PSA

Movements in Harmony

PSA INTERNATIONAL ANNUAL REPORT 2023

PSA

Music is universal and impactful. It resonates with individuals and society to stir emotions, craft narratives and inspire concerted movements. Akin to the development of music genres, PSA strives to skilfully conduct port and supply chain activities; collaborating with others who are like-minded to transform the global industry, in resonance with the needs of our customers, partners and stakeholders.

Movements in Harmony

Content Page

Chapter 1

Feeling the Music in Our Soul

Soul music, rich in expressiveness and authenticity, reaches into the depths of human experience with its poignant lyrics and heartfelt melodies.
This musical genre often reflects the complexities and nuances of human emotions. Its ability to uplift, motivate and inspire, mirrors how transformative leadership can galvanise a team, compelling them through deep connections and meaning towards our shared goals and vision.

Group Chairman's Message

Peter Voser
Group Chairman

2023 was a year of challenges and transitions amidst geopolitical unrest and global trade uncertainty. Inflation, rising interest rates, tight labour markets and ongoing wars impeded economic recovery worldwide. The global trend towards regionalisation and decentralisation also continued, as companies across sectors actively diversified their supply chains in efforts to improve resilience and establish closer proximity to markets.

The PSA Group faced a constantly evolving business environment, but despite the numerous challenges, we worked resolutely alongside our customers, partners and stakeholders to navigate the unchartered waters, delivering a credible performance of 94.8 million Twenty-foot Equivalent Units (TEUs) of containers handled in 2023, SGD7.1 billion in overall revenue and a net profit of SGD1.5 billion.

PASSING THE BATON

PSA commemorated a momentous occasion as we bade farewell to our Group CEO and Board Director Tan Chong Meng, marking a significant milestone in leadership transition for the Group. Chong Meng, who retired at the end of February 2024 after over 12 years at PSA, was instrumental in leading PSA through more than a decade of growth and transformation, expanding its role as a global port operator and supply chain partner. During his tenure, we achieved numerous milestones, one of the most notable being the acquisition of BDP International which added to our supply chain solutioning capabilities and network.

We are fortunate to have a most capable successor in Ong Kim Pong, who is PSA's incumbent Group CEO. A well-respected professional with almost three decades of experience in our operations across the world including Southeast Asia, Europe, the Mediterranean and Northeast Asia, Kim Pong has a deep understanding of PSA's businesses and we look forward to his contributions in helming the Group's continued growth and transformation.

SUSTAINING THE NOTE

To complement PSA's pursuit of achieving net zero emissions by 2050 for Scopes 1 and 2, we launched the Group's Green Finance Framework in June 2023. The Framework aims to govern green loans and bonds across its entities, focusing on clean transportation, energy efficiency, renewable energy, and waste management.

During the year, Tuas Port in Singapore progressed steadily on its path to becoming the world's largest automated container terminal. Upon its full completion in the 2040s, Tuas Port is envisioned as a well-connected supply chain and logistics ecosystem that will work in tandem with the airport, to strengthen connections between Singapore's air and sea nodes to enhance cargo flow management for our customers and partners. The port has won several awards for incorporating sustainable and world-class engineering features in its development. We will also tap data analytics, robotics, artificial intelligence and other technologies to maintain its operational adaptability and competitive edge.

Elsewhere in the region, PSA Vietnam and Saigon Newport Corporation inked a Memorandum of Understanding (MOU) to bolster sustainable port development and enhance supply chain connectivity across Vietnam and the ASEAN region.

In Thailand, Eastern Sea Laem Chabang Terminal, together with JWD Transport Services, launched the Green Transport Lane service, a dedicated electric vehicle trucking route between Laem Chabang Seaport and Lat Krabang Dryport. The service is the first of its kind in Thailand and offers sustainable solutions for cargo owners through reduced carbon emissions, compared to conventional diesel trucking. Beyond the port, fully electric container trucks will be used to cover trips between Lat Krabang Inland Container Depot and Laem Chabang Port.

In January 2024, PSA Mumbai became India's first 100% renewable-powered container terminal, on the commissioning of its solar farm with O2 Power. Separately, PSA BDP is collaborating with Dow India to establish a zero emissions green transport corridor in Nhava Sheva through the deployment of electric trucks, which will be powered by PSA Mumbai's Open Access Solar Plant.

During the year, PSA in China set up a joint venture (JV), Guangxi Qinzhou Renewable Energy Investment Co., Ltd., between PSA Green, COSCO Shipping (Tianjin) Co., Ltd. and Guangxi Beibu Gulf Luhai New Energy to invest in distributed renewable energy projects in the Qinzhou Port area. The JV's first assignment is a 5.46 MW solar energy project.

In Belgium at the Port of Antwerp, Antwerp Terminal Services (ATS) and its partner CMB.TECH unveiled the world's first hydrogen dual-fuel straddle carrier in March 2023. Further in May, ATS, alongside MSC PSA European Terminal and PSA Antwerp, achieved another milestone by introducing the first fully electric straddle carrier under their collaborative Green Straddle Carrier Program. Both straddle carriers are undergoing live trials in port environments. Separately, PSA Belgium and Daimler Truck BeLux have deployed the world's first electric Mercedes Benz truck for container transportation trials on public roads between our terminals in Belgium. These initiatives underscore our committed efforts towards working with like-minded partners to operate sustainably.

COMPOSING A GREENER FUTURE

Clean energy transition is high on our agenda, as we continued to work towards this goal through widespread industry collaborations.

At the World Economic Forum (WEF) Annual Meeting in 2023, PSA joined the "End-to-End GHG Reporting of Logistics Operations" initiative led by the Smart Freight Centre and the World Business Council for Sustainable Development, which aims to advance the quantification and sharing of logistics emissions, to support the industry's journey towards being emission-free.

In April 2023, PSA Singapore entered a joint initiative with the Maritime Port Authority of Singapore to fund transformative port research and development projects. Our SGD12 million fund pledge, under the renewed Port Technology Research & Development Program, prioritises new technologies for PSA's terminals in areas of research: such as automation, robotics, digital and sustainability solutions.

As part of the Singapore-Rotterdam Green and Digital Corridor, PSA is aligned with targets set out in the revised IMO Strategy on Reduction of GHG (Greenhouse Gases) Emissions from ships. We are also actively engaged in defining corridor boundaries and the selection of suitable fuel pathways for scaling and financing, under the overarching objectives of the Silk Alliance.

In May 2023, we inked an agreement with Kazakhstan Railways to establish KPMC Ltd, a joint venture aimed at fostering the growth of the Trans-Caspian International Transport Route (TITR) – a rail corridor linking China and Europe. KPMC provides cargo owners with an additional intermodal transport option to improve the agility, resilience and sustainability of their businesses. This milestone collaboration not only extends PSA's global footprint into Central Asia but also fortifies our commitment to facilitating international trade. Furthering this vision in January 2024, PSA's affiliate, Global DTC, introduced Tez Customs, an innovative digital solution to streamline and expedite the declaration and customs clearance processes for transit cargo at the China-Kazakhstan border.

PSA also participates actively as a member of the New Energies Coalition led by CMA CGM, which aims to develop innovative solutions to decarbonise transport and logistics activities. Separately, in China, we are one of the founding members of the Global Sustainable Transport Innovation Alliance.

During the year, PSA Singapore and Pacific International Lines signed an MOU to jointly develop sustainable solutions to cut carbon emissions and optimise maritime efficiency. Beyond the MOU, both partners are cooperating in GHG emissions reduction levers, including the adoption of PSA's OptEVoyage, a digital solution for vessels to arrive at the port just in time to achieve bunker savings and carbon emissions reduction.

Elsewhere, PSA Indonesia signed an MOU with PT Kereta Api Indonesia (Persero) (KAI) to collaborate on enhancing the rail and rail-linked logistics ecosystem, as well as align both partners' initiatives towards creating an efficient and sustainable multi-modal transportation network in the country.

Further into this Report, more information is provided on our Group's climate action efforts. I also invite our stakeholders to view our annual Sustainability Report, which is available online and offers a comprehensive read of our sustainability milestones.

ALLEGRO OF ACCOLADES

PSA's unwavering efforts in supporting our customers and partners did not go unrecognised as our business units clinched multiple awards in 2023. At the Asian Freight, Logistics & Supply Chain Awards, PSA International won "Best Global Container Terminal Operator" for the fifth time; PSA Singapore earned its inaugural "Best Green Container Terminal" Award; and PSA Antwerp in Belgium secured the "Best Container Terminal – Europe" accolade also for the fifth time.

At the Supply Chain Asia Awards, PSA Singapore won “Container Terminal Operator of the Year” for the 15th time, while Chong Meng was named “Supply Chain CEO (MNC) of the Year”. He was also conferred “Global Personality Award” at the Seatrade Maritime Awards in 2023.

In other parts of the world, we are equally gratified to have the achievements of our terminals and ports recognised by the industry. Tianjin Port Pacific International Container Terminal received the accolade of “5-Star China Green Port” from the China Port Association, while Dalian Container Terminal won “Top 30 Best Innovation in the Port and Shipping industry” by China Shipping Gazette. PSA Mumbai was named “The Best Container Terminal of the Year” and “Container Handling Terminal Of the Year” by Daily Shipping Times and the Maritime & Logistics Award 2023 respectively. PSA Chennai scored “Container Terminal of the Year” for the seventh time at the South East CEO Conclave and Awards. Over in Europe and the Mediterranean, PSA Italy won “Best Port/Terminal Operator” at the Italian Terminal and Logistics Awards (ITALA), while Mersin International Port (MIP) in Türkiye received the “Port Operator of the Year” Award for the 13th consecutive year at the Atlas Logistics Awards.

Saudi Global Ports (SGP) received two accolades: the “Success and Excellence Partner” title from the Saudi Ports Authority (MAWANI) and the “Growth Award” from the Public Investment Fund, for SGP's transformative impact on Saudi Arabia's ports and logistics sector. Separately, Sociedad Puerto Industrial Aguadulce was acknowledged for “Best Contribution to International Trade” by the Colombian Foreign Trade Association, Adicomex.

CHORUS OF CARE

Throughout the year, PSA remained committed to giving back to the community through impactful social responsibility initiatives. We extended financial aid to support the underprivileged and our employees across the Group also actively participated in social projects aimed at addressing the needs of their local communities. This ranged from disaster relief efforts and community volunteerism, to organising events such as sporting activities and fundraisers. Additionally, PSA sponsored various art and cultural endeavours, and contributed to local sustainability efforts through initiatives like community clean-up drives.

A RHAPSODY OF APPRECIATION

I would like to thank our management, staff and unions for their steadfast dedication and commitment to service and operational excellence. I would also like to extend my appreciation to the PSA International Board of Directors for their astute guidance which has steered the Group successfully through the past year.

Looking ahead, the uncertainties facing the world economy and global politics abound. We see trends such as the regionalisation of supply chains as companies pivot towards shorter and more diversified supply chains; the acceleration of electrification in transport and transition towards sustainable energy sources; and finally, the advent of Artificial Intelligence across all industries, for which we must diligently prepare our workforce for.

PSA is deeply grateful and appreciative to our customers, partners and stakeholders for their continued support and loyalty, and we will continue to work closely with them to grow our business and deliver sustainable value. In keeping with the theme of music, if supply chain logistics might be likened to an orchestral movement of many parts, PSA remains fully committed to delivering an encore-worthy performance.

Peter Voser

Group CEO's Message

Ong Kim Pong
Group CEO

Reflecting on 2023, two words come to mind: Volatility and Resilience. We navigated a capricious year, marked by the discordance of wars, political unrest, economic upheaval, climate change and trade conflict. These have impacted sea trade-lanes, supply chains and disrupted global trade flows. Yet, we have also seen the world display remarkable resilience, in tandem with advances in technology, and a renewed focus on sustainability.

In the face of these challenges, our tenacity and adaptive ability as a team pulled us through as PSA achieved a new record of 94.8 million Twenty-foot Equivalent Units (TEUs) of containers handled for the year ended 31 December 2023, a growth of 4.3% compared to the year before. Of this, PSA Singapore contributed 38.8 million TEUs (+4.8%) and PSA terminals outside Singapore moved 56.0 million TEUs (+3.9%). On the supply chain side of our business, PSA BDP handled almost 1.5 million shipments for the year.

At this juncture, I would like to express my deepest gratitude to our customers, partners and stakeholders across PSA's ports, supply chain, marine and digital businesses, for their unwavering support and trust. My heartfelt appreciation also to our Board of Directors for its wise insights and steer, as well as to our management, staff and unions, whose dedication and hard work have delivered this new record.

During the year, we reached significant milestones and made advancements across various business initiatives.

In particular, Tuas Port in Singapore commemorated handling its first million TEU of containers in February 2023, barely six months after its official launch. By the end of the year, the port had grown to eight operational berths and today hosts the world's largest fleet of automated guided vehicles, underscoring its capabilities as a technologically-advanced terminal. When fully completed in the 2040s, it will boast an annual handling capacity of 65 million TEUs and be able to service vessels of length in excess of 400 metres. Besides developing Tuas Port into an extensive maritime hub, we will be developing an adjacent cargo hub – the Tuas Port+ Hub – offering container freight stations, warehousing and flow centre services.

SCALING UP OUR FABRIC OF PORTS

In November 2023, Mersin International Port (MIP) launched its USD455 million East Med Hub 2 (EMH2) project in a ceremony witnessed by officials from Türkiye and Singapore. EMH2 is expected to contribute significantly to the local economy with direct and indirect employment opportunities. When the upgrading project is fully completed in 2026, MIP's quay will be extended to 880 metres with a draft of 17.5 metres, and the terminal's annual handling capacity will increase from 2.6 to 3.6 million TEUs. MIP also signed a Memorandum of Understanding (MOU) with Mersin Tarsus Industrial Zone to set up a logistics park within an area of 200,000 square metres (sqm). In the same year, MIP completed its gate project at an investment cost of 1 billlion Turkish Lira, to address traffic issues and boost its port operations.

Over in Poland, Baltic Hub constructed a 36-hectare artificial island for its new T3 Terminal. Upon completion of its expansion project, Baltic Hub's annual capacity will increase by 1.5 million TEUs.

In January 2023, Saudi Global Ports (SGP) commemorated the start of its civil works upgrade with a groundbreaking ceremony, marking its commitment under a 30-year concession to operate and develop both container terminals at King Abdulaziz Port Dammam (KAPD) over four phases. Key works will include the upgrade of berths, infrastructure and facilities at Terminal 1, expansion of existing berths and accompanying yard development at Terminal 2, and the construction of a three-hectare SGP SandboX. The upgrades will allow SGP to accommodate more and larger vessels; while SGP SandboX will be a dedicated space to trial new equipment and technologies, including 5G proof-of-concepts to enhance the future-readiness and operational efficiency of SGP and KAPD.

Upgrading continued at PSA Genova Pra' in Italy as the terminal started work on demolishing its former RoRo berth in order to extend its quay by 180 metres. Works are expected to be completed in 2024 and will allow three mega vessels to berth simultaneously.

Meanwhile, PSA Venice proudly secured a 25-year concession extension (with effect from 1 October 2024) from the North Adriatic Sea Port Authority and performed a series of upgrades during the year, including investing in more eco-friendly equipment.

EXPANDING OUR REPERTOIRE

In June 2023, PSA signed agreements to acquire a stake in Duisburg Gateway Terminal GmbH (DGT) in the Port of Duisburg, Germany. Currently under construction, DGT will be the largest inland container terminal in Europe, as well as a key gateway in providing green logistics services to Germany's dense industrial hinterland on completion.

PSA BDP expanded into key markets with the opening of three new office locations: Gdańsk, Poland; Bucharest, Romania; and Lisbon, Portugal. We also welcomed Alisan Logistics (Alisan) to the Group following PSA's acquisition of 75% of shares in the company in April 2023. Alisan is a logistics company headquartered in Istanbul, Türkiye, and active in fast moving consumer goods, chemical, automotive and agro industries.

PSA BDP was appointed by Automotive Cells Company

(ACC), one of Europe's leading electric vehicle (EV) battery manufacturers, to be its logistics partner in the Northern France region. PSA BDP is providing contract logistics services for ACC's raw materials and EV batteries, hinterland transportation between warehouses and ACC's gigafactory, and ocean freight services for the import of raw materials. PSA BDP also celebrated the inauguration of its new 22,000-sqm specialised EV battery logistics warehouse in Dunkirk, France, to cater to the region's rapidly growing automative EV cluster.

Over in China, Fuzhou Container Terminal and PSA Fujian Supply Chain Solutions formed a partnership with SAIC Motor, one of China's leading car manufacturers, to build and operate one of SAIC's export port hubs in Southeast China.

SGP and the Saudi Ports Authority (Mawani) inked a significant agreement to establish an integrated logistics zone spanning approximately one million sqm at KAPD. SGP is set to inject around SAR1 billion into this endeavour, in an initiative that marks a pivotal move in Saudi Arabia's Vision 2030 roadmap to position the Kingdom as a global logistics hub connecting Asia, Africa and Europe. In addition, SGP entered into an MOU with Saudi's Ministry of Investment to jointly explore investment and training opportunities within the supply chain and logistics sector.

PSA acquired a minority stake in SOTRANS Group, a leading logistics provider in Vietnam with three core businesses: ports, inland container depots and barging; freight forwarding and contract logistics; and transportation of heavy lift and project cargo. The strategic move has expanded our Node to Network Focus Strategy in Southeast Asia, with Vietnam being one of our key markets.

In Canada, Ashcroft Terminal Ltd. (ATL) and the Vancouver Fraser Port Authority signed a letter of intent in November 2023, to work together to invest and build rail infrastructure at ATL to reduce congestion within the Port of Vancouver, support capacity growth and enhance resiliency within the critical Asia-Pacific Gateway trade corridor.

In Panama, PSA Marine's acquisition of a 45% stake in Meyer's Tugs S.A. from CPT Empresas Maritimas S.A. brings together both partners' networks, expertise and capabilities in the towage business to benefit our customers.

NOTABLE INNOVATIONS IN DIGITALISATION AND SUSTAINABILITY

We diligently incorporated our innovative expertise into various initiatives, reaffirming our commitment to creating value and fostering sustainable supply chains.

PSA Singapore introduced OptETruck, a proprietary solution which uses artificial intelligence to facilitate smarter trip planning and eliminate operational inefficiencies for the haulier community. OptETruck enables hauliers to pool resources to optimise their fleet and trips. Multiple haulier companies have onboarded OptETruck and reduced their empty truck trips by over 50%; translating to an annual reduction of about 10 million kilograms of CO_2 emissions – equivalent to planting 300,000 trees in a year.

We also launched OptEVoyage, a digital solution for vessels to arrive at the port just-in-time, to achieve bunker savings and carbon emissions reduction. During the year, OptEVoyage witnessed substantial growth, doubling to six liners on board the initiative and 99 services under trial.

In Bangladesh, we spearheaded an investment in Truck Lagbe, a major truck booking logistics platform. Truck Lagbe connects truck owners and drivers with customers to efficiently provide on-demand trucking needs, which has helped many businesses reduce their logistical expenses by up to 17%.

Over in Italy, PSA Genova Pra' launched Stuttgart Express in May 2023, a new rail service connecting the terminal to Stuttgart in Southern Germany. In September, the terminal also collaborated with PSA BDP to launch Europe's first sustainable reefer rail transport service on the Southern Express rail connection between Basel in Switzerland and Genoa in Italy. Both initiatives offer a sustainable modal shift from road to rail, enabling Beneficial Cargo Owners to reduce their carbon footprint.

The same month, PSA BDP introduced Risk Monitor, a digital solution that allows customers to identify and manage supply chain risks, including viewing a spectrum of over 50 common supply chain disruptions – both naturally occurring (inclement weather, pandemics, earthquakes) and man-made risks (strikes, geo-political tensions) – before they occur, allowing for proactive planning and the implementation of mitigation measures to improve the overall supply chain experience.

PSA unboXed, our hub for innovation and corporate venture capital, remains steadfast in its pursuit of groundbreaking collaborations to tackle both business imperatives and sustainability goals. As part of this, we have partnered with ZEBOX, a global startup accelerator founded by CMA CGM to co-create innovative solutions that will help to reshape our industry.

A SYMPHONY OF SERVICE MILESTONES

During the year, some of the largest container vessels called at our terminals around the world. In May 2023, MSC PSA European Terminal welcomed the 24,346-TEU MSC Loreto, the largest container ship to berth at the Port of Antwerp. In July, PSA Sines received MSC Michel Capellini, which at 24,346-TEU capacity, was the largest container vessel to berth at a Portuguese port. The same month, SGP received the 23,664-TEU Hapag Lloyd Berlin Express, the largest vessel to call at the eastern province of Saudi Arabia; and in September, the world's largest LNG-fueled container ship, the CMA CGM Concorde, berthed at Baltic Hub in Poland.

PSA terminals also accomplished several container handling milestones: Baltic Hub moved its 20 millionth container since its establishment in 2007 PSA Mumbai crossed the 6 million TEU milestone since commencement of operations in 2018. Tianjin Port Pacific International Container Terminal achieved record annual volumes of over 4 million TEUs for the first time; while SGP Riyadh in Saudi Arabia handled its first millionth container since the takeover of operatorship in March 2022.

ATTUNING TO TALENT

As we advance our Portfolio and Process initiatives, we recognise and value the indispensable role that our People play in organisational growth and transformation. Embracing a shared culture of FISH unites our diverse workforce, while our talent management programs and Employee Opinion Polls ensure that people reach their full potential and their needs and aspirations are heard. Our commitment towards lifelong learning is exemplified through PSA University, our learning arm which offers a wide range of courses and initiatives to support employees in both their professional and personal growth.

Our efforts to foster an inclusive, collaborative and innovative environment have yielded results as PSA was acknowledged as one of TIME's "World's Best Companies of 2023", Universum's "Most Attractive Employers 2023 (Singapore)" and The Straits Times' "Singapore's Best Employers 2023".

COMPOSING THE FUTURE

Looking ahead to 2024, PSA will continue to grow our position as a leading global port operator and supply chain partner. We will strengthen our fabric of ports, enhance connectivity from Node to Network and sharpen our delivery edge through innovative port adjacencies; advancing digitalisation efforts, optimising marine services and pioneering differentiated supply chain solutions. Charting our way through the intricate score of future challenges, we strive to strike a deep chord of resonance with our customers, partners and stakeholders, by listening to and understanding their needs, as we work together to expand global trade flows on a more sustainable trajectory.

Ong Kim Pong

Chapter 2

Standing the Test of Time

The adage holds true: true classics never fade. Classical music continues to inspire and captivate audiences around the world, with every maestro offering their own fresh renditions. Similarly, PSA is committed to doing what it takes to always be there for our customers, partners and stakeholders, while still fostering a space for imagination and creativity.

Board of Directors

Peter Voser
GROUP CHAIRMAN
COMMITTEE
CHAIRMAN: LDCC

Ong Kim Pong
COMMITTEES
MEMBER: PORTS SC;
SUPPLY CHAIN SOLUTIONS SC;
TECHNOLOGY AND OPERATIONS
& SUSTAINABILITY SC;
PSA MARINE AC

Kaikhushru Shiavax Nargolwala
COMMITTEES
CHAIRMAN:
SUPPLY CHAIN SOLUTIONS SC
MEMBER: LDCC

Tommy Thomsen
COMMITTEES
CHAIRMAN: PORTS SC
MEMBER: LDCC;
TECHNOLOGY AND OPERATIONS
& SUSTAINABILITY SC

Jeanette Wong
COMMITTEES
CHAIRWOMAN: AUDIT & RISK
MEMBER:
SUPPLY CHAIN SOLUTIONS SC;
PSA MARINE AC

Pang Kin Keong
COMMITTEES
MEMBER: AUDIT & RISK; PORTS SC;
PSA MARINE AC

Irving Tan
COMMITTEES
CHAIRMAN:
TECHNOLOGY AND OPERATIONS
& SUSTAINABILITY SC
MEMBER:
SUPPLY CHAIN SOLUTIONS SC

Foo Jixun
COMMITTEES
MEMBER: PORTS SC;
TECHNOLOGY AND OPERATIONS
& SUSTAINABILITY SC

Wong Ai Ai
COMMITTEES
MEMBER: AUDIT & RISK; PORTS SC

Jill Lee
COMMITTEES
MEMBER: AUDIT & RISK;
SUPPLY CHAIN SOLUTIONS SC

Detlef Trefzger
COMMITTEES
MEMBER: PORTS SC;
SUPPLY CHAIN SOLUTIONS SC

Notes:

- Mr Tan Chong Meng stepped down as Group CEO and Board member of PSA International on 29 February 2024, after having served PSA for more than 12 years.
- LDCC: Leadership Development & Compensation Committee
- SC: Supervisory Committee
- AC: Advisory Committee

Senior Management

Corporate Centre

Ong Kim Pong
GROUP CEO

Caroline Lim
GROUP HEAD OF HUMAN RESOURCE

Lim Pek Suat
GROUP CFO

Goh Mia Hock
GROUP HEAD OF TECHNOLOGY

Corporate Centre

Terence Tan
GENERAL COUNSEL
AND COMPANY SECRETARY

Christopher Chan
GROUP HEAD OF CORPORATE AFFAIRS
AND LEARNING

Eddy Ng
GROUP HEAD OF OPERATIONS
AND SUSTAINABILITY

Steven Lee
DEPUTY GROUP HEAD OF
HUMAN RESOURCE

Ports

Nelson Quek
REGIONAL CEO
SOUTHEAST ASIA

David Yang
REGIONAL CEO
EUROPE & MEDITERRANEAN

Vincent Ng
REGIONAL CEO
MIDDLE EAST SOUTH ASIA

Enno Koll
REGIONAL CEO
AMERICAS

Lim Chin Chuan
REGIONAL CEO
NORTHEAST ASIA

Supply Chain

Wan Chee Foong
CEO
PSA BDP

Hector Gonzalez
DEPUTY CEO
PSA BDP

Corporate Governance

In conducting the organisation's business affairs, PSA International's Board of Directors adheres to a prudent and strategic approach, where shifts in the industry landscape, sustainable growth, and financial performance are considered.

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. If there is 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 and compliance with applicable laws and regulations, as well as reviews statutory accounts.

LEADERSHIP DEVELOPMENT & COMPENSATION COMMITTEE (LDCC)

The LDCC oversees leadership development, talent management and remuneration. It puts in place appropriate programs and consistent policies to groom leaders, develop global talent, and ensure the readiness of potential successors to assume key leadership positions. Also, it 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 Supply Chain Solutions are appropriately managed by aligning PSA's management resources. The four Committees are: Ports Supervisory Committee; Supply Chain Solutions Supervisory Committee; Technology and Operations & Sustainability 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 purview.

PSA holds itself to the highest standards in every decision it makes and every step it puts forward. 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.

Chapter 3

Moving to the Beat

The widespread influence of dance music and its art of remixing has revolutionised the music landscape, echoing the continual transformation of global trade. Likewise, innovative solutions offered by PSA's fabric of port networks reflect our commitment to sustainable business practices, achieving excellence in port performance and enhancing supply chain resilience and efficiency.

Global Footprint

94.8
Million TEUs
handled in 2023

44
Countries

178
Locations

66
Deep Sea / Coastal Terminals

As of 31 December 2023

● 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 / Container Freight Stations / Warehouses	PSA Marine
Bangladesh					●
China	●	●	●	●	●
India	●	●	●	●	
Indonesia	●	●			
Japan	●				
Kazakhstan			●		
Malaysia		●			●
Oman		●			●
Qatar		●			
Saudi Arabia	●	●	●	●	
Singapore	●	●		●	●
South Korea	●	●			
Thailand	●	●	●	●	
UAE		●			
Vietnam	●	●		●	

Europe

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

Americas

	Deep Sea / Coastal Terminals	PSA BDP Offices	Rail / Inland Terminals	Inland Container Depots / Container Freight Stations / Warehouses	PSA Marine
Argentina	●	●		●	
Brazil		●		●	
Canada	●	●	●	●	
Chile		●			
Columbia	●	●		●	
Ecuador					●
Panama	●				●
Peru		●			●
Uruguay		●		●	
USA	●	●		●	

Africa

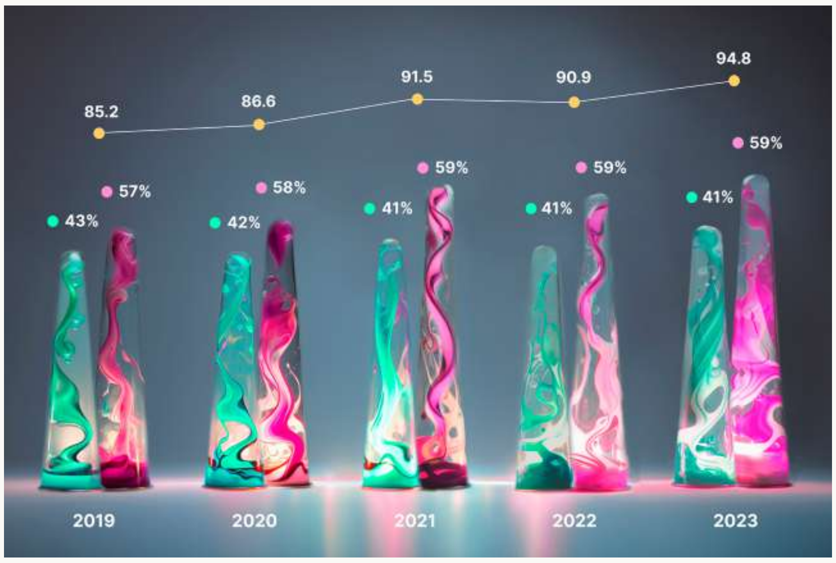
	Deep Sea / Coastal Terminals	PSA BDP Offices	Rail / Inland Terminals	Inland Container Depots / Container Freight Stations / Warehouses	PSA Marine
Egypt		●			
Morocco		●			

Oceania

	Deep Sea / Coastal Terminals	PSA BDP Offices	Rail / Inland Terminals	Inland Container Depots / Container Freight Stations / Warehouses	PSA Marine
Australia		●			●
New Zealand		●			

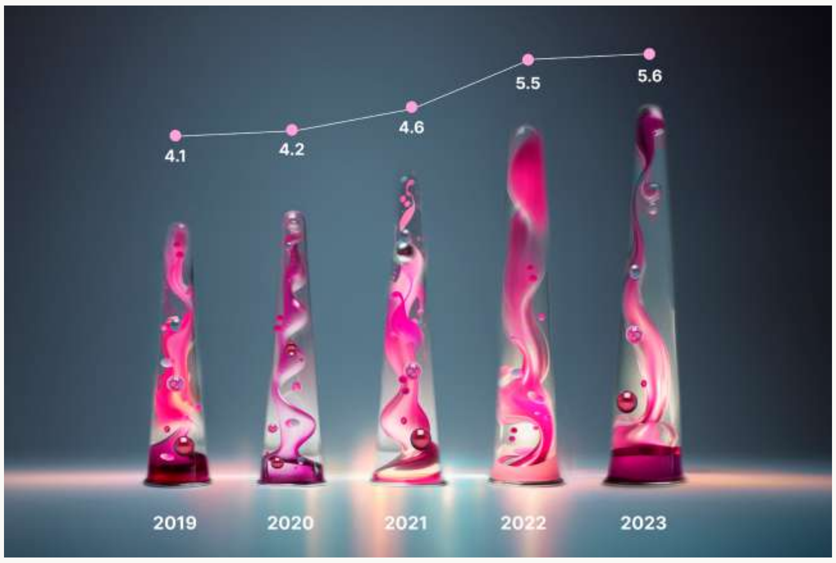
Group Financial Highlights

THROUGHPUT (MILLION TEUs)

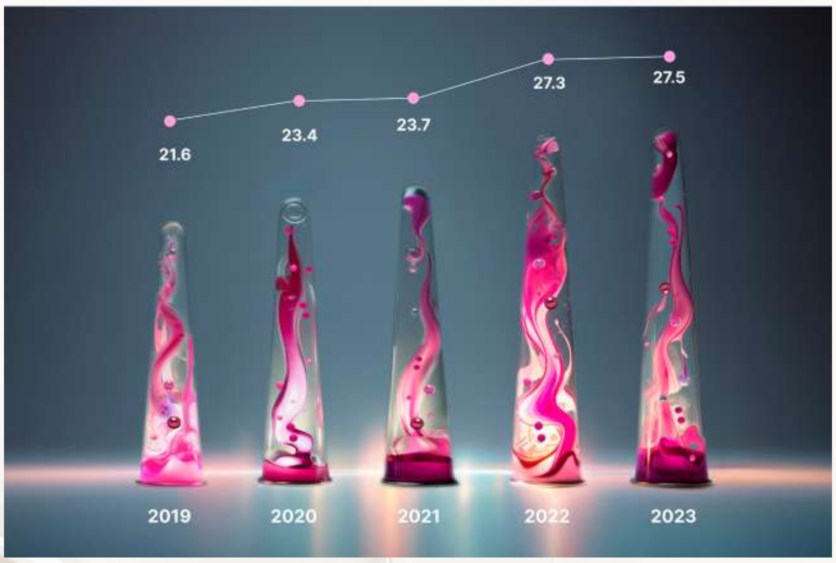


Singapore Overseas Total

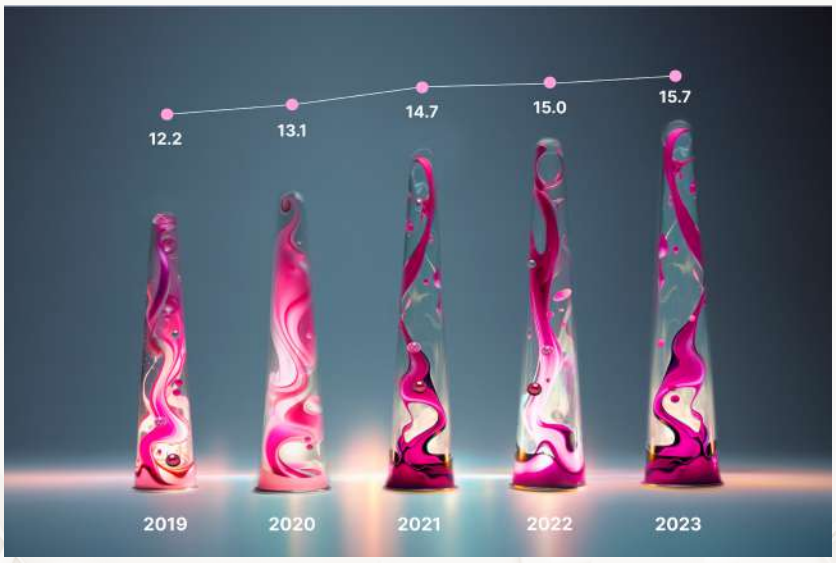
NET REVENUE (S$ BILLION)



TOTAL ASSETS (S$ BILLION)



TOTAL EQUITY (S$ BILLION)



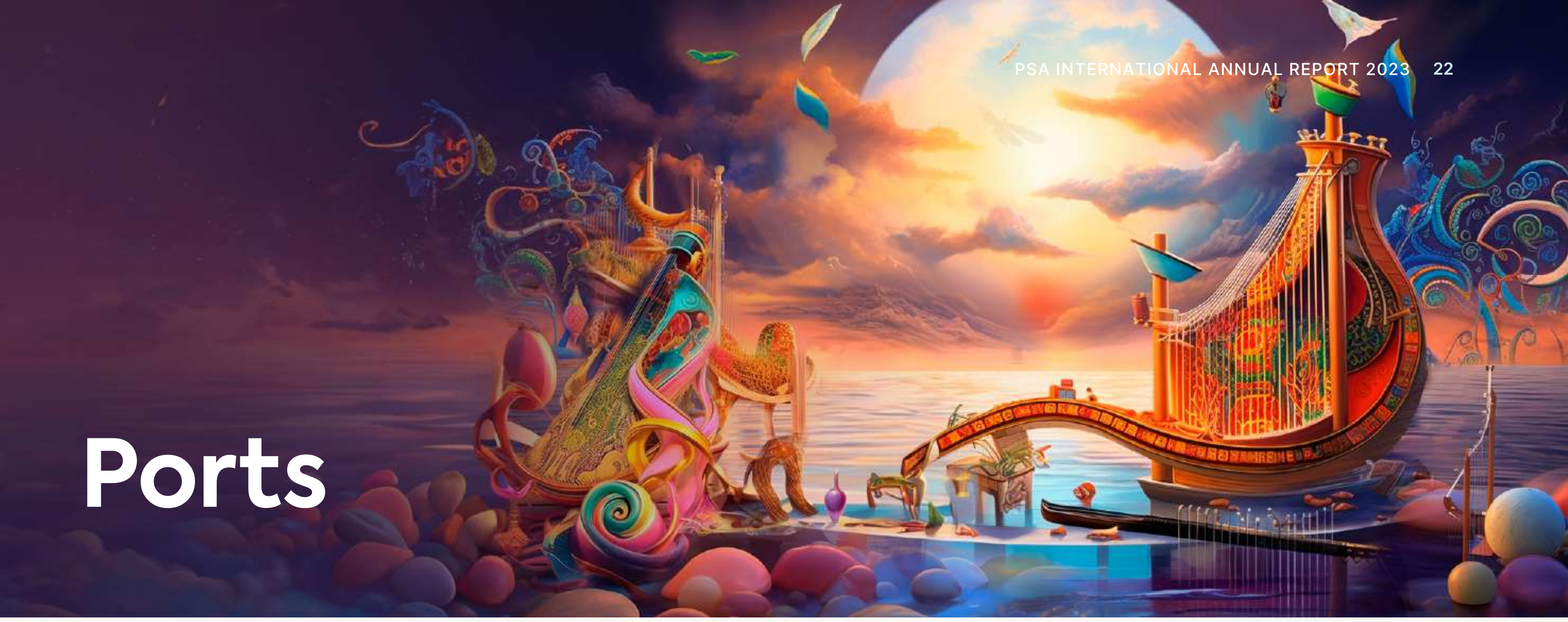
TEUs - Twenty-foot Equivalent Units All amounts in Singapore dollars	2023	2022	2021	2020	2019
Throughput (million TEUs)					
Singapore	38.8	37.0	37.2	36.6	36.9
Overseas	56.0	53.9	54.3	50.1	48.3
Global	**94.8**	**90.9**	**91.5**	**86.6**	**85.2**
Consolidated Income Statement ($ million)					
Revenue	7,095	7,994	4,670	4,179	4,077
Transportation Costs	(1,532)	(2,472)	(40)	–	–
Net Revenue	5,564	5,523	4,630	4,179	4,077
Operating Expenses	(4,325)	(4,105)	(3,443)	(2,996)	(2,979)
Operating Profit	1,238	1,418	1,187	1,183	1,098
Net Other Income	365	210	204	108	271
Profit from Operations	1,604	1,628	1,391	1,291	1,369
Finance Costs	(319)	(225)	(196)	(239)	(263)
Share of Profit of Associates	224	284	210	187	198
Share of Profit of Joint Ventures	282	253	277	174	158
Profit before Income Tax	1,790	1,940	1,682	1,413	1,463
Income Tax Expense	(262)	(319)	(254)	(222)	(197)
Profit for the year	1,528	1,621	1,428	1,191	1,265
Non-controlling Interests	(65)	(59)	(47)	(23)	(20)
Profit attributable to Owner of the Company	1,463	1,562	1,381	1,168	1,246
Consolidated Financial Position ($ million)					
Total Assets[1]	27,487	27,290	23,660	23,372	21,615
Total Liabilities[1]	11,754	12,281	8,998	10,246	9,395
Total Equity	15,732	15,009	14,662	13,126	12,219
Financial Ratios					
Operating Margin[2]	22.3%	25.7%	25.6%	28.3%	26.9%
Return on Average Total Assets[1,3]	6.8%	7.2%	6.9%	6.4%	7.3%
Return on Average Total Equity[4]	9.9%	10.9%	10.3%	9.4%	10.4%
Total Debt/Equity (times)[5]	0.46	0.49	0.33	0.49	0.49
Earnings per Share ($)	2.41	2.57	2.27	1.92	2.05

[1] Restated 2022 figures
[2] Operating profit expressed as a percentage of net revenue
[3] Profit for the year, add back finance costs, expressed as a percentage of average total assets
[4] Profit for the year, expressed as a percentage of average total equity
[5] Total debt divided by total equity. Debt is defined as borrowings in the financial statements

Chapter 4

Embracing a New Age

New age music is a harmonious blend of diverse styles, ranging from jazz to classical and ethnic melodies. Extending beyond mere musical enjoyment, its appeal often serves the goal of promoting environmental awareness, spirituality and an appreciation of cross-cultural arts. This universality echoes our overarching mission to tackle climate challenges, while moving the world's goods for the greater good.



Ports

SOUTHEAST ASIA

In 2023, PSA Singapore continued to distinguish itself as a premier hub for mega vessels as it handled over 230 Ultra Large Mega Vessels that exceeded 23,000 twenty-foot equivalent units (TEUs) in capacity. For its operational dependability and resilience, PSA Singapore was named "Container Terminal Operator of the Year" for the 15th time at the Supply Chain Asia Awards.

As part of the company's strategy to mitigate potential disruptions, PSA Singapore implemented measures such as proactive capacity planning, dynamic resource allocation, and introduced new initiatives such as the Empties Repositioning Scheme and OptEVoyage. The latter is a digital solution that utilises vessel schedule data to optimise arrivals and departures. This minimises anchorage congestion and allows liners to adjust sailing speeds, resulting in significant bunker and carbon emission savings. During the year, OptEVoyage witnessed substantial growth, doubling to six liners on board the initiative and 99 services under trial.

On 27 February 2023, PSA Singapore celebrated with its staff, management team and unions, the milestone of Tuas Port handling its first millionth TEU since the start of operations. By year end, eight berths were operational at Tuas Port. Besides developing Tuas Port into an extensive and well-connected maritime hub, PSA Singapore will be developing an adjacent cargo hub – the Tuas Port+ Hub – offering container freight stations (CFS), warehousing and flow centre services in the immediate future.

Back in 2022, PSA Singapore had completed the testing and commissioning of the first two Automated Quay Cranes (aQC) at Pasir Panjang Terminal, capable of automated handling at the wharf side. In 2023, the aQCs' vessel side remote handling was further enhanced with semi-automated capability, enabling the remote operator to complete their task within a shorter duration. By November, the aQC was able to achieve an average cycle time of 136 seconds.

During the year, ecosystem testing was performed on a fleet of Autonomous Prime Movers (aPM) in mixed traffic conditions at PSA Singapore, with completion of acceptance testing for a fleet of inter-yard shifting aPM at Pasir Panjang Terminals in November. Operational deployment progressively ramped up with enhancements gearing towards higher productivity, as well as further developments for wharf aPM testing.

In the areas of wharf and vessel mechanisation, efforts were made towards manpower resilience and safety, with a series of trials completed on Decentralised Coning Platform 1 (DCP1). Development and operational trials for DCP2 on an individual Quay Crane (QC) at Tuas Port are ongoing.

Separately, PSA's collaboration with Institutes of Higher Learning continues on more nascent fronts, such as decentralised mobile coning robots, and novel robotic solutions for lashing and unlashing of containers on vessels.

As part of efforts to enhance asset management, PSA Singapore has developed Next Gen Maximo to enable planning and tracking of the maintenance for infrastructure assets, while concurrently enabling component life tracking for hundreds of critical components on Tuas Port QCs. The Tuas Port automated storage and retrieval system is also integrated with our warehouse management system (iWMS) to fully digitalise all inventory transactions.

During the Singapore Maritime Week in April 2023, the Maritime Port Authority of Singapore (MPA) and PSA renewed a Memorandum of Understanding (MOU) on the Port Technology Research and Development Program, towards the research and test-bedding of new technologies for PSA terminals in automation, robotics, digital and sustainability solutions. As part of the MOU, MPA (under the Maritime and Innovation and Technology Fund) and PSA will each commit SGD12 million to support transformative R&D projects.

For ensuring health, safety and security across its facilities, PSA Singapore received two awards for its Prime Mover (PM) Telematics initiative: the Workplace Safety and Health (WSH) Innovation Awards (Gold Award) and the WSH Innovation Award 2023. First introduced in 2017, the PM Telematics technology optimises safety across daily operations and monitors fleet management and truck locations through data-driven technology.

At the May Day Awards in 2023, PSA's Group CEO Ong Kim Pong (then-PSA's Regional CEO of Southeast Asia) and former Group CEO Tan Chong Meng received Medals of Commendation, for promoting good industrial relations and supporting Singapore's Labour Movement initiatives.

Over in Thailand, Eastern Sea Laem Chabang Terminal (ESCO) has pursued multiple green initiatives, including the arrival of two units of electric hybrid reach stackers – the first in Thailand. In addition, it commenced the provision of electric vehicle (EV) truck services. At present, the electric hybrid stackers are deployed at Lat Krabang Inland Container Depot (ICD); while the EV trucks are used in shuttle services between Laem Chabang and Lat Krabang, as well as for first and last mile trucking services. Through this, ESCO has been able to create the first green corridor in Thailand.

LCB Container Terminal 1's (LCB1) container volumes saw significant recovery in the latter part of 2023 due to strong support from shipping partners. LCB1 is also working closely with liners and key customers to provide value-added services.

Along the Chao Phraya River, Thai Connectivity Terminal (TCT) reduced warehouses at the terminal and increased yard capacity by 26% in 2023. There was also an increase in the usage of external general warehouses to secure more activities. Furthermore, TCT operated their own barges to offer enhanced services to customers. During the year, the terminal converted from manual operations to a digital Terminal Operating System to improve service levels.

In other parts of Southeast Asia, New Priok Container Terminal One (NPCT1) in Indonesia set a Vessel Rate (VR) record of 198 containers handled per hour on 25 October 2023 – the highest VR to date for Tanjung Priok. To facilitate the capacity boost, NPCT1 installed mooring dolphins and associated works to safeguard operational capability and safety.

PSA Indonesia signed an MOU with PT Kreta Api Indonesia (Persero) (KAI) in August 2023, an Indonesian state-owned enterprise operating in the railway sector, to work together to improve the efficiency of the rail ecosystem.

Through collaboration between multiple partners – NPCT1, PT Krakatau Bandar Samudera, PT Krakatau Jasa Logistik, KAI and PSA BDP – the first trial container for the Cilegon-Pasoso rail was successfully moved in November 2023. This will provide a greener and more efficient option for customers, encouraging a switch from trucking to rail transport.

On the digitalisation front, iBOX is a next-generation depot management solution that digitally connects the port with container depots. Following the successful implementation of iBOX in Semarang in November 2022, PSA Indonesia secured Jakarta and Surabaya depots for a 6-month trial, increasing the iBOX proliferation rate in the region and enhancing customers' overall depot operations.

NPCT1 also launched the Dual Cycle feature on ECON

– its one-stop digital platform – to help customers and partners reduce empty truck trips. The terminal's efforts in enhancing the logistics ecosystem were recognised when it received the "Terminal Operator in Supporting Service Digitalisation Program Award" in 2023 by the Port Authority. NPCT1 was also conferred the Green and Smart Port Award in December 2023 from the Indonesia government, a result of the terminal's outstanding performance in three key areas: Digitalisation; Port Management; and Environment and Safety Management.

Over in Vietnam, SP-PSA International Port (SP-PSA) started to provide bonded yard services to Saudi Basic Industries Corporation from November 2023. The terminal stores the laden import containers and facilitates customs clearance services for domestic deliveries to Sabic's customers in Vietnam.

NORTHEAST ASIA

China showed promising growth in trade activities since the country's full lifting of pandemic border measures in February 2023. Despite an uncertain macro environment, PSA Northeast Asia achieved credible growth of 10.1% in container volumes for the year, by developing port adjacencies as a value differentiator to strengthen PSA's position as a preferred port of call in the region.

In 2023, Tianjin Port Pacific International Container Terminal (TPCT) achieved record annual container volumes as it handled over 4 million TEUs for the first time, with growth coming mainly from the domestic market.

Dalian Container Terminal (DCT) handled more than 3.7 million TEUs in 2023, with new intermodal services connecting the Northeast China port to the Western Mediterranean. With operations increasing post-pandemic, the terminal seeks to enhance productivity through automation. DCT has deployed up to 12 intelligent container trucks (ICTs) and aPMs for trial operations. DCT also handled close to 200,000 tonnes of general cargo during the year.

LYG-PSA Container Terminal (LPCT) has continued to develop port adjacencies and expanded the collaboration with PSA BDP (Qingdao) to capture the local emerging petrochemical and battery market. They have jointly become the preferred logistics service provider for a top Petrochemicals Plant exporting out of China globally.

Fuzhou Container Terminal (FCT) achieved double-digit growth for both container and general cargo volumes in 2023, including record intermodal volumes of more than 60,000 TEUs. The latter was made possible from synergies created by close collaboration between PSA Fuzhou Supply Chain Solutions (PFS) and Fujian PSA Portnet.

In January 2023, FCT and PFS announced the establishment of a strategic partnership with SAIC Motor, China's largest automobile manufacturer, to focus on developing expertise in automobile verticals. A value-added suite of port-adjacent and mid-mile logistics services – such as pre-shipment inspections, charging and batteries testing, inventory management and fumigation – was a determinant in their choice of FCT as their key export hub.

Guangzhou PSA Logistics (GPL) broke ground on the construction of its new Flow Centre. Equipped with an automated storage and retrieval system and green features such as rooftop solar panels, the carbon-neutral Flow Centre will boast a 6,000-square metre (sqm) warehouse with 15,000-tonne capacity; and data analytics and real-time data visualisation capabilities. Upon its completion in September 2024, GPL will be the first logistics services provider in Guangzhou to offer multimodal transport options for both solid and liquid chemical products.

In 2023, Beibu-Gulf International Container Terminal (BICT) achieved record volumes of 4.9 million TEUs. In July, PSA invested in a distributed power project for solar and wind projects in Qinzhou Port Area. This joint venture will facilitate BICT's journey to become carbon neutral by 2030.

Chongqing Connectivity Initiative, BICT, Beibu Gulf PSA Portnet Co. Ltd., and China United International Rail Containers Guangxi Co., Ltd. collaborated with PSA Singapore to successfully carry out automated track-and-trace proof of concepts for selected Beneficial Cargo Owners (BCOs). The partners continue to work closely to establish a green corridor along the International Land-Sea Trade Corridor (ILSTC).

BICT consolidated its container fumigation services and CFS warehousing operations. The terminal also provided forward hubbing and cargo storage services to customers within the port premises. This helped to shorten delivery time to their consumers as well as reduced transportation costs.

China United International Rail Containers Co., Limited (CUIRC) continued a growth trajectory as the company handled nearly 6.5 million TEUs in 2023, 17% higher than the year before. In Qinzhou, the company is doing a trial on intermodal data exchanges to continue to digitalise cargo flow along the ILSTC.

Commencing operations in June 2022, PSA Chongqing achieved full utilisation rates of its warehouse within its first year of operations. In addition to offering multimodal connectivity solutions to customers, the company supported local automobile manufacturers by designing and managing their supply chain. PSA Chongqing initiated several green transport corridor trials with selected BCOs, replacing diesel-powered PMs with electric PMs for trucking between multimodal logistics facility S2, the riverport, rail terminal and customer plants.

Over in South Korea, HMM PSA New-Port Terminal and Pusan Newport International Terminal handled record volumes of 2.6 million TEUs and 3 million TEUs respectively in 2023. Incheon Container Terminal was awarded the Grand Prize at the Korea Port Safety Awards organised by the Korea Port Logistics Association.

MIDDLE EAST SOUTH ASIA

In 2023, PSA Mumbai crossed the 6-million TEU milestone since its commencement of operations in 2018. The terminal handled 2 million TEUs in 2023, achieving container volume growth of 30% year-on-year. PSA Mumbai's Phase 2 construction continued steadily, with overall project progress of 48% by December 2023. Construction of its first 400 metres of berth extension is expected to be completed by the third quarter of 2024 and, after dredging, will be ready for operations in the first quarter of 2025.

During the year, the terminal added six new liner services. Leveraging PSA Mumbai's higher vessel calling frequency and excellent rail connectivity to 63 inland container depots, key rail corridors are also being developed between the terminal and North/Central India to help customers reduce logistics costs and transit time. In addition, new rail connections to ICDs like Varnama (Gujarat), Kheda (Madhya Pradesh) and Borkhedi (Maharashtra) were introduced in 2023 as companies opt for more environmentally-sustainable transport solutions by shifting cargo to rail, to lower their carbon emissions.

PSA India's port-adjacent services, PSA Ameya's CFS services at Nhava Sheva and Mundra, and the extended port storage for Direct Port Delivery (DPD) cargoes at PSA Mumbai are some collaborative initiatives amongst PSA business units to support more efficient movement of cargo. PSA Mumbai's round-trip rail solutions for DPD customers – for hinterland locations like Delhi NCR, Kolkata, Hyderabad and Bangalore – also saw continued success in 2023.

Over in the Middle East, Saudi Global Ports (SGP) achieved over 15% growth compared to the year before, mirroring the Kingdom's robust growth in the non-oil sector. The company continued efforts to optimise inter-modal operations between King Abdulaziz Port Dammam (KAPD) and its three nodes under the Riyadh Dry Port (RDP) Ecosystem, to deliver a more seamless and efficient logistics network.

Throughout the year, SGP Dammam achieved significant milestones for KAPD and ports in the Eastern Province. It celebrated the arrival of the first LNG-powered vessel and set several records, namely handling 18,553 TEUs in a single vessel, achieving the highest throughput handled in a single month at 212,531 TEUs, and received the largest container vessel with a nominal capacity of 23,664 TEUs. SGP collaborated with shipping lines to introduce nine new weekly services, connecting KAPD to new destinations; including ports in Southern Africa, Southeast Asia and Europe.

In August 2023, SGP Riyadh handled its first millionth container since the takeover of operatorship in March 2022. SGP Riyadh also introduced a new initiative to export laden containers from Saudi Arabia's capital city Riyadh, through KAPD via rail – a first in the country's rail freight history.

EUROPE & MEDITERRANEAN

In 2023, PSA's terminals in Europe and the Mediterranean received a number of awards in recognition of their commitment towards service quality. PSA Antwerp won the "Best Container Terminal, Europe" award for the fifth time at the 2023 Asian Freight, Logistics & Supply Chain Awards. PSA Italy was named "Best Port/Terminal Operator" at the fifth edition of the Italian Terminal and Logistics Awards; while Mersin International Port (MIP) received the "Port Operator of the Year" award for the 13th consecutive year at the Atlas Logistics Awards.

During the year, PSA acquired a 22 percent stake in Duisburg Gateway Terminal GmbH (DGT) in Germany; joining HUPAC, HTS and Duisport as shareholders in July 2023. Currently under construction, DGT is located in the Port of Duisburg. Boasting an area of 235,000 sqm, it will be the largest as well as the first 100% climate-neutral inland container terminal in the European hinterlands. The first construction phase is scheduled for completion in the first quarter of 2024.

PSA Antwerp's Europa Terminal experienced a memorable occasion on 3 October 2023 when concrete was poured for the first container plinth under the terminal's extensive nine-year refurbishment program. During the year, four new ZPMC semi-automatic dual hoist cranes were ordered for delivery by March 2025. They will serve the newest generation ships to call at Europa Terminal. The works will ensure that the latest generation of container ships (the Ultra Large Container Vessels) can continue to call at Europa Terminal. The renovation will also result in an efficient and sustainable terminal that makes a major contribution towards the transition to a climate-neutral Port of Antwerp-Bruges.

In June 2023, MSC PSA European Terminal (MPET) launched a new €6.5 million container yard at Kieldrecht dock, which now allows the terminal to stack around 6,000 containers. This accounts for an annual capacity increase of 180,000 TEUs. During the year, MPET also scored a couple of service records: In May, the terminal welcomed the 24,346-TEU MSC Loreto, the largest container ship to berth at the Port of Antwerp. A few months later in October, the terminal received MSC Tessa, a container vessel with the deepest draft (at 16 metres) to ever enter the Port.

PSA Breakbulk officially launched the Port of Antwerp's first Project Cargo Ecosystem on 19 April 2023. The Project Cargo Ecosystem is a one-stop breakbulk terminal facility that offers infrastructure, equipment and value-added services for loading/unloading, storage, packaging and consolidation activities at one dedicated location for high-end project cargo. In November, PSA Breakbulk became the first shipping terminal in the country to be equipped with biometric facial recognition. This initiative has significantly increased security at the terminal's facilities.

PSA's terminal in Poland also recorded new achievements for the year. On 27 September 2023, Baltic Hub handled its 20 millionth container since its establishment in 2007. Just two weeks earlier on 13 September 2023, the terminal had received the world's largest LNG-fueled container ship, the CMA CGM Concorde.

Baltic Hub finished the building of a 36-hectare artificial island under its T3 terminal expansion program. Upon its completion, T3 will be the third deepwater terminal at the Port and increase Baltic Hub's annual handling capacity to 4.5 million TEUs. The €470 million investment includes the construction of a 717-metre long, 18-metre depth deepwater quay and a 36-acre site. Additionally, seven new quay cranes and 20 semi-automated Rail Mounted Gantry (RMG) cranes have been ordered for delivery in 2024. In the meanwhile, the terminal has received 10 new semi-automated Konecrane Rubber Tyre Gantry (RTG) cranes in 2023 and is in the process of fully automating them.

In September, the terminal handled record volumes in a single call with 13,195 moves made on the Marit Maersk vessel. During the year, Baltic Hub also received the Rzeczpospolita TSL Award for its railway siding optimisation program, which equips RMG cranes with optical character recognition (OCR) technology to enable safer handling of containers and increased capacity.

Over in Italy, PSA Italy launched a new rail service on 4 May 2023 – the Stuttgart Express that connects PSA Genova Pra' with Stuttgart in Southern Germany. In September, the terminal collaborated with PSA BDP to launch Europe's first sustainable reefer rail transport service, on the Southern Express rail connection between Basel in Switzerland and Genoa in Italy. Both initiatives offer a sustainable modal shift from road to rail which allow BCOs to reduce their carbon footprint.

In April 2023, PSA Italy's new Pra' Distripark Europe (PDE) warehouse began operations to meet the growing demands of customers transporting goods via the Port of Genoa. Located just 800 metres from the PSA Genova Pra' terminal, the warehouse spans 1,200 sqm internally, complemented alongside an expansive 7,264 sqm of usable external area. Services include container stuffing and unstuffing, inventory management, heat and gas units treatment, cargo weighing and cargo surveying.

In 2023, upgrading continued on the terminal's facilities and equipment. PSA Genova Pra' started work on demolishing its RoRo berth in order to extend its quay by 180 metres. Works are expected to be completed in 2024 and will allow three mega vessels to berth simultaneously. PSA Genova Pra' replaced its existing reachstackers with eight new eco reachstackers. The terminal also ordered a new RMG crane and 10 new prime movers, all to be delivered in 2024.

In November 2023, PSA Genova Pra' inaugurated a new automated system for its rail park, based on specific software and OCR. This new technology allows management to monitor and plan its rail fleet. At the same time, the terminal installed a video surveillance system with 150 cameras that uses artificial intelligence and 'deep learning' to monitor its facilities and detect potential security threats.

On 31 May 2023, PSA Sech in Genoa celebrated its 30th anniversary. During the year, the terminal ordered two new Kuenz RMGs for its rail operations in Rugna Rail Park. Currently in construction, the cranes are expected to be delivered in the last quarter of 2024.

PSA Venice (Venice Container Terminal) which achieved a creditable 10% growth in 2023 despite a muted European economy, had its concession extended by the North Adriatic Sea Port Authority. The new 25-year contract will start on 1 October 2024. During the year, the terminal performed a series of upgrades, including yard maintenance and the refurbishment of its 'Zorzetto' building that contains workspaces for operations and engineering, building an electric RTG runway, as well as equipment orders of two eco reachstackers, a new reefer rack, a forklift, an electric prime mover and a spreader.

Over in Portugal, PSA Sines received MSC Michel Capellini in July 2023, setting a record for berthing the largest container ship at a Portuguese port to date. Boasting a capacity of 24,346 TEUs, the arrival of the mammoth vessel allowed PSA Sines to demonstrate its extensive capabilities in the handling of containers.

In June, PSA Sines completed the construction of its new Yard B Block, adding 400,000 TEUs of capacity and 1,400 ground slots. In addition to its 10 existing Post-Panamax cranes, the terminal also received two mega Ship-to-Shore (STS) cranes in December and ordered six electric-powered automated RTGs for delivery in the first quarter of 2024. With these upgrades, PSA Sines' annual handling capacity will increase from 2.3 to 2.7 million TEUs, allowing the terminal to handle the largest container vessels deployed at the Iberian Peninsula today and reinforcing its position as the preferred Iberian gateway hub.

Further east in the Mediterranean region, MIP in Türkiye commenced its USD455 million East Med Hub 2 (EMH2) program, to increase the terminal's annual handling capacity from 2.6 million TEUs to 3.6 million TEUs. Works include expanding the quay by 880 metres and deepening the draft to 17.5 metres, which will allow MIP to handle two Ultra Large Container Vessels of up to 400 metres simultaneously. The first phase of EMH2 is expected to be completed by the first quarter of 2025.

On 28 September, MIP inaugurated its Gate Project to address traffic congestion around the port. The pioneering project is expected to enhance the efficiency of Mersin's port operations by effectively separating port traffic from the city's roadways.

THE AMERICAS

Over in Canada, the ONE Stork – the first of the liner's upsized East Coast 5 vessels with a carrying capacity of 14,000 TEUs and length of 364 metres – arrived at PSA Halifax's Atlantic Hub at the Port of Halifax on 26 April 2023. To enhance its service standards, Atlantic Hub received a pair of new mega STS cranes on 9 November which, added to its five existing Post-Panamax cranes, allows the terminal to handle the largest container vessels deployed along the North American East Coast today. In further efforts to electrify its equipment fleet to meet decarbonisation objectives, PSA Halifax has also ordered eight new electric RTGs for Atlantic Hub. They will be delivered by the second quarter of 2024, increasing Atlantic Hub's RTG fleet from nine to 17. The new equipment will expand PSA Halifax's capacity from 1.1 million TEUs to 1.4 million TEUs by the end of 2024.

Ashcroft Terminal Ltd. (ATL) and the Vancouver Fraser Port Authority signed a letter of intent on 22 November 2023 to work together and invest, build and operate rail infrastructure at Ashcroft Terminal, reduce congestion within the Port of Vancouver and support capacity growth. The unique partnership will advance the efficient movement of imports and exports in Western Canada and help deliver goods to market faster. In the first quarter of 2023, ATL started construction on its new cross-dock facility. The expected completion in the first quarter of 2024 will allow Canadian Tire and other shippers to move their transload operations from the Greater Vancouver Area to British Columbia's hinterland. This is one of ATL's many investments to help decongest the Port of Vancouver and supply cargo fluidity across the Asia-Pacific Gateway Corridor and the rest of Canada.

On 12 September, ATL achieved its highest number of railcars onsite with a total of 694 cars.

Further south in Philadelphia, USA, PSA Penn Terminals executed major infrastructural works in 2023 and officially opened its new office building in December. Designed to be more sustainable, the building now houses both PSA Penn Terminals and PSA BDP staff. The terminal also has a new staging area for trucks waiting to access Warehouse 1, while operational capacity was increased with the moving of the infrastructure of its partner, Crowley Trucking, offsite. In the same month, PSA Penn Terminals launched its new outbound lanes complex. The two additional lanes allow for more intuitive truck traffic throughout the yard and will have a positive impact on truck turn times. During the year, the terminal ordered a new STS crane to be delivered in April 2024.

Over in South America, Sociedad Puerto Industrial Aguadulce (SPIA) located in the port city of Buenaventura, Colombia, was named "Best Contribution to International Trade" by the Colombian Foreign Trade Association, Adicomex, in 2023. The terminal also received the ISO9001 standard for quality management, the ISO14001 standard for environmental management systems and the ISO45001 standard for occupational health and safety management systems. To enhance its competitive edge, SPIA will start works to extend its quay wall by 300 metres in the second quarter of 2024. With the project's expected completion in 2025, the terminal will have the capability to handle ultra large container vessels of up to 400 metres in length. Moreover, SPIA expanded its inspection area by adding 21 additional bays and two specialised combilift straddle carriers, increasing the capacity in its sugar and coffee warehouses.

In December 2023, Exolgan Terminal in Argentina completed civil works for the paving of 40,000 sqm of new yard and increasing capacity by 4,000 TEUs. The terminal also started the installation of 60 new reefer platforms and an electrical substation, to be completed in two phases. Works are expected to be completed by the end of 2024 and will enhance the terminal's quality and safety standards for reefer operations.

Over in Panama, PSA Panama International Terminal (PPIT) received three RTG cranes in April 2023, bringing the total number of RTGs at the terminal to 12. It also performed dredging during the year to maintain its original quay depths of 16.3 metres for Pier 1 and 14.5 metres at Pier 2.

MARINE

PSA Marine completed the purchase of 45% stake in Meyer's Tugs S.A. (MTSA) in Panama on 27 April 2023. Following the acquisition, MTSA has been rebranded to CPT-PSAM. With a team of more than 60 highly professional and dedicated staff and a fleet of six harbour tugs, CPT-PSAM offers towage services between the Pacific and Atlantic coasts of Panama.

Supply Chain

Following PSA's acquisition of global logistics solutions provider BDP International (BDP) in 2022, BDP and PSA Cargo Solutions were subsequently rebranded as PSA BDP in April 2023, further enhancing the Group's solutioning capabilities and global network coverage.

Since then, PSA BDP has achieved successes in the realm of new office expansions, new vertical markets, customer and industry recognitions, new digital product solutions and sustainability offerings. The company also welcomed new leadership as Mr Wan Chee Foong, previously PSA's Regional CEO for Middle East South Asia and Head of Group Business Development, was named PSA BDP's CEO in October 2023; setting the stage for new opportunities to grow, innovate, and create transformative and bespoke solutions for PSA BDP's diverse array of customers.

In 2023, PSA BDP handled almost 1.5 million shipments* for customers within the chemical, life sciences and healthcare, electric vehicle (EV), retail and industrial sectors.

NEW MARKETS AND OFFERINGS

During the year, PSA BDP opened new offices in key markets, delivering expanded capabilities to customers that improve delivery times, offer eco-friendly solutions and provide more cost-efficient routings.

Bringing the global office count to nearly 140, PSA BDP is well-positioned to serve a wider range of customers in these new regions:

- Gdańsk, Poland
- Bucharest, Romania
- Lisbon, Portugal
- Aseana City, Philippines (from January 2024)

PSA BDP also welcomed Alisan Logistics (Alisan) to the group after PSA International's acquisition of Alisan in April 2023. Alisan is a logistics company headquartered in Istanbul, serving customers in the fast-moving consumer goods, chemicals, automotive industries, and agro business.

Additionally, PSA BDP celebrated the opening of a new EV battery logistics warehouse in Dunkirk, France, which is BREEAM** certified and meets the highest standards for sustainable EV battery handling. With its proximity to the Port of Dunkirk logistics zone, the warehouse is in a key position to offer enhanced connectivity to deploy sustainable solutions like e-trucks, e-barges, and rail transportation. As such, PSA BDP can support EV battery producers' ambitions of achieving zero emissions and enabling circular supply chains. The opening of the warehouse was commemorated with a formal reception attended by distinguished government officials, stakeholders from the EV battery industry, the Port of Dunkirk, the supply chain sector and PSA BDP.

On the other side of the globe, PSA BDP scored another milestone with its newest warehouse location in Melbourne, Australia. The new 9,770-square metre (sqm), 4-dock facility includes 2,000 sqm of outdoor space and is located 16 kilometres (km) from the bustling Port of Melbourne, providing ease of access to the main freeways and within 3 km close proximity to the future port rail shuttle. PSA BDP's warehouse will provide much-needed storage in a market that is in short supply of such facilities. Additionally, PSA BDP warehouse staff have completed rigorous training in compliant and secure Dangerous Goods (DG) handling. This capability further demonstrates PSA BDP's commitment to serving the stringent needs of customers in the chemical industry, especially within Australia.

DIGITAL SOLUTIONS TO EMPOWER CUSTOMERS' SUPPLY CHAINS

Digital technology empowers customers to proactively mitigate supply chain challenges by providing real-time visibility, predictive analytics and agile solutions, ensuring efficient operations and resilience in today's dynamic market conditions. With this in mind, PSA BDP launched Risk Monitor, a digital product designed to provide shippers and consignees with proactive risk monitoring to prepare for and manage the challenges and potential disruptions in today's complex world of international trade. The tool is an add-on feature to Smart Navigator, a digital platform that provides real-time supply chain visibility to customers through sophisticated data analysis. Utilising innovative in-house developed technologies which aggregate data sources, understand risks and map to a company's specific circumstance, Risk Monitor provides immediate real-time visibility for customers to access data relevant to any supply chain threats that are verifiably substantiated or predicted by PSA BDP.

Gaining feedback and insights from customers on these tools has been extremely beneficial as the team made several upgrades to Smart Navigator's capabilities. In addition to ocean shipments, users can now accurately monitor third-party air freight shipments.

SPOTLIGHT ON PARTNERSHIPS

2023 brought several recognitions from esteemed customers to the PSA BDP teams, including awards in excellence for Key Account Management, Individual Performance, Service Provider, and Core Supplier.

The PSA BDP teams in Colombia and Belgium helped to design a custom logistics strategy to transport specialised bulkheads for a hydroelectric plant in Colombia. The turbines were transported in a series of two movements on an Antonov124, the world's largest aircraft, marking the first time this aircraft had arrived in Colombia.

PSA BDP and longtime customer Blueoco / Geckobrands, a leading global retail supplier, partnered on a video success story highlighting how PSA BDP delivers visibility, efficiency, and industry expertise to their supply chain operations. Through cutting-edge Smart Suite technology, streamlined processes and purposeful collaboration, PSA BDP helped Blueoco / Geckobrands expand their global retail supply chain and take their operations to new heights.

As a result of many years of successful partnership, PSA BDP India and International Pvt. Ltd. (Dow India) signed a Memorandum of Understanding for a first-of-its-kind sustainable transport solution in India. Beginning in 2024, PSA BDP will deploy electric trucks for import and export container trucking via PSA Mumbai, PSA Ameya and other terminals to Dow India's facilities. The electric trucks will be powered by PSA Mumbai's Open Access Solar Plant which was commissioned in January 2024.

PSA BDP Italy underwent a stringent audit to achieve the Goods Distribution Practice certification for pharmaceuticals, reinforcing PSA BDP's commitment as a trusted partner, working diligently to ensure the integrity of pharmaceutical products, along with their safe and efficient distribution.

It was another successful series of PSA BDP's Supply Chain Summits held around the world in 2023: Beginning in Houston, followed by Mumbai and Antwerp, with the finale taking place in Singapore. These events were key to positioning the organisation as an industry thought leader. The Summits offered the opportunity to network, exchange ideas, and encourage fruitful conversations between PSA BDP, industry experts, new and prospective customers. Over 1,000 people were in attendance in each of the four sessions that focused on sustainable transport initiatives, sanctions, 4PL partnership and supply chain optimisation.

OUR PEOPLE

Amidst the demands of business priorities, employee engagement remains a key focus within our organisation. We expanded PSA's FISH Culture through learning and development, with 33 sessions around the world presented to nearly 1,000 employees.

2023 also brought about the return of the Employee Development Program to foster leadership, career growth and collaboration, with participants working on projects focused on operational excellence, robotic process automation, products and innovation, DEI (Diversity, Equity and Inclusion) and sustainability.

LOOKING AHEAD

While the future will undoubtedly present both challenges and opportunities, the PSA BDP team remains eager to tackle both as it continually seeks to innovate and develop new products and solutions, strengthen current and create new partnerships, while connecting and empowering trade.

* 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).

** BREEAM - Building Research Establishment Environmental Assessment Method – the world's longest established method of assessing, rating and certifying the sustainability of buildings.

Our Climate Response

At PSA, emissions reduction and climate change adaptation remain a key focus for our business and operations. As a Group, we have set clear and ambitious carbon reduction targets to achieve 50% reduction in Scope 1 and 2 emissions by 2030; 75% reduction by 2040; and net zero by 2050. Guided by the PSA Climate Response Management System, PSA is equipping our business units around the world with relevant tools and knowledge to advance the decarbonisation agenda.

EMBRACING SUSTAINABILITY THROUGH CLEANER ENERGY

Apart from optimising operations to increase energy efficiency, PSA terminals around the world are intensively electrifying or hybridising equipment and shifting towards lower-carbon fuel to reduce Scope 1 emissions. Today, more than 50% of our Rubber Tyred Gantry cranes are hybridised or electrified. Additionally, PSA business units are working towards reducing energy consumption in their business practices and physical premises. Initiatives include replacing traditional halogen lamps with energy-saving LED lights in the terminals and office buildings.

In 2023, we focused on reducing the biggest contributor to Scope 1 emissions – the use of diesel-powered prime movers. Various business units have ordered electric prime movers as part of their replacement program or have already deployed them in their operations. PSA Sines, Baltic Hub in Poland, and PSA Singapore are carrying out trials with electric prime movers to understand how to scale up the use of such equipment while maintaining highly productive operations at our terminals.

Under the Green Straddle Carrier program initiated by PSA Antwerp, MSC PSA European Terminal (MPET) and Antwerp Terminal Services (ATS), four alternative technological pathways are being explored to reduce emissions arising from straddle carriers – hydrogen, biofuel, hybrid (battery-diesel) and full electrification. In the first half of 2023, pilot trials involving the world's first hydrogen dual fuel straddle carrier – developed in cooperation with CMB.TECH – and a fully electric straddle carrier, were launched to evaluate the performance of such equipment in live operations, paving the way towards significant carbon savings. At the same time, Exolgan Container Terminal in Argentina conducted biodiesel trials on a Hybrid Rubber Tyred Gantry crane, an empty container handler and a reach stacker, with very satisfactory results.

Generating or sourcing renewable energy remains critical. In January 2024, PSA Mumbai achieved a major milestone in its emissions reduction journey by becoming India's first 100% renewable-powered container terminal on the commissioning of its 7.8 MW solar farm with O2 Power. The solar farm, which will be expanded to 10 MW by June 2024, will provide over 75% of PSA Mumbai's electricity requirements (based on 2023 consumption). Together with the purchase of the balance of green electricity from Maharashtra State Electricity Distribution Company Limited (MSEDCL) and other suppliers, these efforts will reduce its carbon emissions by a projected 16,000 tonnes annually.

PSA Singapore continues to expand its solar energy capacity by installing solar photovoltaic systems. The company achieved a total system capacity of 9.4 MWp for solar installations across Pasir Panjang and Tuas Port terminals in 2023. In the Middle East, Saudi Global Ports (SGP) launched a proof-of-concept to evaluate the potential of using grid solar power in Saudi Arabia. Rooftop photovoltaic panels were installed to power up to 50kW of cold store consumption through grid solar power. This initiative is expected to significantly reduce the carbon emissions of SGP's cold store operations. New Priok Container Terminal 1 (NPCT1) in Indonesia, PSA Panama International Terminal (PPIT), PSA Genova Pra' and PSA Venice (Venice Container Terminal) are also investing in photovoltaic panels.

The absolute carbon emissions from our terminals in the Northeast Asia region have decreased by nearly 14% since the baseline year of 2019. This significant achievement can be attributed primarily to ongoing efforts in electrification and the transition to renewable energy sources. Notably, at Tianjin Port Pacific International Container Terminal (TPCT), three wind turbines have been operational since the first quarter of 2023.

To complement our efforts in the self-generation of renewable energy, various PSA business units in Europe and the Americas are also procuring renewable electricity from generators and suppliers in the market through power purchase agreements and unbundled energy attribute certificates. In the Americas, PPIT and PSA Penn Terminals (PSA Penn) have switched to 100 percent green energy. PSA Halifax has applied to take part in Nova Scotia's Green Choice Program, which would enable it to purchase up to 100 percent green electricity. In March 2023, Exolgan and Logistics Platforms Investment (ITL Group) acquired an addendum to their renewable energy contract, representing 67 and 58 percent of total energy consumption for each of their respective business units.

STRENGTHENING OUR RESILIENCY

Acknowledging the risks and opportunities of changing climates, PSA ensures the integration of climate considerations into our overall strategy and adapts operations to be resilient to potential climate hazards. PSA International achieved an overall 'B' rating from CDP in 2023, a global organisation that runs the world's leading environmental disclosure system.

In line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), PSA conducted a climate change scenario analysis in 2023 to consider physical and transition risks across all six of TCFD's risk taxonomy – acute, chronic, market, policy/regulatory, technology and reputation. During the year, an assessment of climate-related physical risks was also conducted for PSA Singapore, PSA Antwerp and MPET across two identified time horizons: end of concession and end of design life. In addition, climate-related transition risks were evaluated for two scenarios: SSP1-RCP1.9 (a "Net Zero Scenario" corresponding to 1.5°C warming by 2100 above pre-industrial levels), and SSP5-RCP8.5 (a "Fossil-fuelled Development Scenario" corresponding to >4°C warming) to assess risk materiality to PSA in the future. Understanding the risks and strengthening our operations and infrastructure resilience will remain a key part of PSA's climate response.

GREENING END-TO-END SUPPLY CHAINS

With our global network of ports, terminals, warehouses and flow centres, PSA is in a strong and unique position to empower connected and integrated logistics value chains. We seek to shape the future of logistics by offering innovative and greener intermodal transport solutions to cargo owners, while supporting the long-term transition towards a green and circular economy.

In 2023, PSA launched a Green Finance Framework to better position our corporate entities tapping the green loan and bond markets. The framework guides our entities in the financing or refinancing of new or existing green assets or projects, promoting environmental progress.

We also disclosed PSA's 2022 Scope 3 emissions figures for categories relevant to our business. This disclosure is important in ongoing collaborations with our partners and customers as we collectively strive to minimise carbon emissions throughout the value chain.

In China, Fuzhou Container Terminal (FCT) and PSA Fujian Supply Chain Solutions (PFS) established a strategic partnership with SAIC Motor (SAIC), the largest carmaker in China, to develop and operate one of SAIC's car export port hubs, from which 50% of the exports are electric vehicles. FCT and PFS are also supporting wind turbine manufacturer LM Wind Power in the export of wind blades to Europe.

In July 2023, PSA inaugurated Guangxi Qinzhou Renewable Energy Investment Co., Ltd. in China. A joint venture (JV) between PSA Green, COSCO Shipping (Tianjin) Co., Ltd. and Guangxi Beibu Gulf Luhai New Energy (Under Beibu Gulf Port Group), the company invests in distributed renewable energy projects in the Qinzhou Port area. The JV's first assignment is a 5.46 MW solar energy project.

In India, PSA BDP is collaborating with Dow India to create a zero-emissions green transport corridor in Nhava Sheva by 2024 with the deployment of electric trucks. The trucks will be powered by PSA Mumbai's Open Access Solar Plant, making a zero-emission transportation solution available on the Indian market and providing a sustainable option for customers.

Over in Europe, PSA BDP was appointed the logistics service provider for major electric vehicle (EV) battery manufacturer Automotive Cells Company (ACC) in the Northern France region in April 2023. PSA BDP's Dunkirk warehouse offers excellent intermodal connectivity through sustainable solutions such as electric-powered trucks and barges, and rail transportation to meet ACC's goal of zero emissions and circular supply chains.

PSA Italy launched the Stuttgart Express Rail Service, which extends from PSA Genova Pra' to Stuttgart in Southern Germany to offer a reliable, cost-effective and sustainable alternative to transportation by road. Compared to northern European ports, the Stuttgart Express reduces ocean transit time and carbon emissions for shipments. For example, the fast transit time to connect Southern Germany via Genoa to the Far and Middle East and Mediterranean Ports saves up to seven days of navigation and reduces up to 40% of CO_2 emissions, compared to shipping by truck.

In September, PSA Italy and PSA BDP also launched the first sustainable reefer rail service in Europe via PSA Italy's Southern Express container rail service, which connects Basel in Switzerland with PSA Genova Pra' terminal. The reefer rail service powers the cooling system through a dynamo instead of diesel, offering cargo owners a sustainable way to transport refrigerated cargo between Italy and Central Europe. The modal shift from road to rail can reduce carbon emissions by up to 83% and energy consumption by 49%.

PSA Belgium and Daimler Truck BeLux conducted Belgium's first-ever test drive of a Mercedes-Benz electric truck with container load on public roads in Belgium between PSA terminals in the Port of Antwerp-Bruges in November. Through this initiative, the partners aim to gain valuable insights into the specific equipment requirements for container transport via electric trucks.

PSA Breakbulk launched its first Project Cargo Ecosystem in the Port of Antwerp to bolster the circular business in Antwerp. In addition to facilitating cargo flows, the terminal is embarking on conversion projects to achieve cleaner facilities for energy-producing cargo owners in the vicinity, thereby supporting the area's development into an exemplar of a circular economy.

In Canada, Ashcroft Terminal Ltd. (ATL) and the Vancouver Fraser Port Authority announced a partnership to develop a railcar storage and staging program for transporting Canadian imports and exports. They are working together to improve cargo flows and resiliency while decreasing the carbon footprint of Canadian supply chains.

A joint study was piloted between PSA Singapore, CMA CGM and Sinwa to assess the feasibility of recycling liner waste (such as paper, plastics, and metal cans), with up to 20 cubic metres of material collected from six CMA CGM vessels between October and November.

RECOGNITION FOR EXCEPTIONAL SUSTAINABILITY ACHIEVEMENTS

During the year, various PSA business units were publicly acknowledged for their sustainability efforts.

PSA International was named "Best Sustainable Logistics Enterprise" at the LogiSYM Awards 2023.

PSA Singapore's commitment to sustainability in business practices and operations earned it several awards:

- The "Best Green Container Terminal Award" at the 2023 Asian Freight, Logistics & Supply Chain (AFLAS) Awards;
- The "Institution of Engineers, Singapore (IES) Sustainability Award" and the "ASEAN Outstanding Engineering Achievement Award", for incorporating sustainable and world-class engineering features in the development of its Tuas Maintenance Base;
- The "Best in Future of Industry Ecosystems" award during the IDC AP Events Future Enterprise Awards for its OptETruck solution. This transport management solution uses a resource-matching algorithm and predictive modelling to improve the utilisation of trucks and reduce carbon emissions. The technology has extended its reach into the local haulier community, with multiple companies onboarding OptETruck. This initiative has helped to reduce empty truck trips by over 50%, translating to an annual decrease of about 10 million kilograms of CO2 emissions – equivalent to planting 300,000 trees within a year; and
- The "Digital Achievers (Team) Award" at the Tech Leader Awards 2023 by the Singapore Computer Society for utilising technology to increase operational efficiency, thereby reducing resource consumption.

PSA BDP India received two industry awards for its ambition to create a zero-emissions green transport corridor in Nhava Sheva through the use of electric trucks, including:

- The "Technology and Product Innovation Award" from Chemlog India; and
- The "Supply Chain and Logistics Excellence Award" from CII Institute of Logistics, India.

PSA Incheon received the "Certificate of Excellent ESG SMEs" from the Korea Commission for Corporate Partnership for attaining at least 80% compliance on Environmental, Social and Governance (ESG) indicators.

STRATEGIC PARTNERSHIPS FOR SUPPLY CHAIN RESILIENCE AND DECARBONISATION

At the same time, PSA continues to strongly advocate for greater private-public sector collaboration and collective action across global supply chains. Through strategic partnerships, innovation, and advocacy, we aim to drive positive change and contribute to a more sustainable world.

In 2023, PSA hosted the World Economic Forum (WEF) Supply Chain and Transport (SCT) Governors Meeting in Singapore. We actively engaged with industry leaders to advocate meaningful change in the areas of energy transition while playing an instrumental role in the global port ecosystem and digital technologies. By driving collaboration, we pave the way for resilient and sustainable supply system solutions across key transport nodes and industries.

In addition, we endorsed the Global Maritime Forum's commitment to improve the operational efficiency of vessels by signing an ambition statement for collective action on vessel optimisation strategies. Aligning ourselves with other industry partners, this joint ambition seeks to adopt vessel optimisation strategies, diligently assess their maturity and progress, and bring operational efficiency to the forefront of the shipping agenda.

In support of the clean energy transition, PSA continues to partner with other industry leaders through green corridors, coalitions, and alliances:

- PSA Singapore and Pacific International Lines (PIL) signed a Memorandum of Understanding (MOU) to

jointly develop sustainable solutions to cut carbon emissions and optimise maritime efficiency. The collaboration includes developing a set of low-carbon emissions routes for containers shipped by PIL between PSA Singapore and other connecting ports;
- PSA participates actively as a member of the New Energies Coalition led by CMA CGM. The coalition aims to leverage cross-industry cooperation to explore and develop innovative technologies and energy solutions to decarbonise transport and logistics activities;
- As part of the Singapore-Rotterdam Green and Digital Corridor, PSA, together with the other partners, is aligned with targets set out in the revised International Maritime Organisation (IMO) Strategy on Reduction of GHG Emissions from ships;
- PSA also supports the collective vision of the Silk Alliance. We are involved in defining corridor boundaries and selecting suitable fuel pathways to scale and finance;
- In China, PSA is one of 42 founding members of the Global Sustainable Transport Innovation Alliance (GSTIA). Other members include land, marine and air transportation organisations from China and globally.

HARNESSING DATA FOR SUSTAINABLE SUPPLY CHAINS

Collaboration between stakeholders will be the driving force for sustainable supply chains, with digital and data collaboration as the foundation to achieve supply chain resilience and sustainability.

We are a founding member of the Global Shipping Business Network (GSBN), a not-for-profit organisation that manages a secure and trusted data exchange platform to power global shipping trade. In 2023, GSBN was awarded "Best in Future of Industry Ecosystems" at the IDC Future Enterprise Awards for Hong Kong. The award acknowledges GSBN's commitment towards efficient digital trade and fraud risk management, while making transportation safer and more sustainable.

SGTraDex, which includes PSA as a founding member along with other organisations such as banks and government agencies in Singapore, was set up to encourage the adoption of digital solutions and foster data connectivity. In July 2023, SGTraDex and PSA, together with industry representatives and trade associations – including CargoERP, Innosys, Keyfields, Haulio, Container Depot and Logistics Association (Singapore), Singapore Logistics Association (SLA) and Singapore Transport Association (STA) – reaffirmed our partnership in an MOU on Digital Collaboration for Logistics Innovation. The MOU aims to create a greener, more efficient and standardised supply chain ecosystem through joint development of industry tools and applications for increased visibility and traceability of cargo and asset movements.

DRIVING SUSTAINABLE PRACTICES FROM GROUND UP

While PSA progresses on its sustainability journey, we believe that every employee can contribute towards positive environmental and social change and foster a culture of eco-consciousness throughout the organisation.

In Singapore, PSA Marine's Gerické Rooftop Farm received the prestigious "Top 50 CIB (Community in Bloom) Garden" award from the National Parks Board Singapore for fostering a sense of pride and encouraging the community's gardening endeavours.

One of Baltic Hub's more interesting staff initiatives is the rearing of bees on top of its administration building. Beekeeping encourages the preservation of natural habitats and contributes to food biodiversity. Natural honey produced by the bees is packaged as gifts to customers or as prizes for staff competitions.

In September 2023, during PSA's annual Go Green campaign, employees Group-wide initiated a series of sustainability-focused activities which included clothes donation drives, carpooling days, green webinars, port clean-ups, tree planting, waste upcycling workshops, and even vegetarian-diet days.

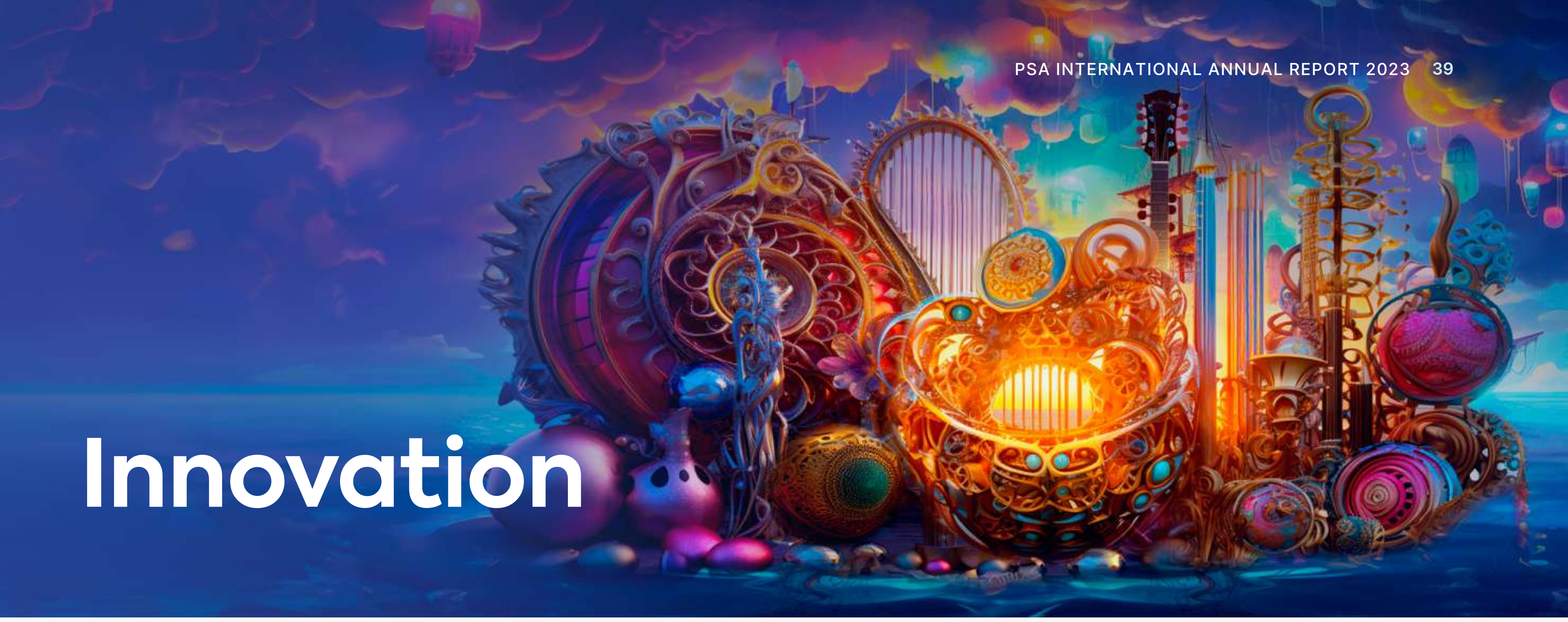
PSA International hosted an Eco Pop-up Fair at Group Headquarters, collaborating with local vendors to showcase eco-friendly food and products. We also partnered with the Embassy of Argentina in Singapore and contributed SGD80,000 towards artist paintings of three 20-foot containers at Pasir Panjang Linear Park, featuring green amenities like solar panels.

PSA Antwerp, ATS and MPET held a tree planting event with approximately 2,000 trees in the Schop forest in Putte, near the city of Mechelen. Exolgan Container Terminal (ECT) staff members planted 50 native trees in the 350-hectare Costanera Sur Ecological Reserve in Buenos Aires.

SGP in Saudi Arabia raised staff awareness on reduce-reuse-recycle initiatives. Notably, the terminal started a campaign to reduce the use of plastic bottles in the office. It also worked with Tadweer to compost food waste generated at the SGP residence, which was subsequently put to good use during the terminal's Tree Planting Day.

In addition to beach cleaning in Gdańsk's Stogi, Baltic Hub converted old banners into bags for distribution to Baltic Hub employees.

Sustainable business operations are imperative for companies striving for long-term success in the modern era. At PSA, we attempt to integrate sustainable practices into our core port businesses and supply chain solutions, while fostering a company culture that values environmental and social responsibility. By aligning our efforts, we hope to contribute to a healthier planet, resilient economies, and a more equitable society.



Innovation

PSA emphasises the importance of fostering a robust corporate culture that champions inclusivity, diversity and innovation as fundamental elements for our sustained competitiveness and growth. We promote positive conduct by embracing our FISH! Principles of *Be There*, *Make Their Day*, *Choose Your Attitude*, and *Play*; along with the FISH+ principles which encompass *Stretch*, *Support*, *Self-Discipline*, and *Trust*. These principles collectively cultivate a 'Smell of the Place' where employees are empowered to think creatively, share ideas and enjoy the freedom to innovate – in pursuit of the accomplishment of our organisational objectives.

OUR INNOVATION VISION

Our innovation framework, INNOVISION@PSA, is founded on the belief that every PSA employee possesses the innovation DNA within them which shapes their mindset and identity.

Our mindset is tuned to the principles of *Daring to innovate*; *Never stop trying*; and *Accepting failure as learning*, and we identify ourselves with *Driving excellence and value*; *Nurturing an innovative mindset*; and being *Acknowledged as a global champion*.

Our continual efforts to nurture a DNA mindset have seen success, as an INNOVISION@PSA Groupwide survey in 2023 highlighted the importance employees placed on innovation. The survey also testified to strong leadership support, which allowed employees to trial or implement creative ideas to improve organisational or business objectives.

INSPIRING INNOVATION

PSA's Group Innovation Webcast 2023 was hosted live from Singapore and Saudi Arabia and streamed to a 700-strong global PSA audience. During the event, our leaders discussed the Group's flourishing innovation culture, outlined ongoing strategies to nurture innovation, and highlighted innovation accomplishments and the crucial role of innovation as a distinguishing leadership factor.

The webcast also included an invigorating video to celebrate innovations from PSA business units, featured perspectives from PSA's innovation catalysts to inspire greater participation, and made recommendations to further champion innovation at our workplaces.

CELEBRATING INNOVATORS WITHIN PSA

The annual Kua Hong Pak Innovation Awards (KHPIA) is a testament to the ingenuity and resourcefulness of PSA innovators. The Awards is dedicated to honouring staff who not only conceive innovative ideas but are also able to translate them into impactful actions – driving forward the spirit of innovation in PSA.

Entering its 11th year, the KHPIA received a record-breaking 682 submissions from 56 PSA business and functional units. This is a 24 percent surge from the previous year, showcasing the growing enthusiasm and commitment to innovation within the PSA community.

Spanning six distinct tracks – Cargo Solutions; Climate

Response; Engineering; Finance, HR and IT; Health, Safety, Security; and Operations – these projects addressed day-to-day and strategic challenges in port and supply chain management. The quality and diversity of the submissions reinforced our culture of innovation.

At the heart of facilitating a dynamic exchange of knowledge and ideas across PSA's global business units is iCAN, our innovation portal. Introduced in 2016, iCAN, a digital platform, has rapidly expanded its membership to surpass 15,000 individuals and generated over 800 ideas in 2023. We recognise the most outstanding contributors on this collaborative platform annually, rewarding their enthusiasm and contributions in propelling forward PSA's innovation culture.

HARNESSING DATA FOR BUSINESS SUCCESS

In the era of digital transformation, data plays an increasingly pivotal role in shaping the futures of organisations. In 2023, we organised the fourth installment of the PSA Global Data Story Challenge under the theme "*Infinite Data, Infinite Solutions*"; which highlighted the numerous ways in which data can drive innovation, solve problems and bring advancements to the business. For this challenge, winning teams presented innovative solutions to bring about bunker savings, reduce carbon emissions, enhance traffic flow in terminals, among others.

FOSTERING INNOVATION

In alignment with INNOVISION@PSA objectives and to encourage employee participation, PSA allocates an annual budget of USD1 million through its Group Innovation Fund to facilitate the experimentation of novel ideas and testbedding of new technologies. This Fund also motivates business units to embrace innovative solutions that have demonstrated success in other parts of the organisation.

Funded projects include the development of OptETruck, a digital solution to advance the digitalisation and decarbonisation of Singapore’s haulier sector; application of artificial intelligence for civil infrastructure inspection; and utilisation of augmented reality for document verification.

The PSA Group Intellectual Property Committee is responsible for safeguarding inventions through patents and registered designs. Currently, we have 18 patents and 13 registered designs.

For some years, PSA’s in-house developed Catfish Innovation workshop has provided practical resources and knowledge to stimulate workplace innovation. In 2023, we added an e-learning module using the FUEL (Free, Unleash, Evolve, Lead and Learn) framework, to encourage PSA Group employees to cultivate the mindset of innovation in themselves and their teams. The module explores the types of motivation required to effectively sustain innovation in the workplace.

AUTOMATING TOWARDS A SMARTER WORKFORCE

PSA adopted Robotic Process Automation (RPA) in 2018 as an initiative to develop an intelligent workforce. In 2023, we successfully completed 172 RPA projects, realising record savings of 49 man-years.

We also introduced the Robofish RPA E-learning program which some 3,080 staff across global business units have completed. Practical RPA capabilities were imparted to the staff through other in-house programs such as Imparting Process Automation Competency Training (IMPACT) and RPA Bootcamp, where participants were trained to develop RPA programs without software coding. An RPA Gym was also organised for 41 experts and developers to deepen their RPA skills through technical sharing.

Chapter 5

Jazzing It Up with FISH

Jazz musicians are renowned for their distinct sound and style. Their improvisational spirit transforms familiar melodies into fresh and unique interpretations. Similarly, our teams, fueled by our vibrant culture of FISH and its guiding principles, celebrate diversity, the courage to experiment and the freedom to reach our individual potentials for the betterment of self and community.

Our People

At PSA, we believe in developing our people to their full potential. We value the diversity of our 55,000-strong global workforce and provide development and career opportunities across the globe. PSA's shared vision and goals, along with our common FISH language and culture, align our people across business units globally to foster a One PSA Team.

Under PSA's Global Organisation Development (OD) Movement, a company-wide OD initiative was developed to champion the uplifting of future-ready human capital capabilities and mindsets. With top-down and ground-up efforts steered by a council – represented by diverse functions and regions and chaired by the Group Head of Human Resource and Group Head of Technology – we continued to implement OD and learning initiatives in 2023. These served to grow our leadership pipeline, strengthen PSA's corporate culture and enhance the well-being and development of our people; fuelling a high-engagement and high-performance workplace for sustainable business performance and success.

DEVELOPING GLOBAL LEADERS AND TALENTS

Global Management Associate Program (GMAP)

PSA launched the GMAP for global talent attraction and retention. The program aims to expand our young talent pipeline, reaching out to diverse backgrounds and nationalities with fast-track career development opportunities, paving the way for them to become globally savvy executives.

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 geographies, business functions and cultural settings. Mentored assignments with "stretch" goals, combining physical and hybrid modes, serve to accelerate the development of STRIDE participants.

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 the business. The engaging two-part program comprises a self-learning phase, which is conducted in a hybrid format using lectures, virtual learning modules and peer learning; and an in-person segment, where participants gather at the Singapore headquarters to network as well as share ideas and perspectives with senior leaders, subject matter experts and fellow participants.

TalentTech 4.0

The TalentTech 4.0 platform empowers employees to take greater ownership of their skills and career development. Powered by AI and machine learning, the platform hosts a marketplace where staff, based on their learning and development aspirations, are matched to collaboration and mentorship opportunities offered by colleagues from a plethora of teams and business units; and in turn invite others to take up their mini-projects and mentorship. The initiative multiplies staff-to-staff connections and harnesses diversity across the organisation. In addition, TalentTech 4.0 is integrated with a Udemy Business library of courses, empowering staff to pursue self-directed learning.

OUR THRIVING FISH CULTURE

We continued to cascade and reinforce PSA's FISH culture across our organisation. Amongst the many signature programs developed and facilitated in-house were: LeaderFish+ for leadership development grounded in the FISH principles; Jellyfish for change management; Catfish for innovation; Kingfisher for presentations and communication; Greenfish for sustainability; Fish Recharge for mental wellness and progressive work practices; Anglerfish for global recruitment best practices; and Rabbitfish for facilitation skills. In addition, our in-house Tao of Coaching program also imparts practical coaching and mentoring tools to leaders and managers.

For enhanced outreach and awareness building, the Career Compass Series of email newsletters regularly shares approaches to achieving work-life harmony by building stronger teams and relationships, and how leaders can create better workplaces for employee wellness. In addition, daily touchpoints to reinforce our positive culture of FISH include the FISHapp and FISH365 email plug-in, which empower our people to send messages of appreciation to one another for exhibiting the FISH principles and making a positive difference. These culminate in the Alongside FISH Honour awards which recognise role models with the greatest number of Fishes.

FEELING THE PULSE

As PSA continues its transformation journey, employee feedback through the biennial Global Employee Opinion Poll (EOP) is a key channel to measure organisational effectiveness and provide insights to shape strategies for sustainable growth. Last year, our EOP was conducted for a record 25,000 participants from 26 business units globally. Participation rates remained high at above 90 percent, demonstrating strong employee engagement across several EOP runs amidst an ever-expanding PSA family, which included the onboarding of new business units. FISH also continues to be voted as one of the best corporate initiatives Group-wide.

PSA AMONGST WORLD'S BEST EMPLOYERS

PSA was honoured to be named among TIME's "World's Best Companies of 2023", Universum's "Most Attractive Employers 2023 (Singapore)" and The Straits Times' "Singapore's Best Employers 2023". We are grateful for these accolades that affirm our Great Workplace as we continue to develop our people practices, learning and development programs; as well as engagement with young and mid-career talents in jobseeker communities, through PSA's social media platforms and partnerships with institutes of higher learning.

Learning and Development

At PSA, learning remains a cornerstone of building an agile and resilient workforce – essential for business growth and transformation. It is also a testimony of PSA's commitment towards developing our people, to ensure their skills and knowledge remain relevant in a fast-changing world.

PSA University (PSAU), the PSA Group's global training arm, stays the course in pushing through initiatives to drive learning and build organisational capabilities, in partnership with internal and external stakeholders.

STRATEGIC INITIATIVES TOWARDS SKILLS ENHANCEMENT AND TRANSFORMATIVE LEARNING

Technology, automation and digitalisation are integral parts of PSA's businesses. Ensuring that our people have the skills to operate in an automated and digitalised environment, a new Digital Skills Academy (DSA) was set up under PSAU. The Academy seeks to grow the digital skills and knowledge of our employees, enabling them to navigate the increasingly digitally complex and sophisticated environment. This is achieved through implementing data and technology competency frameworks and training initiatives, aimed at fortifying the foundational capabilities of the workforce, as well as strengthening the functional expertise of our IT professionals to lead digital transformations.

In January 2024, PSAU Antwerp Campus officially launched its new University Floor at PSA Belgium's headquarters in Antwerp. The state-of-the-art facility marked yet another of PSA Group's commitment to levelling up our training capability in the Europe, Mediterranean and Americas region and providing an enriched learning experience for our employees. With the latest tools, technologies and resources including a library, the multi-functional area is designed to cater to the diverse learning preferences of individuals and enable training to be conducted in-person, online or in a hybrid format. The collaborative design will serve not only as a learning hub but also as an inspirational space for networking and ideas generation.

BOLSTERING CAPABILITIES AND UPSKILLING THROUGH PARTNERSHIPS

In 2023, PSA International signed a new Memorandum of Understanding (MOU) with the Singapore Institute of Technology (SIT) to co-create upskilling programs. The MOU will also open doors for closer collaboration between the two organisations in the areas of internships, attachments, innovation projects and research.

One program arising from the MOU is the PSA-SIT Cybersecurity training. As information technology has become a key business enabler, cybersecurity is critical in ensuring business continuity and reliability. The Cybersecurity training is developed to deepen the know-how of our IT professionals, so that they are able to advise our staff on the risks and steps that they can take to safeguard IT systems. The first training batch saw the graduation of over 10 IT professionals in July 2023.

During the year, PSA celebrated the graduation of the third cohort of Work Study Diploma in Port Automation Technology. A training collaboration with the Institute of Technical Education (ITE), the program seeks to equip trainees with the skills and knowledge to perform and supervise maintenance and repair of various automated port equipment and systems. To-date, 40 employees have graduated from the program.

Over at PSAU's Antwerp Campus, we have also partnered the esteemed Vlerick Business School to design and roll out an online learning program to hone the strategic thinking and financial acumen of our young talent in the region. This is one of the many initiatives which PSA embarks on to groom our people at various levels to help them realise their fullest potential.

EMPOWERING SELF-DIRECTED AND PERSONALISED LEARNING

To encourage employees to stay ahead of emerging trends and take greater ownership of their own professional and personal development, PSAU launched Udemy Business to a pilot group of employees globally.

Employees are able to access Udemy Business' library, to pursue self-directed courses at their own time and pace. For more personalised and target learning, Udemy Business is also integrated with TalentTech 4.0, an internal talent system where employees can seek out learning and development opportunities through training and gig assignments, as well as receive a boost from AI-enabled learning recommendations that align with individual learning needs and career aspirations.

CONTINUOUS LEARNING IS KEY TO THRIVING IN A CHANGING WORLD

Today, learning takes many forms and is not confined to the classroom. With improved technology and increased digitalisation, online and bite-sized learning have become key approaches in the way our employees learn.

PSAU campuses in Singapore and Antwerp continued to organise webinars and online learning events, to equip employees on the latest organisational, industry and technological trends and developments. These were rolled out throughout the year, including during Summer and Winter camps. PSAU also teamed up with Group Human Resources to roll out a series of career-themed webinars to support our employees in their career development.

In line with PSA's culture of FISH, our goal is to forge a learning culture where employees *choose their attitude* to be curious and motivated to learn, *be there* by sharing experience and feedback, *make someone's day* by collaborating and learning alongside each other, and *play* to adapt, improve and innovate for business success. We are committed to empowering our workforce through ongoing learning and development initiatives, to cultivate an agile and resilient workforce which stands ready to navigate change, seize opportunities and maintain a competitive edge both personally and professionally.

Community Relations

In 2023, we continued to do our part towards nurturing a more connected and sustainable world, with PSA employees Group-wide actively contributing to and driving positive transformation within the communities we operate.

NURTURING THE HEARTBEAT OF COMMUNITY

It was a fulfilling year for the PSA Health@Home (H@H) team in Singapore as our 600 staff volunteers reconnected with partners and beneficiaries through monthly volunteering activities. Our team also set out to expand the value proposition of H@H by *Co-Creating, Cultivating* and *Collaborating* with our stakeholders and industry partners, multiplying philanthropic efforts. During the year, H@H volunteers, together with our local partners, distributed food to seniors at the Thye Hua Kwan Moral Charities Active Ageing Centre and celebrated Christmas with HCA Hospice Care residents. On another occasion, PSA Singapore, PSA Marine, and CrimsonLogic employees came together to set up more than 20 stalls at the PSA Charity Fair, offering a variety of food and fun activities. The event raised SGD40,000 to help over 3,600 patients at HCA Hospice.

Additionally, PSA Singapore teamed up with like-minded partners such as CMA CGM and ONE to organise activities; including packing and distributing food to senior beneficiaries from the Thye Hua Kwan Moral Charities Active Ageing Centre; and celebrating Christmas with HCA Hospice residents. In mid-2023, PSA's staff and partners came together during the annual PSA Golf Invitational, raising SGD70,000 for Stroke Support Station - S3, one of PSA's partner beneficiaries. The amount went towards supporting stroke survivors and caregivers. Separately, PSA Singapore also collaborated with the Agency for Integrated Care (AIC) in the areas of mental wellness and caregiver support.

PSA International made contributions of SGD20,000 towards ONERHT Foundation, in support of their impactful programs addressing diverse community needs and assistance to over 30 charitable organisations. We also donated to the Lee Hsien Loong Charity Golf Tournament, a fundraiser to help underprivileged families through education and financial assistance schemes; and Assisi Hospice, an organisation that aids the sick and vulnerable.

In other parts of Asia, our terminals continued to play an active role in the local community.

In Thailand, Eastern Sea Laem Chabang Terminal furnished solar-powered lights to a local home for disabled persons. LCB Container Terminal 1 donated essentials, and improved conditions at Bang Wang Kor School and Father Ray Foundation. New Priok Container Terminal 1 (NPCT1) in Indonesia distributed cattle to three communities for Hari Raya Qurban. Additionally, the terminal donated goodie bags to 150 children to celebrate Indonesia's Independence Day.

Over in Northeast Asia, Incheon Container Terminal (ICT), Pusan Newport International Terminal, and HMM PSA New-Port Terminal in South Korea jointly contributed

KRW13 million (SGD13,200) to the Korean Association for Children with Leukemia and Cancer. In addition to the funds raised by the companies, employees also participated by donating an additional KRW1,189,890 (SGD1,200) through the collection of coins in over 70 piggy banks. LYG-PSA Container Terminal in China, together with Lianyungang Customs, visited a local primary school and donated stationary items to the children.

In Saudi Arabia, Saudi Global Ports (SGP) was the official logistics sponsor for the Saudi Food Bank in the month of Ramadan, and also participated in regular volunteering sessions. The terminal donated SAR 100,000 (SGD35,990), and over 80 SGP staff helped to pack 400 food boxes and 150 bags of fruits and vegetables for low income families during Ramadan and the Haj season. SGP also partnered with several organisations to initiate a recycling drive which offered its staff the opportunity to contribute pre-loved items and electronic waste (e-waste). All proceeds from e-waste sales were donated to Joud Charity and Irgah Charity. In India, PSA Ameya donated INR550,000 (SGD8,866) to the Jai Vakeel Foundation which supports children with intellectual disabilities; and INR1,000,000 (SGD16,120) to the Malaria Free project. The company also donated a school bus, equipment and supplies to schools. During the year, staff participated in a blood donation drive during PSA Ameya's Safety Week.

Over in PSA Europe, Mediterranean, and the Americas (EMA), more than 400 colleagues participated in Moving for Charity, the region's annual charity fortnight. Themed "Moving Around the Clock, Alongside", participants competed in teams of up to six people across the region to achieve exercise targets while pledging funds to local charities and causes.

In Belgium, MSC PSA European Terminal (MPET) raised EUR5,600 (SGD8,100) through the sale of scrap iron and donated the funds to HOPE Benefit, a non-profit that provides aid for individuals facing adversaries. The year also marked two decades of collaboration between PSA Breakbulk and Stroom Maatwerk vzw, a non-profit providing employment opportunities. During the Flemish Port Day, PSA Antwerp and PSA Zeebrugge opened their doors to visitors, educating the public on port operations and innovations. Towards the end of 2023, PSA Belgium expressed gratitude to truckers on the Day of the Trucker by providing breakfast to those visiting the terminal.

PSA Sines in Portugal provided financial assistance to Intervir, a local association that helps women who have fallen victim to domestic violence, and also offers psychological support to their children. The terminal also raised funds for Associação Caboverdeana de Sines, an organisation that assists immigrant children with integration; and Cercisiago, which cares for individuals with disabilities. PSA Sines organised a bake sale for Missão Coragem, with proceeds going towards supporting women with breast cancer. It participated in the November Blue Initiative, raising awareness of prostate cancer through foosball table rentals, with proceeds going towards the local oncological centre of Hospital do Litoral Alentejano. During the year, PSA Sines also donated equipment to several institutions including the Santo André Fire Department and Icresci, the sole children's clinic in the region providing specialised autism detection services. In December, it donated 50 solidarity hampers to local families. The terminal also provided gifts and Christmas dinners to Mãe Sol, a local institution that supports teenage mothers and their children; and Lar Âncora, which shelters young boys who have been removed from their families.

In Poland, Baltic Hub employees and their families, together with other atheletes and volunteers, raised PLN33,346 (SGD11,100) for the Pomeranian Hospice in Gdańsk by running and cycling in the Relay of Hope event in May 2023. During the summer, Baltic Hub also sponsored the Community Library of the Przyjazne Pomorze Association and collaborated with the Port Authority of Gdańsk to organise summer attractions for the Stogi neighbourhood, such as outdoor movie screenings, windsurfing, paddle boarding and sailing. During the year end season, the terminal sponsored a Christmas tree for the city, lit by Baltic Hub representatives and the Mayor of the City of Gdańsk.

Over in Italy, PSA Genova Pra' and PSA Sech continued to provide financial support to various organisations in and around Genoa. These included Porto Dei Piccoli Onlus (No Child Left Behind), which organises entertainment for hospitalised child patients; AMRI Association which aids children with rheumatic diseases; Music for Peace, which delivers food and medicine to the underprivileged around the port district; and ANGSA, an institution that advocates for individuals with autism. In December 2023, PSA Genova Pra' donated EUR2,500 (SGD3,600) to Marevivo, an environmental foundation recognised by the Italian Ministry of the Environment and Energy. Marevivo has over 35 years of experience in protecting ocean resources.

In May 2023, PSA Venice donated EUR2,500 (SGD3,600) to Casa Nazareth, an organisation providing after-school care for children in need. PSA Venice also partnered with the Reyer Venezia professional basketball team to provide financial support and organise youth initiatives.

During the year, Mersin International Port (MIP) in Türkiye collaborated with the Mersin Journalists Association to host a ball celebrating Working Journalists' Day. During Ramadan, the terminal distributed grocery shopping cards to the needy in the surrounding neighbourhoods. MIP also organised its annual occupational safety-themed art competition for employees' children, awarding certificates to winners selected by the jury.

Over in the Americas, PSA Panama International Terminal (PPIT) extended aid to the Koskuna community in Veracruz, donating 150 bags containing food, toys, and clothes to the underprivileged. The terminal also provided needed supplies to Santo Tomas Hospital and two foundations: Nueva Vida, which aids the elderly; and Fundación Monica Licona, which promotes road safety. In September 2023, about 150 colleagues and their families took part in the Relay for Life event to raise funds for Fundación Amigos de Niños con Leucemia y Cáncer (Fanlyc), a non-profit organisation that provides support for the treatment of children diagnosed with cancer.

In Argentina, International Trade Logistics (ITL) in Argentina donated 3,000 units of cleaning supplies and 2,700 kilograms of food each month to 11 community canteens. This initiative aimed to bolster the provision of meals for underprivileged residents in neighbouring areas. The terminal also sponsored gifts for three children through the Make-A-Wish Foundation and distributed 6,500 toys to non-governmental organisations and community centres for Dia de los Reyes (Kings' Day) and Children's Day. In addition, it established the Punta Pata dog kennel with 24/7 veterinary service to address stray canine populations around its facilities. Embracing the spirit of giving during the year end season, ITL distributed 3,600 Christmas baskets to families in the neighbourhood and hosted a party at the neighbourhood community centre for some 2,000 children, many of whom were underprivileged.

Up north in Canada, PSA Halifax contributed to several fundraising golf events, including CAD4,000 (SGD4,000) for the Halifax Employers Association's annual Hope Cottage Charity Golf Event; and CAD9,000 (SGD9,000) for the Mental Health Association of Nova Scotia. Additionally, as a Gold Sponsor of the Annual Brunswick Street Mission Breakfast, PSA Halifax contributed CAD5,000 (SGD5,000) in support of initiatives to assist homeless and low-income individuals. To conclude the year, the company contributed CAD2,000 (SGD2,000) towards the Annual Car Rally organised by Missions to Seafarers, an organisation that provides support to men and women working at sea.

Ashcroft Terminal (ATL) organised six 'Soups On' events, providing meals to those in need. During the year end season, the terminal participated in the annual Ashcroft Santa Parade by building a festive float and distributing candy to children. It also organised a 'Skate with Santa' event, featuring appearances by popular Christmas characters. ATL donated toys to the Ashcroft Community and distributed Christmas Hampers filled with food for underprivileged local families.

Over in the USA, PSA Penn Terminals (Penn) hosted its first Family Fun Day. Gathering more than 200 colleagues, members of the International Brotherhood of Boilermakers Union, and their families, the event provided a lively platform to help foster a strong sense of community. The terminal also partnered with the Boilermakers Union and contributed to a Holiday Donation Drive, collecting toys and children's and women's clothing, which were then presented to the Hunt's Haven Women's Shelter in Pennsylvania. Separately, PSA Penn in collaboration with an industry partner, contributed USD2,500 (SGD3,330) to the non-profit organisation Wreaths Across America, commemorating fallen soldiers by laying wreaths upon their graves.

The PSA BDP Cares program has initiated over 50 giveback events including book drives, clothing donation drives, community clean-ups, holiday supply campaigns and volunteer events.

RESPONDING WITH COMPASSION IN TIMES OF CRISES

Following the devastating earthquake that struck Türkiye in February 2023, PSA business units and employees in the EMA region came together in a unified effort to offer assistance and support, raising a total sum of USD98,000 (SGD130,030) through various initiatives. MIP and PSA BDP Türkiye provided humanitarian aid and critical equipment to help in search and rescue efforts. MIP also provided additional support in port services, facilitated the movement of essential goods to the affected region, and gave priority to trucks and ships transporting aid.

In Portugal, PSA Sines raised funds and gathered supplies for victims. A PSA Sines employee, accompanied by a search and rescue dog, travelled to the affected region in Türkiye and successfully rescued a woman from the wreckage. Over in Panama, PPIT generated funds by selling snacks. The terminal further amplified community contributions by matching each dollar donated into its donation box with an additional two dollars.

Through PSA BDP Cares fundraising initiatives, the team contributed USD91,128 to relief efforts in Türkiye and Morocco.

FOSTERING GROWTH IN LEARNING

At PSA, we firmly believe that continual learning is fundamental to achieving success. In 2023, we remained committed to supporting industry and educational initiatives aimed at fostering growth and development.

PSA Singapore continued to provide financial assistance to Singaporean students from lower income families through the Howe Yoon Chong (HYC) PSA scholarship. We awarded scholarships to 37 deserving students in 2023, bringing the total number of beneficiaries to 381 since the HYC scholarship program was incepted in 2008.

During the year, PSA contributed a sum of SGD130,000 towards sponsorships of industry conferences. These included the Institute of Policy Studies' Conference, dedicated to illuminating public policy issues and fostering societal dialogue; and the Singapore Regional Business Forum, a premier platform convening top leaders to delve into policy development, economic strategies, as well as vital topics such as regional collaboration, sustainability opportunities, digitalisation, and the evolving landscape of human capital.

NPCT1 in Indonesia spearheaded a joint initiative with PELINDO subsidiaries, sponsoring digital skills training for young individuals in the Kalibaru area. In India, PSA Mumbai organised career counselling for school-going children and rewarded outstanding secondary school students with a celebratory event, while PSA Ameya provided safety training to school children.

In June, PSA Belgium honoured a student at Karel de Grote Hogeschool in Antwerp with the PSA Award 2023. The PSA Award has been presented to outstanding Bachelor Supply Chain Management students at the school since the 1970s. Separately, Antwerp Terminal Services (ATS) hosted youths at MPET for an interactive workshop, to introduce the scope of work carried out by port engineers and technicians. The activity was part of their 'Repair Teens' community project that encourages teenagers to study Science, Technology, Engineering and Math (STEM), to open up career opportunities for them in future.

MIP also signed an agreement to sponsor the construction of a primary school in the Yenişehir District of Mersin. The initiative is in collaboration with the Mersin Governorship and the Provincial Directorate of National Education. In Poland, Baltic Hub distributed PLN250,000 (SGD83,170) between seven winners of the Busole Grant Program, which is in its second edition. The winners will use the funds for projects related to environmental protection, education, local history and the prevention of exclusion of specific social groups.

ITL in Argentina contributed funds to the Buenos Aires Municipal Government to support scholarships and training. It also contributed monthly funds to support neighbourhood voluntary firefighters. In Canada, Ashcroft Terminal donated CAD2,500 (SGD2,500) to the Desert Sandy Community School, to provide bursaries for high school students who are pursuing a career in the skilled trades. The terminal also contributed CAD750 (SGD750) to replace the welding machine in the school so that students could continue to practise their welding skills.

CULTIVATING THE ARTS, CULTURE AND SPORTS

In support of the performing arts, PSA donated SGD10,000 each to the Singapore Chinese Orchestra and Wild Rice Singapore, a non-profit organisation dedicated to fostering a vibrant local theatre scene. PSA also sponsored SGD150,000 towards "Now is Not the Time", an immersive art exhibition commemorating the life and legacy of Singapore's first Prime Minister, the late Mr Lee Kuan Yew, on his 100th birthday.

PSA Belgium continued their support for Tutti Fratelli, an Antwerp-based social and artistic workshop which works with disadvantaged groups. On top of a donation of EUR5,000 (SGD7,340) to help the organisation fund a new facility, PSA Belgium also engaged Tutti Fratelli for a special performance at Antwerp's Royal Museum of Fine Arts (KMSKA), held in honour of 250 staff who retired in 2023 or had achieved 25 or more years at PSA.

Throughout 2023, colleagues from PSA Belgium, MPET and ATS donated a total of EUR30,000 (SGD43,370) to the Antwerp City Pirates, a social soccer project for youths. In addition to supporting various initiatives, such as providing school supplies, digital classes and tutoring efforts, more than 130 PSA Belgium staff participated in the Antwerp 10 Miles, an annual running event, alongside 21 young members of the Antwerp City Pirates. To strengthen community bonds, PSA Belgium also sponsored the annual PSA Cup in May, uniting teams across the Port of Antwerp for a friendly football tournament. MPET played a pivotal role as a Gold Partner of Levensloop Beveren, a 24-hour relay race. This major event is dedicated to the fight against cancer.

In Türkiye, MIP reaffirmed its sponsorship of the annual Mersin International Music Festival. It also signed a renovation protocol with the Mersin Governorship, supporting the refurbishment of the Yeni Mersin Idman Yurdu Football Club facilities. The project aims to encourage young people in Mersin to participate in sports. Additionally, MIP sponsored the inaugural International Mediterranean Water Sports Festival in Mersin in November.

PSA Sines extended its support to the Litoral em Cena Theatre. The theatre actively stages performances across the Sines region, effectively enriching cultural experiences in the smaller cities. The terminal also took part in SinesCorre+, a local race to raise funds for sports scholarships for underprivileged children. It also supported the local BSA PSA Santo André basketball club, promoting sports among children.

PSA Genova Pra' and PSA Sech in Italy contributed financially to Amici della Lanterna, an organisation charged with preserving the Genoa Lighthouse – Europe's tallest and oldest lighthouse in the Port of Genoa; as well as the Stelle Nello Sport, an association that promotes the educational and socio-cultural aspects of sports in the region of Liguria.

Over in Canada, ATL supported the annual Skip's Run fundraiser, an annual race in the Village of Ashcroft where proceeds are directed back to the community and its local causes. It also contributed financially towards Desert Daze, an annual festival connecting local artists, musicians and educators.

AFFIRMATIONS OF OUR COMMITMENT TO COMMUNITY

In 2023, we were honoured to receive accolades, acknowledging PSA's commitment towards fulfilling its corporate social responsibility (CSR) objectives.

PSA Singapore received AIC's Friends of Community

Care Award under the Large Enterprise Corporate Category, for its role in growing the community care sector in Singapore. As an additional endorsement of its efforts, the company was approached by the National Volunteer & Philanthropic Centre to serve as a case study in philanthropy and corporate volunteerism. This opportunity will allow other companies to gain insights into its CSR journey and initiatives.

During the year, PSA Singapore and PSA Marine also received the Maritime and Port Authority of Singapore's MaritimeSG Care Award in recognition of their collective efforts and outstanding contributions in the fight against the COVID-19 pandemic.

Three community gardens, part of the "PSA Singapore in Bloom" Program, reaped recognition from the National Parks Board's "Community in Bloom" (CIB) Awards which celebrate excellence in gardening initiatives. PSA Singapore's PATIO@PPTB3 and Botanicals Sky @ MB gardens, as well as PSA Marine's Gerické Rooftop Farm, received the "Top 50 CIB Garden" Award.

At the 2023 Patron of the Arts Awards, PSA International was named a Friend of the Arts by the Singapore National Arts Council, in recognition of our support for the development of the local arts and cultural scene.

In South Korea, ICT earned certification as a Family-Friendly Company from the Ministry of Gender Equality and Family. This is awarded to companies excelling in family-friendly programs, including support for parenting and flexible work systems.

At the 24th edition of the prestigious Gryf Gospodarczy 2023 (Economic Griffin Awards) in Poland, Baltic Hub proudly received the "Green Transformation Leader" award among SMEs in the Pomeranian Voivodeship. The accolade serves as a testament to the terminal's efforts in implementing sustainable practices and initiatives.

At PSA, our commitment to making a positive impact within our local communities remains unwavering as we work collaboratively towards a brighter future.

Chapter 6

Finishing with a Crescendo

Rock and roll is celebrated for its electrifying and energising performances. Central to this genre is the iconic guitar solo, often the climactic highlight of a song. It represents the pinnacle of a musical journey, where the interplay of various instruments soars to an impactful crescendo, leaving an indelible impression on the audience. Likewise, we conclude this annual report with a rousing finale, summarising our performance for the year.

PSA

Movements in Harmony

FINANCIAL REPORT 2023

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2023

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 2023.

In our opinion:

(a) the financial statements set out on pages 6 to 73 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 2023 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)
Dr Detlef Andreas Trefzger	(Appointed on 1 November 2023)
Mr Foo Ji-Xun	
Ms Jeanette Wong Kai Yuan	
Mr Kaikhushru Shiavax Nargolwala	
Ms Lee Ghim Ha Jill	
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		
Seatrium Limited (formerly known as Sembcorp Marine Ltd)		
- Ordinary shares	1,000,000	N.A.[1]
Foo Ji-Xun		
Singapore Airlines Limited		
- Ordinary shares	122,320	63,000
Jeanette Wong Kai Yuan		
CapitaLand Ascendas REIT Management Limited		
- Unit holdings in CapitaLand Ascendas REIT	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	–
CapitaLand China Trust Management Limited		
- Unit holdings in CapitaLand China Trust	225,000	225,000
Singapore Airlines Limited		
- Ordinary shares	21,900	27,500
- Mandatory Convertible Bonds	34,485	8,622
Singapore Telecommunications Limited		
- Ordinary shares	17,821	17,821

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2023

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		
- Unit holdings in CapitaLand Ascendas REIT	234,000[2]	234,000[2]
CapitaLand India Trust Management Pte. Ltd.		
- Unit holdings in CapitaLand India Trust	–	350,000[2]
CapitaLand Integrated Commercial Trust Management Limited		
- Unit holdings in CapitaLand Integrated Commercial Trust	100,000[2]	100,000[2]
Mapletree Industrial Trust Management Ltd.		
- Unit holdings in Mapletree Industrial Trust	168,000[2]	–
Mapletree Real Estate Advisors Pte. Ltd.		
- Unit holdings in Mapletree Global Student Accommodation Private Trust	4,608[3]	4,608[3]
SIA Engineering Company Limited		
- Ordinary shares	105,000[2]	105,000[2]
Singapore Airlines Limited		
- S$630 million 3.13% Notes due 2026	S$250,000[2]	S$250,000[2]
Singapore Technologies Engineering Ltd		
- Ordinary shares	87,000[2]	87,000[2]
Singapore Telecommunications Limited		
- Ordinary shares	556,000[2]	556,000[2]
STT GDC Pte. Ltd.		
- S$400 million 3.13% Notes due 2028	S$250,000[2]	S$250,000[2]
Lee Ghim Ha Jill		
Singapore Telecommunications Limited		
- Ordinary shares	750	750
Tan Tiang Yew Irving		
CapitaLand Ascendas REIT Management Limited		
- Unit holdings in CapitaLand Ascendas REIT	26,000	–
CapitaLand Ascott Trust Management Limited		
- Stapled Securities in CapitaLand Ascott Trust	62,000	–
CapitaLand India Trust Management Pte. Ltd.		
- Unit holdings in CapitaLand 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 Income 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.		
- Unit holdings in Mapletree Pan Asia 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[2]	1,883,955.926[2]
Singapore Telecommunications Limited		
- Ordinary shares	190	190

[1] Ceased to be a related corporation of Temasek Holdings (Private) Limited during the financial year.
[2] Held in trust by trustee company on behalf of the director.
[3] Held in trust by trustee company on behalf of the director and consists of 2,304 Class A and 2,304 Class B units respectively.

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2023

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

29 February 2024

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2023

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 2023, 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 material accounting policy information, as set out on pages 6 to 73.

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 2023 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 2023

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 February 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 $'000	2022 $'000 (Restated)	2023 $'000	2022 $'000
Assets					
Property, plant and equipment	3	7,150,206	6,370,989	725	578
Intangible assets	4	4,762,209	4,633,912	50,500	48,238
Right-of-use assets	5	911,569	813,318	4,802	9,435
Subsidiaries	6	–	–	12,132,821	12,244,392
Associates	7	3,582,147	3,452,822	–	–
Joint ventures	8	3,262,255	3,608,096	–	–
Other investments	9	2,052,017	1,767,173	175,377	86,223
Other non-current assets	10	268,426	237,952	16,741	8,013
Deferred tax assets	11	52,877	43,266	–	–
Non-current assets		22,041,706	20,927,528	12,380,966	12,396,879
Inventories		55,840	57,134	–	–
Trade and other receivables	12	1,601,290	1,775,369	374,281	334,845
Contract assets	15	79,515	187,391	–	–
Cash and bank balances	16	3,708,353	4,342,900	2,447,914	2,715,553
Current assets		5,444,998	6,362,794	2,822,195	3,050,398
Total assets		27,486,704	27,290,322	15,203,161	15,447,277
Equity					
Share capital	17	1,135,372	1,135,372	1,135,372	1,135,372
Accumulated profits and other reserves	18	13,914,715	13,181,821	10,754,524	10,035,502
Equity attributable to owner of the Company		15,050,087	14,317,193	11,889,896	11,170,874
Non-controlling interests		682,406	691,811	–	–
Total equity		15,732,493	15,009,004	11,889,896	11,170,874
Liabilities					
Borrowings	19	6,078,014	5,741,555	1,912,637	1,958,122
Lease liabilities	19	909,557	800,502	–	4,675
Provisions	20	23,245	15,976	–	–
Other non-current obligations	21	256,590	592,411	18,214	368,171
Deferred tax liabilities	11	1,033,574	939,405	22,629	28,524
Non-current liabilities		8,300,980	8,089,849	1,953,480	2,359,492
Borrowings	19	1,177,874	1,592,036	449,990	994,190
Lease liabilities	19	47,613	43,958	4,758	4,760
Trade and other payables	22	2,081,943	2,366,614	879,164	904,797
Contract liabilities	15	9,469	13,637	–	–
Current tax payable		136,332	175,224	25,873	13,164
Current liabilities		3,453,231	4,191,469	1,359,785	1,916,911
Total liabilities		11,754,211	12,281,318	3,313,265	4,276,403
Total equity and liabilities		27,486,704	27,290,322	15,203,161	15,447,277

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

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
Revenue	24	7,095,470	7,994,335
Transportation costs		(1,531,937)	(2,471,805)
Staff and related costs	25	(1,662,878)	(1,575,030)
Contract services		(588,921)	(555,131)
Running, repair and maintenance costs		(592,161)	(596,564)
Other operating expenses		(650,064)	(633,106)
Property taxes		(38,412)	(37,679)
Depreciation and amortisation		(835,390)	(794,169)
Profit from operations	26	1,195,707	1,330,851
Other income	27	407,980	297,006
Finance costs	28	(319,119)	(224,821)
Share of profit of associates, net of tax		223,639	283,766
Share of profit of joint ventures, net of tax		281,801	253,213
Profit before income tax		1,790,008	1,940,015
Income tax expense	29	(262,343)	(318,880)
Profit for the year		1,527,665	1,621,135
Profit attributable to:			
Owner of the Company		1,462,663	1,562,174
Non-controlling interests		65,002	58,961
Profit for the year		1,527,665	1,621,135

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2023

	2023 $'000	2022 $'000
Profit for the year	1,527,665	1,621,135
Other comprehensive income		
Items that will not be reclassified to income statement:		
Defined benefit plan remeasurements	114	3,214
Net change in fair value of debt investments at FVOCI	2,043	–
Net change in fair value of equity investments at FVOCI	172,944	(165,112)
Income tax on other comprehensive income	3,789	32,220
	178,890	(129,678)
Items that are or may be reclassified subsequently to income statement:		
Exchange differences of foreign operations	(337,789)	(478,815)
Exchange differences on monetary items forming part of net investment in foreign operations	(1,784)	35,740
Exchange differences on hedge of net investment in foreign operations	47,597	18,657
Inflation adjustment for the year	91,845	111,038
Effective portion of changes in fair value of cash flow hedges	(14,561)	16,002
Net change in fair value of cash flow hedges reclassified to income statement	(833)	2,122
Share of reserves in associates	(3,430)	(114,466)
Share of reserves in joint ventures	36,952	3,450
Reserves reclassified to income statement on disposal of a subsidiary	–	(86)
Income tax on other comprehensive income	(75,031)	(5,894)
	(257,034)	(412,252)
Other comprehensive income for the year, net of tax	(78,144)	(541,930)
Total comprehensive income for the year	1,449,521	1,079,205
Total comprehensive income attributable to:		
Owner of the Company	1,376,631	1,049,234
Non-controlling interests	72,890	29,971
Total comprehensive income for the year	1,449,521	1,079,205

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2023

	Share capital $'000	Capital reserve $'000	Insurance reserve $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total attributable to owner of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2023

	Share capital $'000	Capital reserve $'000	Insurance reserve $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total attributable to owner of the Company $'000	Non-controlling interests $'000	Total equity $'000
Hedging gains and losses and costs of hedging transferred to property, plant and equipment	–	–	–	–	(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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2023

	Share capital $'000	Capital reserve $'000	Insurance reserve $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total attributable to owner of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2023	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
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	1,462,663	1,462,663	65,002	1,527,665
Other comprehensive income										
Exchange differences of foreign operations	–	–	–	(349,774)	–	–	–	(349,774)	11,985	(337,789)
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	(1,784)	–	–	–	(1,784)	–	(1,784)
Exchange differences on hedge of net investment in foreign operations	–	–	–	47,597	–	–	–	47,597	–	47,597
Inflation adjustment for the year	–	–	–	93,103	–	–	–	93,103	(1,258)	91,845
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	(12,596)	–	–	(12,596)	(1,965)	(14,561)
Net change in fair value of cash flow hedges reclassified to income statement	–	–	–	–	67	–	–	67	(900)	(833)
Net change in fair value of debt investments at FVOCI	–	–	–	–	–	2,043	–	2,043	–	2,043
Net change in fair value of equity investments at FVOCI	–	–	–	–	–	173,157	–	173,157	(213)	172,944
Transfer of reserves	–	16,388	–	–	–	50	(16,438)	–	–	–
Share of reserves in associates	–	1,497	–	20,526	–	(25,453)	–	(3,430)	–	(3,430)
Share of reserves in joint ventures	–	3,456	–	39,763	(2,384)	(220)	(3,663)	36,952	–	36,952
Defined benefit plan remeasurements	–	–	–	–	–	–	176	176	(62)	114
Income tax on other comprehensive income	–	–	–	–	3,775	(75,031)	(287)	(71,543)	301	(71,242)
Total other comprehensive income	–	21,341	–	(150,569)	(11,138)	74,546	(20,212)	(86,032)	7,888	(78,144)
Total comprehensive income for the year	–	21,341	–	(150,569)	(11,138)	74,546	1,442,451	1,376,631	72,890	1,449,521

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2023

	Share capital $'000	Capital reserve $'000	Insurance reserve $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total attributable to owner of the Company $'000	Non-controlling interests $'000	Total equity $'000
Hedging gains and losses and costs of hedging transferred to property, plant and equipment	–	–	–	–	3,556	–	–	3,556	–	3,556
Transactions with owner, recorded directly in equity										
Contributions by and distributions to owner of the Company										
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	(81,081)	(81,081)
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)	(81,081)	(731,081)
Changes in ownership interests in subsidiaries										
Acquisition of interest in a subsidiary with non-controlling interests	–	–	–	–	–	–	–	–	5,765	5,765
Acquisition of non-controlling interests in subsidiaries without change in control	–	–	–	–	–	–	2,707	2,707	(6,979)	(4,272)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	2,707	2,707	(1,214)	1,493
At 31 December 2023	1,135,372	47,818	97,357	(1,413,213)	12,606	162,826	15,007,321	15,050,087	682,406	15,732,493

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Profit for the year		1,527,665	1,621,135
Adjustments for:			
Depreciation and amortisation		835,390	794,169
Impairment loss of:			
Intangible assets		1,165	70,000
Joint ventures		40,317	–
Write back of impairment of loans to joint ventures		(6,997)	(6,454)
Net change in fair value of equity investments at FVTPL		615	338
Net fair value (gain)/loss on fair value hedge		(20,530)	11,717
Loss/(gain) on disposal of:			
Intangible assets		346	13
Joint ventures		–	4,711
Property, plant and equipment		(489)	(4,318)
Subsidiaries		–	(33,352)
Other investments		–	(978)
Dividend income from financial assets		(79,754)	(60,605)
Interest income		(224,629)	(123,473)
Share of profit of associates, net of tax		(223,639)	(283,766)
Share of profit of joint ventures, net of tax		(281,801)	(253,213)
Finance costs	28	319,119	224,821
Income tax expense	29	262,343	318,880
		2,149,121	2,279,625
Changes in working capital:			
Inventories		1,530	(5,923)
Trade and other receivables		349,235	319,051
Trade and other payables		(292,139)	(259,963)
Cash generated from operations		2,207,747	2,332,790
Income tax paid		(262,228)	(279,287)
Net cash from operating activities		1,945,519	2,053,503

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
Cash flows from investing activities			
Dividends received		383,376	383,125
Interest received		181,226	49,821
Purchase of property, plant and equipment and intangible assets		(1,613,942)	(1,218,693)
Proceeds from disposal of property, plant and equipment and intangible assets		23,618	13,018
Purchase of other investments		(111,729)	(22,834)
Investment in associates		(101,327)	–
Investments in and loans to joint ventures		(60,042)	(667)
Repayment of loans provided to joint ventures		11,064	42,717
Loan to a non-controlling shareholder of a subsidiary		–	(14,210)
Acquisition of interests in subsidiaries, net of cash acquired	33	(44,849)	(1,854,969)
Acquisition of interest in a subsidiary from non-controlling interests, without a change in control		(4,272)	–
Disposal of interest in a subsidiary to non-controlling interests, with a change in control, net of cash disposed	33	–	78,565
Proceeds from disposal of joint ventures		–	4,376
Proceeds from disposal of other investments		–	7,690
Capital reduction in a joint venture		8,236	20,145
Net cash used in investing activities		(1,328,641)	(2,511,916)
Cash flows from financing activities			
Proceeds from bank loans and notes		904,289	2,498,574
Repayment of bank loans and notes		(1,034,287)	(405,814)
Repayment of loans from joint venture		(6,561)	–
Payment of lease liabilities		(91,530)	(58,755)
Dividends paid to owner of the Company		(650,000)	(650,000)
Dividends paid to non-controlling shareholders of subsidiaries		(81,081)	(70,228)
Interest paid		(289,488)	(179,829)
Net cash (used in)/from financing activities		(1,248,658)	1,133,948
Net (decrease)/ increase in cash and bank balances		(631,780)	675,535
Cash and bank balances at beginning of the year		4,342,900	3,685,049
Translation differences		(2,767)	(17,684)
Cash and bank balances at end of the year	16	3,708,353	4,342,900

Non-cash transaction:
During the year, the loan from joint venture of $343 million was offsetted by way of declaration of dividend.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 February 2024.

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 MATERIAL 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.

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.

New accounting standards and amendments

On 1 January 2023, 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 2023. The adoption did not result in substantial changes to the Group accounting policies or material impact to the financial statements.

Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Amendments to SFRS(I)1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities.

For leases, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

New accounting standards and amendments (continued)

Deferred tax related to assets and liabilities arising from a single transaction (continued)

The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax assets in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balance qualify for offset under paragraph 74 of SFRS(I)1-12. There was also no impact to the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised.

Global minimum top-up tax

The Group has adopted Amendments to SFRS(I)1-12: *International Tax Reform – Pillar Two Model Rules* upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax that may arise from the jurisdictional adoption of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), and require new disclosures about the Pillar Two tax exposure.

The mandatory exception is effective immediately and applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted as at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the Group's consolidated financial statements.

Material accounting policy information

The Group adopted Amendments to SFRS(I)1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies* for the first time in 2023.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The amendments did not result in any changes to the accounting policy information disclosed in the financial statements.

Critical accounting estimates

Impairment of property, plant and equipment, intangible assets and right-of-use assets

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

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

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

Impairment of investments in subsidiaries, associates and joint ventures

At the end of each reporting period, the Group and the Company reviews internal and external sources of information to identify indications that the investments in subsidiaries, joint ventures and associates may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Critical accounting estimates (continued)

Impairment of investments in subsidiaries, associates and joint ventures (continued)

The Group and Company's judgement is required in the area of impairment in assessing whether there are indicators of impairment, possible default events and the key assumptions used in deriving the recoverable amount. Changes in any of the assumptions, including discount rates and cash flows to be generated, could materially affect the recoverable amount of the asset.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

Subsidiaries (continued)

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

Loss of control

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

Associates and joint ventures

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

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

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

Transactions with non-controlling interests

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

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

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

Transactions eliminated on consolidation

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

Accounting for subsidiaries, associates and joint ventures

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

2.3 Foreign currencies

Foreign currency transactions

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

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

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

Foreign operations

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

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

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

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

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

Net investment in a foreign operation

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment

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

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

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

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

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

Subsequent costs

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

Depreciation

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

Estimated useful lives are as follows:

Leasehold land	20 to 80 years
Buildings	10 to 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

Goodwill (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

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.

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 and debt 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

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) - debt investment or FVOCI - equity investment or fair value through profit or loss (FVTPL).

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

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

(a) Financial assets at amortised cost

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

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

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

(b) Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset 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 fair value. Interest income calculated under the effective interest method, foreign exchange gains and losses and impairment are recognised in the income statement. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to the income statement.

(c) 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.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

Non-derivative financial liabilities

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

Derivative financial instruments and hedge accounting

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

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

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

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

(a) Cash flow hedges

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

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

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

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

(b) Fair value hedges

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

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

(c) Hedge of net investment in a foreign operation

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)

(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.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

2.8 Impairment of financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

2.9 Financial guarantees

Financial guarantee contracts issued by the Company to external parties on behalf of entities within the Group are initially measured at fair value and subsequently measured at the higher of amount initially recognised less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and the amount of expected loss allowance determined in accordance with SFRS(I) 9.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

2.10 Leases (continued)

As a lessee (continued)

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

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

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

Short-term leases and leases of low-value assets

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

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

2.14 Provisions

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

2.15 Revenue recognition

Income from services

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

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.

2.18 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 at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences, and temporary 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.

Global minimum top-up tax

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of SFRS(I) 1-12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

3 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Wharves, hardstanding and roads $'000	Plant, equipment and machinery $'000	Floating crafts and dry-docking costs $'000	Motor vehicles $'000	Computers $'000	Capital work-in-progress $'000	Total $'000
Group										
Cost										
At 1 January 2022	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
Reclassifications	(85)	96,158	11,567	149,519	416,309	42,003	1,866	42,656	(759,993)	–
Additions	806	978	8,486	3,237	115,941	18,382	1,763	6,933	1,156,139	1,312,665
Acquisition of a subsidiary	–	–	50,500	–	9,048	–	21,942	6,121	–	87,611
Disposals	–	–	(17,321)	(8,935)	(143,510)	(5,789)	(2,767)	(19,022)	(6,497)	(203,841)
Transferred from intangible assets	–	–	–	–	–	–	–	–	49	49
Translation differences on consolidation	(182)	27	6,546	4,064	5,405	(2,206)	(776)	(339)	1,710	14,249
At 31 December 2023	88,478	1,864,165	1,038,929	3,174,957	6,591,753	646,193	71,608	317,128	1,557,408	15,350,619

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

3 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Wharves, hardstanding and roads $'000	Plant, equipment and machinery $'000	Floating crafts and dry-docking costs $'000	Motor vehicles $'000	Computers $'000	Capital work-in-progress $'000	Total $'000
Group										
Accumulated depreciation and impairment losses										
At 1 January 2022	–	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
Depreciation charge for the year	–	79,637	32,252	87,237	331,815	39,757	6,581	35,505	–	612,784
Acquisition of a subsidiary	–	–	7,284	–	–	–	–	–	–	7,284
Disposals	–	–	(17,289)	(8,875)	(132,029)	(5,560)	(2,278)	(19,022)	–	(185,053)
Translation differences on consolidation	–	19	365	2,291	(1,684)	(701)	(3,020)	(769)	–	(3,499)
At 31 December 2023	–	1,219,726	552,926	1,901,222	3,952,811	305,951	38,880	228,897	–	8,200,413
Carrying amounts										
At 1 January 2022	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
At 31 December 2023	88,478	644,439	486,003	1,273,735	2,638,942	340,242	32,728	88,231	1,557,408	7,150,206

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

3 PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant, equipment and machinery $'000	Motor vehicles $'000	Computers $'000	Capital work-in-progress $'000	Total $'000
Company					
Cost					
At 1 January 2022	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
Reclassifications	–	–	56	(56)	–
Additions	2	–	414	–	416
Disposals	–	–	(3)	–	(3)
At 31 December 2023	689	346	3,165	–	4,200
Accumulated depreciation					
At 1 January 2022	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
Depreciation charge for the year	103	–	166	–	269
Disposals	–	–	(3)	–	(3)
At 31 December 2023	649	346	2,480	–	3,475
Carrying amounts					
At 1 January 2022	250	–	336	62	648
At 31 December 2022	141	–	381	56	578
At 31 December 2023	40	–	685	–	725

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

4 INTANGIBLE ASSETS

	Goodwill on consolidation $'000	Computer software and software development costs $'000	Customer relationships $'000	Capital work-in-progress $'000	Port and other operating rights $'000	Other intangible assets $'000	Total $'000
Group							
Cost							
At 1 January 2022	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*	1,543,692	22,135	396,694	–	15,393	277,374	2,255,288
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 (Restated)	2,084,227	308,155	413,862	258,278	2,129,252	332,693	5,526,467
Reclassifications	–	84,904	–	(85,273)	–	369	–
Additions	–	6,463	–	278,602	–	4,221	289,286
Acquisition of a subsidiary	–	1,409	46,373	–	–	–	47,782
Disposals	–	(14,441)	–	–	(2,161)	(1,141)	(17,743)
Written-off	–	(113)	–	(11)	–	–	(124)
Transferred to property, plant and equipment	–	–	–	(49)	–	–	(49)
Translation differences on consolidation	(20,395)	1,915	(11,825)	(4,578)	(18,531)	(5,272)	(58,686)
At 31 December 2023	2,063,832	388,292	448,410	446,969	2,108,560	330,870	5,786,933

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

4 INTANGIBLE ASSETS (continued)

	Goodwill on consolidation $'000	Computer software and software development costs $'000	Customer relationships $'000	Capital work-in-progress $'000	Port and other operating rights $'000	Other intangible assets $'000	Total $'000
Group							
Accumulated amortisation and impairment losses							
At 1 January 2022	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
Amortisation charge for the year	–	34,489	38,411	–	67,102	4,280	144,282
Acquisition of a subsidiary	–	1,321	–	–	–	–	1,321
Disposals	–	(11,941)	–	–	–	(1,115)	(13,056)
Written-off	–	(113)	–	–	–	–	(113)
Impairment loss	–	1,165	–	–	–	–	1,165
Translation differences on consolidation	246	1,639	209	–	(3,833)	309	(1,430)
At 31 December 2023	73,865	233,443	83,770	–	601,304	32,342	1,024,724
Carrying amounts							
At 1 January 2022	481,981	88,392	–	94,670	1,894,415	39,235	2,598,693
At 31 December 2022*	2,010,608	101,272	368,712	258,278	1,591,217	303,825	4,633,912
At 31 December 2023	1,989,967	154,849	364,640	446,969	1,507,256	298,528	4,762,209

* In accordance with SFRS(I)3 *Business Combinations*, the management has assessed the fair value of the identifiable assets and liabilities at the date of acquisition. Accordingly, the provisional goodwill and other intangible assets recognised last year has now been adjusted to reflect their fair values.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

4 INTANGIBLE ASSETS (continued)

	Computer software and software development costs $'000	Capital work-in-progress $'000	Total $'000
Company			
Cost			
At 1 January 2022	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
Reclassifications	1,041	(1,041)	–
Additions	–	6,356	6,356
At 31 December 2023	44,324	22,302	66,626
Accumulated amortisation			
At 1 January 2022	8,418	–	8,418
Amortisation charge for the year	3,614	–	3,614
At 31 December 2022	12,032	–	12,032
Amortisation charge for the year	4,094	–	4,094
At 31 December 2023	16,126	–	16,126
Carrying amounts			
At 1 January 2022	18,908	26,603	45,511
At 31 December 2022	31,251	16,987	48,238
At 31 December 2023	28,198	22,302	50,500

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 2023, the carrying amount of goodwill primarily relates to one of the Group's supply chain solutions operating segment ("the supply chain solutions CGU") of $1,510.3 million (2022: $1,531.7 million) and port business CGU in Belgium of $453.6 million (2022: $453.0 million) respectively. The remaining goodwill relates to the Group's port business CGUs in other countries.

The recoverable amount for both the supply chain solutions and 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 with a further outlook based on the long-term nature of concession agreements for port business CGU, while supply chain solutions CGU is assumed to operate indefinitely and at zero growth rate.

Key assumptions include the expected growth in revenue, gross margin and discount rates. The pre-tax discount rate used for impairment testing of Belgium CGU was 9.3% (2022: 8.0%) and the supply chain solutions CGU was 12.0%.

Judgement is required to determine key assumptions adopted in the cash flow projections and changes to the key assumptions can significantly affect these cash flow projections and therefore the results of the impairment tests.

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying amount of the supply chain solutions or Belgium CGUs 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 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

5 RIGHT-OF-USE ASSETS

	Leasehold land $'000	Buildings $'000	Wharves, hardstanding and roads $'000	Plant, equipment and machinery $'000	Floating crafts $'000	Motor vehicles $'000	Computers $'000	Total $'000
Group								
Cost								
At 1 January 2022	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
Additions	68,832	45,578	–	21,949	297	9,598	–	146,254
Acquisition of a subsidiary	–	15,580	–	2,197	–	4,599	–	22,376
Disposals	(10,247)	(27,542)	(40)	(3,426)	(1,002)	(2,274)	–	(44,531)
Reclassifications	44,140	–	(44,140)	–	–	–	–	–
Translation differences on consolidation	15,821	1,328	549	2,309	(177)	(185)	–	19,645
At 31 December 2023	933,395	155,375	–	81,357	11,701	27,153	2,759	1,211,740

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

5 RIGHT-OF-USE ASSETS (continued)

	Leasehold land $'000	Buildings $'000	Wharves, hardstanding and roads $'000	Plant, equipment and machinery $'000	Floating crafts $'000	Motor vehicles $'000	Computers $'000	Total $'000
Group								
Accumulated depreciation								
At 1 January 2022	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
Depreciation charge for the year	29,355	30,318	8	14,479	606	3,699	595	79,060
Acquisition of a subsidiary	–	2,496	–	2,116	–	551	–	5,163
Disposals	(10,247)	(25,793)	(40)	(2,932)	(1,002)	(1,628)	–	(41,642)
Reclassifications	5,650	(16)	(5,634)	–	–	–	–	–
Translation differences on consolidation	2,186	(457)	69	1,040	(37)	111	–	2,912
At 31 December 2023	150,895	78,400	–	54,726	2,346	11,045	2,759	300,171
Carrying amounts								
At 1 January 2022	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
At 31 December 2023	782,500	76,975	–	26,631	9,355	16,108	–	911,569

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 $0.7 million (2022: $4.4 million) was capitalised into capital work-in-progress.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

5 RIGHT-OF-USE ASSETS (continued)

	Buildings $'000
Company	
Cost	
At 1 January 2022	10,272
Additions	9,435
At 31 December 2022	19,707
Additions	169
Disposal	(10,272)
At 31 December 2023	9,604
Accumulated depreciation	
At 1 January 2022	5,136
Depreciation charge for the year	5,136
At 31 December 2022	10,272
Depreciation charge for the year	4,802
Disposal	(10,272)
At 31 December 2023	4,802
Carrying amounts	
At 1 January 2022	5,136
At 31 December 2022	9,435
At 31 December 2023	4,802

6 SUBSIDIARIES

	Company	
	2023 $'000	2022 $'000
Equity investments, at cost	1,175,222	1,175,222
Loans to subsidiaries	11,232,676	11,344,247
	12,407,898	12,519,469
Impairment losses	(275,077)	(275,077)
	12,132,821	12,244,392

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) $668.3 million (2022: $660.6 million) loans bearing fixed interest rates ranging from 4.27% to 6.33% (2022: 4.27% to 6.33%) per annum; and

(b) $688.4 million (2022: $694.3 million) loans bearing floating interest rates ranging from 5.68% to 10.35% (2022: 2.19% to 9.17%) per annum and the interest rates repriced at intervals of 3 to 12 months.

The remaining loans to subsidiaries are interest-free.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

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 2023 %	Effective percentage held by the Group 2022 %
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	100

7 ASSOCIATES

	Group 2023 $'000	Group 2022 $'000
Investments in associates	3,582,147	3,452,822
Loans to associates	7,128	7,128
	3,589,275	3,459,950
Impairment losses	(7,128)	(7,128)
	3,582,147	3,452,822

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 2023 %	Effective percentage held by the Group 2022 %
Hutchison Port Holdings Limited	British Virgin Islands	20.0	20.0
Hutchison Ports Investments S.à r.l.	Luxembourg	20.0	20.0

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

7 ASSOCIATES (continued)

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	
	2023	2022
	$'000	$'000
At 1 January	3,452,822	3,469,194
Group's share of:		
- profit for the year	223,639	283,766
- other comprehensive income	(3,430)	(114,466)
- total comprehensive income	220,209	169,300
Dividends received during the year	(138,074)	(165,952)
Investment during the year	101,327	–
Translation differences on consolidation	(54,137)	(19,720)
At 31 December	3,582,147	3,452,822

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 $64.0 million (2022: $93.0 million).

8 JOINT VENTURES

	Group	
	2023	2022
	$'000	$'000
Investments in joint ventures	2,365,451	2,679,459
Loans to joint ventures	960,862	959,375
	3,326,313	3,638,834
Impairment losses	(64,058)	(30,738)
	3,262,255	3,608,096

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) $568.7 million (2022: $554.7 million) loans bearing fixed interest rates ranging from 6.00% to 7.20% (2022: 6.00% to 10.00%) per annum; and

(b) $383.4 million (2022: $395.9 million) loans bearing floating interest rates ranging from 6.40% to 10.73% (2022: 1.09% to 7.67%) per annum.

The remaining loans to joint ventures are interest-free.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

8 JOINT VENTURES (continued)

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	
		2023	2022
		%	%
International Trade Logistics S.A.	Argentina	50.0	50.0
DCT Gdansk S.A.	Republic of Poland	40.0	40.0
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	
	2023	2022
	$'000	$'000
Capital commitments which have been authorised and contracted but not provided for in the financial statements	390,706	318,467

The Group does not have any individually material joint venture.

9 OTHER INVESTMENTS

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Debt investments at FVOCI	110,578	–	110,578	–
Equity investments at FVOCI	1,934,317	1,759,436	64,799	86,223
Equity investments at FVTPL	7,122	7,737	–	–
	2,052,017	1,767,173	175,377	86,223

The debt investments at FVOCI of the Group and the Company bore interest rate of 8.25% (2022: nil) and will mature in 2028.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

10 OTHER NON-CURRENT ASSETS

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Loan to a non-controlling shareholder of a subsidiary	43,610	43,610	–	–
Loan to a joint venture	32,170	–	–	–
Other receivables	167,030	159,147	–	–
Non-current portion of financial assets at amortised cost	242,810	202,757	–	–
Hedging instruments	24,495	34,072	16,741	8,013
Transferable corporate club memberships	1,121	1,123	–	–
	268,426	237,952	16,741	8,013

The loan to a non-controlling shareholder of a subsidiary was denominated in Singapore dollars, unsecured, bore floating interest rates ranging from 3.24% to 3.74% (2022: 2.53% to 4.84%) per annum and repayable by 2027.

The loan to a joint venture was denominated in Euro, unsecured, bore floating interest rate of 5.28% per annum and repayable by 2028.

11 DEFERRED TAX

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

	Trade and other payables and provisions	Lease liabilities	Other items	Total
	$'000	$'000	$'000	$'000
Group				
Deferred tax assets				
At 1 January 2022 (Restated)	38,816	137,804	34,492	211,112
Acquisition of a subsidiary	3,074	–	378	3,452
Disposal of a subsidiary	(470)	–	(22,192)	(22,662)
Recognised in income statement	10,339	42,610	(730)	52,219
Recognised in other comprehensive income	(135)	–	(296)	(431)
Translation differences on consolidation	(581)	(182)	(893)	(1,656)
At 31 December 2022 (Restated)	51,043	180,232	10,759	242,034
Acquisition of a subsidiary	559	–	7,894	8,453
Recognised in income statement	7,416	(12,139)	6,570	1,847
Recognised in other comprehensive income	(231)	–	586	355
Translation differences on consolidation	(261)	1,192	(5,906)	(4,975)
At 31 December 2023	58,526	169,285	19,903	247,714

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

11 DEFERRED TAX (continued)

	Property, plant and equipment and intangible assets $'000	Right-of-use assets $'000	Fair value reserve $'000	Other items $'000	Total $'000
Deferred tax liabilities					
At 1 January 2022 (Restated)	320,037	132,637	363,780	35,409	851,863
Acquisition of subsidiaries*	178,111	–	–	16,803	194,914
Recognised in income statement	69,706	44,264	–	6,764	120,734
Recognised in other comprehensive income	–	–	(32,941)	6,184	(26,757)
Translation differences on consolidation	(1,517)	(173)	–	(891)	(2,581)
At 31 December 2022 (Restated)	566,337	176,728	330,839	64,269	1,138,173
Acquisition of a subsidiary	–	436	–	16	452
Recognised in income statement	64,783	(15,853)	–	(19,097)	29,833
Recognised in other comprehensive income	–	–	75,031	(3,434)	71,597
Translation differences on consolidation	(12,509)	1,188	–	(323)	(11,644)
At 31 December 2023	618,611	162,499	405,870	41,431	1,228,411

* In accordance with SFRS(I)3 *Business Combinations*, the management has assessed the fair value of the identifiable assets and liabilities at the date of acquisition. Accordingly, the deferred tax liabilities arising from property, plant and equipment and intangible assets recognised last year has now been adjusted to reflect their fair values.

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

	Company 2023 $'000	Company 2022 $'000
Deferred tax assets		
Trade and other payables	2,670	3,954
Deferred tax liabilities		
Property, plant and equipment	4,856	5,389
Unremitted income	20,443	19,092
Other items	–	7,997
	25,299	32,478

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

11 DEFERRED TAX (continued)

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	
	2023	2022	2023	2022
	$'000	$'000 (Restated)	$'000	$'000
Deferred tax assets	52,877	43,266	–	–
Deferred tax liabilities	1,033,574	939,405	22,629	28,524

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses amounting to $188.7 million (2022: $255.3 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. Tax losses of $96.6 million (2022: $169.4 million) expire in 2025 to 2031 (2022: 2025 to 2030). The remaining tax losses do not expire under current tax legislation. 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	2023	2022	2023	2022
		$'000	$'000	$'000	$'000
Trade and accrued receivables	13	961,180	1,183,562	8	2
Deposits and other receivables	14	239,467	250,088	34,099	41,334
Amounts due from:					
Subsidiaries		–	–	308,922	270,663
Associates		8,692	218	–	–
Joint ventures		211,331	163,985	25,801	20,394
Related corporations		26,924	49,984	–	–
Current portion of financial assets at amortised cost		1,447,594	1,647,837	368,830	332,393
Advances and prepayments		138,504	118,947	3,048	2,452
Hedging instruments		15,192	8,585	2,403	–
		1,601,290	1,775,369	374,281	334,845

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

13 TRADE AND ACCRUED RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade and accrued receivables	1,023,991	1,268,559	8	2
Allowance for impairment	(62,811)	(84,997)	–	–
	961,180	1,183,562	8	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	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Deposits	4,383	6,505	12	12
Interest receivables	34,189	39,488	33,729	39,027
Other receivables (principally recoverables and value-added taxes)	200,895	204,095	358	2,295
	239,467	250,088	34,099	41,334

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	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
At 1 January	187,391	14,923	(13,637)	(14,600)
Acquisition of subsidiaries	–	272,195	–	–
Revenue recognised during the year	173	16,976	–	–
Contract assets reclassified to trade receivables	(102,551)	(100,606)	–	–
Recognition of revenue from contract liabilities at the beginning of the year	–	–	6,295	3,231
Cash received in advance and not recognised as revenue	–	–	(2,383)	(1,769)
Cumulative catch-up adjustments	(5,231)	(9,212)	297	(499)
Translation difference	(267)	(6,885)	(41)	–
At 31 December	79,515	187,391	(9,469)	(13,637)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

16 CASH AND BANK BALANCES

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Cash at bank and in hand	828,395	930,814	233,367	144,570
Fixed deposits	2,879,958	3,412,086	2,214,547	2,570,983
	3,708,353	4,342,900	2,447,914	2,715,553

At the reporting date, cash and cash equivalents for the Group include $387.9 million (2022: $437.6 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	
	2023	2022
	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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

18 ACCUMULATED PROFITS AND OTHER RESERVES

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Capital reserve	(a)	47,818	26,477	–	–
Insurance reserve	(b)	97,357	97,357	–	–
Foreign currency translation reserve	(c)	(1,413,213)	(1,262,644)	–	–
Hedging reserve	(d)	12,606	20,188	9,034	(2,349)
Fair value reserve	(e)	162,826	88,280	(57,448)	(38,068)
Accumulated profits		15,007,321	14,212,163	10,802,938	10,075,919
		13,914,715	13,181,821	10,754,524	10,035,502

(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 debt and equity investments at FVOCI until the investments are derecognised; and

(ii) the Group's share of fair value reserve of associates and joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

19 BORROWINGS AND LEASE LIABILITIES

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Borrowings					
Unsecured fixed and floating rates notes		4,224,727	4,062,104	169,463	172,231
Secured bank loans		425,313	165,401	–	–
Unsecured bank loans		1,254,471	1,344,940	–	–
Loans from joint venture		163,948	159,555	–	–
Loans from non-controlling shareholders of subsidiaries		9,555	9,555	–	–
Unsecured loans from subsidiary		–	–	1,743,174	1,785,891
Non-current borrowings		6,078,014	5,741,555	1,912,637	1,958,122
Secured bank loans		113,745	86,413	–	–
Unsecured bank loans		1,064,129	1,505,623	449,990	994,190
Current borrowings		1,177,874	1,592,036	449,990	994,190
		7,255,888	7,333,591	2,362,627	2,952,312
Total borrowings comprise:					
Total unsecured fixed and floating rates notes		4,224,727	4,062,104	169,463	172,231
Total secured bank loans	(a)	539,058	251,814	–	–
Total unsecured bank loans		2,318,600	2,850,563	449,990	994,190
Total loans from joint venture	(b)	163,948	159,555	–	–
Total loans from non-controlling shareholders of subsidiaries	(c)	9,555	9,555	–	–
Total unsecured loans from subsidiary	(d)	–	–	1,743,174	1,785,891
		7,255,888	7,333,591	2,362,627	2,952,312
Lease liabilities					
Non-current lease liabilities		909,557	800,502	–	4,675
Current lease liabilities		47,613	43,958	4,758	4,760
		957,170	844,460	4,758	9,435

(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 $535.2 million (2022: $358.6 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% (2022: 2.30% to 4.02%).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

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	2023 Face value $'000	2023 Carrying amount $'000	2022 Face value $'000	2022 Carrying amount $'000
Group						
Unsecured fixed and floating rates notes	1.63 - 4.32	2025 - 2037	4,236,414	4,224,727	4,076,750	4,062,104
Secured bank loans	3.80 - 7.85*	2024 - 2030	539,058	539,058	251,814	251,814
Unsecured bank loans	0.30 - 5.69*	2024 - 2034	2,319,775	2,318,600	2,851,589	2,850,563
Loans from joint venture	3.66 - 4.11	2027	163,948	163,948	159,555	159,555
Loans from non-controlling shareholders of subsidiaries	4.01	2027	9,555	9,555	9,555	9,555
			7,268,750	7,255,888	7,349,263	7,333,591
Lease liabilities	0.44 - 18.00	2024 - 2067	1,732,650	957,170	1,236,566	844,460
Company						
Unsecured fixed and floating rates notes	4.29	2025	169,500	169,463	172,300	172,231
Unsecured bank loans	5.34 - 5.36	2024	449,990	449,990	994,190	994,190
Unsecured loans from subsidiary	2.30 - 3.98	2026 - 2032	1,743,174	1,743,174	1,785,891	1,785,891
			2,362,664	2,362,627	2,952,381	2,952,312
Lease liabilities	4.00	2024	5,060	4,758	9,835	9,435

* Excludes effective interest rates of 27.25% (secured bank loans) and 48.89% (unsecured bank loans) for entities operating in hyperinflationary economies. The loans from these entities are not material to the Group.

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19 BORROWINGS AND LEASE LIABILITIES (continued)

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

	Borrowings $'000	Lease liabilities $'000	Total $'000
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
At 1 January 2023	7,333,591	844,460	8,178,051
Changes from financing cash flows			
- Proceeds from bank loans and notes	904,289	–	904,289
- Repayment of bank loans and notes	(1,034,287)	–	(1,034,287)
- Repayment of loans from joint venture	(6,561)	–	(6,561)
- Payment of lease liabilities	–	(91,530)	(91,530)
- Interest paid	–	(31,548)	(31,548)
Total changes from financing cash flows	(136,559)	(123,078)	(259,637)
Addition of new leases	–	163,007	163,007
Disposal/termination of lease liabilities	–	(2,759)	(2,759)
Acquisition of subsidiary	87,202	17,223	104,425
Capitalised borrowing costs	982	–	982
Interest expenses	7,647	37,804	45,451
Amortisation of loan facilities upfront fees	3,412	–	3,412
Changes in fair value	248	–	248
Effect of changes in foreign exchange rates	(40,635)	20,513	(20,122)
At 31 December 2023	7,255,888	957,170	8,213,058

Total cash outflow for all the leases in 2023 was $138.7 million (2022: $104.4 million).

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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	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Hedging instruments	27,784	33,498	18,214	24,753
Amount due to joint venture	903	1,301	–	–
Loan from a subsidiary	–	–	–	343,418
Loan from a joint venture	–	343,418	–	–
Service concession obligations	146,945	142,958	–	–
Other non-current obligations	80,958	71,236	–	–
	256,590	592,411	18,214	368,171

In 2022, the loans from a subsidiary and a joint venture were denominated in US dollars, unsecured, and interest-free. The loan from a subsidiary and the loan from a joint venture were settled during the year.

22 TRADE AND OTHER PAYABLES

		Group		Company	
	Note	**2023**	**2022**	**2023**	**2022**
		$'000	**$'000**	**$'000**	**$'000**
Trade payables and accrued operating expenses		1,429,473	1,740,007	82,565	85,569
Deposits and other payables	23	517,038	513,974	14,158	14,041
Amounts due to:					
Subsidiaries		–	–	782,174	804,864
Joint ventures		55,790	20,513	–	–
Related corporations		7,117	20,489	–	–
Other financial liabilities at amortised cost		2,009,418	2,294,983	878,897	904,474
Advances		63,534	65,386	267	323
Hedging instruments		8,991	6,245	–	–
		2,081,943	2,366,614	879,164	904,797

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	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Deposits	10,707	9,726	–	–
Accrued capital expenditure	181,186	182,386	–	–
Interest payables	66,354	50,627	12,680	13,151
Other payables	258,791	271,235	1,478	890
	517,038	513,974	14,158	14,041

NOTES TO THE FINANCIAL STATEMENTS

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24 REVENUE

This comprises revenue from container handling, marine services, operation of multi-purpose terminals, warehousing and supply chain 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	
	2023	**2022**
	$'000	**$'000**
Wages and salaries	1,536,301	1,458,190
Contributions to defined contribution plans	126,577	116,840
	1,662,878	1,575,030

26 PROFIT FROM OPERATIONS

Profit from operations included the following items:

	Group	
	2023	**2022**
	$'000	**$'000**
Impairment loss of:		
Intangible assets	1,165	70,000
Joint ventures	40,317	–
Loss on disposal of:		
Intangible assets	346	13
Joint ventures	–	4,711
Net change in fair value of equity investments at FVTPL	615	338
Net fair value loss on fair value hedge	–	11,717
Expenses relating to:		
Short-term leases	12,957	12,838
Leases of low-value assets, excluding short-term leases of low-value assets	2,575	2,738
Variable lease payments not included in the measurement of lease liabilities	107	271

NOTES TO THE FINANCIAL STATEMENTS

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27 OTHER INCOME

	Group	
	2023	**2022**
	$'000	**$'000**
Dividend income from financial assets	79,754	60,605
Interest income from:		
Associate	14	–
Cash and bank balances	135,168	56,849
Joint ventures	75,224	59,319
Trade and other receivables	14,223	7,305
Gain on disposal of:		
Property, plant and equipment, net	489	4,318
Subsidiaries	–	33,352
Other investments	–	978
Exchange gain, net	16,970	2,075
Net fair value gain on fair value hedge	20,530	–
Write back of allowance for trade receivables	17,652	2,991
Write back of allowance for other receivables	69	–
Write back of impairment of loans to joint ventures	6,997	6,454
Others	40,890	62,760
	407,980	297,006

28 FINANCE COSTS

	Group	
	2023	**2022**
	$'000	**$'000**
Interest expense in relation to:		
Banks and other financial institutions	162,832	93,530
Fixed and floating rates notes holders	113,351	95,515
Lease liabilities	37,804	31,075
Service concession obligations	4,749	4,326
Non-controlling shareholders of subsidiaries	383	375
	319,119	224,821

NOTES TO THE FINANCIAL STATEMENTS

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29 INCOME TAX EXPENSE

	Group	
	2023	**2022**
	$'000	**$'000**
Current tax expense		
Current year	237,120	237,713
(Over)/under provided in prior years	(2,763)	12,652
	234,357	250,365
Deferred tax expense		
Movements in temporary differences	31,948	86,197
Over provided in prior years	(3,962)	(17,682)
	27,986	68,515
Income tax expense	262,343	318,880

Tax reconciliation

	2023 $'000	2022 $'000
Profit before income tax	1,790,008	1,940,015
Share of profit of associates, net of tax	(223,639)	(283,766)
Share of profit of joint ventures, net of tax	(281,801)	(253,213)
Profit before income tax excluding share of profit of associates and joint ventures, net of tax	1,284,568	1,403,036
Tax calculated using Singapore tax rate of 17% (2022: 17%)	218,376	238,516
Effect of different tax rates in other countries	7,396	15,002
Tax rebates and incentives	(34,727)	(27,269)
Income not subject to tax	(26,827)	(16,647)
Expenses not deductible for tax purposes	56,298	69,841
Change in unrecognised tax benefits	4,253	18,014
Withholding tax	44,299	26,453
Over provided in prior years	(6,725)	(5,030)
Income tax expense	262,343	318,880

Global minimum top-up tax

The Group is within the scope of the OECD Pillar Two model rules. In the Singapore Budget 2024 Statement, the Singapore government has announced that the country would implement the Global Anti-Base Erosion ("GloBE") rules (Income Inclusion Rules ("IIR") and Domestic Top-up Tax ("DTT")) for financial years starting on or after 1 January 2025.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impact of the top-up tax and accounts for it as a current tax when it is incurred (see note 2.18).

Under the GloBE rules, the Group is liable to pay a top-up tax for the difference between the GloBE effective tax rate for each jurisdiction and the 15% minimum rate. The Group is in the process of assessing the exposure to the Pillar Two income taxes. Based on the Group's preliminary assessment, there could potentially be a few jurisdictions in which the effective tax rate could be below 15%. However, any impact is not likely to be material to the Group.

Due to the complex nature of the legislation and the calculations including the determination of the adjustments required under the Pillar Two legislation, the Group assessed that the quantitative impact of the potential top-up tax arising from the enacted/substantively enacted legislation is not yet reasonably estimated. The Group continues to assess the impact of the Pillar Two legislation on its financials and has engaged in consultation with tax consultants to assist the Group in the impact assessment.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

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.
- Supply chain 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 $'000	Supply chain solutions $'000	Marine $'000	Total reportable segments $'000
Group				
31 December 2023				
Revenue				
Total revenue	4,360,397	2,392,049	404,352	7,156,798
Inter-segment revenue	(12,230)	(23,644)	(25,454)	(61,328)
External revenue	4,348,167	2,368,405	378,898	7,095,470
Transportation costs	–	(1,531,937)	–	(1,531,937)
Net revenue	4,348,167	836,468	378,898	5,563,533
Operating profit	1,274,772	8,833	71,644	1,355,249
Material item				
Depreciation and amortisation	673,327	106,521	51,179	831,027
Segment assets	10,899,986	3,282,226	607,156	14,789,368
Segment liabilities	1,465,567	639,491	85,044	2,190,102
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 (Restated)	10,026,367	3,420,363	586,678	14,033,408
Segment liabilities	1,939,342	796,146	73,703	2,809,191

The capital expenditure for port, supply chain solutions and marine segments was $1,478.7 million (2022: $1,160.5 million), $60.6 million (2022: $25.1 million) and $55.8 million (2022: $65.5 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

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30 OPERATING SEGMENTS (continued)

Reconciliations of reportable segment operating profit, assets and liabilities

	Group	
	2023	**2022**
	$'000	**$'000**
		(Restated)
Operating profit		
Operating profit for reportable segments	1,355,249	1,534,990
Corporate expenses	(118,060)	(134,139)
Other income	407,980	297,006
Impairment loss of intangible assets	(1,165)	(70,000)
Impairment loss of joint ventures	(40,317)	–
Share of profit of associates, net of tax	223,639	283,766
Share of profit of joint ventures, net of tax	281,801	253,213
Finance costs	(319,119)	(224,821)
Profit before income tax	1,790,008	1,940,015
Segment assets		
Segment assets for reportable segments	14,789,368	14,033,408
Associates	3,582,147	3,452,822
Joint ventures	3,262,255	3,608,096
Cash and bank balances	3,708,353	4,342,900
Other investments	2,052,017	1,767,173
Deferred tax assets	52,877	43,266
Hedging instruments	39,687	42,657
	27,486,704	27,290,322
Segment liabilities		
Segment liabilities for reportable segments	2,190,102	2,809,191
Corporate liabilities	144,370	139,704
Borrowings	7,255,888	7,333,591
Lease liabilities	957,170	844,460
Current tax payable	136,332	175,224
Deferred tax liabilities	1,033,574	939,405
Hedging instruments	36,775	39,743
	11,754,211	12,281,318

NOTES TO THE FINANCIAL STATEMENTS

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30 OPERATING SEGMENTS (continued)

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	
	2023 $'000	2022 $'000 (Restated)
Revenue		
Southeast Asia	3,452,454	3,392,095
Europe, Mediterranean and The Americas	2,502,117	3,429,804
Rest of Asia	1,062,180	1,079,165
Others	78,719	93,271
	7,095,470	7,994,335
Non-current assets		
Southeast Asia	6,355,649	5,788,566
Europe, Mediterranean and The Americas	5,171,552	4,998,706
Rest of Asia	1,554,747	1,267,710
Others	10,462	1,189
	13,092,410	12,056,171

Revenue and non-current assets included $3,396.1 million (2022: $3,265.8 million) and $6,353.8 million (2022: $5,784.5 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 2023, there was no significant concentration of credit risk. The maximum exposure to credit risk was represented by the carrying amounts of each financial asset, including hedging instruments, in the statements of financial position. The Group entities use varied methods including past due information to assess its exposure to credit risk which takes into account the risk characteristics of the customers.

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31 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

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 2023			
Not past due	725,710	(856)	No
Past due less than 30 days	222,881	(28,301)	No
Past due 30 - 120 days	109,001	(10,494)	No
Past due more than 120 days	45,914	(23,160)	Yes
	1,103,506	(62,811)	
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)	

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 2022	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
Write back of allowance for trade receivables	(17,652)
Amounts written off	(4,271)
Translation differences on consolidation	(263)
At 31 December 2023	62,811

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 2023, the Company has issued guarantees on behalf of its subsidiaries and joint ventures which amounted to $0.5 million (2022: $1.3 million). These guarantees would become immediately payable by the Company in the event of default by these subsidiaries and joint ventures.

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YEAR ENDED 31 DECEMBER 2023

31 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

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

			Cash flows		
	Carrying amounts $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Between 1 to 5 years $'000**	**After 5 years $'000**
Group					
31 December 2023					
Non-derivative financial liabilities					
Interest-bearing liabilities	7,082,385	(7,968,626)	(1,131,245)	(3,884,594)	(2,952,787)
Lease liabilities	957,170	(1,732,650)	(87,737)	(254,210)	(1,390,703)
Loans from joint ventures	163,948	(178,205)	(4,414)	(173,791)	–
Loans from non-controlling shareholders of subsidiaries	9,555	(11,126)	(393)	(10,733)	–
Trade and other payables	2,009,418	(2,009,418)	(2,009,418)	–	–
Hedging instruments					
- Assets	(39,687)				
Inflow		633,986	152,229	53,307	428,450
Outflow		(608,915)	(144,211)	(45,250)	(419,454)
- Liabilities	36,775				
Inflow		918,271	237,187	423,356	257,728
Outflow		(924,316)	(247,690)	(428,803)	(247,823)
	10,219,564	(11,880,998)	(3,235,692)	(4,320,718)	(4,324,589)
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	(1,236,566)	(70,078)	(230,134)	(936,354)
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	(12,091,631)	(4,121,273)	(4,154,903)	(3,815,455)

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31 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

	Carrying amounts $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Cash flows Between 1 to 5 years $'000	Cash flows After 5 years $'000
Company					
31 December 2023					
Non-derivative financial liabilities					
Interest-bearing liabilities	2,362,627	(2,612,184)	(514,005)	(1,586,781)	(511,398)
Lease liabilities	4,758	(5,060)	(5,060)	–	–
Trade and other payables	878,897	(878,897)	(878,897)	–	–
Hedging instruments					
- Assets	(19,144)				
Inflow		600,005	119,892	51,663	428,450
Outflow		(588,449)	(117,651)	(51,344)	(419,454)
- Liabilities	18,214				
Inflow		314,035	16,003	298,032	–
Outflow		(324,241)	(19,433)	(304,808)	–
	3,245,352	(3,494,791)	(1,399,151)	(1,593,238)	(502,402)
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)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, equity prices and fuel prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's interest-earning financial assets and interest-bearing financial liabilities. The Group's objective is to maintain a balance of fixed and floating rate exposures as well as a balanced maturity period.

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31 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

(a) Interest rate risk (continued)

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 2023. The amounts are shown at their carrying amounts.

	Total amount of unreformed contracts $'000			
	SIBOR	**SOR**	**LIBOR**	**CDOR/ EURIBOR**
Group				
31 December 2023				
Financial liabilities				
Secured bank loans	–	–	–	66,064
Unsecured bank loans	–	100,000	–	43,434
31 December 2022				
Financial liabilities				
Secured bank loans	–	62,962	26,377	65,775
Unsecured bank loans	159,500	410,200	–	–

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

	Group		Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Fixed rate				
Debt investments at FVOCI	110,578	–	110,578	–
Cash and bank balances	2,879,958	3,412,086	2,214,547	2,570,983
Borrowings	(4,410,146)	(4,464,963)	(1,912,637)	(1,958,122)
Lease liabilities	(957,170)	(844,460)	(4,758)	(9,435)
	(2,376,780)	(1,897,337)	407,730	603,426
Floating rate				
Loan to a non-controlling shareholder of a subsidiary	43,610	43,610	–	–
Loan to a joint venture	32,170	–	–	–
Cash and bank balances	828,395	930,814	233,367	144,570
Borrowings	(2,845,742)	(2,868,628)	(449,990)	(994,190)
	(1,941,567)	(1,894,204)	(216,623)	(849,620)

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YEAR ENDED 31 DECEMBER 2023

31 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

(a) Interest rate risk (continued)

Hedging

The Group has raised funding with issuance of debt capital market instruments and bank loans to diversify funding sources. Interest rate swaps have been entered to achieve an appropriate mix of fixed and floating rate exposures within the Group's policy.

Cash flow hedge

A portion of the floating rate borrowings amounting to $223.0 million (2022: $222.2 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 2023 comprises assets of $3.3 million and liabilities of $1.0 million (2022: comprises assets of $2.7 million and liabilities of $1.2 million). The weighted average interest rate of the swaps as at 31 December 2023 ranged from 1.48% to 2.66% (2022: 1.48% to 2.66%). 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 $204.9 million (2022: $200.8 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 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 2023 comprises assets of $7.0 million (2022: $13.1 million). The interest rate of the swap as at 31 December 2023 was 0.035% (2022: 0.035%). The swaps will mature in year 2024. Reclassification adjustments are recorded in finance income/cost.

Sensitivity analysis

At 31 December 2023, 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 (2022: $18.7 million). A general decrease of 100bps in interest rates would have the equal but opposite effect on the Group's profit before tax. The general increase or decrease of 100bps in interest rates would have no significant impact on the Group's other comprehensive income. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the associated tax effects and share of non-controlling interests.

At 31 December 2023, it is estimated that a general increase of 100bps in interest rates would decrease the Company's profit before tax by approximately $2.2 million (2022: decrease by approximately $8.5 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, other investments, 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, United States 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 fixed rate bonds and loans amounting to $476.6 million (2022: $316.3 million) have been hedged against the exposure to fluctuations in foreign currencies. In connection with this, the Group 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 2023 comprises liabilities of $20.0 million (2022: $12.3 million). The weighted average SGD:USD and SGD:HKD forward exchange rates as at 31 December 2023 ranged from 0.73 to 0.74 (2022: 0.73 to 0.74) and 0.17 (2022: nil) respectively. The swap will mature in between 2026 to 2033.

A portion of the Company's loan from subsidiary amounting to $264.7 million (2022: $268.7 million) have been hedged against the exposure to fluctuations in foreign currencies. In connection with this, the Company entered into cross currency swap contracts to receive and pay fixed interest rates. Both the loans from subsidiary and foreign currency contracts have the same terms and conditions. The net fair value of the swaps as at 31 December 2023 comprises liabilities of $15.6 million (2022: $11.5 million). The weighted average SGD:USD forward exchange rate as at 31 December 2023 ranged from 0.73 to 0.74 (2022: 0.73 to 0.74). The swap will mature in 2026.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

31 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

(b) Foreign currency risk (continued)

The Group's US dollar and Hong Kong dollar denominated unsecured bank loans, fixed and floating rates notes amounting to $2.82 billion (2022: $3.37 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:

	2023		2022	
	HK Dollar $'000	**US Dollar $'000**	**HK Dollar $'000**	**US Dollar $'000**
Group				
Other investments	–	421,692	–	365,907
Other non-current assets	75	137,936	–	142,014
Cash and bank balances	10,467	146,200	8,465	336,370
Trade and other receivables	17,750	225,597	9,178	493,343
Interest-bearing liabilities	–	(89,999)	–	(118,228)
Loan from a joint venture	–	–	–	(343,418)
Trade and other payables	(24,074)	(201,733)	(15,651)	(396,764)
	4,218	639,693	1,992	479,224
Company				
Other investments	–	175,377	–	86,223
Loans to subsidiaries	–	867,861	–	985,701
Cash and bank balances	10,431	90,308	8,036	118,769
Interest-bearing liabilities	(169,463)	(1,314,868)	(172,231)	(1,862,723)
Loan from a subsidiary	–	–	–	(343,418)
Trade and other payables	(6,404)	(146,232)	(6,510)	(29,759)
	(165,436)	(327,554)	(170,705)	(1,045,207)

Sensitivity analysis

At 31 December 2023, 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 $0.4 million (2022: $0.2 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 2023, 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 $22.5 million (2022: $11.3 million) and decrease the Group's other comprehensive income by approximately $41.5 million (2022: $36.6 million). A 10% weakening in the Singapore dollar against the US dollar would have the equal but opposite effect on the Group's profit before tax and other comprehensive income.

At 31 December 2023, 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 $16.5 million (2022: $17.1 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

31 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

(b) Foreign currency risk (continued)

At 31 December 2023, 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 $50.3 million (2022: $113.1 million) and decrease the Company's other comprehensive income by approximately $17.5 million (2022: $8.6 million). A 10% weakening in the Singapore dollar against the US dollar would have the equal but opposite effect on the Company's profit before tax and other comprehensive income.

This analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects and share of non-controlling interests.

(c) Equity price risk

Equity security price risk is the risk of changes in fair value of the Group's investments due to changes in the underlying equity securities prices. The risk is concentrated in the Group's investments in equity securities.

Sensitivity analysis

At 31 December 2023, it is estimated that a 10% increase in the underlying equity prices would increase the Group's profit before tax by approximately $0.7 million (2022: $0.8 million) and increase the Group's other comprehensive income by $193.4 million (2022: $175.9 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, debt 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

32 FAIR VALUES (continued)

Fair values versus carrying amounts

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

	Note	Amortised cost $'000	FVTPL - equity instruments $'000	FVOCI - equity instruments $'000	FVOCI - debt instruments $'000	Fair value - hedging instruments $'000	Other financial liabilities $'000	Total carrying amounts $'000
Group								
31 December 2023								
Debt investments at FVOCI	9	–	–	–	110,578	–	–	110,578
Equity investments at FVOCI	9	–	–	1,934,317	–	–	–	1,934,317
Equity investments at FVTPL	9	–	7,122	–	–	–	–	7,122
Hedging instruments	10, 12	–	–	–	–	39,687	–	39,687
		–	7,122	1,934,317	110,578	39,687	–	2,091,704
Other non-current assets	10	242,810	–	–	–	–	–	242,810
Trade and other receivables	12	1,447,594	–	–	–	–	–	1,447,594
Cash and bank balances	16	3,708,353	–	–	–	–	–	3,708,353
		5,398,757	–	–	–	–	–	5,398,757
Hedging instruments	21, 22	–	–	–	–	(36,775)	–	(36,775)
Unsecured fixed and floating rates notes	19	–	–	–	–	–	(4,224,727)	(4,224,727)
Secured bank loans	19	–	–	–	–	–	(539,058)	(539,058)
Unsecured bank loans	19	–	–	–	–	–	(2,318,600)	(2,318,600)
Loans from joint ventures	19	–	–	–	–	–	(163,948)	(163,948)
Loans from non-controlling shareholders of subsidiaries	19	–	–	–	–	–	(9,555)	(9,555)
Trade and other payables	22	–	–	–	–	–	(2,009,418)	(2,009,418)
		–	–	–	–	–	(9,265,306)	(9,265,306)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

32 FAIR VALUES (continued)

Fair values versus carrying amounts (continued)

	Note	Amortised cost $'000	FVTPL - equity instruments $'000	FVOCI - equity instruments $'000	Fair value - hedging instruments $'000	Other financial liabilities $'000	Total carrying amounts $'000
Group							
31 December 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	1,647,837	–	–	–	–	1,647,837
Cash and bank balances	16	4,342,900	–	–	–	–	4,342,900
		6,193,494	–	–	–	–	6,193,494
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)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

32 FAIR VALUES (continued)

Fair values versus carrying amounts (continued)

	Note	Amortised cost $'000	FVOCI - equity instruments $'000	FVOCI - debt instruments $'000	Fair value - hedging instruments $'000	Other financial liabilities $'000	Total carrying amounts $'000
Company							
31 December 2023							
Debt investments at FVOCI	9	–	–	110,578	–	–	110,578
Equity investments at FVOCI	9	–	64,799	–	–	–	64,799
Hedging instruments	10, 12	–	–	–	19,144	–	19,144
		–	64,799	110,578	19,144	–	194,521
Trade and other receivables	12	368,830	–	–	–	–	368,830
Cash and bank balances	16	2,447,914	–	–	–	–	2,447,914
		2,816,744	–	–	–	–	2,816,744
Hedging instruments	21	–	–	–	(18,214)	–	(18,214)
Unsecured fixed and floating rates notes	19	–	–	–	–	(169,463)	(169,463)
Unsecured bank loans	19	–	–	–	–	(449,990)	(449,990)
Unsecured loans from subsidiary	19	–	–	–	–	(1,743,174)	(1,743,174)
Trade and other payables	22	–	–	–	–	(878,897)	(878,897)
		–	–	–	–	(3,241,524)	(3,241,524)
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)

As at 31 December 2023, the Group's fair value of unsecured fixed and floating rates notes was $3.9 billion (2022: $3.6 billion). The Company's fair values of unsecured fixed and floating rates notes and unsecured loans from subsidiaries were $0.2 billion (2022: $0.2 billion) and $1.7 billion (2022: $2.0 billion) respectively. The fair values of other financial assets and liabilities approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

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 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2023				
Debt investments at FVOCI	110,578	–	–	110,578
Equity investments at FVOCI	1,682,267	–	252,050	1,934,317
Equity investments at FVTPL	–	–	7,122	7,122
Hedging instrument assets	–	39,687	–	39,687
	1,792,845	39,687	259,172	2,091,704
Hedging instrument liabilities	–	(36,775)	–	(36,775)
31 December 2022				
Equity investments 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)
Company				
31 December 2023				
Debt investments at FVOCI	110,578	–	–	110,578
Equity investments at FVOCI	64,799	–	–	64,799
Hedging instruments assets	–	19,144	–	19,144
	175,377	19,144	–	194,521
Unsecured loans from subsidiary	–	(314,324)	–	(314,324)
Hedging instrument liabilities	–	(18,214)	–	(18,214)
	–	(332,538)	–	(332,538)
31 December 2022				
Equity investments at FVOCI	86,223	–	–	86,223
Hedging instrument assets	–	8,013	–	8,013
	86,223	8,013	–	94,236
Hedging instrument liabilities	–	(24,753)	–	(24,753)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

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 2023			
Other non-current assets	–	242,810	242,810
Unsecured fixed and floating rates notes	–	(3,926,326)	(3,926,326)
Secured bank loans	–	(539,058)	(539,058)
Unsecured bank loans	–	(2,318,600)	(2,318,600)
Loans from joint ventures	–	(163,948)	(163,948)
Loans from non-controlling shareholders of subsidiaries	–	(9,555)	(9,555)
	–	(6,957,487)	(6,957,487)
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)
Company			
31 December 2023			
Unsecured fixed and floating rates notes	–	(169,322)	(169,322)
Unsecured bank loans	–	(449,990)	(449,990)
Unsecured loans from subsidiary	–	(1,428,850)	(1,428,850)
	–	(2,048,162)	(2,048,162)
31 December 2022			
Unsecured fixed and floating rates notes	–	(169,523)	(169,523)
Unsecured bank loans	–	(994,190)	(994,190)
Unsecured loans from subsidiary	–	(1,992,976)	(1,992,976)
	–	(3,156,689)	(3,156,689)

* 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

32 FAIR VALUES (continued)

Level 3 fair value measurements

Movements in Level 3 assets measured at fair value

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Equity investments at FVOCI $'000	Equity investments at FVTPL $'000
Group		
At 1 January 2022	228,893	7,737
Net loss on fair value changes	(1,514)	–
Purchases and sales, net	18,844	–
Effect of changes in foreign exchange rates	994	–
At 31 December 2022	247,217	7,737
Net gain on fair value changes	2,896	(615)
Purchases and sales, net	3,195	–
Effect of changes in foreign exchange rates	(1,258)	–
At 31 December 2023	252,050	7,122

Valuation techniques and significant unobservable inputs

The following table shows the information about the material fair value measurements of equity instruments using significant unobservable inputs (Level 3):

Type	Valuation technique	Significant unobservable inputs	Percentage	Inter-relationship between key unobservable inputs and fair value measurement
Equity instruments at FVOCI	Discounted cash flow	Discount rate	9% (2022: 9%)	The estimated fair value would increase/(decrease) if the discount rate was lower/(higher).

33 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

During 2023, the Group acquired equity interest in Alisan Logistics A.S. ("Alisan"), a Turkey-based logistics company. During 2022, the Group acquired equity interest in BDP Intermediate 1, Inc ("BDP"), a United States-based global logistics solutions provider, as well as equity interest in a subsidiary in Canada.

The Group elects to complete the purchase price allocation ("PPA") 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.

The acquisition of the subsidiary in 2023 had no significant impact to the Group's net profit for the year.

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YEAR ENDED 31 DECEMBER 2023

33 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(a) *Acquisition of subsidiaries* (continued)

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	
	2023 $'000	**2022 $'000 (Restated)**
Property, plant and equipment	80,327	24,233
Intangible assets*	46,461	682,579
Right-of-use assets	17,213	61,246
Deferred tax assets	8,453	3,452
Cash and bank balances	11,502	118,600
Other assets	31,759	1,321,589
Borrowings	(87,202)	(544,506)
Lease liabilities	(17,223)	(62,306)
Current tax payable	–	(34,166)
Deferred tax liabilities*	(452)	(194,914)
Other liabilities	(21,406)	(945,930)
Identifiable net assets	69,432	429,877
Less: Non-controlling interests	(5,765)	–
Total identifiable net assets	63,667	429,877
Goodwill*	–	1,543,692
Total consideration paid	63,667	1,973,569
Cash acquired, net of overdrafts of subsidiaries	(11,502)	(118,600)
Total consideration deferred	(7,316)	–
Net cash outflow on acquisition of subsidiaries	44,849	1,854,969

* Additional information was obtained as part of the process of finalising the PPA during the 12-month period allowed under SFRS(I)3 *Business Combinations*. The fair value of the identifiable assets and liabilities for the acquisition of BDP has been finalised and the comparative information has been adjusted (notes 4 and 11). Intangible assets were valued using relief-from-royalty method and multi-period excess earnings method.

	Group		
	As previously reported $'000	**Adjustments $'000**	**As restated $'000**
Intangible assets	411,174	271,405	682,579
Deferred tax liabilities	(128,123)	(66,791)	(194,914)
Goodwill	1,748,306	(204,614)	1,543,692

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

33 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(b) *Disposal of subsidiary*

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

	Group 2022 $'000
Property, plant and equipment	174,870
Intangible assets	112
Right-of-use assets	259,072
Deferred tax assets	22,662
Cash and bank balances	13,262
Other current assets	24,128
Borrowings	(75,858)
Lease liabilities	(359,947)
Current liabilities	(18,387)
Net assets derecognised	39,914
Non-controlling interests	(7,982)
Reclassification of reserves	(86)
Accounted for as investments in joint ventures	(19,956)
Net assets disposed	11,890
Gain on disposal of subsidiary	33,352
Reversal of accounting gain previously recognised in equity	46,585
Cash and bank balances disposed	(13,262)
Disposal of a subsidiary, net of cash disposed	78,565

34 COMMITMENTS

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

	Group 2023 $'000	Group 2022 $'000
Capital commitments which have been authorised and contracted but not provided for in the financial statements	1,435,678	1,392,859

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

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	
	2023	**2022**
	$'000	**$'000**
Directors' fees	2,473	2,441
Senior Management Council remuneration	24,414	23,430
	26,887	25,871

Other related party transactions

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

	Group	
	2023	**2022**
	$'000	**$'000**
Provision of services		
Related corporations	150,893	113,044
Joint ventures	61,939	67,297
Purchase of services		
Related corporations	(55,797)	(39,099)
Joint ventures	(170,430)	(164,666)

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 2023, 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.