

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

Company Registration No. 196300381N

Full Year Financial Statements Announcement for the Year Ended 31/12/2018

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

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 2018 were announced by PCCW and the Company on 25 February 2019. These results of the Group reflect the Company's share of PCCW's full-year results on an equity accounting basis.

UNAUDITED CONSOLIDATED INCOME STATEMENT - GROUP

	Year ended		% Increase/ (decrease)
	31/12/2018 S\$'000	31/12/2017 S\$'000 Restated	
Revenue	15,620	14,658	6.6
Other income (Note 1)	171	371	(53.9)
Expenses			
- Depreciation and amortisation expenses	(361)	(402)	(10.2)
- Employee compensation	(1,960)	(1,870)	4.8
- Directors' fees	(262)	(233)	12.4
- Legal and other professional fees	(1,388)	(1,205)	15.2
- Travelling expenses	(1,003)	(66)	n.m.
- Foreign exchange loss, net	(149)	(485)	(69.3)
- Subscriptions and donations	(109)	(88)	23.9
- Others	(539)	(386)	39.6
- Finance expenses (Note 2)	(3,017)	(3,019)	(0.1)
Total expenses	(8,788)	(7,754)	13.3
Share of profit of associated corporations, net of tax	36,496	82,473	(55.7)
Loss on liquidation of subsidiary corporations	(473)	(10)	n.m.
Profit before income tax	43,026	89,738	(52.1)
Income tax credit (expense) (Note 3)	6,930	(2,513)	n.m.
Total profit for the year	49,956	87,225	(42.7)
Attributable to equity holders of the Company	49,956	87,225	(42.7)

n.m. = not meaningful

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - GROUP

	Year ended		% Increase/ (decrease)
	31/12/2018 S\$'000	31/12/2017 S\$'000 Restated	
Total profit for the year	49,956	87,225	(42.7)
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value gains	-	19,261	n.m.
- Reclassification of fair value gain on disposal of available-for-sale financial assets to income statement	-	(212)	n.m.
Currency translation differences arising from consolidation			
- Gains (losses), net	21,781	(74,550)	n.m.
- Reclassification of currency translation differences from liquidated subsidiary corporations to income statement	473	10	n.m.
Share of comprehensive loss of associated corporations	(26,488)	(2,616)	912.5
	<u>(4,234)</u>	<u>(58,107)</u>	(92.7)
Items that will not be reclassified subsequently to profit or loss:			
Fair value gains on equity investments at fair value through other comprehensive income	32,746	-	n.m.
Other comprehensive income (loss), net of tax	<u>28,512</u>	<u>(58,107)</u>	n.m.
Total comprehensive income for the year	<u>78,468</u>	<u>29,118</u>	169.5
Total comprehensive income attributable to equity holders of the Company	<u>78,468</u>	<u>29,118</u>	169.5

n.m. = not meaningful

DETAILED NOTES - GROUP

	Year ended	
	31/12/2018 S\$'000	31/12/2017 S\$'000
(Note 1)		
Other income :		
Interest income	127	120
Management fee	37	30
Gain on disposal of available-for-sale financial assets	-	212
Other income	7	9
	<u>171</u>	<u>371</u>
(Note 2)		
Finance expenses :		
Interest expense		
- bank borrowings	(458)	(806)
- finance lease liability	(7)	(4)
Finance facility fees	(2,552)	(2,209)
	<u>(3,017)</u>	<u>(3,019)</u>

(Note 3)

Income tax credit (expense):

The tax credit for 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 2017 of \$2.5 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

	Note	Group			Company	
		31/12/2018 S\$'000	31/12/2017 S\$'000 Restated	01/01/2017 S\$'000 Restated	31/12/2018 S\$'000	31/12/2017 S\$'000
ASSETS						
Current assets						
Cash and cash equivalents	1	13,109	60,829	42,367	8,685	44,208
Trade and other receivables		102	101	27	18	5
Other current assets		915	752	706	526	448
		<u>14,126</u>	<u>61,682</u>	<u>43,100</u>	<u>9,229</u>	<u>44,661</u>
Asset classified as held -for-sale	2	14,906	-	-	-	-
		<u>29,032</u>	<u>61,682</u>	<u>43,100</u>	<u>9,229</u>	<u>44,661</u>
Non-current assets						
Financial assets at fair value through other comprehensive income	3	388,785	-	-	287,937	-
Available-for-sale financial assets	3	-	261,130	274,273	-	225,243
Investments in associated corporations	4	1,005,156	1,084,407	835,841	1,031,182	1,010,578
Investments in subsidiary corporations		-	-	-	126,951	98,667
Property, plant and equipment		170	516	370	-	-
Other non-current assets	5	1,199	294	596	880	82
		<u>1,395,310</u>	<u>1,346,347</u>	<u>1,111,080</u>	<u>1,446,950</u>	<u>1,334,570</u>
Total assets		<u>1,424,342</u>	<u>1,408,029</u>	<u>1,154,180</u>	<u>1,456,179</u>	<u>1,379,231</u>
LIABILITIES						
Current liabilities						
Trade and other payables		3,011	2,034	2,729	4,395	10,163
Current income tax liabilities		10	8	4	-	-
Borrowings	6	13,100	10,757	101,068	12,973	10,309
		<u>16,121</u>	<u>12,799</u>	<u>103,801</u>	<u>17,368</u>	<u>20,472</u>
Non-current liabilities						
Borrowings	6	8	26	43	-	-
Deferred income tax liabilities	7	2,879	9,765	8,061	2,879	9,764
		<u>2,887</u>	<u>9,791</u>	<u>8,104</u>	<u>2,879</u>	<u>9,764</u>
Total liabilities		<u>19,008</u>	<u>22,590</u>	<u>111,905</u>	<u>20,247</u>	<u>30,236</u>
NET ASSETS		<u>1,405,334</u>	<u>1,385,439</u>	<u>1,042,275</u>	<u>1,435,932</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		243,812	215,061	273,051	68,829	9,017
Retained profits		704,239	713,095	311,941	909,820	882,695
Total equity		<u>1,405,334</u>	<u>1,385,439</u>	<u>1,042,275</u>	<u>1,435,932</u>	<u>1,348,995</u>

The Group

Note 1

Cash and cash equivalents decreased by \$47.7 million mainly due to :

	S\$' million
Dividends from HKT and PCCW	106.9
Refund of capital contribution from financial assets at fair value through other comprehensive income	3.6
Effects of currency translation on cash and cash equivalents	<u>1.2</u>
	111.7
Less:	
Net cash flow from borrowings and payment of leases	(2.2)
Purchase of financial assets at fair value through other comprehensive income	(93.1)
Dividend paid to equity holders of the Company	(58.3)
Net cash used in operating activities	<u>(5.8)</u>
Net decrease in cash	<u>(47.7)</u>

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

Note 2

The Group's associated company in India, KSH Distriparks Private Limited ("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 KSH Infra Private Limited ("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 \$18.5 million.

Note 3

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 \$388.8 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	25.2	
Net fair value gain on the Company's holding of SSUs in HKT	37.5	
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>0.8</u>	
	131.3	
Refund of capital contribution from financial assets at fair value through other comprehensive income	<u>(3.6)</u>	
		<u>127.7</u>
Balance at 31 December 2018		<u>388.8</u>

Note 4

Investments in associated corporations decreased by \$79.3 million due to :

	S\$' million
Dividends received from PCCW	(91.3)
The Group's share of PCCW's 2018 reserves	(10.7)
Reclassification of the Group's investment in KIPL to asset classified as held-for-sale	(14.9)
Unrealised exchange loss on the Company's interests in Indian Rupee ("INR") denominated net assets in KSH reflecting the weakening of the INR against the Singapore Dollar ("SGD")	<u>(1.3)</u>
	(118.2)
The Group's share of PCCW's 2018 profit	35.1
The Group's share of KSH's 2018 profit	1.4
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>2.4</u>
	<u>(79.3)</u>

Note 5

Other non-current assets increased by \$0.9 million mainly due to a prepayment of finance facility fees.

Note 6

Borrowings increased by \$2.3 million due to additional borrowings of \$64.5 million and an unrealised exchange loss of \$0.5 million on HKD borrowings (due to the strengthening of the HKD against the SGD) largely offset by repayment of borrowings of \$62.7 million

Note 7

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 31/12/2018 S\$'000		As at 31/12/2017 S\$'000 Restated	
Secured	Unsecured	Secured	Unsecured
<u>13,100</u>	<u>-</u>	<u>10,757</u>	<u>-</u>

Amount repayable after one year

As at 31/12/2018 S\$'000		As at 31/12/2017 S\$'000 Restated	
Secured	Unsecured	Secured	Unsecured
<u>8</u>	<u>-</u>	<u>26</u>	<u>-</u>

Details of any collateral

	31/12/2018 S\$'000	31/12/2017 S\$'000
Carrying value of PCCW shares pledged to secure bank borrowings	<u>154,294</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 year ended 31 December - Group

	Year ended	
	Note 31/12/2018 S\$'000	31/12/2017 S\$'000 Restated
Cash flow from operating activities:		
Profit after tax	49,956	87,225
Adjustments for :		
- Income tax (credit) expense	(6,930)	2,513
- Depreciation and amortisation expenses	361	402
- Dividend income	(15,620)	(14,658)
- Interest income	(127)	(120)
- Gain on disposal of available-for-sale financial assets	-	(212)
- Finance expenses	3,017	3,019
- Unrealised currency translation gains	(1,464)	(469)
- Loss on liquidation of subsidiary corporations	473	10
- Share of profit of associated corporations, net of tax	(36,496)	(82,473)
	<u>(6,830)</u>	<u>(4,763)</u>
Change in working capital:		
- Trade and other receivables	12	(74)
- Trade and other payables	888	(446)
	<u>(5,930)</u>	<u>(5,283)</u>
Cash used in operations		
Interest received	127	120
Income tax paid	(22)	(91)
Net cash used in operating activities	<u>(5,825)</u>	<u>(5,254)</u>
Cash flow from investing activities:		
Purchase of property, plant and equipment	(15)	(3)
Purchase of financial assets at fair value through other comprehensive income	(93,062)	-
Refund of capital contribution from financial assets at fair value through other comprehensive income	3,610	-
Refund of capital contribution from available-for-sale financial assets	-	7,466
Dividends from HKT	15,560	14,658
Dividends from PCCW	91,331	89,801
Proceeds from disposal of available-for-sale financial assets	-	3,897
Net cash provided by investing activities	<u>17,424</u>	<u>115,819</u>
Cash flow from financing activities:		
Payment of finance expenses	(4,006)	(2,901)
Proceeds from borrowings	64,472	70,089
Repayment of borrowings and lease payments	(62,710)	(155,995)
Dividend paid to equity holders of the Company	(58,294)	-
Net cash used in financing activities	<u>(60,538)</u>	<u>(88,807)</u>
Net (decrease) increase in cash and cash equivalents	1 (48,939)	21,758
Cash and cash equivalents at beginning of year	60,829	42,367
Effects of currency translation on cash and cash equivalents	1,219	(3,296)
Cash and cash equivalents at end of year	<u>13,109</u>	<u>60,829</u>
Summary of cash and cash equivalents:		
Cash at bank and on hand	5,677	18,241
Short-term bank deposits	7,432	42,588
	<u>13,109</u>	<u>60,829</u>

Note 1

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

	2018 S\$' million	2017 S\$' million
Dividends from HKT	15.6	14.7
Dividends from PCCW	91.3	89.8
Proceeds from borrowings	64.5	70.1
Refund of capital contribution from financial assets at fair value other comprehensive income	3.6	-
Refund of capital contribution from available-for-sale financial assets	-	7.5
Proceeds from disposal of available-for-sale financial assets	-	3.9
	<u>175.0</u>	<u>186.0</u>
Less:		
Purchase of financial assets at fair value through other comprehensive income	(93.1)	-
Repayment of borrowings and lease payments	(62.7)	(156.1)
Payment of finance expenses	(4.0)	(2.9)
Dividend paid to equity holders of the Company	(58.3)	-
Net cash used in operating activities	<u>(5.8)</u>	<u>(5.3)</u>
Net (decrease) increase in cashflows	<u>(48.9)</u>	<u>21.7</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 31 December 2017	457,283	219,169	738,334	1,414,786
Changes in accounting policies	-	(4,108)	(25,239)	(29,347)
Balance at 1 January 2018	457,283	215,061	713,095	1,385,439
Total comprehensive income for the year	-	28,512	49,956	78,468
Share of reserves of associated corporations	-	239	(518)	(279)
Dividend relating to 2017 paid	-	-	(58,294)	(58,294)
Balance at 31 December 2018	457,283	243,812	704,239	1,405,334
Balance at 31 December 2016	457,283	270,890	339,045	1,067,218
Changes in accounting policies	-	2,161	(27,104)	(24,943)
Balance at 1 January 2017	457,283	273,051	311,941	1,042,275
Total comprehensive (loss) income for the year	-	(58,107)	87,225	29,118
Share of reserves of associated corporations	-	117	313,929	314,046
Balance at 31 December 2017	457,283	215,061	713,095	1,385,439

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 2018	457,283	9,017	882,695	1,348,995
Total comprehensive income for the year	-	59,812	85,419	145,231
Dividend relating to 2017 paid	-	-	(58,294)	(58,294)
Balance at 31 December 2018	457,283	68,829	909,820	1,435,932
Balance at 1 January 2017	457,283	109,732	788,798	1,355,813
Total comprehensive (loss) income for the year	-	(100,715)	93,897	(6,818)
Balance at 31 December 2017	457,283	9,017	882,695	1,348,995

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 31 December 2018 and 31 December 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 31/12/2018	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 adopted SFRS(I)s on 1 January 2018 and has prepared its financial information under SFRS(I) for the financial year ended 31 December 2018.

In adopting SFRS(I), the Group is required to apply all 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 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 yearly results for the 12 months ended 31 December 2018 and 31 December 2017.

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 12 months ended 31 December 2017 of \$354K 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 12 months ended 31 December 2017 Financial Statements

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

	12 months ended 31/12/2017 S\$'000	
Unaudited Consolidated Income Statement - Group		
Increase in depreciation and amortisation expenses (Note 5c)		(354)
Decrease in rental expense - operating leases (Note 5c)		354
Increase in finance expenses (Note 5c)		(2)
Decrease in share of profit of associated corporations, net of tax (Note 5a, b)		(8,369)
Decrease in total profit for the period		<u>(8,371)</u>
Attributable to equity holders of the Company		<u>(8,371)</u>
Earnings per share – Basic		(0.316)
Earnings per share –Diluted		(0.316)
Decrease in total comprehensive income for the period		<u>(6,269)</u>
	31/12/2017 S\$'000	01/01/2017 S\$'000
Group Balance Sheets		
Decrease in investments in associated corporations	(29,345)	(24,943)
Increase in property, plant and equipment	429	238
Decrease in non-current assets	(28,916)	(24,705)
Decrease in total assets	(28,916)	(24,705)
Increase in borrowings	431	238
Increase in current liabilities	431	238
Increase in total liabilities	431	238
(Decrease) increase in other reserves	(4,108)	2,161
Decrease in retained profits	(25,239)	(27,104)
Decrease in total equity	(29,347)	(24,943)

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	31/12/2018	31/12/2017 (Restated)
Net profit attributable to equity holders of the Company (S\$'000)	49,956	87,225
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)	1.885	3.292
(ii) On a fully diluted basis (Cents per share)	1.885	3.292

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

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

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

	Group			Company	
	31/12/2018	31/12/2017 (Restated)	01/01/2017 (Restated)	31/12/2018	31/12/2017 (Restated)
Net asset value (S\$'000)	1,405,334	1,385,439	1,042,275	1,435,932	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	\$0.530	\$0.523	\$0.393	\$0.542	\$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 2018 was \$15.6 million compared to \$14.7 million in 2017 due to an increase in distribution from HKT resulting from positive business performance.

Total expenses for 2018 amounted to \$8.8 million compared to \$7.8 million for 2017. The increase was mainly due to an increase in travelling expenses of \$0.9 million. Expenses in other categories in 2018 have remained relatively stable compared to the previous year.

The Group's share of profit of associated companies for 2018 was \$36.5 million as compared to \$82.5 million for 2017. These include the Group's share of profit from PCCW for 2018 of \$35.1 million compared to \$82.0 million for 2017. The difference was mainly due to the inclusion of the Group's share of a one-off gain, amounting to approximately \$44.0 million, recognised from the disposal of PCCW's non-core wireless broadband business in the United Kingdom in 2017.

PCCW delivered a set of solid financial results for the year ended 31 December 2018. These results reflect the adoption of several new accounting standards and, for comparison, the results for the year ended 31 December 2017 have been restated as if these new accounting standards had been in place.

HKT recorded further strong financial performance in 2018 reflecting the continuous improvement across all lines of business in terms of both operational and capital efficiencies. HKT's results also demonstrate its market leadership through the enhancement of solutions-based offerings to both individual customers and enterprises.

HKT's total revenue for the year ended 31 December 2018 increased by 6% to HK\$35,187 million (\$6,054.8 million), underpinned by steady growth in TSS and Mobile Services revenue as well as higher mobile handset sales during the year. Mobile Product Sales increased by 39% to HK\$5,757 million (\$990.6 million), as compared to HK\$4,150 million (\$714.1 million) a year earlier.

Revenue from the Media business grew by 10% as all three platforms of pay TV, free TV and over-the-top ("OTT") services achieved business expansion. Pay TV benefited from the launch of the Now E service, free TV continued to expand audience reach and awareness and the OTT segment boosted its viewer base and engagement. Revenue from the Solutions business recorded 2% growth as it completed several projects for major public sector and enterprise customers. However, this was partially offset by a shift in the focus of the business in the mainland China market to offer digital technology solutions to PCCW's enterprise customers. Overall, core revenue increased by 5% to HK\$38,550 million (\$6,633.5 million).

HKT's EBITDA increased by 2% to HK\$12,558 million (\$2,160.9 million) for the year while the Solutions business recorded a steady EBITDA. The Media business continued to invest into new market expansion and unique content to drive future growth. As a result, core EBITDA softened by 2% to HK\$12,400 million (\$2,133.7 million).

Profit attributable to holders of share stapled units of the HKT Trust and HKT was HK\$4,825 million (\$830.3 million), an increase of 2% over the previous year. Core profit attributable to equity holders of PCCW increased by 8% to HK\$1,302 million (\$224.0 million) as a result of certain investment gains.

Projects at Pacific Century Premium Developments Limited are progressing as planned with revenue boosted by rental income from Pacific Century Place, Jakarta as occupation increased.

As a result, PCCW's consolidated revenue increased by 5% to HK\$38,850 million (\$6,685.1 million) and consolidated profit attributable to equity holders of PCCW was steady at HK\$897 million (\$154.4 million) for the year ended 31 December 2018.

The Group's share of profit of its 49.87% associated company, KSH, amounted to \$1.4 million in 2018 compared to \$0.5 million in 2017. The increase is due both to increased revenue and decreased expenses as well as the reversal of deferred tax charges.

The Group recorded a loss on liquidation of a dormant subsidiary in 2018 of \$473K. The loss was the result of the reclassification of translation losses from currency translation reserve to the income statement on completion of the liquidation.

The Group recognised an income tax credit of \$6.9 million in 2018 compared to an expense of \$2.5 million in 2017. The credit in 2018 is mainly 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 for the financial year ended 31 December 2017 in May 2018.

The Group recorded a profit attributable to equity holders of \$50.0 million for 2018 as compared to \$87.2 million for 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.

In 2019, PCCW's core businesses of media entertainment, IT solutions and telecommunications are expected to safeguard their market-leading positions in Hong Kong while seeking growth through the development of new business streams and expansion into new markets.

PCCW Solutions is well-positioned to assist the digital transformation of both the private and public sectors in Hong Kong, mainland China, and elsewhere in the region where it is actively expanding.

Leveraging its competitive advantage as the leading connectivity provider, HKT will continue to innovate to serve customers' needs for a smarter home, smarter lifestyle and smarter business operations.

Over the years, PCCW has built robust operations across its businesses. While the world economic environment will present many challenges in the coming year, PCCW will continue to pursue its growth objectives by playing a key role in this era of digital transformation.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Final and Special proposed
Dividend Type	Cash
Dividend Rate	Final 2.4 cents per ordinary share Special 6.3 cents per ordinary share Total 8.7 cents per ordinary share
Tax Rate	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	Final
Dividend Type	Cash
Dividend Rate	2.2 cents per ordinary share
Tax Rate	One-tier, tax exempt

(c) The date the dividend is payable.

The payment date of the proposed dividend 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 to the dividend 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 23 April 2018. During the financial year under review, the following interested person transactions were entered into by the Group:

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

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

N.A.

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

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

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

SEGMENTAL REPORTING FOR THE YEAR ENDED 31 DECEMBER 2018

	Investment holding S\$'000	Business management and consultancy services S\$'000	Consolidated S\$'000	Geographical information	
External revenue	15,620	-	15,620		Revenue \$'000
Operating profit before interest income, depreciation and amortisation	9,821	433	10,254	Hong Kong	<u>15,620</u>
Interest income	127	-	127		Non-current assets
Depreciation and amortisation	(358)	(3)	(361)		\$'000
Profit from operating activities	9,590	430	10,020	Singapore	1,051
Finance expenses	(3,017)	-	(3,017)	India	10,891
Share of profits of associated corporations, net of tax	36,496	-	36,496	Hong Kong	<u>994,583</u>
Loss on liquidation of a subsidiary corporation	(473)	-	(473)		<u>1,006,525</u>
Profit before income tax	42,596	430	43,026		
Income tax credit/(expense)	6,938	(8)	6,930		
Total profit	49,534	422	49,956		
Segment assets	404,502	206	404,708		
Property, plant and equipment	-	170	170		
Other non-current assets	1,198	1	1,199		
Investments in associated corporations	1,005,156	-	1,005,156		
	1,006,354	171	1,006,525		
Unallocated corporate assets					
- Cash and cash equivalents			13,109		
Total assets			1,424,342		
Segment liabilities	2,732	279	3,011		
Unallocated corporate liabilities					
- Borrowings			13,108		
- Current income tax liabilities			10		
- Deferred income tax liabilities			2,879		
Total liabilities			19,008		
Other segment information:					
Additions to property, plant and equipment	-	15	15		

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 2017

	Investment holding S\$'000	Business management and consultancy services S\$'000	Consolidated S\$'000	
				<u>Geographical information</u>
External revenue	14,658	-	14,658	Revenue \$'000
Operating profit before interest income, depreciation and amortisation	10,370	206	10,576	Hong Kong <u>14,658</u>
Interest income	120	-	120	Non-current assets \$'000
Depreciation and amortisation	(402)	-	(402)	Singapore 694
Profit from operating activities	10,088	206	10,294	India 25,624
Finance expenses	(3,019)	-	(3,019)	Hong Kong <u>1,058,899</u>
Share of profits of associated corporations, net of tax	82,473	-	82,473	<u>1,085,217</u>
Loss on liquidation of a subsidiary corporation	(10)	-	(10)	
Profit before income tax	89,532	206	89,738	
Income tax expense	(2,503)	(10)	(2,513)	
Total profit	87,029	196	87,225	
Segment assets	261,882	101	261,983	
Property, plant and equipment	-	516	516	
Other non-current assets	198	96	294	
Investments in associated corporations	1,084,407	-	1,084,407	
	1,084,605	612	1,085,217	
Unallocated corporate assets			60,829	
- Cash and cash equivalents			1,408,029	
Total assets				
Segment liabilities	1,832	202	2,034	
Unallocated corporate liabilities			10,783	
- Borrowings			8	
- Current income tax liabilities			9,765	
- Deferred income tax liabilities			22,590	
Total liabilities				
Other segment information:				
Additions to property, plant and equipment	-	3	3	

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

1. External revenue under the investment holding segment for 2018 was \$15.6 million compared to \$14.7 million for 2017. External revenue under this segment relate to distributions received from the Company's investment in HKT.
2. Operating profit before interest and depreciation under the investment holding segment for 2018 has remained largely unchanged at \$9.8 million (2017: \$10.4 million).

18. A breakdown of sales

		31/12/2018 S\$'000	31/12/2017 S\$'000 Restated	Increase/ (Decrease) %
(a)	Revenue reported for first half year	8,149	8,347	(2.4)
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	20,194	50,690	(60.2)
(c)	Revenue reported for second half year	7,471	6,311	18.4
(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	29,762	36,535	(18.5)

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

Total Annual Dividend:

	Latest Full Year 31/12/2018 S\$'000	Previous Full Year 31/12/2017 S\$'000
Ordinary	230,527	58,294
Preference	-	-
Total:	230,527	58,294

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
01/03/2019