Tuas Port is envisioned to be the focal point of an extensive and well-connected supply chain and logistics ecosystem when fully completed in the 2040s. In late February 2023, we also commemorated its first millionth TEU of containers handled.

Just as significantly, we have been working to transform our business and increase our relevance to global supply chain stakeholders. Even as we continue building on our core business of ports, we have concurrently invested in growing our ability to offer logistics and supply chain solutions beyond the port. In 2022, we fully acquired global logistics solutions provider BDP International (rebranded to PSA BDP), which has extended PSA's capabilities to serve cargo owners as a supply chain orchestrator. This also brings us closer to our shared vision of realising an Internet of Logistics for the industry, to enable more resilient and sustainable trade.

SUSTAINING A CULTURE OF EXCELLENCE

Our unwavering commitment to service excellence continued to gain industry recognition. PSA Singapore was named 'Best Container Terminal – Asia (over 4 million TEUs)' for the 32^{nd} time at the 2022 Asian Freight, Logistics & Supply Chain Awards (AFLAS) and 'Container Terminal Operator of the Year' for the 14^{th} time at the Supply Chain Asia Awards 2022.

For the fourth time at the Asian Freight, Logistics and Supply Chain Awards, PSA Antwerp won 'Best Container Terminal – Europe'; and Mersin International Port in Türkiye received the 'Port Operator of the Year' award for the 12^{th} time at the Atlas Logistics Awards. Baltic Hub (formerly DCT Gdańsk) in Poland bagged the prestigious 'Transport, Spedition and Logistics' Award for the second year running in the 'Logistics Infrastructure Development' category. PSA Chennai was voted 'Container Terminal Operator of the Year' for the fifth consecutive year at the 13^{th} Southeast Cargo and Logistics Awards 2022; while PSA Ameya was named 'Best Container Freight Station (CFS) Operator of the Year – Pan India' for the sixth consecutive time at the India Maritime Awards 2022.

In Singapore, Group CEO Mr Tan Chong Meng was conferred the Meritorious Service Medal at the National Awards (COVID-19) for his leadership in two key national taskforces which steered Singapore through the pandemic. The occasion was made doubly meaningful as our Board member Mr Pang Kin Keong also received the Meritorious Service Medal for his contribution to Singapore's fight against COVID-19 in his capacity as Permanent Secretary for Home Affairs and Chairman of the Homefront Crisis Executive Group.

2022 was a memorable year for me personally, as I was extremely honoured to receive an Honorary Citizen Award for contributions rendered to Singapore – the highest form of national recognition for a non-Singaporean.

IGNITING INNOVATION

During the year, we continued to actively develop PSA's digital and cargo management capabilities as well as spearhead cross-industry collaborations. Amongst these was the research collaboration agreement between PSA Singapore and the Agency for Science, Technology and Research's Institute of High Performance Computing to co-develop a smart fleet management solution for automated guided vehicles (AGVs) to move containers safely and efficiently at Tuas Port.

We also collaborated with key stakeholders to develop more than 50 Application Programming Interfaces (APIs) for the local logistics and haulier industry, to connect their in-house systems with Portnet®, PSA's nation-wide B2B port community solution, towards enabling real-time information-sharing for greater operational efficiencies.

PSA Marine provided value-added service to its stakeholders with the launch of OHS-Sapphire in November 2022 – the first-of-its-kind digital real-time alert solution to inform shipmasters of vessel supply delivery statuses when their vessels are anchored at PSA Singapore's terminals.

DRIVING GREATER SUSTAINABILITY

I am particularly proud of the work that has been done to bolster our commitment towards sustainability.

A significant green milestone was achieved in the opening of Singapore's Tuas Port, one of the world's most technologically advanced and sustainable ports. PSA International also joined the Maritime and Port Authority of Singapore and Port of Rotterdam Authority as an Action Partner to establish the world's longest Green and Digital Corridor in support of zero-carbon shipping.

We also deployed Singapore's first Energy Storage System at Pasir Panjang Terminal, as part of PSA's SGD 8 million collaboration with the Energy Market Authority to enhance the sustainability and decarbonisation of Singapore's port operations.

To further power Singapore's green energy future, PSA inked a Memorandum of Understanding (MOU) with key industry collaborators in Singapore and Japan to explore ways of utilising hydrogen as a viable low-carbon energy source and develop a cost-effective hydrogen supply chain network.

PSA Singapore's green efforts have also earned it the Business Leadership in Sustainability Award from the Singapore Green Building Council and Building and Construction Authority.

As a Group, we continue in our concerted approach towards the progressive electrification of all terminal equipment. PSA Antwerp, together with MSC PSA European Terminal and Antwerp Terminal Services, have also launched the Green Straddle Carrier Program and in the coming years, will work towards developing straddle carriers powered by alternative energy sources such as hydrogen and biofuel.

In India, PSA Mumbai commissioned a 1-megawatt solar farm which is projected to generate 13% of its annual power requirements and reduce CO_2 emissions by over 1,200 tonnes per year; similarly, Pusan Newport International Terminal in South Korea is using solar and renewable energy to power its buildings and reduce carbon emissions.

With education a critical component in inculcating environmental awareness and sustainability, PSA University launched the Group's first global Wintercamp and organised workshops for employees to learn about supply chain solutions and boost climate-conscious actions. The inaugural week-long PSA Global Learning Carnival promoted self-directed learning to PSA staff using online resources and experiential activities.

Along the same vein of encouraging wider discourse, PSA supported the Singapore Business Federation's inaugural Singapore Apex Business Summit (SABS) in 2022. Held over a few days, SABS brought together renowned speakers and provided a platform for international participants for networking and dialogue on economic development and business trends in areas including sustainability, digitalisation and collaboration.

On the governance front, a full review of PSA's Code of Business Ethics and Conduct concluded with key updates to ensure employees continue to uphold the highest standards of ethics and integrity in an ever-changing business landscape.

The PSA Group's Sustainability Report for 2022 will holistically detail and report our sustainability strategy, material issues, and ESG initiatives when published in mid-2023.

CREATING POSITIVE COMMUNITY IMPACT

PSA continued to give back to community through meaningful social responsibility initiatives. With the easing of COVID-19 measures around the world, our staff resumed physical volunteerism with their beneficiaries. PSA companies and employees also provided financial assistance to the underprivileged or supported social projects to meet the needs of their local communities – such as through sporting events and fundraisers. Other initiatives included art and cultural sponsorships, and local sustainability projects like community clean-ups.

STRONG FOUNDATIONS FOR A SUSTAINABLE FUTURE

I would like to express my heartfelt appreciation to our staff, unions and management globally. Despite numerous challenges, their dedication and commitment in the pursuit of excellence continue to stand PSA in good stead, as one of the world's leading port operators and a trusted cargo solutions provider. I would also like to extend my thanks to the PSA International Board of Directors for their expert guidance and insights that have steered the Group confidently through complex operating conditions and transformation.

Looking ahead, the headwinds are expected to continue, but I remain confident that the strong foundations we have built up over the decades, coupled with our ability to adapt, innovate and work collaboratively, will ready us for an exciting future ahead as we work alongside towards delivering sustainable value for our customers and stakeholders.

PETER ROBERT VOSER
Group Chairman

Group CEO's Message

Tan Chong Meng

The world experienced another challenging year in 2022. Although most countries were emerging from the global pandemic, many continued to suffer from the negative aftershocks which were compounded by the war in Ukraine, higher energy prices, global inflation and supply chain disruptions.

Despite the challenges, the PSA Group kept an even keel as we planned ahead and stayed focused on strategic priorities, handling 90.9 million Twenty-foot Equivalent Units (TEUs) of containers for the year globally. Of this, PSA Singapore contributed 37.0 million TEUs (-0.7%) and PSA terminals outside Singapore moved 53.9 million TEUs (-0.7%); while on the cargo solutions side of our business, PSA BDP achieved over 1.75 million shipments for the year.

Here, I would like to express my deepest gratitude to our management, staff and unions for their resilience and adaptability through trying times. Their commitment to excellence by working together as a team, as well as closely alongside our stakeholders, helped to keep supply chains open and trade flowing. My heartfelt thanks also to our Board of Directors for their insightful counsel, as well as to our valued customers and partners for their continued support and trust.

ORGANISATIONAL TRANSFORMATION

2022 was a landmark year for the PSA Group. Even as we continued to build on our core business of ports and terminals, we also widened our focus towards enabling more agile, resilient and sustainable supply chains through the acquisition of BDP International, a global logistics solutions provider.

In line with PSA's long-term strategy, the organisation has now been restructured into two core businesses – Ports and Cargo Solutions, with mid-mile logistics being value-added services that we term 'Port+', our unique service differentiator. This change was fundamental to our transformation into a more customer-focused organisation. We are now more enabled to develop the necessary capabilities and technologies to better serve an expanding customer base that includes cargo owners, shipping lines and supply chain service providers.

At the same time, we recognise the key role that culture plays in the successful transformation of organisations, and so we will be investing efforts to strengthen our FISH culture to foster a more inclusive, diverse, and collaborative environment – one that values innovation, people development and continuous learning to build our talent capabilities to meet the challenges ahead.

EXTENDING GLOBAL NETWORK IN PORTS AND TERMINALS

During the year, we continued investing and upgrading our terminals to better serve our customers.

In September 2022, the official inauguration of the first phase of Tuas Port marked a historical milestone in Singapore's maritime history. When fully operational in the 2040s, Tuas Port is expected to be the world's largest fully-automated container terminal in a single location. Its incorporation of world-class technologies to support value-added port services and cargo solutions will reinforce Singapore's status as a global maritime and logistics hub port in the digital age.

In Canada, following PSA's acquisition of Ceres Halifax Inc. in April 2022, PSA Halifax's operations have expanded to cover two container terminals – Atlantic Hub and Fairview Cove; this will catalyse its transformation from a coastal to global hub port.

PSA Sines in Portugal celebrated the first stage completion of its Phase III expansion in July. When fully completed in 2028, the EUR300 million project will double the terminal's annual handling capacity and make PSA Sines one of the largest employers in the region.

In October, PSA Belgium and the Port of Antwerp-Bruges officially launched the EUR835 million Europa Terminal upgrading project, of which PSA is investing EUR500 million. With completion expected in nine years, the upgraded terminal will offer a 40% increase in capacity and over 50% reduction in carbon footprint.

DCT Gdańsk in Poland rebranded itself as 'Baltic Hub' and launched the construction of its third deepsea terminal in October. Upon expected completion in 2025, Baltic Hub will become one of the largest container terminal hubs in Europe.

EXPANDING OFFERING IN CARGO SOLUTIONS

During the year, PSA embarked on various initiatives to boost supply chain resiliency and connectivity.

2022 saw PSA's successful acquisition of global logistics solutions provider, BDP International, which was subsequently rebranded to PSA BDP in April 2023. PSA BDP's expertise in end-to-end supply chain services, coupled with PSA's global network will unlock greater customer value and create new opportunities for business growth.

In March 2022, Saudi Global Ports formally assumed the operatorship of the Riyadh Dry Port (RDP) Ecosystem under a new entity 'SGP Riyadh', and is expected to invest over 250 million Saudi Riyals to develop world-class logistics solutions for customers in the regions served by the Riyadh-Dammam railway.

In June, Sino-Singapore Chongqing DC Multimodal Logistics launched the first phase of the China-Singapore Chongqing Multi-Modal Distribution and Connectivity Centre, to provide logistics solutions for customers within the region and beyond.

During the year, several PSA units established new cargo connections with their partners to better serve their hinterlands. These included rail connections between Baltic Hub, Czech Republic, Slovakia and Hungary; and between PSA Mumbai and the city of Cochin. PSA's China terminals continued to support the International Land-Sea Trade Corridor (ILSTC) initiative – our ILSTC footprint now encompasses the Beibu-Gulf PSA International Container Terminal in Qinzhou, the CUIRC network of rail depots and the Chongqing Multimodal Logistics Hub.

FACILITATING TRADE THROUGH DIGITALISATION AND TECHNOLOGY

As a global port operator and cargo solutions provider, one of PSA's priorities is to facilitate sustainable trade through technology and innovation.

In January 2022, PSA Cargo Solutions SEA was appointed the lead logistics service orchestrator for Hyundai Motor Group Innovation Center's smart factory in Singapore (HMGICS), which will produce the first electric vehicles (EVs) to ever be made in Singapore. The partnership will see co-development of advanced logistics solutions to meet the requirements of HMGICS's EV production.

A year later in 2023, our collaborations in the automotive industry ramped up when Automotive Cells Company, one of Europe's leading EV battery manufacturers, selected PSA BDP to be their logistics partner in the Northern France region. Elsewhere, PSA's Fuzhou Container Terminal, PSA Fujian Supply Chain Solutions and SAIC Motor, China's largest car manufacturer, also formed a partnership to develop and operate one of SAIC's export port hubs in southeast China.

Over in Saudi Arabia in 2022, PSA's Saudi Global Ports signed a Memorandum of Understanding and completed proofs-of-concepts with Saudi Telecom Company and Huawei Technologies Co. Ltd Saudi Arabia, to accelerate digital transformation at King Abdulaziz Port Dammam under the Saudi Port Authority (Mawani) Smart Ports Initiative.

CrimsonLogic and PSA BDP co-developed Smart Classify, a digital workflow application that also leverages the capabilities of PSA's digital supply chain platform CALISTA™ to support the needs of shippers' trade compliance programs and their product classifications.

PSA and PSA BDP also encouraged industry collaboration by hosting the inaugural Internet of Logistics + Supply Chain Summit in Singapore. Industry leaders at the event included Schneider Electric, Google, Maritime & Port Authority of Singapore, CMA CGM, ExxonMobil and the Global Centre for Maritime Decarbonisation. Following this event, PSA BDP hosted a series of Supply Chain Summits in Antwerp, Istanbul, Dubai, Houston and Mumbai.

COLLECTIVE ACTION FOR DECARBONISATION

We continued to participate in cross-industry platforms that galvanise collective action among stakeholders to decarbonise global supply chains and co-create solutions for more sustainable trade.

In January 2022, I was honoured to assume the Governor Chair for The World Economic Forum's (WEF) Supply Chain & Transport Industry Community. Together with my PSA team, we have actively supported various WEF initiatives, including the Stakeholder Capitalism Metrics that aims to establish consistent global environmental, social and governance (ESG) reporting standards; and the First Mover Coalition's Infrastructure Pillar which seeks to harness the purchasing power of companies to decarbonise 'hard to abate' industrial sectors.

PSA is also working, together with other leading organisations, in partnership with Smart Freight Centre and the World Business Council for Sustainable Development to produce a new guidance that will help companies better quantify and measure their logistics emissions from end to end. This was published in Davos in January 2023.

PSA Singapore joined 'The Silk Alliance', dedicated to the development of a fleet-specific fuel transition strategy for container ships operating in the wider Asia region.

Further into this Report, we have furnished more information on our Group's climate action efforts. I also invite our stakeholders to view our annual Sustainability Report, available on our website, which offers a comprehensive read of PSA's sustainability milestones.

TOWARDS A SUSTAINABLE FUTURE, ALONGSIDE

Successful companies put customers and societal stakeholders at the heart of everything they do. Despite the economic uncertainties that may lie ahead, I am confident that the organisation is now poised to be more resilient, agile and aligned to drive sustainability in the days ahead. We will continue to work closely alongside our customers, partners and stakeholders, towards our mission of being a supply chain orchestrator and facilitator of sustainable global trade, to move the world's goods for the greater good.

TAN CHONG MENG
Group CEO

Steering with insight

Owls possess an extraordinary sense of sight — so well developed that it allows them the ability to discern objects at great range with acute depth perception. Inspired by the owl, PSA is guided by a crystal clear vision of how we aspire to transform world trade for the greater good.

Corporate Governance

In conducting the organisation's business affairs, PSA International's Board of Directors adheres to a prudent and strategic approach, considering the everchanging landscape of the industry while taking into account 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:

AUDIT & RISK COMMITTEE (ARC)

The ARC 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 to assume key leadership positions. It also conducts performance reviews and approves the remuneration of PSA senior management.

SUPERVISORY AND ADVISORY COMMITTEES (COMMITTEES)

The Committees ensure that PSA's businesses, Ports and Cargo Solutions are appropriately managed by aligning PSA's management resources. There are four Committees within the organisation, namely, Ports Supervisory Committee, Cargo Solutions Supervisory Committee, Sustainability & Technology Supervisory Committee and PSA Marine Advisory Committee. Each Committee plans and reviews strategies and approves major capital expenditures, customer contracts, tenders and/or purchase contracts for PSA's businesses 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 business and commercial practices are strictly guided by the PSA Code of Business Ethics & Conduct.

Board of Directors

Peter Robert Voser
GROUP CHAIRMAN

Committee:
Chairman: LDCC

Tan Chong Meng
Committees:
Member: Ports SC; Cargo Solutions SC; Sustainability & Technology SC; PSA Marine AC

Kaikhushru Shiavax Nargolwala
Committees:
Chairman: Cargo Solutions SC
Member: LDCC

Tommy Thomsen
Committees:
Chairman: Ports SC
Member: LDCC; Sustainability & Technology SC

Jeanette Wong
Committees:
Chairwoman: Audit & Risk
Member: Cargo Solutions SC; PSA Marine AC

Pang Kin Keong
Committees:
Member: Audit & Risk; Ports SC; PSA Marine AC

Irving Tan
Committees:
Chairman: Sustainability & Technology SC
Member: Cargo Solutions SC

Foo Jixun
Committees:
Member: Ports SC; Sustainability & Technology SC

Wong Ai Ai
Committees:
Member: Audit & Risk; Ports SC

Jill Lee
Committees:
Member: Audit & Risk; Cargo Solutions SC

Notes:
- Mr Frank Wong stepped down as a Board Member on 15 November 2022, after having served on the PSA International Board for 14 years and the PSA Corporation Board for more than 8 years.
- LDCC: Leadership Development & Compensation Committee
- SC: Supervisory Committee
- AC: Advisory Committee

Senior Management

Corporate Centre

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 / HEAD OF PORTS PROCESS EXCELLENCE

Terence Tan
GENERAL COUNSEL & COMPANY SECRETARY

Christopher Chan
HEAD OF GROUP CORPORATE AFFAIRS & GROUP LEARNING

Eddy Ng
HEAD OF GROUP COMMERCIAL & SUPPLY CHAIN SUSTAINABILITY SOLUTIONS

Steven Lee
SVP GROUP HR

Ports

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

Enno Koll
HEAD OF AMERICAS

Cargo Solutions

Mike Andaloro
CEO PSA BDP / CEO SALES & OPERATIONS

Ho Ghim Siew
CEO PRODUCTS PSA BDP

Vincent Ng
CEO ENTERPRISE GROWTH / CFO PSA BDP

Alongside Brand Manifesto

It's what we do Alongside that defines us as
The World's Port of Call and more.
Being there. Building great teams and partnerships.
Charging up the industry with purpose and possibilities, for global trade.
Aiming beyond reliable, mastering complexity,
innovating to your advantage.
Orchestrating cargo solutions together
for greater resilience and sustainable growth.
Connecting communities for a better world,
listening, understanding and communicating.
We choose to be... Alongside.
PSA

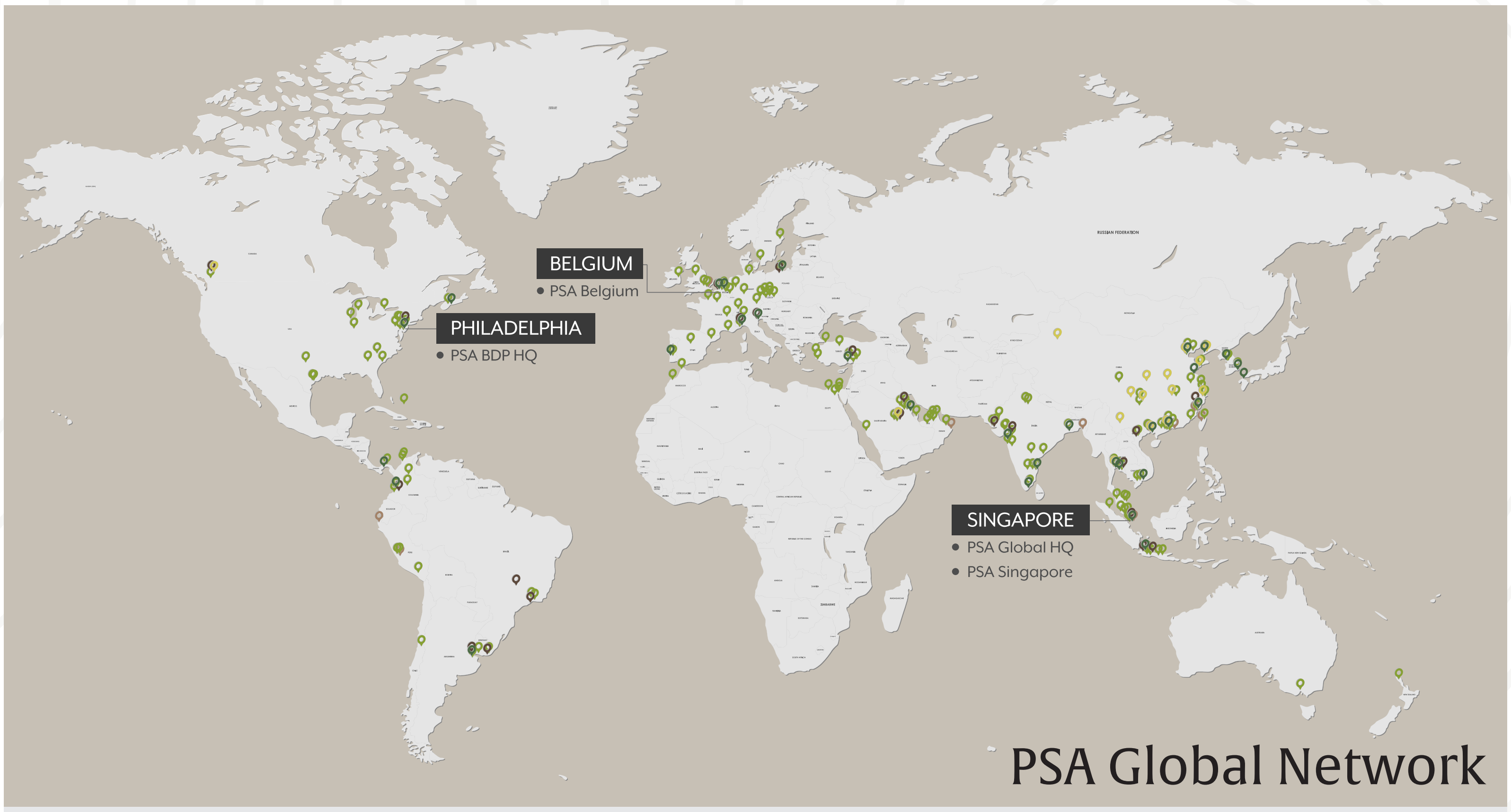
Making waves

Whales embark on annual migrations of spectacular scale, swimming around twenty thousand kilometres between their feeding grounds, from polar waters to tropical seas. This ability to span the world is mirrored in PSA's extensive global footprint and ability to connect points of origin to destination in the global trade ecosystem.

Global Footprint

Across savannas and plains, these are the different landscapes we are present in.

42	160	66
COUNTRIES	LOCATIONS	TERMINALS



● DEEP SEA / COASTAL TERMINALS ● PSA BDP OFFICES ● RAIL / INLAND TERMINALS
● INLAND CONTAINER DEPOTS / CONTAINER FREIGHT STATIONS / WAREHOUSES ● PSA MARINE

ASIA

	Deep Sea / Coastal Terminals	PSA BDP Offices	Rail / Inland Terminals	Inland Container Depots / CFS / Warehouses	PSA Marine
Bangladesh					●
China	●	●	●	●	●
India	●	●		●	
Indonesia	●	●			
Japan	●				
Malaysia		●			●
Oman		●			●
Qatar		●			
Saudi Arabia	●	●	●	●	
Singapore	●	●		●	●
South Korea	●	●			
Thailand	●	●	●	●	
Turkey	●	●		●	
UAE		●			
Vietnam	●	●		●	

EUROPE

	Deep Sea / Coastal Terminals	PSA BDP Offices	Rail / Inland Terminals	Inland Container Depots / CFS / Warehouses	PSA Marine
Belgium	●	●		●	
Czech Republic		●			
Denmark		●			
France		●			
Germany		●			
Ireland		●			
Italy	●	●		●	
Netherlands		●			
Poland	●	●		●	
Portugal	●	●			
Sweden		●			
Switzerland		●			
Spain		●			
United Kingdom		●			●

THE AMERICAS

	Deep Sea / Coastal Terminals	PSA BDP Offices	Rail / Inland Terminals	Inland Container Depots / CFS / Warehouses	PSA Marine
Argentina	●	●		●	
Brazil		●		●	
Canada	●	●	●	●	
Chile		●			
Colombia	●	●		●	
Panama	●	●			
Peru		●			●
Uruguay		●		●	
USA	●	●		●	

AFRICA

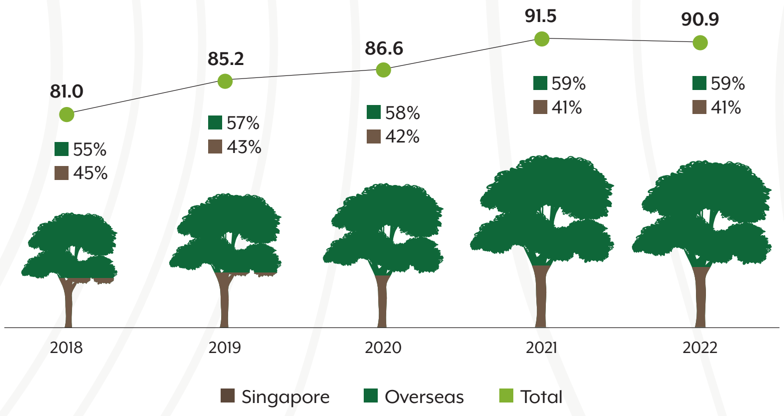
	PSA BDP Offices
Egypt	●
Morocco	●

OCEANIA

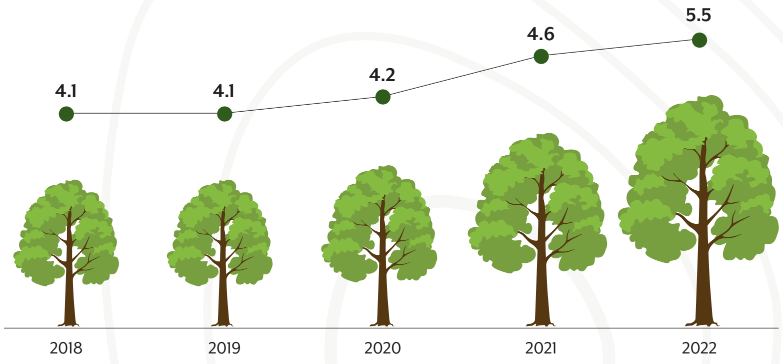
	PSA BDP Offices
Australia	●
New Zealand	●

Group Financial Highlights

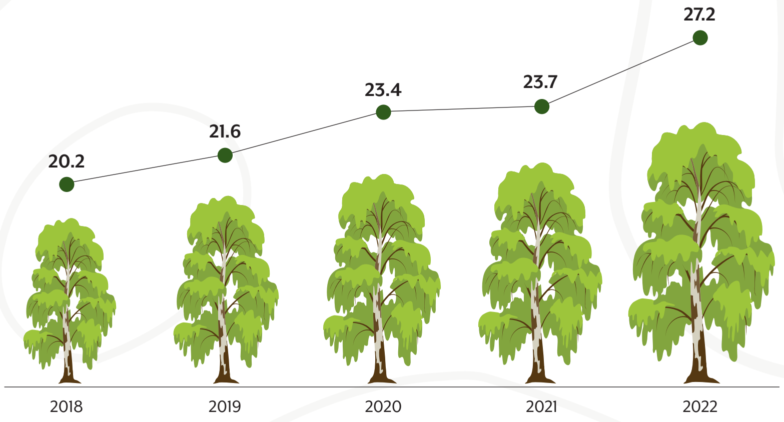
Throughput
(MILLION TEUs)



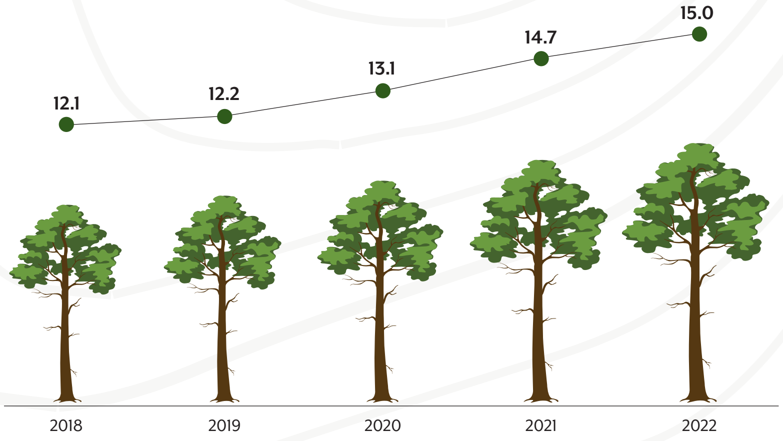
Net Revenue
(S$ BILLION)



Total Assets
(S$ BILLION)



Total Equity
(S$ BILLION)



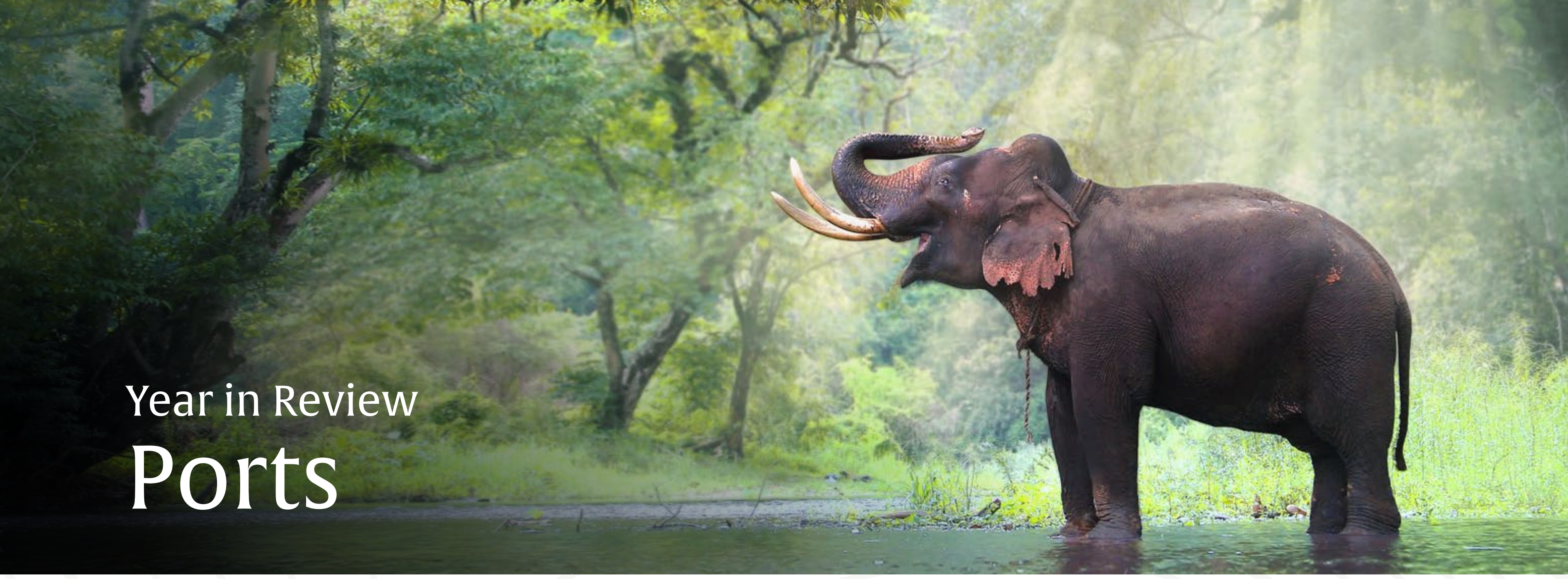
GROUP FINANCIAL HIGHLIGHTS

TEUs - Twenty-foot Equivalent Units All amounts in Singapore Dollars	2022	2021	2020	2019	2018
Throughput (million TEUs)					
Singapore	37.0	37.2	36.6	36.9	36.3
Overseas	53.9	54.3	50.1	48.3	44.7
Global	**90.9**	**91.5**	**86.6**	**85.2**	**81.0**
Consolidated Income Statement ($ million)					
Revenue	7,994	4,670	4,179	4,077	4,086
Transportation Costs	(2,472)	(40)	–	–	–
Net Revenue	5,523	4,630	4,179	4,077	4,086
Operating Expenses	(4,105)	(3,443)	(2,996)	(2,979)	(2,932)
Operating Profit	1,418	1,187	1,183	1,098	1,154
Net Other Income	210	204	108	271	203
Profit from Operations	1,628	1,391	1,291	1,369	1,357
Finance Costs	(225)	(196)	(239)	(263)	(218)
Share of Profit of Associates	284	210	187	198	148
Share of Profit of Joint Ventures	253	277	174	158	192
Profit before Income Tax	1,940	1,682	1,413	1,463	1,480
Income Tax Expense	(319)	(254)	(222)	(197)	(229)
Profit for the year	1,621	1,428	1,191	1,265	1,251
Non-controlling Interests	(59)	(47)	(23)	(20)	(46)
Profit attributable to Owner of the Company	1,562	1,381	1,168	1,246	1,205
Consolidated Financial Position ($ million)					
Total Assets	27,224	23,660	23,372	21,615	20,242
Total Liabilities	12,215	8,998	10,246	9,395	8,197
Total Equity	15,009	14,662	13,126	12,219	12,045
Financial Ratios					
Operating Margin[1]	25.7%	25.6%	28.3%	26.9%	28.2%
Return of Average Total Assets[2]	7.3%	6.9%	6.4%	7.3%	7.3%
Return of Average Total Equity[3]	10.9%	10.3%	9.4%	10.4%	10.6%
Total Debt/Equity (times)[4]	0.49	0.33	0.49	0.49	0.48
Earnings per Share ($)	2.57	2.27	1.92	2.05	1.98

1 Operating profit expressed as a percentage of net 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

Going strong

At PSA, we take pride in faithfully serving a global supply chain network that spans the world. This sense of purpose is reflected in the abilities of the mighty elephant, long regarded as one of the strongest mammals due to its ability to carry immense loads over long distances.



Ports

SOUTHEAST ASIA

The inauguration of Phase 1 of Tuas Port was graced by Singapore's Prime Minister Lee Hsien Loong on 1 September 2022 and marked a significant milestone in Singapore's maritime history and its role as a global hub port. The port is envisioned to be the focal point of an extensive and well-connected supply chain and logistics ecosystem when fully completed in the 2040s. Five mega berths became operational at the end of 2022, providing enhanced operating capacity and automation capabilities.

PSA Singapore also launched SlotXpert, a digital marketplace for vessel slot-sourcing to optimise cargo flow and vessel utilisation. SlotXpert enables liners to leverage PSA's hub synergies to accelerate inventory movement, secure slots on demand and expand connectivity across alliances.

A key highlight of the year was PSA Singapore's successful testing and commissioning of its first two Automated Quay Cranes (aQCs) at Pasir Panjang Terminal in September. Advanced capabilities – such as fully-automated container operations on prime movers and anti-sway control for fast movements between vessel and wharf – enable the aQCs to achieve automated handling time of 75 seconds. High resolution LiDAR and camera fusion technology installed on the aQCs support productive remote handling at vessel side.

Concurrently working towards the deployment of Autonomous Prime Movers (aPMs) in the near future, PSA Singapore has successfully integrated the aPMs interface with the PSA-designed Fleet Management System, to ensure full orchestration with its Terminal Operations Systems. Vehicle-To-Infrastructure Systems have also been implemented to enable aPMs to interact with traffic lights.

PSA Singapore's efforts to continue strengthening its operational capability and resilience despite the ongoing macroeconomic challenges in 2022 were recognised by industry stakeholders, when it was named 'Best Container Terminal - Asia (over 4 million TEUs)' for the 32nd time at the Asian Freight, Logistics & Supply Chain Awards 2022.

Continuing its commitment to sustainability, PSA Singapore has developed Singapore's First Energy Storage System (ESS) at Pasir Panjang Terminal to enable more energy efficient port operations. This ESS is part of the Smart Grid Management System which has the potential to improve the energy efficiency of port operations by 2.5% and reduce the port's carbon footprint by 1,000 tCO_2e per annum, the equivalent of removing around 300 cars off the road annually.

During the year, PSA Singapore collaborated closely with its joint venture partners and customers on sustainability initiatives – including with ONE to recycle reefer refrigerant; CMA-CGM to implement new sustainable solutions (such as adoption of PSA's Opt-E-Arrive digital solution to reduce carbon emissions through the optimisation of bunker consumption); and OOCL on a green pilot trial to reduce trucking distances and carbon footprint.

PSA Singapore also joined 'The Silk Alliance', a cross supply-chain maritime partnership dedicated to the development of a fleet-specific fuel transition strategy for container ships operating in Singapore and the wider Asia region, based on the Hub's First Movers Framework.

Over in Thailand, Eastern Sea Laem Chabang Terminal (ESCO) maintained its service standards in supporting berth-on-arrival and vessel productivity. The terminal was awarded the 'Certificate of Achievement – Bronze' by Thailand's Ministry of Labour on 30 June 2022 for maintaining its Zero Accident status. At LCB Container Terminal 1, new Port+ services were launched including empty containers storage as well as truck optimisation for shuttling of empty containers. Along the Chao Phraya River, Thai Connectivity Terminal handled 159,000 containers, 32% more compared to the year before.

In Indonesia, New Priok Container Terminal 1 (NPCT1) welcomed a new direct Transpacific (TP20) service by Maersk, which provides weekly coverage from Jakarta to China and the US East Coast. NPCT1's successful upgrade to the new Global Terminal Operating System (GTOS) enhanced its capabilities to support consistently high standards of customer service. In 2022, NPCT1 achieved its highest annual handling volume since operations started in 2016.

In Vietnam, SP-PSA and its stakeholders jointly promoted services for handling alternative cargo, such as malt, wood chips and pellets; as well as Port+ services, such as container staging, and container and commodity storage. The terminal is also working closely with customers, like Kent Logistics, on enhancing on-boarding and operational processes.

In December, SP-PSA announced a new collaboration with SABIC, a leading Saudi chemical manufacturing company, to use SP-PSA's bonded container yard facility as a forward hub for cargo imports into Vietnam.

NORTHEAST ASIA

As China continued to experience COVID-19 lockdowns in 2022, PSA China and its stakeholders collaborated closely on operational transformation to support a sustainable port ecosystem network and strengthen business resilience. Key foci included optimising costs and enhancing productivity through technology deployments, as well as the sharing of safety technologies across our network.

In line with plans towards a sustainable port and to automate operations over the next few years, Tianjin Port Pacific International Container Terminal converted eight quay cranes and 16 electric Rubber Tyred Gantry (eRTG) cranes to remote operations. Dalian Container Terminal embarked on its smart and green port transformation as part of ongoing efforts to automate its port equipment and future-proof its investments. The project includes automating its entire fleet of 24 rail-mounted gantry cranes (RMG), conducting remote quay crane trials as well as deploying aPMs. Beibu Gulf-PSA International Container Terminal's (BPCT) automation journey has started with the progressive modification of all RMGs by 2025. The terminal has also installed a battery swapping station to convert prime movers from diesel to electric power.

Developing Port+ solutions as a differentiator for PSA terminals among Beneficial Cargo Owners (BCOs), LYG-PSA Container Terminal (LPCT) collaborated with PSA BDP (Qingdao) to provide Sheng Hong Petrochemical, the largest petrochemical BCO in Lianyungang, with Port+ services for land logistics in the export of Sheng Hong's products to South Korea and the United States.

PSA Fuzhou Container Terminal (FCT) and PSA Fujian Supply Chain signed a three-year Logistics Service Provider (LSP) agreement with LM Wind Power, a General Electric subsidiary, to develop a 70,000-square meter (sqm) space in FCT Jiangyin Logistics Park. This will serve as one of their main consolidation, storage, assembly and distribution centres for raw materials and manufactured parts, before the final products are exported globally.

LPCT and Fuzhou International Container Terminal leveraged Port+ services, such as general cargo containerisation, to successfully establish a Lianyungang and Fuzhou intermodal corridor for the port groups' shipping lines. PSA's terminal network in China has enabled direct domestic intermodal exports between Henan and Fujian provinces of up to 30,000 TEUs annually.

To ensure supply chain resiliency, Guangzhou Container Terminal (GCT) initiated a direct Guangzhou-Hong Kong barging corridor via GCT to complement cross-border land trucking operations disrupted by the COVID-19 pandemic. Guangzhou-PSA Logistics (GPL) added an advanced inventory management (AIM) solution with a key chemical BCO to expand its product offerings and mitigate challenges caused by scheduling changes as well as congestion in upstream and downstream ports.

With China's domestic growth and dual circular economy strategy, efforts in strengthening our position in its hinterland has increased. In April, China United International Rail Containers Company (CUIRC) launched its 13th railway terminal located in Guangzhou. CUIRC recorded throughput volumes of 5.5 million TEUs in 2022, a 12% increase year-on-year. As the country's key node in serving international block trains, CUIRC plays an important role in China's Belt and Road Initiative.

June marked the official launch of Phase 1 of the Sino-Singapore (Chongqing) Multi-Modal Distribution and Connectivity DC Centre (SSCDC). The SSCDC is well positioned as an important West China hub for cargo distribution given its excellent connectivity via multi-modal transport services. As our first physical node in West China, SSCDC complements PSA's existing port network and enhances our ability to offer Port+ services to our customers. The SSCDC has since handled more than 20,000 TEUs of containers, serving key markets like Southeast Asia and Europe.

In 2022 we saw continued digitalisation across our horizons, with GCT adopting PSA's Global Portnet system after successful implementations in Guangxi and Fuzhou port communities. PSA NEA also extended its digital connectivity in the Guangxi Beibu Gulf to include the local government, key shipping lines and data exchanges across PSA in Belgium, Korea and Thailand. In Fuzhou, the Digital Road Platform continued to provide integrated digital Port+ truck services to the depot and factories.

PSA China terminals have been adopting technology to enhance our safety environment. More data analytics applications and robotics process automation were rolled out across all terminals. Leveraging digitalisation, BPCT was able to simplify haulier work processes, digitalise the highway toll rebate process and utilise Electronic Data Interchange (EDI) to facilitate communications with the Municipal Highway Authority.

Over in South Korea, MSC subsidiary Terminal Investment Limited Sàrl (TIL) joined PSA as a joint venture partner of Pusan Newport International Terminal (PNIT). With this development, PNIT is envisioned to become a key hub for MSC.

At Incheon Container Terminal, a new work process using the Personal Digital Assistant (PDA) system and supported by monitoring technology, has enabled the terminal's control centre to take on the role of quay crane supervision.

HMM PSA New-Port Terminal (HPNT) introduced Automatic Dispensers for Container Seals as part of the terminal's transformation from manual operations to automation. Since end 2022, they can dispense seals for all five major shipping lines calling at HPNT. This innovative application enhances safety as it reduces the need for truck drivers to alight from their cabin.

To expand its reach in the Busan New Port hinterland, PSA Korea is exploring opportunities beyond port logistics. With the development of logistics assets in the hinterland, the company aims to provide customers seamless cargo connectivity from port to landside.

MIDDLE EAST SOUTH ASIA

In 2022, PSA's MESA region handled 22.7% more containers than the year before; this included growth at inland terminals.

In particular, PSA Mumbai handled 1.6 million TEUs or over 30% more than the year before. The terminal also crossed the 4-million TEU milestone since commencement of operations in 2018. PSA Mumbai launched its Phase 2 construction in 1Q2022 and, upon expected completion in 2025, will be equipped with an additional handling capacity of 2.4 million TEUs annually.

The terminal added five new liner services during the year. To expand its cargo reach beyond the mainstay northwestern interior, PSA Mumbai also introduced short sea connections using barges to transport containers between Goa and Nhava Sheva. This intermodal approach which also utilises railroad infrastructure, allows PSA Mumbai to offer a sustainable transportation option, reduces cargo owners' logistics costs and benefits global trade.

PSA Mumbai's higher vessel calling frequency and excellent rail connectivity to 56 inland container depots have facilitated the development of key rail corridors between India's northern and central regions, helping customers to reduce logistics costs and transit time. The new rail connections are a timely solution as companies are increasingly opting for more environmentally sustainable transport solutions and shifting their cargo to rail transportation to lower carbon emissions.

Our rail multimodal solutions in India, coupled with PSA Ameya's container freight station services at Nhava Sheva and Mundra, and our extended port storage for Direct Port Delivery (DPD) cargoes at PSA Mumbai and Chennai are key initiatives to move cargo more efficiently.

We launched new round-trip rail solutions for DPD customers to hinterland locations like Delhi NCR, Kolkata, Hyderabad, Bangalore and Cochin. PSA Mumbai made history by flagging off its first-ever rake from Jawaharlal Nehru Port to Cochin; this has not only expanded the Port's intermodal services and hinterland access, but also strengthened its position as India's container gateway for trade.

Over in the Middle East, PSA's Saudi Global Ports (SGP) handled over 2 million TEUs (+16%) in 2022. Additionally, to develop Dammam seaport as the cargo gateway hub in Saudi Arabia, SGP achieved multiple handling milestones, including welcoming four new liner services. The terminal started the year by handling a record 18,021 TEUs on COSCO Shipping Capricorn, setting the record for the highest TEUs handled in a single vessel call in the history of Saudi Arabia's seaports.

Coinciding with the second anniversary of the consolidation of King Abdulaziz Port Dammam's (KAPD) first and second container terminals, SGP crossed the 6-million TEU milestone since its commencement of operations in October 2022.

SGP also formally assumed operatorship of the Riyadh Dry Port (RDP) Ecosystem in March 2022. Comprising three rail-linked facilities in Riyadh and Dammam – Riyadh Dry Port, Riyadh Empty Container Yard and Dammam Empty Container Yard – SGP has started to integrate the services of the RDP Ecosystem and KAPD to offer the industry a seamless and efficient logistics network.

EUROPE & MEDITERRANEAN

In November 2022, PSA Belgium started works to future-proof its Europa Terminal and increase the terminal's annual handling capacity by 700,000 TEUs to 2.4 million TEUs. It involves the deepening of Europa Terminal from 13.5 metres to 16.5 metres by constructing a new quay wall, installing new quay cranes and adopting a new yard stacking layout using automated stacking cranes. When completed, the upgrade will enable Ultra Large Container Vessels (ULCVs) to dock at the terminal and help PSA Belgium reduce its dependence on diesel-powered straddle carriers.

PSA Antwerp's efforts to provide service excellence were acknowledged when it was named 'Best Container Terminal in Europe' at the Asian Freight, Logistics and Supply Chain Awards.

Over in Poland, DCT Gdańsk celebrated its 15th anniversary in October by rebranding itself as 'Baltic Hub', to better reflect its ambitions to be *the* land and sea hub for the region. Baltic Hub started construction of its third deep-sea terminal, T3, in November. With T3's expected completion in 2025, the new terminal will feature a 717 metre-long and 17.5 metre-deep quay wall, provide an additional 36.5 hectares of operating space and 1.5 million TEUs in annual handling capacity. It will also offer an enriched scope of services to attract new customers, destinations and shipping alliances.

During the year, Baltic Hub also ordered 10 new Semi-Automated RTGs and started the retrofitting of its current fleet of RTGs.

In July, PSA Sines in Portugal inaugurated the first stage completion of its Phase III expansion, lengthening the terminal's quay by 204 metres to 1,150 metres. When Phase III is fully completed, the terminal will boast a 1,750 metre-long quay and double its annual handling capacity to 4.1 million TEUs; strengthening PSA Sines' position as one of the main terminals in the region.

In November, PSA Sines automated the optical character recognition function of seven quay cranes. The terminal also electrified two more rail lines that became operational in 1Q2023.

Over in Türkiye, Mersin International Port (MIP) launched 'Gate Project' in September – a major infrastructure project to improve traffic conditions around the Mersin Port by allowing trucks to enter and exit the port directly from the highway; as well as upgrading the terminal gates to reduce waiting times.

During the year, MIP's service excellence received industry acknowledgement with two awards: 'Port Facility that Handles the Most Cargo' at the Turkey Maritime Summit and 'Port Operator of the Year' at the Logitrans International Transport and Logistics Fair.

In Italy, the PSA Genova-Basel container train *Southern Express* set new records in September by transporting 1,000 TEUs of containers with a utilisation rate of over 70 percent. In 2022, the service transported a record 10,000 TEUs – about one third more than the previous year.

In August, PSA Italy launched a new procedure for its Verified Gross Mass (VGM) certified weighing service. To ease the process at PSA Genova Pra', an area of about 500 square metres was equipped with technologically-advanced devices to offer hauliers a rapid weight verification service, and facilitate the simultaneous transmission of VGM data required for the shipping of containers.

PSA Genova Pra' continued upgrading with the demolishment of its RoRo berth and extension of its existing quay by 180 metres to 1,433 metres. The terminal can now handle three mega vessels simultaneously.

On the side of the Adriatic Sea, PSA Venice achieved 39.1% growth with the handling of over 304,000 TEUs for the year.

THE AMERICAS

On 7 November, PSA's Exolgan terminal in Buenos Aires welcomed the MV Rio de Janeiro Express container ship. Spanning 335 metres in length and 51 metres in width, it is the largest container vessel to date to call at any Argentinian port.

In Colombia, Sociedad Puerto Industrial Aguadulce (SPIA) handled 506,000 TEUs (+25%). During the year, it also received the Maltese container vessel CMA CGM Argentina. At 366 metres long and 51 metres wide, the 15,720-TEU vessel is the largest container ship to dock at a Colombian port; affirming SPIA's infrastructure and capability to meet the highest service and safety standards.

SPIA expanded its container freight station warehouse capacity by adding a 1,000-sqm steel storage structure to house oversized cargo. The terminal also built a 3,610-sqm steel warehouse for a Single Inspection Area (SIA), adding 21 inspection bays and supporting the stripping in and out of container cargo to facilitate visual inspections by authorities at ground level.

In Canada, following PSA's acquisition of Ceres Halifax Inc. in April 2022, PSA Halifax's operations have expanded to cover two container terminals – Atlantic Hub and Fairview Cove. This has allowed the port to expand its service offerings and transform from a coastal to a global hub port, increasing its competitiveness and operational efficiencies, and boosting Halifax's position as a port of choice.

Ashcroft Terminal launched an intermodal rail program for import and export customers with direct rail service to and from the Vancouver Port Terminals. The rail terminal also started civil works for a new crossdock warehouse that will have retailer Canadian Tire as its anchor tenant. Its new warehouse is expected to be completed by the end of 2023 and will have a throughput of over 15,000 40-foot long containers that will be transloaded into 53-foot long containers.

In March 2022, the Irish American Business Chamber (IABCN) honoured PSA Penn Terminals (USA), Port of Cork (Ireland) and Independent Container Line with the '2022 Ambassador Award', for their role in strengthening business ties between the USA and Ireland. In 2020, the three entities had launched the only direct container shipping route between the two countries.

It was a celebratory occasion on 30 August for the leadership team, staff, union members, partners and customers of PSA Penn Terminals when it achieved its one millionth TEU movement since joining PSA in September 2019.

PSA MARINE

In 2022, PSA Marine unveiled OHS-Sapphire, a first-of-its-kind digital solution that provides shipmasters with real-time alerts of delivery information when their vessels are alongside Singapore terminals. Available on PSA Marine's ONEHANDSHAKE™ platform, shipmasters receive timely updates and gain greater visibility over the delivery of vessel supplies, such as spare parts and food provisions. By eliminating the uncertainty of deliveries, ship crew can now organise and utilise their time and resources more efficiently.

PSA Marine received the Green Ship Certificate from the Maritime and Port Authority of Singapore (MPA) in recognition of its support for MPA's Green Ship Program (MPA GSP). MPA GSP is one of the four programs under MPA's Maritime Singapore Green Initiative, which identifies ship owners that contribute to reducing fuel consumption and carbon emissions.

PSA Marine Bangladesh also received a Letter of Commendation from MPA at the International Safety@Sea Week 2022 for outstanding contributions to search-and-rescue efforts. The award recognises organisations and individuals for exceptional efforts to ensure safer seas.

Cargo Solutions

During the year, the PSA Group gained traction in delivering port-centric logistics and digital solutions to serve the needs of beneficial cargo owners (BCOs).

Our acquisition of global logistics solutions provider BDP International (BDP) in April 2022 further enhanced our solutioning capabilities and global network coverage. BDP and PSA Cargo Solutions were subsequently rebranded as PSA BDP in April 2023.

In 2022, PSA BDP successfully completed over 1.75 million shipments*. As a specialist in global supply chain management for complex materials, PSA BDP has established partnerships across various industry verticals, including Chemicals, Retail, Industrial, Life Sciences and Healthcare. Of note, the company provides supply chain management and logistics solutions to eight of the world's top 10 chemical companies. Additionally, as a result of the BDP acquisition, PSA BDP shipped over 83.2 million kilograms via airfreight in 2022.

CO-CREATING CARGO SOLUTIONS FOR MORE AGILE, RESILIENT AND SUSTAINABLE SUPPLY CHAINS

In January 2022, PSA Southeast Asia (PSA SEA) and Hyundai Motor Group announced a long-term partnership where PSA SEA would take on the responsibility of Lead Logistics Service Orchestrator for the HMGICS (Hyundai Motor Group Innovation Center in Singapore) Smart Factory. Additionally, HMGICS and PSA SEA would co-develop advanced logistics solutions to meet the unique requirements of HMGICS' electric vehicle (EV) production, while PSA Singapore's Roll-On-Roll-Off (RORO) facilities would support their export of EVs from Singapore. This partnership was subsequently extended to include Hyundai's logistics operations in Indonesia.

During the year, PSA SEA also deepened its partnership with a Middle East-based chemical manufacturer by expanding PSA's Forward Hubbing solution service to include contract logistics, stock keeping unit (SKU)-level inventory management and empties sourcing, as well as freight and inventory management in Singapore, China and Vietnam.

PSA BDP was selected by one of the world's leading automobile tire manufacturers to manage and execute freight forwarding activities in the EMEA market. The success of this collaboration led to the business relationship blossoming in multiple geographies, culminating in the customer achieving a Top 25 customer status within PSA BDP in under one year.

In April 2023, PSA BDP was appointed by Automotive Cells Company (ACC), one of Europe's leading EV battery manufacturers and a joint venture of Saft, Stellantis and Mercedes Benz, to be their logistics partner in the Northern France region. PSA BDP will provide contract logistics services for ACC's raw materials and EV batteries, hinterland transportation between warehouses and the GigaFactory, and ocean freight services for the import of raw materials.

Over in China, PSA's Fuzhou Container Terminal (FCT) and PSA Fujian Supply Chain Solutions (PFS) were appointed in July 2022 as LM Wind Power's one-stop cargo and logistics solutions provider in Fujian. LM Wind Power is one of the world's leading manufacturers of large-scale wind turbine blades. FCT and PFS capped another achievement in January 2023 with the announcement of a Port+ partnership with SAIC Motor, China's largest car manufacturer, to develop and operate one of SAIC's export port hubs in southeast China. The significant occasion featured the inaugural export of 1,110 cars under SAIC's MG brand to Mexico through FCT.

In 2022, the PSA BDP team hosted a series of Supply Chain Summits in key markets around the globe. The kickoff event was the IoL + Supply Chain Summit in Singapore, followed by Antwerp, Istanbul, and Dubai. These in-person customer events gathered leaders from PSA BDP along with top industry experts and supply chain professionals, coming together for a day of education, conversation, and networking. Over 1,100 attendees were present across the four sessions, with nearly 440 companies represented across varying industry verticals. The events focused on pertinent topics such as sustainability, regulatory compliance, supply chain optimisation and building partnerships, to name a few. The events continue in 2023 in Houston, Mumbai, Antwerp, and Singapore.

** Shipment: Referring to any item that is loaded on a vessel, aircraft, truck or railroad, and transported from one location to another location (whether domestic or international).*

ENHANCING OUR CAPABILITIES TO SERVE BCOs

During the pandemic, PSA SEA leveraged ports and shipping data insights to offer route advisory as well as cross border and intermodal solutions. We also continued to build networked corridors to connect supply chains from source to destination.

In June, the China-Singapore Chongqing Multimodal Distribution and Connectivity (DC) Centre was launched by Sino-Singapore Chongqing DC Multimodal Logistics, a PSA China unit. In addition to serving as a physical facility for multimodal operations, the DC Centre in Chongqing will contribute to the development of the CCI-New International Land-Sea Trade Corridor (CCI-ILSTC) and facilitate greater connectivity and trade, by tapping on Singapore and Chongqing as the hubs in Southeast Asia and Western China, respectively.

In India, PSA Mumbai is a key multimodal transhipment hub with extensive vessel and rail connectivity across 56 Inland Container Depots (ICDs) in India. In 2022, a new rail connection was launched between PSA Mumbai and Cochin in Southwestern India. This enabled our customer, a major Indian paper importer, to significantly reduce its transit time between Asia and Eastern Europe, from 70 to 40 days.

Over in Europe, Mersin International Port (MIP) enhanced its position as a major logistics centre for reefer traffic in the Eastern Mediterranean region, by setting up an on-dock cold store to orchestrate storage and movements of cold chain commodities.

In Belgium, PSA BDP has combined its expertise in project cargo with PSA's breakbulk terminals to offer a full-service solution to address customers' heavy-lift cargo needs.

DIGITAL SOLUTIONS TO SOLVE PAIN POINTS

Digital technology is one of the key enablers to help our customers mitigate supply chain challenges and gain a competitive advantage.

PSA BDP offers various digital solutions to its global customer network, including Smart Suite®, a collection of intuitive applications that complements the capabilities of CALISTA™, PSA's supply chain platform, to enable greater supply chain visibility and control.

Smart Classify, a digital workflow application co-developed by PSA BDP and CrimsonLogic, was launched to simplify the complex HTS classification process while enhancing data consistency, enabling comprehensive stakeholder views, and reducing product classification cycle time. A digital track and trace application for supply chains – Smart Navigator – was also rolled out to equip customers with real-time visibility, predictive estimated times of arrival (ETAs) and cohesive insights, to improve planning processes, reduce inventory and reduce working capital.

During the year, PSA BDP also launched a pilot program automating the Bill of Lading (BL) audit process and streamlining communications with ocean carriers. Additionally, a rebranding of BridgeNet contributed to its steady growth in 2022. BridgeNet secured several large-scale engagements, including procurement optimisation and supply chain consulting.

CrimsonLogic launched a carbon footprint calculator in August to calculate carbon emissions during end-to-end transportation of cargo, based on origin/destination pairs and transportation modes.

The company also launched a program that extracts and digitises trade data to support automatic data submissions to Customs and other stakeholders via a Single Window system, which helps reduce duplication of work. By leveraging Artificial Intelligence, Machine Learning and big data analytic tools and techniques, a 360-degree real-time risk assessment can also be performed to ensure the highest levels of security and compliance.

DECARBONISING SUPPLY CHAINS

PSA continued to work closely with cargo owners and supply chain stakeholders to help them meet their sustainability goals of decarbonising supply chains.

In Singapore, PSA's Jurong Island barge solution achieved volumes exceeding 130,000 TEUs in 2022. This is equivalent to removing more than 130,000 truck movements and reducing up to 30% in carbon emissions by twenty-foot equivalent unit (TEU) containers.

PSA BDP and Bracco Imaging SpA achieved a pharma transportation 'first' with its introduction of two temperature-controlled reefer containers between Italy to China, on the Trans-Asia railway. In addition to installing IoT sensors within the containers to monitor temperature, humidity and light levels, PSA BDP also ensured impeccable product integrity through real-time product movement and quality traceability. The use of rail transport instead of ocean transport enabled Bracco to achieve a 40% reduction in carbon emissions.

PSA Italy's *Southern Express* rail link between Basel and Genoa has enabled companies to move their goods reliably, sustainably and cost-effectively. The rail connection reduces transportation times by up to seven days when moving cargo from the Mediterranean, Middle East and the Far East to Switzerland as compared to ocean freight.

INDUSTRY RECOGNITION

In December 2022, PSA SEA was conferred the 'Best Logistics Support Award' by Sembcorp for the successful completion of the Battery Energy Storage System (BESS) on Jurong Island. The initiative aims to provide an accelerated energy transition pathway for both Sembcorp and Singapore.

During the year, PSA BDP's role as a trusted supply chain partner was acknowledged by multiple customers through various awards, including 'Best Service Partner', 'Supplier of the Year', 'Customer Experience Top Contributor', to name a few.

PSA BDP underwent stringent industry audits in 2022 to ensure service and operational excellence. Its offices in Brussels, Belgium, Milan, Italy and New York achieved the 'Center of Excellence for Independent Validators' in pharmaceutical logistics certifications from the International Air Transport Association. PSA BDP in the UAE received the 'Good Distribution Practices' certification for pharmaceutical products. In Asia, our Singapore team won the 'Workplace Safety and Health Performance' award and also successfully completed the Responsible Care audit by the Chemical Distribution Institute.

At the Singapore Business Review Technology Excellence Awards 2022, CrimsonLogic's digital regulatory filing product emerged tops in the 'Connectivity – Technology' category for its process automation capabilities that enable cross-border trade compliance. The company also received the Bronze award in the 'Excellence in Innovation in Technology Industries' category of the 2022 Asia-Pacific Stevie Awards – the only business awards recognising workplace innovation in all 29 nations across the Asia-Pacific region. Its process automation capabilities that enable cross-border trade compliance was also recognised in the Middle East International Business Awards 2022, under the 'Technology' category.

Looking ahead, PSA plans to fully leverage the combined capabilities of our global trade management offerings with BDP's supply chain management solutions to create even more distinct and innovative solutions for cargo owners to thrive in today's challenging marketplace. Our commitment to digitalise global trade and support resilient, agile and sustainable supply chains will deliver significant value for customers around the world.

Staying resilient

Buffaloes have a reputation for strength and adaptability, thriving across a wide spectrum of habitats globally. These qualities of fortitude and flexibility are prized at PSA, where we endeavour to develop our people potential and nurture world-class talent equipped with the attitudes and aptitudes to weather any storm.

Our People

At PSA, we believe in developing our people to their fullest potential. We value diversity and provide development, learning and career opportunities across the globe. PSA's shared vision, common goals, along with our FISH common language and culture, align our people across business units globally to enable effective collaboration as One PSA.

To achieve sustainable business performance and success, we continued to roll out organisational development (OD) and learning initiatives across 2022 to grow our leadership capabilities, strengthen our corporate culture and enhance the well-being and development of our people.

DEVELOPING GLOBAL LEADERS AND TALENTS

Short-Term International Development Experience (STRIDE)
PSA's STRIDE program is designed to cultivate a global mindset and expand the skill sets of talents by exposing them to varied work experiences across different business functions and cultural settings. Faced with travel restrictions during the pandemic, we successfully introduced Virtual STRIDE, which enabled the development of our talents to remain on track.

PSA Horizons Development (PHD) Program
A collaborative effort between Group Human Resources (Group HR) and PSA University (PSAU), the PHD Program is our cornerstone executive development program and features carefully curated content that spans different disciplines, functions and regions, to develop participants across a broad spectrum of business areas. The engaging two-part program comprises a self-learning phase, which is conducted in hybrid format using lectures, question-and-answer segments, virtual learning modules and peer learning; and an in-person segment, where participants gather in Singapore to network as well as share ideas and perspectives with senior leaders, subject matter experts and fellow participants.

Talent Tech 4.0
The Talent Tech 4.0 platform was launched to empower employees to take greater ownership in their skills and career development. Powered by AI and machine learning, the platform provides recommendations for staff based on their learning and development aspirations. To build connections and harness diversity across the organisation, the system facilitates mini projects and enables talents to seek out mentors to catalyse their learning and development.

INSTILLING A STRONG CULTURE

We continued to nurture and reinforce our FISH culture across our organisation, with efforts reaching business units in Saudi Arabia, India, USA, Belgium, the Asia Pacific, and more. We also continued to develop a strong Leaders and Coaching culture through our Leaderfish+ and Tao of Coaching signature programs. Amongst the many signature programs, which were fully developed and facilitated in-house, and infused with FISH principles, were: Jellyfish Change Management, Catfish Innovation, Kingfisher Presentation and Communication, Greenfish Sustainability and Fish Recharge, which focused on mental health and wellness, progressive work practices and flexible work arrangements.

PSA AMONGST WORLD'S BEST EMPLOYERS

PSA was honoured to be recognised as being amongst Forbes' World's Best Employers, as well as Singapore's Best Employers and Singapore's Leading Graduate Employers in 2022. These accolades reinforce PSA's commitment and efforts to strive for excellence as we continue to develop our people practices, our learning and development programs, and a great culture and work environment. We will also continue to engage closely with young talents and jobseeker communities through social media and partnerships with Institutes of Higher Learning.

LISTENING TO OUR EMPLOYEES

In our most recent Employee Opinion Poll (EOP), a vast majority of employees globally rated PSA a great place to work. Robust positive responses were also received for our strong leadership, as well as championing of a global mindset and innovation culture.

FISH was voted the best corporate initiative, reflecting the deep impact of and support for PSA's unique culture – the secret sauce that underpins PSA's competitive edge and binds the PSA family globally.

As we continue to transform our core business and venture into new horizons, these insights will enable us to develop effective strategies to gain agility, competitive advantage and pursue sustainable growth into the future.

Everyone for Each Other, Everyone for the Business.

Learning and Development

Learning is integral for our people to build the skills and capabilities needed in today's constantly changing world. In 2022, PSA pushed on to encourage a strong learning culture among our employees and uplift organisational capabilities by enhancing value in its learning franchise, PSA University (PSAU).

A prime example of this strategic focus was the launch of PSAU's inaugural 'PSA Global Learning Carnival'. Co-organised by PSAU's Singapore and Antwerp campuses, the five-day virtual event ignited curiosity and passion for self-directed learning across the Group. The 1,500 staff who attended gained insights into diverse topics, ranging from learning mindset new technologies to sustainable practices. The carnival featured live webinars led by world-renowned speakers and experts, collaborative learning opportunities, self-learning resources such as e-learning, videos and podcasts, and experiential learning with virtual games and other activities.

RESUMING IN-PERSON TRAINING

As COVID-19 pandemic restrictions eased around the world, we resumed our in-person training in a safe and calibrated manner. Some 60,000 training places were created by PSAU to meet training needs and gear up for the future.

In-person training sessions were prioritised for two key in-house programs:

- ADAPT (Acquiring Data Analytics Proficiency Through Training), to equip staff with advanced data analytics skills; and
- IMPACT (Imparting Process Automation Competency Training), focused on developing advanced Robotic Process Automation (RPA) capabilities.

To speed up RPA adoption, we also organised an RPA Bootcamp to equip users – particularly users from non-technical backgrounds – with foundational skills to build RPA solutions for automating simple work processes.

EXPANDING SUPPLY CHAIN SOLUTION CAPABILITIES

During the year, we stepped up relevant training to equip staff with a deeper appreciation of emerging supply chain opportunities.

Initiatives included a two-day 'Wintercamp on Cargo Solutions' virtual training event which was attended by over 650 employees. Jointly organised by PSAU's Singapore and Antwerp Campuses, the event featured a myriad of topics, delivered by internal and external industry speakers, to provide valuable insights into the future of supply chains and PSA's ventures in cargo solutions.

PSAU also developed a Cargo Solutions foundational e-learning program to provide staff with a comprehensive overview, and align their understanding, of the cargo solutions business.

A key focus of PSAU was the roll-out of training to staff to effectively support operations at PSA's Tuas Port, which features world-class technologies to support the port's provision of supply chain services.

TECHNOLOGY AND DATA MANAGEMENT

With the increasing adoption of technology at our workplace, PSA developed the Operational Technology Security e-learning program to raise staff awareness on safeguarding our operational systems. This was launched globally during PSA's Cybersecurity Day 2022.

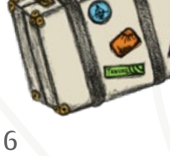
To reinforce cybersecurity vigilance, we provided training to staff on how to identify and handle phishing emails. PSAU also developed a Cardinalfish Personal Data Protection e-learning program to equip staff with knowledge of the Singapore Personal Data Protection Act and ensuring proper safeguarding and handling of personal data.

As digitalisation and digitisation are key strategies supporting the PSA Group's business transformation, PSA implemented the Global Data and Technology Competency Framework as a guide for our in-house IT, data and technology professionals to advance their knowledge and capabilities.

LEARNING IN A DIGITAL ECONOMY

PSAU continues to work with PSA business units and relevant functional experts to create and develop training content, such as leadership, business and safety knowledge courses. These are now converted into virtual formats so that employees can access and acquire new knowledge, skills and capabilities online and on demand, anytime and anywhere, to ensure their development keeps pace with global industry changes.

Amidst a rapidly evolving business landscape, PSA will continue to collaborate alongside our stakeholders – both internally and externally – to develop our people, expand our value pools, and build an agile and resilient workforce.



Community Relations

In 2022, PSA continued to champion initiatives to improve the lives and enhance the social fabric of communities where we have a presence.

LENDING A HELPING HAND

The easing of COVID-19 measures in Singapore allowed our pool of over 600 Health@Home (H@H) volunteers to resume physical volunteering at our beneficiaries, including St Luke's ElderCare, HCA Hospice Care, National University Health System and Lions Befrienders. Launched in 2015, the H@H program encourages a spirit of volunteerism among PSA's Singapore-based staff.

To multiply its outreach efforts, PSA Singapore, together with Ocean Network Express, PSA Marine and CrimsonLogic, participated for the first time in the national campaign '22 Days of Doing Good'. Volunteers accompanied 50 seniors from Lions Befrienders on a sponsored trip to NTUC Warehouse Club, a hypermarket where they purchased groceries and household essentials.

After a two-year hiatus, PSA Singapore's Charity Fair returned as staff gathered for a fun-filled day of food, games and shopping. A total of SGD38,000 was raised for children and youth from The Haven, a residential home run by The Salvation Army.

PSA also contributed SGD10,000 towards ONERHT Foundation's charity golf event to raise funds for disadvantaged groups.

It was a meaningful tribute when PSA Singapore was recognised as a 'Champion of Good' by the National Volunteer & Philanthropy Centre, for being an exemplary leader in advocating a culture of giving amongst employees, and multiplying corporate giving to catalyse social change.

In Thailand, Eastern Sea Laem Chabang Terminal (ESCO) donated to help local residents and staff members in Lad Krabang who were affected by floods.

PSA Korea presented a KRW13 million (SGD13,000) donation to the Korean Association for Children with Leukemia and Cancer (KACLC). The company and its staff have raised funds to support the children and families under KACLC since 2017, including online fundraising for two years during the pandemic.

Guangzhou Container Terminal staff volunteered their time to provide support to Guangzhou residents locked down during the pandemic.

Over in India, our business units supported less fortunate children by raising over Rs 1.08 crore (SGD173,000) to sponsor the Akshaya Patra Foundation's mid-day meal program, which served 5,333 meals to public schools across Gujarat, Maharashtra, Delhi and Tamil Nadu.

PSA Honeycomb supported the construction of two wards in Mother Cares Trust Hospital and collaborated with Arpan Thalassemia Society to conduct health screening for Thalassemia Minor.

PSA Ameya provided financial assistance to upgrade two local Madhayamik schools and subsidise education fees for 100 beneficiaries under Project Anando, by Light of Life Trust; while PSA Chennai donated stationery kits for 1,318 students and funded the construction of a bicycle shed for a public school. Over in Saudi Arabia, Saudi Global Ports (SGP) donated 100 school bags and supplies to families under the Fatat Al Khaleej Charity.

In June, PSA's Europe, Mediterranean & the Americas (EMA) region held Moving for Charity 2022, where teams representing different terminals ran, swam and cycled to raise funds for local charities that support children and families in precarious situations. The participants raised EUR30,000 (SGD43,000) by covering a record distance of 61,247 kilometres – 6,600 kilometres more than last year!

PSA Belgium employees also took part in the famous 'Antwerp 10 Miles' running event to raise funds for Antwerp City Pirates, a social soccer project that seeks to give youth a more stable future. In total, PSA Antwerp donated more than EUR30,000 (SGD43,000) to Antwerp City Pirates in 2022.

MSC PSA European Terminal collected and recycled more than 23 tonnes of scrap metal at its terminals to raise EUR6,300 (SGD9,000) for Merlijn vzw, a Belgian non-profit organisation that supports young children with special needs.

To help those affected by the Russian/Ukrainian war, Baltic Hub in Poland provided computers as well as helped equip the kitchen of a local youth centre that is sheltering war orphans. The terminal also contributed funds to UNICEF, the Polish Red Cross and the Association of Children Villages which provides aid to abandoned children and foster families in Ukraine.

During the year, Mersin International Port (MIP) in Türkiye distributed EUR25,500 (SGD36,500) worth of shopping cards to the underprivileged in Mersin's Akdeniz district during Ramadan; while PSA Sines in Portugal donated 450 food and care hampers to local associations helping the needy.

In September 2022, 65 PSA Panama colleagues and family members ran over 600 kilometres during the annual 'Relevo Por la Vida' (Race for Life), a popular 24-hour race to support the Foundation for Friends of a Child with Leukemia or Cancer (FANLYC). 2022 marks the seventh year that PSA Panama has participated in this event.

Over in Canada, PSA Halifax was key sponsor of an annual breakfast fundraiser organised by Brunswick Street Mission, a local organisation which offers programs to assist the less fortunate in the Halifax neighbourhoods.

On Remembrance Day on 11 November 2022, Ashcroft Terminal hosted 'Soups On', a community program which creates opportunity for people to interact and share a meal.

Separately, supporting our partner Crowley with their 'Wreaths Across America' initiative which commemorates fallen US soldiers across history, PSA Penn Terminals donated funds to place 167 wreaths at the Philadelphia National Cemetery on 17 December 2022.

2022 marked the 10-year anniversary of BDP Cares – PSA BDP's corporate social responsibility program. The company celebrated a decade of giving back to local communities through various initiatives including area clean-ups, volunteering and food drives. During the year, BDP Cares also raised USD63,415 (SGD85,000) towards relief efforts by the International Committee of the Red Cross, as well as for colleagues and family members impacted by the crisis in Ukraine.

SUPPORTING LEARNING AND EDUCATION

PSA Singapore continued to provide financial assistance for students from lower income families to further their education through the Howe Yoon Chong (HYC) PSA scholarship program. In 2022, 42 scholarships were awarded, bringing the total number of beneficiaries to 344 since the scholarship's inception in 2008.

To encourage discourse across industries, PSA supported the Singapore Business Federation with a SGD100,000 sponsorship towards its inaugural Singapore Apex Business Summit (SABS). SABS brought together international participants and speakers to network and dialogue on economic development and topical business trends including sustainability, digitalisation and collaboration.

PSA also provided a SGD20,000 sponsorship towards the annual Singapore Perspectives conference, organised by the Institute of Policy Studies. Held in January 2023, the conference was attended by public, private and civic sector leaders, and examined how disruptions and trends in technology, socio-economic and demographical developments would shape the future of work in Singapore.

In Indonesia, New Priok Container Terminal 1 supported the Kejar Paket B Program which provided tuition to 30 underprivileged children in the Kalibaru area, to prepare them for Junior High School diploma examinations.

Over in Santo André city in Portugal, PSA Sines sponsored four gardens in primary schools to enable more than 600 students to learn about seasonal gardening. The produce from the gardens was also used in their local canteens.

In Peru, PSA Marine donated 70 tablet computers to children at the Don Bosco Foundation of Lima (DBFL), a religious institution in Peru's vulnerable Puerto Nuevo community. The donation would alleviate learning and development challenges by enabling children from underprivileged families to access virtual classes and workshops.

PSA Marine also awarded 20 Employability Scholarships to seamen at San Juan de Marcona Port through the Fishermen´s Artisanal Association. With the scholarships, fishermen in the area can acquire specialised training for future job opportunities with PSAM Peru. To date, 30 fishermen have been certified under the program.

BUILDING STRONGER, SUSTAINABLE COMMUNITIES

The 24th edition of PSA Singapore's 'Golf Invitational' event in July received almost 100 participants, including guests from government ministries, corporations and shipping lines. The event raised SGD50,000 for the 'Plant-A-Coral, Seed-A-Reef' Program under Singapore's National Parks Board's Garden City Fund, which would enable the planting of 250 corals.

A collaborative effort by PSA Singapore and the Southwest Community Development Council in the 'Recycle for a Good Cause' program, resulted in the collection of some 1.1 tonnes of clothes and paper products. These were exchanged for 175kg of rice and 150 packets of instant noodles, which were donated to The Food Bank to help the underprivileged.

PSA Marine and PSA Singapore also initiated a vegetable donation drive, where 120kg – or 200 packs – of vegetables from PSA Marine's sustainable hydroponics rooftop farm, Gerické, were harvested and donated to the elderly at St Luke's ElderCare centres in Telok Blangah and Ayer Rajah.

In collaboration with the Port Authority of Thailand, LCB Container Terminal 1 donated THB100,000 (SGD4,000) to support the Banlamung Home for the Boys, construction of a COVID-19 patient waiting area at Sapan Temple, and walkway improvements at the Baan Laem Chabang Nature Trail; while ESCO donated medical equipment to Bo Kluea Hospital in Nan Province.

SGP provided the Sanad Children's Cancer Support Association with a SAR20,000 (SGD7,300) donation for social services programs and scientific research grants. Separately, the company supported the 'Made in Saudi' initiative by sponsoring booth spaces for 10 local businesses to promote their goods and services at the Khobar Half Marathon Festival.

In February 2022, Baltic Hub executed a grant of EUR45,000 (SGD64,400) which was distributed to seven local organisations including schools, sports clubs and social welfare organisations, to further their individual social projects.

PATRON OF THE ARTS AND CULTURE

In 2022, PSA donated six Bo-men sculptures to Singapore's Land Transport Authority's 'Gift of Art' program to add vibrancy around Singapore's MRT stations. Commissioned from Belgian artist Daisy Boman, three of the sculptures were unveiled at the upcoming Shenton Way MRT station by Minister of Transport S Iswaran on 1 November.

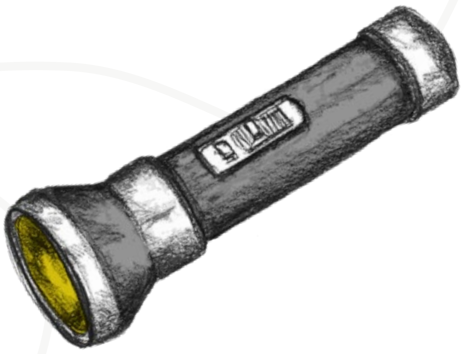
PSA contributed SGD125,000 towards the production of The LKY Musical which ran in September 2022. The home-grown musical tells the story of Singapore's founding Prime Minister Lee Kuan Yew, from his student days in 1941 to Singapore's independence in 1965.

In addition, we provided sponsorships of SGD20,000 to the Singapore Chinese Orchestra and SGD10,000 to theatre company Wild Rice, to support the local performing arts scene and nurture future generations of artistes and audiences.

MIP sponsored EUR50,000 (SGD71,500) towards a concert at the Çamlıbel Street Festival, which attracted some 7,300 attendees. MIP also supported the production of a documentary about Uray Street, a historical landmark in Mersin.

Baltic Hub, in collaboration with the Port of Gdańsk Authority, set up a beach cinema and organised Movie Fridays for their staff and the local residents on Stogi Beach, which is located near the port.

Ashcroft Terminal organised a lunch-and-learn session for staff to commemorate Canada's National Day of Truth and Reconciliation. The event featured traditional First Nation meals as well as sharing stories and active discussions on topics related to First Nations peoples.



Taking flight

At PSA, we believe that sustainability and the spirit of invention will bring us all to greater heights. Just as the eagle has come to symbolise leadership, we are committed to leading by example, setting industry standards and breaching new frontiers — to create a tangible advantage for our customers and communities.

Our Climate Response

At PSA, we believe that taking climate action is our responsibility. We are committed to achieving 50% reduction of our absolute Scope 1 and 2 carbon emissions by 2030 (against 2019 baseline year) and working towards net-zero carbon emissions by 2050.

In 2022, we published our second Sustainability Report, titled ‘Green Horizons: Collaborating for Change’. The Group’s Sustainability Strategy Framework provides a roadmap of our ambition to drive sustainable value creation through three strategic priorities: Taking Climate Action; Transforming Supply Chains; and Nurturing a Future-Ready Workforce.

TAKING CLIMATE ACTION

PSA is reducing Scope 1 and Scope 2 emissions through several carbon abatement pathways including energy efficiency improvements, electrification, and investments in new energy pathways.

In line with our commitment to voluntarily disclose Greenhouse Gas (GHG) emissions, PSA Singapore and PSA Marine received their ISO 14064-1:2018 verification statements following rigorous audits.

2022 also saw the official opening of Tuas Port, a next-generation port with automated equipment and integrated operations systems. Battery-powered Automated Guided Vehicles (AGVs) support yard and wharf operations, reducing carbon emissions by 50% compared to conventional diesel prime movers.

To optimise energy use in port operations, PSA Singapore is developing smart grid solutions and battery energy storage systems (BESS), starting with a 2MW/2MWh BESS which will be scaled up in future by reusing retired batteries from AGVs and electric prime movers (ePMs). Concurrently, its solar photovoltaic systems will be expanded to achieve total solar energy system capacity of 9.41 MWp by 2023.

PSA Singapore’s first Super Low Energy Building, the Maintenance Base Administrative Building in Tuas Port, uses 58% less energy annually, compared to other similar-sized buildings. PSA Horizons, our headquarters, was certified carbon neutral for the second year in 2022. The building adopts smart green technologies and Renewable Energy Certificates to offset residual carbon. Both buildings have achieved the Green Mark Platinum award.

Aligned with our goal towards using greener fuels for terminal vehicles, PSA Singapore embarked on a proof-of-concept with the development of a hydrogen refueling ecosystem and refueling standards. The project is expected to be completed in 2024.

Separately, in support of Singapore’s ratification of the Kigali Amendment, the terminal is also working with industry stakeholders to reclaim and reuse reefer refrigerants, which help our partners reduce their GHG emissions.

Over in Europe, PSA Antwerp in Belgium has embarked on key initiatives to reduce carbon emissions, including ordering 14 new electric automated stacking cranes for its Europa Terminal. PSA Antwerp has also partnered with its joint ventures MSC PSA European Terminal (MPET) and Antwerp Terminal Services (ATS) to test and scale up use of green straddle carriers that are powered by alternative energy sources including hydrogen, battery and biofuel. Moreover, a collaborative trial involving PSA Sines in Portugal, Baltic Hub in Poland and Mersin International Port (MIP) in Türkiye is testing out ePMs from various manufacturers.

In Northeast Asia, Guangzhou Container Terminal and Tianjin Port Pacific International Container Terminal have replaced 20 and 50 of their diesel prime movers, respectively, as part of their equipment electrification program. Additionally, plans are underway to replace their entire fleet in the coming years. The renewal translates to an estimated reduction in carbon footprint of more than 6,500 tonnes annually. In light of increasing demand for renewable energy generation, PSA China, China Energy and Envision Energy have established a joint venture company, Guohua Envision PSA Renewable Energy, to explore opportunities in distributed renewable energy projects and smart energy systems.

In the Middle East South Asia region, our business units (BUs) continued to explore the introduction of renewable energy sources via Open Access to power their operations. PSA Mumbai commenced operations of a 1-megawatt ground-mounted solar farm which, together with previously installed rooftop solar panels, is generating 13% of its annual power requirements and reducing carbon emissions by over 1,200 tonnes annually.

Across PSA, BUs such as PSA Singapore, PSA Halifax, PSA Mumbai and PSA Chennai are transitioning from diesel-powered yard cranes to electric or diesel-electric hybrid yard cranes. This will effectively reduce our carbon footprint as an electric or hybrid Rubber Tyre Gantry (RTG) cranes deliver 50% or more fuel savings, compared to a diesel RTG. PSA has committed to only purchasing electric or hybrid RTGs from 2023, with a goal of having 90% of electric or hybrid RTGs by 2030.

COLLABORATING TO DECARBONISE VALUE CHAINS

Collaboration amongst stakeholders is key to decarbonising logistics supply chains.

In 2022, PSA joined a consortium of global organisations, led by Smart Freight Centre, to co-develop an actionable guidance for companies to track GHG emissions on a granular operational level, end-to-end across supply chains. This enhanced industry collaboration and support for businesses to implement decarbonisation strategies will advance the logistics industry's journey to net-zero emissions.

Green corridors support demonstrations and pilots of sustainable shipping technologies, which can catalyse and scale to become industry-wide solutions to enable zero-emission shipping. To support more sustainable shipping, PSA International joined the Maritime Port Authority of Singapore and Port of Rotterdam Authority as an Action Partner to establish the world's longest Green and Digital Corridor. An inaugural workshop to define the goals of the proposed Corridor and its related initiatives was organised to kick off this partnership.

PSA Singapore joined 'The Silk Alliance', a cross supply-chain maritime partnership initiated by Lloyd's Register Maritime Decarbonisation Hub and 12 other industry leaders, to develop a fleet-specific fuel transition strategy for the intra-Asia container trade, based on the Hub's First Movers Framework.

PSA continued to participate actively in the World Economic Forum's (WEF) initiatives, including:

- WEF Supply Chain & Transport Industry Action Group – chaired by PSA Group CEO Tan Chong Meng, this group of global supply chain and transport CEOs focuses on overcoming systemic supply chain challenges through collective action and sustainable transition to accelerate resiliency and trust-building.
- WEF First Mover Coalition's Infrastructure Pillar – PSA is an inaugural partner with industry and public sector leaders in this global initiative to drive infrastructure-related projects to accelerate clean energy technologies adoption. The FMC aims to harness the purchasing power of companies to decarbonise 'hard to abate' industrial sectors.
- WEF Stakeholder Capitalism Metrics initiative – PSA joined this community of over 100 companies to establish a globally consistent and comprehensive environmental, social and governance reporting standard.

PSA is also actively involved in other industry initiatives which are aimed at driving sustainable change and reducing emissions in the logistics and transport sectors. These include the Global Shipping Business Network, Global Maritime Forum, Carbon Pricing Leadership Coalition Singapore, and the Coalition for the Energy of Tomorrow.

INCULCATING A CLIMATE-CONSCIOUS CULTURE

PSA developed the e-learning program 'Greenfish Climate Action – Towards a Sustainable Future' to raise employee awareness of global and industry-specific sustainability issues, as well as the role that individuals can play to combat climate change. The program had reached more than 5,000 employees globally as at end 2022.

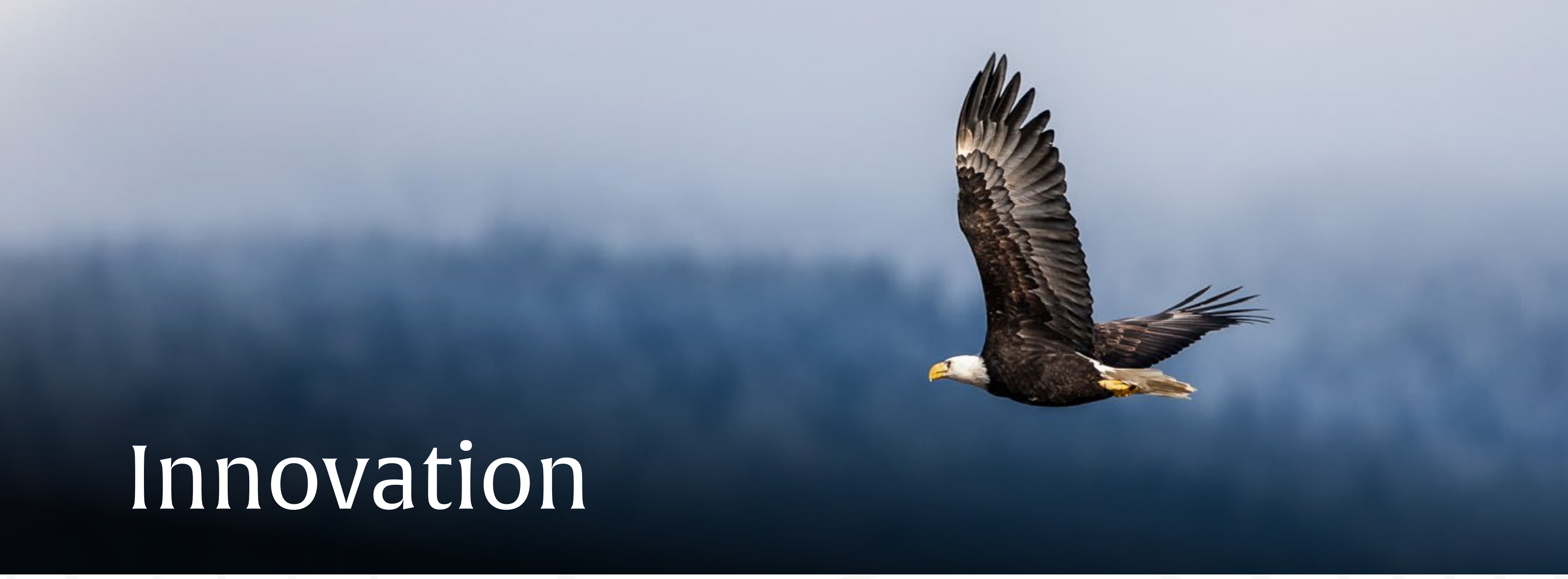
Employees across the Group participated enthusiastically in PSA's annual Go Green campaign. Echoing our 2021 Sustainability Report theme, 'Collaborating for Change', BUs across the regions joined hands and involved local partners to promote sustainable practices throughout 2022.

During the campaign period, PSA in Singapore, Eastern Sea Laem Chabang Terminal in Thailand, PSA Antwerp, MPET and ATS in Belgium, MIP, International Trade Logistics in Argentina, and Saudi Global Ports partnered with their local communities to plant trees or landscape their surroundings. PSA Marine in Singapore developed a sustainable hydroponics farm, Gerické, which uses smart technologies to grow vegetables. New Priok Container Terminal 1 in Indonesia, SP-PSA International Port in Vietnam, PSA Sines, Baltic Hub, MIP, LYG-PSA Container Terminal in China and PSA Sical in India organised litter-clearing activities at their local beaches, playgrounds and terminal surroundings.

Extending climate advocacy beyond the port, MIP joined the Blue Climate Ambassadors Project in 2022 to combat climate change in Türkiye. Appointed as Blue Climate Ambassadors, three female MIP employees led awareness activities and business solutions development for zero waste and climate change mitigation.

OUR COMMITMENT TO SUSTAINABILITY

At PSA, we share a common vision and purpose to operate sustainably and deliver lasting value to our customers, communities and the environment. Our continued commitment and collective efforts, supported by close collaborations with our stakeholders, will position us to achieve positive impact for the greater good.



Innovation

PSA believes that building a strong corporate culture that embraces inclusiveness, diversity and innovation is central to our long-term competitiveness and success. We encourage positive behaviours through the FISH! principles of Be There, Make Their Day, Choose Your Attitude and Play, and the FISH+ principles of Stretch, Support, Self-Discipline and Trust. Together, these create an environment where employees feel safe to think out-of-the-box, share ideas and have autonomy to innovate, in order to achieve our organisational goals.

INNOVATION IN OUR DNA

In 2018, we had put in place a four-year roadmap called 'Innovision 2022' to support our aspirations for PSA to become a globally-recognised innovative enterprise. The hallmarks of a successful culture of innovation at PSA, would be individuals who proactively embrace innovation, and leaders who drive innovation excellence across our businesses.

Four years on, we have established a strong foundation, comprising employees and teams across PSA who are empowered and committed to finding new ways of stoking the flames of innovation.

In 2022, more than 900 participants joined the Group Innovation Webcast, in person and virtually, from around the world. The event was themed 'Innovation at Our Core', and marked the launch of Innovision@PSA – the next phase of our roadmap to strengthen our innovation culture, or what we coin as 'PSA's DNA'. This 'DNA' determines our mindset by embodying the principles of ***D****aring to innovate*; ***N****ever stop trying*; and, ***A****ccepting failure as learning*. In turn, the principles shape our identity and deepen our focus to ***D****riving excellence and value*; ***N****urturing an innovative mindset*; and, ***A****cknowledgement as a global champion*.

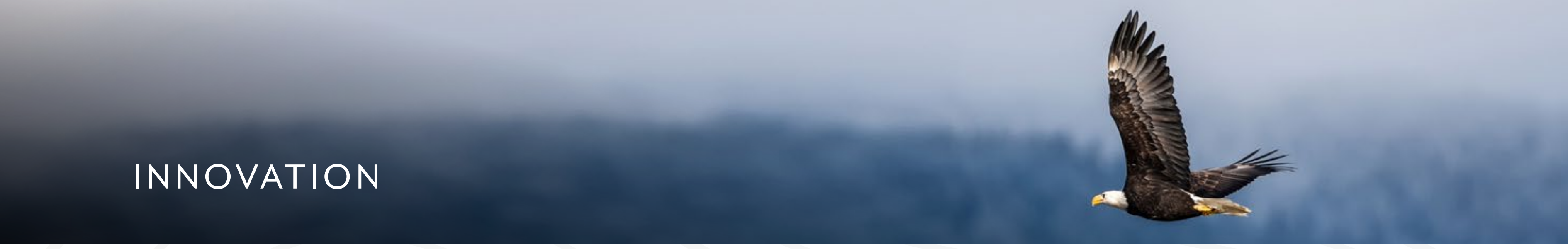
RECOGNISING PSA INNOVATORS

The annual Kua Hong Pak Innovation Awards (KHPIA) recognise and reward the creativity and ingenuity of PSA innovators who dream up novel concepts and turn ideas into fruition. Proceeding into its 10th year in 2022, we received an impressive 549 entries from 46 business and functional units. The diversity of projects, ranging from port and supply chain optimisations to everyday work process improvements, is a strong testament to PSA's spirit of innovation. The projects also reinforce the importance of Innovision@PSA for driving breakthrough innovations from the core of our DNA.

A key enabler of the vibrant exchange of knowledge and ideas across PSA's global business units is our iCAN online platform. Developed and launched in 2016, iCAN grew its membership to more than 13,000 and generated more than 4,000 ideas in 2022. The top iCAN ideators and power users in this collaborative virtual space received commemorative plaques and a small incentive to convey the company's gratitude for their enthusiasm as well as contributions towards advancing PSA's innovation culture.

At PSA, we recognise the important role of data in our enterprise. In 2022, we launched the Data to Knowledge (D2K) Challenge, a group-wide knowledge discovery competition where teams from various business and functional units ideate and propose the most compelling and challenging problems amenable to data science solutioning. The four winning teams delivered innovative solutions related to the cost of serving customers, improving yard operations, optimising haulier trips, as well as market intelligence and risk management.

In March 2022, PSA International received the highest commendation at the 'TT Club Innovation in Safety Award 2021' event. Our submission, 'Harnessing Video Analytics', is a compilation of video analytics projects at PSA terminals geared towards improving the level of safety within terminals. Our innovations enhanced safety standards by successfully reducing lashing-related safety incidents by approximately 60% and lashing-related injuries sustained by personnel by approximately 55% during proof-of-concept trials. The number of traffic infringements was also reduced by approximately 90%.



INVESTING IN HIGH POTENTIAL INNOVATIONS

To reinforce our Innovision@PSA goals and inspire employee innovation, PSA's Group Innovation Fund sets aside USD1 million annually to support the test-bedding of new ideas and strategies. The Fund also spurs business units to adopt innovative solutions and applications that have been successfully implemented elsewhere in the company. In 2022, PSA approved a total of USD210,000 in grants.

In line with our ongoing efforts to boost innovation, PSA's Group Intellectual Property Committee oversees the protection of inventions via patents and registered designs. To date, we have a total of 16 patents and nine registered designs.

Our venture capital arm, PSA unboXed supports our business units globally by surfacing nascent technology and innovative ideas from startups funded by the company. To further supplement technology sourcing efforts, PSA unboXed has invested in two venture capital funds, namely the Plug and Play Supply Chain & Logistics Fund, and the DOCK Navigator II Fund.

AUTOMATING TO WORK SMARTER

Robotic Process Automation (RPA) was launched in 2018 in PSA Singapore and proliferated to the rest of the PSA Group in 2019 as an initiative to develop an intelligent workforce. Since its roll out, we have trained more than 98 RPA Developers and Resident Experts across our business units globally using IMPACT, our in-house training program, of whom 48 graduated in 2022 with remarkable contributions of 16 man-years of savings from their first projects. In 2022, the RPA Bootcamp was rolled out to equip individuals with the fundamental RPA skillsets for automating simple processes, and the RPA Gym was introduced to sharpen the skillsets of Developers and Resident Experts. A total of 49 staff as well as 57 RPA Developers and Resident Experts have benefited from the Bootcamp and Gym programs respectively.

The implementation of innovative RPA solutions during the year enabled PSA to achieve savings totalling more than 46 man-years.

Through our multitude of programs and initiatives, PSA will continue to encourage our employees to grow through innovation and push past their comfortable confines to work towards greater achievements.

Capturing value

Wolves are highly intelligent animals that work together strategically for the success of the pack. Similarly, we believe in working cannily and collaboratively to capture valuable opportunities to propel business growth and enhance stakeholder returns.

PSA INTERNATIONAL FINANCIAL REPORT 2022

It's in our Nature

Directors' Statement

Year ended 31 December 2022

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 2022.

In our opinion:

(a) the financial statements set out on pages 6 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 2022 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 Companies Act 1967, 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 Foo Ji-Xun	
Ms Jeanette Wong Kai Yuan	
Mr Kaikhushru Shiavax Nargolwala	
Ms Lee Ghim Ha Jill	(Appointed on 1 October 2022)
Mr Pang Kin Keong	
Mr Tan Tiang Yew Irving	
Ms Tang Ai Ai	
Mr Tommy Thomsen	

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967, 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
Tan Chong Meng		
Sembcorp Marine Ltd		
– Ordinary shares	14,500,000	1,000,000
Foo Ji-Xun		
Singapore Airlines Limited		
– Ordinary shares	313,920	122,320
Jeanette Wong Kai Yuan		
CapitaLand Ascendas REIT Management Limited (formerly known as Ascendas Funds Management (S) Limited)		
– Unit holdings in CapitaLand Ascendas REIT (formerly known as Ascendas Real Estate Investment Trust)	150,000	150,000
CapitaLand Investment Limited		
– Ordinary shares	15,000	15,000
CapitaLand Integrated Commercial Trust Management Limited		
– Unit holdings in CapitaLand Integrated Commercial Trust	2,320	2,320
CapitaLand China Trust Management Limited		
– Unit holdings in CapitaLand China Trust	225,000	225,000
Singapore Airlines Limited		
– Ordinary shares	16,500	21,900
– Mandatory Convertible Bonds	53,955	34,485
Singapore Telecommunications Limited		
– Ordinary shares	17,821	17,821

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Kaikhushru Shiavax Nargolwala		
CapitaLand Ascendas REIT Management Limited (formerly known as Ascendas Funds Management (S) Limited)		
– Unit holdings in CapitaLand Ascendas REIT (formerly known as Ascendas Real Estate Investment Trust)	234,000[1]	234,000[1]
CapitaLand Integrated Commercial Trust Management Limited		
– Unit holdings in CapitaLand Integrated Commercial Trust	100,000[1]	100,000[1]
Mapletree Industrial Trust Management Ltd.		
– Unit holdings in Mapletree Industrial Trust	168,000[1]	168,000[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	105,000[1]	105,000[1]
Singapore Airlines Limited		
– S$630 million 3.13% Notes due 2026	–	S$250,000[1]
Singapore Technologies Engineering Ltd		
– Ordinary shares	87,000[1]	87,000[1]
Singapore Telecommunications Limited		
– Ordinary shares	556,000[1]	556,000[1]
STT GDC Pte. Ltd.		
– S$400 million 3.13% Notes due 2028	–	S$250,000[1]
Tan Tiang Yew Irving		
CapitaLand Ascendas REIT Management Limited (formerly known as Ascendas Funds Management (S) Limited)		
– Unit holdings in CapitaLand Ascendas REIT (formerly known as Ascendas Real Estate Investment Trust)	–	26,000
CapitaLand Ascott Trust Management Limited (formerly known as Ascott Residence Trust Management Limited)		
– Stapled Securities in CapitaLand Ascott Trust (formerly known as Ascott Residence Trust)	–	62,000
CapitaLand India Trust Management Pte. Ltd. (formerly known as Ascendas Property Fund Trustee Pte. Ltd.)		
– Unit holdings in CapitaLand India Trust (formerly known as Ascendas India Trust)	–	17,000
CapitaLand Integrated Commercial Trust Management Limited		
– Unit holdings in CapitaLand Integrated Commercial Trust	–	78,300
Fullerton Fund Management Company Ltd.		
– Unit holdings in Fullerton SGD Cash Fund – Class R	–	1,924,758
Mapletree Industrial Trust Management Ltd.		
– Unit holdings in Mapletree Industrial Trust	–	19,000
Mapletree Logistics Trust Management Ltd.		
– Unit holdings in Mapletree Logistics Trust	–	27,000
MPACT Management Ltd. (formerly known as Mapletree Commercial Trust Management Ltd.)		
– Unit holdings in Mapletree Pan Asia Commercial Trust (formerly known as Mapletree Commercial Trust)	–	69,700
Tang Ai Ai		
Fullerton Fund Management Company Ltd.		
– Unit holdings in Fullerton SGD Income Fund – Class D (USD) Hedged	1,883,955.926[1]	1,883,955.926[1]
Singapore Telecommunications Limited		
– Ordinary shares	190	190

[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.

Directors' Statement

Year ended 31 December 2022

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

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

SHARE OPTIONS

During the financial year, there were:

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

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

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

1 March 2023

Independent Auditors' Report

Year ended 31 December 2022

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 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 6 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 Companies Act 1967 (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 2022 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.

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 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.

Independent Auditors' Report

Year ended 31 December 2022

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
1 March 2023

Statements of Financial Position

As at 31 December 2022

		Group		Company	
	Note	2022	2021	2022	2021
		$'000	$'000	$'000	$'000
Assets					
Property, plant and equipment	3	6,370,989	6,137,245	578	648
Intangible assets	4	4,567,121	2,598,693	48,238	45,511
Right-of-use assets	5	813,318	908,778	9,435	5,136
Subsidiaries	6	–	–	12,244,392	10,620,056
Associates	7	3,452,822	3,469,194	–	–
Joint ventures	8	3,608,096	3,659,256	–	–
Other investments	9	1,767,173	1,915,905	86,223	100,619
Other non-current assets	10	237,952	214,603	8,013	7,512
Deferred tax assets	11	43,266	39,126	–	–
Non-current assets		20,860,737	18,942,800	12,396,879	10,779,482
Inventories		57,134	51,210	–	–
Trade and other receivables	12	1,775,369	965,920	334,845	270,745
Contract assets	15	187,391	14,923	–	–
Cash and bank balances	16	4,342,900	3,685,049	2,715,553	2,100,737
Current assets		6,362,794	4,717,102	3,050,398	2,371,482
Total assets		27,223,531	23,659,902	15,447,277	13,150,964
Equity					
Share capital	17	1,135,372	1,135,372	1,135,372	1,135,372
Accumulated profits and other reserves	18	13,181,821	12,786,828	10,035,502	9,827,879
Equity attributable to owner of the Company		14,317,193	13,922,200	11,170,874	10,963,251
Non-controlling interests		691,811	740,050	–	–
Total equity		15,009,004	14,662,250	11,170,874	10,963,251
Liabilities					
Borrowings	19	5,741,555	4,319,645	1,958,122	891,715
Lease liabilities	19	800,502	974,601	4,675	–
Provisions	20	15,976	12,554	–	–
Other non-current obligations	21	592,411	526,507	368,171	338,123
Deferred tax liabilities	11	872,614	679,877	28,524	18,447
Non-current liabilities		8,023,058	6,513,184	2,359,492	1,248,285
Borrowings	19	1,592,036	488,428	994,190	–
Lease liabilities	19	43,958	53,416	4,760	5,233
Trade and other payables	22	2,366,614	1,751,327	904,797	924,815
Contract liabilities	15	13,637	14,600	–	–
Current tax payable		175,224	176,697	13,164	9,380
Current liabilities		4,191,469	2,484,468	1,916,911	939,428
Total liabilities		12,214,527	8,997,652	4,276,403	2,187,713
Total equity and liabilities		27,223,531	23,659,902	15,447,277	13,150,964

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

Consolidated Income Statement

Year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Revenue	24	7,994,335	4,669,840
Transportation costs		(2,471,805)	(39,923)
Staff and related costs	25	(1,575,030)	(1,196,424)
Contract services		(555,131)	(546,504)
Running, repair and maintenance costs		(596,564)	(464,155)
Other operating expenses		(633,106)	(468,292)
Property taxes		(37,679)	(31,773)
Depreciation and amortisation		(794,169)	(759,858)
Profit from operations	26	1,330,851	1,162,911
Other income	27	297,006	228,134
Finance costs	28	(224,821)	(195,848)
Share of profit of associates, net of tax		283,766	210,214
Share of profit of joint ventures, net of tax		253,213	276,504
Profit before income tax		1,940,015	1,681,915
Income tax expense	29	(318,880)	(253,994)
Profit for the year		1,621,135	1,427,921
Profit attributable to:			
Owner of the Company		1,562,174	1,381,192
Non-controlling interests		58,961	46,729
Profit for the year		1,621,135	1,427,921

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

	2022 $'000	2021 $'000
Profit for the year	1,621,135	1,427,921
Other comprehensive income		
Items that will not be reclassified to income statement:		
Defined benefit plan remeasurements	3,214	1,041
Net change in fair value of equity investments at FVOCI	(165,112)	528,446
Income tax on other comprehensive income	32,220	(142,797)
	(129,678)	386,690
Items that are or may be reclassified subsequently to income statement:		
Exchange differences of foreign operations	(478,815)	72,381
Exchange differences on monetary items forming part of net investment in foreign operations	35,740	(11,990)
Exchange differences on hedge of net investment in foreign operations	18,657	(47,730)
Inflation adjustment for the year	111,038	52,740
Effective portion of changes in fair value of cash flow hedges	16,002	57,782
Net change in fair value of cash flow hedges reclassified to income statement	2,122	(30,974)
Share of reserves in associates	(114,466)	96,851
Share of reserves in joint ventures	3,450	(3,117)
Reserves reclassified to income statement on disposal of a subsidiary	(86)	–
Income tax on other comprehensive income	(5,894)	(348)
	(412,252)	185,595
Other comprehensive income for the year, net of tax	(541,930)	572,285
Total comprehensive income for the year	1,079,205	2,000,206
Total comprehensive income attributable to:		
Owner of the Company	1,049,234	1,967,329
Non-controlling interests	29,971	32,877
Total comprehensive income for the year	1,079,205	2,000,206

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	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 2021	1,135,372	2,212	97,357	(976,352)	(17,167)	(218,095)	12,342,833	12,366,160	760,056	13,126,216
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	1,381,192	1,381,192	46,729	1,427,921
Other comprehensive income										
Exchange differences of foreign operations	–	–	–	88,571	–	–	–	88,571	(16,190)	72,381
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	(11,990)	–	–	–	(11,990)	–	(11,990)
Exchange differences on hedge of net investment in foreign operations	–	–	–	(47,730)	–	–	–	(47,730)	–	(47,730)
Inflation adjustment for the year	–	–	–	52,740	–	–	–	52,740	–	52,740
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	47,482	–	–	47,482	10,300	57,782
Net change in fair value of cash flow hedges reclassified to income statement	–	–	–	–	(22,758)	–	–	(22,758)	(8,216)	(30,974)
Net change in fair value of equity investments at FVOCI	–	–	–	–	–	528,192	–	528,192	254	528,446
Transfer of reserves	–	–	–	–	–	525	(525)	–	–	–
Share of reserves in associates	–	30,265	–	(25,747)	–	92,333	–	96,851	–	96,851
Share of reserves in joint ventures	–	–	–	236	–	(2,681)	(672)	(3,117)	–	(3,117)
Defined benefit plan remeasurements	–	–	–	–	–	–	1,041	1,041	–	1,041
Income tax on other comprehensive income	–	–	–	–	(348)	(139,581)	(3,216)	(143,145)	–	(143,145)
Total other comprehensive income	–	30,265	–	56,080	24,376	478,788	(3,372)	586,137	(13,852)	572,285
Total comprehensive income for the year	–	30,265	–	56,080	24,376	478,788	1,377,820	1,967,329	32,877	2,000,206

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	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
Hedging gains and losses and costs of hedging transferred to property, plant and equipment	–	–	–	–	383	–	–	383	–	383
Transactions with owner, recorded directly in equity										
Contributions by and distributions to owner of the Company										
Capital contribution by non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	540	540
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	(61,598)	(61,598)
Final tax-exempt dividend declared and paid of $0.33 per share	–	–	–	–	–	–	(200,000)	(200,000)	–	(200,000)
Interim tax-exempt dividend declared and paid of $0.33 per share	–	–	–	–	–	–	(200,000)	(200,000)	–	(200,000)
Total contributions by and distributions to owner of the Company	–	–	–	–	–	–	(400,000)	(400,000)	(61,058)	(461,058)
Changes in ownership interests in subsidiaries										
Acquisition of interest in a subsidiary with non-controlling interests	–	–	–	–	–	–	–	–	13,595	13,595
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	–	(11,672)	(11,672)	(5,420)	(17,092)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	(11,672)	(11,672)	8,175	(3,497)
At 31 December 2021	1,135,372	32,477	97,357	(920,272)	7,592	260,693	13,308,981	13,922,200	740,050	14,662,250

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	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 2022	1,135,372	32,477	97,357	(920,272)	7,592	260,693	13,308,981	13,922,200	740,050	14,662,250
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	1,562,174	1,562,174	58,961	1,621,135
Other comprehensive income										
Exchange differences of foreign operations	–	–	–	(448,027)	–	–	–	(448,027)	(30,788)	(478,815)
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	35,740	–	–	–	35,740	–	35,740
Exchange differences on hedge of net investment in foreign operations	–	–	–	18,657	–	–	–	18,657	–	18,657
Inflation adjustment for the year	–	–	–	111,038	–	–	–	111,038	–	111,038
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	14,586	–	–	14,586	1,416	16,002
Net change in fair value of cash flow hedges reclassified to income statement	–	–	–	–	1,786	–	–	1,786	336	2,122
Net change in fair value of equity investments at FVOCI	–	–	–	–	–	(165,042)	–	(165,042)	(70)	(165,112)
Transfer of reserves	–	10,884	–	–	–	(50)	(10,834)	–	–	–
Share of reserves in associates	–	(19,429)	–	(54,775)	–	(40,262)	–	(114,466)	–	(114,466)
Share of reserves in joint ventures	–	2,545	–	(4,919)	6,359	–	(535)	3,450	–	3,450
Reserves reclassified to income statement on disposal of a subsidiary	–	–	–	(86)	–	–	–	(86)	–	(86)
Defined benefit plan remeasurements	–	–	–	–	–	–	2,728	2,728	486	3,214
Income tax on other comprehensive income	–	–	–	–	(5,894)	32,941	(351)	26,696	(370)	26,326
Total other comprehensive income	–	(6,000)	–	(342,372)	16,837	(172,413)	(8,992)	(512,940)	(28,990)	(541,930)
Total comprehensive income for the year	–	(6,000)	–	(342,372)	16,837	(172,413)	1,553,182	1,049,234	29,971	1,079,205

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	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
Hedging gains and losses and costs of hedging transferred to property, plant and equipment	–	–	–	–	(4,241)	–	–	(4,241)	–	(4,241)
Transactions with owner, recorded directly in equity										
Contributions by and distributions to owner of the Company										
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	(70,228)	(70,228)
Interim tax-exempt dividend declared and paid of $1.07 per share	–	–	–	–	–	–	(650,000)	(650,000)	–	(650,000)
Total contributions by and distributions to owner of the Company	–	–	–	–	–	–	(650,000)	(650,000)	(70,228)	(720,228)
Changes in ownership interests in subsidiaries										
Disposal of interest in a subsidiary to non-controlling interests, with a change in control	–	–	–	–	–	–	–	–	(7,982)	(7,982)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	–	(7,982)	(7,982)
At 31 December 2022	1,135,372	26,477	97,357	(1,262,644)	20,188	88,280	14,212,163	14,317,193	691,811	15,009,004

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

Consolidated statement of cash flows

Year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Profit for the year		1,621,135	1,427,921
Adjustments for:			
Depreciation and amortisation		794,169	759,858
Impairment loss of:			
Intangible assets		70,000	5,176
Joint ventures		–	13,384
Property, plant and equipment		–	4,003
Write back of impairment of loans to joint ventures		(6,454)	–
Net change in fair value of equity investments at FVTPL		338	(83)
Net fair value gain on fair value hedge		11,717	(1,058)
(Gain)/loss on disposal of:			
Intangible assets		13	845
Joint ventures		4,711	–
Property, plant and equipment		(4,318)	276
Subsidiaries		(33,352)	(8,707)
Other investments		(978)	(431)
Dividend income from financial assets		(60,605)	(57,458)
Interest income		(123,473)	(77,359)
Share of profit of associates, net of tax		(283,766)	(210,214)
Share of profit of joint ventures, net of tax		(253,213)	(276,504)
Finance costs	28	224,821	195,848
Income tax expense	29	318,880	253,994
		2,279,625	2,029,491
Changes in working capital:			
Inventories		(5,923)	(5,411)
Trade and other receivables		319,051	70,715
Trade and other payables		(259,963)	358,770
Cash generated from operations		2,332,790	2,453,565
Income tax paid		(279,287)	(309,950)
Net cash from operating activities		2,053,503	2,143,615

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

Consolidated statement of cash flows

Year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Cash flows from investing activities			
Dividends received		383,125	399,332
Interest received		49,821	48,713
Purchase of property, plant and equipment and intangible assets		(1,218,693)	(823,610)
Proceeds from disposal of property, plant and equipment and intangible assets		13,018	21,781
Purchase of other investments		(22,834)	(25,027)
Investment in an associate		–	(8,925)
Investments in and loans to joint ventures		(667)	(56,046)
Repayment of loans provided to joint ventures		42,717	37,438
Loan to a non-controlling shareholder of a subsidiary		(14,210)	(19,600)
Acquisition of interests in subsidiaries, net of cash acquired	33	(1,854,969)	(157,546)
Acquisition of interest in a subsidiary from non-controlling interests, without a change in control		–	(17,092)
Disposal of interest in a subsidiary to non-controlling interests, with a change in control, net of cash disposed	33	78,565	9,948
Proceeds from disposal of joint ventures		4,376	–
Proceeds from disposal of other investments		7,690	14,387
Capital reduction in a joint venture		20,145	10,012
Net cash used in investing activities		(2,511,916)	(566,235)
Cash flows from financing activities			
Proceeds from bank loans and notes		2,498,574	607,365
Repayment of bank loans and notes		(405,814)	(2,279,982)
Proceeds from loans from joint venture		–	134,103
Repayment of loans from joint venture		–	(2,143)
Payment of lease liabilities		(58,755)	(69,263)
Capital contribution by non-controlling shareholders of subsidiaries		–	540
Dividends paid to owner of the Company		(650,000)	(400,000)
Dividends paid to non-controlling shareholders of subsidiaries		(70,228)	(61,598)
Interest paid		(179,829)	(207,937)
Net cash from/(used in) financing activities		1,133,948	(2,278,915)
Net increase/(decrease) in cash and bank balances		675,535	(701,535)
Cash and bank balances at beginning of the year		3,685,049	4,396,964
Translation differences		(17,684)	(10,380)
Cash and bank balances at end of the year	16	4,342,900	3,685,049

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 1 March 2023.

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, supply chain solutions, software development and IT related services.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS). All references to SFRS(I) and IFRS are subsequently referred to as SFRS(I) in these financial statements unless otherwise specified.

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 2022, 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 2022. 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 prospectively.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Critical accounting estimates (continued)

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.

Intangible assets arising from business combinations

Judgement is required on recognition of an identifiable intangible asset separate from goodwill in case of business combination at its estimated fair value. This is based on information available and management's expectations on the date of acquisition.

2.2 Basis of consolidation

Business combinations

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

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

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

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

Loss of control

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

Associates and joint ventures

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

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

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

Transactions with non-controlling interests

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

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

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

Transactions eliminated on consolidation

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

Accounting for subsidiaries, associates and joint ventures

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Foreign currencies

Foreign currency transactions

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

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

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

Foreign operations

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

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

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

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

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

Net investment in a foreign operation

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

2.4 Property, plant and equipment

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

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

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

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

Subsequent costs

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

Depreciation

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

Leasehold land	20 to 80 years
Buildings	10 to 60 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.

2.5 Intangible assets

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

Goodwill

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

Customer relationships

Customer relationships, which are acquired by the Group, as part of the business combination, are treated as an intangible asset. Subsequent to initial recognition, customer relationships are measured at cost less accumulated amortisation and impairment losses. Customer relationships are amortised in the income statement on a straight-line basis over its estimated useful lives of 10 to 12 years.

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.

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.

2.6 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, contract assets 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Impairment of non-financial assets (continued)

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

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

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

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

2.7 Financial instruments

Non-derivative financial instruments

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

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

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

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

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

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

Non-derivative financial assets

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

Non-derivative financial assets *(continued)*

(a) Financial assets at amortised cost

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

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

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

(b) Equity investments at FVOCI

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

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

(c) Financial assets at FVTPL

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

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

Non-derivative financial liabilities

Non-derivative financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the income statement.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign exchange, fuel price and interest rate risk exposures. The use of hedging instruments is governed by the Group's policies which provide written principles on the use of financial instruments consistent with the Group's risk management strategy.

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item in assessing whether they have values that generally move in the opposite direction because of the same hedged risk.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as follows:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

Derivative financial instruments and hedge accounting *(continued)*

(a) Cash flow hedges

Changes in the fair value of the derivative designated as a hedging instrument of a cash flow hedge is recognised in other comprehensive income and presented within equity in the hedging reserve to the extent the hedge is effective, limited to the cumulative change in fair value of the hedged item from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation revoked, then hedge accounting is discontinued prospectively.

The cumulative gain or loss previously recognised in equity in the hedging reserve remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is reclassified to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects the income statement.

If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to the income statement.

(b) Fair value hedges

Changes in the fair value of a derivative designated as a hedging instrument of a fair value hedge are recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in the income statement and the carrying amount of the hedged item is adjusted.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised or the designation is revoked, then hedge accounting is discontinued prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the income statement from that date.

(c) Hedge of net investment in a foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income and presented within equity in the foreign currency translation reserve, to the extent that the hedge is effective. The ineffective foreign currency differences are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in foreign currency translation reserve is reclassified to the income statement as an adjustment to the gain or loss on disposal when the investment in the foreign operation is disposed.

(d) Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in the income statement as part of foreign currency gains and losses.

(e) Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of financial assets (continued)

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

2.9 Financial guarantees

Financial guarantee contracts issued by the Company to external parties on behalf of entities within the Group are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

2.10 Leases

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Leases (continued)

As a lessee (continued)

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.

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.

2.11 Inventories

Inventories mainly comprise stores and consumables which are valued at cost of purchase (including cost incurred in bringing the inventories to their present location and condition) on a weighted average cost method less any applicable allowance for obsolescence. When inventories are consumed, the carrying amount of these inventories is recognised as an expense in the year in which the consumption occurs.

2.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the income statement when incurred.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligations in respect of defined benefit plans are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Revenue recognition

Income from services

Income from port and marine services rendered is recognised at a point in time and income from cargo solutions and 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.

The Group generates majority of its cargo solutions revenue by purchasing transportation services from direct carriers (asset-based) and selling a combination of those services to its customers.

License fee

License fee represents fees earned from the sale of license of software to customers and is recognised when the customer takes delivery of the software, and the criteria for acceptance have been satisfied.

System development revenue

System development contracts of less than 12 months' duration and completed within the financial year are recognised at a point in time based on the completed contract method. System development for longer-term contracts are recognised over time. The stage of completion is typically assessed by reference to work performed based on the ratio of costs incurred to date to the estimated total costs for each contract.

Service concession arrangements

Revenue related to construction or upgrade services under a service concession arrangement is recognised over time based on the percentage of completion of the work performed. The percentage of completion is assessed by reference to surveys of work performed. The related costs are recognised in the income statement when they are incurred. Operation or service revenue is recognised in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration received is allocated with reference to the relative stand-alone selling prices of the services delivered.

Dividend income

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

Interest income

Interest income is recognised as it accrues, using the effective interest method, except where the collection is contingent upon certain conditions being met, then such income is recognised when received.

2.16 Government grants

Government grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised in the income statement on a systematic basis in the same period in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in the income statement on a systematic basis over the useful life of the asset.

2.17 Finance costs

Finance costs comprise interest expense on borrowings which includes the unwinding of the discount on provisions and lease liabilities. 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Income tax expense

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.19 Non-current assets held for sale or distribution

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured under different rules in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment losses.

2.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3 PROPERTY, PLANT AND EQUIPMENT

	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 2021	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
Reclassifications	6,720	173,016	115,136	110,219	245,808	9,679	8,234	22,624	(691,436)	–
Additions	3,408	–	903	10,182	19,488	5,467	978	3,382	789,304	833,112
Acquisition of subsidiaries	4,873	–	20,997	–	7,454	–	5,089	1,589	76	40,078
Disposals	–	(7,960)	(4,346)	(571)	(48,905)	(13,554)	(1,164)	(2,190)	(8,042)	(86,732)
Disposal of a subsidiary	–	–	(14,285)	(1,924)	(17,116)	–	–	(910)	–	(34,235)
Transferred to intangible assets	–	–	–	–	–	–	–	–	(16)	(16)
Translation differences on consolidation	1,438	–	(10,062)	(14,047)	(79,781)	5,278	48	(2,320)	(1,356)	(100,802)
At 31 December 2021	91,457	1,646,074	966,679	2,824,706	5,947,718	558,160	47,594	256,361	1,200,786	13,539,535
Reclassifications	–	118,956	28,117	243,667	534,665	58,293	1,880	28,645	(1,014,223)	–
Additions	4	179	3,545	960	26,377	13,991	2,064	3,997	984,708	1,035,825
Acquisition of subsidiaries	4	1,971	667	–	79,366	–	681	6,393	–	89,082
Disposals	–	–	(837)	–	(71,539)	(32,255)	(422)	(7,231)	(1,277)	(113,561)
Disposal of a subsidiary	–	–	(1,691)	(30,314)	(242,040)	–	(324)	(3,734)	(69)	(278,172)
Transferred to intangible assets	–	–	–	–	–	–	–	–	(766)	(766)
Translation differences on consolidation	(3,526)	(178)	(17,329)	(11,947)	(85,987)	(4,386)	(1,893)	(3,652)	(3,159)	(132,057)
At 31 December 2022	87,939	1,767,002	979,151	3,027,072	6,188,560	593,803	49,580	280,779	1,166,000	14,139,886

3. PROPERTY, PLANT AND EQUIPMENT (continued)

	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										
Accumulated depreciation and impairment losses										
At 1 January 2021	–	1,019,482	479,171	1,623,560	3,392,193	233,137	24,315	184,871	–	6,956,729
Reclassifications	–	–	152	–	(2,662)	–	5,195	(2,685)	–	–
Depreciation charge for the year	–	45,341	37,076	111,754	315,328	38,942	3,493	20,736	–	572,670
Acquisition of subsidiaries	–	–	9,913	–	5,661	–	3,697	1,260	–	20,531
Disposals	–	(7,960)	(4,337)	(399)	(47,931)	(12,316)	(1,139)	(1,983)	–	(76,065)
Disposal of a subsidiary	–	–	(9,607)	(363)	(5,795)	–	–	(882)	–	(16,647)
Impairment losses	–	3,664	2	336	1	–	–	–	–	4,003
Translation differences on consolidation	–	–	(7,259)	(7,387)	(46,969)	4,744	(47)	(2,013)	–	(58,931)
At 31 December 2021	–	1,060,527	505,111	1,727,501	3,609,826	264,507	35,514	199,304	–	7,402,290
Depreciation charge for the year	–	77,827	36,013	106,654	302,339	39,681	3,797	24,183	–	590,494
Acquisition of subsidiaries	–	1,881	429	–	59,058	–	245	3,236	–	64,849
Disposals	–	–	(598)	–	(69,648)	(29,440)	(396)	(7,225)	–	(107,307)
Disposal of a subsidiary	–	–	(348)	(6,169)	(93,288)	–	(174)	(3,323)	–	(103,302)
Translation differences on consolidation	–	(165)	(10,293)	(7,417)	(53,578)	(2,293)	(1,389)	(2,992)	–	(78,127)
At 31 December 2022	–	1,140,070	530,314	1,820,569	3,754,709	272,455	37,597	213,183	–	7,768,897
Carrying amounts										
At 1 January 2021	75,018	461,536	379,165	1,097,287	2,428,577	318,153	10,094	49,315	1,112,256	5,931,401
At 31 December 2021	91,457	585,547	461,568	1,097,205	2,337,892	293,653	12,080	57,057	1,200,786	6,137,245
At 31 December 2022	87,939	626,932	448,837	1,206,503	2,433,851	321,348	11,983	67,596	1,166,000	6,370,989

3. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant, equipment and machinery	Motor vehicles	Computers	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000
Company					
Cost					
At 1 January 2021	572	346	2,465	–	3,383
Additions	123	–	37	62	222
At 31 December 2021	695	346	2,502	62	3,605
Reclassifications	–	–	62	(62)	–
Additions	–	–	149	56	205
Disposals	(8)	–	(15)	–	(23)
At 31 December 2022	687	346	2,698	56	3,787
Accumulated depreciation					
At 1 January 2021	344	346	2,048	–	2,738
Depreciation charge for the year	101	–	118	–	219
At 31 December 2021	445	346	2,166	–	2,957
Depreciation charge for the year	109	–	166	–	275
Disposals	(8)	–	(15)	–	(23)
At 31 December 2022	546	346	2,317	–	3,209
Carrying amounts					
At 1 January 2021	228	–	417	–	645
At 31 December 2021	250	–	336	62	648
At 31 December 2022	141	–	381	56	578

4 INTANGIBLE ASSETS

	Goodwill on consolidation	Computer software and software development costs	Customer relationships	Capital work-in-progress	Port and other operating rights	Other intangible assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Cost							
At 1 January 2021	556,727	232,519	–	98,647	2,182,177	72,707	3,142,777
Reclassifications	–	42,468	–	(48,863)	5,935	460	–
Additions	–	677	–	48,574	740	461	50,452
Acquisition of subsidiaries	1,694	866	–	7	133,605	3,485	139,657
Disposals	–	(2,745)	–	(3,683)	(8,210)	(23)	(14,661)
Disposal of a subsidiary	–	(2,781)	–	–	–	–	(2,781)
Transferred from property, plant and equipment	–	–	–	–	–	16	16
Translation differences on consolidation	(2,240)	(6,620)	–	(12)	7,299	(1,037)	(2,610)
At 31 December 2021	556,181	264,384	–	94,670	2,321,546	76,069	3,312,850
Reclassifications	–	28,851	22,278	(34,107)	1,852	(18,874)	–
Additions	–	4,557	–	213,679	3,167	452	221,855
Acquisition of subsidiaries	1,748,306	22,135	342,869	–	15,393	59,794	2,188,497
Disposals	–	(1,508)	–	(11)	(1,966)	(5)	(3,490)
Disposal of a subsidiary	–	(2,786)	–	–	–	–	(2,786)
Transferred from property, plant and equipment	–	–	–	766	–	–	766
Translation differences on consolidation	(15,646)	(7,478)	(5,110)	(16,719)	(210,740)	(2,323)	(258,016)
At 31 December 2022	2,288,841	308,155	360,037	258,278	2,129,252	115,113	5,459,676

4 INTANGIBLE ASSETS (continued)

	Goodwill on consolidation	Computer software and software development costs	Customer relationships	Capital work-in-progress	Port and other operating rights	Other intangible assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Accumulated amortisation and impairment losses							
At 1 January 2021	69,601	161,661	–	–	347,967	27,790	607,019
Amortisation charge for the year	–	26,011	–	–	81,033	10,005	117,049
Acquisition of subsidiaries	–	447	–	–	–	–	447
Disposals	–	(2,426)	–	–	–	–	(2,426)
Disposal of a subsidiary	–	(2,695)	–	–	–	–	(2,695)
Impairment loss	5,176	–	–	–	–	–	5,176
Translation differences on consolidation	(577)	(7,006)	–	–	(1,869)	(961)	(10,413)
At 31 December 2021	74,200	175,992	–	–	427,131	36,834	714,157
Reclassifications	–	–	6,289	–	4,660	(10,949)	–
Amortisation charge for the year	–	29,185	23,279	–	77,248	4,216	133,928
Acquisition of subsidiaries	–	11,276	17,741	–	–	–	29,017
Disposals	–	(1,031)	–	–	–	–	(1,031)
Disposal of a subsidiary	–	(2,674)	–	–	–	–	(2,674)
Impairment loss	–	–	–	–	70,000	–	70,000
Translation differences on consolidation	(581)	(5,865)	(2,159)	–	(41,004)	(1,233)	(50,842)
At 31 December 2022	73,619	206,883	45,150	–	538,035	28,868	892,555
Carrying amounts							
At 1 January 2021	487,126	70,858	–	98,647	1,834,210	44,917	2,535,758
At 31 December 2021	481,981	88,392	–	94,670	1,894,415	39,235	2,598,693
At 31 December 2022	2,215,222	101,272	314,887	258,278	1,591,217	86,245	4,567,121

4 INTANGIBLE ASSETS (continued)

	Computer software and software development costs	Capital work-in-progress	Total
	$'000	$'000	$'000
Company			
Cost			
At 1 January 2021	15,734	30,036	45,770
Reclassifications	11,592	(11,592)	–
Additions	–	8,159	8,159
At 31 December 2021	27,326	26,603	53,929
Reclassifications	15,957	(15,957)	–
Additions	–	6,341	6,341
At 31 December 2022	43,283	16,987	60,270
Accumulated amortisation			
At 1 January 2021	5,967	–	5,967
Amortisation charge for the year	2,451	–	2,451
At 31 December 2021	8,418	–	8,418
Amortisation charge for the year	3,614	–	3,614
At 31 December 2022	12,032	–	12,032
Carrying amounts			
At 1 January 2021	9,767	30,036	39,803
At 31 December 2021	18,908	26,603	45,511
At 31 December 2022	31,251	16,987	48,238

Impairment testing for cash-generating units (CGUs) containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating segments or 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 2022, the carrying amount of goodwill primarily relates to the Group's cargo solutions operating segment of $1,736.3 million (2021: nil) and port business CGU in Belgium of $453.0 million (2021: $455.1 million) respectively. The remaining goodwill relates to the Group's port business CGUs in other countries.

The recoverable amount of the cargo solutions operating segment was based on fair value less costs of disposals, taking reference to the consideration paid to acquire the business in 2022. The recoverable amounts of the port business CGUs were based on the value in use approach. They were determined by discounting the future cash flows generated from the continuing use of these CGUs. The cash flow projections were based on the financial budgets approved by management covering a five-year period and a further outlook based on the long-term nature of concession agreements.

Key assumptions include the expected growth in revenue, gross margin and discount rates. The pre-tax discount rate used for impairment testing of Belgium CGU was 8.0% (2021: 7.3%).

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 cargo solutions operating segment or 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. In 2022, the Group recognised an impairment loss of $70.0 million (2021: 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.

5 RIGHT-OF-USE ASSETS

	Leasehold land	Buildings	Wharves, hardstanding and roads	Plant, equipment and machinery	Floating crafts	Motor vehicles	Computers	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost								
At 1 January 2021	652,563	5,880	369,016	71,452	12,105	7,156	5,744	1,123,916
Additions	15,527	5,407	11,115	20,519	–	2,251	657	55,476
Acquisition of subsidiaries	1,506	745	–	–	–	–	1,245	3,496
Disposals	(2,440)	(560)	–	(18,835)	–	(919)	(488)	(23,242)
Disposal of a subsidiary	–	–	(10,150)	(13,513)	–	(294)	–	(23,957)
Reclassifications	304,074	3,302	(304,074)	(3,302)	–	–	–	–
Translation differences on consolidation	(33,792)	100	(21,814)	(3,780)	257	(425)	(33)	(59,487)
At 31 December 2021	937,438	14,874	44,093	52,541	12,362	7,769	7,125	1,076,202
Additions	203,866	16,108	2,358	5,695	305	4,556	–	232,888
Acquisition of subsidiaries	36,243	99,799	–	6,376	–	6,357	–	148,775
Disposals	(5,022)	(6,125)	–	(4,348)	–	(1,410)	–	(16,905)
Disposal of a subsidiary	(303,499)	(21)	–	(2,727)	–	(931)	–	(307,178)
Translation differences on consolidation	(54,177)	(4,204)	(2,820)	791	(84)	(926)	(4,366)	(65,786)
At 31 December 2022	814,849	120,431	43,631	58,328	12,583	15,415	2,759	1,067,996

5 RIGHT-OF-USE ASSETS (continued)

	Leasehold land	Buildings	Wharves, hardstanding and roads	Plant, equipment and machinery	Floating crafts	Motor vehicles	Computers	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Accumulated depreciation								
At 1 January 2021	55,884	2,637	28,441	32,906	1,324	3,482	1,138	125,812
Depreciation charge for the year	46,433	3,055	3,494	16,894	760	1,840	1,907	74,383
Acquisition of subsidiaries	226	–	–	–	–	–	883	1,109
Disposals	(105)	(421)	–	(12,885)	–	(909)	(418)	(14,738)
Disposal of a subsidiary	–	–	(3,587)	(6,749)	–	(170)	–	(10,506)
Reclassifications	22,398	2,568	(22,398)	(2,568)	–	–	–	–
Translation differences on consolidation	(4,516)	(13)	(1,817)	(2,002)	34	(278)	(44)	(8,636)
At 31 December 2021	120,320	7,826	4,133	25,596	2,118	3,965	3,466	167,424
Depreciation charge for the year	32,037	22,174	1,863	13,725	693	2,841	833	74,166
Acquisition of subsidiaries	28,932	50,707	–	4,098	–	3,792	–	87,529
Disposals	(3,478)	(6,565)	–	(2,389)	–	(946)	–	(13,378)
Disposal of a subsidiary	(46,132)	(3)	–	(1,127)	–	(844)	–	(48,106)
Translation differences on consolidation	(7,728)	(2,287)	(399)	120	(32)	(496)	(2,135)	(12,957)
At 31 December 2022	123,951	71,852	5,597	40,023	2,779	8,312	2,164	254,678
Carrying amounts								
At 1 January 2021	596,679	3,243	340,575	38,546	10,781	3,674	4,606	998,104
At 31 December 2021	817,118	7,048	39,960	26,945	10,244	3,804	3,659	908,778
At 31 December 2022	690,898	48,579	38,034	18,305	9,804	7,103	595	813,318

5 RIGHT-OF-USE ASSETS (continued)

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.

During the year, depreciation expense of $4.4 million (2021: $4.2 million) was capitalised into capital work-in-progress.

	Buildings
	$'000
Company	
Cost	
At 1 January 2021	–
Additions	10,272
At 31 December 2021	10,272
Additions	9,435
At 31 December 2022	19,707
Accumulated depreciation	
At 1 January 2021	–
Depreciation charge for the year	5,136
At 31 December 2021	5,136
Depreciation charge for the year	5,136
At 31 December 2022	10,272
Carrying amounts	
At 1 January 2021	–
At 31 December 2021	5,136
At 31 December 2022	9,435

6 SUBSIDIARIES

	Company	
	2022	2021
	$'000	$'000
Equity investments, at cost	1,175,222	1,175,222
Loans to subsidiaries	11,344,247	9,719,911
	12,519,469	10,895,133
Impairment losses	(275,077)	(275,077)
	12,244,392	10,620,056

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 comprised:

(a) $660.6 million (2021: $848.2 million) loans bearing fixed interest rates ranging from 4.27% to 6.33% (2021: 4.27% to 6.33%) per annum; and

(b) $694.3 million (2021: $674.1 million) loans bearing floating interest rates ranging from 2.19% to 9.17% (2021: 3.62% to 5.27%) per annum and the interest rates repriced at intervals of 3 to 12 months.

The remaining loans to subsidiaries are interest-free.

6 SUBSIDIARIES (continued)

Details of significant subsidiaries are as follows:

Name of subsidiary	Principal place of business/country of incorporation	Effective percentage held by the Group 2022	2021
		%	%
PSA Corporation Limited	Singapore	100	100
PSA Marine (Pte) Ltd	Singapore	100	100
PSA Antwerp N.V.	Belgium	100	100
BDP Intermediate 1, Inc.	United States	100	–

7 ASSOCIATES

	Group 2022	2021
	$'000	$'000
Investments in associates	3,452,822	3,469,194
Loans to associates	7,128	7,128
	3,459,950	3,476,322
Impairment losses	(7,128)	(7,128)
	3,452,822	3,469,194

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 2022	2021
		%	%
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 2022	2021
	$'000	$'000
At 1 January	3,469,194	3,204,997
Group's share of:		
– profit for the year	283,766	210,214
– other comprehensive income	(114,466)	96,851
– total comprehensive income	169,300	307,065
Dividends received during the year	(165,952)	(98,435)
Investment during the year	–	8,925
Translation differences on consolidation	(19,720)	46,642
At 31 December	3,452,822	3,469,194

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 $93.0 million (2021: $90.7 million).

8 JOINT VENTURES

	Group 2022 $'000	Group 2021 $'000
Investments in joint ventures	2,679,459	2,687,950
Loans to joint ventures	959,375	1,008,498
	3,638,834	3,696,448
Impairment losses	(30,738)	(37,192)
	3,608,096	3,659,256

The loans to joint ventures form part of the Group's net investments in these joint ventures. The loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future. These amounts are in substance capital contributions by the Group. Accordingly, these loans are stated at cost less accumulated impairment losses.

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

(a) $554.7 million (2021: $596.0 million) loans bearing fixed interest rates ranging from 6.00% to 10.00% (2021: 6.00% to 10.00%) per annum; and

(b) $395.9 million (2021: $403.5 million) loans bearing floating interest rates ranging from 1.09% to 7.67% (2021: 0.15% to 4.25%) 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 2022 %	Effective percentage held by the Group 2021 %
International Trade Logistics S.A.	Argentina	50.0	50.0
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 2022 $'000	Group 2021 $'000
Capital commitments which have been authorised and contracted but not provided for in the financial statements	318,467	75,966

The Group does not have any individually material joint venture.

9 OTHER INVESTMENTS

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Equity investments at FVOCI	1,759,436	1,904,710	86,223	100,619
Equity investments at FVTPL	7,737	11,195	–	–
	1,767,173	1,915,905	86,223	100,619

10 OTHER NON-CURRENT ASSETS

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Loan to a non-controlling shareholder of a subsidiary	43,610	29,400	–	–
Other receivables	159,147	182,080	–	7,512
Non-current portion of financial assets at amortised cost	202,757	211,480	–	7,512
Hedging instruments	34,072	1,439	8,013	–
Transferable corporate club memberships	1,123	1,684	–	–
	237,952	214,603	8,013	7,512

The loan to a non-controlling shareholder of a subsidiary was denominated in Singapore dollars, unsecured, bore fixed interest rates ranging from 2.53% to 4.84% (2021: 2.53% to 4.23%) per annum and repayable by 2027.

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 2021	44,412	40,787	85,199
Disposal of a subsidiary	–	(48)	(48)
Recognised in income statement	(4,939)	1,510	(3,429)
Recognised in other comprehensive income	39	(530)	(491)
Translation differences on consolidation	(696)	(2,209)	(2,905)
At 31 December 2021	38,816	39,510	78,326
Acquisition of a subsidiary	3,074	378	3,452
Disposal of a subsidiary	(470)	(22,192)	(22,662)
Recognised in income statement	10,339	1,270	11,609
Recognised in other comprehensive income	(135)	(296)	(431)
Translation differences on consolidation	(581)	(902)	(1,483)
At 31 December 2022	51,043	17,768	68,811

	Property, plant and equipment and intangible assets	Fair value reserve	Other items	Total
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
At 1 January 2021	294,238	224,199	25,315	543,752
Acquisition of subsidiaries	–	–	581	581
Disposal of a subsidiary	(346)	–	–	(346)
Recognised in income statement	26,786	–	6,634	33,420
Recognised in other comprehensive income	–	139,581	3,073	142,654
Translation differences on consolidation	(790)	–	(194)	(984)
At 31 December 2021	319,888	363,780	35,409	719,077
Acquisition of subsidiaries	111,320	–	16,803	128,123
Recognised in income statement	73,360	–	6,764	80,124
Recognised in other comprehensive income	–	(32,941)	6,184	(26,757)
Translation differences on consolidation	(1,517)	–	(891)	(2,408)
At 31 December 2022	503,051	330,839	64,269	898,159

11 DEFERRED TAX (continued)

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

	Company	
	2022	2021
	$'000	$'000
Deferred tax assets		
Provisions	3,954	4,552
Deferred tax liabilities		
Property, plant and equipment	5,389	3,308
Unremitted income	19,092	9,766
Other items	7,997	9,925
	32,478	22,999

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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred tax assets	43,266	39,126	–	–
Deferred tax liabilities	872,614	679,877	28,524	18,447

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses amounting to $255.3 million (2021: $229.9 million). The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these tax losses because there is no indication that future taxable profit will be available against which the respective subsidiaries of the Group can utilise the benefits.

12 TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2022	2021	2022	2021
		$'000	$'000	$'000	$'000
Trade and accrued receivables	13	1,183,562	574,976	2	–
Deposits and other receivables	14	320,665	188,100	41,334	8,922
Amounts due from:					
Subsidiaries		–	–	270,663	243,967
Associates		218	2	–	–
Joint ventures		163,985	140,015	20,394	15,988
Related corporations		49,984	17,529	–	–
Loan to joint venture		–	1,072	–	–
Current portion of financial assets at amortised cost		1,718,414	921,694	332,393	268,877
Advances and prepayments		48,370	37,047	2,452	1,780
Hedging instruments		8,585	7,179	–	88
		1,775,369	965,920	334,845	270,745

The amounts due from subsidiaries, associates, joint ventures and related corporations were unsecured, interest-free and repayable on demand. In 2021, the loan to joint venture was denominated in Euro, unsecured, bore floating interest rate of 1% per annum and repayable in one year.

13 TRADE AND ACCRUED RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade and accrued receivables	1,268,559	653,581	2	–
Allowance for impairment	(84,997)	(78,605)	–	–
	1,183,562	574,976	2	–

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's internationally dispersed customers. Due to the nature of the Group's business, credit risk is not concentrated in any specific geographical region but concentrated in companies exposed to business cyclical fluctuations that are commonly found in the shipping industry. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional allowance beyond amounts provided for collection losses is required.

14 DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deposits	6,505	4,591	12	12
Other receivables	314,160	183,509	41,322	8,910
	320,665	188,100	41,334	8,922

15 CONTRACT BALANCES

Contract assets are recognised for unbilled work in progress with costs associated with the service being recorded in other payables. Contract liabilities are recognised for amounts received for services that are not yet completed.

	Group			
	Contract assets		Contract liabilities	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
At 1 January	14,923	10,765	(14,600)	(8,376)
Acquisition of subsidiaries	272,195	–	–	–
Revenue recognised during the year	16,976	17,951	–	–
Contract assets reclassified to trade receivables	(100,606)	(18,384)	–	–
Recognition of revenue from contract liabilities at the beginning of the year	–	–	3,231	5,892
Cash received in advance and not recognised as revenue	–	–	(1,769)	(11,791)
Cumulative catch-up adjustments	(9,212)	4,591	(499)	(325)
Translation difference	(6,885)	–	–	–
At 31 December	187,391	14,923	(13,637)	(14,600)

16 CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cash at bank and in hand	930,814	894,157	144,570	192,646
Fixed deposits	3,412,086	2,790,892	2,570,983	1,908,091
	4,342,900	3,685,049	2,715,553	2,100,737

At the reporting date, cash and cash equivalents for the Group include $437.6 million (2021: $611.3 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.

17 SHARE CAPITAL

	Company	
	2022	2021
	No. of shares	No. of shares
	'000	'000
Issued and fully-paid, with no par value:		
At 1 January and 31 December	607,372	607,372

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Group defines capital as share capital and all components of equity. The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

There were no changes to the Group's approach to capital management during the year.

Certain subsidiaries within the Group are subject to externally imposed capital requirements as required by law. These subsidiaries have complied with the requirements during the financial year. The Company and the rest of its subsidiaries are not subject to any externally imposed capital requirements.

18 ACCUMULATED PROFITS AND OTHER RESERVES

		Group		Company	
	Note	2022	2021	2022	2021
		$'000	$'000	$'000	$'000
Capital reserve	(a)	26,477	32,477	–	–
Insurance reserve	(b)	97,357	97,357	–	–
Foreign currency translation reserve	(c)	(1,262,644)	(920,272)	–	–
Hedging reserve	(d)	20,188	7,592	(2,349)	(3,464)
Fair value reserve	(e)	88,280	260,693	(38,068)	(23,672)
Accumulated profits		14,212,163	13,308,981	10,075,919	9,855,015
		13,181,821	12,786,828	10,035,502	9,827,879

(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.

19 BORROWINGS AND LEASE LIABILITIES

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Borrowings					
Unsecured fixed and floating rates notes		4,062,104	2,889,062	172,231	173,200
Secured bank loans		165,401	165,418	–	–
Unsecured bank loans		1,344,940	1,085,845	–	–
Loans from joint venture		159,555	169,765	–	–
Loans from non-controlling shareholders of subsidiaries		9,555	9,555	–	–
Unsecured loans from subsidiary		–	–	1,785,891	718,515
Non-current borrowings		5,741,555	4,319,645	1,958,122	891,715
Secured bank loans		86,413	97,632	–	–
Unsecured bank loans		1,505,623	390,260	994,190	–
Loans from joint venture		–	536	–	–
Current borrowings		1,592,036	488,428	994,190	–
		7,333,591	4,808,073	2,952,312	891,715
Total borrowings comprise:					
Total unsecured fixed and floating rates notes		4,062,104	2,889,062	172,231	173,200
Total secured bank loans	(a)	251,814	263,050	–	–
Total unsecured bank loans		2,850,563	1,476,105	994,190	–
Total loans from joint venture	(b)	159,555	170,301	–	–
Total loans from non-controlling shareholders of subsidiaries	(c)	9,555	9,555	–	–
Total unsecured loans from subsidiary	(d)	–	–	1,785,891	718,515
		7,333,591	4,808,073	2,952,312	891,715
Lease liabilities					
Non-current lease liabilities		800,502	974,601	4,675	–
Current lease liabilities		43,958	53,416	4,760	5,233
		844,460	1,028,017	9,435	5,233

(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 $358.6 million (2021: $437.4 million).

(b) Loans from joint venture

The loans from joint venture were denominated in Euro, unsecured and bore floating interest rates. Interest rates repriced at intervals of three months.

(c) Loans from non-controlling shareholders of subsidiaries

The loans from non-controlling shareholders were unsecured and bore floating interest rates. Interest rates repriced at intervals of three months.

(d) Unsecured loans from subsidiary

The loans from subsidiary were denominated in US dollars, Singapore dollars and Hong Kong dollars, unsecured, bore interest at a range of pre-determined rates between 2.30% to 4.02%.

19 BORROWINGS AND LEASE LIABILITIES (continued)

Terms and debt repayment schedule

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

	Effective interest rate	Year of maturity	2022 Face value	2022 Carrying amount	2021 Face value	2021 Carrying amount
	%		$'000	$'000	$'000	$'000
Group						
Unsecured fixed and floating rates notes	1.63 - 4.29	2026 - 2037	4,076,750	4,062,104	2,903,770	2,889,062
Secured bank loans	2.31 - 8.24	2023 - 2027	251,814	251,814	263,050	263,050
Unsecured bank loans	0.16 - 4.47	2023 - 2027	2,851,589	2,850,563	1,476,105	1,476,105
Loans from joint venture	1.50 - 3.98	2032	159,555	159,555	170,301	170,301
Loans from non-controlling shareholders of subsidiaries	1.93	2027	9,555	9,555	9,555	9,555
			7,349,263	7,333,591	4,822,781	4,808,073
Lease liabilities	0.44 - 17.60	2023 - 2067	1,236,566	844,460	1,419,455	1,028,017
Company						
Unsecured fixed and floating rates notes	4.29	2025	172,300	172,231	173,300	173,200
Unsecured bank loans	4.36 - 4.47	2023	994,190	994,190	–	–
Unsecured loans from subsidiary	2.30 - 4.02	2026 - 2032	1,785,891	1,785,891	718,515	718,515
			2,952,381	2,952,312	891,815	891,715
Lease liabilities	4.00	2024	9,835	9,435	5,285	5,233

19 BORROWINGS AND LEASE LIABILITIES (continued)

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 2021	6,428,865	1,120,663	7,549,528
Changes from financing cash flows			
– Proceeds from bank loans and notes	607,365	–	607,365
– Repayment of bank loans and notes	(2,279,982)	–	(2,279,982)
– Proceeds from loans from joint venture	31,210	–	31,210
– Repayment of loans from joint venture	(2,143)	–	(2,143)
– Payment of lease liabilities	–	(69,263)	(69,263)
– Interest paid	–	(40,621)	(40,621)
Total changes from financing cash flows	(1,643,550)	(109,884)	(1,753,434)
Addition of new leases	–	58,385	58,385
Acquisition of subsidiaries	–	1,955	1,955
Disposal of a subsidiary	–	(23,316)	(23,316)
Interest expenses	–	42,121	42,121
Amortisation of loan facilities upfront fees	2,669	–	2,669
Changes in fair value	194	–	194
Effect of changes in foreign exchange rates	19,895	(61,907)	(42,012)
At 31 December 2021	4,808,073	1,028,017	5,836,090
At 1 January 2022	4,808,073	1,028,017	5,836,090
Changes from financing cash flows			
– Proceeds from bank loans and notes	2,498,574	–	2,498,574
– Repayment of bank loans and notes	(405,814)	–	(405,814)
– Payment of lease liabilities	–	(58,755)	(58,755)
– Interest paid	–	(29,759)	(29,759)
Total changes from financing cash flows	2,092,760	(88,514)	2,004,246
Addition of new leases	–	274,089	274,089
Disposal/termination of lease liabilities	–	(55,415)	(55,415)
Acquisition of subsidiaries	544,506	62,306	606,812
Disposal of a subsidiary	(75,858)	(359,947)	(435,805)
Interest expenses	–	31,075	31,075
Amortisation of loan facilities upfront fees	6,006	–	6,006
Changes in fair value	(248)	–	(248)
Effect of changes in foreign exchange rates	(41,648)	(47,151)	(88,799)
At 31 December 2022	7,333,591	844,460	8,178,051

Total cash outflow for all the leases in 2022 was $104.4 million (2021: $123.6 million).

20 PROVISIONS

This comprises site restoration provisions made by subsidiaries to restore their leased sites to original condition by the end of the lease terms.

21 OTHER NON-CURRENT OBLIGATIONS

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Hedging instruments	33,498	5,927	24,753	4,002
Amount due to joint venture	1,301	1,832	–	–
Loan from a subsidiary	–	–	343,418	334,121
Loan from a joint venture	343,418	334,121	–	–
Service concession obligations	142,958	107,183	–	–
Other non-current obligations	71,236	77,444	–	–
	592,411	526,507	368,171	338,123

The loans from a subsidiary and a joint venture were denominated in US dollars, unsecured, interest-free and repayable in 2025 to 2028.

22 TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2022	2021	2022	2021
		$'000	$'000	$'000	$'000
Trade payables and accrued operating expenses		1,740,007	1,320,424	85,569	93,086
Deposits and other payables	23	513,974	322,743	14,041	9,463
Amounts due to:					
Subsidiaries		–	–	804,864	820,031
Joint ventures		20,513	54,150	–	169
Related corporations		20,489	17,602	–	–
Other financial liabilities at amortised cost		2,294,983	1,714,919	904,474	922,749
Advances		65,386	34,018	323	154
Hedging instruments		6,245	2,390	–	1,912
		2,366,614	1,751,327	904,797	924,815

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

23 DEPOSITS AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deposits	9,726	10,239	–	–
Accrued capital expenditure	182,386	143,399	–	–
Other payables	321,862	169,105	14,041	9,463
	513,974	322,743	14,041	9,463

The Group's and the Company's other payables included interest payable of $50.6 million (2021: $22.7 million) and $13.2 million (2021: $8.1 million) respectively and other sundry creditors.

24 REVENUE

This comprises revenue from container handling, marine services, operation of multi-purpose terminals, warehousing and cargo solutions 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.

25 STAFF AND RELATED COSTS

	Group 2022 $'000	Group 2021 $'000
Wages and salaries	1,458,190	1,088,884
Contributions to defined contribution plans	116,840	107,540
	1,575,030	1,196,424

26 PROFIT FROM OPERATIONS

Profit from operations included the following items:

	Group 2022 $'000	Group 2021 $'000
Impairment loss of:		
Intangible assets	70,000	5,176
Joint ventures	–	13,384
Property, plant and equipment	–	4,003
Loss on disposal of:		
Intangible assets	13	845
Joint ventures	4,711	–
Property, plant and equipment, net	–	276
Net change in fair value of equity investments at FVTPL	338	–
Net fair value loss on fair value hedge	11,717	–
Expenses relating to:		
Short-term leases	12,838	8,724
Leases of low-value assets, excluding short-term leases of low-value assets	2,738	1,426
Variable lease payments not included in the measurement of lease liabilities	271	3,554

27 OTHER INCOME

	Group 2022 $'000	Group 2021 $'000
Dividend income from financial assets	60,605	57,458
Interest income from:		
Cash and bank balances	56,849	13,124
Joint ventures	59,319	58,559
Trade and other receivables	7,305	5,676
Gain on disposal of:		
Property, plant and equipment, net	4,318	–
Subsidiaries	33,352	8,707
Other investments	978	431
Exchange gain, net	2,075	9,505
Net fair value gain on fair value hedge	–	1,058
Net change in fair value of equity investments at FVTPL	–	83
Write back of allowance for trade receivables	2,991	32,420
Write back of impairment of loans to joint ventures	6,454	–
Others	62,760	41,113
	297,006	228,134

28 FINANCE COSTS

	Group	
	2022	2021
	$'000	$'000
Interest expense in relation to:		
Banks and other financial institutions	93,530	75,291
Fixed and floating rates notes holders	95,515	71,147
Lease liabilities	31,075	42,121
Service concession obligations	4,326	7,193
Non-controlling shareholders of subsidiaries	375	96
	224,821	195,848

29 INCOME TAX EXPENSE

	Group	
	2022	2021
	$'000	$'000
Current tax expense		
Current year	237,713	219,451
Under/(over) provided in prior years	12,652	(2,306)
	250,365	217,145
Deferred tax expense		
Movements in temporary differences	86,197	33,163
(Over)/under provided in prior years	(17,682)	3,686
	68,515	36,849
Income tax expense	318,880	253,994

Tax reconciliation

	2022	2021
Profit before income tax	1,940,015	1,681,915
Share of profit of associates, net of tax	(283,766)	(210,214)
Share of profit of joint ventures, net of tax	(253,213)	(276,504)
Profit before income tax excluding share of profit of associates and joint ventures, net of tax	1,403,036	1,195,197
Tax calculated using Singapore tax rate of 17% (2021: 17%)	238,516	203,183
Effect of different tax rates in other countries	15,002	6,469
Tax rebates and incentives	(27,269)	(22,265)
Income not subject to tax	(16,647)	(24,356)
Expenses not deductible for tax purposes	69,841	46,852
Change in unrecognised tax benefits	18,014	12,788
Withholding tax	26,453	29,943
(Over)/under provided in prior years	(5,030)	1,380
Income tax expense	318,880	253,994

30 OPERATING SEGMENTS

The Group is organised into business units based on their services and has three main reportable operating segments as follows:

- Port: The provision of container handling, operation of multi-purpose terminals and other port related services.
- Cargo solutions: The provision of port-centric cargo and digital solution services to manage cargo flows.
- Marine: The provision of marine services.

The Board of Directors monitor the operating results of the business units separately for the purpose of making strategic decisions. Performance is measured based on segment operating profit which includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis. Segment capital expenditure is the total costs incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Information about reportable segments

	Ports	Cargo Solutions	Marine	Total reportable segments
	$'000	**$'000**	**$'000**	**$'000**
Group				
31 December 2022				
Revenue				
Total revenue	4,383,724	3,292,572	374,885	8,051,181
Inter-segment revenue	(12,313)	(22,814)	(21,719)	(56,846)
External revenue	4,371,411	3,269,758	353,166	7,994,335
Transportation costs	–	(2,471,805)	–	(2,471,805)
Net revenue	4,371,411	797,953	353,166	5,522,530
Operating profit	1,303,868	171,517	59,605	1,534,990
Material item				
Depreciation and amortisation	673,288	66,703	50,289	790,280
Segment assets	10,026,367	3,353,572	586,678	13,966,617
Segment liabilities	1,939,342	796,146	73,703	2,809,191
31 December 2021				
Revenue				
Total revenue	4,098,620	270,206	337,040	4,705,866
Inter-segment revenue	(9,445)	(14,509)	(12,072)	(36,026)
External revenue	4,089,175	255,697	324,968	4,669,840
Transportation costs	–	(39,923)	–	(39,923)
Net revenue	4,089,175	215,774	324,968	4,629,917
Operating profit	1,202,776	25,297	84,622	1,312,695
Material item				
Depreciation and amortisation	693,357	15,584	48,247	757,188
Segment assets	9,976,849	345,993	559,912	10,882,754
Segment liabilities	2,040,267	61,094	59,676	2,161,037

The capital expenditure for port, cargo solutions and marine segments was $1,160.5 million (2021: $824.9 million), $25.1 million (2021: $0.1 million) and $65.5 million (2021: $50.4 million) respectively.

30 OPERATING SEGMENTS (continued)

Reconciliations of reportable segment operating profit, assets and liabilities

	Group 2022	Group 2021
	$'000	$'000
Operating profit		
Operating profit for reportable segments	1,534,990	1,312,695
Corporate expenses	(134,139)	(127,221)
Other income	297,006	228,134
Impairment loss of intangible assets	(70,000)	(5,176)
Impairment loss of joint ventures	–	(13,384)
Impairment loss of property, plant and equipment	–	(4,003)
Share of profit of associates, net of tax	283,766	210,214
Share of profit of joint ventures, net of tax	253,213	276,504
Finance costs	(224,821)	(195,848)
Profit before income tax	1,940,015	1,681,915
Segment assets		
Segment assets for reportable segments	13,966,617	10,882,754
Associates	3,452,822	3,469,194
Joint ventures	3,608,096	3,659,256
Cash and bank balances	4,342,900	3,685,049
Other investments	1,767,173	1,915,905
Deferred tax assets	43,266	39,126
Hedging instruments	42,657	8,618
	27,223,531	23,659,902
Segment liabilities		
Segment liabilities for reportable segments	2,809,191	2,161,037
Corporate liabilities	139,704	135,634
Borrowings	7,333,591	4,808,073
Lease liabilities	844,460	1,028,017
Current tax payable	175,224	176,697
Deferred tax liabilities	872,614	679,877
Hedging instruments	39,743	8,317
	12,214,527	8,997,652

Geographical information

The Group operates principally in Southeast Asia, Europe, Mediterranean and The Americas and Rest of Asia. Segment revenue is based on geographical location of the operations. Segment assets are based on the geographical location of the assets. Non-current assets presented consist of property, plant and equipment, intangible assets, right-of-use assets and other non-current assets.

	Group 2022	Group 2021
	$'000	$'000
Revenue		
Southeast Asia	3,392,095	2,972,599
Europe, Mediterranean and The Americas	3,429,804	1,152,108
Rest of Asia	1,079,165	545,133
Others	93,271	–
	7,994,335	4,669,840
Non-current assets		
Southeast Asia	5,788,566	4,882,342
Europe, Mediterranean and The Americas	4,931,915	3,154,870
Rest of Asia	1,267,710	1,822,107
Others	1,189	–
	11,989,380	9,859,319

Revenue and non-current assets included $3,265.8 million (2021: $2,972.2 million) and $5,784.5 million (2021: $4,882.3 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 2022, 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.

A summary of these entities' exposure to credit risk for trade and accrued receivables and contract assets as at 31 December are as follows:

	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
31 December 2022			
Not past due	896,165	(401)	No
Past due less than 30 days	266,530	(6,239)	No
Past due 30 - 120 days	216,143	(30,352)	No
Past due more than 120 days	77,112	(48,005)	Yes
	1,455,950	(84,997)	
31 December 2021			
Not past due	447,382	(458)	No
Past due less than 30 days	96,849	(114)	No
Past due 30 - 120 days	63,083	(41,329)	No
Past due more than 120 days	61,190	(36,704)	Yes
	668,504	(78,605)	

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 2021	113,736
Write back of allowance for trade receivables	(32,420)
Amounts written off	(2,306)
Acquisition of subsidiaries	(7)
Translation differences on consolidation	(398)
At 31 December 2021	78,605
Write back of allowance for trade receivables	(2,991)
Amounts written off	(2,877)
Acquisition of subsidiaries	13,731
Translation differences on consolidation	(1,471)
At 31 December 2022	84,997

31 FINANCIAL RISK MANAGEMENT (continued)

Credit risk *(continued)*

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 2022, the Company has issued guarantees on behalf of its subsidiaries and joint ventures which amounted to $1.3 million (2021: $0.3 million). These guarantees would become immediately payable by the Company in the event of default by these subsidiaries and joint ventures.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The following are the expected contractual undiscounted cash inflows/(outflows) of non-derivative financial liabilities and hedging instruments, including interest payments and excluding the impact of netting agreements:

			Cash flows		
	Carrying amounts	**Contractual cash flows**	**Within 1 year**	**Between 1 to 5 years**	**After 5 years**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Group					
31 December 2022					
Non-derivative financial liabilities					
Interest-bearing liabilities	7,164,481	(7,976,152)	(1,749,217)	(3,447,042)	(2,779,893)
Lease liabilities	844,460	(1,478,722)	(23,722)	(204,432)	(1,250,568)
Loans from joint ventures	502,973	(569,518)	(4,314)	(462,426)	(102,778)
Loans from non-controlling shareholders of subsidiaries	9,555	(11,225)	(334)	(10,891)	–
Trade and other payables	2,294,983	(2,294,983)	(2,294,983)	–	–
Hedging instruments					
– Assets	(42,657)				
Inflow		192,226	75,309	65,104	51,813
Outflow		(170,219)	(66,382)	(55,594)	(48,243)
– Liabilities	39,743				
Inflow		524,333	332,777	191,556	–
Outflow		(549,527)	(344,051)	(205,476)	–
	10,813,538	(12,333,787)	(4,074,917)	(4,129,201)	(4,129,669)
31 December 2021					
Non-derivative financial liabilities					
Interest-bearing liabilities	4,628,217	(5,127,282)	(581,994)	(2,349,909)	(2,195,379)
Lease liabilities	1,028,017	(1,419,455)	(85,935)	(276,929)	(1,056,591)
Loans from joint ventures	504,422	(565,816)	(536)	(358,455)	(206,825)
Loans from non-controlling shareholders of subsidiaries	9,555	(9,835)	(56)	(224)	(9,555)
Trade and other payables	1,714,919	(1,714,919)	(1,714,919)	–	–
Hedging instruments					
– Assets	(8,618)				
Inflow		527,915	387,019	140,896	–
Outflow		(519,289)	(379,833)	(139,456)	–
– Liabilities	8,317				
Inflow		694,914	397,349	297,565	–
Outflow		(701,188)	(400,562)	(300,626)	–
	7,884,829	(8,834,955)	(2,379,467)	(2,987,138)	(3,468,350)

31 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk *(continued)*

	Carrying amounts	Contractual cash flows	Cash flows Within 1 year	Cash flows Between 1 to 5 years	Cash flows After 5 years
	$'000	$'000	$'000	$'000	$'000
Company					
31 December 2022					
Non-derivative financial liabilities					
Interest-bearing liabilities	2,952,312	(3,260,821)	(1,065,852)	(1,661,314)	(533,655)
Lease liabilities	9,435	(9,835)	(4,863)	(4,972)	–
Loan from a subsidiary	343,418	(390,556)	–	(287,778)	(102,778)
Trade and other payables	904,474	(904,474)	(904,474)	–	–
Hedging instruments					
– Assets	(8,013)				
Inflow		117,358	13,076	52,469	51,813
Outflow		(114,717)	(12,814)	(51,368)	(50,535)
– Liabilities	24,753				
Inflow		59,503	16,103	43,400	–
Outflow		(69,705)	(20,616)	(49,089)	–
	4,226,379	(4,573,247)	(1,979,440)	(1,958,652)	(635,155)
31 December 2021					
Non-derivative financial liabilities					
Interest-bearing liabilities	891,715	(1,069,047)	(26,327)	(943,829)	(98,891)
Lease liabilities	5,233	(5,285)	(5,285)	–	–
Loan from a subsidiary	334,121	(527,953)	–	(250,083)	(277,870)
Trade and other payables	922,749	(922,749)	(922,749)	–	–
Hedging instruments					
– Assets	(88)				
Inflow		14,471	14,471	–	–
Outflow		(14,375)	(14,375)	–	–
– Liabilities	5,914				
Inflow		690,215	396,199	294,016	–
Outflow		(694,067)	(398,821)	(295,246)	–
	2,159,644	(2,528,790)	(956,887)	(1,195,142)	(376,761)

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.

31 FINANCIAL RISK MANAGEMENT (continued)

***Market risk** (continued)*

(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.

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform.

The following table shows the total amounts of unreformed contracts at 31 December 2022. The amounts are shown at their carrying amounts.

	Total amount of unreformed contracts $'000			
	SIBOR	**SOR**	**LIBOR**	**Canada BA/ CDOR**
Group				
31 December 2022				
Financial liabilities				
Secured bank loans	–	62,962	26,377	65,775
Unsecured bank loans	159,500	410,200	–	–
31 December 2021				
Financial liabilities				
Secured bank loans	–	–	30,118	62,449
Unsecured bank loans	173,086	410,414	–	–

At the reporting date, the interest rate profile of the interest-bearing financial assets and liabilities was:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate				
Loan to a non-controlling shareholder of a subsidiary	43,610	29,400	–	–
Cash and bank balances	3,412,086	2,790,892	2,570,983	1,908,091
Borrowings	(4,464,963)	(3,083,564)	(1,958,122)	(891,715)
Lease liabilities	(844,460)	(1,028,017)	(9,435)	(5,233)
	(1,853,727)	(1,291,289)	603,426	1,011,143
Floating rate				
Cash and bank balances	930,814	894,157	144,570	192,646
Borrowings	(2,868,628)	(1,724,509)	(994,190)	–
	(1,937,814)	(830,352)	(849,620)	192,646

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.

31 FINANCIAL RISK MANAGEMENT (continued)

Market risk *(continued)*

(a) Interest rate risk *(continued)*

Cash flow hedge

A portion of the floating rate borrowings amounting to $222.2 million (2021: $108.1 million) have been hedged against the exposure to market fluctuations in interest rate payments. In connection with these borrowings, the Group entered into interest rate swap contracts to receive variable rate interest and pay fixed rate on the notional amounts. Both the floating rate borrowings and interest rate swaps have the same terms and conditions. The net fair value of the swaps as at 31 December 2022 comprises assets of $2.7 million and liabilities of $1.2 million (2021: liabilities of $1.5 million). The weighted average interest rate of the swaps as at 31 December 2022 ranged from 1.48% to 2.66% (2021: 1.48% to 1.50%). The swaps will mature between 2025 and 2027. Reclassification adjustments are recorded in finance income/cost.

A portion of the fixed rate borrowings amounting to $200.8 million (2021: nil) have been hedged against the exposure to market fluctuations in interest rate payments. In connection with these borrowings, the Group entered into interest rate swap contracts to receive fixed rate interest and pay floating rate on the notional amounts. Both the fixed rate borrowings and interest rate swaps have the same terms and conditions. The net fair value of the swaps as at 31 December 2022 comprises assets of $13.1 million (2021: nil). The interest rate of the swap as at 31 December 2022 was 0.035% (2021: nil). The swaps will mature in year 2024. Reclassification adjustments are recorded in finance income/cost.

Sensitivity analysis

At 31 December 2022, it is estimated that a general increase of 100bps in interest rates would decrease the Group's profit before tax by approximately $19.2 million (2021: $7.2 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 2022, it is estimated that a general increase of 100bps in interest rates would decrease the Company's profit before tax by approximately $8.5 million (2021: increase by approximately $1.9 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.

(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 dollars 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 and loans amounting to $316.3 million (2021: $318.0 million) have been hedged against the exposure to fluctuations in foreign currencies. In connection with this, the Group and the Company entered into cross currency swap contracts to receive and pay fixed interest rates. Both the fixed rate bonds and loans and foreign currency contracts have the same terms and conditions. The net fair value of the swaps as at 31 December 2022 comprises liabilities of $12.3 million (2021: $5.9 million). The weighted average SGD:USD and SGD:EUR forward exchange rates as at 31 December 2022 ranged from 0.73 to 0.74 (2021: 0.73 to 0.74) and 1.434 (2021: 1.588) respectively. The swap will mature between 2023 to 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 $3.37 billion (2021: $1.90 billion) are designated as hedging instruments for the Group's investments in its subsidiaries and 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 subsidiaries and associates) and Company's significant exposures to foreign currencies were as follows:

31 FINANCIAL RISK MANAGEMENT (continued)

Market risk *(continued)*

(b) Foreign currency risk *(continued)*

	2022		2021	
	HK Dollar	US Dollar	HK Dollar	US Dollar
	$'000	$'000	$'000	$'000
Group				
Other investments	–	365,907	–	401,452
Other non-current assets	–	142,014	–	137,517
Cash and bank balances	8,465	336,370	26,092	356,804
Trade and other receivables	9,178	493,343	–	126,444
Interest-bearing liabilities	–	(118,228)	–	(214,936)
Loan from a joint venture	–	(343,418)	–	(334,121)
Trade and other payables	(15,651)	(396,764)	(6,598)	(58,177)
	1,992	479,224	19,494	414,983
Company				
Other investments	–	86,223	–	100,619
Loans to subsidiaries	–	985,701	–	1,118,431
Cash and bank balances	8,036	118,769	26,058	216,284
Interest-bearing liabilities	(559,906)	(749,541)	(173,200)	(718,515)
Loan from a subsidiary	–	(343,418)	–	(334,121)
Trade and other payables	(6,510)	(29,759)	(6,548)	(39,346)
	(558,380)	67,975	(153,690)	343,352

Sensitivity analysis

At 31 December 2022, it is estimated that a 10% strengthening in the Singapore dollar against the Hong Kong dollar would decrease the Group's profit before tax by approximately $0.2 million (2021: $1.9 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 2022, 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 $11.3 million (2021: $1.4 million) and decrease the Group's other comprehensive income by approximately $36.6 million (2021: $40.1 million). A 10% weakening in the Singapore dollar against the US dollar would have the equal but opposite effect on the Group's profit before tax and other comprehensive income.

At 31 December 2022, 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 $55.8 million (2021: $15.4 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 2022, 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 $100.4 million (2021: $87.6 million), decrease the Company's other comprehensive income by approximately $8.6 million (2021: $10.1 million) and decrease the Company's equity by approximately $98.6 million (2021: $111.8 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.

31 FINANCIAL RISK MANAGEMENT (continued)

***Market risk** (continued)*

(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 2022, 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 (2021: $1.1 million) and increase the Group's other comprehensive income by $175.9 million (2021: $190.5 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.

32 FAIR VALUES (continued)

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 2022							
Equity investments at FVOCI	9	–	–	1,759,436	–	–	1,759,436
Equity investments at FVTPL	9	–	7,737	–	–	–	7,737
Hedging instruments	10, 12	–	–	–	42,657	–	42,657
		–	7,737	1,759,436	42,657	–	1,809,830
Other non-current assets	10	202,757	–	–	–	–	202,757
Trade and other receivables	12	1,718,414	–	–	–	–	1,718,414
Cash and bank balances	16	4,342,900	–	–	–	–	4,342,900
		6,264,071	–	–	–	–	6,264,071
Hedging instruments	21, 22	–	–	–	(39,743)	–	(39,743)
Unsecured fixed and floating rates notes	19	–	–	–	–	(4,062,104)	(4,062,104)
Secured bank loans	19	–	–	–	–	(251,814)	(251,814)
Unsecured bank loans	19	–	–	–	–	(2,850,563)	(2,850,563)
Loans from joint ventures	19, 21	–	–	–	–	(502,973)	(502,973)
Loans from non-controlling shareholders of subsidiaries	19	–	–	–	–	(9,555)	(9,555)
Trade and other payables	22	–	–	–	–	(2,294,983)	(2,294,983)
		–	–	–	–	(9,971,992)	(9,971,992)
31 December 2021							
Equity investments at FVOCI	9	–	–	1,904,710	–	–	1,904,710
Equity investments at FVTPL	9	–	11,195	–	–	–	11,195
Hedging instruments	10, 12	–	–	–	8,618	–	8,618
		–	11,195	1,904,710	8,618	–	1,924,523
Other non-current assets	10	211,480	–	–	–	–	211,480
Trade and other receivables	12	921,694	–	–	–	–	921,694
Cash and bank balances	16	3,685,049	–	–	–	–	3,685,049
		4,818,223	–	–	–	–	4,818,223
Hedging instruments	21, 22	–	–	–	(8,317)	–	(8,317)
Unsecured fixed and floating rates notes	19	–	–	–	–	(2,889,062)	(2,889,062)
Secured bank loans	19	–	–	–	–	(263,050)	(263,050)
Unsecured bank loans	19	–	–	–	–	(1,476,105)	(1,476,105)
Loans from joint ventures	19, 21	–	–	–	–	(504,422)	(504,422)
Loans from non-controlling shareholders of subsidiaries	19	–	–	–	–	(9,555)	(9,555)
Trade and other payables	22	–	–	–	–	(1,714,919)	(1,714,919)
		–	–	–	–	(6,857,113)	(6,857,113)

32 FAIR VALUES (continued)

Fair values versus carrying amounts *(continued)*

	Note	Amortised cost	FVOCI - equity instruments	Fair value - hedging instruments	Other financial liabilities	Total carrying amounts
		$'000	$'000	$'000	$'000	$'000
Company						
31 December 2022						
Equity investments at FVOCI	9	–	86,223	–	–	86,223
Hedging instruments	10	–	–	8,013	–	8,013
		–	86,223	8,013	–	94,236
Trade and other receivables	12	332,393	–	–	–	332,393
Cash and bank balances	16	2,715,553	–	–	–	2,715,553
		3,047,946	–	–	–	3,047,946
Hedging instruments	21	–	–	(24,753)	–	(24,753)
Unsecured fixed and floating rates notes	19	–	–	–	(172,231)	(172,231)
Unsecured bank loans	19	–	–	–	(994,190)	(994,190)
Unsecured loans from subsidiaries	19, 21	–	–	–	(2,129,309)	(2,129,309)
Trade and other payables	22	–	–	–	(904,474)	(904,474)
		–	–	–	(4,200,204)	(4,200,204)
31 December 2021						
Equity investments at FVOCI	9	–	100,619	–	–	100,619
Hedging instruments	12	–	–	88	–	88
		–	100,619	88	–	100,707
Other non-current assets	10	7,512	–	–	–	7,512
Trade and other receivables	12	268,877	–	–	–	268,877
Cash and bank balances	16	2,100,737	–	–	–	2,100,737
		2,377,126	–	–	–	2,377,126
Hedging instruments	21, 22	–	–	(5,914)	–	(5,914)
Unsecured fixed and floating rates notes	19	–	–	–	(173,200)	(173,200)
Unsecured loans from subsidiaries	19, 21	–	–	–	(1,052,636)	(1,052,636)
Trade and other payables	22	–	–	–	(922,749)	(922,749)
		–	–	–	(2,148,585)	(2,148,585)

As at 31 December 2022, the Group's fair value of unsecured fixed and floating rates notes was $3.6 billion (2021: $3.0 billion). The Company's fair values of unsecured fixed and floating rates notes and unsecured loans from subsidiaries were $0.2 billion (2021: $0.2 billion) and $2.0 billion (2021: $1.2 billion) respectively. The fair values of other financial assets and liabilities approximate their carrying amounts.

32 FAIR VALUES (continued)

Fair value hierarchy

The tables below analyse fair value measurements for financial assets and financial liabilities, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and financial liabilities carried at fair value

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Group				
31 December 2022				
Equity instruments at FVOCI	1,512,219	–	247,217	1,759,436
Equity investments at FVTPL	–	–	7,737	7,737
Hedging instrument assets	–	42,657	–	42,657
	1,512,219	42,657	254,954	1,809,830
Hedging instrument liabilities	–	(39,743)	–	(39,743)
31 December 2021				
Equity instruments at FVOCI	1,675,817	–	228,893	1,904,710
Equity investments at FVTPL	3,458	–	7,737	11,195
Hedging instrument assets	–	8,618	–	8,618
	1,679,275	8,618	236,630	1,924,523
Hedging instrument liabilities	–	(8,317)	–	(8,317)
Company				
31 December 2022				
Equity instruments at FVOCI	86,223	–	–	86,223
Hedging instruments assets	–	8,013	–	8,013
	86,223	8,013	–	94,236
Hedging instrument liabilities	–	(24,753)	–	(24,753)
31 December 2021				
Equity instruments at FVOCI	100,619	–	–	100,619
Hedging instruments assets	–	88	–	88
	100,619	88	–	100,707
Hedging instrument liabilities	–	(5,914)	–	(5,914)

32 FAIR VALUES (continued)

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 2022			
Other non-current assets	–	202,757	202,757
Unsecured fixed and floating rates notes	–	(3,600,858)	(3,600,858)
Secured bank loans	–	(251,814)	(251,814)
Unsecured bank loans	–	(2,850,563)	(2,850,563)
Loans from joint ventures	–	(502,973)	(502,973)
Loans from non-controlling shareholders of subsidiaries	–	(9,555)	(9,555)
	–	(7,215,763)	(7,215,763)
31 December 2021			
Other non-current assets	–	211,480	211,480
Unsecured fixed and floating rates notes	–	(2,951,863)	(2,951,863)
Secured bank loans	–	(263,050)	(263,050)
Unsecured bank loans	–	(1,476,105)	(1,476,105)
Loans from joint ventures	–	(504,422)	(504,422)
Loans from non-controlling shareholders of subsidiaries	–	(9,555)	(9,555)
	–	(5,204,995)	(5,204,995)
Company			
31 December 2022			
Unsecured fixed and floating rates notes	–	(169,523)	(169,523)
Unsecured bank loans	–	(994,190)	(994,190)
Unsecured loans from subsidiaries	–	(1,992,976)	(1,992,976)
	–	(3,156,689)	(3,156,689)
31 December 2021			
Unsecured fixed and floating rates notes	–	(187,810)	(187,810)
Unsecured loans from subsidiaries	–	(1,158,868)	(1,158,868)
	–	(1,346,678)	(1,346,678)

* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

33 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) *Acquisition of subsidiaries*

During 2022, the Group acquired equity interest in BDP Intermediate 1, Inc, a United States-based global logistics solutions provider, as well as equity interest in a subsidiary in Canada. During 2021, the Group acquired equity interests in subsidiaries in India and China.

The Group elects to complete the purchase price allocation exercise for these acquisitions within the 12-month measurement period from the date of acquisition. Provisional amounts of goodwill and other intangible assets were recognised upon the completion of acquisitions.

For the nine months ended 31 December 2022, these subsidiaries contributed revenue of $3.1 billion and profit of $0.1 billion to the Group's results. If the acquisition had occurred on 1 January 2022, management estimates that consolidated revenue would have been $9.1 billion, and consolidated profit for the year would have $1.6 billion. In determining these amounts, management has assumed that fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022.

The effects of the acquisition on the financial position of the Group were as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Property, plant and equipment	24,233	19,547
Intangible assets	411,174	139,210
Right-of-use assets	61,246	2,387
Deferred tax assets	3,452	–
Other non-current assets	2,667	499
Cash and bank balances	118,600	3,471
Other current assets	1,318,922	21,634
Borrowings	(544,506)	–
Lease liabilities	(62,306)	(1,955)
Current tax payable	(34,166)	(762)
Deferred tax liabilities	(128,123)	(581)
Provisions	–	(1,038)
Other non-current obligations	(12,210)	(99)
Trade and other payables	(933,720)	(7,701)
Identifiable net assets	225,263	174,612
Less: Non-controlling interests	–	(13,595)
Total identifiable net assets	225,263	161,017
Goodwill	1,748,306	–
Total consideration paid	1,973,569	161,017
Cash acquired, net of overdrafts of subsidiaries	(118,600)	(3,471)
Net cash outflow on acquisition of subsidiaries	1,854,969	157,546

33 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of subsidiaries

The Group disposed equity interest in a subsidiary in Korea during 2022 and in Belgium during 2021. The effects of the disposal on the financial position of the Group were as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Property, plant and equipment	174,870	17,588
Intangible assets	112	86
Right-of-use assets	259,072	13,451
Deferred tax assets	22,662	48
Cash and bank balances	13,262	1,036
Other current assets	24,128	19,632
Borrowings	(75,858)	–
Lease liabilities	(359,947)	(23,316)
Deferred tax liabilities	–	(346)
Current liabilities	(18,387)	(23,624)
Net assets derecognised	39,914	4,555
Non-controlling interests	(7,982)	–
Reclassification of reserves	(86)	–
Accounted for as investments in joint ventures	(19,956)	(2,278)
Net assets disposed	11,890	2,277
Gain on disposal of subsidiary	33,352	8,707
Reversal of accounting gain previously recognised in equity	46,585	–
Cash and bank balances disposed	(13,262)	(1,036)
Disposal of a subsidiary, net of cash disposed	78,565	9,948

34 COMMITMENTS

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

	Group	
	2022	**2021**
	$'000	**$'000**
Capital commitments which have been authorised and contracted but not provided for in the financial statements	1,392,859	788,910

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	
	2022	2021
	$'000	$'000
Directors' fees	2,441	2,716
Senior Management Council remuneration	23,430	18,026
	25,871	20,742

Other related party transactions

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

	Group	
	2022	2021
	$'000	$'000
Provision of services		
Related corporations	113,044	96,469
Joint ventures	67,297	60,601
Purchase of services		
Related corporations	(39,099)	(34,299)
Joint ventures	(164,666)	(167,441)

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 2022, 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.