

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

Company Registration No. 196300381N

Second Quarter Financial Statements And Dividend Announcement for the Period Ended 30/06/2019

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 2019, the Group's share of results of PCCW Limited ("PCCW") and the comparative figures for the corresponding 3 months ended 30 June 2018 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 2019 on 8 August 2019. The Group's share of the results of PCCW for half-year 2019 and the comparative figures for half-year 2018 are included in the Group's half-year results for the 6 months ended 30 June 2019.

UNAUDITED CONSOLIDATED INCOME STATEMENT - GROUP

	3 months ended			6 months ended		
	30/06/2019	30/06/2018	% Increase/	30/06/2019	30/06/2018	% Increase/
	S\$'000	S\$'000	(decrease)	S\$'000	S\$'000	(decrease)
Revenue	-	-	n.m.	9,847	8,149	20.8
Other income (Note 1)	5	23	(78.3)	85	117	(27.4)
Expenses						
- Depreciation and amortisation expenses	(94)	(88)	6.8	(185)	(180)	2.8
- Employee compensation	(565)	(491)	15.1	(1,053)	(973)	8.2
- Directors' fees	(95)	(57)	66.7	(162)	(114)	42.1
- Legal and other professional fees	(457)	(215)	112.6	(943)	(456)	106.8
- Travelling expenses	(651)	(10)	n.m.	(805)	(16)	n.m.
- Foreign exchange gain (loss), net	985	5	n.m.	912	(260)	n.m.
- Subscriptions and donations	(100)	(3)	n.m.	(485)	(26)	n.m.
- Others	(315)	(188)	67.6	(562)	(263)	113.7
- Finance expenses (Note 2)	(2,784)	(679)	310.0	(4,071)	(1,298)	213.6
Total expenses	(4,076)	(1,726)	136.2	(7,354)	(3,586)	105.1
Share of profit of associated corporations, net of tax (Note 3)	274	849	(67.7)	6,732	7,982	(15.7)
Loss on liquidation of subsidiary corporations	-	-	n.m.	-	(473)	n.m.
Gain on disposal of an associated corporation	-	-	n.m.	3,434	-	n.m.
(Loss) profit before income tax	(3,797)	(854)	344.6	12,744	12,189	4.6
Income tax credit (Note 4)	2,794	9,398	(70.3)	413	8,005	(94.8)
Total (loss) profit for the period	(1,003)	8,544	n.m.	13,157	20,194	(34.8)
Attributable to equity holders of the Company	(1,003)	8,544	n.m.	13,157	20,194	(34.8)

n.m. = not meaningful

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - GROUP

	3 months ended			6 months ended		
	30/06/2019	30/06/2018	% Increase/ S\$'000 (decrease)	30/06/2019	30/06/2018	% Increase/ S\$'000 (decrease)
Total (loss) profit for the period	(1,003)	8,544	n.m.	13,157	20,194	(34.8)
Other comprehensive income (loss):						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation						
- Gains (losses), net	1,317	33,347	(96.1)	(13,310)	11,936	n.m.
- Reclassification of currency translation differences from liquidated subsidiary corporations to income statement	-	-	n.m.	-	473	n.m.
Share of comprehensive gain (loss) of associated corporations	-	-	n.m.	13,002	(6,869)	n.m.
	<u>1,317</u>	<u>33,347</u>	<u>(96.1)</u>	<u>(308)</u>	<u>5,540</u>	<u>n.m.</u>
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	(4,967)	3,403	n.m.	37,662	610	6,074.1
Other comprehensive (loss) income, net of tax	<u>(3,650)</u>	<u>36,750</u>	<u>n.m.</u>	<u>37,354</u>	<u>6,150</u>	<u>507.4</u>
Total comprehensive (loss) income for the period	<u>(4,653)</u>	<u>45,294</u>	<u>n.m.</u>	<u>50,511</u>	<u>26,344</u>	<u>91.7</u>
Total comprehensive (loss) income attributable to equity holders of the Company	<u>(4,653)</u>	<u>45,294</u>	<u>n.m.</u>	<u>50,511</u>	<u>26,344</u>	<u>91.7</u>

n.m. = not meaningful

DETAILED NOTES - GROUP

	3 months ended		6 months ended	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
	S\$'000	S\$'000	S\$'000	S\$'000
(Note 1)				
Other income :				
Interest income	2	19	73	101
Management fee	3	3	6	11
Other income	-	1	6	5
	<u>5</u>	<u>23</u>	<u>85</u>	<u>117</u>
(Note 2)				
Finance expenses :				
Interest expense				
- bank borrowings	(2,321)	(107)	(3,157)	(163)
- finance lease liability	(3)	(5)	(4)	(5)
Finance facility fees	(460)	(567)	(910)	(1,130)
	<u>(2,784)</u>	<u>(679)</u>	<u>(4,071)</u>	<u>(1,298)</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 2019 and 2018 include the Group's share of results of PCCW for H1 2019 and H1 2018 respectively.

The Group's Unaudited Consolidated Income Statements for the 3 months ended 30 June 2019 and 2018 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 corporation, KSH Distriparks Private Limited ("KSH"), amounted to \$274K in Q2 2019.

The Group's share of profit from its 49.87% associated corporations, KSH and KSH Infra Private Limited ("KIPL"), amounted to \$849K in Q2 2018. KIPL was disposed of at the end of January 2019.

(Note 4)

Income tax credit :

The tax credit for H1 2019 of \$0.4 million was mainly due to write back of a deferred tax provision of \$2.9 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 \$1.7 million provided on further distributions from HKT and withholding tax of \$0.7 million paid on the disposal of KIPL.

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 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.

Profits before tax for H1 2019 and H1 2018 include the Group's share of PCCW H1 2019 and H1 2018 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	
	Note	30/06/2019	31/12/2018	30/06/2019	31/12/2018
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	1	16,799	13,109	12,689	8,685
Trade and other receivables		77	102	19	18
Other current assets		926	915	526	526
		<u>17,802</u>	<u>14,126</u>	<u>13,234</u>	<u>9,229</u>
Asset classified as held-for-sale	2	-	14,906	-	-
	7	<u>17,802</u>	<u>29,032</u>	<u>13,234</u>	<u>9,229</u>
Non-current assets					
Financial assets, at fair value through other comprehensive income ("FVOCI")	3	499,364	388,785	313,096	287,937
Investments in associated corporations	4	942,384	1,005,156	1,020,006	1,031,182
Investments in subsidiary corporations		-	-	204,578	126,951
Property, plant and equipment		698	170	-	-
Other non-current assets		1,227	1,199	613	880
		<u>1,443,673</u>	<u>1,395,310</u>	<u>1,538,293</u>	<u>1,446,950</u>
Total assets		<u>1,461,475</u>	<u>1,424,342</u>	<u>1,551,527</u>	<u>1,456,179</u>
LIABILITIES					
Current liabilities					
Trade and other payables		2,671	3,011	139,281	4,395
Current income tax liabilities		2	10	-	-
Borrowings	5	237,113	13,100	122,038	12,973
	7	<u>239,786</u>	<u>16,121</u>	<u>261,319</u>	<u>17,368</u>
Non-current liabilities					
Borrowings	5	-	8	-	-
Deferred income tax liabilities	6	1,651	2,879	1,651	2,879
		<u>1,651</u>	<u>2,887</u>	<u>1,651</u>	<u>2,879</u>
Total liabilities		<u>241,437</u>	<u>19,008</u>	<u>262,970</u>	<u>20,247</u>
NET ASSETS		<u>1,220,038</u>	<u>1,405,334</u>	<u>1,288,557</u>	<u>1,435,932</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		457,283	457,283	457,283	457,283
Other reserves		279,984	243,812	80,740	68,829
Retained profits		482,771	704,239	750,534	909,820
Total equity		<u>1,220,038</u>	<u>1,405,334</u>	<u>1,288,557</u>	<u>1,435,932</u>

The Group

Note 1

Cash and cash equivalents increased by \$3.7 million mainly due to :

	S\$' million
Refund of capital contribution from financial assets, at FVOCI	5.3
Proceeds from disposal of an associated corporation	19.1
Dividends from HKT and PCCW	77.9
Net cash inflow from borrowings net of payment of leases	<u>219.7</u>
	322.0
Less:	
Purchase of property, plant and equipment	(0.7)
Purchase of financial assets, at FVOCI	(81.7)
Net cash used in operating activities	(5.3)
Dividend paid to equity holders of the Company	(230.5)
Effects of currency translation on cash and cash equivalents	<u>(0.1)</u>
Net increase in cash	<u>3.7</u>

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

Note 2

The Group's associated company in India, KSH, is engaged in 3 businesses: the Inland Container Depot ("ICD"), Third Party Logistics ("3PL") and Warehousing. Pursuant to a scheme of demerger approved by the High Court of Bombay in 2018, the warehousing business was transferred to KIPL. The ICD and 3PL businesses remain under KSH. As at 31 December 2018, the Group's investment in KIPL of \$14.9 million was classified as an asset held-for-sale. Subsequent to the year end, the Group sold its shares in KIPL in January 2019 for \$18.4 million.

Note 3

Financial assets, at FVOCI increased by \$110.6 million mainly due to :

	S\$' million
Net fair value gain on the Company's holding of SSUs in HKT	25.2
Purchase of financial assets, at FVOCI	81.7
Increase in fair value, including translation differences, of the Group's other equity investments	<u>9.0</u>
	115.9
Refund of capital contribution from financial assets, at FVOCI	<u>(5.3)</u>
	<u>110.6</u>

Note 4

Investments in associated corporations decreased by \$62.8 million due to :

	S\$' million
Dividends received from PCCW	(68.1)
Unrealised exchange loss on the Company's interest in Hong Kong Dollar ("HKD") denominated net assets in PCCW reflecting the weakening of the HKD against the SGD	<u>(1.8)</u>
	(69.9)
The Group's share of PCCW's H1 2019 profit	6.4
The Group's share of KSH's H1 2019 profit	0.3
The Group's share of PCCW's H1 2019 reserves	<u>0.4</u>
	<u>(62.8)</u>

Note 5

Borrowings increased by \$224.0 million due to additional drawdowns totalling \$319.6 million mainly for payments of dividend by the Company and investments, partly offset by repayment of borrowings of \$95.9 million.

Note 6

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

The decrease in deferred tax liabilities of \$1.2 million was due to the write back of a deferred tax provision of \$2.9 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 \$1.7 million provided on further distributions from HKT.

Note 7

	Group		Company	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
Current assets	17,802	29,032	13,234	9,229
Current liabilities	<u>239,786</u>	<u>16,121</u>	<u>261,319</u>	<u>17,368</u>
Net current liabilities	<u>(221,984)</u>	<u>12,911</u>	<u>(248,085)</u>	<u>(8,139)</u>

The financial statements of the Company and the Group are prepared on a going concern basis as at 30 June 2019 and 31 December 2018 notwithstanding these net current liability positions for the Group and the Company as at 30 June 2019 and for the Company as at 31 December 2018, 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 30 June 2019 and 31 December 2018.

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 30/06/2019 S\$'000		As at 31/12/2018 S\$'000	
Secured	Unsecured	Secured	Unsecured
<u>237,113</u>	<u>-</u>	<u>13,100</u>	<u>-</u>

Amount repayable after one year

As at 30/06/2019 S\$'000		As at 31/12/2018 S\$'000	
Secured	Unsecured	Secured	Unsecured
<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>

Details of any collateral

	30/06/2019 S\$' million	31/12/2018 S\$' million
Carrying values of shares and SSUs pledged for bank borrowings comprise:		
- shares in PCCW	312.4	154.3
- SSUs in HKT	<u>266.9</u>	<u>-</u>
	<u>579.3</u>	<u>154.3</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 period ended 30 June - Group

		3 months ended		6 months ended	
	Note	30/06/2019 S\$'000	30/06/2018 S\$'000	30/06/2019 S\$'000	30/06/2018 S\$'000
Cash flow from operating activities:					
(Loss) profit after tax		(1,003)	8,544	13,157	20,194
Adjustments for :					
- Income tax credit		(2,794)	(9,398)	(413)	(8,005)
- Depreciation and amortisation expenses		94	88	185	180
- Dividend income		-	-	(9,847)	(8,149)
- Interest income		(2)	(19)	(73)	(101)
- Finance expenses		2,784	679	4,071	1,298
- Unrealised currency translation gains		(906)	(1,147)	(1,089)	(906)
- Loss on liquidation of subsidiary corporations		-	-	-	473
- Gain on disposal of an associated corporation		-	-	(3,434)	-
- Share of profit of associated corporations, net of tax		(274)	(849)	(6,732)	(7,982)
		(2,101)	(2,102)	(4,175)	(2,998)
Change in working capital:					
- Trade and other receivables		4	12	(31)	(37)
- Trade and other payables		244	(232)	(331)	(40)
Cash used in operations		(1,853)	(2,322)	(4,537)	(3,075)
Interest received		2	19	73	101
Income tax paid		(84)	(9)	(790)	(17)
Net cash used in operating activities		(1,935)	(2,312)	(5,254)	(2,991)
Cash flow from investing activities:					
Purchase of property, plant and equipment		(697)	(4)	(713)	(9)
Purchase of financial assets, at FVOCI		-	(47,250)	(81,743)	(47,250)
Refund of capital contribution from financial assets, at FVOCI		-	-	5,252	-
Proceeds from disposal of an associated corporation		-	-	19,105	-
Dividends from HKT		9,882	8,089	9,882	8,089
Dividends from PCCW		68,144	63,823	68,144	63,823
Net cash provided by investing activities		77,329	24,658	19,927	24,653
Cash flow from financing activities:					
Payment of finance expenses		(2,935)	(411)	(4,035)	(742)
Proceeds from borrowings		224,961	13,705	319,581	26,339
Repayment of borrowings and lease payments		(70,357)	(13,900)	(95,870)	(24,073)
Dividend paid to equity holders of the Company		(230,527)	(58,294)	(230,527)	(58,294)
Net cash used in financing activities		(78,858)	(58,900)	(10,851)	(56,770)
Net (decrease) increase in cash and cash equivalents	1	(3,464)	(36,554)	3,822	(35,108)
Cash and cash equivalents at beginning of period		20,194	60,685	13,109	60,829
Effects of currency translation on cash and cash equivalents		69	2,260	(132)	670
Cash and cash equivalents at end of period		16,799	26,391	16,799	26,391
Summary of cash and cash equivalents:					
Cash at bank and on hand		6,909	26,391	6,909	26,391
Short-term bank deposits		9,890	-	9,890	-
		16,799	26,391	16,799	26,391

Note 1

The net (decrease) increase in cashflows for Q2 2019, Q2 2018, H1 2019 and H1 2018 respectively were mainly due to:

	Q2 2019 S\$' million	Q2 2018 S\$' million	H1 2019 S\$' million	H1 2018 S\$' million
Refund of capital contribution from financial assets, at FVOCI	-	-	5.3	-
Proceeds from disposal of an associated corporation	-	-	19.1	-
Dividends from HKT	9.8	8.1	9.8	8.1
Dividends from PCCW	68.1	63.8	68.1	63.8
Proceeds from borrowings	225.0	13.7	319.6	26.3
	302.9	85.6	421.9	98.2
Less:				
Purchase of property, plant and equipment	(0.7)	-	(0.7)	-
Purchase of financial assets, at FVOCI	-	(47.3)	(81.7)	(47.3)
Payment of finance expenses	(2.9)	(0.4)	(4.0)	(0.7)
Repayment of borrowings and lease payments	(70.4)	(13.9)	(95.9)	(24.0)
Net cash used in operating activities	(1.9)	(2.3)	(5.3)	(3.0)
Dividend paid to equity holders of the Company	(230.5)	(58.3)	(230.5)	(58.3)
Net (decrease) increase in cashflows	(3.5)	(36.6)	3.8	(35.1)

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 1 April 2019	457,283	279,172	711,982	1,448,437	
Total comprehensive loss for the period	-	(3,650)	(1,003)	(4,653)	
Dividend relating to 2018 paid	-	-	(230,527)	(230,527)	
Balance at 30 June 2019	<u>457,283</u>	<u>275,522</u>	<u>480,452</u>	<u>1,213,257</u>	Note 1
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	<u>457,283</u>	<u>240,495</u>	<u>693,090</u>	<u>1,390,868</u>	Note 1

Note 1:

The Group's Consolidated Statement of Changes in Equity for the 3 months ended 30 June 2019 and 2018 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 1 January 2019	457,283	243,812	704,239	1,405,334	
Total comprehensive income for the period	-	37,354	13,157	50,511	
Share of reserves of associated corporations	-	(1,182)	(4,098)	(5,280)	
Dividend relating to 2018 paid	-	-	(230,527)	(230,527)	
Balance at 30 June 2019	<u>457,283</u>	<u>279,984</u>	<u>482,771</u>	<u>1,220,038</u>	
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	<u>457,283</u>	<u>217,763</u>	<u>678,079</u>	<u>1,353,125</u>	

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 2019	457,283	78,822	913,442	1,449,547	
Total comprehensive income for the period	-	1,918	67,619	69,537	
Dividend relating to 2018 paid	-	-	(230,527)	(230,527)	
Balance at 30 June 2019	<u>457,283</u>	<u>80,740</u>	<u>750,534</u>	<u>1,288,557</u>	
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	<u>457,283</u>	<u>25,929</u>	<u>902,795</u>	<u>1,386,007</u>	

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 2019	457,283	68,829	909,820	1,435,932	
Total comprehensive income for the period	-	11,911	71,241	83,152	
Dividend relating to 2018 paid	-	-	(230,527)	(230,527)	
Balance at 30 June 2019	<u>457,283</u>	<u>80,740</u>	<u>750,534</u>	<u>1,288,557</u>	
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	<u>457,283</u>	<u>25,929</u>	<u>902,795</u>	<u>1,386,007</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

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 2019 and 30 June 2018.

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 30/06/2019	As at 31/12/2018
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 (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 2018.

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 2019, 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		Q2 2019	Q2 2018
Net (loss) profit attributable to equity holders of the Company (S\$'000)		(1,003)	8,544
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)		2,649,740	2,649,740
(i) Basic (loss) earnings per share (Cents per share)		(0.038)	0.322
(ii) On a fully diluted basis (Cents per share)		(0.038)	0.322

The Group's results for Q2 2019 and Q2 2018 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 2019	H1 2018
Net profit attributable to equity holders of the Company (S\$'000)		13,157	20,194
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)		0.497	0.762
(ii) On a fully diluted basis (Cents per share)		0.497	0.762

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	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Net asset value (S\$'000)	1,220,038	1,405,334	1,288,557	1,435,932
Number of issued shares excluding treasury shares ('000)	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	\$0.460	\$0.530	\$0.486	\$0.542

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 2019 and Q2 2018 was nil. The Group's revenue for H1 2019 was \$9.8 million compared to \$8.1 million in H1 2018.

Total expenses for Q2 2019 amounted to \$4.1 million compared to \$1.7 million for Q2 2018. The increase was mainly due to increases in legal and professional fees of \$242K, travelling expenses of \$641K, other expenses of \$126K and finance expenses of \$2.1 million which was mainly due to higher interest costs resulting from increased borrowings to fund dividends and investments but partially offset by an increase in net foreign exchange gain of \$980K.

The Group's results for Q2 2019 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 2019 was \$6.7 million as compared to \$8.0 million for H1 2018. These included the Group's share of profit from PCCW for H1 2019 of \$6.4 million compared to \$7.1 million for H1 2018.

In H1 2019, revenue from HKT Limited ("HKT") excluding Mobile product sales recorded a 1% growth in revenue to \$2,385.5 million (HK\$13,768 million) underpinned by increases across both the Telecommunications Services ("TSS") and Mobile segments. Mobile product sales at HKT were sluggish during the period as consumers delayed upgrades in anticipation of 5G handsets. The Free TV and over-the-top ("OTT") businesses continued to deliver healthy growth with revenue expanding by 28% and 12% respectively from a year ago while the revenue performance at Now TV was steady compared to the prior period which was boosted by the impact of the World Cup. Revenue from the Solutions business held firm at \$297.5 million (HK\$1,717 million). Consequently, core revenue excluding Mobile product sales was steady at \$2,652.9 million (HK\$15,311 million).

EBITDA at HKT improved by 2% to \$993.3 million (HK\$5,733 million) during H1 2019 as a result of continued improvements in operating efficiency across both the TSS and Mobile segments. Solutions EBITDA expanded by 8% to \$50.8 million (HK\$293 million) due to increased contribution from higher margin cloud solutions revenue as well as the initial benefits of regional expansion. Now TV's EBITDA grew by 3% to \$35.3 million (HK\$204 million) as it streamlined its content costs. However, further investments to drive future growth in Free TV and OTT offset these gains and led to PCCW's core EBITDA decreasing by 4% to \$919.5 million (HK\$5,307 million).

During the period, there was a steady increase in occupancy at Pacific Century Place, Jakarta ("PCP, Jakarta") which contributed to revenue at Pacific Century Premium Developments Limited increasing by 25% to approximately \$35.9 million (HK\$207 million) for H1 2019 as compared to approximately \$28.6 million (HK\$165 million) for H1 2018.

Consolidated revenue of PCCW excluding Mobile product sales was steady at \$2,688.7 million (HK\$15,518 million). Consolidated profit attributable to equity holders of PCCW was \$28.2 million (HK\$163 million).

The Group's share of profit of our 49.87% associated company, KSH was approximately \$0.3 million for Q2 2019 compared to \$0.8 million for Q2 2018. The decrease in profit contribution from KSH was mainly due to the disposal of the KSH Infrastructure business in January 2019.

Deferred tax provision of \$2.9 million was written back in Q2 2019. Deferred tax previously provided on distributions from HKT was reversed after the distributions were used to pay tax exempt dividends to equity holders of the Company for the financial year ended 31 December 2018. Deferred tax provision written back in Q2 2018 was \$9.4 million.

Without the Group's share of results for PCCW, the Group recorded a loss attributable to equity holders of \$1.0 million for Q2 2019 as compared to a profit of \$8.5 million for Q2 2018. The Group recorded a profit attributable to equity holders of \$13.2 million for H1 2019 as compared to \$20.2 million for H1 2018.

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 on 2 April 2019. During the financial period 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 2019 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
14/08/2019