ANNUAL REPORTS AND RELATED DOCUMENTS::

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PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

Securities

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Designation

Company Secretary

Effective Date and Time of the event

14/04/2020 17:00:00

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

The Company refers to its announcement made on 13 April 2020 bearing the title "Extension of time to hold Annual General Meeting". The Company will update shareholders once the date, time and venue of its AGM have been finalised. The AGM notice and other accompanying documents will be sent to shareholders in due course.

The Pacific Century Regional Developments Limited Annual Report for the financial year ended 31 December 2019 (the "2019 Annual Report") is attached.

The 2019 Annual Report is also now available at www.pcrd.com. Click on the hyperlink "2019 Annual Report". You will need an internet browser and PDF reader to view the 2019 Annual Report.

If you wish to receive a printed copy of the 2019 Annual Report, you may request for it by emailing us at srs.teamc@boardroomlimited.com with your request and providing your full name and address.

The Company will provide further updates to shareholders by way of announcement.

By Order of the Board
Lim Beng Jin
Company Secretary
14 April 2020

Additional Details

Period Ended
31/12/2019

Attachments

PCRDL%20Annual%20Report%202019.pdf

Total size =3568K MB

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

19

Annual Report

Contents

01 Corporate Profile
02 Message from the Executive Chairman
03 Corporate Structure
04 Board of Directors
06 Business Review
10 Financial Highlights
12 Corporate Information
13 Financial Statements
76 Report on Corporate Governance
94 Sustainability Report
104 Shareholding Statistics

Corporate Profile

Pacific Century Regional Developments Limited (PCRD), a Singapore-based company listed on the Singapore Exchange Securities Trading Limited (SES: P15), has interests in telecommunications, media, IT solutions, logistics and property development and investment, in the Asia-Pacific region. PCRD's most significant investment is its stake in Hong Kong-listed PCCW Limited (PCCW) (SEHK: 0008; American Depositary Receipts on the OTC Markets Group Inc. in the US: PCCWY). PCRD is 89% owned by the Pacific Century Group, which was founded in 1993. The Pacific Century Group acquired control of PCRD in September 1994.

Message from the Executive Chairman

The global economy in 2019 witnessed a slowdown, with economic growth at its slowest pace since the global financial crisis a decade ago. This subdued growth was a consequence of rising trade barriers in an environment of elevated uncertainty surrounding trade and geo-politics. The emergence of the COVID-19 pandemic, which has spread to dozens of countries curtailing significant amounts of economic activity, adds to global uncertainties in 2020.

I am pleased to report that PCRD's most significant asset, PCCW Limited ("PCCW"), recorded a stable performance for the year ended December 31, 2019 underpinned by HKT Limited's ("HKT") resilient operations and PCCW's ongoing regional expansion of its media and solutions businesses. PCCW achieved this set of results despite economic setbacks in Hong Kong as a consequence of social unrest.

Premium programming including world-class sports, movies and original productions remained the key consumer attractions of PCCW's multi-platform media business last year. Now TV continued to strengthen its market leadership in Hong Kong while free TV service ViuTV entertained audiences with its engaging dramas and variety shows. Pan-regional streaming service Viu OTT achieved more than 41 million MAUs (monthly active users) in 17 markets by the end of 2019.

PCCW Solutions, PCCW's IT flagship business, delivered encouraging results from its Southeast Asia expansion strategy. PCCW Solutions secured several significant contracts from Singapore government departments and large enterprises, and has a new Singapore office which now serves as its regional business hub.

HKT once again demonstrated the resilience of its operations in the retail and commercial segments despite a highly challenging local economic environment. Following the successful acquisition of a substantial amount of 5G mobile spectrum from government auctions late last year, it has been working on its network rollout and targets to launch 5G services in Hong Kong in the second quarter of 2020.

Pacific Century Premium Developments' ("PCPD") overseas projects proceeded according to plan. In Japan, the Park Hyatt Niseko Hanazano Hotel opened for business to the public in January 2020. After selling more than 90% of the Branded Residences, PCPD is keeping the last few remaining units for sale at a later date with the expectation that these units may achieve record setting prices in Niseko, before it proceeds with its next phase of development.

Hong Kong is technically in recession and is dealing with the impact of social unrest and the COVID-19 outbreak. PCCW has a strong business with a robust foundation in Hong Kong, and I remain confident of PCCW's ability to continue to serve the Hong Kong people well and maintain its leading market position, as prosperity gradually returns to the city. At the same time, PCCW will continue its strategy of cautiously pursuing new business opportunities in regional markets in order to enhance sustainable growth going forward.

Despite the economic headwinds from growing global uncertainties, your Board has declared dividends totalling 6.26 Singapore cents per share for the 2019 financial year reflecting PCRD's commendable performance over recent years. These dividends in aggregate comprise a special dividend per share of 3.5 cents and an ordinary dividend per share of 2.76 cents, which represents a 15% increase over the ordinary dividend per share of 2.4 cents paid last year.

PCRD's logistics investment in KSH Distriparks Private Limited in India, which operates an Inland Container Depot ("ICD") and transportation business, remained profitable. The industrial infrastructure business, KSH Infra Private Limited was disposed of in January 2019 resulting in a gain of $2.7 million, net of tax. Plans are in progress to convert existing ICD land into additional warehousing and industrial park facilities.

As a responsible investment holding company, PCRD will always seek to operate in an economically, socially and environmentally ethical way while balancing the interests of our stakeholders. Your Board of Directors will continue to take into consideration factors relating to sustainability when undertaking new business opportunities.

On behalf of the Board, I would like to express our appreciation for the dedication and hard work of our management and employees. We are also grateful to our shareholders and business partners for their unwavering support and confidence in the Company. I would also like to thank my fellow Board members for their invaluable counsel and guidance.

Richard Li
Chairman

Pacific Century Regional Developments Limited

COMMUNICATIONS SERVICES

Hong Kong
China
North Asia
South Asia
Southeast Asia
Global

PCCW Limited
(associated corporation & major investment)

Media Business
Now TV ◆

Solutions Business
PCCW Solutions ◆

HKT Limited
(subsidiary corporation of PCCW Limited)

Telecommunications Services
Local Telephony Services
Local Data Services
International Telecommunications Services
Other Services
Customer Premises Equipment ◆
Teleservices ◆

Mobile

PROPERTY AND LOGISTICS

Hong Kong
North Asia
South Asia
Southeast Asia

Pacific Century Premium Developments Limited
(subsidiary corporation of PCCW Limited)

Cyberport, Hong Kong

Hanazono Resort, Japan

Phang Nga Resort, Thailand

Sudirman CBD Office Building, Jakarta

KSH Distriparks, India
(associated corporation)

Logistics and Warehousing
Inland Container Depot
Warehousing
Logistics

Board of Directors

RICHARD LI TZAR KAI was appointed as Chairman of PCRD in 1994 and was last re-elected as a Director in 2019. An Executive Director and Chairman of the Executive Committee of PCRD, Mr. Li is also Chairman and Chief Executive of the Pacific Century Group, Chairman and Executive Director of PCCW Limited, Executive Chairman and Executive Director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust and Chairman and an Executive Director of Pacific Century Premium Developments Limited.

Mr. Li is a member of the Center for Strategic and International Studies' International Councillors' Group in Washington, D.C., and a member of the Global Information Infrastructure Commission. Mr. Li was awarded the Lifetime Achievement Award by the Cable & Satellite Broadcasting Association of Asia in November 2011.

FRANCIS YUEN TIN FAN was appointed as Deputy Chairman of PCRD in 2005 and was last re-elected as a Director in 2019. Mr. Yuen was the Chairman of PCRD in 1993 and 1994 when it was known as Seapower Asia Investments Limited and Deputy Chairman of PCRD from 1997 to 2002. He was a member of the Executive Committee of PCRD until July 2011. Re-designated as Independent Non-Executive Deputy Chairman on 12 February 2015, Mr. Yuen is Chairman of the Remuneration Committee and also a member of the Audit Committee of PCRD.

He joined the Pacific Century Group in 1996 after an extensive career in investment banking and financial regulatory affairs across Asia. From 1988 to 1991, he was Chief Executive of The Stock Exchange of Hong Kong Limited. Mr. Yuen was also a founding director of Hong Kong Securities Clearing Company Limited. He served from 1992 to 1994 as a member of the International Markets Advisory Board of NASDAQ in the United States. He is an Independent Non-Executive Director of Shanghai Industrial Holdings Limited and Yixin Group Limited.

Mr. Yuen received a Bachelor of Arts degree in Economics from the University of Chicago and is currently a member of the Board of Trustees of the university. He is also the chairman of the board of trustees of the Hong Kong Centre for Economic Research, non-executive chairman of the Board of Directors of Ortus Capital Management Limited and a member of the board of trustees of Fudan University in Shanghai.

PETER A. ALLEN was appointed as Executive Director in 1997 and as Group Managing Director in 2006. He was last re-elected as a Director in 2018. A member of the Executive Committee of PCRD, Mr. Allen is also Executive Director and Chief Financial Officer of the Pacific Century Group, Non-Executive Director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust, Director of FWD Limited and FWD Group Limited and Senior Advisor to PCCW Limited.

Mr. Allen joined KPMG in 1976 before taking up an appointment at Occidental International Oil Incorporated in 1980. In 1983, he joined Schlumberger Limited and worked in various countries holding key management positions. In 1989, Mr. Allen moved to Singapore as Regional Financial Director of the Vestey Group. He later joined Boustead Singapore Limited as Group Operations Controller in 1992 and Morgan Grenfell Investment Management (Asia) Limited as Director and Chief Operating Officer in 1995. Mr. Allen joined the Pacific Century Group in 1997.

Mr. Allen was educated in England and graduated from the University of Sussex with a degree in economics. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow Member of CPA Australia, a Fellow Member of the Hong Kong Institute of Directors and a Fellow of the Institute of Singapore Chartered Accountants.

FRANCES WONG WAIKWUN was appointed as a Director in June 2013 and was last re-elected as a Director in 2019. An Independent Director and Chairman of the Nominating Committee, Ms. Wong is also a member of the Audit Committee of PCRD. Ms. Wong is also an Independent Non-Executive Director of PCCW Limited, HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust.

Ms. Wong is currently a financial advisor of Good Harbour Finance Limited. She began her career as a management consultant at McKinsey & Company in the United States. Ms. Wong returned to Hong Kong and joined the Hutchison Whampoa group of companies in 1988, taking on various positions. She was managing director of Weatherite Manufacturing Limited, an air conditioning manufacturer. Later, Ms. Wong became chief executive officer of Metro Broadcast Corporation Limited. Eventually, she became chief financial officer of Star TV, Asia's first satellite television company. After leaving the Hutchison Whampoa Group, she became group chief financial officer for the Pacific Century Group. After she resigned from the Pacific Century Group, she founded the Independent Schools Foundation in Hong Kong in 2000.

Ms. Wong was educated in the United States at Stanford University where she received a Bachelor of Science degree. She holds a Master of Science degree from the Massachusetts Institute of Technology. Ms. Wong was a member of the Central Policy Unit, the Government of the Hong Kong Special Administrative Region (think tank). She has served on many educational boards including the Canadian International School of Hong Kong, The Open University of Hong Kong and was a member of the Joint Committee on Student Finance of Student Financial Assistance Agency.

TOM YEE LAT SHING was appointed as a Director in 1991 and was last re-appointed as a Director in 2018. Mr. Yee is Lead Independent Director and Chairman of the Audit Committee and member of the Remuneration Committee of PCRD.

Mr. Yee is a Singapore Chartered Accountant and was a partner of an international public accounting firm from 1974 to 1989. He has more than 35 years of experience in the field of accounting and auditing and extensive experience in handling major audit assignments of public listed and private companies in various industries, including insurance, manufacturing and retailing. Currently a consultant, Mr. Yee also sits on the boards of the following listed companies: Bonvests Holdings Limited and Powermatic Data Systems Limited.

He is a fellow member of Singapore Institute of Directors.

LAURA DEAL LACEY was appointed as a Director in February 2015 and re-elected to the position in 2017. An Independent Director, Ms. Lacey is a member of the Nominating and Remuneration Committees of PCRD.

Ms. Lacey is the managing director of the Milken Institute Asia. The Milken Institute is a not-for-profit think tank headquartered in Santa Monica, California. Ms. Lacey was the institute's first employee in Asia and, in five years, has developed its center and programs throughout the Asia-Pacific region. The Milken Institute Asia promotes the growth of inclusive and sustainable financial markets in Asia by addressing the region's defining forces, developing collaborative solutions and identifying strategic opportunities for the deployment of public, private and philanthropic capital.

Prior to joining the Institute, Ms. Lacey was the executive director of the American Chamber of Commerce in Singapore, the largest American chamber in Southeast Asia. Acting as the face of the organisation, Ms. Lacey represented the interest of U.S. companies in Singapore and helped advance policy and business issues that American companies face in Southeast Asia.

Before moving to Asia, Ms. Lacey was based in New York. She was the global marketing director for Edelman, where she worked out of the CEO's office to promote the agency, its leadership and intellectual capital. She also worked as a vice president for Edelman's corporate social responsibility and sustainability practice. Ms. Lacey started her career in Europe working for six years at the World Economic Forum (WEF) in Geneva, Switzerland. She held several roles including senior partnership manager, head of corporate affairs and co-founder of WEF's Women Leaders Programme.

Ms. Lacey is a Trustee of the Asian University for Women (AUW) and supports its efforts to build a university that transforms the status of women in the region. Ms. Lacey holds a Bachelor of Science in Business from Arizona State University and a Master of Science in Strategic Communications from Columbia University.

W. MICHAEL VERGE was appointed as a Non-Executive Director in August 2017 and was last re-elected as a Director in 2018.

Mr. Verge is a Non-Executive Director of PineBridge Investments' Board and a Consultant at Pacific Century Group Holdings. He was Chief Financial Officer at PineBridge from 2010 to 2014. Mr. Verge joined the Pacific Century Group in 1999 as CFO of the Cyberport project. Prior to joining the Pacific Century Group, he held senior executive positions with two major international banks and was CFO of a large pulp and paper company in South-East Asia. During his time with the Pacific Century Group, Mr. Verge served as Group Treasurer of PCCW Limited, and was a member of the PCCW Finance and Management Committee. He also served on the Executive Committee of Pacific Century Premium Developments Limited.

Mr. Verge was educated at McMaster University where he received a Bachelor's Degree in Economics. He is a member of the Singapore Institute of Directors and Singapore Institute of International Affairs. He is a past member of the Canadian Chamber of Commerce (Hong Kong), a past Chairman of the Canadian International School of Hong Kong and a Fellow of the Hong Kong Institute of Directors.

CHRISTOPHER JOHN FOSSICK was appointed as a Director in August 2018 and was last re-elected as a Director in 2019. An Independent Director, Mr. Fossick is a member of the Audit Committee and Nominating Committee of PCRD.

Mr. Fossick is currently Chief Executive Officer, South East Asia at Jones Lang LaSalle Asia Pacific. He is also a member of the Asia Pacific Executive Board of JLL.

He began his career in 1985 in London while an undergraduate at Barclays Bank, where he spent a year on a team responsible for the property management of the bank's real estate portfolio. He moved to Singapore in 1989 to continue on the real estate path. Following this, he moved to Tokyo for a role as President and CEO of CBRE Japan.

He was a board member of Sentosa Development Corporation in Singapore from 2009 to 2015 and the Global Vice President of the Royal Institution of Chartered Surveyors from 2011 to 2014. Currently he is a member of the Global Remuneration Committee for the RICS.

Mr. Fossick was educated at University of Glamorgan, UK where he received a Bachelor of Science in Estate Management. He holds a Master of Business Administration from the University of Chicago in 2003. He is a Fellow of the RICS.

Significant Events in 2019

JANUARY

- PCCW Media secures exclusive broadcast rights in Hong Kong for Premier League football from 2019/20 to 2021/22.

FEBRUARY

- Viu expands its service footprint to South Africa.
- ViuTV relocates its production hub to studios and post-production facilities in Kowloon Bay.

PCRD'S most significant asset is its 22.7% stake in Hong Kong-listed PCCW Limited (PCCW). PCRD has been the largest shareholder of PCCW since 1999.

The following is an overview of PCCW's and PCRD's various business activities:

Hong Kong's economic environment deteriorated rapidly in the second half of last year, mainly due to social unrest. Amid sluggish consumer market sentiment and cautious spending by enterprises, PCCW nonetheless recorded steady operational performances across its businesses.

PREMIUM AND CREATIVE CONTENT FOR VIEWERS

PCCW's media business strategy is to provide premium Asian and international content in sports, movies, dramas and lifestyle through an omni-channel approach, while also providing exceptional customer experience to meet the diverse viewing habits of audience segments across Hong Kong, Southeast Asia, and the Middle East.

Local pay-TV service Now TV reported a stable installed base and ARPU (average revenue per user) in 2019, despite dampened consumer sentiment. In addition to world-class sports content, Now TV also offers the latest and most critically acclaimed Hollywood and Asian blockbuster movies and TV shows. In 2019, 90% of the top 50 worldwide highest grossing box office receipt movies and numerous award-winning TV shows were available on Now TV. Through the Now Player and Now E OTT extensions, PCCW is also able to bring the best of its content to address digital audiences across any connected device, allowing it to explore new market segments.

Now TV has acquired the exclusive Hong Kong broadcast rights for the 2020 UEFA European Football Championship (EURO 2020™), which has now been postponed until 2021 due to the COVID-19 pandemic.

Pan-regional OTT entertainment service Viu operates in 17 markets including Southeast Asia, the Middle East and South Africa. It continued to record a significant increase in MAUs (monthly active users), to 41 million as of the end of 2019, from 30 million a year ago. Total video views for the full year also jumped 69% to 5.7 billion, when compared to 2018.

MARCH

- A joint venture comprising PCCW, HKT, Standard Chartered Bank and Ctrip Financial Management is granted a virtual banking licence by the Hong Kong Monetary Authority.
- Viu launches Viu Original's reality travelogue "No Sleep No FOMO" to enhance social media engagement.

APRIL

- ViuTV introduces a drama time slot in its evening program schedule.
- Now TV launches a STEM Learning Pack for families.
- PCCW Solutions is chosen by SP Telecom to build an alternative data fibre network in Singapore.

This growth is attributable to Viu's focus on content such as popular Asian content and other locally relevant programming, as well as original content creation under Viu Original, which has gained traction across Southeast Asia, particularly in faster growth markets including Thailand and Indonesia. Viu will continue to create content assets through developing original IPs (intellectual properties), adapting globally acclaimed IPs, and utilising innovative production concepts.

In 2019, free TV service ViuTV recorded satisfactory growth, underpinned by a strong line-up of drama shows as one of its core propositions. ViuTV's original drama productions and variety shows have received positive response from viewers. PCCW will continue to enrich its drama content and variety show line-up to further expand its audience base.

PCCW will also continue to unlock greater synergistic value through the acquisition of premium content for multiple platforms.

A STRONGER REGIONAL FOOTHOLD FOR IT SOLUTIONS BUSINESS

Last year, PCCW Solutions continued to execute its two-pronged growth strategy, deepening penetration in key industries such as telecommunications, the public sector and the travel and transportation sectors, while accelerating the expansion of its footprint in Southeast Asia.

PCCW Solutions has adopted a consultative selling approach to drive business transformation and enabled a more agile delivery model to provide cost-effective services and deploy its IP (intellectual property) solutions to win new customers and contract renewals. In 2019, PCCW Solutions continued to secure contracts on mission-critical systems in Hong Kong's public sector. A new data centre in Fo Tan, New Territories will soon open its first phase facilities and has already been fully taken up by strategic customers including global cloud providers. By the end of the year, PCCW Solutions had built up a substantial order book of secured contracts despite a slowdown of projects in mainland China. This build-up of orders was in part attributable to some significant longer-term managed services projects commissioned by government agencies in Singapore in the second half of 2019.

May

- PCCW Media secures the exclusive broadcast rights in Hong Kong for the 2020 UEFA European Football Championship (now postponed until 2021).

June

- HKT showcases 5G and other innovative technologies at the HKT 5G Tech Carnival.
- Pacific Century Premium Developments announces it will build a golf and country club in Phang Nga, Thailand.

September

- PCCW Solutions expands its office in Singapore as a hub for Southeast Asia business development.

In September 2019, PCCW Solutions expanded its Singapore office, which now serves as its regional hub for Southeast Asia. In November, PCCW Solutions completed its acquisition and integration of HCL Insys Pte. Ltd., a leading IT solutions and outsourcing service provider offering managed services for customers in Singapore. The team now delivers end-to-end IT services, ranging from application development and system integration to digital solutions and capture opportunities across industries. The synergies created further strengthen PCCW Solutions' overall capabilities in infrastructure, cloud and automation across Southeast Asia.

To support its regional expansion, PCCW Solutions is setting up a development centre in Malaysia for nearshore projects, complementing its existing development centre in the Philippines.

SOLID RESULTS FOR HKT

HKT reported solid operational results across its business lines and a steady growth in AFF (adjusted funds flow) for 2019. Its consumer broadband and mobile businesses demonstrated resilience amid intense market competition and deteriorating economic conditions in the second half of 2019. HKT's commercial telecom business experienced some price pressure in those segments that were particularly impacted by economic setbacks, but its overall commercial business registered an encouraging performance for the full year, underpinned by momentum from projects for large enterprises and in the public sector.

In the fourth quarter, HKT acquired a total of 120MHz of 5G spectrum in the important mid-bands in government auctions. Together with 400MHz of high band spectrum, its substantial holdings across all 5G bands enable HKT to provide a differentiated 5G user experience in busy outdoor areas as well as heavily loaded indoor environments. HKT is working towards the introduction of 5G service for Hong Kong's early adopters in the second quarter of 2020. More importantly, HKT is exploring the deployment of 5G in commercial applications given its ultra-fast speed, massive connectivity, and ultra-low latency.

Last year, HKT continued to grow its new verticals including The Club and financial services. A joint venture comprising PCCW, HKT and other partners, which was granted a virtual banking license in Hong Kong last March, targets to launch its digital banking service in the first half of this year.

NOVEMBER

- PCCW Solutions completes the acquisition of HCL Insys to accelerate business growth in Southeast Asia.
- HKT secures 120MHz of mid-band 5G spectrum in government spectrum auctions. Together with the 400MHz of 5G spectrum in the 28 GHz band administratively assigned by the government, HKT holds the largest share of Hong Kong's overall mobile radio spectrum.

DECEMBER

- Pacific Century Premium Developments completes the construction of Park Hyatt Niseko, Hanazono and the Park Hyatt Niseko Hanazono Residences in Hokkaido, Japan.

PACIFIC CENTURY PREMIUM DEVELOPMENTS (PCPD)

In January 2020, the Park Hyatt Niseko Hanazono Hotel in Hokkaido, Japan welcomed its first public guests. PCPD has positioned the hotel and Branded Residences as an iconic development in this fast growing tourist area developed on PCPD's 2.7 million square metre site in Hanazano Hills, Niseko. Last October, the hotel was selected as the venue for the G20 Tourism Ministers' Meeting by the Japan Tourism Agency.

PCPD is presently handing over units of its Park Hyatt Niseko Hanazono Residences to buyers. More than 90% of the units have been sold. The last few remaining units are being kept for sale at a later date with the expectation that they may fetch record setting prices in Niseko, prior to its next phase development. Meanwhile, Hanazono EDGE, an adjacent restaurant and entertainment centre, began operations last November.

With 86% of its office space reserved or committed at the end of last year, PCPD's premium office building in Indonesia, Pacific Century Place, Jakarta maintained its positive performance throughout 2019.

In Thailand, construction and marketing of the Aquella Lakeside resort in Phang-nga has been proceeding according to schedule.

KSH DISTRIPARKS (KSH)

KSH, in which PCRD has a 49.9% stake, is a logistics company with an inland container depot (ICD) in Pune, India. It provides ICD (including bonding) infrastructure, transportation and national third party logistics services to blue chip international industrial and commercial clients.

Following a demerger in 2018, the warehousing business was transferred to KSH Infra. The ICD and third party logistics business remain under KSH. PCRD's stake in KSH Infra was sold in January 2019 for $19.1 million, realising a net gain of $2.7 million.

KSH remained profitable in 2019 with improved revenue from ICD services and from consistent growth in its container transport business as well as a pickup in its triangulation business volumes. Plans are in progress to convert the ICD land into additional warehousing and industrial park facilities.

Condensed Consolidated Income Statement Information

For the year ended 31 December

	Group 2019 $'000	Group 2018 $'000
Revenue	**17,536**	15,620
Profit from operating activities after finance costs	**401**	7,003
Share of profit of associated corporations, net of tax	**27,515**	36,496
Loss on liquidation of subsidiary corporations	**–**	(473)
Gain on disposal of an associated corporation	**3,434**	–
Profit before income tax	**31,350**	43,026
Income tax credit	**112**	6,930
Attributable to equity holders of the Company	**31,462**	49,956
Per Share Data		
Earnings per share (Singapore cents)	**1.19**	1.89
Cash Distribution		
Interim dividend (Singapore cents)	**2.00**	–
Final dividend (Singapore cents)	**0.76***	2.40
Special dividend (Singapore cents)	**3.50**	6.30
	6.26	8.70

* Subject to approval by shareholders at the 56th Annual General Meeting

Condensed Consolidated Balance Sheet Information

As at 31 December

	Group 2019 $'000	Group 2018 $'000
Current assets	**122,210**	29,032
Non-current assets	**1,289,524**	1,395,310
Total assets	**1,411,734**	1,424,342
Current liabilities	**(40,651)**	(16,121)
Non-current liabilities	**(311,495)**	(2,887)
Total liabilities	**(352,146)**	(19,008)
Net assets	**1,059,588**	1,405,334
Represented by:		
Share capital	**457,283**	457,283
Other reserves	**245,980**	243,812
Retained profits	**356,325**	704,239
Net assets	**1,059,588**	1,405,334
Attributable to equity holders of the Company		
Net assets	**1,059,588**	1,405,334
Per Share Data		
Net assets per share (Singapore cents)	**40.0**	53.0

Corporate Information

BOARD OF DIRECTORS

Richard Li Tzar Kai
Chairman

Francis Yuen Tin Fan
Deputy Chairman

Peter A. Allen
Group Managing Director

Tom Yee Lat Shing
Lead Independent Director

Frances Wong Waikwun
Independent Director

Laura Deal Lacey
Independent Director

W. Michael Verge
Non-Executive Director

Christopher John Fossick
Independent Director

EXECUTIVE COMMITTEE

Richard Li Tzar Kai
Chairman

Peter A. Allen

NOMINATING COMMITTEE

Frances Wong Waikwun
Chairwoman

Laura Deal Lacey

Christopher John Fossick

AUDIT COMMITTEE

Tom Yee Lat Shing
Chairman

Francis Yuen Tin Fan

Frances Wong Waikwun

Christopher John Fossick

REMUNERATION COMMITTEE

Francis Yuen Tin Fan
Chairman

Tom Yee Lat Shing

Laura Deal Lacey

COMPANY SECRETARY

Lim Beng Jin

REGISTERED OFFICE

50 Raffles Place #35-01
Singapore Land Tower
Singapore 048623
Tel : (65) 6438 2366
Fax : (65) 6230 8777

AUDITORS

PricewaterhouseCoopers LLP

AUDIT PARTNER

Chua Chin San
(appointed in 2017)

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

COMPANY REGISTRATION NO.

196300381N

Financial Statements

Contents

14 Directors' Statement
17 Independent Auditor's Report
22 Consolidated Income Statement
23 Consolidated Statement of Comprehensive Income
24 Balance Sheets
25 Consolidated Statement of Changes in Equity
26 Consolidated Statement of Cash Flows
28 Notes to the Financial Statements

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2019 and the balance sheet of the Company as at 31 December 2019.

In the opinion of the directors:

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 22 to 75 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Mr. Richard Li Tzar Kai
Mr. Francis Yuen Tin Fan
Mr. Peter A. Allen
Mr. Tom Yee Lat Shing
Ms. Frances Wong Waikwun
Ms. Laura Deal Lacey
Mr. W. Michael Verge
Mr. Christopher John Fossick

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, the following directors holding office at the end of the financial year had an interest in the shares or debentures of the Company or its related corporations, or options to subscribe for ordinary shares of the Company:

	Ordinary shares registered in name of director or nominee		Ordinary shares in which directors are deemed to have an interest	
The Company	At 31.12.2019	At 1.1.2019	At 31.12.2019	At 1.1.2019
Richard Li Tzar Kai [(a)]	–	–	28,167,000	28,167,000
Peter A. Allen	5,010,000	5,010,000	–	–

[(a)] Richard Li Tzar Kai is deemed to be interested in 28,167,000 shares of the Company held by Hopestar Holdings Limited, a company which is 100% owned by Richard Li Tzar Kai.

Except as stated above, no other director who held office at the end of the financial year had an interest in shares or debentures of the Company or its related corporations. There was no change in any of these interests between the end of the financial year and 21 January 2020. Neither at the end of the financial year, nor at any time during that year, did there exist any arrangements, to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTIONS OF THE COMPANY

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the beginning or end of the financial year.

AUDIT COMMITTEE

The audit committee (the "Committee") carried out its functions in accordance with Section 201B(5) of the Companies Act, Cap. 50, including the following:

1. Reviewed the independence of external auditors and made recommendations to the Board of Directors on proposals to shareholders on the appointment (including re-appointment) or removal of the external auditors and the remuneration and terms of engagement of the external auditors.

2. Reviewed with management, upon finalisation and prior to publication, the financial results for each half-year and full year, and any announcements relating to the company's financial performance.

3. Reviewed interested person transactions and the adequacy of PCRD's internal control procedures in relation to interested person transactions.

4. Reviewed compliance with accounting standards, all relevant laws, the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance issued by the SGX-ST.

5. Reviewed any changes in accounting principles or their application during the year.

6. Reviewed significant adjustments proposed and any recommendations on internal accounting controls arising from the statutory audit by the external auditors.

7. Reviewed the audit plans of the external auditors of the Company and ensured the adequacy of the system of accounting controls and the co-operation given by management.

8. Reviewed the adequacy, effectiveness, independence, scope and results of the external audit and PCCW's Group Internal Audit.

9. Reviewed (at least annually) with PCRD's management the adequacy and effectiveness of the Company's internal controls and risk management systems in respect of management and business practices and reviewed with management and external auditors significant accounting and auditing issues (including significant financial reporting issues and judgements) so as to ensure the integrity of the financial statements.

10. Reviewed assurances from the Group Managing Director/Chief Financial Officer on the financial records and financial statements.

11. Reported to the Board or relevant authorities any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any relevant Singapore laws or other regulations, which has or is likely to have a material impact on PCRD's operating results.

12. Reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year end before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Committee reviews all non-audit services provided by the external auditors so as to ensure the nature and extent of such non-audit services does not affect the independence of the external auditors.

AUDIT COMMITTEE (continued)

Pursuant to the requirements of the SGX-ST, the Committee reviewed the SGX-ST requirements for the approval and disclosure of interested person transactions. The Committee has also reviewed the procedures set up by the Company to identify and report and where necessary, to seek the appropriate approval for interested person transactions.

The Committee convened four meetings during the year with full attendance from all members. The Committee meets with external auditors, without the presence of the Company's management, at least once a year. Further details regarding the Committee are disclosed in the Report on Corporate Governance.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

Francis Yuen Tin Fan
Deputy Chairman

Peter A. Allen
Group Managing Director

24 March 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying consolidated financial statements of Pacific Century Regional Developments Limited ("the Company") and its subsidiary corporations ("the Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Group and the Company comprise:

- the consolidated income statement of the Group for the financial year ended 31 December 2019;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the balance sheets of the Group and of the Company as at 31 December 2019;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Key Audit Matters in relation to PCCW Limited and its subsidiaries ("PCCW") *Refer to Note 14 in the financial statements for the financial information of PCCW.*	
PCCW is a significant investment of the Group and is accounted for under the equity method. The Group's share of profit after tax from PCCW for the financial year ended 31 December 2019 was $26.9 million which represented 85.6% of the Group's total profit, and the carrying value of the Group's share of PCCW net assets was $925.3 million as at 31 December 2019. The key audit matters identified by PCCW's auditor for the financial year ended 31 December 2019 related to the following: (1) Revenue recognition; (2) Impairment assessments for cash generating units ("CGUs") containing goodwill; and (3) Income taxes. PCCW's auditor reported that the key audit matters were supported by available evidence.	In the context of our audit of the Group's investment in PCCW, we received the report from their auditor issued in accordance with our instructions and we discussed the results of their work and reviewed their working papers to enable us to determine whether the audit work performed and evidence obtained were sufficient for our purpose. We also discussed and evaluated their identified key audit matters and audit procedures relating to these key audit matters. We also discussed the impact of the key audit matters in PCCW on the Group's consolidated financial statements with the management of the Group. We found that the Group's share of the profit and net assets of PCCW were supported by available evidence.

Other Information

Management is responsible for the other information. The other information comprises the following sections that have been included in the Group's 2019 Annual Report for the financial year ended 31 December 2019 (but does not include the financial statements and our auditor's report thereon):

- Corporate Profile
- Message from the Executive Chairman
- Corporate Structure
- Board of Directors
- Business Review
- Financial Highlights
- Corporate Information
- Directors' Statement
- Report on Corporate Governance
- Sustainability Report
- Shareholding Statistics

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chua Chin San.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore
24 March 2020

Consolidated Income Statement

For the financial year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Revenue	3	**17,536**	15,620
Other income	4	**226**	171
Expenses			
– Depreciation and amortisation expenses	16	**(378)**	(361)
– Employee compensation	5	**(2,063)**	(1,960)
– Directors' fees		**(315)**	(262)
– Legal and other professional fees		**(2,333)**	(1,388)
– Travelling expenses		**(2,324)**	(1,003)
– Foreign exchange gain/(loss), net		**1,176**	(149)
– Subscriptions and donations		**(1,209)**	(109)
– Telecommunications		**(42)**	(51)
– Others		**(836)**	(488)
– Finance expenses	6	**(9,037)**	(3,017)
Total expenses		**(17,361)**	(8,788)
Share of profit of associated corporations, net of tax		**27,515**	36,496
Loss on liquidation of subsidiary corporations		**–**	(473)
Gain on disposal of an associated corporation		**3,434**	–
Profit before income tax		**31,350**	43,026
Income tax credit	7(a)	**112**	6,930
Total profit		**31,462**	49,956
Attributable to equity holders of the Company		**31,462**	49,956
Earnings per share attributable to equity holders of the Company			
(Singapore cents per share)	8		
– Basic		**1.19**	1.89
– Diluted		**1.19**	1.89

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Total profit		**31,462**	49,956
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– (Losses)/gains, net		**(11,300)**	21,781
– Reclassification of currency translation differences of liquidated subsidiary corporations to income statement		**–**	473
Share of other comprehensive gain/(loss) of associated corporations		**12,122**	(26,488)
		822	(4,234)
Items that will not be reclassified subsequently to profit or loss:			
Fair value gains on equity investments at fair value through other comprehensive income		**2,734**	32,746
Other comprehensive income, net of tax	7(c)	**3,556**	28,512
Total comprehensive income		**35,018**	78,468
Total comprehensive income attributable to equity holders of the Company		**35,018**	78,468

The accompanying notes form an integral part of these financial statements.

Balance Sheets

As at 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
ASSETS					
Current assets					
Cash and cash equivalents	9	**13,763**	13,109	**5,875**	8,685
Trade and other receivables	10	**73**	102	**70**	18
Other current assets	11	**1,037**	915	**523**	526
		14,873	14,126	**6,468**	9,229
Assets classified as held-for-sale	12	**107,337**	14,906	**–**	–
		122,210	29,032	**6,468**	9,229
Non-current assets					
Financial assets, at fair value through other comprehensive income ("FVOCI")	13	**351,710**	388,785	**277,849**	287,937
Investments in associated corporations	14	**936,487**	1,005,156	**1,022,240**	1,031,182
Investments in subsidiary corporations	15	**–**	–	**204,408**	126,951
Property, plant and equipment	16	**515**	170	**–**	–
Other non-current assets	17	**812**	1,199	**352**	880
		1,289,524	1,395,310	**1,504,849**	1,446,950
Total assets		**1,411,734**	1,424,342	**1,511,317**	1,456,179
LIABILITIES					
Current liabilities					
Trade and other payables	18	**4,769**	3,011	**188,432**	4,395
Current income tax liabilities	7(b)	**60**	10	**–**	–
Borrowings	19	**35,822**	13,100	**–**	12,973
		40,651	16,121	**188,432**	17,368
Non-current liabilities					
Borrowings	19	**308,049**	8	**179,443**	–
Deferred income tax liabilities	20	**3,446**	2,879	**1,668**	2,879
		311,495	2,887	**181,111**	2,879
Total liabilities		**352,146**	19,008	**369,543**	20,247
NET ASSETS		**1,059,588**	1,405,334	**1,141,774**	1,435,932
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	**457,283**	457,283	**457,283**	457,283
Other reserves	22	**245,980**	243,812	**47,830**	68,829
Retained profits		**356,325**	704,239	**636,661**	909,820
Total equity		**1,059,588**	1,405,334	**1,141,774**	1,435,932

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
For the financial year ended 31 December 2019

	Note	Share capital $'000	Other reserves $'000	Retained profits $'000	Total equity $'000
2019					
Beginning of financial year		**457,283**	**243,812**	**704,239**	**1,405,334**
Total comprehensive income for the financial year		**–**	**3,556**	**31,462**	**35,018**
Share of reserves of associated corporations		**–**	**(908)**	**(3,593)**	**(4,501)**
Dividend paid	27	**–**	**–**	**(376,263)**	**(376,263)**
Transfer upon disposal of investments		**–**	**(480)**	**480**	**–**
End of financial year		**457,283**	**245,980**	**356,325**	**1,059,588**
		(Note 21)	(Note 22)		
2018					
Beginning of financial year		457,283	215,061	713,095	1,385,439
Total comprehensive income for the financial year		–	28,512	49,956	78,468
Share of reserves of associated corporations		–	239	(518)	(279)
Dividend paid	27	–	–	(58,294)	(58,294)
End of financial year		457,283	243,812	704,239	1,405,334
		(Note 21)	(Note 22)		

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Cash flow from operating activities:			
Profit after tax		**31,462**	49,956
Adjustments for:			
– Income tax credit		**(112)**	(6,930)
– Depreciation and amortisation expenses		**378**	361
– Dividend income		**(17,536)**	(15,620)
– Interest income		**(180)**	(127)
– Finance expenses		**9,037**	3,017
– Unrealised currency translation gains		**(1,363)**	(1,464)
– 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		**(27,515)**	(36,496)
		(9,263)	(6,830)
Change in working capital:			
– Trade and other receivables		**(136)**	12
– Trade and other payables		**1,261**	888
Cash used in operations		**(8,138)**	(5,930)
Interest received		**180**	127
Income tax paid		**(1,024)**	(22)
Net cash used in operating activities		**(8,982)**	(5,825)
Cash flow from investing activities:			
Purchase of property, plant and equipment		**(723)**	(15)
Purchase of financial assets, at FVOCI		**(81,805)**	(93,062)
Proceeds from disposal of financial assets, at FVOCI		**5,504**	–
Refund of capital contribution from financial assets, at FVOCI		**7,590**	3,610
Proceeds from disposal of an associated corporation		**19,105**	–
Dividends received from HKT Trust and HKT Limited ("HKT")		**17,536**	15,560
Dividends received from PCCW Limited ("PCCW")		**96,273**	91,331
Net cash provided by investing activities		**63,480**	17,424
Cash flow from financing activities:			
Payment of finance expenses		**(8,072)**	(4,006)
Proceeds from borrowings		**457,930**	64,472
Repayment of borrowings and lease payments		**(127,333)**	(62,710)
Dividend paid to equity holders of the Company		**(376,263)**	(58,294)
Net cash used in financing activities		**(53,738)**	(60,538)
Net increase/(decrease) in cash and cash equivalents		**760**	(48,939)
Cash and cash equivalents at beginning of year		**13,109**	60,829
Effects of currency translation on cash and cash equivalents		**(106)**	1,219
Cash and cash equivalents at end of year	9	**13,763**	13,109

The accompanying notes form an integral part of these financial statements.

	Beginning of financial year $'000	Proceeds from borrowings $'000	Principal and finance payments $'000	Non-cash changes: Acquisition $'000	Non-cash changes: Finance expenses $'000	Non-cash changes: Foreign exchange movement $'000	End of financial year $'000
2019							
Bank borrowings	**12,973**	**457,299**	**(135,080)**	**–**	**8,060**	**166**	**343,418**
Lease liabilities	**135**	**–**	**(325)**	**631**	**12**	**–**	**453**
2018							
Bank borrowings	10,309	64,472	(66,370)	–	3,999	563	12,973
Lease liabilities	474	–	(346)	–	7	–	135

The accompanying notes form an integral part of these financial statements.

1. GENERAL INFORMATION

Pacific Century Regional Developments Limited (the "Company") is listed on the Singapore Exchange Securities Trading Limited and incorporated and domiciled in Singapore. The address of its registered office is 50 Raffles Place, #35-01 Singapore Land Tower, Singapore 048623.

The immediate holding company of the Company is Pacific Century Group (Cayman Islands) Limited, which is incorporated in the Cayman Islands. The ultimate holding company is OS Holdings Limited, which is incorporated in Bermuda.

The principal activity of the Company is investment holding. The principal activities of its subsidiary corporations and principal associated corporations are set out in Note 25.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no critical areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

2.2 Revenue and other income recognition

(a) *Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

(b) *Rendering of management services*

Income from the provision of management services to related parties is recognised in the accounting period in which the services are rendered.

The related parties are invoiced once every year and a contract asset is recognised for the cumulative revenue recognised but not yet invoiced.

(c) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

The acquisition method of accounting is used to account for business combinations entered into by the Group.

(ii) Acquisitions

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the accounting policy on goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) *Subsidiary corporations* (continued)

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation, including any goodwill, are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated corporations" for the accounting policy on investments in subsidiary corporations and associated corporations in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) *Associated corporations*

Associated corporations are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20%. Investments in associated corporations are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investments in associated corporations are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated corporations represents the excess of the cost of acquisition of the associated corporation over the Group's share of the fair value of the identifiable net assets of the associated corporation and is included in the carrying amount of the investment.

(ii) *Equity method of accounting*

Under the equity method of accounting, investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its associated corporations' post-acquisition profits or losses, its share of movements in its investee's other comprehensive income and its share of other movements in the investee's reserves recorded in equity. Dividends received or receivable from associated corporations are recognised as a reduction in the carrying amount of these investments.

When the Group's share of losses in an associated corporation equals or exceeds its interest in the associated corporation, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated corporation. If the associated corporation subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses not recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) *Associated corporations* (continued)

(ii) *Equity method of accounting* (continued)

Where dividends paid by an associated corporation are in excess of the carrying amount of the Group's investment, the carrying value of the associated corporation is reduced to nil, but does not become negative. If the Group has no legal or constructive obligations to make payments on behalf of the associated corporation, then dividends in excess of the carrying amount of the Group's investment are recognised in profit or loss. In subsequent years, if the associated corporation makes profits, the Group will increase the carrying value of its investment in the associated corporation by its share of subsequent profits and movement in reserves; and will then assess whether the investment is impaired.

Unrealised gains on transactions between the Group and its associated corporations are eliminated to the extent of the Group's interest in the associated corporations. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated corporations are changed, where necessary, to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investments in associated corporations are derecognised when the Group loses significant influence. If the retained equity interest in a former associated corporation is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated corporations" for the accounting policy on investments in associated corporations in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) *Depreciation*

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate depreciable amounts over estimated useful lives as follows:

	Useful lives
Renovations, furniture, fittings and office equipment	3 to 5 years
Motor vehicles – Right-of-use assets (Note 2.13)	Lease period of 5 years
Properties – Right-of-use assets (Note 2.13)	Lease period of between 2 to 3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and losses".

2.5 Intangible assets – Goodwill

Goodwill on acquisition of subsidiary corporations and businesses, represents the excess of (a) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as an intangible asset and carried at cost less accumulated impairment losses.

Goodwill on acquisition of associated corporations represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated corporations is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary corporations and associated corporations include the carrying amount of goodwill relating to the entity sold.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Investments in subsidiary corporations and associated corporations

Investments in subsidiary corporations and associated corporations are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in an associated corporation is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets (continued)

(a) *Goodwill* (continued)

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Property, plant and equipment*
Right-of-use assets
Investments in subsidiary corporations and associated corporations

Property, plant and equipment, right-of-use assets and investments in subsidiary corporations and associated corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.9 Financial assets

(a) *Classification and measurement*

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing financial assets as well as the contractual terms of the cash flows from the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

(a) *Classification and measurement* (continued)

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) *Debt instruments*

Debt instruments comprise mainly cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

(ii) *Equity investments*

The Group subsequently measures all its equity investments at their fair values, and may irrevocably elect to recognise changes in fair value of equity securities which are not held for trading in other comprehensive income on initial recognition of the investments. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in OCI. Otherwise, changes in fair values are recognised in profit or loss.

Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI.

For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceeds is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceeds amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.10 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.11 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss, over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Group expects, and has the discretion, to refinance or roll over the obligations for at least 12 months after the balance sheet date under existing loan facilities.

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of a financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Leases – When the Group is the lessee

At the inception of a contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognised a right-of-use asset and lease liability at the date on which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and any lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  A right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  Right-of-use assets are presented within "Property, plant and equipment".

- Lease liabilities

  The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

  Lease payments include the following:

  - Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
  - Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
  - Amount expected to be payable under any residual value guarantees;
  - The exercise price of a purchase option if it is reasonably certain to exercise the option; and
  - Payment of penalties for terminating the lease, if the lease term reflects that the Group will exercise that option.

  For a contract that contains both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and to account for these as one single lease component.

  A lease liability is measured at amortised cost using the effective interest method. A lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a changes in the Group's assessment of whether it will exercise an extension option; or
  - There is a modification in the scope or the consideration for the lease that was not part of the original term.

  A lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when deferred income tax arises from the initial recognition of goodwill or an asset or liability arising from a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and associated corporations, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.15 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted from the carrying amount of such assets.

2.17 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is the Hong Kong Dollar. The financial statements are presented in Singapore Dollars because the Company is listed on the Singapore Exchange Securities Trading Limited and is incorporated and domiciled in Singapore.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in profit or loss within "foreign exchange (gain)/loss, net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at closing exchange rates at the reporting date;

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Currency translation (continued)

(c) *Translation of Group entities' financial statements* (continued)

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at closing rates at the reporting date.

2.18 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Chairman and Group Managing Director, who are responsible for allocating resources and assessing performance of the operating segments.

2.19 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions, which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.20 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When the Company purchases its ordinary shares ("treasury shares"), the carrying amount, which includes the consideration paid and any directly attributable transaction cost, is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of the capital of the Company, or against the retained profits of the Company if the shares are purchased out of the earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.21 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.22 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Non-current assets held-for-sale

Non-current assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

For non-current financial assets which were previously measured based on the policy in Note 2.9(a), the measurement provision above does not apply and the non-current assets classified as held-for-sale continue to be measured at fair value.

3. REVENUE

	Group	
	2019	2018
	$'000	$'000
Dividend income	**17,536**	15,620

4. OTHER INCOME

	Group	
	2019	2018
	$'000	$'000
Interest income – bank deposits	**180**	127
Management fees		
– associated corporation	**3**	3
– other related parties (Note 26(a))	**37**	34
Other income	**6**	7
	226	171

5. EMPLOYEE COMPENSATION

	Group	
	2019	2018
	$'000	$'000
Wages and salaries	**1,938**	1,840
Employer's contributions to defined contribution plans including Central Provident Fund	**125**	120
	2,063	1,960

6. FINANCE EXPENSES

	Group	
	2019	2018
	$'000	$'000
Interest expense		
– bank borrowings	**7,248**	458
– lease liability	**12**	7
Finance facility fees	**1,777**	2,552
	9,037	3,017

7. INCOME TAXES

(a) Income tax credit

	Group 2019 $'000	Group 2018 $'000
Tax expense attributable to profit is made up of:		
Profit from current financial year:		
Current income tax		
– Singapore	**388**	24
– Foreign	**688**	–
	1,076	24
Deferred income tax (Note 20)	**–**	2,562
	1,076	2,586
Over provision in prior financial years:		
Deferred income tax (Note 20)	**(1,188)**	(9,516)
Tax credit	**(112)**	(6,930)

The tax charge on the Group's profit differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group 2019 $'000	Group 2018 $'000
Profit before income tax	**31,350**	43,026
Less: Share of profit of associated corporations, net of tax	**(27,515)**	(36,496)
	3,835	6,530
Tax calculated at tax rate of 17% (2018: 17%)	**652**	1,110
Effects of:		
– income not subject to tax	**(3,179)**	–
– expenses not deductible for tax purposes	**2,917**	1,484
– different tax rates in other countries	**20**	5
– partial tax exemption	**(22)**	(11)
– corporate income tax rebate	**–**	(2)
– withholding tax	**688**	–
Tax charge for the financial year	**1,076**	2,586

(b) Movement in current income tax liabilities

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Beginning of financial year	**10**	8	**–**	–
Currency translation differences	**(2)**	–	**(2)**	–
Income tax paid	**(1,024)**	(22)	**(328)**	(16)
Tax expense	**1,076**	24	**330**	16
End of financial year	**60**	10	**–**	–

7. INCOME TAXES (continued)

(c) The tax charge relating to each component of other comprehensive income is as follows:

Group	2019 Before tax $'000	2019 Tax charge $'000	2019 After tax $'000	2018 Before tax $'000	2018 Tax charge $'000	2018 After tax $'000
Currency translation differences arising from consolidation	**(11,300)**	**–**	**(11,300)**	22,254	–	22,254
Share of other comprehensive gain/(loss) of associated corporations	**12,122**	**–**	**12,122**	(26,488)	–	(26,488)
Fair value gains on equity investments at fair value through other comprehensive income	**4,437**	**(1,703)**	**2,734**	32,746	–	32,746
Other comprehensive income	**5,259**	**(1,703)**	**3,556**	28,512	–	28,512

(d) Income tax recognised directly in equity is as follows:

	Group 2019 $'000	Group 2018 $'000
Tax on disposal of financial assets, at FVOCI	**75**	–

8. EARNINGS PER SHARE

(a) Basic earnings per share

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 financial year.

	Group 2019	Group 2018
Net profit attributable to equity holders of the Company ($'000)	**31,462**	49,956
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,649,740**	2,649,740
Basic earnings per share (Cents per share)	**1.19**	1.89

(b) Diluted earnings per share

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 financial years ended 31 December 2018 and 2019.

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**13,763**	5,677	**5,875**	1,253
Short-term bank deposits	**–**	7,432	**–**	7,432
	13,763	13,109	**5,875**	8,685

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Trade receivables				
– Non-related parties	**12**	14	**7**	9
Other receivables				
– Subsidiary corporation	**–**	–	**63**	–
– Other related parties (Note 10(a))	**53**	70	**–**	9
– Non-related parties	**596**	596	**596**	596
	649	666	**659**	605
Less: Allowance for impairment of receivables				
– Non-related parties	**(596)**	(596)	**(596)**	(596)
Other receivables, net	**53**	70	**63**	9
Amount receivable on sale of an associated corporation (Note 10(b))	**59,776**	59,776	**–**	–
Less: Allowance for impairment of receivable	**(59,776)**	(59,776)	**–**	–
Amount receivable on sale of an associated corporation, net	**–**	–	**–**	–
Others	**8**	18	**–**	–
	73	102	**70**	18

(a) Amounts due from a subsidiary corporation and other related parties (Note 26(a)) are non-trade in nature, unsecured, interest-free and repayable on demand.

(b) The allowance of $59,776,000 for the amount receivable on sale of an associated corporation was made in 1999. The background to this debt is as follows:

In 1995, the Company's 51%-owned subsidiary corporation, Gladioli Investments Pte Ltd ("Gladioli"), disposed of its 39% equity interest in an associated corporation, Bugis City Holdings Pte Ltd ("BCH"), to Montien International Limited ("Montien"). Montien was a shareholder of Gladioli.

The sale was completed in July 1996. Interest was charged in accordance with the sale and purchase agreement on a net outstanding balance amounting to $53,000,000 (2018: $53,000,000).

The receivable was secured by a second charge against 69,576,000 shares in BCH and by a guarantee given by Madam Endang Utari Mokodompit. On 31 March 2003, a judgement debt was recognised by The High Court of The Republic of Singapore in the sum of $70,224,000 against Madam Endang Utari Mokodompit as well as Montien. As at 31 December 2019, the amount due, inclusive of interest, was $99,526,000 (2018: $98,145,000). However, the Company has not recognised any amount beyond the amount receivable of $59,776,000 (2018: $59,776,000), which is fully provided for.

11. OTHER CURRENT ASSETS

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Deposits	**3**	85	**3**	1
Prepayments	**1,034**	830	**520**	525
	1,037	915	**523**	526

12. ASSETS CLASSIFIED AS HELD-FOR-SALE

As at 31 December 2019, certain financial assets, at FVOCI were classified as assets held-for-sale. The Group is in the process of disposing of these financial assets.

	$'000
Quoted equity investments, at fair value:	
– FWDGRP ZERO Perpetual Corp (USD)	**107,337**

During the financial year ended 31 December 2019, the Group began disposal of its holdings of FWDGRP ZERO Perpetual Corp (USD) to align the Group's holdings with its long-term investment strategy. These investments had a fair value of $5,504,000 at the date of disposal, and the cumulative gain on the disposal amounted to $480,000, net of tax. The cumulative gain on disposal was reclassified from fair value reserve to retained profits.

In the prior financial year, KSH Distriparks Private Limited ("KSH"), an associated company demerged its infra division and transferred it to KSH Infra Private Limited ("KIPL").

Management signed a non-binding agreement for the sale of KIPL. Accordingly, the Group's interests in KIPL was presented as an asset classified as held-for-sale as at 31 December 2018. The cumulative translation differences recognised in other comprehensive income relating to the Group's interests in KIPL amounted to approximately $777,000. The disposal was completed on 24 January 2019 resulting in net proceeds of $19,105,000.

13. FINANCIAL ASSETS, AT FVOCI

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**388,785**	261,130	**287,937**	225,243
Currency translation differences	**(2,886)**	5,457	**(2,496)**	4,592
Reclassification to assets classified as held-for-sale (Note 12)	**(112,841)**	–	**–**	–
Refund of capital contribution	**(7,590)**	(3,610)	**–**	–
Fair value gains/(losses) (Note 22(b)(v))	**4,437**	32,746	**(7,592)**	32,888
Additions	**81,805**	93,062	**–**	25,214
End of financial year	**351,710**	388,785	**277,849**	287,937
Non-current assets				
Equity investments, at fair value:				
– Unquoted				
Foxdale Asset Holding Ltd	**22,929**	32,939	**–**	–
Exoduspoint Partners International Fund, Ltd	**50,484**	48,140	**–**	–
Others	**448**	392	**–**	–
	73,861	81,471	**–**	–
– Quoted				
FWDGRP ZERO Perpetual Corp (USD)	**–**	19,377	**–**	–
HKT	**277,849**	287,937	**277,849**	287,937
	277,849	307,314	**277,849**	287,937
Total	**351,710**	388,785	**277,849**	287,937

The Group's quoted equity investments are issued by related corporations.

14. INVESTMENTS IN ASSOCIATED CORPORATIONS

	Company	
	2019	2018
	$'000	$'000
Equity investments – Quoted shares		
At cost	**1,022,240**	1,031,182
Market value of quoted shares at balance sheet date	**1,404,896**	1,386,445

Set out below are the associated corporations of the Group as at 31 December 2019. The associated corporations as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of entity	Place of business/country of incorporation	% of ownership interest	
		2019	2018
PCCW Limited	Hong Kong	**22.7**	22.7
KSH Distriparks Private Limited #	India	**49.9**	49.9

In 2018, KSH, an associated company demerged its infra division and transferred it to KIPL (Note 12). The Group's interest in KIPL is classified as held-for-sale as at 31 December 2018. The disposal of KIPL was completed on 24 January 2019.

PCCW's principal activities are the provision of local and international telecommunications and information technology services, technology-related businesses, and investment holding in Hong Kong.

KSH's principal activities are the provision of infrastructure and services for an Inland Container Depot, the development of warehousing and industrial parks and third party logistics and transportation solutions in India. KSH is not considered to be material to the Group and therefore no further disclosure relating to the summarised financial information of the associated corporation is made.

As at 31 December 2019, the fair value of the Group's interest in PCCW, which is listed on the Hong Kong Stock Exchange, was $1,404,896,000 (2018: $1,386,445,000). The carrying amount of the Group's interest in PCCW was $925,294,000 (2018: $994,265,000).

To provide shareholders with information on the results and financial position of PCCW, the financial information from its audited annual report dated 13 February 2020 is set out below. The consolidated statement of comprehensive income is translated at the average rate and the consolidated balance sheet at the closing rate as at the balance sheet date.

14. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

Consolidated statement of comprehensive income of PCCW

	For the year ended 31 December	
	2019	2018
	$'000	$'000
Revenue	**6,531,868**	6,685,137
Cost of sales	**(3,291,437)**	(3,551,984)
General and administrative expenses	**(2,343,541)**	(2,231,820)
Other gains, net	**86,695**	110,645
Interest income	**14,971**	23,058
Finance costs	**(340,860)**	(326,772)
Share of results of associates	**9,401**	16,691
Share of results of joint ventures	**(3,656)**	(4,990)
Profit before income tax	**663,441**	719,965
Income tax	**(163,815)**	(195,134)
Profit for the year	**499,626**	524,831
Profit attributable to:		
Equity holders of PCCW	**118,553**	154,352
Non-controlling interests	**381,073**	370,479
Profit for the year	**499,626**	524,831
Profit for the year	**499,626**	524,831
Other comprehensive (loss)/income		
Items that will not be reclassified subsequently to consolidated income statement:		
Remeasurements of defined benefit retirement schemes obligations	**2,263**	(5,163)
Changes in the fair value of equity instruments at fair value through other comprehensive income	**(9,401)**	(13,938)
	(7,138)	(19,101)
Items that have been reclassified or may be reclassified subsequently to the consolidated income statement:		
Translation exchange differences:		
– exchange differences on translating foreign operations	**34,992**	(61,431)
Cash flow hedges:		
– effective portion of changes in fair value	**44,914**	(29,769)
– transfer from equity to consolidated income statement	**26,461**	5,851
Costs of hedging	**2,437**	7,915
	108,804	(77,434)
Other comprehensive income/(loss) for the year	**101,666**	(96,535)
Total comprehensive income for the year	**601,292**	428,296
Attributable to:		
Equity holders of PCCW	**182,094**	73,132
Non-controlling interests	**419,198**	355,164
Total comprehensive income for the year	**601,292**	428,296

14. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

Consolidated balance sheet of PCCW

	2019 $'000	2018 $'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	**4,832,291**	4,189,969
Right-of-use assets	**650,852**	731,930
Investment properties	**639,555**	616,574
Interests in leasehold land	**63,956**	67,495
Properties held for/under development	**507,821**	554,689
Goodwill	**3,188,043**	3,189,285
Intangible assets	**2,316,823**	1,927,736
Fulfillment costs	**240,702**	240,003
Customer acquisition costs	**133,994**	141,477
Contract assets	**60,653**	52,944
Interests in associates	**205,596**	136,393
Interests in joint ventures	**86,375**	92,916
Financial assets at fair value through other comprehensive income	**21,550**	193,194
Financial assets at fair value through profit or loss	**141,988**	128,153
Derivative financial instruments	**49,357**	26,647
Deferred income tax assets	**189,260**	209,323
Other non-current assets	**231,664**	217,913
Restricted cash	**–**	38,043
	13,560,480	12,754,684
Current assets		
Sales proceeds held in stakeholders' accounts	**87,939**	88,883
Properties under development/held for sale	**246,959**	134,991
Inventories	**213,069**	224,400
Prepayments, deposits and other current assets	**632,430**	657,071
Contract assets	**484,706**	471,591
Trade receivables, net	**802,225**	841,325
Amounts due from related companies	**20,160**	19,284
Derivative financial instruments	**1,043**	701
Tax recoverable	**3,128**	3,156
Restricted cash	**123,219**	32,608
Short-term deposits	**84,463**	105,889
Cash and cash equivalents	**927,353**	1,184,587
	3,626,694	3,764,486

14. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

Consolidated balance sheet of PCCW (continued)

	2019 $'000	2018 $'000
Current liabilities		
Short-term borrowings	**(265,554)**	(106,590)
Trade payables	**(477,236)**	(342,210)
Accruals and other payables	**(1,113,312)**	(1,171,263)
Amount payable to the Government under the Cyberport Project Agreement	**(56,482)**	(56,451)
Carrier licence fee liabilities	**(33,889)**	(30,329)
Amounts due to related companies	**(521)**	(175)
Advances from customers	**(66,215)**	(62,236)
Contract liabilities	**(341,675)**	(325,380)
Lease liabilities	**(239,138)**	(281,902)
Current income tax liabilities	**(236,531)**	(181,624)
	(2,830,553)	(2,558,160)
Non-current liabilities		
Long-term borrowings	**(9,298,749)**	(8,644,133)
Derivative financial instruments	**(12,513)**	(46,107)
Deferred income tax liabilities	**(683,525)**	(644,098)
Defined benefit retirement schemes liability	**(20,855)**	(23,667)
Carrier licence fee liabilities	**(91,588)**	(62,587)
Contract liabilities	**(173,966)**	(177,066)
Lease liabilities	**(472,193)**	(503,322)
Other long-term liabilities	**(479,840)**	(422,328)
	(11,233,229)	(10,523,308)
Net assets	**3,123,392**	3,437,702
CAPITAL AND RESERVES		
Share capital	**2,251,303**	2,270,998
Reserves	**449,079**	725,969
Equity attributable to equity holders of PCCW	**2,700,382**	2,996,967
Non-controlling interests	**423,010**	440,735
Total equity	**3,123,392**	3,437,702

The information on pages 47 to 49 reflects the information presented in the audited financial statements of PCCW (and not the Group's share of these figures). There are no differences in accounting policies between the Group and PCCW.

Group's share of PCCW's contingent liabilities is as follows:

	2019 $'000	2018 $'000
Performance guarantee	**43,120**	22,524
Others	**6,509**	6,367

PCCW is subject to certain corporate guarantee obligations to guarantee the performance of its subsidiaries in the normal course of their businesses. The amount of liabilities arising from such obligations, if any, cannot be ascertained but the directors of PCCW are of the opinion that any resulting liability would not materially affect the financial position of PCCW.

14. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

Reconciliation of financial information

Reconciliation of the financial information presented to the carrying amount of the Group's interest in associated corporations:

	PCCW#	
	2019	2018
	$'000	$'000
Net assets		
At 1 January	**2,996,967**	3,297,024
Profit for the year	**118,553**	154,352
Other comprehensive gain/(loss)	**63,541**	(81,220)
Transactions with equity holders	**(452,381)**	(441,787)
Currency translation differences	**(26,298)**	68,598
At 31 December	**2,700,382**	2,996,967

	Group	
	2019	2018
	$'000	$'000
Interest in PCCW (22.7%) (2018: 22.7%)	**612,987**	680,312
Dividends from PCCW *	**232,605**	232,605
Goodwill and foreign exchange differences	**79,702**	81,348
Carrying value of PCCW	**925,294**	994,265
Add:		
Carrying value of KSH	**11,193**	10,891
Carrying value of Group's interest in associated corporations	**936,487**	1,005,156
Dividends received from PCCW	**96,273**	91,331

The information above reflects the amounts attributable to equity holders of PCCW.

* In 2009, the Company received dividends amounting to $377,478,000 from PCCW. This was $232,605,000 in excess of the carrying value of the Group's investment in PCCW. This amount was recognised in the consolidated income statement. Subsequently, the Group continued to increase the carrying value of its investment in PCCW by recognising its share of subsequent profits and reserves of PCCW.

Further details of associated corporations are provided in Note 25.

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2019	2018
	$'000	$'000
Equity investments, at cost		
Beginning of financial year	**126,951**	98,667
Currency translation difference	**(1,101)**	2,011
Additions	**82,307**	68,795
Capital reductions	**–**	(19,676)
Allowance for impairment	**(3,749)**	(22,846)
End of financial year	**204,408**	126,951

Details of subsidiary corporations are provided in Note 25.

Additions to investments in subsidiary corporations of $82,307,000 (2018: $68,795,000) were effected through cash injections.

In the prior financial year, two subsidiary corporations reduced their issued share capital via court-free processes. Management is of the view that these capital reductions do not result in a change in the Company's ownership interest in these subsidiary corporations, and hence the cumulative currency translation differences relating to the capital reductions do not need to be reclassified to profit or loss.

The Company recognised impairment losses of $3,749,000 (2018: $22,846,000) against its investments in subsidiary corporations in Singapore and Hong Kong arising from losses incurred by these subsidiary corporations.

16. PROPERTY, PLANT AND EQUIPMENT

(a) Property, plant and equipment

	Renovations, furniture, fittings and office equipment $'000	Motor vehicles $'000	Properties $'000	Total $'000
Group				
2019				
Cost				
Beginning of financial year	**242**	**163**	**537**	**942**
Additions	**64**	**–**	**659**	**723**
Disposals	**(4)**	**–**	**(537)**	**(541)**
End of financial year	**302**	**163**	**659**	**1,124**
Accumulated depreciation				
Beginning of financial year	**228**	**114**	**430**	**772**
Depreciation charge	**18**	**33**	**327**	**378**
Disposals *	**(4)**	**–**	**(537)**	**(541)**
End of financial year	**242**	**147**	**220**	**609**
Net book value				
End of financial year	**60**	**16**	**439**	**515**
2018				
Cost				
Beginning of financial year	234	163	537	934
Currency translation differences	1	–	–	1
Additions	15	–	–	15
Disposals	(8)	–	–	(8)
End of financial year	242	163	537	942
Accumulated depreciation				
Beginning of financial year	229	81	108	418
Currency translation differences	1	–	–	1
Depreciation charge	6	33	322	361
Disposals	(8)	–	–	(8)
End of financial year	228	114	430	772
Net book value				
End of financial year	14	49	107	170

* The disposal of properties amounting to $537,000 relates to the expiry of an office lease in 2019 which was subsequently renewed.

16. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Property, plant and equipment (continued)

	Renovations, furniture, fittings and office equipment $'000
Company	
2019	
Cost	
Beginning and end of financial year	**23**
Accumulated depreciation	
Beginning and end of financial year	**23**
Net book value	
End of financial year	**–**
2018	
Cost	
Beginning and end of financial year	23
Accumulated depreciation	
Beginning and end of financial year	23
Net book value	
End of financial year	–

(b) Leases

(i) *Amounts recognised in the balance sheet*

	Group	
	2019 $'000	2018 $'000
Right-of-use assets *		
Motor vehicles	**16**	49
Properties	**439**	107
	455	156
Lease liabilities #		
Current (Note 19)	**453**	127
Non-current (Note 19)	**–**	8
	453	135

Additions to the right-of-use assets during the financial year ended 31 December 2019 were $659,000 (2018: $nil).

* included in the line item 'Property, plant and equipment' in the balance sheet
# included in the line item 'borrowings' in the balance sheet.

16. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Leases (continued)

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	Note	Group 2019 $'000	Group 2018 $'000
Depreciation charge of right-of-use assets			
Motor vehicles	16	**33**	33
Properties	16	**327**	322
		360	355
Finance expenses			
Lease liability	6	**12**	7

The total cash outflow relating to leases for the financial year ended 31 December 2019 was $325,000 (2018: $346,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases various office properties and a motor vehicle. Rental contracts are typically made for periods of two to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and corresponding liability at the date on which the leased asset is available for use by the Group.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

17. OTHER NON-CURRENT ASSETS

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Deposits	**86**	1	**–**	–
Prepayments	**726**	1,198	**352**	880
	812	1,199	**352**	880

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Other payables to				
– Subsidiary corporations	**–**	–	**185,185**	2,676
– Other related parties	**700**	46	**700**	46
– Other non-related parties	**429**	86	**429**	86
	1,129	132	**186,314**	2,808
Accruals for operating expenses	**3,640**	2,879	**2,118**	1,587
	4,769	3,011	**188,432**	4,395

Amounts due to subsidiary corporations and other related parties (Note 26(a)) are non-trade in nature, unsecured, interest-free and repayable on demand.

19. BORROWINGS

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Current				
Short term bank loan (Note 19(a))	**35,369**	–	**–**	–
Revolving loan facilities (Note 19(b))	**–**	12,973	**–**	12,973
Lease liability (Note 16(b)(i))	**453**	127	**–**	–
	35,822	13,100	**–**	12,973
Non-current				
Revolving loan facilities (Note 19(b))	**308,049**	–	**179,443**	–
Lease liability (Note 16(b)(i))	**–**	8	**–**	–
	308,049	8	**179,443**	–
Total borrowings	**343,871**	13,108	**179,443**	12,973

(a) The secured short term bank loan for the Group is repayable on demand and denominated in Hong Kong Dollars. The loan is secured by FWDGRP ZERO Perpetual Corp (USD) bonds (Note 13) held by the Group.

(b) The secured revolving loan facilities for the Group and the Company are denominated in Hong Kong Dollars and United States Dollars. The loans are secured by shares in PCCW (Note 14) and Share Stapled Units in HKT (Note 13) (2018: shares in PCCW) held by the Company.

As at 31 December 2019, the amounts advanced under the revolving loan facilities were classified as non-current liabilities as the Group and the Company expect, and have the discretion, to rollover the facilities for at least 12 months after the balance sheet date.

As at 31 December 2018, the Group and the Company had the same discretion to rollover the revolving loan facilities for at least 12 months after the balance sheet date. However, the borrowings were expected to be fully repaid in 2019 and hence the amounts advanced under those facilities were classified as current liabilities.

The revolving loan facilities are priced at HIBOR plus a margin ranging from 0.80% to 1.15% (2018: 0.80% to 1.20%).

20. DEFERRED INCOME TAX LIABILITIES

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Deferred income tax liabilities				
– to be settled after one year	**3,446**	2,879	**1,668**	2,879

Movements in deferred income tax liabilities are as follows:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**2,879**	9,765	**2,879**	9,764
Currency translation differences	**(23)**	68	**(23)**	69
Tax charged to				
– profit or loss (Note 7(a))	**–**	2,562	**–**	2,562
– other comprehensive income (Note 7(c))	**1,703**	–	**–**	–
– equity (Note 7(d))	**75**	–	**–**	–
Over provision in prior financial years (Note 7(a))	**(1,188)**	(9,516)	**(1,188)**	(9,516)
End of financial year	**3,446**	2,879	**1,668**	2,879

The Group's and Company's deferred tax liabilities have been measured based on the corporate tax rates and tax laws prevailing at the balance sheet date in relevant jurisdictions.

Deferred income tax liabilities have been provided in respect of certain earnings not remitted into Singapore from the Group's assets classified as held-for-sale and the Company's financial assets, at FVOCI. These earnings will be brought to tax by the tax authority if and when they are remitted into Singapore unless for the purpose of paying dividends. There are no assessable temporary differences relating to the Group's investments in subsidiary corporations and associated corporations.

At 31 December 2019, a subsidiary corporation had unutilised tax losses amounting to approximately $45,730,000 (2018: $45,730,000) available for set-off against taxable income in the future for which no deferred tax asset is recognised due to uncertainty as to its recoverability. The use of these tax losses is subject to agreement by the tax authority and in compliance with certain provisions of the tax legislation of the jurisdiction in which the subsidiary corporation operates. These tax losses have no expiry date.

During the financial year ended 31 December 2019, there was a write back of deferred tax provision of $1,188,000 (2018: $9,516,000) for distributions from HKT which were used to pay tax exempt dividend to equity holders of the Company.

21. SHARE CAPITAL

	No. of ordinary shares '000	Amount $'000
Group and Company		
2019		
Beginning and end of financial year	**2,649,740**	**457,283**
2018		
Beginning and end of financial year	2,649,740	457,283

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

22. OTHER RESERVES

(a) *Composition:*

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Currency translation reserve	**79,472**	83,546	**(85,674)**	(72,267)
Equity share compensation reserve	**3,743**	4,651	**–**	–
Cash flow hedge reserve	**9,970**	1,204	**–**	–
Other reserve	**(13,654)**	(13,022)	**–**	–
Fair value reserve	**166,449**	167,433	**133,504**	141,096
	245,980	243,812	**47,830**	68,829

(b) *Movements:*

(i) *Currency translation reserve*

Movements in the currency translation reserve arise mainly from differences in the translation of the financial statements of companies in the Group whose functional currencies are different from that of the Group's presentation currency.

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Beginning of financial year	**83,546**	73,202	**(72,267)**	(99,191)
Net currency translation differences of financial statements of the Company, foreign subsidiary corporations and associated corporations	**(11,300)**	22,254	**(13,407)**	26,924
Share of currency translation reserve of associated corporations	**7,226**	(11,910)	**–**	–
End of financial year	**79,472**	83,546	**(85,674)**	(72,267)

22. OTHER RESERVES (continued)

(b) *Movements:* (continued)

(ii) *Equity share compensation reserve*

Equity share compensation reserve represents the equity-settled share options granted to employees of an associated corporation.

	Group	
	2019	2018
	$'000	$'000
Beginning of financial year	**4,651**	4,412
Share of equity share compensation reserve of an associated corporation	**(908)**	239
End of financial year	**3,743**	4,651

(iii) *Cash flow hedge reserve*

	Group	
	2019	2018
	$'000	$'000
Beginning of financial year	**1,204**	3,674
Share of net fair value gains/(losses), net of tax of an associated corporation	**8,766**	(2,470)
End of financial year	**9,970**	1,204

(iv) *Other reserve*

The other reserve records the increase in ownership interest in a subsidiary corporation of an associated corporation and dividends paid under the associated corporation's share award scheme.

	Group	
	2019	2018
	$'000	$'000
Beginning of financial year	**(13,022)**	(4,140)
Share of an associated corporation's other reserves relating to acquisition of subsidiary corporations	**–**	(8,882)
Share of an associated corporation's other reserves relating to accretion on put option to the non-controlling shareholder of an indirect non-wholly owned subsidiary corporation	**(632)**	–
End of financial year	**(13,654)**	(13,022)

22. OTHER RESERVES (continued)

(b) *Movements:* (continued)

(v) *Fair value reserve*

The fair value reserve records the cumulative fair value changes in financial assets, at FVOCI and asset classified as held-for-sale until they are derecognised or impaired.

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**167,433**	137,913	**141,096**	108,208
Fair value gains/(losses) on financial assets, at FVOCI and assets classified as held-for-sale:				
– Gross gains/(losses) on fair value changes during the year	**4,437**	32,746	**(7,592)**	32,888
– Tax on fair value changes	**(1,703)**	–	**–**	–
– Share of an associated corporation's net losses on fair value changes	**(3,238)**	(3,226)	**–**	–
– Transfer upon disposal of investments	**(480)**	–	**–**	–
End of financial year	**166,449**	167,433	**133,504**	141,096

23. SEGMENT INFORMATION

The chief operating decision makers consist of the Chairman and Group Managing Director.

The chief operating decision makers include a business segment analysis in their strategic decision making process. Management provides information on the business in two business segments: investment holding and business management and consultancy services.

The chief operating decision makers assess the performance of these operating segments based on net profit.

Revenue is derived from dividend income and the provision of business management and consultancy services to other related parties and associated corporations.

Information with respect to total assets and total liabilities is measured in a manner consistent with that used in the financial statements.

All assets other than cash and cash equivalents are allocated to reportable segments.

Liabilities are allocated based on operations within the segment. All liabilities are allocated to reportable segments other than borrowings, current income tax liabilities and deferred income tax liabilities.

23. SEGMENT INFORMATION (continued)

Geographical information:

	Group Revenue		Group Non-current assets	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Singapore	**–**	–	**953**	1,051
India	**–**	–	**11,193**	10,891
Hong Kong	**17,536**	15,620	**925,668**	994,583
	17,536	15,620	**937,814**	1,006,525

2019

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

23. SEGMENT INFORMATION (continued)

2018

	Investment holding $'000	Business management and consultancy services $'000	Consolidated $'000
External revenue	15,620	–	15,620
Operating profit before interest income, depreciation and amortisation	9,821	433	10,254
Interest income	127	–	127
Depreciation and amortisation	(358)	(3)	(361)
Profit from operating activities	9,590	430	10,020
Finance expenses	(3,017)	–	(3,017)
Share of profits of associated corporations, net of tax	36,496	–	36,496
Loss on liquidation of a subsidiary corporation	(473)	–	(473)
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

24. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk, cash flow and fair value interest rate risks), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group's associated corporation, PCCW, uses financial instruments such as currency forwards, interest rate swaps and foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

(a) Market risk

(i) Currency risk

The Group operates in Asia with operations in Singapore, Hong Kong and India. Entities in the Group regularly transact in currencies other than their functional currencies ("foreign currencies") such as the Singapore Dollar ("SGD"), United States Dollar ("USD") and Hong Kong Dollar ("HKD").

Currency risk arises when transactions involving monetary items are denominated in foreign currencies. Where material, the Group takes steps to manage currency risk.

In addition, the Group is exposed to currency translation risk on net monetary assets in foreign operations. The Group monitors foreign currency exposures on an on-going basis.

24. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Group's currency exposure, based on the information provided to key management, is as follows:

	HKD $'000	SGD $'000	USD $'000	Other $'000	Total $'000
At 31 December 2019					
Financial assets					
Cash and cash equivalents	**1,829**	**4,719**	**7,214**	**1**	**13,763**
Trade and other receivables	**–**	**71**	**2**	**–**	**73**
Other financial assets	**–**	**89**	**–**	**–**	**89**
Intercompany receivables	**170,105**	**15,142**	**–**	**–**	**185,247**
	171,934	**20,021**	**7,216**	**1**	**199,172**
Financial liabilities					
Other financial liabilities	**(1,412)**	**(1,233)**	**(1,477)**	**(647)**	**(4,769)**
Borrowings	**(204,816)**	**(453)**	**(138,602)**	**–**	**(343,871)**
Intercompany payables	**(170,105)**	**(15,142)**	**–**	**–**	**(185,247)**
	(376,333)	**(16,828)**	**(140,079)**	**(647)**	**(533,887)**
Net financial (liabilities)/assets	**(204,399)**	**3,193**	**(132,863)**	**(646)**	**(334,715)**
Less:					
Net financial liabilities/(assets) denominated in respective entities' functional currencies	**169,030**	**178**	**(990)**	**–**	
Net intercompany liabilities/(receivables) denominated in respective entities' functional currencies	**35,334**	**(15,017)**	**–**	**–**	
Currency exposure	**(35)**	**(11,646)**	**(133,853)**	**(646)**	

24. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Group's currency exposure, based on the information provided to key management, is as follows: (continued)

	HKD $'000	SGD $'000	USD $'000	Other $'000	Total $'000
At 31 December 2018					
Financial assets					
Cash and cash equivalents	12,099	917	92	1	13,109
Trade and other receivables	–	99	3	–	102
Other financial assets	–	86	–	–	86
Intercompany receivables	29	2,648	–	–	2,677
	12,128	3,750	95	1	15,974
Financial liabilities					
Other financial liabilities	(478)	(811)	(1,069)	(653)	(3,011)
Borrowings	(12,974)	(134)	–	–	(13,108)
Intercompany payables	(29)	(2,648)	–	–	(2,677)
	(13,481)	(3,593)	(1,069)	(653)	(18,796)
Net financial (liabilities)/assets	(1,353)	157	(974)	(652)	(2,822)
Less:					
Net financial liabilities/(assets) denominated in respective entities' functional currencies	1,353	(316)	(5)	–	
Net intercompany receivables denominated in respective entities' functional currencies	–	(2,648)	–	–	
Currency exposure	–	(2,807)	(979)	(652)	

24. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure, based on the information provided to key management, is as follows:

	HKD $'000	SGD $'000	USD $'000	Total $'000
At 31 December 2019				
Financial assets				
Cash and cash equivalents	**1,600**	**4,267**	**8**	**5,875**
Trade and other receivables	**–**	**70**	**–**	**70**
Other financial assets	**–**	**3**	**–**	**3**
	1,600	**4,340**	**8**	**5,948**
Financial liabilities				
Borrowings	**(40,841)**	**–**	**(138,602)**	**(179,443)**
Other financial liabilities	**(171,242)**	**(15,975)**	**(1,215)**	**(188,432)**
	(212,083)	**(15,975)**	**(139,817)**	**(367,875)**
Net financial liabilities	**(210,483)**	**(11,635)**	**(139,809)**	
Currency exposure after deducting net financial liabilities denominated in the Company's functional currency	**–**	**(11,635)**	**(139,809)**	
At 31 December 2018				
Financial assets				
Cash and cash equivalents	8,309	359	17	8,685
Trade and other receivables	–	18	–	18
	8,309	377	17	8,703
Financial liabilities				
Borrowings	(12,973)	–	–	(12,973)
Other financial liabilities	(445)	(3,171)	(779)	(4,395)
	(13,418)	(3,171)	(779)	(17,368)
Net financial liabilities	(5,109)	(2,794)	(762)	
Currency exposure after deducting net financial liabilities denominated in the Company's functional currency	–	(2,794)	(762)	

24. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the value of the USD and SGD change against the HKD by 3% (2018: 6%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(Decrease)			
	2019		2018	
	Profit after tax $'000	**Other comprehensive income $'000**	Profit after tax $'000	Other comprehensive income $'000
Group				
USD against HKD				
– strengthened	**(3,333)**	**–**	(49)	–
– weakened	**3,333**	**–**	49	–
SGD against HKD				
– strengthened	**84**	**(374)**	(8)	(132)
– weakened	**(84)**	**374**	8	132
Company				
USD against HKD				
– strengthened	**(3,481)**	**–**	(38)	–
– weakened	**3,481**	**–**	38	–
SGD against HKD				
– strengthened	**(290)**	**–**	(139)	–
– weakened	**290**	**–**	139	–

24. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified as financial assets at FVOCI.

These securities consist of listed equity securities in Hong Kong and unlisted equity securities in Cayman Islands and Japan.

The Group is not exposed to commodity price risk. To manage price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of its portfolio is done in accordance with limits set by the Group.

If prices for the listed equity securities in Hong Kong and unlisted equity securities in Cayman Islands and Japan change by 6% (2018: 6%) with all other variables including tax rate being held constant, the total profit and other comprehensive income will be as follows:

	Increase/(Decrease)			
	2019		2018	
	Profit after tax $'000	**Other comprehensive income $'000**	Profit after tax $'000	Other comprehensive income $'000
Group				
Listed in Hong Kong				
– increased by	**–**	**13,837**	–	15,304
– decreased by	**–**	**(13,837)**	–	(15,304)
Unlisted in Cayman Islands				
– increased by	**–**	**3,672**	–	4,054
– decreased by	**–**	**(3,672)**	–	(4,054)
Unlisted in Japan				
– increased by	**–**	**7**	–	4
– decreased by	**–**	**(7)**	–	(4)
Company				
Listed in Hong Kong				
– increased by	**–**	**13,837**	–	14,339
– decreased by	**–**	**(13,837)**	–	(14,339)

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Company have insignificant exposures to cash flow and fair value interest rate risks.

24. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

For trade receivables, the Group adopts the policy of dealing only with external customers with appropriate credit standing and history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. As these policies have been applied consistently, the Group does not expect to incur material credit losses on these financial assets.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instrument presented in the balance sheet.

The Group's and Company's major classes of financial assets are bank deposits, trade and other receivables and financial assets, at FVOCI. These assets are subject to immaterial credit loss.

The credit risk for trade and other receivables, based on information provided to key management, is as follows:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
By geographical areas				
Singapore	**25**	45	**70**	14
Hong Kong	**46**	44	**–**	–
Cayman Islands	**2**	13	**–**	4
	73	102	**70**	18
By types of customers				
Non-related parties	**20**	32	**7**	9
Subsidiary corporation	**–**	–	**63**	–
Other related parties	**53**	70	**–**	9
	73	102	**70**	18

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially from companies with a good collection track record with the Group and the Company, and are expected to be collected within 12 months from the balance sheet date.

24. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

The Group and the Company do not have any receivables that are past due but not impaired.

The carrying amount of trade and other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Gross amount	**60,372**	60,372	**596**	596
Less: Allowance for impairment	**(60,372)**	(60,372)	**(596)**	(596)
	–	–	**–**	–
Beginning and end of financial year	**60,372**	60,372	**596**	596

The Group and the Company do not have further dealings with the counterparties to these impaired receivables.

(c) Liquidity risk

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year $'000	Between 1 and 5 years $'000
Group		
At 31 December 2019		
Trade and other payables	**4,769**	**–**
Borrowings	**47,084**	**317,320**
	51,853	**317,320**
At 31 December 2018		
Trade and other payables	3,011	–
Borrowings	13,138	9
	16,149	9
Company		
At 31 December 2019		
Trade and other payables	**188,432**	**–**
Borrowings	**6,710**	**184,054**
	195,142	**184,054**
At 31 December 2018		
Trade and other payables	4,395	–
Borrowings	13,011	–
	17,406	–

24. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors its capital based on total capital. Total capital is calculated as capital and reserves attributable to equity holders of the Company plus net debt. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Net debt	**334,877**	3,010	**362,000**	8,683
Capital and reserves attributable to equity holders of the Company	**1,059,588**	1,405,334	**1,141,774**	1,435,932
Total capital	**1,394,465**	1,408,344	**1,503,774**	1,444,615

There are no externally imposed capital requirements for the financial years ended 31 December 2019 and 2018.

(e) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices) (Level 2); and

(iii) inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Group				
Assets				
Financial assets, at FVOCI				
2019	**277,849**	**50,932**	**22,929**	**351,710**
2018	307,314	48,459	33,012	388,785
Company				
Assets				
Financial assets, at FVOCI				
2019	**277,849**	**–**	**–**	**277,849**
2018	287,937	–	–	287,937

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group are the closing prices. These instruments are included in Level 1.

24. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

The fair values of financial assets at FVOCI held in funds based on values reflected in statements from fund managers are included in Level 2.

The following table presents the changes in Level 3 instruments:

	Group	
	2019	2018
	$'000	$'000
Financial assets at FVOCI		
Beginning of financial year	**33,012**	35,567
Currency translation differences	**(537)**	865
Addition	**–**	73
Refund of capital contribution	**(7,590)**	(3,610)
Fair value (losses)/gains recognised in other comprehensive income	**(1,956)**	117
End of financial year	**22,929**	33,012

The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at		Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	2019	2018				
	$'000	$'000				
Unquoted equity securities	**22,929**	33,012	Net asset value #	Net asset value	Not applicable	The higher the net asset value, the higher is the fair value.

Unquoted equity securities are valued based on the net asset value per share as reported by the investee. The net assets of the investee is principally made up of quoted equity instruments that are carried at fair value.

The Group's finance team assesses the fair value of financial assets at FVOCI on a quarterly basis.

The carrying values less impairment provision of trade and other receivables and trade and other payables are assumed to approximate their fair values. The fair values of current borrowings approximate their carrying amounts.

(f) Financial instruments by category

The carrying amount of different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 13 respectively, to the financial statements, except for the following:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Financial assets, at amortised cost	**13,925**	13,297	**5,948**	8,704
Financial liabilities, at amortised cost	**348,640**	16,119	**367,875**	17,368

25. GROUP CORPORATIONS

Details of the subsidiary corporations and associated corporations are as follows:

Name of company (country of incorporation)	Principal activities (place of business)	Carrying amount of investment		Percentage of equity held by the Group	
		2019	2018	**2019**	2018
		$'000	$'000	**%**	%
Subsidiary corporations directly held by the Company					
[a] PCRD Services Pte Ltd (Singapore)	Investment holding, business management and consultancy services (Singapore)	**21,213**	21,398	**100**	100
[a] Gladioli Investments Pte Ltd (Singapore)	Dormant	**287**	292	**100**	100
[a] Riyan Pte Ltd (Singapore)	Dormant	**–**	–	**100**	100
[a] Elsmore Pte Ltd (Singapore)	Investment holding (Singapore)	**50,915**	48,596	**100**	100
[a] Leapford Pte. Ltd. (Singapore)	Investment holding (Singapore)	**102,763**	20,635	**100**	100
[b] Pacific Century Regional Developments (HK) Limited (Hong Kong)	Business management and consultancy services (Hong Kong)	**29,230**	36,030	**100**	100
[c] Telegraph Investments Limited (British Virgin Islands)	Dormant	**–**	–	**100**	100
[c] Valuable Enterprises Limited (British Virgin Islands)	Dormant	**–**	–	**100**	100
[c] Starvest Limited (Cayman Islands)	Dormant	**–**	–	**100**	100
[d] PCRD Investments Limited (Hong Kong)	Dormant	**–***	–*	**100**	100
		204,408	126,951		

25. GROUP CORPORATIONS (continued)

Details of the subsidiary corporations and associated corporations are as follows: (continued)

Name of company (country of incorporation)	Principal activities (place of business)	Carrying amount of investment		Percentage of equity held by the Group	
		2019	2018	**2019**	2018
		$'000	$'000	**%**	%
Associated corporation held by the Company					
[b] PCCW Limited (Hong Kong)	Provision of local and international telecommunications and information technology services, technology-related businesses, and investment holding (Hong Kong)	**1,022,240**	1,031,182	**22.7**	22.7
		1,022,240	1,031,182		
Subsidiary corporations indirectly held by the Company					
[c] City Ventures Global Limited (Cayman Islands)	Investment holding (Cayman Islands)			**100**	100
[c] Prosper Global Investments Limited (Cayman Islands)	Investment holding (Cayman Islands)			**100**	100
Associated corporations indirectly held by the Company					
[e] KSH Distriparks Private Limited (India)	Rendering services for an Inland Container Depot, warehousing and third party logistics and transportation solutions (India)			**49.9**	49.9
[f] KSH Infra Private Limited (India)	Developing and managing warehouses and industrial parks (India)			**–**	49.9

* Less than $1,000
[a] Audited by PricewaterhouseCoopers LLP, Singapore
[b] Audited by PricewaterhouseCoopers, Hong Kong
[c] A corporation not requiring audit under the laws in its country of incorporation
[d] Audited by Abacus CPA Limited, Hong Kong
[e] Audited by BSR & Co. LLP, India
[f] Disposed in 2019 (Note 12)

26. RELATED PARTY TRANSACTIONS

(a) In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and its related parties, on terms agreed between the respective parties:

	Group	
	2019	2018
	$'000	$'000
Management services rendered to:		
– associated corporations	**3**	10
– other related parties *	**38**	28
Payments made on behalf of and reimbursable by		
– associated corporations	**14**	291
– other related parties *	**31**	33
Payments made on behalf by and reimbursable to		
– associated corporations	**2,336**	589
– other related parties *	**361**	338

* The above other related parties comprise mainly of companies which are controlled or significantly influenced by the Group's key management personnel.

(b) Key management personnel compensation is as follows:

	Group	
	2019	2018
	$'000	$'000
Wages, salaries and other short-term employee benefits	**1,347**	1,265
Employer's contribution to defined contribution plans including Central Provident Fund	**35**	35
	1,382	1,300

27. DIVIDENDS

	Company	
	2019	2018
	$'000	$'000
Ordinary dividends		
Interim and special (2018: nil) dividend paid in respect of the current financial year of 2.0 cents and 3.5 cents respectively (2018: nil) per share	**145,736**	–
Final and special (2018: final) dividend paid in respect of the previous financial year of 2.4 cents and 6.3 cents respectively (2018: 2.2 cents) per share	**230,527**	58,294
	376,263	58,294

28. CONTINGENCIES

Contingent liabilities, excluding those relating to investments in associated corporations (Note 14), of which the probability of settlement is not remote at the balance sheet date, are as follows:

In 2019, the Company has issued a corporate guarantee to a bank for borrowings of a subsidiary corporation. These bank borrowings amount to $35,369,000 (2018: nil) at the balance sheet date and is repayable on demand.

29. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Amendments to SFRS(I) 3 *Business Combination* (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with an acquisition date on or after 1 January 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

30. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Pacific Century Regional Developments Limited on 24 March 2020.

Pacific Century Regional Developments Limited ("PCRD" or the "Company") is committed to upholding high standards of corporate governance in conformity with the Code of Corporate Governance issued by the Singapore Exchange Securities Trading Limited ("SGX").

PCRD supports the principles underpinning best practice in corporate governance. The challenge, as PCRD sees it, is not simply to put the various elements of good corporate governance in place but also to ensure that these elements are effectively integrated, well understood, and appropriately applied. Importantly, also, an appropriate balance must be maintained between the conformance and performance roles of the Board and its Committees.

PCRD has always recognised that improving corporate governance is a continuous process and if implemented effectively, good corporate governance practices provide the integrated strategic framework necessary to achieve required performance outputs and outcomes, as well as discharging the Company's accountability obligations.

This report describes the Company's corporate governance practices during the financial year ended 31 December 2019 with specific reference to the Code of Corporate Governance 2018 ("Code"). The Company has complied with the principles of the Code, and substantially, with the provisions as set out in the Code. Deviations from the Code, if any, are explained under the respective sections.

BOARD OF DIRECTORS

Principle 1: Board's Conduct of Affairs

The Board:

1. Acts as the ultimate decision-making body of the Company, except with respect to those matters reserved to shareholders. Directors are fiduciaries who take decisions objectively in the interests of the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

2. Represents shareholders' interest in developing the Company's businesses to successfully optimise long-term financial returns.

3. Reviews and evaluates management performance and ensures that Management is capably executing its responsibilities.

4. Acts as an advisor and counselor to senior management.

5. Identifies key stakeholder groups, sets the Company's values and standards, and recognises and ensures its legal, social and moral obligations towards shareholders and stakeholders are understood and met.

Specifically, the Board is responsible for:

1. Providing entrepreneurial leadership, formulation of policies and strategies (including consideration of sustainability issues), ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and overseeing the management of the Company as a whole.

2. Approving major funding, investment and divestment proposals.

3. Overseeing the processes for evaluating the adequacy and effectiveness of internal controls and risk management, including safeguarding of the Company's assets and shareholders' interests.

4. Approving the nominations of board directors.

5. Assuming responsibility for compliance with the Companies Act, Chapter 50 ("Companies Act") and the rules and requirements of regulatory bodies.

BOARD OF DIRECTORS (continued)

Matters that are specifically reserved to the full Board for decision are those involving material acquisitions and disposals of assets, corporate or financial restructuring, share issuances, share buy-backs and dividends. Under written internal guidelines adopted by the Company which have been communicated to Management, specific Board approval is required for any investment or expenditure exceeding US$50 million (or its equivalent in any other currency) in total. To facilitate effective management, certain functions have been delegated by the Board to Board Committees namely, the Executive Committee, the Audit Committee, the Nominating Committee and the Remuneration Committee. Each of these Board Committees has clear written terms of reference which are reviewed regularly and set out their compositions, authorities and duties, including requirements to report back to the Board.

The Board meets at least twice a year and as warranted by circumstances. The Company's Constitution allows a board meeting to be conducted by way of videoconference, teleconference and other forms of electronic communication. Attendances of directors at meetings of the Board and Board Committees and the Company's Annual General Meeting ("AGM") in 2019 were as follows:

	Board		Audit		Nominating		Remuneration		AGM
Name	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Attended
Richard Li Tzar Kai	4	4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	–
Francis Yuen Tin Fan	4	4	4	4	n.a.	n.a.	1	1	–
Peter A. Allen	4	4	n.a.	4*	n.a.	1*	n.a.	1*	1
Tom Yee Lat Shing	4	4	4	4	n.a.	1*	1	1	1
Frances Wong Waikwun	4	3	4	4	1	1	n.a.	n.a.	–
Laura Deal Lacey	4	4	n.a.	n.a.	1	1	1	1	1
W. Michael Verge	4	4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	–
Christopher John Fossick	4	4	4	4	1	1	n.a.	n.a.	1

* By invitation
n.a. Not applicable
– Non-attendance due to travel and/or business commitments

Directors understand the Group's business as well as their directorship duties. New directors are briefed on the Group's business and corporate governance policies. Upon appointment of each new director, PCRD provides a formal letter to the director setting out the director's duties and obligations. Familiarisation visits are organised and funded, as necessary, to facilitate a better understanding of the Group's operations. Whilst there are no formal continuing training programmes for existing directors, briefing sessions and training (including by external professional legal and financial advisors), particularly on relevant new laws, regulations and changing commercial risks, are conducted or provided at the Company's expense when necessary.

In order to ensure that the Board is able to fulfill its responsibilities, Board members receive full co-operation from Management in providing them with key information in a complete, adequate and timely manner and access to company records and information on an on-going basis. In furtherance of the same, each of the directors has been provided with the contact numbers and e-mail addresses of all other PCRD directors, senior management and the Company Secretary.

Board papers, including sufficient background information on matters to be brought before the Board such as business strategies and summaries of disclosure documents, are circulated to Board members prior to meetings by the Company Secretary. Minutes of all Board and Board Committee meetings are also circulated to Board members periodically. The Board is updated on the status of the performance of subsidiary companies ("subsidiary corporations" and each, a "subsidiary corporation") and associated companies ("associated corporations" and each, an "associated corporation") and the Company also provides independent directors with relevant background and explanatory information to enable them to understand its business and financial environment as well as those particular risks faced by the Company.

The Board has separate and independent access to the Company Secretary and senior management of the Company as and when the need arises.

BOARD OF DIRECTORS (continued)

The Company Secretary's role includes advising the Board on all governance matters. Should directors, whether individually or as a group, need independent professional advice in relation to the conduct of his or their duties, the Directors, or the Company Secretary upon direction by the Board, may appoint a professional advisor selected by the individual or individuals concerned and approved by the executive directors to render advice. The cost of such professional advice is borne by the Company.

The Company Secretary or his assistant attends all Board meetings and is responsible for ensuring that Board procedures are followed. It is the Company Secretary's responsibility to ensure that the Company complies with the requirements of the Companies Act and all other rules and regulations which are applicable to the Company and that Board members are fully briefed on these and have regard to them when taking decisions. The Company Secretary's responsibilities also include ensuring good information flows within the Board and its Board Committees and between senior management and non-executive directors, as well as facilitating orientation and assisting with professional development as required.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Principle 2: Board Composition and Guidance

The Board currently comprises eight directors of whom two are executive directors, one is a non-executive director and five are independent non-executive directors.

The executive directors are the Chairman of the Board, Mr. Richard Li Tzar Kai, and the Group Managing Director, Mr. Peter A. Allen. The non-executive director is Mr. W. Michael Verge.

The five independent non-executive directors are the Deputy Chairman, Mr. Francis Yuen Tin Fan, Mr. Tom Yee Lat Shing (Lead Independent Director), Ms. Frances Wong Waikwun, Ms. Laura Deal Lacey and Mr. Christopher John Fossick.

The Nominating Committee is responsible for reviewing at least annually the actual structure, size and composition of the Board (including the skills, knowledge, experience and degree of independence) compared to the attributes required by the Board and making recommendations to the Board with regard to any proposed changes.

In its annual review of the degree of independence based on a questionnaire on independence which directors are required to complete, the Nominating Committee adopts the Code's definition of what constitutes an independent director. The Board recognises the contribution of its independent directors who over time have developed deep insights into the Company's businesses and who are therefore able to provide valuable contributions to the Company. In view of these invaluable insights and the appropriate fit of the present Board members to the current businesses of the Company, the Board has not set a fixed term of office for each of its independent directors so as to be able to retain the services of these directors.

The independence of any director who has served on the Board beyond nine years from the date of his first appointment is subject to particularly rigorous review. Mr. Tom Yee Lat Shing and Mr. Francis Yuen Tin Fan have each served on the Board for more than nine years and as a result, the Board has reviewed the extent to which they remain independent. Following this review which comprised an assessment of Mr. Yee's and Mr. Yuen's objective Board participation based on a review of Board and Board Committee meeting minutes, and which took into account the questionnaire on independence which directors are required to complete. The Board remains satisfied that, despite their length of tenure, Mr. Yee and Mr. Yuen are able to discharge their duties with professionalism and objectivity, exercise strong independent judgement and act in the best interests of the Company and they therefore remain independent. No other incumbent independent director has served in that capacity for more than nine years.

The profiles of directors are set out on pages 4 to 5 of this Annual Report.

Members of the Board of Directors are drawn from a range of professional disciplines and all directors have prior relevant practical experience. The Board communicates regularly through the Company Secretary to ensure that alternative views are obtained before embarking on transactions, as well as to ensure that there is an adequate flow of information.

BOARD OF DIRECTORS (continued)

The Board considers the current Board structure, size and composition suitable for the Group's present scope and nature of operations. The Board has an appropriate mix of skills, knowledge, experience, and other aspects of diversity such as age and gender to provide the Company with the necessary management, financial, business and industry knowledge, and to avoid groupthink and foster constructive debate. Non-executive directors constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. The non-executive directors meet without the presence of Management on a need-be basis when especially warranted by circumstances from time to time and are able to communicate via telephonic conferences or otherwise to discuss issues relating to board processes, corporate governance initiatives and other matters to be discussed during Board meetings. Provision 2.5 of the Code requires that non-executive directors and/or independent directors meet regularly without the presence of Management. Although the non-executive directors (who comprise a majority of the Board) meet without the presence of Management on a need-be basis rather than regularly, the Company is of the view that these meetings of the non-executive directors nevertheless allow the non-executive directors to critically assess corporate governance matters such as the division of responsibilities and relationship between the Board and Management, Board evaluation processes and the performance of executive directors, and the Board's access to information. The Company is therefore of the view that the Board has an appropriate level of independence to enable it to make decisions in the best interests of the Company. Provision 2.4 of the Code requires that the board diversity policy be disclosed in the issuer's annual report. Although the Company does not have a formal board diversity policy, the Nominating Committee and the Board are mindful of the importance of diversity for an effective Board, and various dimensions of diversity such as professional competencies and gender are incorporated in the selection and nomination process for the appointment of directors that is currently in place. The Company is of the view that the Board has an appropriate level of diversity of thought and independence to enable it to make decisions in the best interests of the Company.

Additional information on those Directors who are proposed for re-election at the 2020 AGM is as follows:

Name of Directors	Tom Yee Lat Shing	Laura Deal Lacey	W. Michael Verge
Age	85	44	67
Date of appointment	19 April 1991	12 February 2015	11 August 2017
Date of last re-appointment (if applicable)	23 April 2018 (re-elected)	31 March 2017 (re-elected)	23 April 2018 (re-elected)
Country of principal residence	Singapore	Singapore	Hong Kong
Whether appointment is executive, and if so, the area of responsibility	No	No	No
Job title (e.g. Lead ID, AC Chairman, AC member etc.)	1. Independent Non-Executive Director 2. Lead Independent Director 3. Chairman of the Audit Committee 4. Member of the Remuneration Committee	1. Independent Non-Executive Director 2. Member of the Nominating Committee 3. Member of the Remuneration Committee	Non-Executive Director
Professional qualifications	Singapore Chartered Accountant	1. Master of Science in Strategic Communications from the Columbia University 2. Bachelor of Science degree in Business from the Arizona State University	Bachelor of Arts degree in Economics from the McMaster University
Working experience and occupation(s) during the last 10 years	Director	Director	Director

BOARD OF DIRECTORS (continued)

Name of Directors	Tom Yee Lat Shing	Laura Deal Lacey	W. Michael Verge
Shareholding interest in the listed issuer and its subsidiaries	No	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Other principal commitments including directorships	None	Managing Director of the Milken Institute Asia	1. Non-Executive Director of PineBridge Investments' Board 2. Consultant at Pacific Century Group Holdings
Past (for the last 5 years) – Directorships in listed entities	Cosco Shipping International (Singapore) Ltd	None	None
Present – Directorships in listed entities	1. Bonvests Holdings Limited 2. Powermatic Data Systems Limited	None	None

The Directors seeking re-election at the 2020 AGM, namely Mr. Tom Yee Lat Shing, Ms. Laura Deal Lacey and Mr. W. Michael Verge, have each:

- Provided an undertaking in the format set out in Appendix 7.7 under Rule 720(1) of the SGX Listing Manual.
- Confirmed that he/she has no conflict of interest (including any competing business).
- Confirmed that he/she has prior experience as a director of an issuer listed on the SGX as he/she is currently a Director of the Company.
- Confirmed that his/her responses under items (a) to (k) of Appendix 7.4.1 of the SGX Listing Manual are all "No".

The above Directors are proposed for re-appointment to ensure that the Board continues to have the right mix of skills, knowledge, experience and diversity such as gender and age to provide the Company with the necessary management, financial, business and industry knowledge.

BOARD OF DIRECTORS (continued)

Principle 3: Chairman and Group Managing Director

The Chairman, Mr. Richard Li Tzar Kai, is an executive director and his role is separate from that of Mr. Peter A. Allen, the Group Managing Director. The clear separation of the role and responsibilities of the Chairman and the Group Managing Director, which are set out in writing, is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman is assisted by an Executive Committee comprising himself and Mr. Peter A. Allen. The Group Managing Director is responsible for the workings of the Board as well as ensuring conformity by Management with corporate governance policies laid down by the Board. The Chairman ensures that board meetings are held when necessary and sets the board meeting agenda in consultation with the Group Managing Director. The Chairman also:

1. Leads the Board to ensure its effectiveness in all aspects of its role;

2. Sets the agenda and ensures that adequate time is available for discussion of all agenda items, including strategic issues;

3. Promotes a culture of openness and debate at the Board;

4. Ensures that directors receive complete, accurate, timely and clear information;

5. Ensures effective communication with shareholders;

6. Encourages constructive relations within the Board and between the Board and Management;

7. Facilitates the effective contribution of non-executive directors;

8. Encourages constructive relations between executive directors and non-executive directors; and

9. Promotes high standards of corporate governance.

As the Chairman is not an independent director and is part of the management team, the Company has appointed a Lead Independent Director ("LID") in line with the recommendations of the Code. The Company's LID is Mr. Tom Yee Lat Shing. The LID is available to shareholders in cases where they have concerns which contact through the normal channels of the Chairman or Management has failed to resolve or is inappropriate. The LID and other independent directors meet periodically without the presence of the other directors, and the LID provides feedback to the Chairman after such meetings.

BOARD COMMITTEES

The Board and Board Committees do not have direct oversight over the affairs of PCCW Limited ("PCCW") as this company is listed on The Stock Exchange of Hong Kong Limited whose high regulatory standards allow the Board and Board Committees of the Company to rely on the board and board committees of PCCW to oversee their own operations.

NOMINATING COMMITTEE

Principle 4: Board Membership

The Nominating Committee was formed on 5 December 2002.

During the financial year ended 31 December 2019, the Nominating Committee comprised three independent directors namely, Ms. Frances Wong Waikwun (Chairwoman), Ms. Laura Deal Lacey and Mr. Christopher John Fossick. Under Provision 4.2 of the Code, the LID is to be a member of the Nominating Committee. Although Mr. Tom Yee Lat Shing, the LID, is not a member of the Nominating Committee, he was invited to and attended the Nominating Committee meetings during the aforesaid financial year. It is intended for Mr. Yee to be appointed as a member of the Nominating Committee during the financial year ending 31 December 2020.

NOMINATING COMMITTEE (continued)

The duties and responsibilities of the Nominating Committee (as set out in its terms of reference) are as follows:

1. To review the succession plans for directors (in particular, the Chairman, Group Managing Director and key management personnel) and assess the skills represented on the Board by directors and determine whether those skills meet the required standard to competently discharge the Board's duties, having regard to the strategic direction of the Company and its succession plans, and to make recommendations to the Board on individuals it considers appropriate for appointment or re-appointment.

2. To implement a process for identification of suitable candidates for appointment to the Board and assess, based on disclosures by directors of their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, the independence of new appointees and existing directors in accordance with the guidelines contained in the Code and make recommendations to the Board in relation thereto.

3. To evaluate and assess the effectiveness of the Board as a whole, its Board Committees and directors, by establishing a process for conducting reviews of all Board members by such means as it considers appropriate, and to make recommendations to the Board in relation thereto.

4. To make recommendations to the Board in relation to the appointment of new directors and re-election of incumbent directors who are retiring by rotation.

5. To make recommendations to the Board in relation to the training and professional development programmes for directors, and ensure that new directors are aware of their duties and obligations. Whilst there are no formal continuing training programmes for existing directors, briefing sessions and training (including by external professional legal and financial advisors), particularly on relevant new laws, regulations and changing commercial risks, are conducted or provided at the Company's expense when necessary.

New directors and retiring directors seeking re-election are recommended to the Board, after the Nominating Committee has agreed to their nomination. Article 99 of the Company's Constitution provides that one-third of the Board of Directors is to retire from office by rotation and is subject to re-election at the Company's Annual General Meeting ("AGM") and every director is to submit himself for re-election at least once every 3 years. In addition, Article 105 of the Company's Constitution provides that a newly appointed director must retire and submit himself for re-election at the next AGM following his initial appointment.

The date of appointment and last re-election of each director, together with their directorships or chairmanships both present and those held in the preceding three years in other listed companies are set out below:

Name of Director	Appointment	Date of initial appointment	Date of last re-election / re-appointment	Directorships or chairmanships both present and those held over the preceding three years in other listed companies
Richard Li Tzar Kai	Executive	08.09.94	02.04.19	Present – PCCW Limited – HKT Limited – Pacific Century Premium Developments Limited Past 3 years – The Bank of East Asia, Limited
Francis Yuen Tin Fan	Non-Executive/ Independent	15.03.05	02.04.19	Present – Shanghai Industrial Holdings Limited – Yixin Group Limited Past 3 years – China Foods Limited – Agricultural Bank of China Limited

NOMINATING COMMITTEE (continued)

Name of Director	Appointment	Date of initial appointment	Date of last re-election / re-appointment	Directorships or chairmanships both present and those held over the preceding three years in other listed companies
Peter A. Allen	Executive	01.11.97	23.04.18	Present – HKT Limited
Tom Yee Lat Shing	Non-Executive/ Independent	19.04.91	23.04.18	Present – Bonvests Holdings Limited – Powermatic Data Systems Limited Past 3 years – Cosco Shipping International (Singapore) Limited
Frances Wong Waikwun	Non-Executive/ Independent	01.06.13	02.04.19	Present – PCCW Limited – HKT Limited
Laura Deal Lacey	Non-Executive/ Independent	12.02.15	31.03.17	None
W. Michael Verge	Non-Executive	11.08.17	23.04.18	None
Christopher John Fossick	Non-Executive/ Independent	13.08.18	02.04.19	None

Key information regarding directors, including academic and professional qualifications, is set out on pages 4 to 5 of this Annual Report.

The process for selection and appointment of new directors to the Board is carried out when necessary by the Nominating Committee. The Nominating Committee initiates and executes a process to search for and identify suitable candidates for nomination to the Board for appointment, taking into consideration the core competencies required to meet the needs of the Company and the competencies of the existing directors. In selecting potential new directors, the Nominating Committee seeks to identify the range of expertise and competencies, such as, broad commercial experience in the fund management, property and financial services industries, as well as appropriate financial and legal qualifications and other skills required to enable the Board to fulfill its responsibilities. The need to maximise the effectiveness of the Board is taken into consideration. In so doing, the Nominating Committee has regard to the results of an annual appraisal of the Board's performance. The Nominating Committee may engage recruitment consultants to undertake research on, or assess, candidates for new positions on the Board, or to engage such other independent experts as the Committee considers necessary to assist it in carrying out its duties and responsibilities. The Nominating Committee, having considered the composition of the Board in relation to the needs of the Company and its businesses, prepares a shortlist of candidates with the appropriate profile for nomination.

The Board does not appoint alternate directors. Alternate directors would only be appointed in exceptional cases such as when a director has a medical emergency.

Principle 5: Board Performance

The Nominating Committee evaluates the Board's performance as a whole and assesses the effectiveness of the Board Committees annually based on performance criteria (as recommended by the Nominating Committee and approved by the Board) which include an evaluation of the size and composition of the Board, the Board's access to information, Board performance in relation to discharging its principal functions, fiduciary duties and communication with senior management. These performance criteria also include certain financial indicators as a guide to directors such as the company's share price performance over a five-year period compared to the Singapore Straits Times Index and its industry peers, return on assets, return on equity and return on investment as well as other measures of the Board's performance such as the accretion in value of its major investments. PCCW, which comprises the bulk of the inherent value of PCRD, is managed on a day-to-day basis by a separate board and professional management team. The performance criteria do not change from year to year, unless the Nominating Committee is of the view that it is necessary to change the performance criteria, for example, in order to align with any changes to the Code. The process for evaluation of the Board and Board Committees which is recommended by the Nominating Committee and approved by the Board includes the completion of a Board and Board Committee Evaluation Form by each director. The Nominating Committee collates these responses into a report which is discussed by the Nominating Committee.

NOMINATING COMMITTEE (continued)

In its assessment of the contribution of each individual director to the effectiveness of the Board and Board Committees (including discussion of re-nomination of directors for re-appointment), the Nominating Committee takes into consideration their respective preparedness, commitment, participation, attendance at Board and Board Committee meetings and whether they have the essential skills to competently discharge the Board's duties. As part of the review process (which takes into account the assessment of each individual director which is facilitated by the completion of a Director Evaluation Form by each director, attendance at Board and/or Board Committee meetings and the level of commitment required by a director's other board representations or principal commitments), directors must demonstrate that they are able to give sufficient time and attention to the affairs of PCRD, particularly when a director holds multiple board appointments or other principal commitments. After considering the competing time commitments faced by directors who serve on multiple boards and the level of activities of the Company, the Board has determined that the maximum number of listed company board representations which any director may hold is five. This number will be reviewed in future years to take into account any changes in the nature and activities of the Company. The Board is satisfied that its directors are able to adequately carry out their respective duties and responsibilities as directors of the Company.

Each director is required to individually complete a Director Evaluation Form to facilitate the deliberations of the Nominating Committee in its assessment of the Board (including the contribution by the Chairman) and Board Committees. The form is designed to assess each director's performance and commitment to the Company's affairs, his understanding of the Company's strategies and operations, business developments, corporate goals and objectives of the Company, his contribution to the development of the Company's strategies and policies and to identify areas for improvement. No external facilitator is involved in the process of assessment of the effectiveness of the Board, Board Committees and individual directors.

The Nominating Committee collates and reviews the feedback from these evaluations and recommends any actions required for improvement to the Board. The Chairman takes careful note of the results of the performance evaluations by the Nominating Committee and, where appropriate, may propose new members to be appointed to the Board and Board Committees or seek the resignation of directors, in consultation with the Nominating Committee.

Based on the Board's assessment and review, the Board has met its performance objectives. The Board and its Board Committees have operated effectively and each Director has contributed to the effectiveness of the Board.

AUDIT COMMITTEE

Principle 10: Audit Committee

The Audit Committee was formed on 19 April 1991. During the financial year ended 31 December 2019, the Audit Committee comprised four independent non-executive directors namely, Mr. Tom Yee Lat Shing (Chairman), Mr. Francis Yuen Tin Fan, Ms. Frances Wong Waikwun and Mr. Christopher John Fossick. The Board considers that Mr. Tom Yee Lat Shing, a Chartered Accountant who has more than 35 years of experience in the field of accounting and auditing and extensive experience in handling major audit assignments of public listed and private companies, is well qualified to chair the Audit Committee. Mr. Francis Yuen Tin Fan and Ms. Frances Wong Waikwun collectively have strong accounting and financial management expertise and experience. Mr. Christopher John Fossick has many years experience and a strong track record in the commercial real estate business in Singapore, Asia and the UK and has spearheaded the development, analysis and marketing of numerous major commercial developments. More details on these directors' qualifications and experience can be found in the profiles of directors set out on pages 4 to 5 of this Annual Report. The Board is satisfied that the Audit Committee members' collective wealth of experience and expertise in accounting and financial management enables them to discharge their responsibilities competently. None of the members of the Audit Committee are previous partners or directors of the Company's auditor, PricewaterhouseCoopers LLP ("PricewaterhouseCoopers"), within the previous 2 years, and none of the members of the Audit Committee hold any interest in PricewaterhouseCoopers.

AUDIT COMMITTEE (continued)

The Audit Committee performs the following main functions:

1. Reviews the independence of external auditors and makes recommendations to the Board of Directors on proposals to shareholders on the appointment (including re-appointment) or removal of the external auditors and the remuneration and terms of engagement of the external auditors.

2. Reviews with management, upon finalisation and prior to publication, the financial results for each half-year and full year, and any announcements relating to the company's financial performance.

3. Reviews interested person transactions and the adequacy of PCRD's internal control procedures in relation to interested person transactions.

4. Reviews compliance with accounting standards, all relevant laws, the listing rules of the SGX and the Code.

5. Reviews any changes in accounting principles or their application during the year.

6. Reviews significant adjustments proposed and any recommendations on internal accounting controls arising from the statutory audit by the external auditors.

7. Reviews the audit plans of the external auditors of the Company and ensures the adequacy of the system of accounting controls and the co-operation given by management.

8. Reviews the adequacy, effectiveness, independence, scope and results of the external audit and internal audit activities.

9. Reviews (at least annually) with PCRD's management the adequacy and effectiveness of the Company's internal controls and risk management systems in respect of management and business practices and reviews with management and external auditors significant accounting and auditing issues (including significant financial reporting issues and judgements) so as to ensure the integrity of the financial statements.

10. Reviews assurances from the Group Managing Director/Chief Financial Officer on the financial records and financial statements.

11. Reports to the Board or relevant authorities any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any relevant Singapore laws or other regulations, which has or is likely to have a material impact on PCRD's operating results.

12. Reviews the balance sheet of the Company and the consolidated financial statements of the Group for the financial year end before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group.

In the performance of its functions, the Audit Committee is empowered to investigate any activity of PCRD, and all employees must cooperate as requested by members of the Audit Committee.

The Audit Committee reviews the policy and arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in financial reporting or other matters and ensures arrangements are made for an independent investigation of such matters and appropriate follow up action.

The Audit Committee meets at least twice a year. The Audit Committee may invite any executive management team member to attend its meetings, as they consider appropriate. The Audit Committee meets with the external auditors, without the presence of the Company's management, at least once a year. PricewaterhouseCoopers reviews, in the course of its statutory audit, the effectiveness of the Company's material internal controls, focusing primarily on financial controls, with the aim of designing audit procedures that are appropriate to the Company's circumstances. Any material non-compliance noted during this review is reported to the Audit Committee together with the auditor's recommendations and management's comments.

AUDIT COMMITTEE (continued)

For the financial statements under review, the Audit Committee has reviewed the adequacy, effectiveness, scope and results of the internal and external audits, and the independence and objectivity of the external auditor and confirms that PricewaterhouseCoopers are independent chartered accountants with respect to the Company within the meaning of Section 10 of the Companies Act.

Fees paid for audit and non-audit services:

	2019 $'000	2018 $'000
Fees for audit services paid/payable to:		
– Auditor of the Company	**271**	266
– Other auditors*	**–**	–
Fees for non-audit services paid/payable to:		
– Auditor of the Company	**9**	8
– Other auditors*	**–**	–
Total	**280**	274

* Includes the network of member firms of PricewaterhouseCoopers International Limited

The Audit Committee is satisfied that Rules 712 and 715 or 716 of the SGX Listing Manual have been complied with and has recommended to the Board that PricewaterhouseCoopers be nominated for re-appointment as auditor at the next AGM.

Key Audit Matters

PricewaterhouseCoopers has highlighted 3 key audit matters in its Audit Report.

These key audit matters all relate to PCCW and were also highlighted by PricewaterhouseCoopers in Hong Kong in their audit report to the shareholders of PCCW.

The key audit matters identified by PCCW's auditors for the financial year ended 31 December 2019 were:

1. Revenue recognition;

2. Impairment assessments for cash generating units ("CGUs") containing goodwill; and

3. Income taxes.

The Audit Committee is aware of and has considered the above key audit matters highlighted by PricewaterhouseCoopers in relation to PCCW. The Audit Committee has considered the approach and work carried out by PricewaterhouseCoopers in their review of the audit work performed and the evidence obtained by the auditors of PCCW.

The Audit Committee is satisfied that the Company's share of the profits and net assets of PCCW are properly supported by audit evidence.

In carrying out its duties, the Audit Committee is guided by its Committee terms of reference and the Guidebook for Audit Committees in Singapore. The Audit Committee takes measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements such as attending briefing updates on recent developments in accounting and governance standards, where necessary. In addition, periodic updates on changes in accounting standards and treatment are prepared by external auditors and circulated to members of the Audit Committee to keep them abreast of such changes and the corresponding impact on the financial statements, if any.

AUDIT COMMITTEE (continued)

The Audit Committee has the mandate to authorise special reviews or investigations, where appropriate, in discharging its responsibilities. Periodic visits by finance staff are made to review the operations and internal controls of subsidiary corporations and to report back to the Audit Committee. In addition, an external firm of internal auditors are engaged to conduct internal audits on the Group's associated corporation in India. The Group's listed associated corporation, PCCW, which comprises the bulk of the inherent value of PCRD, has its own Group Internal Audit function which conducts selective reviews on the effectiveness of its system of internal controls over financial, operational, compliance controls and risk management functions with emphasis on information technology, data privacy, systems contingency planning and procurement. Additionally, PCCW's heads of major business and corporate functions are required to undertake a control self-assessment of their key controls and the results are assessed by PCCW's Group Internal Audit. Internal audit work in Hong Kong is carried out in compliance with the requirements of the Standards for the Professional Practice of Internal Auditing pronounced by The Institute of Internal Auditors. The teams that carry out these internal audit activities have unfettered access to all the company documents, records, properties and personnel, including the Audit Committee.

Provision 10.4 of the Code requires that the primary reporting line of the internal audit function is to the audit committee of an issuer and that the audit committee decides on the appointment, termination and remuneration of the head of the internal audit function. It also requires that the audit committee meet with the internal auditor without the presence of Management at least annually. The internal audit activities are carried out by PCCW's Group Internal Audit team (which reports to PCCW's audit committee) and the internal function of the Company's associated corporation in India. The Audit Committee is not the primary reporting line for these teams, and the Audit Committee also does not decide on the appointment, termination and remuneration of the head of these internal audit teams. The Audit Committee therefore does not meet with these internal audit teams without the presence of Management at least annually. However, the results of these internal audit activities are communicated to the Audit Committee and key members of executive and senior management. Audit issues are tracked and followed up on to ensure proper implementation, and progress is reported to senior management and the Audit Committee periodically. The Audit Committee is satisfied that PCCW's Group Internal Audit and the internal function of the Company's associated corporation in India are independent, effective and adequately resourced. The Board is of the view that the Audit Committee discharges its duty to review the adequacy, independence, scope and results of internal audit activities.

Whistle-blowing

The Company has in place a whistle-blowing policy and arrangements by which staff and agents working for the Company may raise concerns in good faith and in confidence about possible corporate improprieties in financial control and reporting, unlawful conduct or other such matters.

The policy aims to encourage employees to be confident in raising serious concerns and to question and act upon their concerns. It provides avenues within the Company, including a direct channel to the Chairman of the Audit Committee, to raise concerns and assures protection and safeguards to employees from reprisals or victimisation. The policy also ensures employees receive a response to their concerns and feedback on any action taken.

To ensure such matters are independently investigated and appropriately followed up, any whistle-blowing report must be recorded and investigated. An annual status report on any whistle-blowing reports must be sent to the Audit Committee. Whistle-blowing records must be made available for inspection by the Audit Committee.

Details of the whistle-blowing policy and arrangements are given to all staff for their easy reference.

AUDIT COMMITTEE (continued)

Principle 9: Risk Management and Internal Controls

The Board recognises that it is responsible for the governance of risk management, for determining the Group's levels of risk tolerance in achieving its strategic objectives and value creation and for determining the Group's risk policies, to safeguard shareholders' interests and the Group's assets, and oversees management in implementing the risk management and internal control systems of the Group. Risk awareness and ownership of risk management are continuously fostered across the Group. The Audit Committee provides oversight and reports annually to the Board on the Group's risk assessment systems. Having considered the Group's business operations as well as its existing internal control and risk management systems, the Board is of the opinion that a separate risk committee is not presently required. Based on the management controls in place throughout the Group, the internal control policies and procedures established and maintained by the Group, the regular audits, monitoring and reviews performed by external auditors, the Board, with the concurrence of the Audit Committee, is satisfied that there are adequate and effective internal controls, including material financial, operational, compliance and information technology controls, and risk management systems in the Group. The Group's activities expose it to market risk (including currency, interest rate and price risks), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the adverse effects of unpredictability in financial markets on the Group's financial performance. The Group's financial risk management strategy is discussed in detail in Note 24 to the financial statements. The Group is geographically diverse with earnings from the Asia-Pacific region including India. The Group's operations are subject to extensive government regulation which may impact or limit its flexibility to respond to market conditions and competition. Governments may alter their policies relating to certain industries as well as the regulatory environment in which the Group operates, including taxation. The Group's overseas investments are also subject to risk of imposition of laws restricting the level and manner of ownership and investment. The Group has access to appropriate advisors with regulatory expertise and resources who advise on risk mitigation measures. The Group also works closely with management and partners in countries in which the Group operates and leverages on local expertise, knowledge and ability to ensure compliance. The directors of PCCW, PCRD's major investment, review the effectiveness of its internal controls, including material financial, operational, information technology and compliance controls, the risk management functions of the PCCW group and, in particular, the adequacy of resources, staff qualifications and experience, training programs and budget of PCCW's accounting and financial reporting functions. At PCCW, appropriate policies and control procedures have been designed and established to ensure that: assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the performance of the group are appropriately identified and managed.

For FY2019, the Group Managing Director/Chief Financial Officer provided written confirmation to the Board that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and that the Company's risk management, compliance and internal control systems are adequate and effective in addressing the material financial, operational, information technology and compliance risks. This certification covers the Company and subsidiary corporations which are under the Company's management control. In line with the SGX listing rules, the Board has provided a negative assurance statement to shareholders in respect of each reported set of financial statements for FY2019, which is supported by a negative assurance statement from the Group Managing Director/Chief Financial Officer, and which is in turn supported by a negative assurance confirmation from the various key business and operating/functional heads within the Group that nothing has come to their attention that would render the reported financial results to be false or misleading.

The Board, with the concurrence of the Audit Committee, is of the opinion, based on the work of external auditors, the findings of internal auditors and reviews performed by Management, that the Group's internal controls addressing financial, operational, information technology and compliance risks, which the Group considers relevant and material to its operations, are adequate and effective in meeting the requirements of the Group as at 31 December 2019. For FY2019, no material weaknesses in the systems of risk management and internal controls were identified by the Board or the Audit Committee. Internal control systems established and maintained by the Group provide reasonable, but not absolute, assurance against material financial misstatements or loss. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

REMUNERATION COMMITTEE

Principle 6: Procedures for Developing Remuneration Policies

Principle 7: Level and Mix of Remuneration

Principle 8: Disclosure on Remuneration

The Remuneration Committee was formed on 5 December 2002.

During the financial year ended 31 December 2019, the Remuneration Committee comprised entirely of independent non-executive directors namely, Mr. Francis Yuen Tin Fan (Chairman), Mr. Tom Yee Lat Shing and Ms. Laura Deal Lacey. The Remuneration Committee has access to expert advice, both inside and outside the Company, when required. In the event of such advice being sought, the Remuneration Committee ensures that existing relationships, if any, between the Company and its appointed experts or consultants will not affect their independence and objectivity. The Company did not appoint any remuneration experts or consultants in FY2019 as the Remuneration Committee was satisfied that remuneration packages are benchmarked against industry peers and against comparable companies.

The Remuneration Committee's principal responsibilities (as set out in its terms of reference) are as follows:

1. Recommends to the Board a framework of remuneration for the Board which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind. The Remuneration Committee also reviews the remuneration of senior management (including key management personnel).

2. Reviews the on-going appropriateness and relevance of the directors' remuneration policy.

3. Reviews and approves the design of all equity-based plans.

4. Oversees the implementation of remuneration policies within PCRD and ensures that no director participates in decisions on his own remuneration.

Executive directors and non-executive directors with executive roles within the Group, including PCCW and HKT, do not receive directors' fees. Each member of the Remuneration Committee abstains from voting on any resolutions in respect of his remuneration package.

For confidentiality and competitive reasons, the Company discloses remuneration bands as follows:

Directors' Remuneration

For financial years ended 31 December 2019 and 31 December 2018, the number of directors in each remuneration band is as follows:

	2019	2018
$1,000,000 to $1,249,999	**1**	1
$750,000 to $999,999	**–**	–
$500,000 to $749,999	**–**	–
$250,000 to $499,999	**–**	–
Below $250,000	**7**	8
Total	**8**	9

The above table includes all directors who held office in 2019 and 2018.

Independent directors and non-executive directors with no executive roles within the Group are paid a basic fee and additional fees for attendance at meetings. The Board recommends the payment of such fees for approval by shareholders at the AGM of the Company. The Board ensures that non-executive directors' fees are appropriate to their level of contribution, taking into account factors such as effort and time spent, and the responsibilities of the non-executive directors, such that the independence of the independent non-executive directors is not compromised by their compensation.

REMUNERATION COMMITTEE (continued)

For financial years ended 31 December 2019 and 31 December 2018, the number of non-executive directors in remuneration bands of $10,000 is as follows:

	2019	2018
$50,000 to $59,999	**1**	–
$40,000 to $49,999	**5**	6
$30,000 to $39,999	**–**	–
$10,000 to $19,999	**–**	–
Below $10,000	**–**	1
Total	**6**	7

PCRD is an investment holding company and its main asset is its Hong Kong-listed associated company, PCCW. The primary executive functions in PCRD itself are performed by executive directors who undertake responsibility for the day-to-day operations of both the Company and the Group. The details of directors' remuneration are disclosed above. Remuneration for executive directors and key management personnel is established in accordance with a remuneration framework comprising basic salary and variable bonuses and benefits-in-kind, and structured to attract, retain and motivate executive directors and key management personnel to provide good stewardship and run the Company successfully for the long-term. Remuneration packages are comparable within the industry and with comparable companies and include a performance-related element coupled with appropriate measures of appraising each individual's performance. Base salaries of executive directors and key management personnel are determined based on the scope, criticality and complexity of each role, equity against peers with similar responsibilities, experience and competencies, individual performance and market competitiveness. Variable bonuses are intended to recognise the performance and contribution of the individual, and are linked to achievement of financial and non-financial key performance indicators. These indicators such as core values, competencies, key result areas, performance rating, and potential of the employees (including key management) link remuneration to corporate and individual performance. For 2019, all executive directors and key management personnel met their respective performance criteria.

Provision 8.1 of the Code requires disclosure of the names, amounts and breakdown of remuneration of (a) each individual director and the Group Managing Director, and (b) at least the top five key management personnel (who are not directors or the Group Managing Director) in bands no wider than $250,000 and in aggregate the total remuneration paid to these key management personnel. The Board is of the view that, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment in which the Company and the Group operate, as well as in the interest of maintaining good morale and a strong spirit of teamwork within the Company and the Group, it is in the best interests of the Company and the Group not to disclose a detailed breakdown of the various remuneration components on a named basis (in percentage and dollar terms) or an aggregation of the remuneration of each of the directors (including the Group Managing Director) and key management personnel. Where such precise information is disclosed publicly, this could be detrimental to the Company's interests as it will allow competitors to gain an unfair advantage when seeking to entice either existing Directors and/or management personnel (including key management personnel) within the Company or, as the case may be, where both the Company and its competitors are desirous of employing senior executives within the same industry. The Company has a limited number of staff, and takes the view that there is only one key management personnel who is not also a director who has the authority and responsibility for planning, directing and controlling the activities of the Company. This is the Vice President Finance and Company Secretary of the Company. Disclosure of the remuneration of the other executives is considered not relevant. The Board is of the view that the Company has provided a high level of transparency on remuneration matters, as information on its remuneration policies, procedure for setting remuneration and the relationships between remuneration, performance and value creation has been disclosed in detail in the preceding paragraphs.

For financial years ended 31 December 2019 and 31 December 2018, the number of key management personnel in each remuneration band is as follows:

	2019	2018
$250,000 to $499,999	**1**	1
Total	**1**	1

There was no employee in the Group who is an immediate family member of a director (including the Group Managing Director) or substantial shareholder during the financial year.

REMUNERATION COMMITTEE (continued)

Whilst the Company currently does not have a share option scheme in place for its directors and employees, it will consider the establishment of other forms of longer term incentive schemes, as and when appropriate. The Company does not presently use contractual provisions to clawback incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. Having reviewed and considered the remuneration of executive directors and key management personnel, the Remuneration Committee is of the view that there is no requirement to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior financial years.

The Company's obligations in the event of termination of service of executive directors and key management personnel are contained in their respective employment letters. The Remuneration Committee is satisfied that termination clauses therein are fair and reasonable to the respective employment class and are not overly generous. No termination, retirement or post-employment benefits were granted to directors (including the Group Managing Director) or the key management personnel of the Company during FY2019.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

Principle 12: Engagement with Shareholders

The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. In particular, the Company does not practise selective disclosure. Price-sensitive announcements, including financial results and relevant announcements from PCCW, which is listed on The Stock Exchange of Hong Kong Limited, are released in a timely manner through SGXNET and posted on the Company's website.

In its communications on the Company's performance, the Board aims to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects using timely information provided by management and reviewed by the Board. The Board provides shareholders with results as required by the rules of the SGX.

In relation to communications with shareholders at general meetings of the Company, shareholders are informed of shareholders' meetings through published notices and announcements or circulars sent to all shareholders. The notices of meetings and related explanatory information are drafted to provide all information that is relevant to shareholders on matters to be voted upon at shareholders' general meetings. It is the objective of the Company to ensure that such information is presented clearly and concisely so that it is unambiguous and easy to understand.

At general meetings, shareholders are encouraged to participate and are given reasonable opportunity to ask the Board of Directors questions regarding the Company and its subsidiaries and to participate in the meeting itself. Under the multiple proxies regime introduced pursuant to the Companies (Amendment) Act 2014, "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, are allowed to appoint more than two proxies to attend, speak and vote at general meetings. This enables indirect investors, including CPF investors, to be appointed as proxies to participate at shareholders' meetings. If any shareholder (who is not a "relevant intermediary") is unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance.

Provision 11.4 of the Code provides that an issuer's constitution should allow for absentia voting at general meetings of shareholders. The Constitution of the Company presently does not permit shareholders to vote at general meetings in absentia (such as via mail, email or fax). The Company is of the opinion that shareholders nevertheless have opportunities to communicate their views on matters affecting the Company even when they are not in attendance at general meetings. For example, shareholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings.

SHAREHOLDER RIGHTS AND ENGAGEMENT (continued)

Save as disclosed on page 77 of this Annual Report, the Directors attend general meetings. The Chairpersons of the Audit, Nominating and Remuneration Committees are normally present to address questions at general meetings, except where business commitments do not permit. In addition, the external auditor of the Company is present at the AGM of the Company to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.

A separate resolution is proposed for each substantially separate issue at general meetings, unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are bundled, the Company explains the reasons and material implications in the notice of general meeting. All resolutions are put to the vote by poll and the voting procedures and rules governing general meetings are explained to shareholders during the meeting. The Company has not adopted electronic poll voting at its general meetings of shareholders as the number of shareholders and/or proxies in attendance currently does not warrant the implementation of electronic poll voting. The detailed results of voting at general meetings showing the number of votes cast for and against each resolution and the respective percentages are presented to shareholders after the voting process and are thereafter published on the SGXNET.

Provision 11.5 of the Code requires an issuer to publish the minutes of general meetings of shareholders on its corporate website as soon as practicable after such meetings. Minutes of general meetings are also prepared and are available upon request. The minutes include substantial and relevant comments or queries from the shareholders, and responses from the Board and Management. The Company currently does not publish minutes of general meetings of shareholders on the Company's website. The Company nevertheless treats all shareholders fairly and equitably to enable them to exercise their shareholders' rights, including shareholders who are unable to attend general meetings, as the minutes of shareholders' meetings are available to any shareholder upon request.

The Board also takes steps to solicit and understand the views of shareholders (apart from communications with shareholders at general meetings of the Company). As and where appropriate, the Company conducts investor briefings to solicit and understand the views of shareholders. The Company also meets with institutional and retail investors on request periodically. The Company is mindful of not practising selective disclosure and discussions are based on publicly available materials and information. In addition, the Company also attends to general enquiries from shareholders, analysts and the press. Such enquiries, as well as investor briefings and meetings with investors, are handled by appropriate management staff and/or the Group Managing Director (in lieu of a dedicated investor relations team). Provision 12.3 of the Code requires that an issuer have in place an investor relations policy. While the Company has not adopted a formal investor relations policy, the Company is of the view that it communicates regularly and responds to shareholders' questions on various matters affecting the Company, at the Annual General Meeting as well as through the steps (as set out above) that the Company takes to actively engage and promote regular, effective and fair communication with shareholders.

An interim dividend was declared in November and paid in December for FY2019, and a final dividend will be proposed for shareholders' approval at the 2020 AGM. Provision 11.6 of the Code requires that an issuer have a dividend policy and communicate such policy to shareholders. The Company currently does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on factors such as the Company's earnings and results, cash flow and capital requirements, general business condition, investment activities and development plans. The Board continues to evaluate investment opportunities and new business opportunities for the Company. The Company is focused on preserving shareholder value and is careful and conservative at looking at new opportunities and will announce any developments as they occur The Company is of the view that, all shareholders are treated fairly and equitably to enable them to exercise their shareholders' rights. Notwithstanding the absence of a fixed dividend policy, all shares carry the same dividend rights and shareholders have the opportunity to express their views to the Company on matters affecting the Company (including matters relating to dividends) whether at the Annual General Meeting or otherwise, and due consideration is given to such feedback.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Company adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall strategy to ensure that the best interests of the Company are served. The Company has arrangements in place to identify and engage with material stakeholder groups and to manage its relationships with such groups. These stakeholder groups are identified based on their influence and dependency on the Group's business, and comprise the Company's employees, business partners, investors and regulators. The Company maintains a corporate website to facilitate communication and engagement with stakeholders. For more information on the methods that the Company uses to engage with its stakeholders, the key topics relevant to each stakeholder group, and the Company's responses to these matters, please see page 96 of the Annual Report.

INTERESTED PERSON TRANSACTIONS ("IPTS")

The Company has adopted an internal policy in respect of any transactions with interested persons and has established procedures for review and approval of the Company's IPTs. The Audit Committee reviews all such transactions to confirm that the guidelines and procedures established to monitor IPTs have been complied with.

The Group obtained a general mandate from shareholders of the Company for IPTs at the AGM held on 2 April 2019. This general mandate remains in force until the forthcoming AGM and is proposed for renewal at the forthcoming AGM. In 2019, the following IPTs 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

DEALINGS IN SECURITIES

The Group has in place an internal code which provides guidance to directors and certain employees in relation to dealings in the Company's shares. For FY2019, Directors and certain employees of the Group who have access to price-sensitive and confidential information are not permitted to deal in the Company's shares when they are in possession of unpublished price-sensitive information on the Group or during periods commencing fourteen days before the date of announcement of the Group's interim financial results or one month before the date of announcement of the Group's full year financial results and ending on the date of announcement of such results. In the event that the date of announcement of the financial results of PCCW should fall more than seven days before the date of announcement of the Group's financial results for that financial period, all directors and certain employees of the Group are not permitted to deal in the Company's shares during the period commencing seven days before the announcement of PCCW's financial results and ending on the date of announcement of the Group's results. The code also requires officers of the Company not to deal in securities of the Company on short-term considerations.

MATERIAL CONTRACTS

In the financial year under review, no material contracts of the Company or its subsidiaries were entered into or subsisted at the end of the financial year which involved the interests of any Director or controlling shareholder.

Board Statement

We are pleased to publish our third Sustainability Report for Pacific Century Regional Developments Limited ("PCRD") in compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rule 711.

The Board of Directors recognises the importance of creating sustainable value for all our stakeholders and views sustainability as a key consideration in strategy formulation for the Group. The Board has been actively involved in overseeing the management of material environmental, social and governance ("ESG") factors for the Group, which were determined for our first report.

PCRD believes that good ESG performance brings the Company and its stakeholders a host of advantages in the long-run through operational performance excellence, careful risk management and protection of its assets and the interests of its shareholders. The Group continues to take into consideration ESG factors when seeking new business opportunities. In this regard, where applicable, ESG issues are incorporated into the investment analysis and decision-making process. Appropriate disclosure on ESG issues by investee entities is sought and reported.

The Board, supported by Management, continues to make improvements to the Group's sustainability efforts and works with its stakeholders towards promoting sustainability in its businesses.

About the Report

PCRD is a limited liability company incorporated in the Republic of Singapore which is also its headquarters. The Company is listed on the SGX-ST and is part of the Pacific Century Group of companies. In this report, unless otherwise stated, references to "PCRD", the "Company" and the "Group" refer to Pacific Century Regional Developments Limited and its controlled subsidiaries.

REPORTING SCOPE AND PERIOD

This report covers the sustainability performance of our operations for the financial year ended 31 December 2019 ("FY2019") and includes data and information relating to our operations in Singapore. To provide additional information for stakeholders, PCRD has included in this report certain highlights on the sustainability efforts of Hong Kong-listed PCCW Limited ("PCCW") and its subsidiary, Hong Kong-listed HKT Trust and HKT Limited ("HKT") drawn from their ESG reports.

REPORTING STANDARD AND ASSURANCE

This report has been prepared in reference to the Global Reporting Initiative ("GRI") Standards and in line with the SGX Sustainability Reporting Guide. The report covers the Group's policies, practices, initiatives, performance and goals in relation to material ESG factors and will be updated on an annual basis.

We have not sought external assurance for this reporting period, but will consider doing so in future if circumstances merit such assurance.

FEEDBACK

Stakeholder input is important to defining our sustainability approach and we value and welcome any feedback with regards to this report or any aspect of our sustainability performance. Please feel to reach out to us at info@pcrd.com.

About PCRD

PCRD is 89% owned by the Pacific Century Group, which was founded in 1993. The Pacific Century Group acquired control of PCRD in September 1994.

PCRD's principal activity is investment holding, with interests in telecommunications, media, IT solutions, logistics and property development and investment, in the Asia-Pacific region.

PCRD's most significant investment is its 22.7% stake in PCCW. Separately, PCRD holds a direct interest of 1.9% in HKT. There have been no significant changes to PCRD's percentage interests in these investments in the past year. The Company has made no major leadership changes during the year.

PCCW holds a majority interest in HKT, Hong Kong's premier telecommunications service provider and leading operator in fixed-line, broadband and mobile communication services. HKT serves the Hong Kong and international markets with a wide range of services including local telephone, data and broadband services, international telecommunications, mobile, and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting, and contact centres.

PCCW also owns a fully integrated multimedia and entertainment group in Hong Kong, PCCW Media. PCCW Media operates Hong Kong's largest local pay-TV operation, Now TV, and is engaged in the provision of over-the-top (OTT) video service under the Viu brand in Hong Kong and other countries in the region.

Through HK Television Entertainment Company Limited, PCCW also operates a domestic free television service in Hong Kong. Also, PCCW's wholly-owned PCCW Solutions is a leading information technology and business process outsourcing provider in Hong Kong and mainland China.

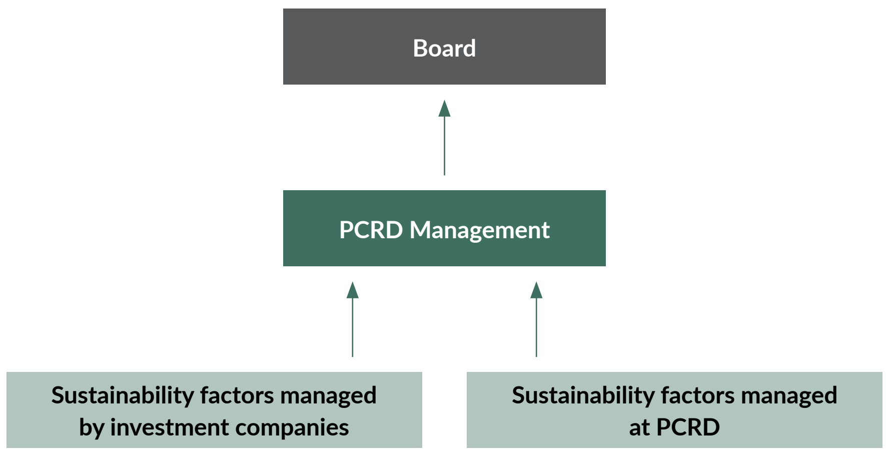
PCCW also holds a majority interest in Hong Kong-listed Pacific Century Premium Developments Limited ("PCPD") which is principally engaged in the development and management of premium property and infrastructure projects, as well as investment in premium-grade buildings in the Asia-Pacific region.

Sustainability at PCRD

Sustainability is embedded in our DNA. We strongly believe that as an investment holding company, we can influence the sustainability agenda across our businesses and investment companies.

GOVERNING SUSTAINABILITY AT PCRD

Following the announcement of the SGX sustainability reporting guidelines in 2017, we formalised the governance of our sustainability risks and opportunities. The structure below represents how we govern sustainability across the company.



STAKEHOLDER ENGAGEMENT

Stakeholder engagement is one of the key drivers in the continuous improvement of the Group's sustainability efforts. The Group's main stakeholders are employees, business partners, investors and regulators. These have been selected based on their influence and dependency on the Group's business.

Stakeholders	Frequency of engagement	Method	Topics of Concern	Our Response
Employees	Ad hoc	• Open feedback channel	• Training and career development • Pay and benefits • Channel for reporting of breaches of ethics	• Training opportunities • Competitive benefits • Whistle blowing policy
Investment companies	Ad hoc	• Meetings • Board participation	• Business performance • Investment initiatives and opportunities	• Perform due diligence • Assess risks and opportunities
Investors	Quarterly Annually Ad hoc	• Quarterly/ad hoc announcements • Annual Report • Annual General Meeting	• Business performance • Dividends • Shareholder value	• Corporate Governance Report • Follow-up on feedback • Reduce Costs
Regulators	Quarterly Annually Ad hoc	• Direct engagement • Quarterly/ad hoc announcement • Returns	• Compliance with laws and regulations	• Trainings and updates • External professional support

Sustainability at PCRD (continued)

MATERIALITY ASSESSMENT

We carried out our Materiality Assessment with guidance from the "GRI Standards' Principles for defining report content" when we commenced our sustainability journey in 2017. A peer and industry review exercise was conducted to short-list potential material factors where our business creates significant impacts. We then validated the material factors to arrive at the final list of material factors which are shown in the table below. We have decided to retain these factors for the current report as there have not been any significant changes to our business, industry landscape and stakeholder expectations.

Pillars	Material Factors
Governance	1. Responsible Investments 2. Corporate Governance – Compliance – Business Integrity and anti-corruption – Risk Management
Social	3. Corporate Social Responsibility 4. Training and development

While the Group recognises the importance of aspects covered by GRI for reporting, the focus for PCRD's sustainability reporting continues to lean towards the areas of Governance and Social. PCRD's approach has been formulated to strike a balance between business integrity by ensuring good corporate governance and compliance with the law, rules and regulations and social engagement by ensuring development of employees and engaging with communities.

Similarly, as an investment holding company, PCRD does not currently control any operational businesses. For the purposes of the report for this financial year, environmental KPIs for our own operations are therefore not an area of focus. However, the Company recognises the importance of responsible investment and is committed to invest in businesses that adopt good environmental practices. Investments for consideration will be subject to assessment of ESG risks, including those covering environmental risks.

We also recognise that investment companies can play a vital role in advocating environmental management to portfolio companies and there are such emerging expectations from stakeholders. The Company will continue to review the relevance and importance of these categories of issues in future years.

PCCW and HKT, the Company's major investments, have conducted comprehensive materiality assessments to identify those issues that reflect the significant economic, environmental and social impacts of their businesses and the issues that matter most to their stakeholders. Material areas identified are reported in their own ESG reports.

Governance

RESPONSIBLE INVESTMENT

Why this is material

We believe that we can create an impact on sustainability through the investments we make and monitor. Any ESG related issues faced by our investments can give rise to potential reputational and financial risks for us. PCRD recognises this and is committed to invest in companies that adopt good environmental and social practices.

How we manage this material factor

We are putting in place mechanisms to assess new investments from a social and economic perspective. We are also considering regular monitoring of the sustainability performance of our key investment companies.

Sustainability performance summary of PCCW and HKT

Information on PCCW's and HKT's ESG management approach, strategy, priorities and objectives are disclosed in their ESG reports.

These reports highlight their sustainability efforts in:

- Environmental Aspects (emissions, use of resources, the environment and natural resources)
- Social Aspects (employment, health and safety, development and training, labour standards, supply chain management, product responsibility, anti-corruption and community investment).

PCCW's Corporate Social Responsibility ("CSR") vision is to be an ethically, socially and environmentally responsible information and communications technology ("ICT") and media service provider that delivers an excellent customer experience while support and connecting the communities it serves. Its mission is to utilise its services to empower, connect and transform communities and businesses by:

- minimising the environmental impacts of its business, and helping its customers to do the same through its products and services;
- valuing and developing its talented team;
- promoting corporate social responsibility principles throughout its operations and supply chain;
- pioneering products and services that make people live better and help businesses thrive; and
- addressing and responding to the needs and concerns of communities through social partnerships, thereby making them a better place to live in.

PCCW is committed to minimising the environmental impacts of its operations. Its Smart Living services and solutions help its customers lead a more environmental friendly lifestyle, and assist businesses in achieving greater efficiency. It has established an Environmental Advisory Group to coordinate environmental initiatives even more effectively.

PCCW places the highest value on employees and strives to provide an inclusive and productive working environment. It provides professional training and development opportunities for staff at different stages of their career.

Their full ESG reports are available at **www.pccw.com** and **www.hkt.com**.

Future outlook

We will continue to monitor the sustainability performance of our invested companies on a regular basis and also assess any new investments from a social and environmental perspective.

Governance (continued)

CORPORATE GOVERNANCE

PCRD has zero-tolerance for risks concerning governance issues. PCRD's Board and Management are committed to continually enhancing stakeholder value by maintaining high standards of compliance, professionalism, integrity and commitment at all levels, underpinned by strong internal controls and risk management systems.

Further information on the Company's corporate governance practices can be found in the 2019 Annual Report – Report on Corporate Governance.

COMPLIANCE

Why this is material

As a listed entity, we are subject to a number of social and economic laws and regulations. Any breach of such rules can result in financial loss and pose a risk to our ability to operate.

How we manage this material factor

The Company places great importance on regulatory compliance. PCRD has put in place internal controls and procedures to ensure it is conducting its business in compliance with prevailing laws and regulations. The Company therefore strives to ensure compliance with internal systems of control that are imposed to achieve compliance with externally imposed regulations as well as compliance with external regulations imposed on the company as a whole.

Performance

In 2019, we did not face any fines or sanctions under laws and/or regulations governing social or economic matters.

Future outlook

We will strive to maintain compliance and to incur zero fines, sanctions or other penalties for social or economic infringements.

BUSINESS INTEGRITY

Why this is material

We recognise that business integrity can be a significant risk in our industry and any breach of policies pertaining to corruption and ethics can result in significant fines, reputational damage and loss of stakeholder confidence.

How we manage this material factor

The Group is committed to upholding the principles of ethical behaviour, transparency, responsibility and integrity in all aspects of its business.

Objectives	Measures
• Zero bribery • Comprehensive anti-corruption measures • Effective anti-money laundering procedures	• Anti-Corruption Policy • Whistle-Blowing Policy • Staff education and training

To ensure that the Group's interests are safeguarded and to prevent any illegal or improper behaviour, all directors, officers and employees of the Group are required to observe and uphold the Group's zero-tolerance for corruption, bribery and fraud in any form or at any level in association with any aspects of the Group's activities.

All employees are required to confirm annually that they have read and understood our anti-corruption and bribery policies. These policies provide guidelines for staff to avoid bribery and potential conflicts of interest with related parties. Clear procedures have been developed for expenses and reimbursement approvals. All employees are required to report any gifts received to Human Resources and to follow the rules regarding the use of gifts received.

Governance (continued)

CORPORATE GOVERNANCE (continued)

BUSINESS INTEGRITY (continued)

How we manage this material factor (continued)

The Group also has a whistle-blowing policy for staff and agents working for the Company to report on possible corporate improprieties in financial controls or unlawful conduct. Complaint channels through which employees and other parties can confidentially and anonymously report unethical and illegal behaviour have been established. Whistle-blowing reports must be investigated to the fullest extent possible and reported to the Audit Committee. Further details on the Company's whistle-blowing policy can be found in the Report on Corporate Governance.

The Company is also committed to comply with all relevant anti-money laundering rules and regulations. Employees are briefed on and are made aware of laws for the prevention of money laundering and financing of terrorism and proliferation. Specifically, finance and corporate secretarial staff are required to confirm that they understand anti-money laundering and counter financing of terrorism guidelines issued by ACRA.

Performance

- The Company did not have any reported incidents on corruption or bribery in the 2019 financial year.

- The Company also did not receive any whistle-blowing reports of any impropriety in the 2019 financial year.

Further details on the commitments by PCCW and HKT regarding aspects of anti-corruption can be found in their separate ESG reports.

Future Outlook

We will aim to maintain our zero incidents for bribery and also conduct a refresher training course for our employees in this area.

RISK ASSESSMENT AND MANAGEMENT

Why this is material

The Group's activities expose it to market risk (including currency, price, cashflow and fair value interest rate risks), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the adverse effects of unpredictability in financial markets on the Group's financial performance.

The Group is geographically diverse with earnings from the Asia-Pacific region including India. The Group's operations are subject to extensive government regulation which may impact or limit its flexibility to respond to market conditions and competition. Governments may alter their policies relating to certain industries as well as the regulatory environment in which the Group operates, including taxation. The Group's overseas investments are also subject to risk of the imposition of laws restricting the level and manner of ownership and investment.

How we manage this material factor

The Group has access to appropriate advisors with regulatory expertise and resources who advise on risk mitigation measures. The Group also works closely with management and partners in countries in which the Group operates and leverages on local expertise, knowledge and ability to ensure compliance.

Risk awareness and ownership of risk management are continuously fostered across the organisation. The Company's Audit Committee reviews management's reports and updates the Board half-annually on the Group's risk assessment systems. Based on the management controls in place throughout the Group, the Board is satisfied that there are adequate and effective internal controls, including material financial, operational, compliance and information technology controls, and risk management systems in the Group.

Social

CORPORATE SOCIAL RESPONSIBILITY

Why this is material

Corporate social responsibility is an integral part of the Company's business strategy. The Company is committed to operate in a manner that is economically, socially and environmentally sustainable while balancing the interests of its various stakeholders and providing a valuable service to society. Meeting this commitment is an important management objective and the individual and collective responsibility of all employees.

How we manage this material factor

The Company is committed to fostering positive relationships with the communities in which it operates. It contributes to communities through charitable donations, as well as, sponsorships of community activities in Singapore such as the SGX Bull Run and the Singapore Repertory Theatre.

Our invested companies, PCCW and HKT are engaged in philanthropic and volunteer work including employee engagement in community service. They are also committed to bridging the digital divide in their local communities by supporting technology literacy initiatives and campaigns and helping local communities enjoy easier access to ICT.

In particular, PCCW consistently strives to enhance the digital literacy of the community through education, volunteering and financial contributions. For example, it seeks to broaden young people's knowledge of ICT through scholarships and bursaries, which support university student in related disciplines. Additionally, PCCW organises programmes and workshops that help enable senior citizens to adapt safe, healthier and more active lifestyle. For example, the smart phone workshop for the elderly and the intergenerational VR programme in partnership with eSmart Health, which sought to introduce the elderly to new technologies, bridge the gap between older and younger generations, and improve digital literacy and skills for both. PCCW facilitates Hong Kong's development into a smart city through research and deployment of emerging technologies.

Performance

Details of community investments by PCCW and HKT can be found in their respective ESG reports.

Future outlook

We will aim to develop a more strategic approach towards our own corporate social responsibility agenda.

TRAINING AND DEVELOPMENT

Why this is material

It is important that staff are kept abreast of the latest developments in their respective fields. This helps promote their career development, job satisfaction and assists in achieving lower staff turnover rates. In FY2019, we had 10 full-time staff.

How we manage this material factor

The Company believes in the continued training and development of its directors and employees. To this effect, the Company is committed to invest in its employees and provides support to employees for their professional memberships, continuing professional education and related studies. Employees are encouraged to attend training sessions and seminars relevant to their work, whenever necessary.

As well as providing an engaging and supportive working environment, the Company helps employees to pursue a healthy lifestyle. The Company promotes a learning culture and staff are encouraged to attend training and post-education courses. The Company is committed to promote a work environment which values and respects all its employees. It also encourages and supports diversity in its workforce and Board.

Social (continued)

CORPORATE SOCIAL RESPONSIBILITY (continued)

Performance

Our staff turnover continues to be low with a comparatively large percentage of employees having between 5 and 20 years of service to the Group. An employee received her long service awards for 5 years of dedicated service to the Company in 2019.

For FY2019, 100% of employees received an annual performance review with salary adjustments in line with industry standards and inflation. All employees with professional memberships attended relevant continuing professional education courses with an average of 23 hours per employee. Training and job-related studies were provided to other staff on an ad hoc basis.

Future outlook

We will strive to provide more needs-based training for our employees.

GRI Content Index

Disclosure Number	Disclosure Title	Page No./Remarks
General disclosures		
102-1	Name of the organisation	94
102-2	Activities, brands, products, and services	95
102-3	Location of headquarters	94
102-4	Location of operations	94
102-5	Ownership and legal form	94
102-6	Markets served	95
102-7	Scale of the organisation	Refer to Annual Report page 3
102-8	Information on employees and other workers	101
102-9	Supply chain	95
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary Principle or approach	Not applicable
102-12	External initiatives/charters	None
102-13	Membership of associations	• Singapore Business Federation • Singapore International Chamber of Commerce • American Chamber of Commerce, Singapore • British Chamber of Commerce, Singapore • Australian Chamber of Commerce, Singapore • Hong Kong Singapore Business Association • International Institute of Strategic Studies

GRI Content Index (continued)

Disclosure Number	Disclosure Title	Page No./Remarks
General disclosures (continued)		
102-14	Statement from senior decision-maker	94
102-16	Values, principles, standards, and norms of behaviour	Corporate Governance
102-18	Governance structure	96
102-40	List of stakeholder groups	96
102-41	Collective bargaining agreements	None
102-42	Identifying and selecting stakeholders	96
102-43	Approach to stakeholder engagement	96
102-44	Key topics and concerns raised	96
102-45	Entities included in the consolidated financial statements	Refer to Financial Statements pages 72 – 73
102-46	Defining report content and topic boundaries	94, 97
102-47	List of material topics	97
102-48	Restatements of information	No restatements
102-49	Changes in reporting	No changes in reporting
102-50	Reporting period	94
102-51	Date of most recent report	94
102-52	Reporting cycle	94
102-53	Contact point for questions regarding the report	94
102-54	Claims of reporting in accordance with the GRI Standards	94
102-55	GRI content index	102 – 103
102-56	External assurance	94
Specific disclosures		
GRI Standard: Training and education		
103-1/2/3	Management Approach	101
404-3	Percentage of employees receiving regular performance and career development reviews	101
GRI Standard: Local communities		
103-1/2/3	Management Approach	101
413-1	Operations with local community engagement, impact assessments, and development programs	101
GRI Standard: Socioeconomic compliance		
103-1/2/3	Management Approach	98
419-1	Non-compliance with laws and regulations in the social and economic area	98
GRI Standard: Anti-corruption		
103-1/2/3	Management Approach	98 – 99
205-3	Confirmed incidents of corruption and actions taken	99

Shareholding Statistics
As at 17 March 2020

ISSUED AND FULLY PAID-UP

S$457,282,365.61 divided into 2,649,237,500* ordinary shares.
The number of issued shares less shares in process of cancellation is 2,648,602,500.

Class of Shares	–	Ordinary share
Voting Rights	–	One vote per share
Treasury Shares	–	Nil
Subsidiary Holdings	–	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	34	0.78	800	0.00
100 – 1,000	219	5.03	192,020	0.01
1,001 – 10,000	2,310	53.03	15,233,416	0.57
10,001 – 1,000,000	1,756	40.31	106,468,004	4.02
1,000,001 and above	37	0.85	2,527,343,260	95.40
Total	**4,356**	**100.00**	**2,649,237,500***	**100.00**

* This information as at 17 March 2020 does not take into account the share buybacks made on 13 March 2020 and 17 March 2020 as the aggregate of 635,000 shares purchased by the Company were in the process of being cancelled.

After taking into account the 635,000 shares bought back, approximately 10.11% of the issued ordinary shares are held by the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

SUBSTANTIAL SHAREHOLDERS

(including deemed interest as recorded in the Register of Substantial Shareholders as at 17 March 2020. This information as at 17 March 2020 does not take into account the share buybacks made on 13 March 2020 and 17 March 2020 as the aggregate of 635,000 shares purchased by the Company were in the process of being cancelled.)

Substantial Shareholder	Direct Interest No. of issued shares	Deemed Interest No. of issued shares
Jenny W.L. Fung [(1)]	–	2,347,042,230
Lester Huang [(1)]	–	2,347,042,230
OS Holdings Limited [(1)]	–	2,347,042,230
Ocean Star Management Limited [(1)]	–	2,347,042,230
The Ocean Trust [(1)]	–	2,347,042,230
The Ocean Unit Trust [(1)]	–	2,347,042,230
The Starlite Trust [(1)]	–	2,347,042,230
The Starlite Unit Trust [(1)]	–	2,347,042,230
Pacific Century Group Holdings Limited [(2)]	200,000	2,346,842,230
Pacific Century International Limited [(3)]	–	2,330,058,230
Pacific Century Group (Cayman Islands) Limited [(4)]	1,160,991,050	1,169,067,180
Anglang Investments Limited	1,169,067,180	–

Notes:

(1) In April 2004, Mr Richard Li Tzar Kai transferred his entire beneficial interest in Pacific Century Group Holdings Limited to Ocean Star Management Limited as trustee holding for and on behalf of The Ocean Unit Trust and The Starlite Unit Trust. All the issued units of each of The Ocean Unit Trust and The Starlite Unit Trust are held by Star Ocean Ultimate Limited as trustee for and on behalf of The Ocean Trust and The Starlite Trust respectively. Ocean Star Management Limited is the wholly-owned subsidiary of OS Holdings Limited. Ms Jenny W.L. Fung and Mr Lester Huang each holds more than 20% of the shares of OS Holdings Limited. Each of The Ocean Trust, The Starlite Trust, The Ocean Unit Trust, The Starlite Unit Trust, Ms Jenny W.L. Fung, Mr Lester Huang, OS Holdings Limited and Ocean Star Management Limited is deemed to have an interest in 2,347,042,230 shares in the Company through Pacific Century Group Holdings Limited (see Note 2).

(2) Pacific Century Group Holdings Limited has a direct interest in 200,000 shares in the Company. Pacific Century Group Holdings Limited is also deemed to be interested in (i) the 16,784,000 shares held by its wholly-owned subsidiary, Borsington Limited (ii) the 1,169,067,180 shares held by Anglang Investments Limited and (iii) the 1,160,991,050 shares held by Pacific Century Group (Cayman Islands) Limited.

(3) Pacific Century International Limited is deemed to be interested in (i) the 1,169,067,180 shares held by Anglang Investments Limited and (ii) the 1,160,991,050 shares held by Pacific Century Group (Cayman Islands) Limited.

(4) Pacific Century Group (Cayman Islands) Limited is deemed to be interested in the 1,169,067,180 shares held by Anglang Investments Limited.

Shareholding Statistics

As at 17 March 2020

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Raffles Nominees (Pte.) Limited	2,361,910,430	89.15
2	HSBC (Singapore) Nominees Pte Ltd	22,553,882	0.85
3	Citibank Nominees Singapore Pte Ltd	22,104,771	0.83
4	DBS Nominees (Private) Limited	16,025,778	0.60
5	UOB Kay Hian Private Limited	15,060,700	0.57
6	Rolles Rudolf Jurgen August Or Nelly Menon Mrs Nelly Rolles @Y M L	10,000,000	0.38
7	DBS Vickers Securities (Singapore) Pte Ltd	6,573,000	0.25
8	OCBC Securities Private Limited	5,722,498	0.22
9	Morph Investments Ltd	5,380,000	0.20
10	Peter A. Allen	5,000,000	0.19
11	United Overseas Bank Nominees (Private) Limited	4,408,500	0.17
12	Chong Yean Fong	4,051,000	0.15
13	Leong Chee Tong	3,800,000	0.14
14	Tan Ling San	3,400,000	0.13
15	Yu Poh Suan (Yu Baoxuan)	3,022,800	0.11
16	Lee Cheow Yin	3,000,000	0.11
17	Phillip Securities Pte Ltd	2,661,800	0.10
18	OCBC Nominees Singapore Private Limited	2,601,700	0.10
19	Maybank Kim Eng Securities Pte. Ltd.	2,365,500	0.09
20	Chua Kuan Lim Charles	2,333,600	0.09
	Total	**2,501,975,959**	**94.43**

This information as at 17 March 2020 does not take into account the share buybacks made on 13 March 2020 and 17 March 2020 as the aggregate of 635,000 shares purchased by the Company were in the process of being cancelled.

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