STT GDC Pte. Ltd.
and its subsidiaries
Registration Number: 201228542D

Annual Report

Year ended 31 December 2019

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages FS1 to FS86 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); 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:

Sio Tat Hiang
Lim Ming Seong
Liu Chee Ming
Lim Ah Doo
Stephen Geoffrey Miller
Steven Terrell Clontz
Bruno Lopez

Directors' interests

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

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	**Holdings at beginning of the year**	**Holdings at end of the year**
The Company		
3.59% Notes issued under STT GDC Pte. Ltd.'s S$1,500,000,000 Multicurrency Debt Issuance Programme		
Sio Tat Hiang	–	S$2,500,000
Bruno Lopez	–	S$1,000,000

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Related Corporations		
Ascendas Fund Management (S) Limited		
Unitholdings in Ascendas Real Estate Investment Trust		
Bruno Lopez	5,000	5,000
Mapletree Logistics Trust Management Ltd.		
Unitholdings in Mapletree Logistics Trust		
Lim Ah Doo	185,000	185,000
Singapore Technologies Engineering Ltd		
Ordinary shares		
Lim Ming Seong	8,336	8,336
Lim Ah Doo	60,000	72,400
Singapore Technologies Telemedia Pte Ltd ("ST Telemedia")		
5.0% Subordinated Perpetual Securities issued under ST Telemedia's S$2,000,000,000 Multicurrency Debt Issuance Programme		
Stephen Geoffrey Miller	–	S$250,000
Bruno Lopez	–	S$250,000
Singapore Telecommunications Limited		
Ordinary shares		
Bruno Lopez	3,470	3,470
StarHub Ltd		
Ordinary shares		
Lim Ming Seong	177,736	208,036
- Held in the name of Citibank Nominees Singapore Pte Ltd	100,000	100,000
Liu Chee Ming	30,700	37,100
- Held in the name of HL Bank	191,584	191,584
Stephen Geoffrey Miller	22,700	57,000
Steven Terrell Clontz	143,600	199,300

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Related Corporations (Cont'd)		
TeleChoice International Limited		
Ordinary shares		
Sio Tat Hiang	405,000	–
Lim Ming Seong	60,000	60,000
Stephen Geoffrey Miller	79,000	161,000

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

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

Share options

During the financial year, there were:

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

(ii) no shares issued by virtue of any exercise of options 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

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Sio Tat Hiang
Chairman

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Bruno Lopez
Director

16 April 2020

Independent auditors' report

Member of the Company
STT GDC Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of STT GDC Pte. Ltd. ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS86.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the financial performance and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Valuation of goodwill
(Refer to note 3.6 (ii) – Accounting policies of impairment in non-financial assets and note 7 – Goodwill)</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>At 31 December 2019, the carrying amount of the Group's goodwill amounted to $631,623,000 or 13% of the Group's total assets.

As part of the annual goodwill impairment assessment, the Group uses the discounted cash flow technique to determine the recoverable amounts.

The determination of the recoverable amount requires judgement as it involves significant estimation uncertainties, including developing key assumptions such as revenue growth rates, earnings before interest, taxes, depreciation and amortisation ("EBITDA") margin, discount rates and terminal growth rates to be applied.

These assumptions are key inputs used in the discounted cash flow models prepared by the Group to assess the recoverable amount of goodwill and whether an impairment charge to the consolidated income statement is required.

In view of the financial significance of the goodwill, the level of judgement required to develop the key assumptions and the business challenges facing certain entities within the Group, impairment assessment of goodwill is a key audit matter.

There was no impairment loss of goodwill recognised during the year.</td><td>Our procedures included, among others:
• We evaluated the identification of the cash generating units ("CGUs") within the Group against the requirements of the accounting standards.
• We assessed the reliability of the forecast by comparing the actual performance against previous forecasts.
• We assessed the key assumptions used in the discounted cash flow models, namely the revenue growth rates, EBITDA margin, discount rates and terminal growth rates by comparing them to historical performance or externally derived data where available.
• We performed sensitivity analyses on the discounted cash flow computations using a reasonably possible change in key assumptions and analysed the impact to the recoverable amount.
• We assessed the adequacy of the related disclosures in the financial statements in describing the inherent degree of estimation uncertainty and key assumptions used.</td></tr>
</table>

Valuation of goodwill (cont'd) *(Refer to note 3.6 (ii) – Accounting policies of impairment in non-financial assets and note 7 – Goodwill)*
Findings We concur no impairment was required as at 31 December 2019 and the related disclosures were appropriate.

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 all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do 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 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Tan Khai Boon.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
16 April 2020

Statements of financial position
As at 31 December 2019

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**
Non-current assets					
Property, plant and equipment	4	2,018,185	1,718,708	1,095	1,720
Right-of-use assets	5	626,314	–	10,386	–
Intangible assets	6	117,854	139,065	50	68
Goodwill	7	631,623	634,051	–	–
Interests in:					
- subsidiaries	8	–	–	1,190,598	978,225
- associates	9	919,423	549,008	1,084,375	654,512
- joint venture	10	20,883	5,195	–	–
Trade and other receivables	12	67,119	52,136	–	–
Balances with related parties	13	–	–	542,575	315,285
Contract costs		8,177	8,379	–	–
Derivative assets		158	1,095	–	–
Deferred tax assets	18	661	–	–	–
		4,410,397	3,107,637	2,829,079	1,949,810
Current assets					
Trade and other receivables	12	144,257	141,262	1,095	981
Balances with related parties	13	2,587	7,892	4,664	6,362
Contract costs		2,029	524	–	–
Derivative assets		–	391	2,178	1,395
Cash and cash equivalents	14	220,379	113,419	18,294	19,792
		369,252	263,488	26,231	28,530
Total assets		4,779,649	3,371,125	2,855,310	1,978,340

Statements of financial position (cont'd)
As at 31 December 2019

	Note	Group		Company	
		2019	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**
Equity					
Share capital	15	2,207,277	1,758,169	2,207,277	1,758,169
Reserves	16	(545,613)	(377,032)	(222,505)	(144,221)
Equity attributable to equity holder of the Company		1,661,664	1,381,137	1,984,772	1,613,948
Non-controlling interests	17	55,195	73,060	–	–
Total equity		1,716,859	1,454,197	1,984,772	1,613,948
Non-current liabilities					
Trade and other payables	21	88,870	50,786	44,405	20,191
Balances with related parties	13	486,926	323,475	478,443	315,285
Borrowings	20	1,220,141	1,011,231	223,373	–
Deferred tax liabilities	18	21,737	28,120	–	–
Lease liabilities (2018: finance lease liabilities)	22	583,066	195,592	9,652	–
Provision for restoration costs	23	52,322	7,900	387	387
Other financial liabilities	24	–	6,982	–	–
		2,453,062	1,624,086	756,260	335,863
Current liabilities					
Trade and other payables	21	350,210	218,639	41,133	18,315
Balances with related parties	13	9,317	11,843	8,578	8,819
Borrowings	20	222,432	43,534	60,980	–
Current tax payable		1	–	–	–
Lease liabilities (2018: finance lease liabilities)	22	25,268	842	1,409	–
Other non-financial liabilities		322	565	–	–
Other financial liabilities	24	–	16,415	–	–
Derivative liabilities		2,178	1,004	2,178	1,395
		609,728	292,842	114,278	28,529
Total liabilities		3,062,790	1,916,928	870,538	364,392
Total equity and liabilities		4,779,649	3,371,125	2,855,310	1,978,340

Statements of comprehensive income
Year ended 31 December 2019

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**
Revenue	25	529,008	400,537	5,396	3,406
Expenses					
Staff costs		(116,945)	(71,106)	(68,774)	(29,659)
Depreciation and amortisation	4, 5, 6	(150,042)	(97,340)	(2,149)	(652)
Power costs		(148,137)	(110,214)	–	–
Legal and professional fees		(11,152)	(10,204)	(4,135)	(3,094)
Rental expenses		–	(42,947)	–	(1,722)
Facility expenses		(59,852)	(43,676)	–	–
Services fees		(2,373)	(1,453)	(810)	(359)
Impairment loss reversed/ (recognised) on trade receivables and contract assets	34	842	(3,471)	–	–
Other operating expenses		(39,813)	(30,065)	(3,010)	(3,103)
		(527,472)	(410,476)	(78,878)	(38,589)
Profit/(loss) from operations		1,536	(9,939)	(73,482)	(35,183)
Finance income	26	1,692	488	16,408	20,326
Finance costs	27	(112,488)	(70,874)	(20,816)	(21,575)
		(110,796)	(70,386)	(4,408)	(1,249)
Share of results of associates and joint venture, net of tax	9, 10	(45,388)	(39,798)	–	–
Other income		1,042	9,180	246	682
Other expenses	28	(4,274)	(133,091)	(33)	(101,691)
		(48,620)	(163,709)	213	(101,009)
Loss before tax	29	(157,880)	(244,034)	(77,677)	(137,441)
Tax expense	31	(4,092)	(9,620)	–	–
Loss for the year		(161,972)	(253,654)	(77,677)	(137,441)
Attributable to:					
Equity holder of the Company		(165,317)	(223,886)	(77,677)	(137,441)
Non-controlling interests		3,345	(29,768)	–	–
		(161,972)	(253,654)	(77,677)	(137,441)

Statements of comprehensive income (cont'd)
Year ended 31 December 2019

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Loss for the year	(161,972)	(253,654)	(77,677)	(137,441)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Translation differences relating to financial statements of foreign operations	43	(50,530)	–	–
Share of other comprehensive income of associate and joint venture, net of tax	(16,555)	(12,252)	–	–
Effective portion of changes in fair value of cash flow hedges	(1,206)	(970)	–	–
Net change in fair value of cash flow hedges reclassified to profit or loss	787	451	–	–
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan remeasurement	(60)	(23)	–	–
Other comprehensive income for the year, net of tax	(16,991)	(63,324)	–	–
Total comprehensive income for the year	(178,963)	(316,978)	(77,677)	(137,441)
Attributable to:				
Equity holder of the Company	(181,417)	(285,192)	(77,677)	(137,441)
Non-controlling interests	2,454	(31,786)	–	–
	(178,963)	(316,978)	(77,677)	(137,441)

Consolidated statement of changes in equity
Year ended 31 December 2019

Group	Share capital $'000	Currency translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Accumulated losses $'000	Total attributable to equity holder of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2018	755,080	8,804	(94)	(47,298)	(86,115)	630,377	97,208	727,585
Total comprehensive income for the year								
Loss for the year	–	–	–	–	(223,886)	(223,886)	(29,768)	(253,654)
Other comprehensive income								
Translation differences relating to financial statements of foreign operations	–	(48,558)	–	–	–	(48,558)	(1,972)	(50,530)
Share of other comprehensive income of associate and joint venture, net of tax	–	(12,252)	–	–	–	(12,252)	–	(12,252)
Effective portion of changes in fair value of cash flow hedges	–	–	(930)	–	–	(930)	(40)	(970)
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	451	–	–	451	–	451
Defined benefit plan remeasurement	–	–	–	–	(17)	(17)	(6)	(23)
Total other comprehensive income, net of tax	–	(60,810)	(479)	–	(17)	(61,306)	(2,018)	(63,324)
Total comprehensive income for the year	–	(60,810)	(479)	–	(223,903)	(285,192)	(31,786)	(316,978)

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

Group	Note	Share capital $'000	Currency translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Accumulated losses $'000	Total attributable to equity holder of the Company $'000	Non-controlling interests $'000	Total equity $'000
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Issuance of redeemable convertible preference shares	15	1,003,089	–	–	–	–	1,003,089	–	1,003,089
Capital contribution from non-controlling interests of a subsidiary		–	–	–	–	–	–	7,115	7,115
Put option liabilities to acquire non-controlling interests		–	–	–	30,334	–	30,334	–	30,334
Acquisition of non-controlling interest without a change in control		–	–	–	–	(523)	(523)	523	–
Share of capital reserves of an associate		–	–	–	3,052	–	3,052	–	3,052
Total contributions by and distributions to owners		1,003,089	–	–	33,386	(523)	1,035,952	7,638	1,043,590
Total transactions with owners		1,003,089	–	–	33,386	(523)	1,035,952	7,638	1,043,590
At 31 December 2018		1,758,169	(52,006)	(573)	(13,912)	(310,541)	1,381,137	73,060	1,454,197

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

Group	Note	Share capital $'000	Currency translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Accumulated losses $'000	Total attributable to equity holder of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 31 December 2018		1,758,169	(52,006)	(573)	(13,912)	(310,541)	1,381,137	73,060	1,454,197
Adjustment on initial application of SFRS(I) 16	2.5	–	–	–	–	(8,887)	(8,887)	(2,791)	(11,678)
At 1 January 2019		1,758,169	(52,006)	(573)	(13,912)	(319,428)	1,372,250	70,269	1,442,519
Total comprehensive income for the year									
Loss for the year		–	–	–	–	(165,317)	(165,317)	3,345	(161,972)
Other comprehensive income									
Translation differences relating to financial statements of foreign operations		–	789	–	–	–	789	(746)	43
Share of other comprehensive income of associate and joint venture, net of tax		–	(16,555)	–	–	–	(16,555)	–	(16,555)
Effective portion of changes in fair value of cash flow hedges		–	–	(1,076)	–	–	(1,076)	(130)	(1,206)
Net change in fair value of cash flow hedges reclassified to profit or loss		–	–	787	–	–	787	–	787
Defined benefit plan remeasurement		–	–	–	–	(45)	(45)	(15)	(60)
Total other comprehensive income, net of tax		–	(15,766)	(289)	–	(45)	(16,100)	(891)	(16,991)
Total comprehensive income for the year		–	(15,766)	(289)	–	(165,362)	(181,417)	2,454	(178,963)

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

Group	Note	Share capital $'000	Currency translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Accumulated losses $'000	Total attributable to equity holder of the Company $'000	Non-controlling interests $'000	Total equity $'000
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Issuance of redeemable convertible preference shares	15	449,108	–	–	–	–	449,108	–	449,108
Put option liabilities to acquire non-controlling interests		–	–	–	16,964	–	16,964	–	16,964
Acquisition of non-controlling interest without a change in control		–	–	–	–	2,284	2,284	(17,528)	(15,244)
Share of capital reserves of an associate		–	–	–	2,475	–	2,475	–	2,475
Total contributions by and distributions to owners		449,108	–	–	19,439	2,284	470,831	(17,528)	453,303
Total transactions with owners		449,108	–	–	19,439	2,284	470,831	(17,528)	453,303
At 31 December 2019		2,207,277	(67,772)	(862)	5,527	(482,506)	1,661,664	55,195	1,716,859

Statement of changes in equity
Year ended 31 December 2019

Company	**Note**	**Share capital $'000**	**Accumulated losses $'000**	**Total $'000**
At 1 January 2018		755,080	(6,780)	748,300
Loss for the year/Total comprehensive income for the year		–	(137,441)	(137,441)
Transaction with owner, recorded directly in equity				
Contributions by and distributions to owner				
Issuance of redeemable convertible preference shares	15	1,003,089	–	1,003,089
Total transaction with owner		1,003,089	–	1,003,089
At 31 December 2018		1,758,169	(144,221)	1,613,948
At 31 December 2018		1,758,169	(144,221)	1,613,948
Adjustment on initial application of SFRS(I) 16	2.5	–	(607)	(607)
At 1 January 2019		1,758,169	(144,828)	1,613,341
Loss for the year/Total comprehensive income for the year		–	(77,677)	(77,677)
Transaction with owner, recorded directly in equity				
Contributions by and distributions to owner				
Issuance of redeemable convertible preference shares	15	449,108	–	449,108
Total transaction with owner		449,108	–	449,108
At 31 December 2019		2,207,277	(222,505)	1,984,772

Consolidated statement of cash flows
Year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Loss before tax		(157,880)	(244,034)
Adjustments for:			
Depreciation and amortisation	4, 5, 6	150,042	97,340
Finance costs	27	112,047	70,699
Unwinding of discount on restoration costs	27	441	175
Loss on dilution of interest in associate	28	250	–
(Gain)/loss on disposal of property, plant and equipment		(350)	1,176
Net change in fair value of financial asset designated as fair value through profit or loss	29	–	(1,837)
Interest income	26	(1,692)	(488)
Share of results of associates and joint venture	9, 10	45,388	39,798
Impairment loss on trade receivables and contract assets	34	(842)	3,471
Impairment loss on investment in associate	9	–	2,727
Impairment loss on intangible assets	6	–	6,516
Impairment loss on goodwill	7	–	122,672
		147,404	98,215
Changes in:			
Contract costs		(1,303)	(8,903)
Trade and other receivables		(7,522)	(16,250)
Trade and other payables		97,523	61,139
Balances with related parties		5,690	(2,714)
Cash generated from operating activities		241,792	131,487
Tax paid		(5,015)	(10,181)
Net cash from operating activities		236,777	121,306
Cash flows from investing activities			
Purchase of property, plant and equipment		(499,490)	(522,119)
Investment in associate		(429,863)	(193,444)
Investment in joint venture		(15,958)	(5,203)
Interest received		1,692	488
Proceeds from disposal of mutual funds		–	19,115
Proceeds from disposal of property, plant and equipment		867	624
Net cash used in investing activities		(942,752)	(700,539)

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

	Note	2019 $'000	2018 $'000
Cash flows from financing activities			
Borrowings			
- proceeds		608,597	309,964
- repayments		(218,958)	(11,637)
Loans from immediate holding company			
- proceeds		593,843	412,093
- repayments		(2,060)	(15,027)
Payment of lease liabilities (2018: finance lease paid)		(43,691)	(5,717)
Interest paid		(109,552)	(55,185)
Proceeds from issuance of shares to non-controlling interest of subsidiary		–	7,115
Acquisition of non-controlling interest		(15,244)	–
Net cash generated from financing activities		812,935	641,606
Net change in cash and cash equivalents		106,960	62,373
Cash and cash equivalents at beginning of the year		113,419	51,046
Cash and cash equivalents at end of the year	14	220,379	113,419

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 16 April 2020.

1 Domicile and activities

STT GDC Pte. Ltd. (the "Company") is incorporated in the Republic of Singapore with its registered office at 1 Temasek Avenue, #33-01 Millenia Tower, Singapore 039192.

The principal activities of the Company are those of an investment holding company. Through its subsidiaries and associates, the Group offers data centre co-location, managed hosting and managed cloud services.

The immediate holding company is STT Communications Ltd. The intermediate and ultimate holding companies are Singapore Technologies Telemedia Pte Ltd and Temasek Holdings (Private) Limited, respectively. These companies are incorporated in the Republic of Singapore.

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

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are stated at fair value.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I)s 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. These estimates are based on management's best knowledge and judgement of current events and environment. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- Note 22 – Lease term: whether the Group is reasonably certain to exercise extension options

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Note 3.3 – Useful lives of property, plant and equipment
- Note 7 – Assumptions underlying the estimation of recoverable amount used for the impairment test for cash generating unit containing goodwill
- Note 32 – Assumptions underlying the measurement of cash settled share-based payment transactions

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.

- *Level 2:* inputs other than quoted prices included in 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 32 – Employee benefits
- Note 34 – Financial risk management

2.5 Changes in significant accounting policies

The Group has applied the SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019. Other than SFRS(I) 16, the application of these amendments to standards and interpretations did not have a material effect on the financial statements.

SFRS(I) 16 *Leases*

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

The Group's accounting policies on leases under SFRS(I) 16 and SFRS(I) 1-17 are disclosed in Note 3.7.

(i) Definition of a lease

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

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

(ii) As a lessee

The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases in the statement of financial position.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

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

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

On initial application of SFRS(I) 16, the Group elected to apply the following practical expedients to leases previously classified as operating leases under SFRS(I) 1-17 on a lease-by-lease basis:

- relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- did not recognise right-of-use assets and liabilities for leases with remaining lease term of less than 12 months as at 1 January 2019;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs in the measurement of the right-of-use assets at 1 January 2019; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

For leases previously classified as operating leases, the Group applied the following transition provisions on 1 January 2019:

(i) On a lease-by-lease basis, the Group measured its right-of-use assets either at a carrying amount as if SFRS(I) 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 January 2019; or at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statements of financial position immediately before 1 January 2019.

(ii) Recognised its lease liabilities by discounting the remaining lease payments at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristics.

(iii) The difference between the carrying amounts of the right-of-use assets and lease liabilities at 1 January 2019 was adjusted directly to accumulated losses.

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

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

(iii) As a lessor

There are no material changes to accounting by the Group as a lessor except when the Group is an intermediate lessor.

The Group leases an underlying asset under a head lease arrangement and subleases to third parties as an intermediate lessor. Under SFRS(I) 1-17, the head lease and sublease contracts were classified as operating leases. Under SFRS(I) 16, accounting by the Group as an intermediate lessor depends on the classification of the sublease with reference to the right-of-use asset arising from the head lease rather than the underlying asset.

On 1 January 2019, the Group reassessed the classification of its subleases based on the remaining contractual terms and conditions of the head lease and subleases, and concluded that these subleases should be classified as operating leases under SFRS(I) 16.

(iv) Impact on transition

The effects of adoption of SFRS(I) 16 at 1 January 2019 are as follows:

	1 January 2019	
	Group $'000	**Company $'000**
Property, plant and equipment	(179,636)	(274)
Right-of-use assets	516,435	11,970
Trade and other receivables	(6,202)	–
Deferred tax liabilities	5,890	–
Trade and other payables	4,026	121
Lease liabilities	(352,191)	(12,424)
Accumulated losses	8,887	607
Non-controlling interests	2,791	–

A reconciliation between the operating lease commitments previously disclosed in the financial statements at 31 December 2018 and the lease liabilities recognised in the statements of financial position at 1 January 2019 is as follows:

	Group $'000	**Company $'000**
Operating lease commitments as disclosed under SFRS(I) 1-17 at 31 December 2018	160,886	8,386
Discounted using the weighted average incremental borrowing rate of 3.2% - 8.9% at 1 January 2019	133,023	6,922
Recognition exemption for leases of low-value assets	(271)	(231)
Extension options reasonably certain to be exercised	219,439	5,733
Lease liabilities recognised at 1 January 2019	352,191	12,424
Finance lease liabilities recognised at 31 December 2018	196,434	–
Lease liabilities at 1 January 2019	548,625	12,424

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

Business combinations

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

The Group measures goodwill at the date of acquisition as:

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

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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 date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument 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 profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investment in associates and joint venture (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement 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.

Investments in associates and joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income ("OCI") of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees 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.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Put option with non-controlling interests

When an entity within the Group writes a put option with the NCI as part of the acquisition of a subsidiary for settlement in cash or in another financial asset, a put option liability is recognised for the present value of the exercise price of the option. This creates an obligation or potential obligation for the entity to purchase its subsidiary's equity instruments (constitutes the Group's own equity in the consolidated financial statements) for cash or another financial asset.

Where the NCI shareholders still have present access to the returns associated with the underlying ownership interests, the Group has chosen an accounting policy that the NCI continue to be recognised and the present value of the option is recognised in equity. Subsequent to initial recognition of the financial liability, changes in the carrying amount of the financial liability is recognised within equity.

If the put option expires unexercised, then the charge to equity will be reversed and the financial liability will be derecognised. If the put option is exercised, then the charge to equity will be reversed and the financial liability will be derecognised.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and 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.

Subsidiaries, associates and joint venture in the separate financial statements

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

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date 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 translation are recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the currency translation reserve related to that foreign operation is reclassified to profit or loss 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 NCI. 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 profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the currency translation reserve in equity.

3.3 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets include the cost of materials and direct labour, an appropriate proportion of overheads, the costs of dismantling and removing the assets and restoring the site on which they are located and capitalised borrowing costs.

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.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

Subsequent expenditure relating to 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 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. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. The estimated useful lives for the current year and the prior year are as follows:

Leasehold land and buildings	-	Shorter of remaining lease term or 60 years
Leasehold improvements	-	Shorter of remaining lease term or 20 years
Data centre equipment and network equipment	-	3 to 20 years
Computers, office equipment and furniture and fittings	-	2 to 15 years
Freehold building	-	60 years
Freehold improvements	-	20 years

No depreciation is provided on assets under construction and freehold land.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate. The effect of any changes in estimate is accounted for on a prospective basis. Changes in the expected level of usage and technological developments could impact the useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

3.4 Intangible assets

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented separately. For the measurement of goodwill at initial recognition, see Note 3.1. Goodwill is measured at cost less accumulated impairment losses.

Goodwill in respect of associates and joint venture is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint venture.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets are amortised in profit or loss on a straight-line basis from the date they are available for use over their estimated useful lives. The estimated useful lives for the current year and the prior year are as follows:

Customer contracts and relationships	-	3 to 12 years
Software	-	5 years

Subsequent expenditure on capitalised intangible assets is added to the carrying value only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Computer software integral to a related item of equipment is accounted for as property, plant and equipment.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial instruments

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; or 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.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior period, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

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. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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 profit or loss.

Non-derivative financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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 legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cash on hand and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in its fair value, and are used by the Group in the management of its short-term commitments.

(vi) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposure.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(vii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

Redeemable convertible preference shares

Preference shares are classified as equity as it is redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

(viii) Financial guarantee

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time as they become probable that the Company will be required to make payment under the guarantee. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.6 Impairment

(i) Non-derivative financial assets and contract assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs and contract assets.

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 trade receivables and contract assets, which 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) or the financial asset is more than 360 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs in the maximum contractual period over which the Group is exposed to credit risk.

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 entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group’s non-financial assets, other than 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, then the assets’ recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (“CGU”) exceeds its estimated recoverable amount.

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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. 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 profit or loss. 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.

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

Goodwill that forms part of the carrying amount of an investment in an associate or 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 joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or joint venture may be impaired.

3.7 Leases

(i) Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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 end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the leases and the type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, 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 profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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 considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The Group classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset. When the sublease is assessed as an operating lease, the Group recognises lease income from subleased property as 'revenue' on a straight-line basis over the term of the lease. The right-of-use asset relating to the head lease is not derecognised.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

(ii) Policy applicable before 1 January 2019

As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Lease income from subleased data centres is recognised as "revenue" on a straight-line basis over the term of the lease.

3.8 Revenue recognition

Data centre co-location services

Revenue from data centre co-location services is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

Lease income

Lease income is recognised as "revenue" on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total lease income, over the term of the lease.

Management fees

Management fee is recognised as and when the service is rendered.

3.9 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 staff costs in profit or loss in the periods during which related services are rendered by employees.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is 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 its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Singapore Government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected credit method. Any remeasurements are recognised as staff costs in profit or loss in the period in which they arise.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed under staff costs in profit or loss as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus 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.

Share-based payment transactions

The Group has certain cash-settled share-based payments transactions. The fair value of the amount payable to the employees is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share-based payment transaction. Any changes in the fair value of the liability are recognised as staff costs in profit or loss.

3.10 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

The Group's provision for restoration costs is recognised in accordance with the applicable contractual requirements to restore leased assets back to its original condition upon expiry of the lease.

3.11 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss 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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.12 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expenses;
- net gain or loss on financial assets at FVTPL;
- reclassification of net gains and losses previously recognised in OCI on cash flow hedges; and
- hedge ineffectiveness recognised in profit or loss.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.13 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 Group's Chief Executive Officer ("CEO") (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Corporate / Others comprises mainly corporate assets (primarily the Company's head office) and head office expenses.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.14 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.
- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) 17 *Insurance Contracts*

4 Property, plant and equipment

	Leasehold land, buildings and improvements $'000	Freehold land $'000	Freehold building and improvements $'000	Data centre equipment and network equipment $'000	Computers, office equipment, and furniture and fittings $'000	Assets under construction $'000	Total $'000
Group							
Cost							
At 1 January 2018	358,956	15,640	71,444	629,652	28,455	158,636	1,262,783
Additions	25,621	15,744	88	23,486	1,818	573,089	639,846
Transfers	141,596	–	520	156,445	3,575	(302,136)	–
Disposal	(9)	–	–	(1,952)	(94)	–	(2,055)
Translation difference	(8,723)	(723)	(2,670)	(23,480)	(1,825)	(8,708)	(46,129)
At 31 December 2018	517,441	30,661	69,382	784,151	31,929	420,881	1,854,445
At 1 January 2019	517,441	30,661	69,382	784,151	31,929	420,881	1,854,445
Adoption of SFRS(I) 16 (note 2.5)	(91,399)	–	–	–	–	(96,110)	(187,509)
Adjusted balance at 1 January 2019	426,042	30,661	69,382	784,151	31,929	324,771	1,666,936
Additions	5,862	36	19	18,556	1,917	546,403	572,793
Transfers	57,918	–	47,114	450,952	12,114	(568,098)	–
Disposal	(49)	–	–	(663)	(47)	–	(759)
Translation difference	(8,464)	(3,702)	3,892	1,277	(836)	10,653	2,820
At 31 December 2019	481,309	26,995	120,407	1,254,273	45,077	313,729	2,241,790

Group	Leasehold land, buildings and improvements $'000	Freehold land $'000	Freehold building and improvements $'000	Data centre equipment and network equipment $'000	Computers, office equipment, and furniture and fittings $'000	Assets under construction $'000	Total $'000
Accumulated depreciation and impairment losses							
At 1 January 2018	14,403	–	437	43,827	5,894	–	64,561
Charge for the year	19,548	–	1,768	49,272	4,583	–	75,171
Disposal	(2)	–	–	(189)	(64)	–	(255)
Translation difference	(575)	–	(80)	(2,753)	(332)	–	(3,740)
At 31 December 2018	33,374	–	2,125	90,157	10,081	–	135,737
At 1 January 2019	33,374	–	2,125	90,157	10,081	–	135,737
Adoption of SFRS(I) 16 (note 2.5)	(7,873)	–	–	–	–	–	(7,873)
Adjusted balance at 1 January 2019	25,501	–	2,125	90,157	10,081	–	127,864
Charge for the year	19,126	–	3,279	69,468	4,872	–	96,745
Disposal	193	–	–	(651)	216	–	(242)
Translation difference	19	–	60	(628)	(213)	–	(762)
At 31 December 2019	44,839	–	5,464	158,346	14,956	–	223,605
Carrying amounts							
At 1 January 2018	344,553	15,640	71,007	585,825	22,561	158,636	1,198,222
At 31 December 2018	484,067	30,661	67,257	693,994	21,848	420,881	1,718,708
At 31 December 2019	436,470	26,995	114,943	1,095,927	30,121	313,729	2,018,185

	2019 $'000	2018 $'000
Carrying amounts of assets acquired under finance lease under SFRS(I) 1-17	–	163,368
Borrowing costs capitalised in assets under construction	16,775	13,105
Weighted average capitalisation rate	2.6% - 8.9%	1.3% - 8.6%

Changes in estimates

In the prior year, STT Global Data Centres India Private Limited conducted a review of the useful lives of its major data centre equipment. As a result of the review, the estimated average useful life was revised from 9 years to 15 years. The change in the estimated useful life constituted a change in estimates and was applied prospectively from 1 April 2018. The effect of the change in depreciation expense was as follows:

	2018 $'000	2019 to 2022 $'000	2023 onwards $'000
Increase/(decrease) in depreciation expense	7,571	20,864	(28,435)

Company	**Leasehold improvements $'000**	**Computers, office equipment, and furniture and fittings $'000**	**Assets under construction $'000**	**Total $'000**
Cost				
At 1 January 2018	1,627	1,026	–	2,653
Additions	–	211	57	268
Transfers	48	9	(57)	–
Disposal	(8)	(60)	–	(68)
At 31 December 2018	1,667	1,186	–	2,853
At 1 January 2019	1,667	1,186	–	2,853
Adoption of SFRS(I) 16 (note 2.5)	(387)	–	–	(387)
Adjusted balance at 1 January 2019	1,280	1,186	–	2,466
Additions	28	178	23	229
Disposal	(49)	(39)	–	(88)
At 31 December 2019	1,259	1,325	23	2,607

Company	**Leasehold improvements $'000**	**Computers, office equipment, and furniture and fittings $'000**	**Assets under construction $'000**	**Total $'000**
Accumulated depreciation				
At 1 January 2018	235	315	–	550
Charge for the year	251	383	–	634
Disposal	(2)	(49)	–	(51)
At 31 December 2018	484	649	–	1,133
At 1 January 2019	484	649	–	1,133
Adoption of SFRS(I) 16 (note 2.5)	(113)	–	–	(113)
Adjusted balance at 1 January 2019	371	649	–	1,020
Charge for the year	192	355	–	547
Disposal	(16)	(39)	–	(55)
At 31 December 2019	547	965	–	1,512
Carrying amounts				
At 1 January 2018	1,392	711	–	2,103
At 31 December 2018	1,183	537	–	1,720
At 31 December 2019	712	360	23	1,095

5 Right-of-use assets

The Group leases land and buildings for a period of 3 to 60 years. Previously, under SFRS(I) 1-17, some of these leases were classified as finance leases while the remaining were classified as operating leases.

For leases of IT equipment with contract terms of three to five years which are of low-value items, the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

	Land and buildings	
	Group 2019 $'000	**Company 2019 $'000**
At 1 January	516,435	11,970
At 31 December	626,314	10,386
Additions to right-of-use assets	148,221	–
Depreciation charge for the year	(32,667)	(1,584)

6 Intangible assets

Group	Note	Customer contracts and relationships $'000	Software $'000	Total $'000
Cost				
At 1 January 2018		193,583	91	193,674
Translation difference		(9,251)	–	(9,251)
At 31 December 2018 and 1 January 2019		184,332	91	184,423
Translation difference		(990)	–	(990)
At 31 December 2019		183,342	91	183,433
Accumulated amortisation and impairment losses				
At 1 January 2018		17,843	4	17,847
Charge for the year		22,150	19	22,169
Impairment loss	7	6,516	–	6,516
Translation difference		(1,174)	–	(1,174)
At 31 December 2018 and 1 January 2019		45,335	23	45,358
Charge for the year		20,612	18	20,630
Translation difference		(409)	–	(409)
At 31 December 2019		65,538	41	65,579
Carrying amounts				
At 1 January 2018		175,740	87	175,827
At 31 December 2018		138,997	68	139,065
At 31 December 2019		117,804	50	117,854

Company	Software $'000
Cost	
At 1 January 2018, 31 December 2018 and 31 December 2019	91
Accumulated amortisation	
At 1 January 2018	5
Charge for the year	18
At 31 December 2018 and 1 January 2019	23
Charge for the year	18
At 31 December 2019	41

Company	**Software $'000**
Carrying amounts	
At 1 January 2018	86
At 31 December 2018	68
At 31 December 2019	50

7 Goodwill

	Group	
	2019 $'000	**2018 $'000**
Cost		
At 1 January	756,723	790,303
Translation difference	(2,428)	(33,580)
At 31 December	754,295	756,723
Accumulated impairment losses		
At 1 January	122,672	–
Impairment loss	–	122,672
At 31 December	122,672	122,672
Carrying amounts		
At 1 January	634,051	790,303
At 31 December	631,623	634,051

Annual impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to the countries of operations of the subsidiaries acquired, as follows:

	Group	
	2019 $'000	**2018 $'000**
India	286,193	294,009
United Kingdom	345,430	340,042
Singapore	–	–

India

For the goodwill allocated to the India CGU arising from the acquisition of STT Global Data Centres India Private Limited ("STT India"), the recoverable amount was based on value in use ("VIU").

The VIU was determined by discounting future cash flows generated from the continuing use of the CGU and a terminal value using a long-term growth rate. The 7-year (2018: 8-year) cash flow projections were based on management's assessment of anticipated future trends and actual operating results. The cash flow projections used in the impairment assessment of the CGU at the reporting date reflect the long-term future performance of the CGU as it reaches a steady state of operations.

The VIU was based on the following key assumptions:

	STT India	
	2019	**2018**
Pre-tax discount rate	13.0%	12.6%
Terminal value growth rate	6.0%	7.0%

The values assigned to the key assumptions represent management's assessment of developments in the data centre industry and were based on both external sources and internal sources.

Based on the above assumptions, the recoverable amount was estimated to be higher than the carrying amount of the CGU, and no impairment was required in 2019 (2018: $nil).

Management has identified that a reasonably possible change in the above key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these assumptions would need to change individually for the recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount 2019
Pre-tax discount rate	0.2%
Terminal value growth rate	(0.3%)

In the prior year, any reasonably possible change to the key assumptions applied was not likely to cause the recoverable amount to be below the carrying amount.

United Kingdom

For the goodwill allocated to the United Kingdom CGU arising from the acquisition of STT Virtus HoldCo Limited ("Virtus"), the recoverable amount was based on VIU.

The VIU was determined by discounting future cash flows generated from the continuing use of the CGU and a terminal value using a long-term growth rate. The 6-year (2018: 8-year) cash flow projections were based on management assessment of anticipated future trends and actual operating results. The cash flow projections used in the impairment assessment of the CGU at the reporting date reflect the long-term future performance of the CGU as it reaches a steady state of operations.

The VIU was based on the following key assumptions:

	Virtus	
	2019	**2018**
Pre-tax discount rate	8.9%	8.3%
Terminal value growth rate	2.0%	2.0%

The values assigned to the key assumptions represent management's assessment of developments in the data centre industry and were based on both external sources and internal sources.

Based on the above assumptions, the recoverable amount was estimated to be higher than the carrying amount of the CGU, and no impairment was required in 2019 (2018: $nil).

Management has identified that a reasonably possible change in the above key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these assumptions would need to change individually for the recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount	
	2019	**2018**
Pre-tax discount rate	0.3%	0.2%
Terminal value growth rate	(0.4%)	(0.3%)

Singapore

In the prior year, the recoverable amount for the goodwill allocated to the Singapore CGU arising from the acquisition of data centre business by STT Tai Seng Pte. Ltd. ("STT Tai Seng") was determined based on the FVLCS. This was estimated using the discounted cash flows expected to arise from the continuing use of the CGU based on forecasted cash flows over the remaining lease periods, incorporating Level 3 fair value inputs as defined in Note 2.4.

The recoverable amount was based on the following key assumptions:

	STT Tai Seng 2018
Pre-tax discount rate	11.0%
Budgeted EBITDA growth rate	1.6%

The values assigned to the key assumptions represented management's assessment of future trends based on historical data from both external and internal sources.

The carrying amount of the CGU was determined to be higher than its recoverable amount and an impairment loss of $129,188,000 was recognised in the prior year. The impairment loss was allocated to goodwill of $122,672,000 and intangible assets of $6,516,000 (see Note 6) and included in 'other expenses'. The impairment loss arose mainly from an unfavourable revision in long term contract rates due to increased competitive supply available in the market, which had an adverse impact to the business.

8 Interests in subsidiaries

	Company 2019 $'000	Company 2018 $'000
Equity investments at cost	1,286,286	1,073,913
Provision for impairment	(95,688)	(95,688)
	1,190,598	978,225

Details of significant subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/ Principal place of business	Effective equity held by the Group 2019 %	Effective equity held by the Group 2018 %
Held by the Company:			
STT APDC Pte. Ltd. ("STT APDC")	Singapore	100	100
STT UK DC Pte. Ltd. ("STT UKDC")	Singapore	100	100
STT India DC Pte. Ltd. ("STT IDC")	Singapore	100	100
ST Telemedia GDC Thailand Pte. Ltd. ("STT TDC") (formerly known as STT Thailand DC Pte. Ltd.)	Singapore	100	100
STT Korea DC Pte. Ltd. ("STT KDC")	Singapore	100	–
Held by STT APDC Pte. Ltd.:			
STT Singapore DC Pte. Ltd. ("STT SDC")	Singapore	100	100
Shine Systems Assets Pte. Ltd. ("SSAPL")	Singapore	70	70
STT Defu 2 Pte. Ltd. ("STT Defu 2")	Singapore	100	100
STT Tai Seng Pte. Ltd. ("STT Tai Seng") [1]	Singapore	100	74
STT Loyang Pte. Ltd. ("STT Loyang")	Singapore	100	100
STT West 1 Pte. Ltd. ("STT West 1") (formerly known as STT Defu 4 Pte. Ltd.)	Singapore	100	100
STT Defu 3 Pte. Ltd. ("STT Defu 3")	Singapore	100	100
Held by STT India DC Pte. Ltd.:			
STT Global Data Centres India Private Limited ("STT India")	India	74	74

Name of subsidiaries	Country of incorporation/ Principal place of business	Effective equity held by the Group 2019 %	2018 %
Held by STT UK DC Pte. Ltd.:			
STT Virtus HoldCo Limited ("Virtus")	Guernsey/ United Kingdom	100	100

[1] During the year, the Group acquired the remaining 26% equity interest in STT Tai Seng for a consideration of $14,277,000, increasing its ownership from 74% to 100% (see Note 17).

In the prior year, the Company recognised an impairment loss of $95,688,000 on its investment in STT APDC for its investment in STT Tai Seng (held through STT APDC) as the recoverable amount was assessed to be lower than the Company's cost of investment (refer to Note 7 for the basis of the recoverable amount). The impairment loss was included in 'other expenses' in the Company's statement of comprehensive income.

9 Interests in associates

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Interests in associates	922,150	551,735	1,090,369	660,506
Provision for impairment	(2,727)	(2,727)	(5,994)	(5,994)
	919,423	549,008	1,084,375	654,512

Details of the associates are as follows:

Name of associates	Country of incorporation/ Principal place of business	Effective equity held by the Group 2019 %	2018 %
Held by the Company:			
GDS Holdings Limited ("GDS") [1]	Cayman Islands/ People's Republic of China	36.1	35.2
STT Connect Holdings Pte. Ltd. ("STT Connect Holdings") [2]	Singapore	38.8	38.8

GDS provides colocation, managed hosting and managed cloud services in China.

[1] During the year, the Group's interest in GDS increased from 35.2% to 36.1% due to:

(i) the subscription of 6,373,134 and 2,274,725 American Depositary Shares ("ADS") issued by GDS through two public offerings in March 2019 and December 2019, respectively. Each ADS represents eight Class A ordinary shares of GDS. The public offering in March 2019 was priced at US$33.50 per ADS and the total investment amount was US$213,500,000 (equivalent to $288,844,000). The public offering in December 2019 was priced at US$45.50 per ADS and the total investment amount was US$103,500,000 (equivalent to $141,019,000);

(ii) Partly offset by the dilution of interest due to exercise of employee share options. The loss arising from the dilution of interest amounted to $250,000 and was recognised as 'other expenses' in the statement of comprehensive income.

In the prior year, the Group's interest in GDS increased from 33.8% to 35.2% due to:

(i) the subscription of 3,009,857 American Depositary Shares ("ADS") issued by GDS through a public offering in January 2018. Each ADS represented eight Class A ordinary shares of GDS. The public offering was priced at US$26.00 per ADS and the total investment amount was US$78,256,000 (equivalent to $105,310,000); and

(ii) the acquisition of additional interest amounting to US$63,996,000 (equivalent to $86,634,000).

[2] In the prior year, the Group subscribed for 1,500,000 ordinary shares of STT Connect Holdings for a total consideration of $1,500,000.

In the prior year, the Group and the Company recognised an impairment loss of $2,727,000 and $5,994,000, respectively, on the investment in STT Connect Holdings to reduce the carrying amount of the investment to zero due to the associate's sustained losses and negative business outlook. The impairment loss was included in 'other expenses' in the statement of comprehensive income.

The following table summarises the financial information of the associates based on their own (consolidated) financial statements prepared in accordance with SFRS(I), adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interests in associates.

	GDS **\$'000**
2019	
Revenue	813,055
Post-tax loss from continuing operations	(123,621)
Other comprehensive income	(28,510)
Total comprehensive income	(152,131)
Non-current assets	4,724,381
Current assets	1,370,891
Non-current liabilities	(3,196,942)
Current liabilities	(822,911)
Net assets	2,075,419 [1]

[1] *Includes balances of \$182,913,000 that are not attributable to the Group*

Group's interest in net assets of associates at beginning of the year	369,317
Group's contributions during the year	364,952
Group's share of:	
- Post-tax loss from continuing operations	(44,467)
- Other comprehensive income	(10,324)
Total comprehensive income	(54,791)
Group's share of capital reserves	2,475
Effect of Group's dilution of interest	1,165
Group's interest in net assets of associates at end of the year	683,118
Goodwill at the beginning of the year	179,691
- Goodwill acquired during the year	64,911
- Effect of Group's dilution of interest	(1,415)
- Translation adjustment *	(6,882)
Goodwill at the end of the year	236,305
Carrying amount of interests in associates at end of the year	919,423

* *Included in share of other comprehensive income of associate*

The above financial information of GDS is based on its unaudited financial results for the full year ended 31 December 2019 released on 19 March 2020. As at the date of this report, GDS' audited financial statements has not been published yet.

	GDS $'000	STT Connect Holdings $'000	Total $'000
2018			
Revenue	569,791	266	570,057
Post-tax loss from continuing operations	(105,320)	(8,421)	(113,741)
Other comprehensive income	(17,438)	–	(17,438)
Total comprehensive income	(122,758)	(8,421)	(131,179)
Non-current assets	3,583,940	294	3,584,234
Current assets	603,531	2,938	606,469
Non-current liabilities	(2,309,196)	–	(2,309,196)
Current liabilities	(695,961)	(1,347)	(697,308)
Net assets	1,182,314 [1]	1,885	1,184,199

[1] *Includes balances of $48,366,000 that are not attributable to the Group*

	GDS $'000	STT Connect Holdings $'000	Total $'000
Group's interest in net assets of associates at beginning of the year	301,845	4,494	306,339
Group's contributions during the year	107,016	1,500	108,516
Group's share of:			
- Post-tax loss from continuing operations	(36,527)	(3,267)	(39,794)
- Other comprehensive income	(6,069)	–	(6,069)
Total comprehensive income	(42,596)	(3,267)	(45,863)
Group's share of capital reserves	3,052	–	3,052
Impairment loss	–	(2,727)	(2,727)
Group's interest in net assets of associates at end of the year	369,317	–	369,317
Goodwill at the beginning of the year	100,942	–	100,942
- Goodwill acquired during the year	84,928	–	84,928
- Translation adjustment *	(6,179)	–	(6,179)
Goodwill at the end of the year	179,691	–	179,691
Carrying amount of interests in associates at end of the year	549,008	–	549,008

* *Included in share of other comprehensive income of associate*

	2019 $'000	2018 $'000
Fair value of ownership interest in GDS #	3,705,545	1,402,150

Based on the quoted market prices as at 31 December (Level 1 in the fair value hierarchy).

10 Interest in joint venture

Details of the joint venture are as follows:

Name of joint venture	**Principal place of business**	**Effective equity held by the Group**	
		2019	**2018**
		%	**%**
Held by STT TDC:			
STT GDC (Thailand) Company Limited (“STT GDC (Thailand)”) (formerly known as Technology Assets Co., Ltd.) [1]	Thailand	49	49

[1] Although the Group holds 49 percent interest in STT GDC (Thailand), decisions about relevant activities that significantly affect the returns that are generated require agreement of all parties to the arrangement. It is therefore determined that the Group participates in joint control.

In 2018, the Group established a joint venture, STT GDC (Thailand), to develop data centre facilities in Thailand. The Group’s contribution to set up the joint venture was $5,203,000 and resulted in the Group obtaining a 49% equity interest in STT GDC (Thailand).

During the year, the Group invested an additional $15,958,000 in STT GDC (Thailand), with no change in the Group’s equity interest.

In accordance with the joint venture agreement, the Group and its joint venture partner have agreed to make additional contributions in proportion to their interests to fund the construction of a data centre in Thailand. The Group’s share of the capital commitments of the joint venture as at 31 December 2019 was $64,159,000 (2018: nil). These commitments have not been recognised in the Group’s consolidated financial statements.

The following table summarises the financial information of the joint venture based on its own financial statements prepared in accordance with SFRS(I).

	2019 $’000	**2018 $’000**
Post-tax loss from continuing operations	(1,879)	(8)
Total comprehensive income	(1,879)	(8)

11 Financial assets at amortised cost

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Trade and other receivables	12	123,404	124,413	547	556
Balances with related parties	13	2,587	7,892	547,239	321,647
Cash and cash equivalents	14	220,379	113,419	18,294	19,792
		346,370	245,724	566,080	341,995

12 Trade and other receivables

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Trade receivables		71,329	73,653	–	–
Unbilled receivables		22,151	21,229	–	–
Other receivables		8,589	21,470	–	9
Deposits		21,335	8,061	547	547
	11	123,404	124,413	547	556
Prepayments and others		53,667	39,466	548	425
Tax advances		23,828	13,011	–	–
Contract assets	25	10,477	16,508	–	–
		211,376	193,398	1,095	981
Current		144,257	141,262	1,095	981
Non-current		67,119	52,136	–	–
		211,376	193,398	1,095	981

13 Balances with related parties

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Assets					
Non-current					
Subsidiaries					
- Interest-bearing loans	(i)	–	–	526,980	313,075
- Interest receivable	(i)	–	–	15,595	2,210
		–	–	542,575	315,285

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Current					
Subsidiaries					
- Current account		–	–	3,147	6,331
- Interest receivable	(i)	–	–	1,463	–
Associate					
- Current account		2,366	4,873	49	31
Joint venture					
- Current account		5	–	5	–
Related corporations					
- Current account		574	4,383	–	–
		2,945	9,256	4,664	6,362
Loss allowance	(ii)	(358)	(1,364)	–	–
		2,587	7,892	4,664	6,362
	11	2,587	7,892	547,239	321,647
Liabilities					
Non-current					
Immediate holding company					
- Interest-bearing loans	(iii)	459,889	313,075	459,889	313,075
- Interest payable	(iii)	18,554	2,210	18,554	2,210
Related corporation					
- Interest-bearing loan	(iv)	8,483	8,190	–	–
		486,926	323,475	478,443	315,285
Current					
Subsidiaries					
- Current account		–	–	2,322	127
Immediate holding company					
- Interest-bearing loans	(iii)	5,469	5,284	5,469	5,284
- Interest payable	(iii)	44	46	44	46
- Current account		545	3,077	545	3,077
Related corporations					
- Current account		3,259	3,436	198	285
		9,317	11,843	8,578	8,819
	19	496,243	335,318	487,021	324,104

(i) The loans to subsidiaries are unsecured, bear interests from 3.53% to 4.51% (2018: 3.53% to 4.51%) and are repayable from 2021 to 2024 (2018: 2021 to 2022). The interest receivables are unsecured and repayable from 2020 to 2024 (2018: 2021 to 2022).

(ii) During the year, the Group reversed an impairment charge of $1,006,000 (2018: recognised an impairment loss of $1,344,000) relating to balances due from related parties.

(iii) The loans from immediate holding company are unsecured, bear interests from 3.25% to 4.51% (2018: 3.50% to 4.51%) and are repayable from 2020 to 2022 (2018: 2019 to 2022). The interest payables are unsecured and repayable from 2020 to 2022 (2018: 2019 to 2022). During the year, interest payables of $869,000 (2018: $1,221,000) were capitalised into interest-bearing loans.

(iv) The loan from a related corporation is unsecured, bears interest at 3.53% (2018: 3.53%) and is repayable in 2021. During the year, interest payable of $293,000 (2018: $283,000) was capitalised into interest-bearing loan.

All the other amounts due from and to related parties are unsecured, interest-free and repayable on demand.

14 Cash and cash equivalents

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash at banks and on hand	190,772	103,678	18,294	19,792
Short-term deposits	29,607	9,741	–	–
	220,379	113,419	18,294	19,792

At 31 December 2019, the Group has cash and bank balances totalling $32.2 million (2018: $11.1 million) which are held in countries with foreign exchange controls.

15 Share capital

	Ordinary shares		Redeemable convertible preference shares		Total	
	No. of shares '000	$'000	No. of shares '000	$'000	No. of shares '000	$'000
Fully paid, with no par value:						
At 1 January 2018	100,000	100,000	655,080	655,080	755,080	755,080
Issued during the year	–	–	1,003,089	1,003,089	1,003,089	1,003,089
At 31 December 2018	100,000	100,000	1,658,169	1,658,169	1,758,169	1,758,169
Issued during the year	–	–	449,108	449,108	449,108	449,108
At 31 December 2019	100,000	100,000	2,107,277	2,107,277	2,207,277	2,207,277

Ordinary shares

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.

Redeemable convertible preference shares

The redeemable convertible preference shares are redeemable at the option of the Company by way of cash or by way of issuance of ordinary shares or a combination of cash and ordinary shares. The dividends are non-cumulative and are at the discretion of the Company, and the shares do not carry voting rights. They rank in priority to other classes of shares in the Company's residual assets. The shares are convertible into ordinary shares at a conversion price of $1 per share.

During the year, the Company issued redeemable convertible preference shares amounting to $449,108,000 (2018: $1,003,089,000) to its immediate holding company. The consideration was satisfied by way of capitalisation of intercompany loans and interest of $1,000,000 (2018: $647,614,000) and intercompany balances of $448,108,000 (2018: $355,475,000).

16 Reserves

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**
Currency translation reserve	(i)	(67,772)	(52,006)	–	–
Hedging reserve	(ii)	(862)	(573)	–	–
Capital reserve	(iii)	5,527	(13,912)	–	–
Accumulated losses		(482,506)	(310,541)	(222,505)	(144,221)
		(545,613)	(377,032)	(222,505)	(144,221)

(i) Currency translation reserve comprises 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; and the Group's share of foreign exchange differences arising from the translation of the financial statements of associate and joint venture whose functional currencies are different from the functional currency of the Company.

(ii) Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected profit or loss.

(iii) Capital reserve comprises the Group's share of an associate's capital reserves. In the prior year, other than the above, capital reserve also included the recognition of put options issued to non-controlling interests of subsidiaries, as these options were regarded as an equity instrument when they are settled by the delivery of all equity shares held by the non-controlling interests for a consideration.

17 Non-controlling interests

The following subsidiaries have material non-controlling interests ("NCI"):

Name	Principal place of business	Ownership interests held by NCI 2019 %	2018 %
SSAPL	Singapore	30	30
STT Tai Seng	Singapore	–	26
STT India	India	26	26

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	SSAPL $'000	STT India $'000
2019		
Revenue	29,105	195,849
Post-tax (loss)/profit from continuing operations	(1,946)	10,768
Other comprehensive income	(305)	(3,214)
Total comprehensive income	(2,251)	7,554
Attributable to NCI:		
- Post-tax (loss)/profit from continuing operations	(584)	2,800
- Other comprehensive income	(91)	(836)
Total comprehensive income	(675)	1,964
Non-current assets	237,861	626,936
Current assets	18,011	67,230
Non-current liabilities	(34,598)	(440,041)
Current liabilities	(148,952)	(134,199)
Net assets	72,322	119,926
Net assets attributable to NCI	21,697	31,181
Cash flows from operating activities	16,761	76,035
Cash flows used in investing activities	(17,660)	(120,105)
Cash flows from financing activities (dividends to NCI: $nil)	1,230	65,403
Net increase in cash and cash equivalents	331	21,333

	SSAPL $'000	STT Tai Seng $'000	STT India $'000
2018			
Revenue	27,306	58,781	181,038
Post-tax (loss)/profit from continuing operations	(2,929)	(123,060)	13,515
Other comprehensive income	(317)	41	(7,228)
Total comprehensive income	(3,246)	(123,019)	6,287
Attributable to NCI:			
- Post-tax (loss)/profit from continuing operations	(879)	(31,996)	3,514
- Other comprehensive income	(95)	11	(1,879)
Total comprehensive income	(974)	(31,985)	1,635
Non-current assets	245,149	123,453	306,368
Current assets	20,620	35,529	51,223
Non-current liabilities	(167,034)	(52,943)	(174,289)
Current liabilities	(24,161)	(41,797)	(61,197)
Net assets	74,574	64,242	122,105
Net assets attributable to NCI	22,372	16,703	31,747
Cash flows from operating activities	12,999	37,002	55,087
Cash flows used in investing activities	(9,578)	(43,293)	(56,188)
Cash flows (used in)/from financing activities (dividends to NCI: $nil)	(1,795)	22,047	7,518
Net increase in cash and cash equivalents	1,626	15,756	6,417

Acquisition of non-controlling interest in STT Tai Seng

In June 2019, the Group acquired the remaining 26% equity interest in STT Tai Seng, increasing its ownership from 74% to 100%. The carrying amount of STT Tai Seng's net assets in the Group's consolidated financial statements on the date of the acquisition was $68,695,000.

	$'000
Carrying amount of NCI acquired	17,861
Consideration paid including transaction cost	14,307
Increase in equity attributable to owners of the Company	3,554

18 Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities are as follows:

Group	At 1 January 2018 $'000	Translation adjustments $'000	Recognised in profit or loss (Note 31) $'000	At 31 December 2018 $'000	Adoption of SFRS(I) 16 (Note 2.5) $'000	Translation adjustments $'000	Recognised in profit or loss (Note 31) $'000	Change in tax rate (Note 31) $'000	At 31 December 2019 $'000
Deferred tax assets									
Employee benefits	2,255	(157)	326	2,424	–	(51)	(144)	(713)	1,516
Other items	127	(11)	394	510	–	(2)	258	(136)	630
Property, plant and equipment	45	(3)	(42)	–	–	8	1,380	–	1,388
Tax losses and capital allowances carry forward	18,654	(582)	(5,835)	12,237	–	163	1,585	(4)	13,981
Leases	–	–	–	–	5,890	(164)	3,008	(1,822)	6,912
	21,081	(753)	(5,157)	15,171	5,890	(46)	6,087	(2,675)	24,427
Set off of tax	(21,081)	753	5,157	(15,171)	(5,890)	46	(5,426)	2,675	(23,766)
Net deferred tax assets	–	–	–	–	–	–	661	–	661
Deferred tax liabilities									
Property, plant and equipment	(7,535)	(27)	(864)	(8,426)	–	67	(11,617)	625	(19,351)
Intangible assets	(43,722)	2,275	6,582	(34,865)	–	237	4,262	6,852	(23,514)
Other items	–	–	–	–	–	(27)	(2,661)	50	(2,638)
	(51,257)	2,248	5,718	(43,291)	–	277	(10,016)	7,527	(45,503)
Set off of tax	21,081	(753)	(5,157)	15,171	5,890	(46)	5,426	(2,675)	23,766
Net deferred tax liabilities	(30,176)	1,495	561	(28,120)	5,890	231	(4,590)	4,852	(21,737)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting included in the statement of financial position are as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Deferred tax assets	661	–
Deferred tax liabilities	(21,737)	(28,120)

Deferred tax assets arising from the following have not been recognised:

	Group	
	2019	**2018**
	$'000	**$'000**
Deductible temporary differences	103,065	7,513
Unutilised tax losses and tax incentives	49,903	80,686
	152,968	88,199

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. 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. The tax losses, tax incentives and deductible temporary differences do not expire under current legislation.

19 Financial liabilities at amortised cost

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**
Balances with related parties	13	496,243	335,318	487,021	324,104
Borrowings	20	1,442,573	1,054,765	284,353	–
Trade and other payables	21	252,221	172,007	8,918	5,040
Lease liabilities (2018: finance lease liabilities)	22	608,334	196,434	11,061	–
		2,799,371	1,758,524	791,353	329,144

20 Borrowings

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Bank loans		1,219,200	1,054,765	60,980	–
Medium term notes		223,373	–	223,373	–
		1,442,573	1,054,765	284,353	–
Current		222,432	43,534	60,980	–
Non-current		1,220,141	1,011,231	223,373	–
	19	1,442,573	1,054,765	284,353	–

Bank loans

The bank loans are secured over certain property, plant and equipment with carrying amounts of $1,696,647,000 (2018: $1,590,959,000), cash and cash equivalents of $164,327,000 (2018: $73,148,000), trade and other receivables of $189,808,000 (2018: $181,506,000), balances due from related parties of $1,283,000 (2018: nil), right-of-use assets with carrying amounts of $42,944,000 (2018: nil) and the shares of certain subsidiaries.

Medium term notes

The Company established a multicurrency debt issuance programme with a maximum aggregate principal amount of $1,500 million in September 2019.

In September 2019, the Company issued $225 million 5-year medium term notes which bear interest at a rate of 3.59% per annum and are repayable in September 2024.

Reconciliation of movements of liabilities to consolidated cash flows arising from financing activities

	Liabilities							Financial instruments held to hedge borrowings			
Group	**Borrowings $'000**	**Interest payable $'000**	**Loans from immediate holding company $'000**	**Loans from related corporations $'000**	**Interest payable to related corporations / immediate holding company $'000**	**Amount due to immediate holding company (Current account) $'000**	**Finance lease liabilities $'000**	**Interest rate caps $'000**	**Interest rate swap used for hedging - assets $'000**	**Interest rate swap used for hedging - liabilities $'000**	**Total $'000**
At 1 January 2018	780,877	2,142	880,792	7,907	28,129	388	109,485	(610)	(213)	307	1,809,204
Changes from financing cash flows											
Proceeds	309,964	–	38,509	–	–	373,584	–	–	–	–	722,057
Repayments	(11,637)	–	–	–	–	(15,027)	–	–	–	–	(26,664)
Finance lease paid	–	–	–	–	–	–	(5,717)	–	–	–	(5,717)
Interest paid	(4,826)	(50,359)	–	–	–	–	–	–	–	–	(55,185)
Total changes from financing cash flows	293,501	(50,359)	38,509	–	–	358,557	(5,717)	–	–	–	634,491
Effect of changes in foreign exchange rates	(27,870)	630	–	–	–	–	(3,908)	–	–	–	(31,148)
Change in fair value	–	–	–	–	–	–	–	(485)	(178)	697	34
Issuance of redeemable convertible preference shares	–	–	(602,163)	–	(45,451)	(355,475)	–	–	–	–	(1,003,089)
Other changes	–	–	–	–	–	(393)	–	–	–	–	(393)
Liability-related other changes											
Capitalisation of interest payable to loans	–	–	1,221	283	(1,504)	–	–	–	–	–	–
New finance leases	–	–	–	–	–	–	91,472	–	–	–	91,472
Capitalised borrowing costs	4,826	6,996	–	–	1,283	–	–	–	–	–	13,105
Interest expense*	3,431	42,367	–	–	19,799	–	5,102	–	–	–	70,699
Total liability-related other changes	8,257	49,363	1,221	283	19,578	–	96,574	–	–	–	175,276
At 31 December 2018	1,054,765	1,776	318,359	8,190	2,256	3,077	196,434	(1,095)	(391)	1,004	1,584,375

Group	**Liabilities**							**Financial instruments held to hedge borrowings**			
	Borrowings $'000	**Interest payable $'000**	**Loans from immediate holding company $'000**	**Loans from related corporations $'000**	**Interest payable to related corporations / immediate holding company $'000**	**Amount due to immediate holding company (Current account) $'000**	**Lease liabilities $'000 Restated****	**Interest rate caps $'000**	**Interest rate swap used for hedging - assets $'000**	**Interest rate swap used for hedging - liabilities $'000**	**Total $'000**
At 1 January 2019	1,054,765	1,776	318,359	8,190	2,256	3,077	548,625	(1,095)	(391)	1,004	1,936,566
Changes from financing cash flows											
Proceeds	608,597	–	146,769	–	–	447,074	–	–	–	–	1,202,440
Repayments	(218,958)	–	–	–	–	(2,060)	–	–	–	–	(221,018)
Payment of lease liabilities	–	–	–	–	–	–	(43,691)	–	–	–	(43,691)
Interest paid	(8,531)	(67,879)	–	–	–	–	(33,142)	–	–	–	(109,552)
Total changes from financing cash flows	381,108	(67,879)	146,769	–	–	445,014	(76,833)	–	–	–	828,179
Effect of changes in foreign exchange rates	1,962	(3,350)	–	–	–	–	(1,327)	(6)	(1)	–	(2,722)
Change in fair value	–	–	–	–	–	–	–	1,099	306	1,174	2,579
Issuance of redeemable convertible preference shares	–	–	(639)	–	(361)	(448,108)	–	–	–	–	(449,108)
Other changes	–	–	–	–	–	562	–	(70)	–	–	492
Liability-related other changes											
Capitalisation of interest payable to loans	–	–	869	293	(1,162)	–	–	–	–	–	–
New leases	–	–	–	–	–	–	104,727	–	–	–	104,727
Capitalised borrowing costs	–	9,726	–	–	1,646	–	5,403	–	–	–	16,775
Interest expense*	4,738	63,351	–	–	16,219	–	27,739	–	–	–	112,047
Total liability-related other changes	4,738	73,077	869	293	16,703	–	137,869	–	–	–	233,549
At 31 December 2019	1,442,573	3,624	465,358	8,483	18,598	545	608,334	(72)	(86)	2,178	2,549,535

* Finance costs excluding unwinding of discount on restoration costs of $441,000 (2018: $175,000).
** See Note 2.5(iv).

21 Trade and other payables

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**
Trade payables		33,464	38,945	533	173
Accruals and other payables		82,285	62,970	8,343	4,842
Capital expenditures payable		136,472	70,092	42	25
	19	252,221	172,007	8,918	5,040
Employee benefits	32	120,179	57,703	76,620	33,466
Deferred revenue		2,227	1,971	–	–
Contract liabilities	25	64,453	37,744	–	–
		439,080	269,425	85,538	38,506
Current		350,210	218,639	41,133	18,315
Non-current		88,870	50,786	44,405	20,191
		439,080	269,425	85,538	38,506

Included in accruals and other payables are accrued interest payable on borrowings of $3,624,000 (2018: $1,776,000).

22 Lease liabilities (2018: finance lease liabilities)

The Group leases land and buildings. Under the terms of the lease agreements, no contingent rents are payable. The interest rates range from 3.2% to 8.9% (2018: 3.8% to 7.5%) per annum.

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**
Current		25,268	842	1,409	–
Non-current		583,066	195,592	9,652	–
	19	608,334	196,434	11,061	–

	Group $'000	Company $'000
Amounts recognised in statements of comprehensive income		
2019 – Lease under SFRS(I) 16		
Interest on lease liabilities	(27,739)	(403)
Expenses relating to leases of low-value assets	(120)	(104)
2018 – Operating lease under SFRS(I) 1-17		
Lease expense	(42,947)	(1,722)

Amounts recognised in consolidated statement of cash flows

	2019 $'000
Total cash outflow for leases	76,953

Extension options

Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension options, would result in an increase in lease liabilities of $189,954,000.

In the prior year, finance lease liabilities were payable as follows:

	Future minimum lease payments 2018 $'000	Interest 2018 $'000	Present value of minimum lease payments 2018 $'000
Group			
Within 1 year	11,545	10,703	842
After 1 year but within 5 years	63,744	40,156	23,588
After 5 years	247,760	75,756	172,004
	323,049	126,615	196,434

23 Provision for restoration costs

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
At 1 January	7,900	4,700	387	387
Provision made	43,494	3,025	–	–
Unwinding of discount on restoration costs	441	175	–	–
Translation	487	–	–	–
At 31 December	52,322	7,900	387	387

Restoration costs relate to the costs of dismantling and removing assets and restoring the premises to its original condition upon termination of the Group's and Company's land and building leases between August 2023 and April 2073.

24 Other financial liabilities

	Group	
	2019 $'000	2018 $'000
Put option liabilities	–	23,397
Current	–	16,415
Non-current	–	6,982
	–	23,397

In the prior year, the put option liabilities represented the fair value to acquire all the equity shares held by non-controlling interests for a consideration as part of the shareholder agreements with the non-controlling interests.

25 Revenue

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Revenue from contracts with customers	520,310	395,112	–	–
Lease income *	8,698	5,425	–	–
Management fees	–	–	5,396	3,406
	529,008	400,537	5,396	3,406

* *Includes lease income from subleasing of right-of-use assets under SFRS(I) 16 of $2,589,000*

Data centre co-location services

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Nature of services	The Group derives data centre co-location revenue primarily from (1) co-location, which includes the provisioning of rack space and power; (2) interconnection offerings, such as cross connects; and (3) managed infrastructure solutions. The remainder of the Group's revenues are from one-off services provided to customers.
Revenue recognition policies	Revenue is recognised on a straight-line basis over the term of the contract. Upfront installation fees are paid in advance and recognised over the contract term. One-off services are recognised at a point in time upon rendering of services to the customer.
Significant payment terms	Recurring revenue is billed monthly and payable within 30 days based on the agreed amount stipulated in the contract. Non-recurring installation fees are paid in advance. No significant financing component has been recognised as the payment terms are for reasons other than financing.
Obligations for returns and refunds	The Group guarantees certain service levels as outlined in individual customers' contracts. If these service levels are not achieved due to any failure of the physical infrastructure or offerings, the Group would reduce the revenue for any credits or cash payments given to the customer. The Group assessed that the estimated credits or cash payments based on historical data is not significant. The Group reviews its estimate of expected credits and cash payments at each reporting date and updates the amounts of the assets and liabilities accordingly.

The Group pays success-based sales commissions to employees and external parties for securing long-term sales contracts. Such commissions are incremental costs and are capitalised as contract costs as the Group expects to recover these costs. These costs are amortised consistently with the pattern of revenue recognition for the related contract.

During the year, contract costs totalling $2,096,000 (2018: $1,354,000) were amortised to profit or loss. There was no impairment loss recognised on contract costs.

Contract balances

The following table provides information about contract assets and contract liabilities from contracts with customers:

	Note	Group 2019 $'000	Group 2018 $'000
Contract assets	12	10,477	16,508
Contract liabilities	21	(64,453)	(37,744)

The contract assets primarily relate to the Group's right to consideration for work completed on data centre co-location services but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

The contract liabilities primarily relate to advance consideration received from customers for upfront installation fees which are recognised as revenue over the contract term.

Significant changes in the contract assets and contract liabilities balances during the year are as follows:

	Contract assets		Contract liabilities	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Group				
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	–	–	17,378	12,321
Contract assets reclassified to trade receivables	(13,469)	(6,566)	–	–

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date:

	Group	
	2019 **$'000**	**2018** **$'000**
Within 1 year	392,964	287,274
1 to 5 years	1,145,340	775,361
After 5 years	1,084,540	463,631
	2,622,844	1,526,266

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amounts presented above.

The Group applies the practical expedient prescribed in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligation if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

26 Finance income

	Group		**Company**	
	2019 **$'000**	**2018** **$'000**	**2019** **$'000**	**2018** **$'000**
Interest income:				
- subsidiaries	–	–	16,001	20,296
- bank deposits	1,648	456	407	30
- others	44	32	–	–
	1,692	488	16,408	20,326

27 Finance costs

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Interest expense:				
- bank	63,648	44,736	637	776
- immediate holding company	15,926	19,516	17,573	20,799
- related corporations	293	283	–	–
- leases (2018: finance leases)	27,739	5,102	403	–
- unwinding of discount on restoration costs	441	175	–	–
- medium term notes	2,203	–	2,203	–
Net change in fair value of cash flow hedge reclassified to profit or loss	787	451	–	–
Hedge ineffectiveness recognised in profit or loss	1	–	–	–
Net change in fair value of derivatives mandatorily measured at FVTPL	1,450	611	–	–
	112,488	70,874	20,816	21,575

28 Other expenses

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Impairment loss on investment in subsidiary	–	–	–	95,688
Impairment loss on investment in associate	–	2,727	–	5,994
Impairment loss on goodwill	–	122,672	–	–
Impairment loss on intangible assets	–	6,516	–	–
Loss on disposal of property, plant and equipment	–	1,176	33	9
Loss on dilution of interest in associate	250	–	–	–
Others	4,024	–	–	–
	4,274	133,091	33	101,691

29 Loss before tax

The following items have been included in arriving at loss before tax:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Net change in fair value of financial asset designated as fair value through profit or loss	–	(1,837)	–	–
Cash-settled share-based payment transactions	36,137	21,310	20,648	7,986
Contributions to defined contribution plans	3,084	2,000	1,417	561
Operating lease expense under SFRS(I) 1-17	–	42,947	–	1,722

30 Key management personnel compensation

The details of key management personnel compensation are as follows:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Short-term employee benefits	6,981	4,302	5,239	4,302
Post-employment benefits	80	52	52	52
Other long-term employee benefits	11,993	3,680	11,769	3,680
Share-based payments	20,149	4,737	14,469	4,737
	39,203	12,771	31,529	12,771

31 Tax expense

Tax recognised in profit or loss

		Group		Company	
	Note	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current tax					
Current year		5,056	10,008	–	–
(Over)/under provision in respect of prior year		(40)	173	–	–
		5,016	10,181	–	–

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Deferred tax					
Origination and reversal of temporary differences		5,119	(1,217)	–	–
Changes in unrecognised deductible temporary differences		(1,191)	715	–	–
Over provision in respect of prior year		–	(59)	–	–
Effect of changes in tax rates of other countries		(4,852)	–	–	–
	18	(924)	(561)	–	–
		4,092	9,620	–	–

Reconciliation of effective tax rate

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Loss before tax	(157,880)	(244,034)	(77,677)	(137,441)
Share of results of associates and joint venture, net of tax	45,388	39,798	–	–
	(112,492)	(204,236)	(77,677)	(137,441)
Tax using Singapore tax rate of 17% (2018: 17%)	(19,124)	(34,720)	(13,205)	(23,365)
Effect of tax rates in foreign jurisdictions	531	3,035	–	–
Effect of changes in tax rates of other countries	(4,852)	–	–	–
Income not subject to tax	(167)	(920)	–	–
Non-deductible expenses	21,371	46,368	13,205	23,365
Tax losses and tax incentives for which no deferred tax asset was recognised	91	57	–	–
Changes in unrecognised temporary differences	(1,191)	715	–	–
Tax incentives	(17)	(17)	–	–
(Over)/under provision in respect of prior year	(40)	114	–	–
Recognition of previously unrecognised tax losses	226	(7,607)	–	–
Group tax relief	2,123	2,560	–	–
Others	5,141	35	–	–
	4,092	9,620	–	–

During the year, under the Group Relief System of Chapter 134 of the Singapore Income Tax Act, capital allowances amounting to $12,489,000 (2018: $15,057,000) with a tax benefit of $2,123,000 (2018: $2,560,000) were transferred to the immediate holding company for no consideration.

At each reporting date, the Group makes certain estimates and assumptions to compute the provision for income taxes including allocations of certain transactions to different tax jurisdictions, amounts of permanent and temporary differences, the likelihood of deferred tax assets being recovered and the outcome of contingent tax risks. These estimates and assumptions are revised as new events occur, more experience is acquired and additional information is obtained. The impact of these revisions is recorded in income tax expense in the period in which they become known.

Tax recognised in other comprehensive income

	Group					
		2019			2018	
	Before tax $'000	Tax expense $'000	Net of tax $'000	Before tax $'000	Tax expense $'000	Net of tax $'000
Translation differences relating to financial statements of foreign operations	43	–	43	(50,530)	–	(50,530)
Share of other comprehensive income of associate and joint venture	(16,555)	–	(16,555)	(12,252)	–	(12,252)
Effective portion of changes in fair value of cashflow hedges	(1,206)	–	(1,206)	(970)	–	(970)
Net change in fair value of cashflow hedges reclassified to profit or loss	787	–	787	451	–	451
Defined benefit plan remeasurement	(60)	–	(60)	(23)	–	(23)
	(16,991)	–	(16,991)	(63,324)	–	(63,324)

32 Employee benefits

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Current		69,186	30,699	32,215	13,275
Non-current		50,993	27,004	44,405	20,191
	21	120,179	57,703	76,620	33,466

(a) Other long-term employee benefits

(i) Value-Sharing Incentive Plan ("VSIP")

The Company's Remuneration Committee ("STT GDC RC") approved the VSIP with effective commencement date of 1 January 2016.

A VSIP incentive pool is created based principally on a modified Wealth Added ("WA") concept and framework. WA is a risk adjusted performance measure that establishes whether shareholders earned a return that exceeds the current year cost of equity on the market value of listed investments and the original investment value of unlisted investments accumulated with the historical cost of equity from the date of investment to the beginning of the current year.

The VSIP incentive pool is allocated individually to participants of the scheme. Each year, a portion of the allocated VSIP incentive, together with a portion of cumulative unpaid VSIP incentive carried forward from the previous year, will be paid out in cash, if the aggregate balance is positive. The remaining balance of the unpaid allocated incentives will be carried forward to be aggregated with future VSIP allocations. The steady state payout portions will be 33% each year, or such other percentages as approved by the STT GDC RC.

(ii) Defined benefit obligation

One of the subsidiaries under the Group has a gratuity plan which provides for lump sum payments to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The cost of providing this benefit is determined using the Project Unit Credit method, with actuarial valuations being carried out at each reporting date.

(b) Cash-settled share-based compensation benefits

STT GDC Pte. Ltd. Long Term Incentive Plans

The STT GDC RC approved the following long-term incentive plans with effective commencement date of 1 January 2016:

(i) Investee Performance Units Plan ("IPUP")

A base number of IPUP units is granted to key management employees each year. Each annual grant will be subjected to performance conditions to be met over 3-5 years.

The release of the actual number of IPUP units under each grant will be determined based on the extent to which performance conditions are met. This number can vary between 0% to 150% of each base grant and will be paid in cash based on the initial unit value multiplied by the total compounded shareholders' return of the Company's portfolio of significant investments at the end of the performance period which can range from 3-5 years.

The fair value of services received in return for IPUP units granted are measured by reference to the fair value of IPUP units granted. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation methodology model.

The key assumptions applied in the estimate of fair values are as follows:

Year of grant	**2019**	**2018**	**2017**
Fair value at 31 December 2019	$1.78	$2.79	$4.43
Portfolio cost of equity	9.31%	9.31%	9.31%
Portfolio expected volatility	25.30%	25.30%	25.30%
Risk-free interest rate	1.53%	1.53%	1.53%

Year of grant	**2018**	**2017**	**2016**
Fair value at 31 December 2018	$1.08	$2.23	$3.00
Portfolio cost of equity	7.31%	7.31%	7.31%
Portfolio expected volatility	24.75%	24.75%	24.75%
Risk-free interest rate	1.88%	1.88%	1.88%

(ii) Investee Appreciation Units Plan ("IAUP")

IAUP units are granted annually. Each grant vests over 4 years and is exercisable up to 7 years from the start date of each grant during two exercise window periods provided each year.

The initial price for each grant is set at $1.00 per IAUP unit. At each exercise window period, a "final value" will be determined for each unit of the respective grant based on $1.00 adjusted by the compounded portfolio shareholders' return percentage relative to the initial unit price at the start date of each grant. For any vested IAUP unit exercised, the difference between the determined "final value" for each grant and the initial $1.00 value of each IAUP unit will be payable in cash to the employee.

The fair value of services received in return for IAUPs granted are measured by reference to the fair value of IAUPs granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model. The key assumptions applied in the estimate of fair values are as follows:

Year of grant	**2019**	**2018**	**2017**	**2016**
Fair value at 31 December 2019	$0.88	$1.00	$2.01	$2.47
Portfolio expected volatility	25.30%	25.30%	25.30%	25.30%
Expected remaining life	6	5	4	3
Risk-free interest rate	1.60%	1.56%	1.56%	1.53%

Year of grant	**2018**	**2017**	**2016**
Fair value at 31 December 2018	$0.36	$0.86	$1.09
Portfolio expected volatility	24.75%	24.75%	24.75%
Expected remaining life	6	5	4
Risk-free interest rate	1.95%	1.92%	1.89%

(iii) Restricted Share Units Plan ("RSUP")

The RSUP units are granted to non-executive directors ("NEDs") each year as part of their director's fees. Each grant is subject to the retention condition of the grant, and is exercisable during the annual two-week exercise period. The retention condition requires 50% of the units of each grant to be retained by the NED up to the earlier of 4 years from the start date of each grant or one year after he ceases to be a NED.

The initial price for each grant is set at $1.00 per RSUP unit. During each exercise period, a "final value" will be determined for each unit of the respective grant based on $1.00 adjusted by the compounded portfolio shareholders' return relative to the initial unit price at the start date of each grant up to the valuation date. For any RSUP unit exercised, its "final value" will be payable in cash to the NED.

The fair value of services received in return for RSUPs granted are measured by reference to the fair value of RSUPs granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model.

The key assumptions applied in the estimate of fair values are as follows:

Year of grant	**2019**	**2018**	**2017**
Fair value at 31 December 2019	$1.73	$1.89	$2.95
Portfolio expected volatility	25.30%	25.30%	25.30%
Expected remaining life	3	2	1
Risk-free interest rate	1.53%	1.52%	1.55%

Year of grant	**2018**	**2017**
Fair value at 31 December 2018	$1.72	$2.00
Portfolio expected volatility	24.75%	24.75%
Expected remaining life	3	2
Risk-free interest rate	1.88%	1.88%

Virtus Long Term Incentive Plan

The shareholders of Virtus approved the following long-term incentive plans ("LTIP") with an effective commencement date of 2 February 2017:

(i) Executive Management Scheme ("EMS") applicable to key management employees

(ii) Key Employees Scheme ("KES") applicable to employees

The LTIP is designed to provide long-term incentives for employees at all levels to deliver long-term shareholder returns. Under the plan, participants are granted cash-settled units each year, the value of which is tied to the fair value of Virtus based on the underlying equity value of Virtus ("the initial share price"). The amount of cash payment is determined based on the increase in the fair value of Virtus's share between the grant date ("the initial share price") and the exercise date. Each grant vests over 4 years and is exercisable up to 7 years from the start date of each grant.

The fair value of services received in return for LTIP granted are measured by reference to the fair value of LTIP granted. The estimate of the fair value of the services received is measured based on the Black Scholes Model. The key assumptions applied in the estimate of fair values for EMS and KES are as follows:

Year of grant	**2019**	**2018**	**2017**
Fair value at 31 December 2019	$2.03	$2.11	$2.38 - $3.36
Initial share prices	$4.44	$3.93	$1.76 - $3.17
Portfolio expected volatility	36.57%	36.57%	36.57%
Expected remaining life	6	5	3 - 4
Risk-free interest rate	0.59%	0.58%	0.58%

Year of grant	**2018**	**2017**
Fair value at 31 December 2018	$1.67	$1.90 - $2.76
Initial share prices	$4.02	$1.78 - $3.20
Portfolio expected volatility	33.71%	33.71%
Expected remaining life	6	4 - 5
Risk-free interest rate	0.97%	0.92%

STT India Long Term Incentive Plan

In August 2017, the STT India Remuneration Committee approved the Appreciation Unit Plan ("AUP") for STT India's employees. The AUP units are granted annually. Each grant is divided into four tranches of 25% and each tranche can be encashed upon meeting stated encashment conditions during two exercise window periods provided each year. The contractual life is 7 years.

The initial value for each grant is set at INR100 per AUP unit. At each exercise window period, a "final value" will be determined for each unit of the respective grant based on INR100 adjusted by the compounded shareholders' return percentage relative to the initial unit price at the start date of the grant. For any AUP unit exercised, the difference between the determined "final value" for each grant and the initial unit price will be payable in cash to the employee.

The estimate of the fair value of the services received is measured based on a Black-Scholes model. The key assumptions applied in the estimate of the fair values are as follows:

Year of grant	**2019**	**2018**	**2017**
Fair value at 31 December 2019	$1.14	$1.42	$1.77
Portfolio expected volatility	29.28%	29.28%	29.28%
Expected remaining life	6.25	5.25	4.25
Risk-free interest rate	6.85%	6.72%	6.56%

Year of grant	**2018**	**2017**
Fair value at 31 December 2018	$1.27	$1.58
Portfolio expected volatility	29.08%	29.08%
Expected remaining life	6.25	5.25
Risk-free interest rate	7.36%	7.30%

33 Significant related party transactions

In addition to the transactions disclosed elsewhere in the financial statements, there were the following significant related party transactions during the year:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries				
Management fee income	–	–	5,396	3,406
Recharges/payments on behalf of	–	–	5,595	13,253
Recharges/payments on behalf by	–	–	1,307	–
Immediate holding company				
Management fee expense	1,085	659	810	359
Directors' fees and payroll charges paid/payable	47	27	47	27
Recharges/payments on behalf by	111	168	78	168
Other related corporations				
Purchase of property, plant and equipment	114	348	9	84
Purchase of goods and services	29,356	18,909	1,706	1,493
Rendering of services	18,744	17,423	72	–
Recharges/payments on behalf of	490	94	490	94
Recharges/payments on behalf by	104	–	104	–
Billing on behalf by	14,340	4,524	–	–

The Company has provided undertakings to certain banks in respect of banking facilities made available to its subsidiaries. These undertakings are accounted for as financial guarantees in accordance to SFRS(I) 4 *Insurance Contracts*.

Estimates of the Company's obligations arising from the financial guarantees may be affected by future events, which cannot be predicted with any certainty. The assumptions made may vary from actual experience, resulting in the actual liability varying considerably from the best estimates. As of the reporting date, there is no provision made in respect of the obligations.

34 Financial risk management

The Group has exposure to credit risk, liquidity risk and interest rate risk arising from the normal course of its business. The Group has established processes for monitoring the risks. At the reporting date, the Group's exposure to foreign currency risk is not significant.

The Company has exposure to liquidity risk arising from the normal course of its business. At the reporting date, the Company's exposure to foreign currency risk, interest rate risk and credit risk is not significant.

a) Credit risk

Credit risk is the risk of financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables from customers. The Group has credit guidelines in place and the exposure to credit risk is monitored on an ongoing basis. Periodic credit reviews and counterparty credit limits are practised.

The carrying amounts of financial assets and contract assets in the statement of financial position represent the Group's maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not require collateral in respect of its financial assets.

At 31 December 2019, the Group has 3 (2018: 5) major customers representing 53.1% (2018: 52.6%) of trade receivables.

Expected credit loss ("ECL") assessment

The Group's primary exposure to credit risk arises through its trade receivables and contract assets. In monitoring customer credit risk, the Group allocates exposure to credit risk by segmenting customers based on geographical location.

In Singapore and the United Kingdom, customers are segmented by customer type and an ECL rate is calculated for each customer type based on probabilities of default and loss given default. Lifetime probabilities of default are based on published external sources. Loss given default parameters generally reflect an assumed recovery rate of 0%. The Group monitors changes in credit risk by tracking the probabilities of default from published external sources. Loss allowances are adjusted for current conditions and the Group's view of economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss.

In India, the Group uses an allowance matrix to measure the ECLs of trade receivables from customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off, and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth rates.

The table below shows an analysis of exposure to credit risk for trade and unbilled receivables, contract assets and trade balances with related parties by geographic location.

Group	Weighted average loss rate %	Gross carrying amount $'000	Expected credit loss allowance $'000	Credit impaired loss allowance $'000	Total loss allowance $'000
2019					
Singapore	0.1	35,906	(29)	(464)	(493)
India	2.5	29,599	(692)	(1,353)	(2,045)
United Kingdom	0.9	43,992	(415)	–	(415)
		109,497	(1,136)	(1,817)	(2,953)
2018					
Singapore	0.4	34,963	(130)	(1,627)	(1,757)
India	1.9	38,979	(711)	(1,191)	(1,902)
United Kingdom	0.5	49,227	(228)	–	(228)
		123,169	(1,069)	(2,818)	(3,887)

The movement in the allowance for impairment in respect of trade and unbilled receivables, contract assets and trade balances with related parties during the year are as follows:

Group	Lifetime ECL 2019 $'000	Lifetime ECL 2018 $'000
At 1 January	3,887	571
Impairment loss (reversed)/recognised	(842)	3,471
Amounts written off	(42)	(137)
Translation difference	(50)	(18)
At 31 December	2,953	3,887

The Group and the Company measure loss allowance for non-trade balances using the general approach (12-month ECL) which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

The Group and the Company use a similar approach for assessment of ECLs for cash and cash equivalents to those used for non-trade balances and considers that its cash and cash equivalents have low credit risk based on the probabilities of default of the counterparties from external sources. Cash and cash equivalents and derivatives are mainly held with banks of high credit ratings assigned by international credit-rating agencies. The amount of allowance is negligible.

b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due.

The Group and the Company monitors its liquidity risk and actively manages its operating cash flows, debt maturity profile and availability of funding. The Group and the Company also maintains sufficient levels of liquid assets and has available funding through diverse sources of committed and uncommitted credit facilities from banks and loans from its related parties.

The following are the undiscounted contractual maturities of non-derivative financial liabilities and derivative financial instruments, including estimated interest payments and exclude the impact of netting agreements:

	Note	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	2 to 5 years $'000	After 5 years $'000
Group						
2019						
Non-derivative financial liabilities						
Balances with related parties	13	496,243	(531,799)	(9,453)	(522,346)	–
Borrowings	20	1,442,573	(1,713,694)	(294,827)	(1,206,806)	(212,061)
Trade and other payables	21	252,221	(252,312)	(250,153)	(1,938)	(221)
Lease liabilities	22	608,334	(921,616)	(56,973)	(256,499)	(608,144)
		2,799,371	(3,419,421)	(611,406)	(1,987,589)	(820,426)
Derivative financial instruments						
Derivative liabilities - interest rate swaps used for hedging (net settled)		2,178	(2,178)	(2,178)	–	–
Derivative assets – interest rate swaps		(86)	86	–	86	–
Derivative assets - interest rate cap		(72)	72	–	72	–
		2,020	(2,020)	(2,178)	158	–
2018						
Non-derivative financial liabilities						
Balances with related parties	13	335,318	(371,528)	(12,028)	(359,500)	–
Borrowings	20	1,054,765	(1,227,301)	(99,794)	(1,023,588)	(103,919)
Trade and other payables	21	172,007	(172,007)	(168,600)	(3,407)	–
Finance lease liabilities	22	196,434	(323,049)	(11,545)	(63,744)	(247,760)
		1,758,524	(2,093,885)	(291,967)	(1,450,239)	(351,679)
Derivative financial instruments						
Derivative liabilities - interest rate swaps used for hedging (net settled)		613	(613)	(613)	–	–
Derivative assets - interest rate cap		(1,095)	1,095	–	1,095	
Other financial liabilities	24	23,397	(23,397)	(16,415)	(6,982)	–
		22,915	(22,915)	(17,028)	(5,887)	–

	Note	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	2 to 5 years $'000	After 5 years $'000
Company						
2019						
Non-derivative financial liabilities						
Balances with related parties	13	487,021	(522,117)	(8,713)	(513,404)	–
Borrowings	20	284,353	(325,249)	(67,917)	(257,332)	–
Trade and other payables	21	8,918	(8,918)	(8,918)	–	–
Lease liabilities	22	11,061	(12,427)	(1,764)	(7,307)	(3,356)
		791,353	(868,711)	(87,312)	(778,043)	(3,356)
2018						
Non-derivative financial liabilities						
Balances with related parties	13	324,104	(359,436)	(8,878)	(350,558)	–
Trade and other payables	21	5,040	(5,040)	(5,040)	–	–
		329,144	(364,476)	(13,918)	(350,558)	–

The Group has secured bank loans and unsecured medium term notes which contain debt covenants. A future breach of these covenants may require the Group to repay the borrowings earlier than indicated in the table above. The covenants are monitored on a regular basis by the Treasury department and regularly reported to management to ensure compliance with the agreements.

For derivative financial instruments, the cash inflows represent the contractual undiscounted cash flows relating to these financial instruments. The amounts are compiled on a net basis for derivatives that are net-settled. Net-settled derivative financial assets are included in the maturity analysis as they are held to hedge the cash flow variability of the Group's floating rate loans.

c) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its floating rate debt obligations. Derivative financial instruments such as interest rate swaps and interest rate caps may be used, when appropriate and based on market conditions, to reduce exposure to floating interest rate risk.

The Group adopts a policy of ensuring that at least 50% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedging relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

At the reporting date, the Group has outstanding derivative financial instruments used for hedging of floating rate interest obligations with notional amounts as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Interest rate swap contracts	354,000	211,000
Interest rate caps	396,000	274,000

Exposure to interest rate risk

At the reporting date, the effective interest rates of the interest-bearing financial liabilities were as follows:

Group	**Effective interest rate %**	**Total $'000**	**Floating rate $'000**	**Fixed rate $'000**
2019				
Financial liabilities				
Loans from immediate holding company	3.25 – 4.51	465,358	–	465,358
Loan from related corporation	3.53	8,483	–	8,483
Bank loans	2.70 – 9.15	1,219,200	1,158,220	60,980
Medium term notes	3.59	223,373	–	223,373
Effect of interest rate swap	0.77 – 2.42	–	(354,000)	354,000
		1,916,414	804,220	1,112,194
2018				
Financial liabilities				
Loans from immediate holding company	3.50 – 4.51	318,359	–	318,359
Loan from related corporations	3.53	8,190	–	8,190
Bank loans	2.31 – 9.00	1,054,765	1,054,765	–
Effect of interest rate swap	1.50 – 2.42	–	(211,000)	211,000
		1,381,314	843,765	537,549

Sensitivity analysis

An increase in the interest rate by 100 basis points (2018: 100 basis points), with all other variables remaining constant, would have increased the Group's loss before tax by approximately $8,042,000 (2018: $8,438,000). A decrease in the interest rate by 100 basis points (2018: 100 basis points) would have the equal but opposite effect to the Group's loss before tax.

Cash flow hedges

The Group held the following instruments to hedge exposures to changes in interest rates.

	Maturity	
	Within 1 year $'000	**Between 1 to 5 years $'000**
2019		
Interest rate swaps		
Net exposure	–	211,000
Average fixed interest rate	–	1.94%
2018		
Interest rate swaps		
Net exposure	–	211,000
Average fixed interest rate	–	1.91%

The amounts at the reporting date relating to items designated as hedged items were as follows:

	Change in value used for calculating hedge ineffectiveness $'000	**Cash flow hedge reserve $'000**	**Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied $'000**
2019			
Secured long-term bank loan	1,076	(862)	–
2018			
Secured long-term bank loan	930	(573)	–

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

Group	**Nominal amount**	**Assets**	**Liabilities**	**Line item in the statement of financial position where the hedging instrument is included**	**Changes in the value of the hedging instrument recognised in OCI**	**Hedge ineffectiveness recognised in profit or loss**	**Line item in profit or loss that includes hedge ineffectiveness**	**Amount reclassified from hedging reserve to profit or loss**	**Line item in profit or loss affected by the reclassification**
	$'000	**$'000**	**$'000**		**$'000**	**$'000**	**$'000**	**$'000**	
2019									
Interest rate swaps	211,000	–	(2,178)	Derivative (liabilities)	(1,076)	1	Finance costs	787	Finance costs
2018									
Interest rate swaps	211,000	391	(1,004)	Derivative assets/ Derivative (liabilities)	(930)	–	–	451	Finance costs

d) Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group.

Interest bearing borrowings and balances with related parties

No fair value is calculated for the floating rate loans as the Group believes that the carrying amounts, which are repriced within one year of the reporting date reflect their corresponding fair value.

The fixed rate bank loan of $60,980,000 has a maturity of less than one year and is assumed to approximate its fair value due to the short period to maturity.

The fair value of the medium term notes is $230,571,000, calculated based on the quoted market prices as at 31 December 2019.

The Group has a current fixed rate loan of $5,469,000 from its immediate holding company which is assumed to approximate its fair value due to the short period to maturity. All other non-current fixed rate borrowings of the Group with related parties amounting to $468,372,000 (2018: $326,549,000) are calculated based on the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value of these borrowings is $477,408,000 (2018: $331,693,000).

The Company's fixed rate loans to subsidiaries amounting to $526,980,000 (2018: $313,075,000) are calculated based on the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value of these loans approximates $538,239,000 (2018: $317,635,000).

Put option liabilities

In the prior year, the fair values of the put option liabilities were calculated based on the present value of the obligation computed based on the expected exercise price.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and balances with related parties) are assumed to approximate their fair values due to the short period to maturity.

The fair value of long-term receivables and payables are estimated based on the expected cash flows discounted to present value. The carrying amounts of these long-term receivables and payables approximate their fair value.

Derivatives

Marked to market valuations of the interest rate swaps and interest rate caps are provided by the banks. These quotes are independently tested using alternative pricing models or discounted cash flow techniques.

The following table represents the assets and liabilities measured at fair value, using Level 1, Level 2 and Level 3 valuation method, at the reporting date:

			Group		**Company**	
	Accounting classification	**Fair value level**	**2019 \$'000**	**2018 \$'000**	**2019 \$'000**	**2018 \$'000**
Financial assets						
Interest rate swaps designated as hedging instruments	Fair value – hedging instrument	2	–	391	2,178	1,395
Interest rate swaps	Mandatorily at FVTPL	2	86	–	–	–
Interest rate caps	Mandatorily at FVTPL	3	72	1,095	–	–
Financial liabilities						
Interest rate swaps designated as hedging instruments	Fair value – hedging instrument	2	2,178	1,004	2,178	1,395
Put option liabilities	Designated at fair value	3	–	23,397	–	–

35 Capital management

The Group regularly reviews its statement of financial position structure and use of capital, with the objective of achieving long-term capital efficiency, optimum shareholder's total returns and strategic positioning.

The capital employed by the Group consists of total equity, borrowings and loans from immediate holding company and related party.

	2019 \$'000	**2018 \$'000**
Total equity	1,716,859	1,454,197
Loan from immediate holding company	465,358	318,359
Loan from related corporation	8,483	8,190
Borrowings	1,442,573	1,054,765
Total capital employed	3,633,273	2,835,511

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

Certain companies in the Group are subject to certain financial covenants including net worth, total borrowings, net debt to security value and net cash available for debt servicing under its loan facilities. The covenants are monitored on a regular basis by the Treasury department and regularly reported to management to ensure compliance with the agreements.

The Group has complied with externally imposed capital requirements as at the reporting date.

36 Commitments

Capital commitments

	Group 2019 $'000	Group 2018 $'000
Capital expenditure	623,715	560,898

The capital expenditure contracted by the Group relates largely to the design and construction of the building, its associated consultancy costs and other IT related purchases.

Leases as a lessor

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group $'000
2019 – Operating leases under SFRS(I) 16	
Less than one year	7,348
One to two years	4,744
Two to three years	4,735
Three to four years	4,472
Four to five years	4,196
More than five years	39,178
	64,673
2018 – Operating leases under SFRS(I) 1-17	
Less than one year	12,109
Between one and five years	23,464
More than five years	42,981
	78,554

As at 31 December 2019, the operating lease commitments with related parties amounted to $48,132,000 (2018: $50,485,000).

37 Operating segments

The Group's core business is in the provision of data centre co-location services, which is organised according to geographical locations. The Group's CEO reviews internal management reports of each geographical location at least on a quarterly basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit or loss from operations. Segment profit or loss from operations is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	Singapore		India		United Kingdom		China		Thailand		Corporate / Others		Elimination		Total	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**
Revenue and expenses																
External revenue	152,321	112,225	195,849	181,038	180,838	107,274	–	–	–	–	–	–	–	–	529,008	400,537
Represented by:																
Data centre co-location revenue	149,732	109,745	195,849	181,038	174,729	104,329	–	–	–	–	–	–	–	–	520,310	395,112
Lease income	2,589	2,480	–	–	6,109	2,945	–	–	–	–	–	–	–	–	8,698	5,425
Total revenue	152,321	112,225	195,849	181,038	180,838	107,274	–	–	–	–	–	–	–	–	529,008	400,537
Segment results:																
Company and subsidiaries	17,238	(125,867)	8,623	21,509	(49,525)	(42,935)	–	–	–	–	(88,828)	(56,943)	–	–	(112,492)	(204,236)
Associates and joint venture	–	–	–	–	–	–	(44,467)	(36,527)	(921)	(4)	–	(3,267)	–	–	(45,388)	(39,798)
Profit/(loss) before tax	17,238	(125,867)	8,623	21,509	(49,525)	(42,935)	(44,467)	(36,527)	(921)	(4)	(88,828)	(60,210)	–	–	(157,880)	(244,034)
Other items:																
Depreciation and amortisation	(52,933)	(30,708)	(43,045)	(29,660)	(51,915)	(36,320)	–	–	–	–	(2,149)	(652)	–	–	(150,042)	(97,340)
Finance costs	(22,732)	(10,160)	(33,118)	(14,707)	(41,172)	(26,962)	–	–	–	–	(35,514)	(41,289)	20,048	22,244	(112,488)	(70,874)
Finance income	455	96	1,058	333	39	32	–	–	–	–	20,188	21,804	(20,048)	(21,777)	1,692	488
Impairment loss on goodwill	–	(122,672)	–	–	–	–	–	–	–	–	–	–	–	–	–	(122,672)
Impairment loss on intangible assets	–	(6,516)	–	–	–	–	–	–	–	–	–	–	–	–	–	(6,516)
Assets and liabilities																
Segment assets	1,136,227	824,798	980,359	651,599	1,693,916	1,318,174	–	–	–	–	689,188	390,434	(660,347)	(368,083)	3,839,343	2,816,922
Interests in associates and joint venture	–	–	–	–	–	–	919,423	549,008	20,883	5,195	–	–	–	–	940,306	554,203
Total segment assets	1,136,227	824,798	980,359	651,599	1,693,916	1,318,174	919,423	549,008	20,883	5,195	689,188	390,434	(660,347)	(368,083)	4,779,649	3,371,125
Capital expenditure	169,554	198,307	159,155	72,483	243,854	368,789	–	–	–	–	230	267	–	–	572,793	639,846
Segment liabilities	891,227	595,031	574,240	235,486	996,868	754,778	–	–	–	–	1,260,802	699,716	(660,347)	(368,083)	3,062,790	1,916,928
Non-current assets[1]	1,009,635	736,988	905,585	596,026	1,533,923	1,206,998	919,423	549,008	20,883	5,195	11,531	1,788	–	–	4,400,980	3,096,003

[1] Exclude financial instruments and deferred tax assets.

Major customers

Revenue of $243,578,000 (2018: $158,688,000) is derived from 2 external customers of Singapore, India and the United Kingdom.

38 Subsequent events

(i) Financing by subsidiaries

Subsequent to year end, the Group drew down bank loan facilities of $134.7 million.

(ii) Impact of COVID-19 pandemic on the Group

On 11 March 2020, the World Health Organisation declared COVID-19 outbreak a pandemic. The spread of COVID-19 has created a high level of uncertainty to the near-term global economic prospects and caused disruptions to various businesses. The Group is taking precautionary measures to deal with the COVID-19 outbreak in accordance with guidelines provided by the authorities in the respective countries which the Group operates in.

The COVID-19 pandemic and its related impact are considered non-adjusting events after the reporting period. Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2019. Due to uncertainty of the outcome of current events, the Group cannot reasonably estimate the impact which the COVID-19 pandemic will have on the Group's financial position, results of operations or cash flows in the future.