

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

Company Registration No. 196300381N

Second Quarter Financial Statements And Dividend Announcement for the Period Ended 30/06/2018

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

For the Group's Q2 results for the 3 months ended 30 June 2018, the Group's share of results of PCCW Limited ("PCCW") and the comparative figures for the corresponding 3 months ended 30 June 2017 are not available as Hong Kong Stock Exchange listing rules do not require PCCW to announce quarterly results.

PCCW announced its half-year results for the 6 months ended 30 June 2018 on 7 August 2018. The Group's share of the results of PCCW for half-year 2018 and the comparative figures for half-year 2017 are included in the Group's half-year results for the 6 months ended 30 June 2018.

UNAUDITED CONSOLIDATED INCOME STATEMENT - GROUP

	3 months ended			6 months ended		
	30/06/2018	30/06/2017	% Increase/	30/06/2018	30/06/2017	% Increase/
	S\$'000	S\$'000	(decrease)	S\$'000	S\$'000	(decrease)
		Restated			Restated	
Revenue	-	-	n.m.	8,149	8,347	(2.4)
Other income (Note 1)	23	80	(71.3)	117	290	(59.7)
Expenses						
- Depreciation and amortisation of property, plant and equipment	(88)	(104)	(15.4)	(180)	(207)	(13.0)
- Employee compensation	(491)	(478)	2.7	(973)	(932)	4.4
- Directors' fees	(57)	(48)	18.8	(114)	(98)	16.3
- Foreign exchange gain (loss), net	5	(188)	n.m.	(260)	(370)	(29.7)
- Legal and other professional fees	(215)	(339)	(36.6)	(456)	(682)	(33.1)
- Travelling expenses	(10)	(28)	(64.3)	(16)	(36)	(55.6)
- Subscriptions and donations	(3)	(6)	(50.0)	(26)	(27)	(3.7)
- Others	(188)	(88)	113.6	(263)	(227)	15.9
- Finance expenses (Note 2)	(679)	(848)	(19.9)	(1,298)	(1,714)	(24.3)
Total expenses	(1,726)	(2,127)	(18.9)	(3,586)	(4,293)	(16.5)
Share of profit of associated corporations, net of tax (Note 3)	849	232	265.9	7,982	47,819	(83.3)
Loss on liquidation of a subsidiary corporation	-	-	n.m.	(473)	-	n.m.
(Loss) profit before income tax	(854)	(1,815)	(52.9)	12,189	52,163	(76.6)
Income tax credit (expense) (Note 4)	9,398	(14)	n.m.	8,005	(1,473)	n.m.
Total profit (loss) for the period	8,544	(1,829)	n.m.	20,194	50,690	(60.2)
Attributable to equity holders of the Company	8,544	(1,829)	n.m.	20,194	50,690	(60.2)

n.m. = not meaningful

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - GROUP

	3 months ended			6 months ended		
	30/06/2018 S\$'000	30/06/2017 S\$'000 Restated	% Increase/ (decrease)	30/06/2018 S\$'000	30/06/2017 S\$'000 Restated	% Increase/ (decrease)
Total profit (loss) for the period	8,544	(1,829)	n.m.	20,194	50,690	(60.2)
Other comprehensive income (loss):						
Items that may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets						
- Fair value gains	-	7,631	n.m.	-	17,772	n.m.
- Reclassification of fair value gain on disposal of available-for-sale financial assets to income statement	-	(22)	n.m.	-	(213)	n.m.
Currency translation differences arising from consolidation						
- Gains (losses), net	33,347	(4,280)	n.m.	11,936	(44,408)	n.m.
- Reclassification of currency translation differences from a liquidated subsidiary corporation to income statement	-	-	n.m.	473	-	n.m.
Share of comprehensive loss of associated corporations	-	-	n.m.	(6,869)	(6,013)	14.2
	<u>33,347</u>	<u>3,329</u>	<u>901.7</u>	<u>5,540</u>	<u>(32,862)</u>	<u>n.m.</u>
Items that will not be reclassified subsequently to profit or loss:						
Fair value gains on equity investments at fair value through other comprehensive income	3,403	-	n.m.	610	-	n.m.
Other comprehensive gain (loss), net of tax	<u>36,750</u>	<u>3,329</u>	<u>1,003.9</u>	<u>6,150</u>	<u>(32,862)</u>	<u>n.m.</u>
Total comprehensive income for the period	<u>45,294</u>	<u>1,500</u>	<u>2,919.6</u>	<u>26,344</u>	<u>17,828</u>	<u>47.8</u>
Total comprehensive income attributable to equity holders of the Company	<u>45,294</u>	<u>1,500</u>	<u>2,919.6</u>	<u>26,344</u>	<u>17,828</u>	<u>47.8</u>

n.m. = not meaningful

DETAILED NOTES - GROUP

	3 months ended		6 months ended	
	30/06/2018 S\$'000	30/06/2017 S\$'000	30/06/2018 S\$'000	30/06/2017 S\$'000
(Note 1)				
Other income :				
Interest income	19	52	101	65
Management fee	3	3	11	6
Gain on disposal of available-for-sale financial assets	-	22	-	213
Other income	<u>1</u>	<u>3</u>	<u>5</u>	<u>6</u>
	<u>23</u>	<u>80</u>	<u>117</u>	<u>290</u>
(Note 2)				
Finance expenses :				
Interest expense				
- bank borrowings	(107)	(213)	(163)	(627)
- finance lease liability	(5)	-	(5)	(1)
Finance facility fees	<u>(567)</u>	<u>(635)</u>	<u>(1,130)</u>	<u>(1,086)</u>
	<u>(679)</u>	<u>(848)</u>	<u>(1,298)</u>	<u>(1,714)</u>

(Note 3)

Share of profit of associated corporations, net of tax :

The Group's Unaudited Consolidated Income Statements for the 6 months ended 30 June 2018 and 2017 include the Group's share of results of PCCW for H1 2018 and H1 2017 respectively.

The Group's Unaudited Consolidated Income Statements for the 3 months ended 30 June 2018 and 2017 exclude the Group's share of results of PCCW for the quarters as the information is not available. Hong Kong Stock Exchange listing rules do not require PCCW to announce quarterly results but only half year and full year results.

The Group's share of profit from its 49.87% associated corporations, KSH Distriparks Private Limited and KSH Infra Private Limited (collectively "KSH"), amounted to \$849K in Q2 2018 compared to \$232K in Q2 2017.

(Note 4)

Income tax credit (expense) :

The tax credit for H1 2018 of \$8.0 million was mainly due to write back of a deferred tax provision of \$9.4 million for distributions from HKT Trust and HKT Limited ("HKT") which were used to pay a tax exempt dividend to equity holders of the Company. This was partially offset by a deferred tax expense of \$1.4 million provided on further distributions from HKT.

The tax expense for H1 2017 of \$1.5 million comprises mainly deferred tax provided on distributions from HKT.

Profits before tax for H1 2018 and H1 2017 include the Group's share of PCCW H1 2018 and H1 2017 profits, respectively, which are net of taxes.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

		Group			Company	
	Notes	30/06/2018	31/12/2017	01/01/2017	30/06/2018	31/12/2017
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
			Restated	Restated		
ASSETS						
Current assets						
Cash and cash equivalents	1	26,391	60,829	42,367	22,955	44,208
Trade and other receivables		103	101	27	16	5
Other current assets		557	752	706	291	448
		<u>27,051</u>	<u>61,682</u>	<u>43,100</u>	<u>23,262</u>	<u>44,661</u>
Non-current assets						
Financial assets at fair value through other comprehensive income	2	312,061	-	-	229,135	-
Available-for-sale financial assets	2	-	261,130	274,273	-	225,243
Investments in associated corporations	3	1,030,615	1,084,082	835,002	1,021,884	1,010,578
Investments in subsidiary corporations		-	-	-	127,372	98,667
Property, plant and equipment		345	516	370	-	-
Other non-current assets		163	294	596	15	82
		<u>1,343,184</u>	<u>1,346,022</u>	<u>1,110,241</u>	<u>1,378,406</u>	<u>1,334,570</u>
Total assets		<u>1,370,235</u>	<u>1,407,704</u>	<u>1,153,341</u>	<u>1,401,668</u>	<u>1,379,231</u>
LIABILITIES						
Current liabilities						
Trade and other payables		2,206	2,034	2,729	14,016	10,163
Current income tax liabilities		2	8	4	-	-
Borrowings	4	13,240	10,757	101,068	-	10,309
		<u>15,448</u>	<u>12,799</u>	<u>103,801</u>	<u>14,016</u>	<u>20,472</u>
Non-current liabilities						
Borrowings	4	17	26	43	-	-
Deferred income tax liabilities	5	1,645	9,765	8,061	1,645	9,764
		<u>1,662</u>	<u>9,791</u>	<u>8,104</u>	<u>1,645</u>	<u>9,764</u>
Total liabilities		<u>17,110</u>	<u>22,590</u>	<u>111,905</u>	<u>15,661</u>	<u>30,236</u>
NET ASSETS		<u>1,353,125</u>	<u>1,385,114</u>	<u>1,041,436</u>	<u>1,386,007</u>	<u>1,348,995</u>
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital		457,283	457,283	457,283	457,283	457,283
Other reserves		217,763	212,323	272,212	25,929	9,017
Retained profits		678,079	715,508	311,941	902,795	882,695
Total equity		<u>1,353,125</u>	<u>1,385,114</u>	<u>1,041,436</u>	<u>1,386,007</u>	<u>1,348,995</u>

The Group

Note 1

Cash and cash equivalents decreased by \$34.4 million mainly due to :

	S\$' million
Dividends from HKT and PCCW	71.9
Net cash flow from borrowings and leases	<u>1.5</u>
	73.4
Less:	
Purchase of financial assets at fair value through other comprehensive income	(47.3)
Dividend paid to equity holders of the Company	(58.3)
Net cash used in operating activities	(2.9)
Effects of currency translation on cash and cash equivalents	<u>0.7</u>
Net decrease in cash	<u>(34.4)</u>

For more details, please refer to Section 1(c), statement of cash flows.

Note 2

As at 31 December 2017, the Group classified its equity investments not held for trading as available-for-sale financial assets in accordance with Singapore Financial Reporting Standards 39 Financial Instruments. With effect from 1 January 2018, the Group has elected to classify these investments as financial assets at fair value through other comprehensive income upon adoption of Singapore Financial Reporting Standards (International) 9 Financial Instruments, and has reclassified the balances accordingly.

Movements in balances from \$261.1 million in 2017 to \$312.1 million in 2018 are due to:

	S\$' million	S\$' million
Balance at 31 December 2017 and 1 January 2018		261.1
Net fair value gain on the Company's holding of SSUs in HKT	3.9	
Purchase of financial assets at fair value through other comprehensive income	<u>47.3</u>	
	51.2	
Decrease in the fair value, including translation differences, of the Group's other equity investments	<u>(0.2)</u>	
		51.0
Balance at 30 June 2018		<u>312.1</u>

Note 3

Investments in associated corporations decreased by \$53.5 million due to :

	S\$' million
Dividends received from PCCW	(63.8)
Unrealised exchange loss on the Company's interests in Indian Rupee ("INR") denominated net assets in KSH reflecting the weakening of the INR against the Singapore Dollar ("SGD")	<u>(1.0)</u>
	(64.8)
The Group's share of PCCW's H1 2018 profit	7.1
The Group's share of KSH's H1 2018 profit	0.9
The Group's share of PCCW's H1 2018 reserves	2.0
Unrealised exchange gain on the Company's interest in Hong Kong Dollar ("HKD") denominated net assets in PCCW reflecting the strengthening of the HKD against the SGD	<u>1.3</u>
	<u>(53.5)</u>

Note 4

Borrowings increased by \$2.5 million due to additional borrowings of \$26.3 million and an unrealised exchange loss of \$0.2 million on HKD borrowings (due to the strengthening of the HKD against the SGD) partially offset by repayment of borrowings of \$24.1 million.

Note 5

Deferred income tax liabilities relate to deferred tax provided on distributions from HKT.

The decrease in deferred tax liabilities of \$8.1 million was due to the write back of a deferred tax provision of \$9.4 million for distributions from HKT which were used to pay a tax exempt dividend to equity holders of the Company. This was partially offset by deferred tax of \$1.4 million provided on further distributions from HKT.

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

The Group

Amount repayable in one year or less, or on demand

As at 30/06/2018 S\$'000		As at 31/12/2017 S\$'000 Restated	
Secured	Unsecured	Secured	Unsecured
<u>13,240</u>	<u>-</u>	<u>10,757</u>	<u>-</u>

Amount repayable after one year

As at 30/06/2018 S\$'000		As at 31/12/2017 S\$'000 Restated	
Secured	Unsecured	Secured	Unsecured
<u>17</u>	<u>-</u>	<u>26</u>	<u>-</u>

Details of any collateral

	30/06/2018 S\$'000	31/12/2017 S\$'000
Carrying value of PCCW shares pledged to secure bank borrowings	<u>77,613</u>	<u>93,580</u>

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Cash flow statement for the period ended 30 June - Group

		3 months ended		6 months ended	
	Note	30/06/2018 S\$'000	30/06/2017 S\$'000 Restated	30/06/2018 S\$'000	30/06/2017 S\$'000 Restated
Cash flow from operating activities:					
Profit (loss) after tax		8,544	(1,829)	20,194	50,690
Adjustments for :					
- Income tax (credit) expense		(9,398)	14	(8,005)	1,473
- Depreciation and amortisation of property, plant and equipment		88	104	180	207
- Dividend income		-	-	(8,149)	(8,347)
- Interest income		(19)	(52)	(101)	(65)
- Gain on disposal of available-for-sale financial assets		-	(22)	-	(213)
- Finance expenses		679	848	1,298	1,714
- Unrealised currency translation gains		(1,147)	(70)	(906)	(37)
- Loss on liquidation of a subsidiary corporation		-	-	473	-
- Share of profit of associated corporations, net of tax		(849)	(232)	(7,982)	(47,819)
		(2,102)	(1,239)	(2,998)	(2,397)
Change in working capital:					
- Trade and other receivables		12	(162)	(37)	(194)
- Trade and other payables		(232)	(223)	(40)	(576)
Cash used in operations		(2,322)	(1,624)	(3,075)	(3,167)
Interest received		19	52	101	65
Income tax paid		(9)	(32)	(17)	(72)
Net cash used in operating activities		(2,312)	(1,604)	(2,991)	(3,174)
Cash flow from investing activities:					
Purchase of property, plant and equipment		(4)	-	(9)	-
Purchase of financial assets at fair value through other comprehensive income		(47,250)	-	(47,250)	-
Refund of capital contribution from available-for-sale financial assets		-	-	-	7,466
Dividends from HKT		8,089	8,263	8,089	8,263
Dividends from PCCW		63,823	63,625	63,823	63,625
Proceeds from disposal of available-for-sale financial assets		-	725	-	3,880
Net cash provided by investing activities		24,658	72,613	24,653	83,234
Cash flow from financing activities:					
Payment of finance expenses		(411)	(466)	(742)	(1,362)
Proceeds from borrowings		13,705	33,688	26,339	33,688
Repayment of borrowings and lease payments		(13,900)	(96,615)	(24,073)	(96,710)
Dividend paid to equity holders of the Company		(58,294)	-	(58,294)	-
Net cash used in financing activities		(58,900)	(63,393)	(56,770)	(64,384)
Net (decrease) increase in cash and cash equivalents	1	(36,554)	7,616	(35,108)	15,676
Cash and cash equivalents at beginning of period		60,685	48,878	60,829	42,367
Effects of currency translation on cash and cash equivalents		2,260	(466)	670	(2,015)
Cash and cash equivalents at end of period		26,391	56,028	26,391	56,028
Summary of cash and cash equivalents:					
Cash at bank and on hand		26,391	18,527	26,391	18,527
Short-term bank deposits		-	37,501	-	37,501
		26,391	56,028	26,391	56,028

Note 1

The net (decrease) increase in cashflows for 2018H1 and 2017H1 respectively were mainly due to:

	2018H1 S\$' million	2017H1 S\$' million
Dividends from HKT	8.1	8.3
Dividends from PCCW	63.8	63.6
Proceeds from borrowings	26.3	33.7
Refund of capital contribution from available-for-sale financial assets	-	7.5
Proceeds from disposal of available-for-sale financial assets	-	3.9
	98.2	117.0
Less:		
Purchase of financial assets at fair value through other comprehensive income	(47.3)	-
Repayment of borrowings and lease payments	(24.1)	(96.7)
Payment of finance expenses	(0.7)	(1.4)
Dividend paid to equity holders of the Company	(58.3)	-
Net cash used in operating activities	(2.9)	(3.2)
Net (decrease) increase in cashflows	(35.1)	15.7

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Changes in equity for the 3 months ended 30 June

The Group	Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total equity S\$'000	
Balance at 31 March 2018	457,283	203,745	742,870	1,403,898	
Changes in accounting policies	-	-	(30)	(30)	
Balance at 1 April 2018	457,283	203,745	742,840	1,403,868	
Total comprehensive income for the period	-	36,750	8,544	45,294	
Dividend relating to 2017 paid	-	-	(58,294)	(58,294)	
Balance at 30 June 2018	457,283	240,495	693,090	1,390,868	Note 1
Balance at 1 April 2017	457,283	266,228	344,212	1,067,723	
Total comprehensive income (loss) for the period	-	3,329	(1,829)	1,500	
Balance at 30 June 2017	457,283	269,557	342,383	1,069,223	Note 1

Note 1:

The Group's Consolidated Statement of Changes in Equity for the 3 months ended 30 June 2018 and 2017 excludes the Group's share of results of PCCW as the information is not available. Hong Kong Stock Exchange listing rules do not require PCCW to announce quarterly results but only half year and full year results.

Changes in equity for the 6 months ended 30 June

The Group	Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total equity S\$'000	
Balance at 31 December 2017	457,283	219,169	738,334	1,414,786	
Changes in accounting policies	-	(6,846)	(22,826)	(29,672)	
Balance at 1 January 2018	457,283	212,323	715,508	1,385,114	
Total comprehensive income for the period	-	6,150	20,194	26,344	
Share of reserves of associated corporations	-	(710)	671	(39)	
Dividend relating to 2017 paid	-	-	(58,294)	(58,294)	
Balance at 30 June 2018	457,283	217,763	678,079	1,353,125	
Balance at 31 December 2016	457,283	270,890	339,045	1,067,218	
Changes in accounting policies	-	1,322	(27,104)	(25,782)	
Balance at 1 January 2017	457,283	272,212	311,941	1,041,436	
Total comprehensive (loss) income for the period	-	(32,862)	50,690	17,828	
Share of reserves of associated corporations	-	(968)	316,248	315,280	
Balance at 30 June 2017	457,283	238,382	678,879	1,374,544	

Changes in equity for the 3 months ended 30 June

The Company	Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total equity S\$'000	
Balance at 1 April 2018	457,283	(28,978)	890,159	1,318,464	
Total comprehensive income for the period	-	54,907	70,930	125,837	
Dividend relating to 2017 paid	-	-	(58,294)	(58,294)	
Balance at 30 June 2018	457,283	25,929	902,795	1,386,007	
Balance at 1 April 2017	457,283	70,900	793,653	1,321,836	
Total comprehensive (loss) income for the period	-	(11,347)	62,596	51,249	
Balance at 30 June 2017	457,283	59,553	856,249	1,373,085	

Changes in equity for the 6 months ended 30 June

The Company	Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total equity S\$'000	
Balance at 1 January 2018	457,283	9,017	882,695	1,348,995	
Total comprehensive income for the period	-	16,912	78,394	95,306	
Dividend relating to 2017 paid	-	-	(58,294)	(58,294)	
Balance at 30 June 2018	457,283	25,929	902,795	1,386,007	
Balance at 1 January 2017	457,283	109,732	788,798	1,355,813	
Total comprehensive (loss) income for the period	-	(50,179)	67,451	17,272	
Balance at 30 June 2017	457,283	59,553	856,249	1,373,085	

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There have been no changes in the Company's share capital since the end of the previous period reported on.

The Company does not have any convertibles or treasury shares as at 30 June 2018 and 30 June 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Number of shares	
	As at 30/06/2018	As at 31/12/2017
Issued ordinary shares, excluding treasury shares	2,649,740,300	2,649,740,300

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

NIL.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

N.A.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except for the adoption of new or amended Singapore Financial Reporting Standards as described in Section 5, the Group has applied the same accounting policies and methods of computation in these results as in the audited financial statements for the year ended 31 December 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS"), Singapore Financial Reporting Standards (International) (SFRS(I)s), for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I)s on 1 January 2018 and has prepared its financial information under SFRS(I) for the financial period ended 30 June 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of IFRS. In addition, the Group has also adopted the following SFRS(I)s, and amendments and interpretations of SFRS(I)s that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018 as follows:

- SFRS(I) 15 Revenue from Contracts with Customers
- SFRS(I) 9 Financial Instruments
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration

In addition, the Group has also elected to early adopt SFRS(I) 16 Leases.

The adoption of these amendments did not have any significant impact on the financial performance or position of the Group except for the following:

a) Adoption of SFRS(I) 9 Financial Instruments

The Group has elected to apply the short-term exemption under SFRS(I) 1 to adopt SFRS(I) 9 on 1 January 2018. Accordingly, requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 December 2017.

Classification and measurement

The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) 9. The Group has elected to recognise changes in the fair value of the equity investments not held for trading and previously classified as available-for-sale in other comprehensive income.

b) Adoption of SFRS(I) 15 Revenue from Contracts with Customers

In accordance with the requirements of SFRS(I) 1, the Group's associated companies will adopt SFRS(I) 15 retrospectively. The Group has adjusted its investments in associated corporations and share of profit of associated corporations in line with the adoption in its half yearly results for the 6 months ended 30 June 2018 and 30 June 2017.

The Group's results for Q2 2018 do not include the Group's share of PCCW's adoption of HKFRS 15 Revenue from Contracts with Customers (Hong Kong's equivalent of SFRS(I) 15). The Q2 2018 results of PCCW are not available as PCCW does not publish quarterly results in Hong Kong and is only required under Hong Kong listing rules to report its H1 2018 results within 3 months from the end of the financial period.

c) Early adoption of SFRS(I) 16 Leases

PCCW has early adopted HKRFS 16 Leases (Hong Kong's equivalent of SFRS(I) 16) from 1 January 2018 and has elected to apply the new accounting standard retrospectively and restated comparatives for the prior periods presented. The Group has evaluated that the adoption of the new accounting standard is relevant and has elected to also apply the new standard retrospectively. Accordingly, the Group has applied the changes in accounting policy and adjusted its investments in associated corporations and share of profit of associated corporations.

Before the adoption of SFRS(I) 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in the consolidated income statements over the lease period on a straight-line basis.

On adoption of SFRS(I) 16, the Group recognised the full lease liabilities in relation to leases which had previously been classified as "operating leases" if they met certain criteria set out in SFRS(I) 16. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to the consolidated income statement in the period in which it is incurred using the effective interest method.

The associated right-of-use assets was measured at the amount equal to the initial measurement of lease liability, adjusted by certain items relating to that lease, and was recognised in the consolidated statement of financial position. Depreciation is charged on a straight-line basis over the shorter of the asset's useful life and the lease term.

Cash payments for the settlement of lease liabilities were reported as cash flows from financing activities. Arising from the adoption of SFRS(I) 16, payments relating to leases which had been classified as "operating leases" under SFRS 17 Leases for the 3 months ended 30 June 2017 and 6 months ended 30 June 2017 of \$92K and \$183K were reclassified from cash flow from operating activities to cash flow from financing activities in the restated Consolidated Cash Flow Statements. The total net cash flows of the Group are unaffected.

Impact on the comparatives for 3 months ended 30 June 2017 and 6 months ended 30 June 2017
Financial Statements

The financial effect arising from the adoption of SFRS(I) described above are summarised below.

	3 months ended 30/06/2017 S\$'000 (Note 1)	6 months ended 30/06/2017 S\$'000
Unaudited Consolidated Income Statement - Group		
Increase in depreciation and amortisation of property, plant and equipment (Note 5c)	(92)	(183)
Decrease in rental expense - operating leases (Note 5c)	92	183
Decrease in share of profit of associated corporations, net of tax (Note 5a, b)	-	(5,704)
Decrease in total profit for the period	-	(5,704)
Attributable to equity holders of the Company	-	(5,704)
Earnings per share – Basic	-	(0.215)
Earnings per share –Diluted	-	(0.215)
Decrease in total comprehensive income for the period	-	(4,287)

Note 1:

The Group's Unaudited Consolidated Income Statement for the 3 months ended 30 June 2018 and 2017 excludes the Group's share of results of PCCW for the quarters as the information is not available. Hong Kong Stock Exchange listing rules do not require PCCW to announce quarterly results but only half year and full year results.

	31/12/2017 S\$'000	01/01/2017 S\$'000
Group Balance Sheets		
Decrease in investments in associated corporations	(29,342)	(27,104)
Increase in property, plant and equipment	429	238
Decrease in non-current assets	(28,913)	(26,866)
Decrease in total assets	(28,913)	(26,866)
Increase in borrowings	431	238
Increase in current liabilities	431	238
Increase in total liabilities	431	238
(Decrease) increase in other reserves	(6,846)	1,322
Decrease in retained profits	(22,826)	(27,104)
Decrease in total equity	(29,672)	(25,782)

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

Group	Q2 2018	Q2 2017 (Restated)
Net profit (loss) attributable to equity holders of the Company (S\$'000)	8,544	(1,829)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,649,740	2,649,740
(i) Basic earnings (loss) per share (Cents per share)	0.322	(0.069)
(ii) On a fully diluted basis (Cents per share)	0.322	(0.069)

The Group's results for Q2 2018 and Q2 2017 exclude the Group's share of results of PCCW as the information is not available. Hong Kong Stock Exchange listing rules do not require PCCW to announce quarterly results but only half year and full year results.

Group	H1 2018	H1 2017 (Restated)
Net profit attributable to equity holders of the Company (S\$'000)	20,194	50,690
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,649,740	2,649,740
(i) Basic earnings per share (Cents per share)	0.762	1.913
(ii) On a fully diluted basis (Cents per share)	0.762	1.913

Basic earnings (loss) per share is calculated by dividing the net profit (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings (loss) per share is the same as basic earnings (loss) per share as there was no dilutive effect on earnings (loss) per share calculations due to the absence of any dilutive financial instruments during the period.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group			Company	
	30/06/2018	31/12/2017 Restated	01/01/2017 Restated	30/06/2018	31/12/2017
Net asset value (S\$'000)	1,353,125	1,385,114	1,041,436	1,386,007	1,348,995
Number of issued shares excluding treasury shares ('000)	2,649,740	2,649,740	2,649,740	2,649,740	2,649,740
Net asset value per ordinary share based on issued share capital at the end of the period	\$0.511	\$0.523	\$0.393	\$0.523	\$0.509

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group's revenue mainly relates to distributions by HKT. The Group's revenue for both Q2 2018 and Q2 2017 was nil. The Group's revenue for H1 2018 was \$8.1 million compared to \$8.3 million in H1 2017.

Total expenses for Q2 2018 amounted to \$1.7 million compared to a \$2.1 million for Q2 2017. The decrease was mainly due to the following:

- (i) a net foreign exchange gain of \$5K in Q2 2018 compared to a loss of \$188K in Q2 2017;
- (ii) a decrease in legal and other professional fees of \$124K; and
- (iii) a decrease in finance expenses of \$171K, mainly due to lower bank borrowings and lower finance facility fees.

The Group's results for Q2 2018 do not include the Group's share of results of PCCW. The Q2 results of PCCW are not available as Hong Kong Stock Exchange listing rules do not require PCCW to publish quarterly results, only half year and full year results.

The Group's share of profit of associated companies for H1 2018 was \$8.0 million as compared to \$47.8 million for H1 2017, including the Group's share of profit from PCCW for H1 2018 of \$7.1 million compared to \$47.4 million for H1 2017. The difference was mainly due to the inclusion of the Group's share of a one-off gain, amounting to approximately \$44.0 million, recognised from the disposal of PCCW's non-core wireless broadband business in the United Kingdom in Q2 2017.

Core revenue of PCCW for H1 2018 increased by 10% to \$3,183.4 million (HK\$18,809 million). Revenue at HKT increased by 12% to \$2,881.0 million (HK\$17,022 million) as a result of steady growth in revenue from Telecommunications Services and Mobile Services and strong demand for mobile handsets. Revenue from the Media business grew by 7% underpinned by robust growth in over-the-top ("OTT") services and the success of the 2018 FIFA World Cup broadcast on both pay TV and free TV services. The Solutions business experienced modest growth as a result of project-related revenue, especially in the China market.

EBITDA for HKT grew by 2% to \$954.4 million (HK\$5,639 million) reflecting steady revenue growth and sustained operating cost efficiencies. The Media business continued to make investments in free TV and OTT services while the Solutions business initiated up-front investments to win and execute contracts secured in a number of newly expanded markets. As a result, core EBITDA was steady at \$939.8 million (HK\$5,553 million).

Consolidated revenue of PCCW for the 6 months increased by 10% to \$3,211.4 million (HK\$18,974 million) and consolidated EBITDA was steady at \$926.3 million (HK\$5,473 million). Core profit attributable to equity holders of PCCW from continuing operations increased by 70% to \$62.3 million (HK\$368 million). Consolidated profit attributable to equity holders of PCCW from continuing operations increased by 131% to \$31.3 million (HK\$185 million).

The Group's share of profit of KSH was approximately \$0.8 million for Q2 2018 compared to \$0.2 million for Q2 2017. The increase is mainly due to improved revenue and decreased expenses in KSH and the reversal of deferred tax charges in both KSH and the Infrastructure business.

Without the Group's share of results for PCCW, the Group recorded a profit attributable to equity holders of \$8.5 million for Q2 2018 as compared to a loss of \$1.8 million for Q2 2017. This is mainly due to the write back of a deferred tax provision of \$9.4 million for distributions from HKT which were used to pay a tax exempt dividend to equity holders of the Company for the financial year ended 31 December 2017 in May 2018.

The Group recorded a profit attributable to equity holders of \$20.2 million for H1 2018 as compared to \$50.7 million for H1 2017.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

N.A.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The results of the Group are substantially dependent on the results of the Group's major investment, PCCW.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

Name of Dividend

Dividend Type

Dividend Rate

Tax Rate

(c) The date the dividend is payable.

N.A.

(d) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

N.A.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group obtained a general mandate from the shareholders of the Company for interested person transactions at the Company's Annual General Meeting on 23 April 2018. During the financial quarter under review, the following interested person transactions were entered into by the Group:

Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
None, all IPTs below \$100,000	None

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results).

The Directors have confirmed that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the quarter and the six months ended 30 June 2018 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

BY ORDER OF THE BOARD

Lim Beng Jin
Company Secretary
13/08/2018