

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

Company Registration No. 196300381N

Third Quarter Financial Statement And Dividend Announcement for the Period Ended 30/09/2018

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

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

For the Group's Q3 results for the 3 months ended 30 September 2018, the Group's share of results of PCCW Limited ("PCCW") for Q3 2018 and the comparative figures for Q3 2017 are not available as Hong Kong Stock Exchange listing rules do not require PCCW to announce quarterly results but only half year and full year results. PCRD's share of the H1 results of PCCW for both 2018 and 2017 are included in the 9 month results.

The Group's interest in PCCW is its most significant asset. The Group's 22.7% share of PCCW's results for the financial year ended 31 December 2017 amounted to S\$90.4 million, which was the most significant contribution to PCRD Group's profit in 2017. These quarterly results, without any contribution from PCCW, should be considered in this context.

UNAUDITED CONSOLIDATED INCOME STATEMENT - GROUP

	3 months ended			9 months ended		
	30/09/2018 S\$'000	30/09/2017 S\$'000 Restated	% Increase/ (decrease)	30/09/2018 S\$'000	30/09/2017 S\$'000 Restated	% Increase/ (decrease)
Revenue	7,365	6,417	14.8	15,514	14,764	5.1
Other income (Note 1)	7	21	(66.7)	124	311	(60.1)
Expenses						
- Depreciation and amortisation of property, plant and equipment	(91)	(101)	(9.9)	(271)	(308)	(12.0)
- Employee compensation	(491)	(467)	5.1	(1,464)	(1,399)	4.6
- Directors' fees	(59)	(48)	22.9	(173)	(146)	18.5
- Foreign exchange gain (loss), net	21	(54)	n.m.	(239)	(424)	(43.6)
- Legal and other professional fees	(405)	(266)	52.3	(861)	(948)	(9.2)
- Travelling expenses	(204)	(8)	n.m.	(220)	(44)	400.0
- Subscriptions and donations	(53)	(59)	(10.2)	(79)	(86)	(8.1)
- Others	(89)	(64)	39.1	(352)	(291)	21.0
- Finance expenses (Note 2)	(898)	(731)	22.8	(2,196)	(2,445)	(10.2)
Total expenses	(2,269)	(1,798)	26.2	(5,855)	(6,091)	(3.9)
Share of profit of associated corporations, net of tax (Note 3)	524	194	170.1	8,506	48,013	(82.3)
Loss on liquidation of a subsidiary corporation	-	-	n.m.	(473)	-	n.m.
Profit before income tax	5,627	4,834	16.4	17,816	56,997	(68.7)
Income tax (expense) credit (Note 4)	(1,112)	(1,112)	0.0	6,893	(2,585)	n.m.
Total profit for the period	4,515	3,722	21.3	24,709	54,412	(54.6)
Attributable to equity holders of the Company	4,515	3,722	21.3	24,709	54,412	(54.6)

n.m. = not meaningful

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - GROUP

	3 months ended			9 months ended		
	30/09/2018 S\$'000	30/09/2017 S\$'000 Restated	% Increase/ (decrease)	30/09/2018 S\$'000	30/09/2017 S\$'000 Restated	% Increase/ (decrease)
Total profit for the period	4,515	3,722	21.3	24,709	54,412	(54.6)
Other comprehensive income (loss):						
Items that may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets						
- Fair value (losses) gains	-	(10,987)	n.m.	-	6,785	n.m.
- Reclassification of fair value gain on disposal of available-for-sale financial assets to income statement	-	-	n.m.	-	(213)	n.m.
Currency translation differences arising from consolidation						
- Gains (losses), net	1,049	(10,219)	n.m.	12,985	(54,627)	n.m.
- Reclassification of currency translation differences from a liquidated subsidiary corporation to income statement	-	-	n.m.	473	-	n.m.
Share of comprehensive loss of associated corporations	-	-	n.m.	(6,869)	(6,013)	14.2
	<u>1,049</u>	<u>(21,206)</u>	n.m.	<u>6,589</u>	<u>(54,068)</u>	n.m.
Items that will not be reclassified subsequently to profit or loss:						
Fair value gains on equity investments at fair value through other comprehensive income	24,508	-	n.m.	25,118	-	n.m.
Other comprehensive gain (loss), net of tax	<u>25,557</u>	<u>(21,206)</u>	n.m.	<u>31,707</u>	<u>(54,068)</u>	n.m.
Total comprehensive income (loss) for the period	<u>30,072</u>	<u>(17,484)</u>	n.m.	<u>56,416</u>	<u>344</u>	>100
Total comprehensive income (loss) attributable to equity holders of the Company	<u>30,072</u>	<u>(17,484)</u>	n.m.	<u>56,416</u>	<u>344</u>	>100

n.m. = not meaningful

DETAILED NOTES - GROUP

	3 months ended		9 months ended	
	30/09/2018 S\$'000	30/09/2017 S\$'000	30/09/2018 S\$'000	30/09/2017 S\$'000
(Note 1)				
Other income :				
Interest income	3	17	104	82
Management fee	3	3	14	9
Gain on disposal of available-for-sale financial assets	-	-	-	213
Other income	<u>1</u>	<u>1</u>	<u>6</u>	<u>7</u>
	<u>7</u>	<u>21</u>	<u>124</u>	<u>311</u>
(Note 2)				
Finance expenses :				
Interest expense				
- bank borrowings	(146)	(128)	(309)	(755)
- finance lease liability	(1)	(1)	(6)	(2)
Finance facility fees	<u>(751)</u>	<u>(602)</u>	<u>(1,881)</u>	<u>(1,688)</u>
	<u>(898)</u>	<u>(731)</u>	<u>(2,196)</u>	<u>(2,445)</u>

(Note 3)

Share of profit of associated corporations, net of tax :

The Group's share of profit of associated corporations, net of tax for Year To Date ("YTD") 2018 and YTD 2017 include the Group's share of PCCW H1 2018 and H1 2017 profits, respectively.

(Note 4)

Income tax (expense) credit:

The tax credit for YTD 2018 of \$6.9 million was mainly due to write back of a deferred tax provision of \$9.5 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 \$2.6 million provided on further distributions from HKT.

The tax expense for YTD 2017 of \$2.6 million comprises mainly deferred tax provided on distributions from HKT.

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

		Group			Company	
	Notes	30/09/2018	31/12/2017	01/01/2017	30/09/2018	31/12/2017
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
			Restated	Restated		
ASSETS						
Current assets						
Cash and cash equivalents	1	10,704	60,829	42,367	8,505	44,208
Trade and other receivables		127	101	27	21	5
Other current assets		797	752	706	472	448
		<u>11,628</u>	<u>61,682</u>	<u>43,100</u>	<u>8,998</u>	<u>44,661</u>
Non-current assets						
Financial assets at fair value through other comprehensive income	2	380,171	-	-	273,876	-
Available-for-sale financial assets	2	-	261,130	274,273	-	225,243
Investments in associated corporations	3	1,030,815	1,084,079	835,002	1,028,226	1,010,578
Investments in subsidiary corporations		-	-	-	147,198	98,667
Property, plant and equipment		256	516	370	-	-
Other non-current assets		1,097	294	596	630	82
		<u>1,412,339</u>	<u>1,346,019</u>	<u>1,110,241</u>	<u>1,449,930</u>	<u>1,334,570</u>
Total assets		<u>1,423,967</u>	<u>1,407,701</u>	<u>1,153,341</u>	<u>1,458,928</u>	<u>1,379,231</u>
LIABILITIES						
Current liabilities						
Trade and other payables		2,831	2,034	2,729	14,502	10,163
Current income tax liabilities		2	8	4	-	-
Borrowings	4	35,057	10,757	101,068	25,347	10,309
		<u>37,890</u>	<u>12,799</u>	<u>103,801</u>	<u>39,849</u>	<u>20,472</u>
Non-current liabilities						
Borrowings	4	13	26	43	-	-
Deferred income tax liabilities	5	2,870	9,765	8,061	2,870	9,764
		<u>2,883</u>	<u>9,791</u>	<u>8,104</u>	<u>2,870</u>	<u>9,764</u>
Total liabilities		<u>40,773</u>	<u>22,590</u>	<u>111,905</u>	<u>42,719</u>	<u>30,236</u>
NET ASSETS		<u>1,383,194</u>	<u>1,385,111</u>	<u>1,041,436</u>	<u>1,416,209</u>	<u>1,348,995</u>
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital		457,283	457,283	457,283	457,283	457,283
Other reserves		243,320	212,323	272,212	52,608	9,017
Retained profits		682,591	715,505	311,941	906,318	882,695
Total equity		<u>1,383,194</u>	<u>1,385,111</u>	<u>1,041,436</u>	<u>1,416,209</u>	<u>1,348,995</u>

The Group

Note 1

Cash and cash equivalents decreased by \$50.1 million mainly due to :

	S\$' million
Dividends from HKT and PCCW	79.3
Refund of capital contribution from available-for-sale financial assets	3.6
Net cash flow from borrowings and leases	<u>21.1</u>
	104.0
Less:	
Purchase of financial assets at fair value through other comprehensive income	(92.9)
Dividend paid to equity holders of the Company	(58.3)
Net cash used in operating activities	(4.0)
Effects of currency translation on cash and cash equivalents	<u>1.1</u>
Net decrease in cash	<u>(50.1)</u>

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

Note 2

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

Movements in balances from \$261.1 million in 2017 to \$380.2 million in 2018 are :

	S\$' million	S\$' million
Balance at 31 December 2017 and 1 January 2018		261.1
Purchase of SSUs in HKT by the Company	25.1	
Net fair value gain on the Company's holding of SSUs in HKT	23.5	
Purchase of other financial assets at fair value through other comprehensive income	67.8	
Increase in the fair value, including translation differences, of the Group's other equity investments	<u>6.3</u>	
	122.7	
Refund of capital contribution from available-for-sale financial assets	<u>(3.6)</u>	
		<u>119.1</u>
Balance at 30 June 2018		<u>380.2</u>

Note 3

Investments in associated corporations decreased by \$53.3 million due to :

	S\$' million
Dividends received from PCCW	(63.8)
Unrealised exchange loss on the Company's interests in Indian Rupee ("INR") denominated net assets in KSH reflecting the weakening of the INR against the Singapore Dollar ("SGD")	<u>(2.0)</u>
	(65.8)
The Group's share of PCCW's H1 2018 profit	7.1
The Group's share of KSH's YTD 2018 profit	1.4
The Group's share of PCCW's H1 2018 reserves	2.0
Unrealised exchange gain on the Company's interest in Hong Kong Dollar ("HKD") denominated net assets in PCCW reflecting the strengthening of the HKD against the SGD	<u>2.0</u>
	<u>(53.3)</u>

Note 4

Borrowings increased by \$24.3 million due to additional borrowings of \$51.5 million and an unrealised exchange loss of \$0.5 million on HKD borrowings (due to the strengthening of the HKD against the SGD) partially offset by repayment of borrowings of \$27.7 million.

Note 5

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

The decrease in deferred tax liabilities of \$6.9 million was due to the write back of a deferred tax provision of \$9.5 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 \$2.6 million provided on further distributions from HKT.

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

The Group

Amount repayable in one year or less, or on demand

As at 30/09/2018 S\$'000		As at 31/12/2017 S\$'000 Restated	
Secured	Unsecured	Secured	Unsecured
<u>35,057</u>	<u>-</u>	<u>10,757</u>	<u>-</u>

Amount repayable after one year

As at 30/09/2018 S\$'000		As at 31/12/2017 S\$'000 Restated	
Secured	Unsecured	Secured	Unsecured
<u>13</u>	<u>-</u>	<u>26</u>	<u>-</u>

Details of any collateral

	30/09/2018 S\$'000	31/12/2017 S\$'000
Carrying value of PCCW shares pledged to secure bank borrowings	<u>173,308</u>	<u>93,580</u>

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

Cash flow statement for the period ended 30 September - Group

	3 months ended		9 months ended	
Note	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	S\$'000	S\$'000	S\$'000	S\$'000
		Restated		Restated
Cash flow from operating activities:				
Profit after tax	4,515	3,722	24,709	54,412
Adjustments for :				
- Income tax expense (credit)	1,112	1,112	(6,893)	2,585
- Depreciation and amortisation of property, plant and equipment	91	101	271	308
- Dividend income	(7,365)	(6,417)	(15,514)	(14,764)
- Interest income	(3)	(17)	(104)	(82)
- Gain on disposal of available-for-sale financial assets	-	-	-	(213)
- Finance expenses	898	731	2,196	2,445
- Unrealised currency translation gains	(209)	(375)	(1,115)	(412)
- Loss on liquidation of a subsidiary corporation	-	-	473	-
- Share of profit of associated corporations, net of tax	(524)	(194)	(8,506)	(48,013)
	(1,485)	(1,337)	(4,483)	(3,734)
Change in working capital:				
- Trade and other receivables	2	19	(35)	(175)
- Trade and other payables	497	237	457	(339)
Cash used in operations	(986)	(1,081)	(4,061)	(4,248)
Interest received	3	17	104	82
Income tax paid	(3)	(7)	(20)	(79)
Net cash used in operating activities	(986)	(1,071)	(3,977)	(4,245)
Cash flow from investing activities:				
Purchase of property, plant and equipment	(2)	(2)	(11)	(2)
Purchase of financial assets at fair value through other comprehensive income	(45,667)	-	(92,917)	-
Refund of capital contribution from available-for-sale financial assets	3,610	-	3,610	7,466
Dividends from HKT	7,365	-	15,454	8,263
Dividends from PCCW	-	-	63,823	63,625
Proceeds from disposal of available-for-sale financial assets	-	-	-	3,880
Net cash (used in) provided by investing activities	(34,694)	(2)	(10,041)	83,232
Cash flow from financing activities:				
Payment of finance expenses	(1,945)	(652)	(2,687)	(2,014)
Proceeds from borrowings	25,174	34,680	51,513	68,368
Repayment of borrowings and lease payments	(3,609)	(33,021)	(27,682)	(129,731)
Dividend paid to equity holders of the Company	-	-	(58,294)	-
Net cash provided by (used in) financing activities	19,620	1,007	(37,150)	(63,377)
Net (decrease) increase in cash and cash equivalents	1	(16,060)	(66)	(51,168)
Cash and cash equivalents at beginning of period		26,391	56,028	60,829
Effects of currency translation on cash and cash equivalents		373	(985)	1,043
Cash and cash equivalents at end of period		10,704	54,977	10,704
Summary of cash and cash equivalents:				
Cash at bank and on hand		10,704	18,467	10,704
Short-term bank deposits		-	36,510	-
		10,704	54,977	10,704

Note 1

The net (decrease) increase in cashflows for Q3 2018, Q3 2017, YTD 2018 and YTD 2017 respectively were mainly due to:

	Q3 2018	Q3 2017	YTD 2018	YTD 2017
	S\$' million	S\$' million	S\$' million	S\$' million
Dividends from HKT	7.4	-	15.5	8.3
Dividends from PCCW	-	-	63.8	63.6
Proceeds from borrowings	25.1	34.7	51.5	68.4
Refund of capital contribution from available-for-sale financial assets	3.6	-	3.6	7.5
Proceeds from disposal of available-for-sale financial assets	-	-	-	3.9
	36.1	34.7	134.4	151.7
Less:				
Purchase of financial assets at fair value through other comprehensive income	(45.7)	-	(92.9)	-
Repayment of borrowings and lease payments	(3.6)	(33.0)	(27.7)	(129.8)
Payment of finance expenses	(1.9)	(0.7)	(2.7)	(2.0)
Dividend paid to equity holders of the Company	-	-	(58.3)	-
Net cash used in operating activities	(1.0)	(1.1)	(4.0)	(4.3)
Net (decrease) increase in cashflows	(16.1)	(0.1)	(51.2)	15.6

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 September

The Group	Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total equity S\$'000
Balance at 30 June 2018	457,283	217,763	678,079	1,353,125
Changes in accounting policies	-	-	(3)	(3)
Balance at 1 July 2018	457,283	217,763	678,076	1,353,122
Total comprehensive income for the period	-	25,557	4,515	30,072
Balance at 30 September 2018	457,283	243,320	682,591	1,383,194
Balance at 1 July 2017	457,283	238,382	678,879	1,374,544
Total comprehensive (loss) income for the period	-	(21,206)	3,722	(17,484)
Balance at 30 September 2017	457,283	217,176	682,601	1,357,060

Changes in equity for the 3 months ended 30 September

The Company	Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total equity S\$'000
Balance at 1 July 2018	457,283	25,929	902,795	1,386,007
Total comprehensive income for the period	-	26,679	3,523	30,202
Balance at 30 September 2018	457,283	52,608	906,318	1,416,209
Balance at 1 July 2017	457,283	59,553	856,249	1,373,085
Total comprehensive (loss) income for the period	-	(51,531)	4,330	(47,201)
Balance at 30 September 2017	457,283	8,022	860,579	1,325,884

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 September 2018 and 30 September 2017.

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

	Number of shares	
	As at 30/09/2018	As at 31/12/2017
Issued ordinary shares, excluding treasury shares	2,649,740,300	2,649,740,300

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

NIL.

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

The figures have not been audited or reviewed.

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

N.A.

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

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

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

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

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

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

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

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

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

a) Adoption of SFRS(I) 9 Financial Instruments

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

Classification and measurement

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

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

In accordance with the requirements of SFRS(I) 1, the Group's associated companies will adopt SFRS(I) 15 retrospectively. The Group has adjusted its investments in associated corporations and share of profit of associated corporations in line with the adoption in its quarterly results for the 9 months ended 30 September 2018 and 30 September 2017.

The Group's results for Q3 2018 do not include the Group's share of PCCW's adoption of HKFRS 15 Revenue from Contracts with Customers (Hong Kong's equivalent of SFRS(I) 15). The Q3 2018 results of PCCW are not available as PCCW does not publish quarterly results in Hong Kong and is only required under Hong Kong listing rules to report its H1 2018 results within 3 months from the end of the financial period.

c) Early adoption of SFRS(I) 16 Leases

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

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

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

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

Cash payments for the settlement of lease liabilities were reported as cash flows from financing activities. Arising from the adoption of SFRS(I) 16, payments relating to leases which had been classified as “operating leases” under SFRS 17 Leases for the 3 months ended 30 September 2017 and 9 months ended 30 September 2017 of \$89K and \$272K were reclassified from cash flow from operating activities to cash flow from financing activities in the restated Consolidated Cash Flow Statements. The total net cash flows of the Group are unaffected.

Impact on the comparatives for 3 months ended 30 September 2017 and 9 months ended 30 September 2017 Financial Statements

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

	3 months ended 30/09/2017 S\$'000 (Note 1)	9 months ended 30/09/2017 S\$'000
Unaudited Consolidated Income Statement - Group		
Increase in depreciation and amortisation of property, plant and equipment (Note 5c)	(89)	(272)
Decrease in rental expense - operating leases (Note 5c)	89	272
Decrease in share of profit of associated corporations, net of tax (Note 5a, b)	-	(5,704)
Decrease in total profit for the period	-	(5,704)
Attributable to equity holders of the Company	-	(5,704)
Earnings per share – Basic	-	(0.216)
Earnings per share –Diluted	-	(0.216)
Decrease in total comprehensive income for the period	-	(5,609)

Note 1:

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

	31/12/2017 S\$'000	01/01/2017 S\$'000
Group Balance Sheets		
Decrease in investments in associated corporations	(29,673)	(25,782)
Increase in property, plant and equipment	429	238
Decrease in non-current assets	(29,244)	(25,544)
Decrease in total assets	(29,244)	(25,544)
Increase in borrowings	431	238
Increase in current liabilities	431	238
Increase in total liabilities	431	238
(Decrease) increase in other reserves	(6,846)	1,322
Decrease in retained profits	(22,829)	(27,104)
Decrease in total equity	(29,675)	(25,782)

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

Group		Q3 2018 3 months ended 30/09/2018	Q3 2017 3 months ended 30/09/2017 (Restated)	YTD 2018 9 months ended 30/09/2018	YTD 2017 9 months ended 30/09/2017 (Restated)
Net profit attributable to equity holders of the Company (S\$'000)		4,515	3,722	24,709	54,412
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)		2,649,740	2,649,740	2,649,740	2,649,740
(i)	Basic earnings per share (Cents per share)	0.170	0.140	0.933	2.053
(ii)	On a fully diluted basis(Cents per share)	0.170	0.140	0.933	2.053

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 period.

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 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	
	30/09/2018	31/12/2017 (Restated)	01/01/2017 (Restated)	30/09/2018	31/12/2017 (Restated)
Net asset value (S\$'000)	1,383,194	1,385,111	1,041,436	1,416,209	1,348,995
Number of issued shares excluding treasury shares ('000)	2,649,740	2,649,740	2,649,740	2,649,740	2,649,740
Net asset value per ordinary share based on issued share capital at the end of the period	\$0.522	\$0.523	\$0.393	\$0.534	\$0.509

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

The Group's revenue relates to distributions by HKT. The Group's revenue for Q3 2018 was \$7.4 million compared to \$6.4 million in Q3 2017. The Group's revenue for YTD 2018 was \$15.5 million compared to \$14.8 million for YTD 2017.

Total expenses for Q3 2018 amounted to \$2.3 million compared to \$1.8 million for Q3 2017. The increase was mainly due to the following:

- (i) an increase in legal and other professional fees of \$139K, mainly attributable to legal fees on the renewal of bank facilities;
- (ii) an increase in travelling expenses of \$196K; and

- (iii) an increase in finance expenses of \$167K, mainly the result of increased finance facility fees on the renewal of bank facilities.

The Group's results for Q3 2018 do not include the Group's share of results of PCCW for the quarter. The Q3 2018 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 YTD 2018 was \$8.5 million as compared to \$48.0 million for YTD 2017. These include the Group's share of profit from PCCW for H1 2018 of \$7.1 million compared to \$47.4 million for H1 2017.

The Group's share of profit of its 49.87% associated company, KSH, amounted to \$0.5 million in Q3 2018 compared to \$0.2 million in Q3 2017.

Without the Group's share of results for PCCW, the Group recorded a profit attributable to equity holders of \$4.5 million for Q3 2018 as compared to \$3.7 million for Q3 2017.

The Group recorded a profit attributable to equity holders of \$24.7 million for YTD 2018 as compared to \$54.4 million for YTD 2017.

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

N.A.

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

The results of the Group are substantially dependent on the results of the Group's major investments, PCCW and HKT.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

Name of Dividend

Dividend Type

Dividend Rate

Tax Rate

(c) The date the dividend is payable.

N.A.

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

N.A.

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

No dividend has been declared or recommended.

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

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

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

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 nine months ended 30 September 2018 to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

Lim Beng Jin
Company Secretary
13/11/2018