

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

Company Registration No. 196300381N

Full Year Financial Statements Announcement for the Year Ended 31/12/2016

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

The results of PCCW Limited ("PCCW"), the Company's 22.7% associated corporation which is listed on the Stock Exchange of Hong Kong Limited, for the year ended 31 December 2016 were announced by PCCW and the Company on 16 January 2017. These results of the Group reflect the Company's share of PCCW's full-year results on an equity accounting basis.

UNAUDITED CONSOLIDATED INCOME STATEMENT - GROUP

	Year ended		
	31/12/2016	31/12/2015	% Increase/ (decrease)
	S\$'000	S\$'000	
Revenue	12,954	11,451	13.1
Other income (Note 1)	739	235	214.5
Expenses			
- Depreciation of property, plant and equipment	(60)	(64)	(6.3)
- Employee compensation	(1,708)	(1,467)	16.4
- Foreign exchange gain (loss), net	479	(859)	n.m.
- Legal and other professional fees	(1,151)	(1,687)	(31.8)
- Rental expense - operating leases	(365)	(365)	0.0
- Travelling expenses	(53)	(345)	(84.6)
- Subscriptions and donations	(120)	(231)	(48.1)
- Others	(569)	(587)	(3.1)
- Finance expenses (Note 2)	(3,729)	(3,001)	24.3
Total expenses	(7,276)	(8,606)	(15.5)
Share of profit of associated corporations, net of tax	82,728	89,780	(7.9)
Profit before income tax	89,145	92,860	(4.0)
Income tax expense (Note 3)	(2,163)	(1,887)	14.6
Total profit for the year	86,982	90,973	(4.4)
Attributable to equity holders of the Company	86,982	90,973	(4.4)

n.m. = not meaningful

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - GROUP

	Year ended		% Increase/ (decrease)
	31/12/2016 S\$'000	31/12/2015 S\$'000	
Total profit for the year	86,982	90,973	(4.4)
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value (losses) gains (Note 4)	(9,901)	5,034	n.m.
Currency translation differences arising from consolidation			
- Gains, net	22,961	44,451	(48.3)
Share of other comprehensive income (loss) of associated corporations	18,511	(22,650)	n.m.
Other comprehensive income, net of tax	<u>31,571</u>	<u>26,835</u>	17.6
Total comprehensive income for the year	<u>118,553</u>	<u>117,808</u>	0.6
Total comprehensive income attributable to equity holders of the Company	<u>118,553</u>	<u>117,808</u>	0.6

n.m. = not meaningful

DETAILED NOTES - GROUP

	Year ended	
	31/12/2016 S\$'000	31/12/2015 S\$'000
(Note 1)		
Other income :		
Interest income	38	3
Management fee	71	161
Fair value gain on financial assets designated as fair value through profit or loss	-	2
Rental income	30	40
Gain on disposal of property, plant and equipment	-	29
Reversal of a provision by a subsidiary company	600	-
	<u>739</u>	<u>235</u>
(Note 2)		
Finance expenses :		
Interest expense		
- bank borrowings	(1,701)	(1,743)
- finance lease liability	(3)	-
Finance facility fees	<u>(2,025)</u>	<u>(1,258)</u>
	<u>(3,729)</u>	<u>(3,001)</u>

(Note 3)

Income tax expense :

The tax expense comprises mainly deferred tax provided on distributions from HKT Trust and HKT Limited ("HKT").

(Note 4)

Available-for-sale financial assets - Fair value (losses) gains:

The Group recorded a fair value loss of \$9.9 million in 2016 mainly due to a decrease in the market value of the Group's holding of Share Stapled Units ("SSUs") in HKT of \$9.6 million and a net decrease in the fair value of the Group's holding of other financial assets of \$0.3 million.

The Group recorded a fair value gain of \$5.0 million in 2015 mainly due to an increase in the fair value of the Group's holding of other financial assets of \$9.6 million partially offset by a decrease in the market value of the Group's holding of SSUs in HKT of \$4.8 million.

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	31/12/2016	31/12/2015	31/12/2016	31/12/2015
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	1	42,367	69,760	31,316	63,484
Trade and other receivables		27	775	6	22
Other current assets		706	883	473	525
	7	<u>43,100</u>	<u>71,418</u>	<u>31,795</u>	<u>64,031</u>
Non-current assets					
Available-for-sale financial assets	2	274,273	281,248	233,696	237,213
Investments in associated corporations	3	860,784	767,029	1,098,119	1,018,100
Investments in subsidiary corporations		-	-	108,661	109,690
Property, plant and equipment		132	188	-	-
Other non-current assets		596	1,225	333	781
		<u>1,135,785</u>	<u>1,049,690</u>	<u>1,440,809</u>	<u>1,365,784</u>
Total assets		<u>1,178,885</u>	<u>1,121,108</u>	<u>1,472,604</u>	<u>1,429,815</u>
LIABILITIES					
Current liabilities					
Trade and other payables	4	2,729	4,777	7,916	55,853
Current income tax liabilities		4	5	-	-
Borrowings	5	100,830	162,028	100,814	116,503
	7	<u>103,563</u>	<u>166,810</u>	<u>108,730</u>	<u>172,356</u>
Non-current liabilities					
Borrowings	5	43	59	-	-
Deferred income tax liabilities	6	8,061	5,688	8,061	5,688
		<u>8,104</u>	<u>5,747</u>	<u>8,061</u>	<u>5,688</u>
Total liabilities		<u>111,667</u>	<u>172,557</u>	<u>116,791</u>	<u>178,044</u>
NET ASSETS		<u>1,067,218</u>	<u>948,551</u>	<u>1,355,813</u>	<u>1,251,771</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		457,283	457,283	457,283	457,283
Other reserves		270,890	238,609	109,732	83,375
Retained profits		339,045	252,659	788,798	711,113
Total equity		<u>1,067,218</u>	<u>948,551</u>	<u>1,355,813</u>	<u>1,251,771</u>

The Group

Note 1

Cash and cash equivalents decreased by \$27.4 million mainly due to :

	S\$' million
Cost of share repurchases	(1.1)
Repayment of borrowings	(316.7)
Payment of finance expenses	(4.2)
Net cash used in operating activities	<u>(2.4)</u>
	(324.4)
Less:	
Proceeds from borrowings	253.9
Refund of capital contribution from available-for-sale financial assets	4.1
Dividends from HKT	13.0
Dividends from PCCW	<u>25.5</u>
	<u>(27.9)</u>

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

Note 2

Available-for-sale financial assets decreased by \$7.0 million mainly due to :

	S\$' million
A net fair value loss on the Company's holding of SSUs in HKT	(3.5)
Refund of capital contribution from available-for-sale financial assets	<u>(4.1)</u>
	(7.6)
Less: An increase in the fair value, including translation differences, of the Group's available-for-sale financial assets	<u>0.6</u>
	<u>(7.0)</u>

Note 3

Investments in associated corporations increased by \$93.8 million mainly due to :

	S\$' million
The Group's share of PCCW's 2016 profit	82.1
An increase in PCCW's other reserves	34.2
Unrealised exchange gain on the Company's Hong Kong Dollar ("HKD") investment in PCCW reflecting the strengthening of the HKD against the Singapore Dollar ("SGD")	<u>2.3</u>
	118.6
Less: Cash dividends received from PCCW	<u>(25.5)</u>
	<u>93.1</u>

Note 4

Trade and other payables decreased by \$2.0 million mainly due to payment of previously accrued expenses of \$1.9 million and reversal of unclaimed dividends of \$0.4 million.

Note 5

Borrowings decreased by \$61.2 million mainly due to net repayment of borrowings of \$62.8 million by the Company and a subsidiary corporation in Q1 2016, partially offset by an unrealised exchange loss of \$1.6 million on these HKD borrowings due to the strengthening of the HKD against the SGD.

Note 6

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

Note 7

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
Current assets	43,100	71,418	31,795	64,031
Current liabilities	103,563	166,810	108,730	172,356
Net current liabilities	<u>(60,463)</u>	<u>(95,392)</u>	<u>(76,935)</u>	<u>(108,325)</u>

The financial statements of the Company and the Group are prepared on a going concern basis as at 31 December 2016 and 31 December 2015 notwithstanding these net current liability positions, on the basis that the Company holds a significant number of quoted shares in PCCW and SSUs in HKT, which are frequently traded and whose market values are significantly higher than their carrying values on the balance sheets of the Company and the Group as at 31 December 2016 and 31 December 2015.

The Group and Company also have available undrawn bank facilities to meet cashflow requirements should the need arise.

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 31/12/2016 S\$'000		As at 31/12/2015 S\$'000	
Secured	Unsecured	Secured	Unsecured
<u>100,830</u>	<u>-</u>	<u>162,028</u>	<u>-</u>

Amount repayable after one year

As at 31/12/2016 S\$'000		As at 31/12/2015 S\$'000	
Secured	Unsecured	Secured	Unsecured
<u>43</u>	<u>-</u>	<u>59</u>	<u>-</u>

Details of any collateral

Carrying values of shares and SSUs pledged for bank borrowings comprise :

- shares in PCCW
- SSUs in HKT

31/12/2016 S\$' million	31/12/2015 S\$' million
214.4	249.5
-	204.8
<u>214.4</u>	<u>454.3</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 year ended 31 December - Group

	Year ended	
Notes	31/12/2016	31/12/2015
	S\$'000	S\$'000
Cash flow from operating activities:		
Profit after tax	86,982	90,973
Adjustments for :		
- Income tax expense	2,163	1,887
- Depreciation of property, plant and equipment	60	64
- Dividend income	(12,954)	(11,451)
- Interest income	(38)	(3)
- Gain on disposal of property, plant and equipment	-	(29)
- Finance expenses	3,729	3,001
- Unrealised currency translation losses	18	283
- Fair value gain on financial assets designated as fair value through profit or loss	-	(2)
- Share of profit of associated corporations, net of tax	(82,728)	(89,780)
	(2,768)	(5,057)
Change in working capital:		
- Trade and other receivables	756	(578)
- Trade and other payables	(443)	(180)
Cash used in operations	(2,455)	(5,815)
Interest received	38	3
Income tax paid	(43)	(31)
Net cash used in operating activities	(2,460)	(5,843)
Cash flow from investing activities:		
Purchase of property, plant and equipment	(4)	(190)
Disposal of property, plant and equipment	-	29
Refund of capital contribution from available-for-sale financial assets	4,125	1,392
Dividends from HKT	12,954	11,451
Disposal of financial assets, at fair value through profit or loss	-	7
Dividends from PCCW	25,525	-
Net cash generated from investing activities	42,600	12,689
Cash flow from financing activities:		
Finance expenses	(4,228)	(4,068)
Proceeds from borrowings	253,906	295,790
Repayment of borrowings	(316,690)	(201,553)
Purchases of the Company's shares	(1,130)	(42,924)
Refund of unclaimed dividends	12	5
Net cash (used in) generated from financing activities	(68,130)	47,250
Net (decrease) increase in cash and cash equivalents	(27,990)	54,096
Cash and cash equivalents at beginning of year	69,760	14,978
Effects of currency translation on cash and cash equivalents	597	686
Cash and cash equivalents at end of year	42,367	69,760
Summary of cash and cash equivalents:		
Cash at bank and on hand	11,498	52,964
Short-term bank deposits	30,869	16,796
	42,367	69,760

Note 1

For 2016, the net cash outflows of \$28.0 million was mainly due to :

	S\$' million
Cost of share repurchases	(1.1)
Repayment of borrowings	(316.7)
Payment of finance expenses	(4.2)
Net cash used in operating activities	(2.4)
	(324.4)
Less:	
Proceeds from borrowings	253.9
Refund of capital contribution from available-for-sale financial assets	4.1
Dividends from HKT	13.0
Dividends from PCCW	25.5
	(27.9)

Note 2

For 2016, there was a significant non-cash transaction pertaining to the receipt of dividends in specie of \$54.0 million (2015: \$63.1 million), in the form of new PCCW shares from PCCW, which was eliminated at Group level for consolidation purposes.

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 year ended 31 December

The Group	Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total equity S\$'000
Balance at 1 January 2016	457,283	238,609	252,659	948,551
Total comprehensive income for the year	-	31,571	86,982	118,553
Purchase and cancellation of shares	-	-	(1,130)	(1,130)
Refund of unclaimed dividends	-	-	364	364
Share of reserves of associated corporations	-	710	170	880
Balance at 31 December 2016	<u>457,283</u>	<u>270,890</u>	<u>339,045</u>	<u>1,067,218</u>
Balance at 1 January 2015	457,283	211,536	206,555	875,374
Total comprehensive income for the year	-	26,835	90,973	117,808
Purchase and cancellation of shares	-	-	(42,924)	(42,924)
Share of reserves of associated corporations	-	238	(1,945)	(1,707)
Balance at 31 December 2015	<u>457,283</u>	<u>238,609</u>	<u>252,659</u>	<u>948,551</u>

Changes in equity for the year ended 31 December

The Company	Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total equity S\$'000
Balance at 1 January 2016	457,283	83,375	711,113	1,251,771
Total comprehensive income for the year	-	26,357	78,451	104,808
Purchase and cancellation of shares	-	-	(1,130)	(1,130)
Refund of unclaimed dividends	-	-	364	364
Balance at 31 December 2016	<u>457,283</u>	<u>109,732</u>	<u>788,798</u>	<u>1,355,813</u>
Balance at 1 January 2015	457,283	10,361	675,606	1,143,250
Total comprehensive income for the year	-	73,014	78,431	151,445
Purchase and cancellation of shares	-	-	(42,924)	(42,924)
Balance at 31 December 2015	<u>457,283</u>	<u>83,375</u>	<u>711,113</u>	<u>1,251,771</u>

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

The Company's issued share capital as at 31 December 2016, 30 September 2016 and 31 December 2015 is summarised as follows: -

	31/12/2016		30/09/2016		31/12/2015	
	No. of shares	\$	No. of shares	\$	No. of shares	\$
Issued and paid up share capital including treasury shares	2,649,740,300	457,282,366	2,649,740,300	457,282,366	2,652,555,800	457,282,366
Issued and paid up share capital excluding treasury shares	2,649,740,300		2,649,740,300		2,652,555,800	

During Q4 2016, the Company did not purchase any shares in the Company.

During Q4 2015, the Company purchased a total of 16,114,700 shares in the Company on the open market for a total consideration of \$7.0 million (including transaction costs), financed by internal funds and borrowings. These shares were cancelled immediately on purchase.

For the financial year ended 31 December 2016, the Company purchased a total of 2,815,500 shares in the Company on the open market for a total consideration of \$1.1 million (including transaction costs), financed by internal funds and borrowings. These shares were cancelled immediately on purchase.

For the financial year ended 31 December 2015, the Company purchased a total of 99,111,300 shares in the Company on the open market for a total consideration of \$42.9 million (including transaction costs), financed by internal funds and borrowings. These shares were cancelled immediately on purchase.

The Company does not have any convertibles as at 31 December 2016 and 31 December 2015.

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 31/12/2016	As at 31/12/2015
Issued ordinary shares	2,649,740,300	2,652,555,800
Less: Treasury shares	-	-
Issued ordinary shares, excluding treasury shares	2,649,740,300	2,652,555,800

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 2015.

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.

On 1 January 2016, the Group adopted certain new or amended Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company, and had no material effect on the amounts reported for the current or prior financial years.

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		31/12/2016	31/12/2015
Net profit attributable to equity holders of the Company (S\$'000)		86,982	90,973
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)		2,649,809	2,705,796
(i) Basic earnings per share (Cents per share)		3.283	3.362
(ii) On a fully diluted basis (Cents per share)		3.283	3.362

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

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

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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Net asset value (S\$'000)	1,066,606	948,551	1,355,449	1,251,771
Number of issued shares excluding treasury shares ('000)	2,649,740	2,652,556	2,649,740	2,652,556
Net asset value per ordinary share based on issued share capital at the end of the year	\$0.403	\$0.358	\$0.512	\$0.472

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 for 2016 was \$13.0 million compared to \$11.5 million in 2015. The Group's revenue relates to dividends received from the Company's investment in HKT.

Total expenses in 2016 amounted to \$7.3 million compared to \$8.6 million in 2015. The difference is mainly due to the following reasons:-

- Legal and professional fees decreased from \$1.7 million in 2015 to \$1.2 million in 2016.
- The Group recorded foreign exchange gains of \$0.5 million compared to losses of \$0.9 million in 2015. The exchange gains in 2016 were mainly the result of realised exchange gains on the repayment of Hong Kong Dollar denominated loans arising from the strengthening of the Singapore Dollar against the Hong Kong Dollar at the beginning of the year.
- The above decreases were mainly offset by an increase in finance expense on bank borrowings. Finance costs in 2016 were \$3.7 million compared to \$3.0 million in 2015. The increase in finance costs was mainly due to front-end facility fees upon facility renewals during the financial year under review.

The Group's share of profit of associated corporations was \$82.7 million in 2016 compared to \$89.8 million in 2015. These included the Group's share of profit from PCCW of \$82.1 million in 2016 compared to \$89.6 million in 2015.

PCCW recorded a steady performance for 2016 amidst weak economic conditions and intensified competition across all core businesses.

PCCW's core revenue for the year ended 31 December 2016 decreased slightly by 2% to HK\$38,210 million (\$6,792.6 million) primarily due to a slowdown in Mobile handset sales. Excluding Mobile handset sales, core revenue increased by 2%. Core EBITDA increased by 3% to HK\$12,506 million (\$2,223.2 million) reflecting the successful completion of the CSL Holdings Limited ("CSL") integration at HKT and further investments in the over-the-top ("OTT") and Free TV segments within the Media Business.

PCCW's consolidated revenue for the year ended 31 December 2016 decreased by 2% to HK\$38,384 million (\$6,823.6 million) while consolidated EBITDA increased by 3% to HK\$12,226 million (\$2,173.4 million). Consolidated profit attributable to equity holders of PCCW was HK\$2,051 million (\$364.6 million).

HKT, the 63% subsidiary of PCCW, delivered a solid set of financial results for the year ended 31 December 2016, in the midst of an increasingly challenging macroeconomic environment and intensified market competition. This performance demonstrates the resilience of all of HKT's core businesses and reflects the strong execution across its operations during the year.

HKT's total revenue for the year ended 31 December 2016 decreased by 3% to HK\$33,847 million (\$6,017.0 million), impacted by lower revenue from Mobile handset sales due to the absence of marquee handsets throughout 2016. Excluding Mobile handset sales, its underlying revenue for the year increased by 3% to HK\$30,422 million (\$5,408.2 million). HKT's total EBITDA for the year was HK\$12,684 million (\$2,254.9 million), an increase of 5% over the previous year. Adjusted funds flow for the year ended 31 December 2016 amounted to HK\$4,683 million (\$832.5 million), an increase of 14% over the previous year.

The Group's share of profit of associated corporations for 2016 included the Group's share of a profit of \$0.6 million (2015: \$0.2 million) from its 49.87% Indian logistics associated corporation, KSH Distriparks Private Limited ("KSH").

The Group's profit attributable to equity holders for 2016 was \$87.0 million compared to \$91.0 million for 2015.

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.

PCCW will continue to reinforce the leadership position of its core businesses of telecommunications, media and IT solutions in Hong Kong. HKT will focus on building upon the strength of its network and service offerings locally, while the Media and IT Solutions Businesses plan to forge a strong footprint in the region.

As a trusted partner for its customers, PCCW Solutions has fortified its track record of delivering consistent revenue growth and industry leading margins. PCCW Solutions aims to grow with its customers by assisting them to become digital enterprises. It is well positioned to act as a gateway for customers to expand their presence in mainland China and for mainland enterprises to expand globally. In addition, PCCW Solutions will continue to enrich its cloud capabilities, expand its data centre infrastructure, and offer solutions tailor-made for its key industry sectors.

The Now TV Business will solidify its leading position in Hong Kong by enriching its content offering and user interface, integrating seamlessly with HKT's superior network to offer the most compelling and reliable media viewing experience in Hong Kong.

The growing OTT Business aims to further raise customer awareness and engagement, broaden its library of locally relevant content and expand into selected new markets to capture opportunities arising from the changing viewing habits of customers.

The Free TV Business has been well received by viewers and advertisers as a fresh alternative. PCCW will continue to invest in the production of appealing programs and make the content available on multiple delivery platforms. However, PCCW remains cautious towards this competitive market particularly with the imminent entry of a new player.

The outlook for 2017 is overshadowed by global events, execution of the Brexit mechanism, and the change in leadership of the United States. Within Hong Kong, PCCW has yet to see a strong return of consumer and business confidence.

In 2016, PCCW successfully implemented a number of initiatives in Hong Kong and in the region, planting seeds for the PCCW Group's future growth and development. In 2017, PCCW will continue to identify suitable opportunities and monitor the external environment carefully to deliver value to shareholders. Given the dynamic environment, PCCW will invest prudently.

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 has not obtained a general mandate from the shareholders of the Company for interested person transactions. During the financial year 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.	N.A.

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

N.A.

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).

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recent audited annual financial statements, with comparative information for the immediately preceding year

SEGMENTAL REPORTING FOR THE YEAR ENDED 31 DECEMBER 2016

	Investment holding S\$'000	Business management and consultancy services S\$'000	Consolidated S\$'000	<u>Geographical information</u>	
External revenue	12,954	-	12,954		Revenue \$'000
				Hong Kong	12,954
					<u>12,954</u>
Operating profit before interest income and depreciation	10,124	44	10,168		Non-current assets
Interest income	38	-	38		\$'000
Depreciation	(58)	(2)	(60)		557
Profit from operating activities	10,104	42	10,146	Singapore	25,451
Finance expenses	(3,729)	-	(3,729)	India	835,504
Share of profits of associated corporations, net of tax	82,728	-	82,728	Hong Kong	<u>861,512</u>
Profit before income tax	89,103	42	89,145		
Income tax expense	(2,160)	(3)	(2,163)		
Total profit	86,943	39	86,982		
Segment assets	274,938	68	275,006		
Property, plant and equipment	-	132	132		
Other non-current assets	504	92	596		
Investments in associated corporations	860,784	-	860,784		
	861,288	224	861,512		
Unallocated corporate assets					
- Cash and cash equivalents			42,367		
Total assets			1,178,885		
Segment liabilities	2,455	274	2,729		
Unallocated corporate liabilities					
- Borrowings			100,873		
- Current income tax liabilities			4		
- Deferred income tax liabilities			8,061		
Total liabilities			111,667		
Other segment information:					
Additions to property, plant and equipment	-	4	4		

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recent audited annual financial statements, with comparative information for the immediately preceding year

SEGMENTAL REPORTING FOR THE YEAR ENDED 31 DECEMBER 2015

	Investment holding S\$'000	Business management and consultancy services S\$'000	Consolidated S\$'000	<u>Geographical information</u>	
External revenue	11,451	-	11,451		Revenue \$'000
Operating profit before interest income and depreciation	6,092	50	6,142	Hong Kong	11,451
Interest income	3	-	3		<u>11,451</u>
Depreciation	(58)	(6)	(64)		Non-current assets
Profit from operating activities	6,037	44	6,081		\$'000
Finance expenses	(3,001)	-	(3,001)	Singapore	1,063
Share of profits of associated corporations, net of tax	89,780	-	89,780	India	24,832
Profit before income tax	92,816	44	92,860	Hong Kong	742,547
Income tax expense	(1,882)	(5)	(1,887)		<u>768,442</u>
Total profit	90,934	39	90,973		
Segment assets	282,104	802	282,906		
Property, plant and equipment	-	188	188		
Other non-current assets	1,130	95	1,225		
Investments in associated corporations	767,029	-	767,029		
	768,159	283	768,442		
Unallocated corporate assets					
- Cash and cash equivalents			69,760		
Total assets			1,121,108		
Segment liabilities	4,442	335	4,777		
Unallocated corporate liabilities					
- Borrowings			162,087		
- Current income tax liabilities			5		
- Deferred income tax liabilities			5,688		
Total liabilities			172,557		
Other segment information:					
Additions to property, plant and equipment	-	190	190		

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

1. External revenue under the investment holding segment for 2016 was \$13.0 million compared to \$11.6 million for 2015. External revenue under this segment relate to distributions received from the Company's investment in HKT.
2. Operating profit before interest income and depreciation under the investment holding segment for 2016 was \$10.1 million compared to \$6.1 million. The increase was mainly the result of the increase in external revenue from the Company's investment in HKT.

18. A breakdown of sales

		31/12/2016 S\$'000	31/12/2015 S\$'000	Increase/ (Decrease) %
(a)	Revenue reported for first half year	6,711	5,363	25.1
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	36,200	41,836	(13.5)
(c)	Revenue reported for second half year	6,243	6,088	2.5
(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	50,782	49,137	3.3

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Total Annual Dividend:

	Latest Full Year 31/12/2016 S\$'000	Previous Full Year 31/12/2015 S\$'000
Ordinary	-	-
Preference	-	-
Total:	-	-

N.A.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the prescribed format. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Lim Beng Jin
Company Secretary
17/01/2017