

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED
Company Registration No. 196300381N

Full Year Financial Statements Announcement for the Year Ended 31/12/2020

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 2020 were announced by PCCW and the Company on 5 February 2021. 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

	12 months ended		% Increase/ (decrease)
	31/12/2020 S\$'000	31/12/2019 S\$'000	
Revenue	23,600	17,536	34.6
Other income (Note 1)	298	226	31.9
Expenses			
- Depreciation and amortisation expenses	(378)	(378)	0.0
- Employee compensation	(2,288)	(2,063)	10.9
- Directors' fees	(337)	(315)	7.0
- Legal and other professional fees	(1,705)	(2,333)	(26.9)
- Travelling expenses	(246)	(2,324)	(89.4)
- Foreign exchange (loss) gain, net	(362)	1,176	n.m.
- Subscriptions and donations	(1,011)	(1,209)	(16.4)
- Others	(493)	(878)	(43.8)
- Finance expenses (Note 2)	(9,737)	(9,037)	7.7
Total expenses	(16,557)	(17,361)	(4.6)
Changes in carrying value of associated corporations:			
- Loss on deemed dilution	(960)	-	n.m.
- Share of (loss) profit of associated corporations, net of tax	(40,194)	27,515	n.m.
Gain on disposal of an associated corporation	-	3,434	n.m.
(Loss) profit before income tax	(33,813)	31,350	n.m.
Income tax credit (Note 3)	1,346	112	n.m.
Total (loss) profit for the year	(32,467)	31,462	n.m.
Attributable to equity holders of the Company	(32,467)	31,462	n.m.

n.m. = not meaningful

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - GROUP

	12 months ended		
	31/12/2020 S\$'000	31/12/2019 S\$'000	% Increase/ (decrease)
Total (loss) profit for the year	(32,467)	31,462	n.m.
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Losses, net	(7,259)	(11,300)	(35.8)
Share of comprehensive (loss) gain of associated corporations	(2,254)	12,122	n.m.
Loss on deemed dilution of an associated corporation	45	-	n.m.
	<u>(9,468)</u>	<u>822</u>	n.m.
Items that will not be reclassified subsequently to profit or loss:			
Fair value (losses) gains on equity investments at fair value through other comprehensive income	(65,424)	2,734	n.m.
Other comprehensive (loss) income, net of tax	<u>(74,892)</u>	<u>3,556</u>	n.m.
Total comprehensive (loss) income for the year	<u>(107,359)</u>	<u>35,018</u>	n.m.
Total comprehensive (loss) income attributable to equity holders of the Company	<u>(107,359)</u>	<u>35,018</u>	n.m.

n.m. = not meaningful

DETAILED NOTES - GROUP

	12 months ended	
	31/12/2020 S\$'000	31/12/2019 S\$'000
(Note 1)		
Other income :		
Interest income	78	180
Management fee	34	40
Other income	186	6
	<u>298</u>	<u>226</u>
(Note 2)		
Finance expenses :		
Interest expense		
- bank borrowings	(7,781)	(7,248)
- finance lease liability	(8)	(12)
Finance facility fees	(1,948)	(1,777)
	<u>(9,737)</u>	<u>(9,037)</u>

(Note 3)

Income tax credit :

The tax credit for the year ended 31 December 2020 of \$1.3 million was mainly due to :

	S\$' million
The write back of deferred tax provision for distributions from HKT Trust and HKT Limited (both collectively, "HKT") which were used to pay tax exempt dividend to equity holders of the Company	1.7
Withholding tax paid on interest expense for bank borrowings	(0.3)
	<u>1.4</u>

The tax credit for the year ended 31 December 2019 of \$0.1 million was mainly due to :

	S\$' million
Withholding tax paid on the disposal of KSH Infra Private Limited ("KIPL")	(0.7)
Withholding tax paid on interest expense for bank borrowings	(0.3)
Deferred tax expense provided on further distributions from HKT	(3.0)
	<u>(4.0)</u>
Write back of deferred tax provision for distributions from HKT used to pay tax exempt dividend to equity holders of the Company	4.2
	<u>0.2</u>

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

	Note	Group		Company	
		31/12/2020 S\$'000	31/12/2019 S\$'000	31/12/2020 S\$'000	31/12/2019 S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	1	8,174	13,763	3,053	5,875
Trade and other receivables		60	73	70	70
Other current assets		1,264	1,037	647	523
		<u>9,498</u>	<u>14,873</u>	<u>3,770</u>	<u>6,468</u>
Assets classified as held-for-sale	2	91,544	107,337	-	-
		<u>101,042</u>	<u>122,210</u>	<u>3,770</u>	<u>6,468</u>
Non-current assets					
Financial assets, at fair value through other comprehensive income ("FVOCI")	3	356,871	351,710	277,567	277,849
Investments in associated corporations	4	707,016	936,487	1,007,755	1,022,240
Investments in subsidiary corporations		-	-	198,127	204,408
Property, plant and equipment		164	515	-	-
Other non-current assets		1,679	812	1,265	352
		<u>1,065,730</u>	<u>1,289,524</u>	<u>1,484,714</u>	<u>1,504,849</u>
Total assets		<u>1,166,772</u>	<u>1,411,734</u>	<u>1,488,484</u>	<u>1,511,317</u>
LIABILITIES					
Current liabilities					
Trade and other payables		4,270	4,769	153,886	188,432
Current income tax liabilities		42	60	-	-
Borrowings	5	113	35,822	-	-
		<u>4,425</u>	<u>40,651</u>	<u>153,886</u>	<u>188,432</u>
Non-current liabilities					
Borrowings	5	302,461	308,049	182,530	179,443
Deferred income tax liabilities	6	191	3,446	-	1,668
		<u>302,652</u>	<u>311,495</u>	<u>182,530</u>	<u>181,111</u>
Total liabilities		<u>307,077</u>	<u>352,146</u>	<u>336,416</u>	<u>369,543</u>
NET ASSETS		<u>859,695</u>	<u>1,059,588</u>	<u>1,152,068</u>	<u>1,141,774</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		457,283	457,283	457,283	457,283
Other reserves		170,785	245,980	(37,193)	47,830
Retained profits		231,627	356,325	731,978	636,661
Total equity		<u>859,695</u>	<u>1,059,588</u>	<u>1,152,068</u>	<u>1,141,774</u>

The Group

Note 1

Cash and cash equivalents decreased by \$5.6 million mainly due to :

	S\$' million
Proceeds from disposal of financial assets, at FVOCI	5.9
Refund of capital contribution from financial assets, at FVOCI	2.0
Dividends from financial assets, at FVOCI	5.4
Dividends from HKT and PCCW	119.0
Effects of currency translation on cash and cash equivalents	<u>(0.2)</u>
	132.1
Less:	
Net repayment of borrowings and lease payments	(50.0)
Purchases of the Company's shares	(0.5)
Net cash used in operating activities	(6.2)
Dividend paid to equity holders of the Company	<u>(81.0)</u>
Net decrease in cash	<u>(5.6)</u>

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

Note 2

Assets classified as held-for-sale decreased by \$15.8 million mainly due to the disposal of financial assets of \$5.5 million and decrease in the fair value, including translation differences, of financial assets of \$10.3 million.

Note 3

Financial assets, at FVOCI increased by \$5.2 million mainly due to :

	S\$' million
Net fair value loss on the Company's holding of SSUs in HKT	(26.9)
Net fair value loss on the Company's holding of shares in Pacific Century Premium Developments Limited ("PCPD")	(41.9)
Refund of capital contribution from financial assets, at FVOCI	<u>(2.0)</u>
	(70.8)
PCPD shares received as dividend in specie from PCCW	68.5
Increase in fair value, including translation differences, of the Group's other equity investments	<u>7.5</u>
	<u>5.2</u>

Following a distribution in specie of shares in PCPD by PCCW, the Company received 189,381,234 PCPD shares in H2 2020. These PCPD shares were classified as financial assets, at FVOCI.

Note 4

Investments in associated corporations decreased by \$229.5 million due to :

	S\$' million
Cash dividend and dividend in specie received from PCCW	(169.2)
Group's share of PCCW's 2020 loss	(41.1)
Deemed dilution of PCCW	(1.0)
Group's share of PCCW's 2020 reserves	(20.2)
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	1.4
Group's share of KSH Distriparks Private Limited's ("KSH") 2020 profit and reserves	<u>0.6</u>
	<u>(229.5)</u>

Note 5

Borrowings decreased by \$41.3 million mainly due to repayment of borrowings of \$133.4 million and unrealised exchange gain of \$2.4 million on HKD denominated borrowings due to the weakening of the HKD against the SGD during the financial year, partially offset by additional drawdowns totalling \$94.5 million mainly for dividend payments.

Note 6

The decrease in deferred tax liabilities of \$3.3 million was due to a reversal of deferred tax provision of \$1.6 million arising from fair value gains in prior year on certain financial assets, at FVOCI which are in the process of being disposed and write back of deferred tax provision of \$1.7 million for distributions from HKT which were used to pay a tax exempt dividend to equity holders of the Company.

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 31/12/2020 S\$'000		As at 31/12/2019 S\$'000	
Secured	Unsecured	Secured	Unsecured
<u>113</u>	<u>-</u>	<u>35,822</u>	<u>-</u>

Amount repayable after one year

As at 31/12/2020 S\$'000		As at 31/12/2019 S\$'000	
Secured	Unsecured	Secured	Unsecured
<u>302,461</u>	<u>-</u>	<u>308,049</u>	<u>-</u>

Details of any collateral

	31/12/2020 S\$' million	31/12/2019 S\$' million
Carrying values of shares, SSUs and bonds pledged for bank borrowings comprise:		
- shares in PCCW (at cost)	308.6	313.1
- SSUs in HKT	251.0	277.8
- FWDGRP ZERO Perpetual Corp bonds	-	51.6
	<u>559.6</u>	<u>642.5</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

	12 months ended	
	Note 31/12/2020	31/12/2019
	S\$'000	S\$'000
Cash flow from operating activities:		
(Loss) profit after tax	(32,467)	31,462
Adjustments for :		
- Income tax credit	(1,346)	(112)
- Depreciation and amortisation expenses	378	378
- Dividend income	(23,600)	(17,536)
- Interest income	(78)	(180)
- Finance expenses	9,737	9,037
- Unrealised currency translation (losses) gains	518	(1,363)
- Gain on disposal of an associated corporation	-	(3,434)
Changes in carrying value of associated corporations:		
- Loss on deemed dilution	960	-
- Share of loss (profit) of associated corporations, net of tax	40,194	(27,515)
	<u>(5,704)</u>	<u>(9,263)</u>
Change in working capital:		
- Trade and other receivables	5	(136)
- Trade and other payables	(170)	1,261
Cash used in operations	<u>(5,869)</u>	<u>(8,138)</u>
Interest received	78	180
Income tax paid	<u>(365)</u>	<u>(1,024)</u>
Net cash used in operating activities	<u>(6,156)</u>	<u>(8,982)</u>
Cash flow from investing activities:		
Purchase of property, plant and equipment	(27)	(723)
Purchase of financial assets, at FVOCI	-	(81,805)
Proceeds from disposal of financial assets, at FVOCI	5,885	5,504
Refund of capital contribution from financial assets, at FVOCI	1,981	7,590
Proceeds from disposal of an associated corporation	-	19,105
Dividends from financial assets, at FVOCI	5,358	-
Dividends from HKT	18,242	17,536
Dividends from PCCW	<u>100,774</u>	<u>96,273</u>
Net cash provided by investing activities	<u>132,213</u>	<u>63,480</u>
Cash flow from financing activities:		
Payment of finance expenses	(11,137)	(8,072)
Proceeds from borrowings	94,588	457,930
Repayment of borrowings and lease payments	(133,443)	(127,333)
Purchases of the Company's shares	(460)	-
Dividend paid to equity holders of the Company	<u>(81,033)</u>	<u>(376,263)</u>
Net cash used in financing activities	<u>(131,485)</u>	<u>(53,738)</u>
Net (decrease) increase in cash and cash equivalents	1 (5,428)	760
Cash and cash equivalents at beginning of year	13,763	13,109
Effects of currency translation on cash and cash equivalents	(161)	(106)
Cash and cash equivalents at end of year	<u>8,174</u>	<u>13,763</u>
Summary of cash and cash equivalents:		
Cash at bank and on hand	8,174	13,763
Short-term bank deposits	-	-
	<u>8,174</u>	<u>13,763</u>

Note 1

The net (decrease) increase in cashflows for the year ended 31 December 2020 and 2019 respectively were mainly due to:

	12 months ended	
	31/12/2020	31/12/2019
	S\$' million	S\$' million
Proceeds from disposal of financial assets, at FVOCI	5.9	5.5
Refund of capital contribution from financial assets, at FVOCI	2.0	7.6
Proceeds from disposal of an associated corporation	-	19.1
Dividends from financial assets, at FVOCI	5.4	-
Dividends from HKT	18.2	17.5
Dividends from PCCW	100.8	96.3
Proceeds from borrowings	<u>94.5</u>	<u>457.9</u>
	226.8	603.9
Less:		
Purchase of property, plant and equipment	-	(0.7)
Purchase of financial assets, at FVOCI	-	(81.8)
Payment of finance expenses	(11.1)	(8.1)
Repayment of borrowings and lease payments	(133.4)	(127.3)
Purchases of the Company's shares	(0.5)	-
Net cash used in operating activities	(6.2)	(8.9)
Dividend paid to equity holders of the Company	<u>(81.0)</u>	<u>(376.3)</u>
Net increase (decrease) in cashflows	<u>(5.4)</u>	<u>0.8</u>

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 2020	457,283	245,980	356,325	1,059,588
Total comprehensive loss for the year	-	(74,892)	(32,467)	(107,359)
Share of reserves of associated corporations	-	384	(11,425)	(11,041)
Purchase and cancellation of shares	-	-	(460)	(460)
Dividend paid	-	-	(81,033)	(81,033)
Transfer upon disposal of investments	-	(687)	687	-
Balance at 31 December 2020	<u>457,283</u>	<u>170,785</u>	<u>231,627</u>	<u>859,695</u>
Balance at 1 January 2019	457,283	243,812	704,239	1,405,334
Total comprehensive income for the year	-	3,556	31,462	35,018
Share of reserves of associated corporations	-	(908)	(3,593)	(4,501)
Dividend paid	-	-	(376,263)	(376,263)
Transfer upon disposal of investments	-	(480)	480	-
Balance at 31 December 2019	<u>457,283</u>	<u>245,980</u>	<u>356,325</u>	<u>1,059,588</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 2020	457,283	47,830	636,661	1,141,774
Total comprehensive (loss) income for the year	-	(85,023)	176,810	91,787
Purchase and cancellation of shares	-	-	(460)	(460)
Dividend paid	-	-	(81,033)	(81,033)
Balance at 31 December 2020	<u>457,283</u>	<u>(37,193)</u>	<u>731,978</u>	<u>1,152,068</u>
Balance at 1 January 2019	457,283	68,829	909,820	1,435,932
Total comprehensive (loss) income for the year	-	(20,999)	103,104	82,105
Dividend paid	-	-	(376,263)	(376,263)
Balance at 31 December 2019	<u>457,283</u>	<u>47,830</u>	<u>636,661</u>	<u>1,141,774</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 2020 and 31 December 2019 is summarised as follows: -

	31/12/2020		31/12/2019	
	No. of shares	\$	No. of shares	\$
Issued and paid up share capital including treasury shares	<u>2,648,150,200</u>	<u>457,282,366</u>	<u>2,649,740,300</u>	<u>457,282,366</u>
Issued and paid up share capital excluding treasury shares	<u>2,648,150,200</u>		<u>2,649,740,300</u>	

During H1 2020, the Company purchased a total of 1,590,100 shares in the Company on the open market for a total consideration of \$460K (including transaction costs), financed by internal funds and borrowings. These shares were cancelled immediately on purchase. The Company did not purchase any shares in the Company during H2 2020.

During H2 2019, the Company did not purchase any shares in the Company.

The Company does not have any convertibles or treasury shares as at 31 December 2020 and 31 December 2019.

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 31/12/2020	As at 31/12/2019
Issued ordinary shares, excluding treasury shares	<u>2,648,150,200</u>	<u>2,649,740,300</u>

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 (International) ("SFRS(I)s") 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 2019.

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 2020, the Group adopted certain new or amended SFRS(I)s 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 SFRS(I)s.

The adoption of these new or amended SFRS(I)s 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	31/12/2020	31/12/2019
Net (loss) profit attributable to equity holders of the Company (S\$'000)	<u>(32,467)</u>	<u>31,462</u>
Weighted average number of ordinary shares outstanding for basic (loss) earnings per share ('000)	<u>2,648,467</u>	<u>2,649,740</u>
(i) Basic (loss) earnings per share (Cents per share)	<u>(1.226)</u>	<u>1.187</u>
(ii) On a fully diluted basis (Cents per share)	<u>(1.226)</u>	<u>1.187</u>

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

Diluted (loss) earnings per share is the same as basic (loss) earnings per share as there was no dilutive effect on (loss) 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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Net asset value (S\$'000)	859,695	1,059,588	1,152,068	1,141,774
Number of issued shares excluding treasury shares ('000)	2,648,150	2,649,740	2,648,150	2,649,740
Net asset value per ordinary share based on issued share capital at the end of the period	\$0.325	\$0.400	\$0.435	\$0.431

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 2020 relates to distributions by HKT of \$18.2 million and dividends from financial assets, at FVOCI of \$5.4 million as compared to distributions by HKT of \$17.5 million in 2019.

Total expenses for 2020 amounted to \$16.6 million compared to \$17.4 million for 2019. The decrease was mainly due to decreases in legal and professional fees of \$0.6 million and travelling expenses of \$2.1 million but partly offset by increases in finance expenses of \$0.7 million which was mainly due to higher interest costs resulting from increased borrowings to fund dividends and a net foreign exchange loss of \$1.5 million.

The Group's share of loss of associated companies for 2020 was \$40.2 million as compared to a profit of \$27.5 million for 2019. This is mainly due to the Group's share of the loss from PCCW for 2020 of \$41.1 million compared to a profit of \$26.9 million for 2019.

The Group's share of profit of its 49.87% associated company, KSH, amounted to \$1.0 million in 2020 compared to \$0.6 million in 2019. The increase in profit contribution from KSH is mainly due to a reduction in operating expenses in 2020 compared to the previous year.

The Group recorded a gain of \$3.4 million in 2019 from the disposal of all of KSH Infra Private Limited, the warehousing business of KSH.

The Group recognised a net income tax credit of \$1.3 million in 2020 compared to \$0.1 million in 2019. A deferred tax provision of \$1.7 million was written back in 2020 as compared to \$4.2 million in 2019. Deferred taxes previously provided on distributions from HKT were reversed after distributions were used to pay tax exempt dividends to equity holders of the Company for the financial years ended 31 December 2019 and 2018 respectively. These were partly offset by withholding taxes of \$0.3 million and \$1.0 million in 2020 and 2019 respectively and deferred tax expenses on further distributions from HKT of \$3.0 million in 2019.

The Group recorded a loss attributable to equity holders of \$32.5 million for 2020 as compared to a profit of \$31.5 million for 2019.

Extracts from PCCW's Annual Results Announcement for the year ended 31 December 2020:

"PCCW recorded a steady performance for the year ended December 31, 2020, even as the COVID-19 pandemic persisted throughout the year and severely disrupted normal economic activity and life around the world. The results attest to the ability of our core businesses to adapt quickly to the challenging operating environment and continue to deliver trusted services to our customers in Hong Kong and international markets.

HKT Limited's ("HKT") Mobile product sales suffered from a mix of weak consumer confidence and the continuing trend of a longer handset upgrade cycle. Yet, HKT's total revenue excluding Mobile product sales for the year ended December 31, 2020 still registered a slight growth to HK\$29,780 million. The growth was attributed to a significant surge in demand for data and broadband services coupled with an encouraging take-up of our 5G services albeit partially offset by the decline in roaming revenue arising from the travel restrictions in place throughout the year.

Revenue at Now TV decreased by 6% to HK\$2,512 million due to live sport event suspension and reduced commercial activities. However, EBITDA held stable at HK\$454 million driven by content cost streamlining and stringent operating expenses control. Despite the challenging environment, both the Free TV and over-the-top ("OTT") businesses maintained their growth momentum with revenue expanding 22% and 11% respectively in tandem with viewership increases as more people consumed their entertainment at home and online. The OTT business in particular experienced strong growth in its video segment which grew by 20%. Free TV and OTT were able to further narrow their EBITDA losses by 40% and 51% respectively in 2020 as a result of the expanded revenue and disciplined spending.

Solutions business revenue rose by 12% to HK\$4,736 million driven by expansion of its data center business, solid project delivery in Hong Kong and business expansion in Southeast Asia. Although lockdowns around the region led to project delays which in turn resulted in a drop in EBITDA to HK\$794 million for the year ended December 31, 2020, the Solutions business was successful in significantly growing its secured orders to HK\$25,226 million which will generate future growth.

Pacific Century Premium Developments Limited ("PCPD") revenue grew to HK\$1,843 million mainly attributed to the completion and handover of the Park Hyatt Niseko Hanazono Residences ("Branded Residences"). Global travel restrictions affected the business, particularly the hotel operations in Japan, but PCPD still achieved a positive EBITDA of HK\$28 million during the year.

On a consolidated basis, revenue excluding Mobile product sales climbed 4% to HK\$35,437 million but total EBITDA eased 3% to HK\$11,978 million.

A consolidated loss attributable to equity holders of the Company for the year of HK\$1,020 million arose largely due to higher amortization expenses arising from ongoing investments by the Free TV and OTT businesses in content production and by the Solutions business in developing proprietary solutions, an impairment provision at PCPD's Park Hyatt Niseko, Hanazono, fair value movement on certain other non-core investments as well as write-off of end-of-life IT platforms."

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 investments in PCCW and HKT.

In the new year, it remains a priority for PCCW to implement precautionary measures to protect its employees and ensure business continuity, as it did throughout the past year.

PCCW's regional video streaming service Viu will continue to innovate by exploring fresh genres and formats and by producing high quality, locally relevant entertainment content. Viu aims to capture the accelerated adoption of online media consumption and changes in viewing habits to increase its service penetration as well as engagement in all of its markets.

PCCW Solutions aims to extend its strong market position in Hong Kong as it sets out to further enlarge its footprint in Southeast Asia following the expansion of its IT capabilities and data centres in the region. Its business pipeline should generate a steady stream of recurring revenue.

HKT will keep pursuing both B2C (business-to-consumer) and B2B (business-to-business) opportunities to monetise 5G, as well as ramping up efforts to grow its digital businesses. Following the integration of Now TV, HKT will benefit from enhanced cross-selling of fibre broadband, mobile and media entertainment services, in addition to improved operational efficiencies.

The economic outlook in 2021 for Hong Kong and the region is clouded by the pandemic and external factors including persistent tension between China and the US. With its established local leadership and strong regional presence, PCCW will continue to deploy technology, creativity and innovation to support customer needs. While it will diligently apply cost controls, PCCW will continue to seek suitable growth opportunities to complement its existing revenue streams in the medium to longer term, and create greater shareholder value.

On 31 December 2020, PCRD irrevocably undertook to PCPD, by way of an irrevocable undertaking, to subscribe for its full entitlement to rights shares to be provisionally allotted to it under a rights issue of shares by PCPD.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of Dividend	Final Dividend	Special Dividend
Dividend Type	Cash	Cash
Dividend Rate	0.67 cents per Ordinary Share	3.93 cents per Ordinary Share
Tax Rate	One-tier tax exempt	One-tier tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes

Name of Dividend	Interim Dividend	Special Dividend	Final
Dividend Type	Cash	Cash	Cash
Dividend Rate	2.0 cents per ordinary share	3.5 cents per ordinary share	0.76 cents per ordinary share
Tax Rate	One-tier tax exempt	One-tier tax exempt	One-tier, tax exempt

(c) The date the dividend is payable.

The payment date of the dividends will be announced at a later date.

(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.

The notice of the closure of the Register of Members and Transfer Books of the Company for the purposes of determining the entitlement of the dividends will be announced at a later date.

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

N.A

- 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 on 28 May 2020. During the financial year under review, the following interested person transactions were entered into by the Group:

Name of interested person	Nature of relationship	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)
N.A.	N.A.	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 recently audited annual financial statements, with comparative information for the immediately preceding year

SEGMENTAL REPORTING FOR THE YEAR ENDED 31 DECEMBER 2020

	Investment holding S\$'000	Business management and consultancy services S\$'000	Consolidated S\$'000	<u>Geographical information</u>	
External revenue	23,600	-	23,600		Revenue \$'000
Operating profit before interest income, depreciation and amortisation	16,791	587	17,378	Hong Kong	18,242
Interest income	78	-	78	Cayman Islands	5,358
Depreciation and amortisation	(375)	(3)	(378)		<u>23,600</u>
Profit from operating activities	16,494	584	17,078		Non-current assets \$'000
Finance expenses	(9,737)	-	(9,737)		
Loss on deemed dilution	(960)	-	(960)	Singapore	1,430
Share of losses of associated corporations, net of tax	(40,194)	-	(40,194)	India	11,781
(Loss) profit before income tax	(34,397)	584	(33,813)	Hong Kong	695,648
Income tax credit (expense)	1,357	(11)	1,346		<u>708,859</u>
Total (loss) profit	(33,040)	573	(32,467)		
Segment assets	449,559	180	449,739		
Property, plant and equipment	-	164	164		
Other non-current assets	1,678	1	1,679		
Investments in associated corporations	707,016	-	707,016		
	708,694	165	708,859		
Unallocated corporate assets					
- Cash and cash equivalents			8,174		
Total assets			1,166,772		
Segment liabilities	3,972	298	4,270		
Unallocated corporate liabilities					
- Borrowings			302,574		
- Current income tax liabilities			42		
- Deferred income tax liabilities			191		
Total liabilities			307,077		
Other segment information:					
Additions to property, plant and equipment	-	27	27		

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 2019

	Investment holding S\$'000	Business management and consultancy services S\$'000	Consolidated S\$'000	<u>Geographical information</u>	
External revenue	17,536	-	17,536		Revenue \$'000
				Hong Kong	17,536
					<u>17,536</u>
Operating profit before interest income, depreciation and amortisation	9,186	450	9,636		
Interest income	180	-	180		Non-current
Depreciation and amortisation	(375)	(3)	(378)		assets
Profit from operating activities	8,991	447	9,438		\$'000
Finance expenses	(9,037)	-	(9,037)	Singapore	953
Share of profits of associated corporations, net of tax	27,515	-	27,515	India	11,193
Gain on disposal of an associated corporation	3,434	-	3,434	Hong Kong	925,668
Profit before income tax	30,903	447	31,350		<u>937,814</u>
Income tax credit (expense)	167	(55)	112		
Total profit	31,070	392	31,462		
Segment assets	460,049	108	460,157		
Property, plant and equipment	-	515	515		
Other non-current assets	726	86	812		
Investments in associated corporations	936,487	-	936,487		
	937,213	601	937,814		
Unallocated corporate assets					
- Cash and cash equivalents			13,763		
Total assets			1,411,734		
Segment liabilities	4,466	303	4,769		
Unallocated corporate liabilities					
- Borrowings			343,871		
- Current income tax liabilities			60		
- Deferred income tax liabilities			3,446		
Total liabilities			352,146		
Other segment information:					
Additions to property, plant and equipment	-	723	723		

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.

There are no material changes, however please note that :-

1. External revenue under the investment holding segment for 2020 was \$23.6 million compared to \$17.5 million for 2019. External revenue under this segment relate to distributions received from the Company's investment in HKT and dividend income from financial assets at FVOCI.
2. Operating profit before interest income, depreciation and amortisation under the investment holding segment for 2020 was \$16.8 million compared to \$9.2 million for 2019. This was mainly due to the inclusion of dividend income from financial assets at FVOCI of \$5.4 million and a decrease in expenses of \$2.4 million.

18. A breakdown of sales

		31/12/2020 S\$'000	31/12/2019 S\$'000	Increase/ (Decrease) %
(a)	Revenue reported for first half year	10,757	9,847	9.2
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	(20,817)	13,157	n.m.
(c)	Revenue reported for second half year	12,843	7,689	67.0
(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	(11,650)	18,305	n.m.

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:-

	Latest Full Year ended 31/12/2020 S\$ '000	Previous Full Year ended 31/12/2019 S\$ '000
Ordinary	182,722	165,874
	<ul style="list-style-type: none"> - Interim ordinary dividend paid in respect of FY2020 of 2.30 Singapore cents per share - Proposed final dividend in respect of FY2020 of 0.67 Singapore cents per share - Proposed special dividend in respect of FY2020 of 3.93 Singapore cents per share 	<ul style="list-style-type: none"> - Interim ordinary dividend paid in respect of FY2019 of 2.0 Singapore cents per share - Special dividend paid in respect of FY2019 of 3.50 Singapore cents per share - Final dividend in respect of FY2019 of 0.76 Singapore cents per share
Preference	-	-
Total	182,722	165,874

The total of the interim ordinary dividend per share (2.3 cents) and the proposed final dividend per share (0.67 cents) for 2020 (2.97 cents) represents an increase of 7.6% from the 2.76 cents total ordinary dividend per share paid for 2019.

- 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
09/02/2021