

PACIFIC
CENTURY
REGIONAL
DEVELOPMENTS
LIMITED

ANNUAL REPORT
2022

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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 Depository 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

Global economic conditions are expected to remain uncertain and volatile. Inflation persists in many economies and a return to price stability is unlikely in the near term. The bright spot is that Covid-19 restrictions have generally been lifted in many parts of the world with the resumption of air travel and China's recent ending of its zero-Covid policies. Uncertainties arising from geopolitical factors, the continuing Russia-Ukraine conflict and interest rate hikes will remain in 2023.

Despite the challenges faced by Hong Kong in 2022, the Company's most significant asset, PCCW, maintained its quality in providing reliable services to support the city's recovery and empower individuals, families and the business community.

Viu, PCCW's pan-regional OTT video streaming service, is now operating in 16 markets. It continues to deliver strong growth, achieving positive EBITDA for the first time. Viu consolidated its leading position in terms of monthly active users ("MAUs") and is ranked among the top two players in both subscriber numbers and streaming minutes in Southeast Asia markets. Having successfully established itself in these markets, Viu saw strong growth in both subscriptions and digital advertising. Its strong content offerings, including its popular Viu Original series, helped it gain market presence and kept its users engaged.

PCCW's free television service, ViuTV, along with its content creation and talent management arm has been serving Hong Kong audiences with quality local entertainment options, driving growth in both free TV and digital advertising revenue. ViuTV continues to explore international collaboration opportunities to tap the market potential for local content and artistes.

PCCW's consumer mobile business continues to support the daily connectivity needs of the public. The 5G-penetration rate for its post-paid customers has exceeded expectations and is an indication of Hong Kong's readiness for smart city development. As borders reopen, greater demand is expected from travellers for roaming and value-added services. PCCW has entered the metaverse space by partnering with The Sandbox and launching Futurera, its virtual world in the metaverse. It also launched the Metaverse Academy, as it helps the city to prepare itself for Web3.0.

HKT Home provides diverse services to cater to the needs of household members of all ages, for work, entertainment and education, as well as facilitating hybrid work in a world where this is becoming the norm.

On the commercial front, HKT Enterprise Solutions helped organisations achieve their goals in digital transformation. Its clients include leaders in the property and hospitality sectors, among others. As borders reopen, its team is poised to assist companies in accelerating their Greater Bay Area (GBA) expansion.

HKT Digital Ventures, with its digital payment and e-commerce services, is supporting the growth of the digital economy, particularly through Tap & Go mobile wallet's participation in the Hong Kong Government's Consumption Voucher Scheme (CVS).

KSH Distrifparks (KSH) had a strong year coming out of the pandemic and has firmly established itself as the dominant player in its local market. KSH's ICD (Inland Container Depot) business has the largest market share in the Pune market which in turn is one of the fastest growing industrial hubs in India. KSH's third-party logistics business is a core growth area as the rapidly evolving supply chain landscape in India continues to present exciting opportunities for solutions providers. On the back of its sustained strong performance and consistent surplus cash generation, KSH expects to continue to return surplus cash to investors through share buybacks and dividends.

The Board has proposed a final dividend of 0.9 cents per share, in addition to the distribution in specie of HKT SSUs with a cash equivalent of 8.32818 cents per share made in December 2022. If approved by shareholders at the forthcoming Annual General Meeting, the total dividend will be 9.22818 cents per share for the 2022 financial year, representing a dividend yield of 21.7%.

PCRD will continue to seek new opportunities to improve its performance. PCRD, as a responsible investment holding company, recognises the importance of sustainability when considering new business opportunities. The Company is committed to observing high standards of governance and integrity in all aspects of its business. It will also continue to keep a watchful eye on its investments by overseeing and managing their ESG-related risks.

I would like to thank my fellow directors for their invaluable guidance and counsel in steering the Company through uncertainties and challenges. My particular thanks to Ms. Frances Wong and Mr. Michael Verge who will be stepping down as Directors at the forthcoming AGM for their contributions and distinguished service on the Board. I also thank all management and staff for their dedication and contributions to the Company. My appreciation to our stakeholders and shareholders for their continued support and confidence in the Company.

Richard Li
Chairman

CORPORATE STRUCTURE

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

- OTT Business
- Free TV & Related Business

Solutions Business

- PCCW Solutions

HKT Limited

(subsidiary corporation of PCCW Limited)

Telecommunications Services

- Local Data Services
- Pay TV Services
 - Now TV
- Local Telephony Services
- International Telecommunications Services

Mobile

- Mobile Services
- Mobile Product Sales

Other Businesses

- HKT Digital Ventures
- Corporate Support Functions

PROPERTY AND LOGISTICS

Hong Kong
North Asia
South Asia
Southeast Asia

Pacific Century Premium Developments Limited

(associated corporation of PCCW Limited)

Property Investment and Development

- Jakarta, Indonesia
- Hokkaido, Japan
- Phang Nga, Thailand
- Hong Kong

Hotel, Recreation and Leisure Operations

- Japan

Property and Facilities Management

- Hong Kong
- Hokkaido, Japan

KSH Distriparks India

(associated corporation)

Logistics and Warehousing

- Inland Container Depot
- Warehousing
- Logistics

BOARD OF DIRECTORS

Richard Li Tzar Kai was appointed Chairman of PCRD in 1994 and was last re-elected as a Director in 2021. An Executive Director and Chairman of the Executive Committee of PCRD, Mr. Li is also Chairman and Chief Executive of the Pacific Century Group, a Director of certain FWD group companies, 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 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 Deputy Chairman of PCRD in 2005 and was last re-elected as a Director in 2022. 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 in February 2015, Mr. Yuen is Lead Independent Director and Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating 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 2021. 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 2021. 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 financial advisor to 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.

Laura Deal Lacey was appointed as a Director in February 2015 and re-elected to the position in 2022. An Independent Director, Ms. Lacey is a member of the Nominating Committee and Remuneration Committee of PCRD.

Ms. Lacey is the executive director for global markets at the Milken Institute, a nonprofit think tank that helps people build meaningful lives through health, education, gainful employment, and access to capital. She is responsible for expanding the work of the Milken Institute into Asia, Latin America, and Africa.

BOARD OF DIRECTORS

Prior to the Institute, Ms. Lacey was the executive director of the American Chamber of Commerce in Singapore, the largest American chamber and most active international business association in Southeast Asia. Acting as the face of the organisation, managing its operations, and reporting to a Board of Governors, Laura represented the interest of U.S. companies in Singapore and ASEAN.

Before moving to Asia, Ms. Lacey focused on CEO platforms and executive positioning. She worked at the office of the CEO at Edelman in New York. Laura started her career at the World Economic Forum (WEF) in Geneva, Switzerland.

Ms. Lacey is an independent, non-executive director and chair of FWD Insurance (Singapore). She is also an Advisory Board member at the Sim Kee Boon Institute for Financial Economics at the Singapore Management University.

A dual citizen of Brazil and the United States, Ms. Lacey holds a B.S. from Arizona State University and an M.S. 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 2020.

Mr. Verge is a Non-Executive Director of PineBridge Investments' Board. 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 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 2022. 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 (RICS) from 2011 to 2014 and was a member of the Global Remuneration Committee for the RICS between 2014 to 2021.

Mr. Fossick was educated at University of South Wales, 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 Royal Institution of Chartered Surveyors.

Yeo Wee Kiong was appointed as a Director in May 2020 and was last re-elected as a Director in 2021. An Independent Director, Mr. Yeo is Chairman of the Audit Committee and a member of the Remuneration Committee of PCRD.

Mr. Yeo is an Independent director of AF Global Limited and SUTL Enterprise Limited.

Mr. Yeo is a former Director of a leading Singapore law firm. Prior to that, he was the managing partner of a law corporation which he founded. He is a former investment banker with a Singapore-based UK merchant bank and a senior industry officer with a government statutory board.

Mr. Yeo was educated at University of Singapore where he received a Bachelor of Engineering (Mechanical) (First Class Honours) degree. He holds a Master of Business Administration from the National University of Singapore. He also graduated with an honours degree in law from the University College of London and qualified as a Barrister-at-Law with the Lincoln's Inn in England and Wales.

Charlene Dawes was appointed as a Director in December 2022. An Independent Director, Ms. Dawes is a member of the Audit Committee and Nominating Committee of PCRD.

Ms. Dawes is currently the Managing Director and Owner of Tastings Group Limited. Tastings Group is a hospitality management company specialising in bars, restaurants, events and beverage manufacturing.

Ms. Dawes completed her Wine and Spirit Education Trust (WSET) Level 3 Certification in 2011. She is an established beverage judge in Hong Kong for various competitions and events including the renowned yearly Cathay Hong Kong International Wine & Spirit Competition.

Ms. Dawes was educated at Pepperdine University, United States of America where she received a Bachelor of Arts.

SIGNIFICANT EVENTS IN 2022

PCCW CORPORATE

Mastercard and HKT announce expanded partnership to build sustainable smart city through Priceless Planet Coalition

PCCW & HKT supports Hong Kong Government's Strive and Rise initiative

HKT becomes Major Sponsor of "Yayoi Kusama: 1945 to Now", the largest retrospective of renowned artist Yayoi Kusama in Asia outside Japan

Lenovo and PCCW announce strategic partnership to form technology solutions powerhouse in Asia Pacific

PCCW-HKT becomes the first Hong Kong-based integrated communications, media and technology organisation to purchase a virtual plot of land at Mega City, a neighbourhood in the Sandbox Metaverse and launches Metaverse Academy

PCCW-HKT corporate volunteers distribute anti-epidemic service bags

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.

2022 was a challenging year, with the fifth wave of COVID-19 significantly impacting Hong Kong. Despite the stagnant business environment hampering sentiments, PCCW's performance remained resilient, delivering solid results driven by its diversified portfolio.

INDUSTRY-LEADING CONTENT FOR REGIONAL AUDIENCES

PCCW's pan-regional OTT video service, Viu, continued to deliver strong growth and has been EBITDA-positive since the first half of 2022. In addition to retaining the top spot for monthly active users ("MAUs") for the 12th consecutive quarter, PCCW's paid subscriber number and streaming minutes placed it solidly in the top two amongst global video streaming platforms in Southeast Asia¹. Driven by strong performance in its content offerings, including its expanding slate of Viu Original series, OTT segment revenue grew 36%, underpinned by increased user engagement and in-market penetration. With the increasing number of MAUs and subscribers, PCCW continues to tap into the robust growth in premium subscription and digital advertising markets across the region as the industry expands.

TRENDING PROGRAMMES DRIVING DOMESTIC TV VIEWERSHIP

ViuTV, PCCW's free TV service, trended upward in both TV and digital viewership, supported by a strong programming line-up ranging from popular dramas and variety shows to world-class sports events, including 19 exciting live FIFA World Cup Qatar 2022™ matches. Primetime programmes were well received, and total digital viewing time rose by 25%. PCCW's content creation and talent management arm under PCCW Media explored further growth by building a multifaceted entertainment business covering TV, film, music publishing and events. Despite a softening economy, its quality content, effective advertising solutions, and brand engagements contributed to an overall revenue growth of 14% for the year.

DIFFERENTIATING SERVICE ADDS TO LOYAL CUSTOMER BASE

HKT's Mobile business continued to lead the market in 2022 despite challenging conditions. It added about 26,000 post-paid customers over the year to reach 3.323 million. 5G subscribers surpassed the 1 million mark by year end to reach 32% of its post-paid base and contributed to an ARPU uplift. Leveraging value-added applications such as augmented reality ("AR") and virtual reality ("VR"), which HKT believes will drive future 5G adoption, HKT sponsored the "Kusama Yayoi: 1945 to Now" exhibition at M+. This enabled it to create an AR-lens application for consumer engagement and promote 5G switching.

¹ Based on MPA APMD Online Video Consumer Insights Q4 2022 covering Indonesia, Malaysia, Thailand, the Philippines and Singapore.

BUSINESS REVIEW

PCCW MEDIA

"Reborn Rich" becomes most viewed title on Viu across its 16 markets in the first 10 days of broadcast; Song Joongki appears at Viu Singapore press event for the drama

Viu strengthens its position as one of the top OTT streaming platforms in Greater Southeast Asia, with different local teams winning 24 accolades at the

Asian Academy Creative Awards, 16 at the Marketing Excellence Awards, 3 from Marketing Interactive

Viu Hong Kong releases its first Viu Original series, #LoveSignal

MakerVille launched for the development of content, talent and events

PCCW SOLUTIONS

PCCW Solutions and City University of Hong Kong join hands to develop smart city solutions and nurture digital technology talent

HKT also experienced a 41% surge in roaming revenue during Q4 as reopening of borders encouraged outbound travel. Catering to travellers' discerning needs, HKT developed flexible, high-quality 5G roaming packages such as mainland-Hong Kong-Macau plans and daily or monthly passes for pre-purchase. In 2023, with full travel resumption and 2023 international events in Hong Kong, roaming revenue is expected to hit 70% of pre-COVID levels, making 5G adoption & roaming return dual growth engines for its mobile business this year.

INNOVATING FOR NEW HORIZONS

The low latency and ultra-high speed of 5G underscore its relevance for up-and-coming immersive 3D virtual experiences in the metaverse. In light of this potential, HKT created Futurera – its Web3.0 virtual world – by partnering with The Sandbox and gamifying elements from ViuTV's Be ON Game programme to engage users while offering a novel pathway for Web3.0 talent recruitment. Moreover, the Metaverse Academy was launched to provide relevant training to build a tech-savvy customer base and attract quality partners for collaboration. HKT is also investing in e-commerce, live entertainment, and other new opportunities to grow within the metaverse.

During the year, HKT expanded 5G service to the MTR East Rail Line Cross-Harbour Extension to span all MTR lines. It also completed 5G coverage across Hong Kong, including indoor and rural areas, with additional spectrum and technology upgrades to increase speed and capacity. It has taken steps to reduce energy consumption, including setting up solar panels on exchange buildings and natural cooling for cell sites. Its robust fibre infrastructure and massive network enable it to support a quality customer experience and futureproof its business for intensive data consumption.

A DIVERSE AND COMPLEMENTARY RANGE OF HOME SOLUTIONS

HKT Home offers a newly integrated suite of services comprising broadband, fixed line, entertainment, lifestyle technology and learning solutions to better address every family's needs. As a result of digital lifestyle adoption, which has become mainstream, its fibre-to-the-home ("FTTH") subscribers increased by 3%, representing 66% of the total base. To offer flexibility, capacity and stability, it also provides a selection of connectivity options ranging from fibre-to-the-room ("FTTR") to 5G Internet and Wi-Fi 6E routers with over 1G speeds. Broadband subscribers rose by about 4,000, reaching 1.465 million in 2022, alongside a 24% penetration rate for Home Wi-Fi solutions. Wholesale business with property developers increased by 35%.

Now TV continues to grow as a world-class digital platform for viewers and content partners. Leveraging its robust network infrastructure, it offers linear television alongside on-demand content across different devices, with a focus on sports fans, families with kids and drama and movie fans. FIFA World Cup Qatar 2022™, which it broadcast exclusively in Hong Kong, drove up advertising revenue by 52% half on half, while commercial subscription revenue rose 22% due to relaxed social distancing regulations. The new Now AR – FIFA World Cup™ app also provided users with an immersive experience.

Paying users of Now TV grew by 2%, reaching almost 1.4 million in 2022. As a super aggregator, its unrivalled entertainment content library and open platform continued to attract diverse audiences and OTT partners. Meanwhile, its new STEM Learning Pack and eye AI Interactive Robot help build children's language learning and coding skills. In addition, its 10,000-square-foot Sooper Yoo indoor playground encourages the holistic development of kids and promotes offline engagement.

SIGNIFICANT EVENTS IN 2022

MOBILE

CSL Mobile offers Nothing phone (1) on exclusive basis

HKT extends 5G network to East Rail Line Cross-Harbour Extension and becomes the first mobile operator to provide 5G coverage along all MTR lines

HKT HOME

Sooper Yoo, a 10,000-square-foot indoor playground at Island West, is launched to provide experiential games with interactive technologies and physical training for children

Now TV and ViuTV exclusively broadcast FIFA World Cup Qatar 2022™, bringing real-time statistics on the new Now AR - FIFA World Cup™ app to viewers

HKT launches eye AI Interactive Robot in Hong Kong, enhancing children's learning abilities

Now TV extends exclusive Premier League broadcast rights to 2024/25 seasons

EMPOWERING ENTERPRISE DIGITAL TRANSFORMATION IN THE MAINLAND AND BEYOND

HKT's commercial business has been addressing increasing demand for digital transformation and tech talent shortage, particularly in the SME sector hit hard by the economic contraction. It offers innovative solutions and enterprise managed services ("EMS") to cater to specific needs across industries while accelerating Hong Kong's smart city development. As 5G creates synergy with emerging technologies such as blockchain and cloud computing, it is exploring potential revenue from ancillary services such as cybersecurity, proptech, fintech, energy management and Internet of Things ("IoT").

Supporting enterprises in capitalising on the mainland's market as borders reopen, HKT is committed to helping its clients expand their operations into the Greater Bay Area ("GBA") and beyond. During lockdowns, it stepped up its solutions for Hong Kong clients' remote business management, enhancing service at scale in the retail and insurance industries. Despite anti-pandemic measures, its mainland business registered a growth of 57% from local and multinational clients. It will continue expanding its offerings and partnerships to further scale up its services.

HKT has been strengthening its international coverage by improving customer experience locally and providing secure global connectivity via PCCW Global's network of over 140 points of presence, 60 international cable systems, 160 cloud zones, and 850 data centres. A software-defined platform has been rolled out to automate connectivity for users to independently manage speed and performance.

STRATEGIC PARTNERSHIP UNLOCKING SIGNIFICANT PROSPECTS

In August, PCCW concluded its agreement with Lenovo Group Limited to establish a partnership creating a technology solutions business in the Asia Pacific region. The new entity, known as Lenovo PCCW Solutions Limited ("LPSL"), leverages expertise and a highly skilled talent pool from both companies to grow in reach and competitiveness across the region. LPSL is uniquely positioned to capture the growth opportunities in the Asia IT Services market, which is expected to grow at a CAGR of more than 10% to exceed US\$470 billion by 2026, according to market data estimates. PCCW remains fully committed to supporting the digital transformation of Hong Kong, for both the public and private sectors, as a smart city.

AI-ENABLED PERSONALISED DIGITAL SERVICES

HKT has been actively promoting the digital economy by growing its digital payment service and supporting the Government's Consumption Voucher Scheme ("CVS"). It launched complementary measures to help SMEs capture the surge in business and reduce operating costs, including waiving fees for Tap & Go and FPS transactions and SmartPOS rental fees. In 2022, consumer spending on Tap & Go soared by 55% year on year, while transaction volume jumped 68%.

BUSINESS REVIEW

HKT ENTERPRISE

HKT becomes first Hong Kong-based service provider to receive SD-WAN + Cloud Network Convergence Award from CAICT in mainland China for managed SD-WAN services

HKT and New World Development form strategic alliance to accelerate digital transformation and bring cloud-based "Workplace for Tomorrow" to the Greater Bay Area

HK\$32 million campaign launched to support SMEs

HKT DIGITAL VENTURES

Tap & Go continues to be selected as one of the Stored Value Facilities to assist in disbursing consumption vouchers in Hong Kong

DRGO

DrGo introduces first-in-Asia FibriCheck for atrial fibrillation function

PCRD

PCRD completes Distribution in Specie of HKT SSUs in December 2022

HKT's integrated loyalty and digital commerce online platform, The Club, registered a growth of 2% in Gross Merchandise Value ("GMV"), 16% in non-phone GMV, and 5% in membership. It has diversified product offerings to meet target audiences' needs, partnering internally and externally with market leaders such as Agoda to offer air travel, hotel accommodation, roaming services and other packages. As it better understands customer preferences, it is able to further tailor its offerings, eventually integrating them into a single sign-on platform. The resulting "super app" will, in turn, enhance members' experience while creating a flywheel of increased engagement and spending.

DrGo, HKT's healthtech platform, remains committed to providing teleconsultation services. In 2022, it recorded 15-fold growth in video consultations with 352,000 registered members. It has linked up with 130 doctors and 15 medical partners to meet increasing demand. Working with organisations, it has been offering preventive care (e.g. atrial fibrillation screenings, bone density tests, diabetes monitoring, and Traditional Chinese Medicine) to safeguard and enhance the public's health and well-being.

During the pandemic, the PCCW Group has provided free hotline and Internet services for COVID-19 isolation facilities and underprivileged individuals. Over 100 volunteers also participated in the Government's Strive and Rise Programme as mentors for disadvantaged youth. Contributing to protecting the planet, it has partnered with Mastercard to support reforestation through the Priceless Planet Coalition. Doing its part to tackle climate change, the PCCW Group has devised energy-management solutions for corporates and households, together with Smart Charge EV charging for green transport. It has also committed US\$2 billion towards sustainability-linked loan facilities.

PCRD's other business activities include:

KSH LOGISTICS

KSH Distriparks ("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.

KSH is having a strong year emerging from the pandemic and has firmly established itself as the dominant player in its local market. KSH's ICD business has the largest market share in the Pune market which in turn is one of the fast growing industrial hubs in India. KSH's third partly logistics business is a core growth area as the rapidly evolving supply chain landscape in India continues to present exciting opportunities for solutions providers. On the back of its sustained strong performance and consistent surplus cash generation, KSH effected a share buyback in 2022 to return some of its financial surplus to shareholders. With KSH anticipating fairly modest capex needs for its business in the near term, it is expected to continue to return surplus cash through buybacks and dividends.

FINANCIAL HIGHLIGHTS

CONDENSED CONSOLIDATED INCOME STATEMENT INFORMATION

For the year ended 31 December

	Group	
	2022 \$'000	2021 \$'000
Revenue	24,012	28,709
Profit from operating activities after finance costs	6,227	16,967
Loss on deemed dilution	(547)	–
Share of profit of associated corporations, net of tax	7,583	42,042
Loss on liquidation of subsidiary corporations	–	(228)
Profit before income tax	13,263	58,781
Income tax expense	(190)	(100)
Attributable to equity holders of the Company	13,073	58,681
Per Share Data		
Earnings per share (Singapore cents)	0.49	2.22
Cash Distribution		
Interim special dividend (Singapore cents)	8.33#	–
Interim dividend (Singapore cents)	–	2.88
Special dividend (Singapore cents)	–	0.65
Final dividend (Singapore cents)	0.90*	0.78
Special dividend (Singapore cents)	–	2.70
	9.23	7.01

Distribution in specie of HKT SSUs

* Subject to approval by shareholders at the 59th Annual General Meeting

FINANCIAL HIGHLIGHTS

CONDENSED CONSOLIDATED BALANCE SHEET INFORMATION

As at 31 December

	Group	
	2022 \$'000	2021 \$'000
Current assets	5,492	5,630
Non-current assets	675,111	1,049,831
Total assets	680,603	1,055,461
Current liabilities	(4,842)	(3,599)
Non-current liabilities	(295,115)	(314,560)
Total liabilities	(299,957)	(318,159)
Net assets	380,646	737,302
Represented by:		
Share capital	457,283	457,283
Other reserves	56,599	198,195
(Accumulated loss)/retained profits	(133,236)	81,824
Net assets	380,646	737,302
Attributable to equity holders of the Company		
Net assets	380,646	737,302
Per Share Data		
Net assets per share (Singapore cents)	14.4	27.8

CORPORATE INFORMATION

BOARD OF DIRECTORS

Richard Li Tzar Kai
Chairman

Francis Yuen Tin Fan
Deputy Chairman
Lead Independent Director

Peter A. Allen
Group Managing Director

Frances Wong Waikwun
Independent Director

Laura Deal Lacey
Independent Director

W. Michael Verge
Non-Executive Director

Christopher Fossick
Independent Director

Yeo Wee Kiong
Independent Director

Charlene Dawes
Independent Director

EXECUTIVE COMMITTEE

Richard Li Tzar Kai
Chairman

Peter A. Allen

NOMINATING COMMITTEE

Frances Wong Waikwun
Chairwoman

Francis Yuen Tin Fan

Laura Deal Lacey

Christopher Fossick

Charlene Dawes

AUDIT COMMITTEE

Yeo Wee Kiong
Chairman

Francis Yuen Tin Fan
Frances Wong Waikwun

Christopher Fossick
Charlene Dawes

REMUNERATION COMMITTEE

Francis Yuen Tin Fan
Chairman

Laura Deal Lacey

Yeo Wee Kiong

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

AUDITOR

PricewaterhouseCoopers LLP

AUDIT PARTNER

Yong Zen Yun
(appointed in 2022)

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue #14-07
Keppel Bay Tower
Singapore 098632

COMPANY REGISTRATION NO.

196300381N



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DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2022 and the balance sheet of the Company as at 31 December 2022.

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 72 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 2022 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
Ms. Frances Wong Waikwun
Ms. Laura Deal Lacey
Mr. W. Michael Verge
Mr. Christopher Fossick
Mr. Yeo Wee Kiong
Ms. Charlene Dawes

(appointed on 5 December 2022)

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:

The Company	Ordinary shares registered in name of director or nominee		Ordinary shares in which directors are deemed to have an interest	
	At 31.12.2022	At 1.1.2022	At 31.12.2022	At 1.1.2022
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 2023. 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.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

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 1967, 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 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 audits (both external and internal) of the Group and of PCCW Limited and its subsidiaries ("PCCW").
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, and oversaw and monitored whistle-blowing.
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.
13. Monitored the Group's risk of becoming subject to, or violating, any sanctions-related law or regulation, ensured timely and accurate disclosure to the SGX-ST and other relevant authorities, and assessed whether independent legal advice or the appointment of a compliance adviser is required in relation to sanctions-related risks applicable to the Group.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

AUDIT COMMITTEE (continued)

The Committee reviewed 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.

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 appropriate approval for interested person transactions.

The Committee convened two 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.

The Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

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

31 March 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Pacific Century Regional Developments Limited

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 1967 ("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 2022 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 2022;
- 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 2022;
- 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Pacific Century Regional Developments Limited

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 2022. 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
<p>Key Audit Matters in relation to PCCW Limited and its subsidiaries ("PCCW")</p> <p>Refer to Note 15 in the financial statements for the summarised financial information of PCCW.</p> <p>PCCW is a significant investment of the Group and is accounted for under the equity method of accounting.</p> <p>The Group's share of profit after tax from PCCW for the financial year ended 31 December 2022 was \$6.3 million and the carrying value of the Group's share of PCCW net assets was \$528.3 million as at 31 December 2022.</p> <p>The key audit matters identified by PCCW's auditor for the financial year ended 31 December 2022 comprised of the following:</p> <p>(1) Revenue recognition; (2) Impairment assessments for cash generating units ("CGUs") containing goodwill; and (3) Income taxes.</p> <p>PCCW's auditor reported that the key audit matters were supported by the available evidence.</p>	<p>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.</p> <p>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.</p> <p>We found that the Group's share of the profit and net assets of PCCW were supported by the available evidence.</p>

INDEPENDENT AUDITOR'S REPORT

To the Members of Pacific Century Regional Developments Limited

Other Information

Management is responsible for the other information. The other information comprises the following sections that have been included in the Group's 2022 Annual Report for the financial year ended 31 December 2022 (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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Pacific Century Regional Developments Limited

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Pacific Century Regional Developments Limited

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 Yong Zen Yun.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore

31 March 2023

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Revenue	3	24,012	28,709
Other income	4	380	77
Expenses			
– Depreciation expenses	17	(315)	(322)
– Employee compensation	5	(2,305)	(2,319)
– Directors' fees		(283)	(272)
– Legal and other professional fees		(2,579)	(1,420)
– Travelling expenses		(78)	(75)
– Foreign exchange (loss)/gain, net		(382)	136
– Subscriptions and donations		(200)	(924)
– Others		(617)	(598)
– Finance expenses	6	(11,406)	(6,025)
Total expenses		(18,165)	(11,819)
Share of profit of associated corporations, net of tax		7,583	42,042
Loss on deemed dilution		(547)	–
Loss on liquidation of subsidiary corporations		–	(228)
Profit before income tax		13,263	58,781
Income tax expense	7(a)	(190)	(100)
Total profit		13,073	58,681
Attributable to equity holders of the Company		13,073	58,681
Earnings per share attributable to equity holders of the Company (Singapore cents per share)	8		
– Basic		0.49	2.22
– Diluted		0.49	2.22

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Total profit		13,073	58,681
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Gains/(losses), net		4,248	(8,224)
– Reclassification of currency translation differences from liquidated subsidiary corporations to income statement		–	228
Share of other comprehensive (loss)/gain of associated corporations		(5,250)	7,215
		(1,002)	(781)
Items that will not be reclassified subsequently to profit or loss:			
Fair value (losses)/gains on equity investments at fair value through other comprehensive income		(51,392)	25,433
Currency translation differences arising from consolidation			
– (Losses)/gains, net		(2,502)	14,682
Other comprehensive (loss)/income, net of tax		(54,896)	39,334
Total comprehensive (loss)/income		(41,823)	98,015
Total comprehensive (loss)/income attributable to equity holders of the Company		(41,823)	98,015

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

BALANCE SHEETS

As at 31 December 2022

Note	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	9	4,007	3,851	3,160
Trade and other receivables	10	100	77	85
Other current assets	11	1,385	1,702	583
		5,492	5,630	3,828
				2,629
Non-current assets				
Financial assets, at fair value through other comprehensive income ("FVOCI")	13	132,931	388,063	55,298
Other receivables	14	88	66	-
Investments in associated corporations	15	539,761	658,927	1,017,272
Investments in subsidiary corporations	16	-	-	199,998
Property, plant and equipment	17	576	705	-
Other non-current assets	18	1,755	2,070	595
		675,111	1,049,831	1,273,163
				1,519,609
Total assets		680,603	1,055,461	1,276,991
				1,522,238
LIABILITIES				
Current liabilities				
Trade and other payables	19	4,534	3,317	436,934
Current income tax liabilities	7(b)	16	15	-
Borrowings	20	292	267	-
		4,842	3,599	436,934
				256,640
Non-current liabilities				
Borrowings	20	294,741	314,186	-
Deferred income tax liabilities	21	374	374	-
		295,115	314,560	-
				193,884
Total liabilities		299,957	318,159	436,934
				450,524
NET ASSETS		380,646	737,302	840,057
				1,071,714
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	22	457,283	457,283	457,283
Other reserves	23	56,599	198,195	(147,830)
(Accumulated loss)/retained profits		(133,236)	81,824	530,604
Total equity		380,646	737,302	840,057
				1,071,714

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Note	Share capital \$'000	Other reserves \$'000	(Accumulated loss)/retained profits \$'000	Total equity \$'000
2022					
Beginning of financial year		457,283	198,195	81,824	737,302
Total comprehensive (loss)/income for the financial year		-	(54,896)	13,073	(41,823)
Share of reserves of associated corporations		-	(5)	(2,739)	(2,744)
Dividend paid	28	-	-	(312,698)	(312,698)
Transfer upon distribution in specie	23	-	(86,695)	86,695	-
Capital contribution from Pacific Century Group Holdings (HK) Limited ("PCGH"), a subsidiary corporation of the intermediate holding company	20	-	-	609	609
End of financial year		457,283	56,599	(133,236)	380,646
		(Note 22)	(Note 23)		
2021					
Beginning of financial year		457,283	170,785	231,627	859,695
Total comprehensive income for the financial year		-	39,334	58,681	98,015
Share of reserves of associated corporations		-	(473)	(6,821)	(7,294)
Write back of deferred tax provision for gains on disposal of investments		-	-	2,181	2,181
Dividend paid	28	-	-	(215,295)	(215,295)
Transfer upon disposal of investments		-	(11,451)	11,451	-
End of financial year		457,283	198,195	81,824	737,302
		(Note 22)	(Note 23)		

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Cash flow from operating activities:			
Profit after tax		13,073	58,681
Adjustments for:			
– Income tax expense		190	100
– Depreciation expenses		315	322
– Dividend income		(24,012)	(28,709)
– Interest income		(18)	(4)
– Finance expenses		11,406	6,025
– Unrealised currency translation gains		(1,104)	(872)
– Loss on liquidation of subsidiary corporations		–	228
– Gain on share buyback by KSH Distriflats Private Limited ("KSH")		(265)	–
– Loss on deemed dilution		547	–
– Share of profit of associated corporations, net of tax		(7,583)	(42,042)
		(7,451)	(6,271)
Change in working capital:			
– Trade and other receivables		143	(90)
– Trade and other payables		722	(761)
Cash used in operations		(6,586)	(7,122)
Interest received		18	4
Income tax paid		(186)	(193)
Net cash used in operating activities		(6,754)	(7,311)
Cash flow from investing activities:			
Purchase of property, plant and equipment		(75)	(14)
Purchase of financial assets, at FVOCI		–	(13,492)
Proceeds from disposal of financial assets, at FVOCI		–	106,116
Proceeds from share buyback by KSH		2,285	–
Dividends from financial assets, at FVOCI		5,192	10,672
Dividends received from HKT Trust and HKT Limited ("HKT")		18,820	18,037
Dividends received from PCCW		115,861	97,491
Net cash provided by investing activities		142,083	218,810
Cash flow from financing activities:			
Payment of finance expenses		(10,404)	(7,109)
Proceeds from borrowings		278,625	145,962
Repayment of borrowings and lease payments		(296,131)	(139,477)
Dividend paid to equity holders of the Company		(107,283)	(215,295)
Net cash used in financing activities		(135,193)	(215,919)
Net increase/(decrease) in cash and cash equivalents		136	(4,420)
Cash and cash equivalents at beginning of year		3,851	8,174
Effects of currency translation on cash and cash equivalents		20	97
Cash and cash equivalents at end of year	9	4,007	3,851

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

					Non-cash changes		
			(Capital contribution)/ addition during the year \$'000		Finance expenses \$'000	Foreign exchange movement \$'000	
	Beginning of financial year \$'000	Proceeds from borrowings \$'000	Principal and finance payments \$'000				End of financial year \$'000
2022							
Bank borrowings	313,782	202,339	(296,783)	-	9,538	(1,450)	227,426
Borrowing from PCGH	-	76,286	(9,476)	(609)	855	34	67,090
Lease liabilities	671	-	(276)	111	11	-	517
2021							
Bank borrowings	302,461	145,962	(146,285)	-	7,099	4,545	313,782
Lease liabilities	113	-	(301)	849	10	-	671

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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 associated corporations are set out in Note 26.

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.

As at 31 December 2022, the Group is in a net current asset position. However, the Company's current liabilities exceed its current assets by \$433,106,000 (2021: \$254,011,000). The financial statements of the Company are prepared on a going concern basis because the current liabilities comprised \$434,130,000 (2021: \$254,599,000) (Note 19) of payables to subsidiary corporations which are wholly-owned by the Company. As such, the Company is able to pay its debts as and when they fall due.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise judgement in 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all 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 consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction shows 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.

(ii) 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) 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% and above. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(b) Associated corporations (continued)

(ii) Equity method of accounting (continued)

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 made payments on behalf of the associated corporation or has legal or constructive obligations to make such payments. 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.

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 subsidiary corporations and 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(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	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.

(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 income".

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 an associated corporation is included in the carrying amount of the investment.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 may not be 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets

(a) Classification and measurement

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

- Amortised cost; and
- Fair value through other comprehensive income (FVOCI).

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.

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

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, in the case of a financial asset not at fair value through profit or loss. 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 two subsequent measurement categories, depending on the Group's business model for managing the asset and 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".

(ii) Equity investments

The Group subsequently measures 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

(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, 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.

(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 borrowing facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.13 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 recognises 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 asset.

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 future 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 the option is reasonably certain to be exercised; and
- Payment of penalties for terminating the lease, if the lease term reflects that the Group will exercise that option.

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 change 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Income taxes

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 are 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. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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 qualifying 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 value 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 on 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 (loss)/gain, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial position of all 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 on the reporting date;
- (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 on 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 upon the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at closing rates on 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 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 and deposits with financial institutions which are subject to an insignificant risk of change in value.

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 from 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 is deducted from the share capital account if the shares are purchased out of the capital of the Company, or from 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.23 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 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 had previously been 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	
	2022 \$'000	2021 \$'000
Dividend income	24,012	28,709

4. OTHER INCOME

	Group	
	2022 \$'000	2021 \$'000
Government grants	5	38
Interest income – bank deposits	18	4
Management fees		
– associated corporation	3	3
– other related parties (Note 27(a))	27	27
Gain from share buyback by KSH	265	–
Gain on disposal of property, plant and equipment	29	–
Other income	33	5
	380	77

5. EMPLOYEE COMPENSATION

	Group	
	2022 \$'000	2021 \$'000
Wages and salaries	2,178	2,193
Employer's contributions to defined contribution plans		
including Central Provident Fund	127	126
	2,305	2,319

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6. FINANCE EXPENSES

	Group	
	2022 \$'000	2021 \$'000
Interest expense		
– bank borrowings	7,209	3,647
– borrowing from PCGH (Note 20)	855	–
– lease liabilities	11	10
Finance facility fees	3,331	2,368
	11,406	6,025

7. INCOME TAXES

(a) Income tax expense

	Group	
	2022 \$'000	2021 \$'000
Tax expense attributable to profit is made up of:		
Profit from current financial year:		
Current income tax		
– Singapore	255	123
	255	123
(Over)/under provision in prior financial years:		
Current income tax	(65)	43
Deferred income tax (Note 21)	–	(66)
Tax expense	190	100

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	
	2022 \$'000	2021 \$'000
Profit before income tax		
Less: Share of profit of associated corporations, net of tax		
Loss on deemed dilution of associated corporations		
	13,263	58,781
	(7,583)	(42,042)
	547	–
	6,227	16,739
Tax calculated at tax rate of 17% (2021: 17%)	1,059	2,845
Effects of:		
– income not subject to tax	(4,128)	(5,010)
– expenses not deductible for tax purposes	3,322	2,290
– different tax rates in other countries	19	14
– partial tax exemption	(17)	(16)
Tax charge for the financial year	255	123

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7. INCOME TAXES (continued)

- (b) Movement in current income tax liabilities

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Beginning of financial year	15	42	-	-
Currency translation differences	(3)	-	(3)	-
Income tax paid	(186)	(193)	(236)	(108)
Tax expense	190	166	239	108
End of financial year	16	15	-	-

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

	Group	
	2022 \$'000	2021 \$'000
Tax on disposal of financial assets, at FVOCI	-	249

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	
	2022	2021
Net profit attributable to equity holders of the Company (\$'000)	13,073	58,681
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,648,150	2,648,150
Basic earnings per share (Cents per share)	0.49	2.22

- (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 2021 and 2022.

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at bank and on hand	4,007	3,851	3,160	1,321

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

10. TRADE AND OTHER RECEIVABLES - CURRENT

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade receivables				
– Non-related parties	26	18	22	13
Other receivables				
– Subsidiary corporation	–	–	63	63
– Other related parties (Note 10(a))	7	17	–	1
– Non-related parties	596	596	596	596
	603	613	659	660
Less: Allowance for impairment of receivables				
– Non-related parties	(596)	(596)	(596)	(596)
Other receivables, net	7	17	63	64
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	67	42	–	–
	100	77	85	77

- (a) Amounts due from a subsidiary corporation and other related parties (Note 27(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 (2021: \$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 2022, the amount due, inclusive of interest, was \$104,401,000 (2021: \$102,658,000). However, the Company has not recognised any amount beyond the amount receivable of \$59,776,000 (2021: \$59,776,000), which is fully provided for.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

11. OTHER CURRENT ASSETS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deposits	3	1	3	1
Prepayments	1,382	1,701	580	1,230
	1,385	1,702	583	1,231

12. ASSETS CLASSIFIED AS HELD-FOR-SALE

In 2019, certain financial assets, at FVOCI were classified as assets held-for-sale.

	Group	
	2022 \$'000	2021 \$'000
Quoted equity investments, at fair value:		
- FWDGRP ZERO Perpetual Corp (USD)	-	-
Beginning of financial year	-	91,544
Fair value gains (Note 23 (b)(v))	-	12,142
Disposals during the financial year	-	(103,686)
End of financial year	-	-

During the financial year ended 31 December 2021, the Group disposed certain holdings of FWDGRP ZERO Perpetual Corp (USD). These investments had a fair value of \$103,686,000 at the date of disposal in 2021, and the cumulative gain on the disposal amounted to \$11,451,000, net of tax. The cumulative gain on disposal was reclassified from fair value reserve to retained profits.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

13. FINANCIAL ASSETS, AT FVOCI

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Beginning of financial year	388,063	356,871	294,772	277,567
Currency translation differences	1,675	4,409	1,830	3,946
Additions				
- Purchased in cash	-	13,492	-	13,492
Disposals				
- Distribution in specie of HKT share stapled units ("SSUs")	(205,415)	-	(205,415)	-
Fair value (losses)/gain (Note 23(b)(v))	(51,392)	13,291	(35,889)	(233)
End of financial year	132,931	388,063	55,298	294,772
Non-current assets				
Equity investments, at fair value:				
- Unquoted				
Foxdale Asset Holding Ltd	14,163	32,953	-	-
Exoduspoint Partners International Fund, Ltd	62,978	59,863	-	-
Others	492	475	-	-
	77,633	93,291	-	-
- Quoted				
HKT SSUs	36,874	265,155	36,874	265,155
Pacific Century Premium Developments Limited ("PCPD")	18,424	29,617	18,424	29,617
	55,298	294,772	55,298	294,772
Total	132,931	388,063	55,298	294,772

The Group's quoted equity investments are issued by HKT and PCPD, which are subsidiary and associated corporations of PCCW respectively.

During the financial year ended 31 December 2022, the Company distributed 123,325,653 HKT SSUs, amounting to \$205,415,000 on declaration date, as distribution in specie to its shareholders who held the Company's shares as at record date ("Entitled Shareholders").

14. OTHER RECEIVABLES - NON-CURRENT

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Other receivables				
- Others	88	66	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

15. INVESTMENTS IN ASSOCIATED CORPORATIONS

	Company	
	2022 \$'000	2021 \$'000
Equity investments – Quoted shares		
At cost	1,017,272	1,022,080
Market value of quoted shares at balance sheet date	1,067,506	1,203,573

Set out below are the associated corporations of the Group as at 31 December 2022. 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	
		2022	2021
PCCW Limited	Hong Kong	22.7	22.7
KSH Distriparks Private Limited	India	49.9	49.9

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.

As at 31 December 2022, the fair value of the Group's interest in PCCW, which is listed on the Hong Kong Stock Exchange, was \$1,067,506,000 (2021: \$1,203,573,000). The carrying amount of the Group's interest in PCCW was \$528,337,000 (2021: \$645,859,000).

To provide shareholders with information on the results and financial position of PCCW, financial information from its audited annual report dated 24 February 2023 is set out below. The summarised consolidated statement of comprehensive income is translated at the average rate for each financial year and the summarised consolidated balance sheet at the closing rate as at each balance sheet date.

Summarised consolidated statement of comprehensive income of PCCW

	For the year ended 31 December	
	2022 \$'000	2021 \$'000
Revenue	6,348,131	6,128,252
Profit before income tax	457,474	647,481
Profit for the year	485,989	509,377
Other comprehensive loss for the year	(79,385)	(16,593)
Total comprehensive income for the year	406,604	492,784

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

15. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

Summarised consolidated balance sheet of PCCW

	2022 \$'000	2021 \$'000
Current assets	2,948,064	3,235,677
Current liabilities	(4,215,423)	(3,755,930)
Non-current assets	13,493,022	13,136,979
Non-current liabilities	(10,017,987)	(9,926,497)
Net assets	2,207,676	2,690,229
CAPITAL AND RESERVES		
Share capital	2,240,362	2,250,951
Reserves	(1,279,812)	(777,946)
Equity attributable to equity holders of PCCW	960,550	1,473,005
Perpetual capital securities	1,017,969	1,022,781
Non-controlling interests	229,157	194,443
Total equity	2,207,676	2,690,229

The information on pages 45 and 46 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:

	2022 \$'000	2021 \$'000
Performance guarantee	56,494	61,928
Others	1,806	6,311

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.

The following table summarises, in aggregate, the Group's share of profit and other comprehensive income of the Group's individually immaterial associated corporation accounted for using the equity method:

	2022 \$'000	2021 \$'000
Profit after income tax and total comprehensive income	242	1,287

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

15. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

Reconciliation of summarised financial information

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

	PCCW	
	2022 \$'000	2021 \$'000
Equity attributable to equity holders of PCCW		
At 1 January	1,473,005	1,701,818
Profit for the year	27,811	179,587
Other comprehensive (loss)/gain	(68,119)	26,791
Transactions with equity holders	(465,921)	(460,477)
Currency translation differences	(6,226)	25,286
At 31 December	960,550	1,473,005
 Group		
	2022 \$'000	2021 \$'000
Interest in PCCW (22.7%) (2021: 22.7%)	218,045	334,372
Return of special capital in excess of net assets ^(*)	232,605	232,605
Goodwill and foreign exchange differences	77,687	78,882
Carrying value of PCCW	528,337	645,859
Add:		
Carrying value of KSH	11,424	13,068
Carrying value of Group's interest in associated corporations	539,761	658,927
 Dividends received from PCCW	 115,861	 97,491

^(*) In 2009, the Company received a return of special capital amounting to \$377,478,000 from PCCW. The amount was distributed from PCCW's special capital reserve. 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. Refer to Note 2.3(b)(ii) for the accounting policy of the Group's equity method of accounting.

Further details of associated corporations are provided in Note 26.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2022 \$'000	2021 \$'000
Equity investments, at cost		
Beginning of financial year	200,943	198,127
Addition	-*	-
Currency translation difference	(945)	2,816
End of financial year	199,998	200,943

* The amount is less than \$1,000.

On 7 December 2022, the Company subscribed for 1,000 ordinary shares of a newly-incorporated wholly-owned subsidiary corporation, PCRD Financial Services (HK) Limited, at an issue price of HKD1 per share.

Details of subsidiary corporations are provided in Note 26.

17. PROPERTY, PLANT AND EQUIPMENT

(a) Property, plant and equipment

Group	Renovations, furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Properties \$'000	Total \$'000
2022				
Cost				
Beginning of financial year	314	163	849	1,326
Additions	2	184	-	186
Disposals	(74)	(163)	-	(237)
End of financial year	242	184	849	1,275
Accumulated depreciation				
Beginning of financial year	281	163	177	621
Depreciation charge	23	9	283	315
Disposals	(74)	(163)	-	(237)
End of financial year	230	9	460	699
Net book value				
End of financial year	12	175	389	576

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

17. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) Property, plant and equipment (continued)

	Renovations, furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Properties \$'000	Total \$'000
Group				
2021				
<i>Cost</i>				
Beginning of financial year	313	163	659	1,135
Additions	14	–	849	863
Disposals	(13)	–	(659)*	(672)
End of financial year	314	163	849	1,326
<i>Accumulated depreciation</i>				
Beginning of financial year	259	163	549	971
Depreciation charge	35	–	287	322
Disposals	(13)	–	(659)*	(672)
End of financial year	281	163	177	621
<i>Net book value</i>				
End of financial year	33	–	672	705
Company				
2022				
<i>Cost</i>				
Beginning of financial year				23
Disposals				(23)
End of financial year				–
<i>Accumulated depreciation</i>				
Beginning of financial year				23
Disposals				(23)
End of financial year				–
<i>Net book value</i>				
End of financial year	–			

* The disposal of properties amounting to \$659,000 relates to the expiry of an office lease in 2021 which was renewed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

17. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) Property, plant and equipment (continued)

	Renovations, furniture, fittings and office equipment \$'000
<u>Company</u>	
2021	
Cost	
Beginning and end of financial year	23
Accumulated depreciation	
Beginning and end of financial year	23
<i>Net book value</i>	
End of financial year	—

- (b) Leases

- (i) Amounts recognised in the balance sheet

	Group	
	2022	2021
	\$'000	\$'000
Right-of-use assets *		
Properties	389	672
Lease liabilities #		
Current (Note 20)	292	267
Non-current (Note 20)	225	404
	517	671

Additions to the right-of-use assets during the financial year ended 31 December 2022 were \$nil (2021: \$849,000).

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

included in the line item 'Borrowings' in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

17. 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	
		2022 \$'000	2021 \$'000
Depreciation charge of right-of-use assets			
Properties	17(a)	283	287
Finance expenses			
Lease liabilities	6	11	10

The total cash outflow relating to leases for the financial year ended 31 December 2022 was \$276,000 (2021: \$301,000).

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

The Group leases its office properties. Rental contracts are typically made for periods of two to three 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.

18. OTHER NON-CURRENT ASSETS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deposits	86	86	-	-
Prepayments	1,669	1,984	595	1,814
	1,755	2,070	595	1,814

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Other payables to				
– Subsidiary corporations	–	–	434,130	254,599
– PCGH	576	–	–	–
– Other non-related parties	1,220	953	1,220	953
	1,796	953	435,350	255,552
Accruals for operating expenses	2,738	2,364	1,584	1,088
	4,534	3,317	436,934	256,640

Amounts due to subsidiary corporations (Note 27(a)) are non-trade in nature, unsecured, interest-free and repayable on demand.

Amount due to PCGH relates to the interest payable on borrowing and is repayable on demand. Details of the borrowing are provided in Note 20(b).

20. BORROWINGS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Current</i>				
Lease liabilities (Note 17(b)(i))	292	267	–	–
<i>Non-current</i>				
Revolving loan facilities (Note 20(a))	227,426	313,782	–	193,884
Lease liabilities (Note 17(b)(ii))	225	404	–	–
Borrowing from PCGH (Note 20(b))	67,090	–	–	–
	294,741	314,186	–	193,884
Total borrowings	295,033	314,453	–	193,884

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. BORROWINGS (continued)

- (a) The secured revolving loan facilities for the Group and the Company are denominated in Hong Kong Dollars (2021: Hong Kong Dollars and United States Dollars). The loans are secured by shares in PCCW (Note 15) (2021: shares in PCCW and HKT SSUs (Note 13)) held by the Company.

The amounts advanced under the revolving loan facilities were classified as non-current liabilities as the Group and the Company have the discretion and intend to roll the facilities for at least 12 months after the balance sheet date.

The revolving loan facilities are priced at HIBOR (2021: LIBOR or HIBOR), plus a margin ranging from 0.93% to 1.45% per annum (2021: 0.93% to 1.15% per annum).

Effect of interest rate benchmark reform ("IBOR reform")

Following the global financial crisis, the reform and replacement of IBOR has become a priority for global regulators. The Group's risk exposure that is directly affected by IBOR reform predominantly comprises its variable rate borrowings that are linked to the United States Dollar 3 Month London Interbank Offered Rate ("USD 3M LIBOR"). For variable rate borrowings that are linked to Hong Kong Interbank Offered Rate ("HIBOR"), these are not affected by IBOR reform because the Hong Kong Monetary Authority has no plan to discontinue HIBOR.

USD 3M LIBOR loses its validity after 30 June 2023. The Group has a variable rate USD borrowing which references to USD 3M LIBOR. This amount was fully repaid during the year.

The following table contains details of borrowings that the Group and Company hold at 31 December 2022 which are referenced to USD 3M LIBOR and have not yet transitioned to new benchmark rates:

	USD 3M LIBOR	
	Carrying amount \$'000	Of which: Not yet transited to an alternative benchmark rate \$'000
Group		
Liabilities		
Borrowings		
31 December 2022		
31 December 2021	-	-
	127,853	127,853
Company		
Liabilities		
Borrowings		
31 December 2022		
31 December 2021	-	-
	127,853	127,853

- (b) During the financial year, a subsidiary corporation of the Company entered into a borrowing arrangement with PCGH. The borrowing from PCGH is unsecured. Borrowing amounting to \$67,090,000 is repayable in full by 2024 with an option for early repayment. Interest rate is fixed at HIBOR, plus a margin of 1.00% per annum.

The difference between fair value of the borrowing discounted using the prevailing market interest rate and the principal amount received from PCGH, is accounted for as an addition to the subsidiary corporation's equity by PCGH.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

21. DEFERRED INCOME TAX LIABILITIES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deferred income tax liabilities				
– to be settled after one year	374	374	–	–

Movements in deferred income tax liabilities are as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Beginning of financial year	374	191	–	–
Tax charged to				
– equity (Note 7(c))	–	249	–	–
Over provision in prior financial years (Note 7(a))	–	(66)	–	–
End of financial year	374	374	–	–

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 previously classified as held-for-sale and disposed in 2021, 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.

As at 31 December 2022, a subsidiary corporation had unutilised tax losses amounting to approximately \$45,730,000 (2021: \$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.

22. SHARE CAPITAL

	No. of ordinary shares '000	Amount \$'000
<u>Group and Company</u>		
2022		
Beginning and end of financial year	2,648,150	457,283
2021		
Beginning and end of financial year	2,648,150	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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

23. OTHER RESERVES

(a) Composition:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Currency translation reserve	77,354	88,158	(93,710)	(91,207)
Equity share compensation reserve	3,649	3,654	-	-
Cash flow hedge reserve	4,956	6,101	-	-
Other reserve	(3,044)	(13,840)	-	-
Fair value reserve	(26,316)	114,122	(54,120)	68,464
	56,599	198,195	(147,830)	(22,743)

(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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Beginning of financial year	88,158	72,837	(91,207)	(105,890)
Net currency translation differences of financial statements of the Company, foreign subsidiary corporations and associated corporations	1,746	6,458	(2,503)	14,683
Reclassification of currency translation differences from liquidated subsidiary corporations to income statement	-	228	-	-
Share of currency translation reserve of associated corporations	(12,550)	8,635	-	-
End of financial year	77,354	88,158	(93,710)	(91,207)

(ii) *Equity share compensation reserve*

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

	Group	
	2022 \$'000	2021 \$'000
Beginning of financial year	3,654	4,127
Share of equity share compensation reserve of an associated corporation	(5)	(473)
End of financial year	3,649	3,654

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

23. OTHER RESERVES (continued)

(b) Movements: (continued)

(iii) Cash flow hedge reserve

	Group	
	2022 \$'000	2021 \$'000
Beginning of financial year	6,101	6,613
Share of net fair value losses, net of tax of an associated corporation	(1,145)	(512)
End of financial year	4,956	6,101

(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	
	2022 \$'000	2021 \$'000
Beginning of financial year	(13,840)	(13,130)
Share of an associated corporation's other reserves relating to disposal of subsidiary corporations and expiry and accretion of put options to the non-controlling shareholder of an indirect non-wholly owned subsidiary corporation	10,796	(710)
End of financial year	(3,044)	(13,840)

(v) Fair value reserve

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

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Beginning of financial year	114,122	100,338	68,464	68,697
Fair value (losses)/gains on financial assets, at FVOCI and assets previously classified as held-for-sale:				
– Gross (losses)/gains on fair value changes during the year (Notes 12 and 13)	(51,392)	25,433	(35,889)	(233)
– Share of an associated corporation's net losses on fair value changes	(2,351)	(198)	–	–
– Transfer upon disposal of investments	–	(11,451)	–	–
– Transfer upon distribution in specie [#]	(86,695)	–	(86,695)	–
End of financial year	(26,316)	114,122	(54,120)	68,464

[#] During the financial year ended 31 December 2022, the Company completed the distribution of 123,325,653 HKT SSUs to its Entitled Shareholders. The cumulative fair value reserve relating to HKT SSUs of \$86,695,000 was reclassified from other reserves to retained profits.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

24. SEGMENT INFORMATION

The chief operating decision makers consist of the Chairman and Group Managing Director ("CODM"). Management has determined the operating segment based on reports reviewed by the CODM that are used to make strategic decisions, allocate resources and assess performance.

The CODM consider the business from a business segment perspective. Management considers that the entire Group's operations constitute a single segment which is in the business of investment holding in four geographical locations, Singapore, India, Hong Kong and Cayman Islands. In view of the significant reduction in the Group's management and consultancy services business during the financial year, the Group manages the investment holding and management and consultancy service businesses as one operating segment. The prior year comparatives have been reclassified to conform to changes in the presentation in the current year.

Revenue is derived from dividend income. All assets other than cash and cash equivalents, property, plant and equipment, other non-current assets and investment in associated corporations are allocated to the operating segment and all liabilities are allocated to the operating segment other than borrowings, current income tax liabilities and deferred income tax liabilities.

Geographical information:

	Group Revenue		Group Non-current assets	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Singapore	-	-	1,688	2,672
India	-	-	11,424	13,068
Hong Kong	18,820	18,037	529,068	646,028
Cayman Islands	5,192	10,672	-	-
	24,012	28,709	542,180	661,768

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

24. SEGMENT INFORMATION (continued)

	2022 \$'000	2021 \$'000
Investment holding		
External revenue	24,012	28,709
Operating profit before interest income and depreciation	17,930	23,310
Interest income	18	4
Depreciation	(315)	(322)
Profit from operating activities *	17,633	22,992
Finance expenses	(11,406)	(6,025)
Share of profits of associated corporations, net of tax	7,583	42,042
Loss on deemed dilution	(547)	(228)
Profit before income tax	13,263	58,781
Income tax expense	(190)	(100)
Total profit	13,073	58,681
Segment assets	134,416	389,842
Property, plant and equipment	576	705
Other non-current assets	1,843	2,136
Investments in associated corporations	539,761	658,927
	542,180	661,768
Unallocated corporate assets		
– Cash and cash equivalents	4,007	3,851
Total assets	680,603	1,055,461
Segment liabilities	4,534	3,317
Unallocated corporate liabilities		
– Borrowings	295,033	314,453
– Current income tax liabilities	16	15
– Deferred income tax liabilities	374	374
Total liabilities	299,957	318,159
Other segment information:		
Additions to property, plant and equipment	186	863

* Profit from operating activities is determined based on the Group's revenue and other income less total expenses, excluding finance expenses.

NOTES TO THE FINANCIAL STATEMENTS

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25. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency, price, 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 for financial risk management of 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") and United States Dollar ("USD").

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	HKD \$'000	SGD \$'000	USD \$'000	Other \$'000	Total \$'000
At 31 December 2022					
Financial assets					
Cash and cash equivalents	2,836	890	280	1	4,007
Trade and other receivables	-	188	-	-	188
Other financial assets	-	89	-	-	89
Intercompany receivables	298,851	120,063	23,865	-	442,779
	301,687	121,230	24,145	1	447,063
Financial liabilities					
Other financial liabilities	(1,288)	(2,296)	(297)	(653)	(4,534)
Borrowings	(227,426)	(517)	(67,090)	-	(295,033)
Intercompany payables	(298,851)	(120,063)	(23,865)	-	(442,779)
	(527,565)	(122,876)	(91,252)	(653)	(742,346)
Net financial liabilities	(225,878)	(1,646)	(67,107)	(652)	(295,283)
Less:					
Net financial liabilities/(assets) denominated in respective entities' functional currencies	225,893	104	(11)	-	
Net intercompany receivables denominated in respective entities' functional currencies	-	(119,937)	(23,865)	-	
Currency exposure	15	(121,479)	(90,983)	(652)	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	HKD \$'000	SGD \$'000	USD \$'000	Other \$'000	Total \$'000
At 31 December 2021					
Financial assets					
Cash and cash equivalents	1,328	976	1,546	1	3,851
Trade and other receivables	-	143	-	-	143
Other financial assets	-	87	-	-	87
Intercompany receivables	125,854	118,137	17,935	-	261,926
	<u>127,182</u>	<u>119,343</u>	<u>19,481</u>	<u>1</u>	<u>266,007</u>
Financial liabilities					
Other financial liabilities	(403)	(1,843)	(424)	(647)	(3,317)
Borrowings	(298,876)	(671)	(14,906)	-	(314,453)
Intercompany payables	(125,854)	(118,137)	(17,935)	-	(261,926)
	<u>(425,133)</u>	<u>(120,651)</u>	<u>(33,265)</u>	<u>(647)</u>	<u>(579,696)</u>
Net financial liabilities	(297,951)	(1,308)	(13,784)	(646)	(313,689)
Less:					
Net financial liabilities/(assets) denominated in respective entities' functional currencies	297,965	219	(951)	-	
Net intercompany receivables denominated in respective entities' functional currencies	-	(118,011)	(17,935)	-	
Currency exposure	14	(119,100)	(32,670)	(646)	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	HKD \$'000	SGD \$'000	USD \$'000	Total \$'000
At 31 December 2022				
Financial assets				
Cash and cash equivalents	2,675	442	43	3,160
Trade and other receivables	-	85	-	85
Other financial assets	-	3	-	3
	2,675	530	43	3,248
Financial liabilities				
Other financial liabilities	(299,473)	(120,310)	(17,151)	(436,934)
	(296,798)	(119,780)	(17,108)	
Currency exposure after deducting net financial liabilities denominated in the Company's functional currency				
	-	(119,780)	(17,108)	
At 31 December 2021				
Financial assets				
Cash and cash equivalents	430	400	491	1,321
Trade and other receivables	-	77	-	77
Other financial assets	-	1	-	1
	430	478	491	1,399
Financial liabilities				
Borrowings	(178,978)	-	(14,906)	(193,884)
Other financial liabilities	(126,242)	(117,860)	(12,538)	(256,640)
	(305,220)	(117,860)	(27,444)	(450,524)
	(304,790)	(117,382)	(26,953)	
Currency exposure after deducting net financial liabilities denominated in the Company's functional currency				
	-	(117,382)	(26,953)	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. 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 7% (2021: 4%) 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) 2022		Increase/(Decrease) 2021	
	Profit after tax \$'000	Other comprehensive income \$'000	Profit after tax \$'000	Other comprehensive income \$'000
<u>Group</u>				
USD against HKD				
– strengthened	(3,900)	(1,387)	(489)	(595)
– weakened	3,900	1,387	489	595
SGD against HKD				
– strengthened	(90)	(6,968)	(36)	(3,918)
– weakened	90	6,968	36	3,918
<u>Company</u>				
USD against HKD				
– strengthened	(994)	–	(895)	–
– weakened	994	–	895	–
SGD against HKD				
– strengthened	(6,959)	–	(3,897)	–
– weakened	6,959	–	3,897	–

(ii) Price risk

The Group is exposed to equity securities price risk arising from 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 carried out in accordance with limits set by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

If prices for listed equity securities in Hong Kong and unlisted equity securities in Cayman Islands and Japan change by 16% (2021: 7%) with all other variables including tax rate being held constant, total profit and other comprehensive income will be as follows:

	2022		2021	
	Profit after tax \$'000	Other comprehensive income \$'000	Profit after tax \$'000	Other comprehensive income \$'000
		Increase/(Decrease)		
<u>Group</u>				
Listed in Hong Kong				
- increased by	-	7,344	-	17,126
- decreased by	-	(7,344)	-	(17,126)
Unlisted in Cayman Islands				
- increased by	-	10,292	-	5,412
- decreased by	-	(10,292)	-	(5,412)
Unlisted in Japan				
- increased by	-	18	-	8
- decreased by	-	(18)	-	(8)
<u>Company</u>				
Listed in Hong Kong				
- increased by	-	7,344	-	17,126
- decreased by	-	(7,344)	-	(17,126)

(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. The Group's exposure to cash flow interest rate risks arises mainly from non-current variable-rate borrowings.

At 31 December 2022, if the interest rates had been higher/lower by 3% (2021:1%) with all other variables including tax rate being held constant, the profit after tax would be lower/higher by \$7,346,322 (2021: \$2,609,960) as a result of higher/lower interest expense on these borrowings.

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 fair value interest rate risks.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. 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 a 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 a 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>By geographical areas</u>				
Singapore	185	126	85	77
Hong Kong	3	16	-	-
Others	-	1	-	-
	188	143	85	77
<u>By types of customers</u>				
Non-related parties	182	126	22	13
Subsidiary corporation	-	-	63	63
Other related parties	6	17	-	1
	188	143	85	77

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'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
<u>Group</u>		
At 31 December 2022		
Trade and other payables	4,534	—
Borrowings	16,945	319,918
	21,479	319,918
At 31 December 2021		
Trade and other payables	3,317	—
Borrowings	5,161	319,367
	8,478	319,367
<u>Company</u>		
At 31 December 2022		
Trade and other payables	436,934	—
At 31 December 2021		
Trade and other payables	256,640	—
Borrowings	2,840	196,684
	259,480	196,684

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Net debt	295,560	313,919	433,774	449,203
Capital and reserves attributable to equity holders of the Company	380,646	737,302	840,057	1,071,714
Total capital	676,206	1,051,221	1,273,831	1,520,917

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2022 and 2021.

(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 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
Assets				
Financial assets, at FVOCI				
2022	55,298	63,333	14,300	132,931
2021	294,772	60,201	33,090	388,063
Company				
Assets				
Financial assets, at FVOCI				
2022	55,298	-	-	55,298
2021	294,772	-	-	294,772

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

The funds classified in Level 2 are fair valued using the net asset value of the funds, as reported by the respective fund managers. The funds can be redeemed at the net asset value per share at the balance sheet date as advised by the fund managers.

The following table presents the changes in Level 3 instruments:

	Group	
	2022 \$'000	2021 \$'000
<u>Financial assets at FVOCI</u>		
Beginning of financial year	33,090	23,013
Currency translation differences	(156)	601
Fair value (losses)/gains recognised in other comprehensive income	(18,634)	9,476
End of financial year	14,300	33,090

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
	2022 \$'000	2021 \$'000				
Unquoted equity securities	14,300	33,090	Net asset value #	Net asset value	Not applicable	The higher the net asset value, the higher 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 are principally made up of quoted equity instruments that are carried at fair value and borrowings.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. FINANCIAL RISK MANAGEMENT (continued)

(f) Financial instruments by category

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

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial assets, at amortised cost	4,284	4,081	3,248	1,399
Financial liabilities, at amortised cost	299,567	317,770	436,934	450,524

26. GROUP CORPORATIONS

Details of 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	
		2022 \$'000	2021 \$'000	2022 %	2021 %
<i>Subsidiary corporations directly held by the Company</i>					
^a PCRD Services Pte Ltd (Singapore)	Investment holding, business management and consultancy services (Singapore)	21,109	21,210	100	100
^a Gladioli Investments Pte Ltd (Singapore)	Dormant	295	296	100	100
^a Riyani Pte Ltd (Singapore)	Dormant	-	-	100	100
^a Elsmore Pte Ltd (Singapore)	Investment holding (Singapore)	50,928	51,168	100	100
^a Leapford Pte. Ltd. (Singapore)	Investment holding (Singapore)	102,264	102,747	100	100
^b Pacific Century Regional Developments (HK) Limited (Hong Kong)	Business management and consultancy services (Hong Kong)	25,402	25,522	100	100
^c Telegraph Investments Limited (British Virgin Islands)	Dormant	-	-	100	100
^c Valuable Enterprises Limited (British Virgin Islands)	Dormant	-	-	100	100
^e PCRD Financial Services (HK) Limited (Hong Kong)	Business administration management and financial consultancy services (Hong Kong)	-*	-	100	-
		199,998	200,943		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. GROUP CORPORATIONS (continued)

Details of 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	
		2022 \$'000	2021 \$'000	2022 %	2021 %
<i>Associated corporation held by the Company</i>					
^b PCCW Limited (Hong Kong)	Provision of local and international telecommunications and information technology services, technology-related businesses, and investment holding (Hong Kong)	528,337	645,859	22.7	22.7
<i>Subsidiary corporations indirectly held by the Company</i>					
^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	
<i>Associated corporation indirectly held by the Company</i>					
^d 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	

* 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 BSR & Co. LLP, India

^e Subsidiary corporation incorporated on 7 December 2022. Per Hong Kong Companies Ordinance (Cap 622), the directors may appoint the auditor of the Company for the first financial year at any time before the first annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

27. 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	
	2022 \$'000	2021 \$'000
Management services rendered to:		
– associated corporations	3	3
– other related parties *	27	27
Payments made on behalf of and reimbursable by		
– associated corporations	5	1
– other related parties *	30	17
Payments made on behalf by and reimbursable to		
– associated corporations	79	239
– other related parties *	–	357

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

- (b) Key management personnel compensation is as follows:

	Group	
	2022 \$'000	2021 \$'000
Wages, salaries and other short-term employee benefits	1,527	1,532
Employer's contribution to defined contribution plans including Central Provident Fund	35	35
	1,562	1,567

28. DIVIDENDS

	Company	
	2022 \$'000	2021 \$'000
Ordinary dividends		
Interim and special dividend paid in respect of the financial year ended 31 December 2021 of 2.88 cents and 0.65 cents respectively per share	–	93,480
Interim special dividend paid in respect of the financial year ended 31 December 2022 of 0.05 HKT SSU per share #	220,542	–
Final and special dividend paid in respect of the financial year ended 31 December 2020 of 0.67 cents and 3.93 cents respectively per share	–	121,815
Final and special dividend paid in respect of the financial year ended 31 December 2021 of 0.78 cents and 2.70 cents respectively per share	92,156	–
	312,698	215,295

- # On 2 December 2022, the Company completed the distribution of 123,325,653 HKT SSUs, amounting to \$205,415,000 and \$15,127,000 (being the cash equivalent of 9,081,806 HKT SSUs) to the Entitled Shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

29. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements

Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group and the Company do 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 31 March 2023.

REPORT ON CORPORATE GOVERNANCE

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 2018 (“Code”) issued by the Monetary Authority of Singapore.

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 2022 (“FY2022”) with specific reference to the 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 1967 (“Companies Act”) and the rules and requirements of regulatory bodies.

REPORT ON CORPORATE GOVERNANCE

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. Written internal guidelines adopted by the Company, which have been communicated to Management, require specific Board approval 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 composition, authority 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 Board meetings to be conducted by way of videoconference, teleconference or other forms of electronic communication. Attendances of directors at meetings of the Board and Board Committees, and at the Company's Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM"), held in 2022 were as follows:

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee		AGM & EGM	
	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 Held	No. of Meetings Attended
Richard Li Tzar Kai	2	2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2	-
Francis Yuen Tin Fan	2	2	2	2	2	2	1	1	2	-
Peter A. Allen	2	2	2	2*	2	2*	1	1*	2	2
Frances Wong Waikwun	2	2	2	2	2	2	n.a.	n.a.	2	1
Laura Deal Lacey	2	2	n.a.	n.a.	2	2	1	1	2	1
W. Michael Verge	2	2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2	1
Christopher John Fossick	2	2	2	2	2	2	n.a.	n.a.	2	2
Yeo Wee Kiong	2	2	2	2	n.a.	n.a.	1	1	2	2
Charlene Dawes¹	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

* By invitation

n.a. Not applicable

¹ Appointed on 5 December 2022

Directors understand the Group's businesses as well as their directorship duties. New directors are briefed on the Group's businesses 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.

Under Rule 210(5)(a) of the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"), a newly-appointed director who has no prior experience as a director of an issuer listed on the SGX-ST must undergo mandatory training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST, unless the Nominating Committee is of the view that training is not required because he or she has other relevant experience. In this regard, Ms. Charlene Dawes, who was appointed as a director on 5 December 2022 with no prior experience as a director of an issuer listed on the SGX-ST, will be attending such mandatory training on the roles and responsibilities of a director of a listed issuer in 2023.

Under Rule 720(7) of the Listing Manual, an issuer must ensure all directors undergo training on sustainability matters as prescribed by the SGX-ST, unless the Nominating Committee is of the view that training is not required because the director has expertise in sustainability matters. All directors have attended training on sustainability matters as prescribed by the SGX-ST.

REPORT ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS (continued)

In order to ensure that the Board is able to fulfill its responsibilities, Board members receive full co-operation from Management who provide 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 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.

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/her 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 nine directors of whom two are executive directors, one is a non-executive director and six are independent non-executive directors. Non-executive directors make up a majority of the Board.

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 six independent non-executive directors are the Deputy Chairman and Lead Independent Director, Mr. Francis Yuen Tin Fan, Ms. Frances Wong Waikwun, Ms. Laura Deal Lacey, Mr. Christopher John Fossick, Mr. Yeo Wee Kiong and Ms. Charlene Dawes.

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

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.

REPORT ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS (continued)

In its annual review of the independence of the directors, the Nominating Committee takes into consideration the questionnaire on independence that each of the directors is required to complete, having regard to the Code's definition of what constitutes an independent director as well as the Listing Manual's guidance as to the types of relationships which would deem a director to not be independent. The Board recognises the contributions of its independent directors who over time have developed deep insights into the Company's businesses and who are therefore able to provide valuable insights to the Company. In view of their contributions 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.

Under the Code, an "independent" director is defined as one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. Under Rule 210(5)(d)(i) and Rule 210(5)(d)(ii) of the Listing Manual, a director will not be independent if he or she is employed by the company or any of its related corporations for the current or any of the past three financial years, or if he or she has any immediate family member who is employed or has been employed by the company or any of its related corporations for the past three financial years, and whose remuneration is determined by the remuneration committee of the company.

The independence of any director who has served on the Board beyond nine years from the date of his or her first appointment is subject to particularly rigorous review. Under Rule 210(5)(d)(iii) of the Listing Manual (effective from 1 January 2022 to 11 January 2023), if a director has served on the Board for an aggregate period of more than nine years, he or she will not be independent unless his or her continued appointment as an independent director of the Company has been approved by shareholders through the two-tier voting process under Rule 210(5)(d)(iii)(A) and (B) of the Listing Manual. Under Rule 210(5)(d)(iii) of the Listing Manual (effective from 1 January 2022 to 10 January 2023), such approval will continue in force until the retirement or resignation of such a director or the conclusion of the third AGM of the Company following the passing of the two-tier resolutions at the AGM, whichever is earlier.

Among the existing independent directors on the Board, Mr. Francis Yuen Tin Fan and Ms. Frances Wong Waikwun have each served on the Board for an aggregate period of more than nine years. Ms. Laura Deal Lacey will have served on the Board for an aggregate period of more than nine years on 12 February 2024. During FY2022, Mr. Francis Yuen Tin Fan and Ms. Frances Wong Waikwun were regarded as independent directors despite having served for more than nine years on the Board, as their continued appointment as an independent director was separately approved by shareholders through the two-tier voting process under Rule 210(5)(d)(iii) of the Listing Manual (repealed on 11 January 2023) at the AGM held on 23 April 2021 and 22 April 2022, respectively.

On 11 January 2023, Singapore Exchange Regulation ("SGX RegCo") announced that Rule 210(5)(d)(iii) of the Listing Manual was removed with immediate effect and introduced a nine-year limit on the tenure of independent directors under new Rule 210(5)(d)(iv) of the Listing Manual (effective from the issuer's AGM held for the financial year ending on or after 31 December 2023 (the "2024 AGM")). Under the new rules, an independent director serving beyond his or her nine-year tenure limit must be re-designated as non-independent even if his or her independence had been previously approved by the two-tier vote under Rule 210(5)(d)(iii) of the Listing Manual. Based on the transitional arrangements in Transitional Practice Note 4 of the Listing Manual titled "Transitional Arrangements Regarding the Tenure Limit for Independent Directors", as a transition, independent directors whose tenure exceeds the nine-year limit can continue to be deemed independent until the 2024 AGM so long as they continue to fulfil the independence requirements under Rule 210(5)(d)(i) and Rule 210(5)(d)(ii) of the Listing Manual.

Based on the transitional arrangements, Mr. Francis Yuen Tin Fan and Ms. Laura Deal Lacey may remain as independent directors until the Company's 2024 AGM. The Company will announce any relevant changes to the Board and Board composition in accordance with the Listing Manual requirements in due course. Ms. Frances Wong Waikwun, who will be retiring by rotation pursuant to article 99 of the Constitution of the Company at the upcoming AGM of the Company to be held on 21 April 2023 (the "2023 AGM"), has notified the Board that she will not be seeking re-election as a director of the Company at the 2023 AGM, and will retire from the Board at the conclusion of the 2023 AGM.

REPORT ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS (continued)

The Board has reviewed the extent to which Mr. Francis Yuen Tin Fan and Ms. Frances Wong Waikwun, being independent directors who have served on the Board for more than nine years, remain independent. Following this review which comprised an assessment of their objective participation at Board and Board Committee meetings based on a review of the respective meeting minutes, and which took into account the questionnaire on independence which they were required to complete, the Board remains satisfied that, despite their length of tenure, they 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 regarded as independent.

Members of the Board are drawn from a range of professional disciplines and 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.

The Board considers the current Board structure, size and composition is 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, legal, 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. Non-executive directors may meet without the presence of Management on a need-be basis when 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.

The Company is mindful of the importance of diversity for an effective Board, and believes that Board diversity enables the Company to draw on a diverse mix and combination of skills, experience, and knowledge. The Company's Board diversity policy seeks to ensure that the Board possesses an appropriate balance and combination of skills and experience, professional competencies, gender, age, and other relevant qualities. These considerations are incorporated in the selection and nomination process for the appointment of new directors.

The Company's diversity targets, plans and timelines for achieving the targets and progress towards achieving the targets are as follows.

In terms of skills, experience and professional competencies, the Board targets to engage directors who as a group possess the identified core competencies, being finance, accounting and audit, business management or law. The Company has met this target for FY2022 as the directors as a group have expertise in all of the identified core competencies. In terms of gender, the Board has committed to a target of at least 20% female directors on the Board. The Company has met this target for FY2022 as the proportion of female directors on the Board is 33%. In terms of age groups, the Board targets to have directors falling within at least two out of three age groups from (i) 55 and below, (ii) between 56 to 65, and (iii) 66 and above. The Company has met this target for FY2022 as the Board comprises directors falling within all three age groups.

The Board, taking into account the views of the NC, considers that the current Board has an appropriate level of diversity of skills and experience, gender, age and independence, as contemplated by the Board diversity policy, to enable it to make decisions in the best interests of the Company. In this regard, in relation to skills and professional competencies, directors have wide ranging backgrounds and professional experience in industries such as telecommunications, property development and management, business management, law and financial services, which support the work of the Board and Board Committees and help provide effective guidance and oversight of the Company's operations. In relation to gender, the level of gender diversity increased from 25% to 33% during the financial year under review, which brings added perspectives and approaches to help shape the Company's strategic objectives. In relation to age, the ongoing Board renewal and refreshment process is phased to ensure that the Company has directors span different age groups to provide a broad spectrum of perspectives and views in Board and Board Committee deliberations.

REPORT ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS (continued)

Additional information on those directors who are proposed for re-election at the 2023 AGM is as follows:

Name of Director	Yeo Wee Kiong	Charlene Dawes
Age	67	43
Date of appointment	29 May 2020	5 December 2022
Date of last re-appointment (if applicable)	23 April 2021	NA
Country of principal residence	Singapore	Hong Kong
Whether appointment is executive, and if so, the area of responsibility	No	No
Job title (e.g. Lead ID, AC Chairman, AC member etc.)	1. Independent Non-Executive Director 2. Chairman of the Audit Committee 3. Member of the Remuneration Committee	1. Independent Non-Executive Director 2. Member of the Audit Committee 3. Member of the Nominating Committee
Professional qualifications	1. Bachelor of Engineering (Mechanical) from University of Singapore 2. Master of Business Administration from the National University of Singapore 3. Bachelor of Law from the University of London 4. Barrister-at-Law with Lincoln's Inn in England and Wales	1. Bachelor of Arts (International Studies Major specialising in International Management Marketing Minor) from Pepperdine University, United States of America 2. FT Non-Executive Director Diploma from Pearson Education* * Commenced in September 2022 (in progress)
Working experience and occupation(s) during the last 10 years	Non-Executive Director, Ezyhealth Holdings Pte Ltd	Managing Director of Tastings Group Limited in Hong Kong
Shareholding interest in the listed issuer and its subsidiaries	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
Other principal commitments including directorships		
Past (for the last 5 years)	Director of listed entities: 1. Asian Healthcare Specialists Limited 2. Bonvests Holdings Limited 3. Roxy-Pacific Holdings Limited	None
Present	Director of listed entities: 1. AF Global Limited 2. SUTL Enterprise Limited	Owner and Managing Director of Tastings Group Limited

REPORT ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS (continued)

The directors seeking re-election at the 2023 AGM, namely Mr. Yeo Wee Kiong and Ms. Charlene Dawes, have each:

- Provided an undertaking in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.
- Confirmed that he/she has no conflict of interest (including any competing business).
- Confirmed whether he/she has prior experience as a director of an issuer listed on the SGX-ST.
- Confirmed that his/her responses under items (a) to (k) of Appendix 7.4.1 of the Listing Manual are all “No”, except that in 1990 when Mr. Yeo Wee Kiong commenced law practice, he attested to the signing of certain documents without requiring the physical presence of the person before him as he knew the person. The documents had to be re-executed and Mr. Yeo was fined \$200 by the Law Society of Singapore.

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, qualifications, professional experience and age to provide the Company with the necessary management, financial, business and industry knowledge.

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. Francis Yuen Tin Fan. 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.

REPORT ON CORPORATE GOVERNANCE

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.

The Nominating Committee currently comprises five independent directors namely, Ms. Frances Wong Waikwun (Chairwoman), Ms. Laura Deal Lacey, Mr. Christopher John Fossick, Ms. Charlene Dawes and Mr. Francis Yuen Tin Fan, the LID.

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 to 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 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. Articles 99 and 100 of the Company's Constitution provides that one-third of the Board of Directors is to retire from office by rotation and is eligible for re-election at the Company's AGM, and every director is to submit himself/herself for re-election at least once every 3 years. In addition, Article 105 of the Company's Constitution provides that a newly appointed director appointed by the Board must retire and submit himself/herself for re-election at the next AGM following his/her initial appointment.

In this regard, Mr. Yeo Wee Kiong, an independent non-executive director, will be retiring by rotation pursuant to Article 99 of the Company's Constitution and seeking re-election as a director at the 2023 AGM. Ms Charlene Dawes, an independent non-executive director who was appointed by the Board on 5 December 2022, will be retiring pursuant to Article 105 of the Company's Constitution and seeking re-election as a director at the 2023 AGM.

REPORT ON CORPORATE GOVERNANCE

NOMINATING COMMITTEE (continued)

Ms. Frances Wong Waikwun, an independent non-executive director, and Mr. W. Michael Verge, a non-executive director, will be retiring by rotation pursuant to Article 99 of the Company's Constitution at the 2023 AGM. Both of them have notified the Board that they will not be seeking re-election as directors of the Company.

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	23.04.21	<u>Present</u> – PCCW Limited – HKT Limited – Pacific Century Premium Developments Limited
Francis Yuen Tin Fan	Non-Executive/Independent	15.03.05	22.04.22	<u>Present</u> – Shanghai Industrial Holdings Limited – Yixin Group Limited <u>Past 3 years</u> – Agricultural Bank of China Limited
Peter A. Allen	Executive	01.11.97	23.04.21	<u>Present</u> – HKT Limited
Frances Wong Waikwun	Non-Executive/Independent	01.06.13	23.04.21	<u>Present</u> – PCCW Limited – HKT Limited
Laura Deal Lacey	Non-Executive/Independent	12.02.15	22.04.22	None
W. Michael Verge	Non-Executive	11.08.17	28.05.20	None
Christopher John Fossick	Non-Executive/Independent	13.08.18	22.04.22	None
Yeo Wee Kiong	Non-Executive/Independent	29.05.20	23.04.21	<u>Present</u> – AF Global Limited – SUTL Enterprise Limited <u>Past 3 years</u> – Roxy-Pacific Holdings Limited – Bonvests Holdings Limited – Asian Healthcare Specialists Limited
Charlene Dawes	Non-Executive/Independent	05.12.22	N.A.	None

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

REPORT ON CORPORATE GOVERNANCE

NOMINATING COMMITTEE (continued)

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 doing so, the Nominating Committee has regard to the results of an annual appraisal of the Board's performance. The Nominating Committee also takes into consideration whether a candidate had previously served on the board of companies with adverse track records or a history of irregularities, and assesses whether a candidate's resignation from the board of any such company would cast any doubt on his/her ability to act as a director of the Company. 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.

As part of the Board renewal process, with the impending retirement of Mr. W. Michael Verge who indicated his intention not to seek re-election at the forthcoming AGM, the Board identified Ms. Charlene Dawes as a potential candidate as a new independent director. The Nominating Committee evaluated and nominated Ms. Charlene Dawes for appointment as director as she has the skillsets and core competencies required to meet the needs of the Company and its business, including entrepreneurial experience in running various successful businesses. Her appointment also meets the Company's criteria for new appointees in respect of Board diversity considerations, considering her age and gender.

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 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 in the Code. The evaluation of the Board and Board Committees 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.

In its assessment of the contribution of each individual director (including the Chairman) 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 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.

REPORT ON CORPORATE GOVERNANCE

NOMINATING COMMITTEE (continued)

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 contributions by the Chairman) and Board Committees. The form is designed to assess each director's performance and commitment to the Company's affairs, his/her understanding of the Company's strategies and operations, business developments, corporate goals and objectives, his/her contributions 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.

The Board is satisfied that its directors are able to adequately carry out their respective duties and responsibilities as directors of the Company.

AUDIT COMMITTEE

Principle 10: Audit Committee

The Audit Committee was formed on 19 April 1991. The Audit Committee comprises five independent non-executive directors namely, Mr. Yeo Wee Kiong (Chairman), Mr. Francis Yuen Tin Fan, Ms. Frances Wong Waikwun, Mr. Christopher John Fossick and Ms. Charlene Dawes. The Board considers that Mr. Yeo Wee Kiong, who was a corporate lawyer with many years of experience in corporate finance including as chairman of an audit committee of a listed entity, 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 of experience and a strong track record in the commercial real estate business in Singapore, Asia and the United Kingdom and has spearheaded the development, analysis and marketing of numerous major commercial developments. Ms. Charlene Dawes is a managing director and business owner with years of entrepreneurial experience in hospitality management. 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") and none of the members of the Audit Committee hold any interest in PricewaterhouseCoopers.

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.

REPORT ON CORPORATE GOVERNANCE

AUDIT COMMITTEE (continued)

6. Reviews significant adjustments proposed and any recommendations on internal accounting controls arising from the statutory audit by 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 co-operation given by management.
8. Reviews the adequacy, effectiveness, independence, scope and results of the external audit and PCCW's Group Internal Audit.
9. Reviews (at least annually) with 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 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 and oversees and monitors whistle-blowing.
12. Reviews the balance sheet of the Company and 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.
13. Monitors the Group's risk of becoming subject to, or violating, any sanctions-related law or regulation, ensures timely and accurate disclosure to the SGX-ST and other relevant authorities, and assesses whether independent legal advice or the appointment of a compliance adviser is required in relation to sanctions-related risks applicable to 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 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 management executive to attend its meetings, as they consider appropriate. The Audit Committee meets with the external auditors, without the presence of 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.

For the financial statements under review, the Audit Committee considers 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. The Audit Committee has also reviewed all non-audit services provided by the auditors and confirms that they would not affect the independence of the auditors.

REPORT ON CORPORATE GOVERNANCE

AUDIT COMMITTEE (continued)

Fees paid for audit and non-audit services:

	2022 \$'000	2021 \$'000
Fees for audit services paid/payable to:		
– Auditor of the Company	321	271
– Other auditors*	–	–
Fees for non-audit services paid/payable to:		
– Auditor of the Company	10	8
– Other auditors*	–	–
Total	331	279

* Includes the network of member firms of PricewaterhouseCoopers International Limited

The Audit Committee is satisfied that Rules 712 and 715 or 716 of the 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 FY2022 are:

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.

REPORT ON CORPORATE GOVERNANCE

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.

The Company also periodically engages PCCW's Group Internal Audit to carry out internal audits on the Company. Internal audit work 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 company documents, records, properties and personnel, including the Audit Committee.

Internal audit activities are carried out by PCCW's Group Internal Audit and an external firm of internal auditors for 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 heads of these internal audit teams. However, the results of 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 auditors of the Company's associated corporation in India are independent, effective and adequate with respect to the adequacy of resources, staff qualifications and experience, training programs and budget. The Audit Committee is similarly satisfied with the resourcing of the accounting and financial reporting functions of these two entities. 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.

The Company is an investment holding company and is not classified within an industry sector requiring climate reporting. The Company's sustainability report is reviewed independently and by the Audit Committee. To provide additional information for stakeholders, PCRD has included in its report certain highlights on the sustainability efforts of PCCW and its subsidiary, HKT Limited, as drawn from their ESG reports. The environmental and social data in the 2022 ESG reports of both PCCW and HKT Limited have been independently reviewed and verified by the Hong Kong Quality Assurance Agency.

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 relating to the Company and its officers.

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, victimisation or detrimental and unfair treatment. The policy also ensures that the identity of the whistle-blower is kept confidential and 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. The Group Managing Director (unless he is the potential transgressor, in which case, the Chairman of the Audit Committee) of the Company has been designated to investigate all whistle-blowing reports made in good faith. An annual status report on any whistle-blowing reports must be sent to the Audit Committee, which is responsible for oversight and monitoring of whistle-blowing. In addition, 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.

REPORT ON CORPORATE GOVERNANCE

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 for the oversight of 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, 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 25 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 the 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.

COVID-19 has accelerated digital transformation driven by innovation in digital technology and requirements for on-demand banking and payment solutions. This can give rise to additional avenues for potential fraud and cybercrime. To combat increased vulnerability to electronic and digital fraud, the Company has increased vigilance on its financial management by strengthening its internal controls, including undertaking a review of the effectiveness of its internal controls and placing close scrutiny on high-risk areas such as cash balances and payment transfers, as well as educating employees on the identification, prevention and reduction of fraud.

During FY2022, the Board has also paid particular attention to monitoring the Group's risk of becoming subject to, or violating, any sanctions-related law or regulation and, where appropriate, to ensuring timely and accurate disclosure to the SGX-ST and other relevant authorities.

The Company has considered and monitors the risks and exposure to sanctions-related risks it potentially faces on an ongoing basis. Given the present nature and scope of its activities, the Board considers, with the concurrence of the Audit Committee, that the Company does not have any exposure to sanctions-related risks which are relevant and material to its operations.

REPORT ON CORPORATE GOVERNANCE

AUDIT COMMITTEE (continued)

For FY2022, the Group Managing Director and 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 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 FY2022, which is supported by a negative assurance statement from the Group Managing Director and 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 2022. For FY2022, 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.

The Remuneration Committee is presently comprised entirely of independent non-executive directors. They are Mr. Francis Yuen Tin Fan (Chairman), Ms. Laura Deal Lacey and Mr. Yeo Wee Kiong. The Remuneration Committee has access to expert advice, both from 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 FY2022 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/her own remuneration.

Executive directors do not receive directors' fees. Each member of the Remuneration Committee abstains from voting on any resolutions in respect of his/her remuneration package.

REPORT ON CORPORATE GOVERNANCE

REMUNERATION COMMITTEE (continued)

For confidentiality and competitive reasons, the Company presently discloses the directors' remuneration in bands of \$250,000.

Directors' Remuneration

For financial years ended 31 December 2022 and 31 December 2021, the number of directors in each remuneration band is as follows:

	2022	2021
\$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	8	7
Total	9	8

The above table includes all directors who held office in 2022 and 2021, respectively.

Independent directors and non-executive directors 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.

For financial years ended 31 December 2022 and 31 December 2021, the number of non-executive directors in remuneration bands of \$10,000 is as follows:

	2022	2021
\$40,000 to \$49,999	6	6
\$30,000 to \$39,999	-	-
\$10,000 to \$19,999	-	-
Below \$10,000	1	-
Total	7	6

The above table includes all non-executive directors who held office in 2022 and 2021, respectively.

PCRD is an investment holding company and its main asset is its equity position in 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 significant and appropriate 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 2022, all executive directors and key management personnel met their respective performance criteria.

REPORT ON CORPORATE GOVERNANCE

REMUNERATION COMMITTEE (continued)

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/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 2022 and 31 December 2021, the number of key management personnel and his remuneration band is as follows:

	2022	2021
\$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 year under review.

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 and their long track record of full compliance, the Remuneration Committee is of the view that there is no requirement to institute contractual provisions in their terms of employment to reclaim incentive components of remuneration paid in prior 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 FY2022.

REPORT ON CORPORATE GOVERNANCE

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 Company provides shareholders with its half year and full year financial results as required by the SGX listing rules. Financial results for the first half of the financial year are released to shareholders within 45 days after the half year-end, whilst financial results for the full financial year are released within 60 days after the financial year-end.

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. 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 circulated in advance.

The Constitution of the Company 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 should have the opportunity to communicate their views on matters affecting the Company even when they are not in attendance at general meetings. To facilitate this, shareholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings.

The Chairpersons of the Audit, Nominating and Remuneration Committees are normally present to address questions at general meetings, except where their other business commitments preclude attendance. 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 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 adopted and implemented electronic poll voting at its general meetings of shareholders. The detailed results of voting at general meetings showing the number of votes cast for and against each resolution and the respective percentages are announced to shareholders shortly after the voting and counting process and are thereafter published on SGXNET.

Minutes of general meetings are prepared and are made available upon request. These minutes include substantial and relevant comments or queries from shareholders and responses from the Board, Management and/or external advisors. The Company 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 minutes of the AGM of the Company held in April 2022 were also published on the Company's website.

REPORT ON CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND ENGAGEMENT (continued)

The foregoing description of the Company's usual practices for shareholders' meetings is in relation to the conduct of its general meetings where there are no public health and other risks arising from the COVID-19 situation in Singapore to be taken into consideration. Due to the COVID-19 situation in Singapore, the AGMs held in May 2020, April 2021 and April 2022 were convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "COVID-19 Order"). Shareholders were not able to attend the AGMs in person, ask questions or vote at the AGMs live during the audio-visual webcast or audio-only stream, or appoint any person other than the chairman of the meeting as proxy to attend, speak or vote on their behalf at the AGMs. Shareholders instead participated at the AGMs held in May 2020, April 2021 and April 2022 by:

- observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream;
- submitting questions in advance of the AGM; and
- appointing the chairman of the meeting as proxy to attend, speak and vote on their behalf at the AGM.

In respect of the AGMs held in May 2020, April 2021 and April 2022, both the Company's response to the substantial and relevant questions received from shareholders in advance of the AGMs, as well as the minutes of the AGMs, were published on the Company's website and on SGXNET.

The Board also takes steps to solicit and understand the views of shareholders (aside from regular communications with shareholders at general meetings of the Company). As and when 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). 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 AGM as well as through other means (as set out above) that the Company uses to actively engage and promote regular, effective and fair communication with shareholders.

For FY2022, an interim dividend by way of a distribution in specie of share stapled units jointly issued by the HKT Trust and HKT Limited was declared in August 2022 and distributed in November 2022, and a final dividend will be proposed for shareholders' approval at the 2023 AGM. The Company currently does not have a fixed dividend policy. The form, frequency and amount of dividends depends on factors such as the Company's earnings and results, cash flow and capital requirements, general business conditions, 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 when looking at new opportunities, announcing any developments as they occur. The Company is of the view that all shareholders should be treated fairly and equitably to enable them to exercise their shareholders' rights. Notwithstanding the absence of a fixed dividend policy, shareholders have the opportunity to express their views to the Company on matters affecting the Company (including matters relating to dividends) whether at the AGM 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 97 of the Annual Report.

REPORT ON CORPORATE GOVERNANCE

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 22 April 2022. This general mandate remains in force until the forthcoming AGM and is proposed for renewal at the forthcoming AGM. In 2022, the following IPTs were entered into by the Group:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Pacific Century Group Holdings (HK) Limited (“PCGH”)	A subsidiary corporation of an intermediate holding company of the Company	–	\$589,821 [#]
N.A.	N.A.	None, all IPTs (excluding IPTs conducted under shareholders' mandate for IPTs) below \$100,000	–

[#] This sum represents the interest paid in respect of the borrowing from PCGH by a subsidiary corporation of the Company (the “PCGH Loan”) for FY2022. The borrower has the option to repay the PCGH Loan in full by 30 June 2023 whereupon the PCGH Loan would terminate and based on the foregoing, an aggregate interest of \$1,527,997 would have been cumulatively paid for the period 17 October 2022 up to 30 June 2023.

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. Directors and certain employees of the Group who have access to price-sensitive or trade-sensitive and confidential information are not permitted to deal in the Company's shares when they are in possession of unpublished price-sensitive or trade-sensitive information on the Group or during periods commencing one month before the date of announcement of the Group's interim and 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.

SUSTAINABILITY REPORT

BOARD STATEMENT

We are pleased to publish this, the sixth annual Sustainability Report for Pacific Century Regional Developments Limited (“PCRD”), in compliance with the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules 711A and 711B.

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 selecting and overseeing the management of material environmental, social and governance (“ESG”) factors for the Group.

PCRD believes that good ESG performance brings the company and its stakeholders a host of advantages in the long-run through operational performance enhancement, 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 of ESG issues by investee entities is sought, critically reviewed and reported.

The Board, supported by Management, continues to make improvements in the Group’s sustainability efforts and works with its stakeholders towards promoting sustainability in its businesses. All the Directors of PCRD have attended ESG training courses prescribed by the SGX over the course of 2022 and 2023.

The Group continues to face challenges from global issues such as COVID-19 and climate change. Environmental protection remains one of the focus areas in the sustainability journey of the Group’s major investments. Climate change can significantly affect the business operations of the Group’s investments if climate-related risks are not properly assessed. The impact of climate change is considered to be an emerging risk to the Group.

During the year, as restrictions relating to the COVID-19 pandemic were gradually lifted, PCRD continued to take precautionary measures to ensure our employees remain safe. PCRD is committed to continually provide a safe and healthy working environment and to ensure all necessary measures, including those prescribed by the authorities, are adhered to and encourages all staff to complete their vaccination and booster shots.

ABOUT THE REPORT

PCRD is a limited liability company incorporated in the Republic of Singapore where it is headquartered. 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 2022 (“FY2022”) 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 Limited (“HKT”) drawn from their ESG reports.

Reporting standard and assurance

This report has been prepared with reference to the Global Reporting Initiative (“GRI”) Standards and in line with the SGX Sustainability Reporting Guide. GRI is the most commonly adopted set of sustainability reporting standards in Singapore, and additionally helps organisations to understand and disclose their impacts in a way that meets the needs of multiple stakeholders. The report covers the Group’s policies, practices, initiatives, performance and goals in relation to material ESG factors and is updated on an annual basis.

According to the Taskforce on Financial Related Climate Disclosures (TCFD), PCRD is classified as an Investment Holding Company. PCRD is undertaking a climate risk assessment, as well as an evaluation of climate-related risks and opportunities in our operations and strategy. Further climate-related disclosures will be made according to the TCFD guidelines in further reporting cycles. Full details of PCCW’s progress to its environmental targets in response to the global climate crisis including sustainable finance can be found in PCCW’s ESG report.

SUSTAINABILITY REPORT

ABOUT THE REPORT (continued)

Reporting standard and assurance (continued)

We have not sought external assurance for this reporting period but will consider doing so in future if circumstances merit such assurance. Internal review has been undertaken and the report has been reviewed and approved by the Board for this reporting cycle. Additionally, the environmental and social data in the 2022 ESG reports of both PCCW and HKT have been independently reviewed and verified by the Hong Kong Quality Assurance Agency ("HKQAA"). The Verification Statement issued by HKQAA for the verification scope and conclusion can be found in their respective ESG reports.

Feedback

Stakeholder input is important in defining our sustainability approach and we value and welcome any feedback with regard to this report or any aspect of our sustainability performance. Please feel to reach out to us at info1@pcrd.com.

ABOUT PCRD

PCRD is a Singapore-based investment holding company that was first listed in 1963. 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 22.66% stake in PCCW. Given our level of investment, PCCW will be highlighted specifically in this report.

PCCW's investments are described in the table below:

PCCW's Major Investments

Company	Description
Hong Kong Telecommunications (HKT)	Hong Kong's premier telecommunications service provider and leading operator of fixed-line, broadband, mobile communication and media entertainment services. HKT delivers end-to-end integrated solutions employing emerging technologies to assist enterprises in transforming their businesses. HKT has also built a digital ecosystem integrating its loyalty program, eCommerce, travel, insurance, FinTech and HealthTech services to deepen its relationship with customers.
PCCW Media	A fully integrated multimedia and entertainment group in Hong Kong engaged in the provision of over-the-top (OTT) video service in Hong Kong and in other countries in the region.
HK Television Entertainment Company	A domestic free TV service in Hong Kong.
PCCW Solutions	A leading IT and business process outsourcing provider in Hong Kong, mainland China and Southeast Asia.
Pacific Century Premium Developments Limited (PCPD)	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.

Separately, PCRD holds a direct interest of 0.29% in HKT (subsequent to a distribution in specie of HKT Share Stapled Units by PCRD in December 2022) and a 13.94% direct interest in PCPD. Neither are subsidiaries nor associated companies of PCRD. However, noting that HKT is a significant subsidiary of PCCW, reference to their sustainability efforts has been included and their reports have been linked.

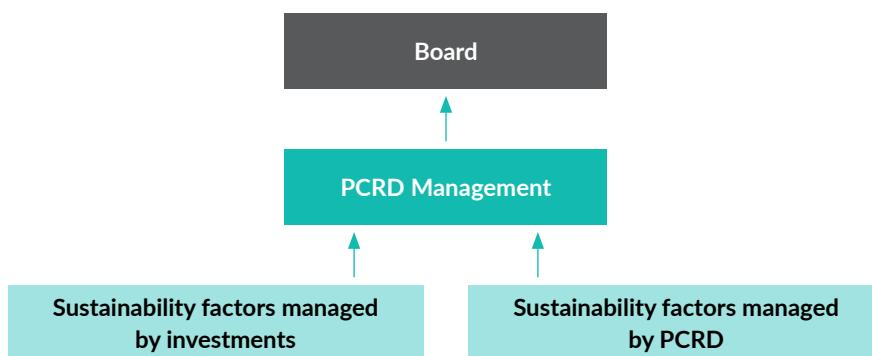
SUSTAINABILITY REPORT

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 the companies in which we invest.

GOVERNING SUSTAINABILITY AT PCRD

PCRD has a structure to manage and govern our sustainability risks and opportunities. The structure illustrated below represents how we govern sustainability throughout the Company. The sustainability factors managed by our investments and those managed by PCRD ourselves are overseen by PCRD management who report progress and performance to the Board, the highest governance and final decision-making body, to enable their insight and control in steering the overall direction of sustainability in PCRD. Responsibilities for managing, executing and reviewing sustainability-related matters are delegated to the Executive Committee and Audit Committee.



As a part of enabling the sound and fair governance of PCRD, the Company is mindful of the importance of diversity for an effective Board, and believes that Board diversity enables the Company to draw on a diverse mix and combination of skills, experience, and knowledge. The Company's Board diversity policy seeks to ensure that the Board possesses an appropriate balance and combination of skills and experience, professional competencies, gender, age, and other relevant qualities. These considerations are incorporated in the selection and nomination process for the appointment of new directors.

The Company's diversity targets, plans and timelines for achieving the targets and progress towards achieving the targets are as follows.

In terms of skills, experience and professional competencies, the Board targets to engage directors who as a group possess identified core competencies, being finance, accounting and audit, business management or law. The Company has met this target for FY2022 as the directors as a group have expertise in all of the identified core competencies. In terms of gender, the Board has committed to a target of at least 20% female directors on the Board. The Company has met this target for FY2022 as the proportion of female directors on the Board is 33%. In terms of age groups, the Board targets to have directors falling within at least two out of three age groups from (i) 55 and below, (ii) between 56 to 65, and (iii) 66 and above. The Company has met this target for FY2022 as the Board comprises directors falling within all three age groups.

The Board, taking into account the views of the Nominating Committee, considers that the current Board has an appropriate level of diversity of skills and experience, gender, age and independence, as contemplated by the Board diversity policy, to enable it to make decisions in the best interests of the Company. In this regard, in relation to skills and professional competencies, directors have wide ranging backgrounds and professional experience in industries such as telecommunications, property development and management, business management, law and financial services, which support the work of the Board and Board Committees and help provide effective guidance and oversight of the Company's operations. In relation to gender, the level of gender diversity increased from 25% to 33% during the financial year under review, which brings added perspectives and approaches to help shape the Company's strategic objectives. In relation to age, the ongoing Board renewal and refreshment process is phased to ensure that the Company directors span different age groups to provide a broad spectrum of perspectives and views in Board and Board Committee deliberations.

SUSTAINABILITY REPORT

SUSTAINABILITY AT PCRD (continued)

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 touchpoints of engagement 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	<ul style="list-style-type: none"> Open feedback channel 	<ul style="list-style-type: none"> COVID-19 related health concern Training and career development Pay and benefits Channel for reporting of breaches of ethics 	<ul style="list-style-type: none"> COVID-19 related safety measures Training opportunities Competitive benefits Whistleblowing policy Anti-bribery and corruption policy
Invested companies	Ad hoc	<ul style="list-style-type: none"> Meetings Board participation 	<ul style="list-style-type: none"> Business performance Investment initiatives and opportunities 	<ul style="list-style-type: none"> Perform due diligence Assess risks and opportunities
Investors	Semi-Annually Annually Ad hoc	<ul style="list-style-type: none"> Semi-Annually/ad hoc announcements Annual Report Annual General Meeting 	<ul style="list-style-type: none"> Business performance Dividends Shareholder value 	<ul style="list-style-type: none"> Corporate Governance Report Follow-up on feedback Reduce costs
Regulators	Semi-Annually Annually Ad hoc	<ul style="list-style-type: none"> Direct engagement Semi-Annually/ad hoc announcements Returns 	<ul style="list-style-type: none"> COVID-19 related compliance Compliance with laws and regulations 	<ul style="list-style-type: none"> COVID-19 related safety measures Trainings and updates External professional support

MATERIALITY ASSESSMENT

Since 2017, PCRD has conducted a formal materiality assessment in alignment with the "GRI Standards' Principles for defining report content". A peer and industry review exercise was conducted to short-list potential material factors where our business creates significant impacts. These factors were refined through stakeholder engagement and validated by PCRD senior management and the Board to arrive at a final list of material factors. With the current update in GRI materiality and the focus on the impact PCRD has on these factors, we have determined that the existing factors remain relevant. Impact was a key consideration in our initial materiality exercise, and this remains pertinent to PCRD today. Additionally, there have not been any significant changes to our business, industry landscape or stakeholder expectations. However, we are considering the continued impact of COVID-19 on our operations and workforce.

Pillars	Material Factors
Governance	<ol style="list-style-type: none"> Responsible Investments Corporate Governance <ul style="list-style-type: none"> Compliance Business Integrity and Anti-Corruption Risk Management
Social	<ol style="list-style-type: none"> Corporate Social Responsibility Training and Development

SUSTAINABILITY REPORT

SUSTAINABILITY AT PCRD (continued)

MATERIALITY ASSESSMENT (continued)

While the Group recognises the importance of all aspects covered by GRI for reporting, the focus for PCRD's sustainability reporting continues to focus on 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 have direct operational control over our investments. For the purposes of the report for this financial year, environmental KPIs of our investments 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 are subject to assessment of ESG risks, including those covering environmental risks. We also recognise that investment companies can play an important role in advocating sound environmental management to portfolio companies and emerging expectations from stakeholders. The Company will continue to review the relevance and importance of these issues in future years.

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

GOVERNANCE

RESPONSIBLE INVESTMENT

Why this is material?

We believe that we can create a positive impact on sustainability through the investments we make and the way in which we monitor these investments. Any ESG related issues faced by our investments can potentially give rise to 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 have put in place mechanisms to assess new investments from a social and economic perspective. These include risk assessments identifying potential ESG issues and opportunities, where appropriate, and the incorporation of the findings of such risk and opportunity assessments into overall investment analysis and decision making. We also regularly monitor the sustainability performance of our key investment companies.

Sustainability performance summary for PCCW and HKT

PCCW has championed ESG as a part of the guiding principles for its Corporate strategy, integrating ESG into every aspect of its business. Embracing ESG through a double materiality lens, PCCW has prioritised issues that are both financially material to PCCW and impactful on the ESG landscape.

Information on PCCW's and HKT's ESG management approach, strategy, priorities and objectives are disclosed in their ESG reports. These reports cover their ESG accomplishments and challenges in 2022, as well as their ongoing initiatives to enhance their ESG performance.

Sustainability is at the core of PCCW's business approach. Its governance framework has established a solid foundation to ensure its corporate practices are undertaken in a responsible and sustainable manner for its business and the community at large.

SUSTAINABILITY REPORT

GOVERNANCE (continued)

RESPONSIBLE INVESTMENT (continued)

Sustainability performance summary of PCCW and HKT (continued)

Creating shared value is at the core of PCCW's purpose and sustainability strategy. Leveraging its expertise and strengths to address societal needs, it has created long-term value for its businesses and supported the sustainable development of the communities it serves.

PCCW assigns high importance to delivering services and products which meet its customer expectations and enhance customer experience. In order to achieve these objectives, it values each customer's feedback and protects the best interests of its customers through its innovative offerings.

PCCW is committed to creating positive social impact through its community initiatives. PCCW supports the local community and participates in charitable events via sponsorships and in-kind contributions, as well as corporate volunteering.

Focusing on talent diversification and retention is crucial to cultivating an innovative and technology-driven business like PCCW's to stay competitive. PCCW endeavours to cultivate an inclusive and merit-based culture and to improve its human capital management strategies for the development of outstanding talents across all levels.

In response to the global climate crisis, PCCW has leveraged technology to facilitate reducing GHG emissions, enhancing operational and energy efficiency, and promoting sustainable resource consumption. PCCW will continue improving its environmental performance and collaboration with various stakeholders, including industry leaders, customers, the Hong Kong Government and other organisations to deliver its sustainability agenda. It will evaluate its contributions and impacts in relation to energy, waste and water consumption.

Working with value chain partners is one of the core practices of PCCW's sustainability strategy. Its transformation and sustainability goals depend largely on long-term and constructive relationships with suppliers. As a founding member of the Sustainable Procurement Charter established by the Green Council, PCCW is committed to sourcing and monitoring suppliers who are committed and adhered to adopting sustainable practices.

The full ESG reports of PCCW and HKT are available at www.pccw.com and www.hkt.com.

Future outlook

On an annual basis, we will continue to monitor the sustainability performance of our invested companies, we will also assess all new investments from a social and environmental perspective. This long-term target is incorporated into our investment strategy.

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 2022 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.

SUSTAINABILITY REPORT

GOVERNANCE (continued)

CORPORATE GOVERNANCE (continued)

COMPLIANCE (continued)

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 actively ensures compliance with internal systems of control that have been established to achieve compliance with externally imposed regulations as well as compliance with external regulations imposed on the company as a whole.

Performance

In 2022, we did not face any fines or sanctions under laws and/or regulations governing social or economic matters.

Future outlook

We will continue to maintain full compliance with all applicable laws and regulations and to incur zero fines, sanctions or other penalties for social or economic infringements. This target is an evergreen target that remains relevant across the short-, medium- and long-term.

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
<ul style="list-style-type: none">• Zero bribery• Comprehensive anti-corruption measures• Effective anti-money laundering procedures	<ul style="list-style-type: none">• Anti-bribery and corruption policy• Whistleblowing 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 aspect of the Group's activities.

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

The Group also has a whistleblowing 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. Whistleblowing reports must be investigated to the fullest extent possible and reported to the Audit Committee. Further details on the Company's whistleblowing policy can be found in the Report on Corporate Governance.

SUSTAINABILITY REPORT

GOVERNANCE (continued)

CORPORATE GOVERNANCE (continued)

BUSINESS INTEGRITY (continued)

How we manage this material factor (continued)

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 of corruption or bribery in the 2022 financial year.
- The Company also did not receive any whistleblowing reports of any impropriety in the 2022 financial year.

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

Future Outlook

We will maintain zero tolerance for any incidents of bribery, corruption and money laundering on an ongoing basis across this short-, medium- and long-term. Additionally, we will conduct annual refresher training courses for our employees in this area if necessary.

RISK ASSESSMENT AND MANAGEMENT

Why this is material?

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. Additionally this strategy enhances our ability to identify any opportunities in the market, positioning PCRD favourably to act on opportunities as they arise.

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 the risk of imposition of laws restricting the level and manner of ownership and investment.

How we manage this material factor and our performance

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 upon 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 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.

SUSTAINABILITY REPORT

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 minimising negative impacts, balancing the interests of its various stakeholders and providing 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, sponsorship of community activities and establishments in Singapore.

Our invested companies, PCCW and HKT are engaged in philanthropic and volunteer work including employee engagement in community service.

For the community as a whole, besides mobilising its resources to help Hong Kong staying connected during the pandemic so that people could continue to work, live, learn and receive medical support, PCCW has also been devoted to the promotion of 5G technology, digital payment and telemedicine services to accelerate Hong Kong's transformation into a smart city. More importantly, amidst the pandemic, PCCW's long-term efforts to bridge the digital divide by providing tailored services to the elderly became more meaningful, especially when various COVID-related digital applications, such as LeaveHomeSafe, were essential to everyday life.

Highlighted objectives and measures taken are:

- Promote social inclusion and support upward mobility
 - Fostered growth and development of the next generation
- Drive community development and address its needs
 - Provided fixed wireless and mobile broadband network services to over 3,000 community isolation facilities
 - Offered free digital solutions to SMEs
 - In-kind and monetary support for the needy
 - Combated climate change and protected biodiversity through business partnership

Performance

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

Future outlook

Annual reviews and dialogues with our stakeholders will enable us to develop a more strategic approach towards our own corporate social responsibility agenda, focusing on key community needs and impacts.

SUSTAINABILITY REPORT

SOCIAL (continued)

EMPLOYEES, 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 FY2022, 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 and board members 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.

The Company implemented precautionary measures against COVID-19 from the start of the outbreak. Staff are provided with face masks, test kits and hand sanitisers. The Company also implemented work-from-home procedures in line with the recommendations set out by the government in the first year of the pandemic. All staff have now returned to the office. By the time of the emergence of the Omicron variant, all staff had completed at least 2 doses of vaccination plus a booster. Staff are encouraged to travel during off-peak periods when travelling by public transport to the office. Overseas travels have been limited since the start of the outbreak. With the opening of borders and lifting of most COVID restrictions, staff are advised to remain vigilant and to take necessary precautions to ensure safety and minimum risk.

Performance

Our staff turnover continues to be low with a large percentage of employees having between 5 and 25 years of service to the Group. Diversity in terms of female to male staff is 1.5:1 with 33% of management roles held by female staff.

For FY2022, 100% of employees received an annual performance review with salary adjustments in line with performance, industry standards and inflation. All employees with professional memberships attended relevant continuing professional education courses. Due to the continued COVID-19 situation in 2022, directors and staff attended courses through e-learning online, such as refresher courses on ethics and governance, updates on tax practices, ESG training, new accounting standards and personal data protection practices. Training and job-related studies were provided to staff on an ad hoc basis as required.

Future outlook

We will conduct annual needs-based training for our employees.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Statement of use	Pacific Century Regional Developments Limited (“PCRD”) has reported the information cited in this GRI content index for the financial year ended 31 December 2022 (“FY2022”) with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Page number and/or URL
General Disclosures		
GRI 2: General disclosures	The organisation and its reporting practices	
2-1	Organisational details	About the Report 94-95, About PCRD 95
2-2	Entities included in the organization's sustainability reporting	About the Report 94-95
2-3	Reporting period, frequency, and contact point	About the Report 94-95
2-4	Restatements of Information	No restatements
2-5	External Assurance	About the Report 94-95
Activities and Workers		
2-6	Activities, value chain and other business relationships	About PCRD 95
2-7	Employees	Employees, Training & Development 103
2-8	Workers who are not employees	Not applicable
Governance		
2-9	Governance structure and composition	Governing Sustainability at PCRD 96
2-10	Nomination and selection of the highest governance body	Governing Sustainability at PCRD 96
2-11	Chair of the highest governance body	Governing Sustainability at PCRD 96
2-12	Role of the highest governance body in overseeing the management of impacts	Governing Sustainability at PCRD 96
2-13	Delegation of responsibility for managing impacts	Governing Sustainability at PCRD 96
2-14	Role of the highest governance body in sustainability reporting	Governing Sustainability at PCRD 96
2-15	Conflicts of Interest	None
2-16	Communication of critical concerns	Governing Sustainability at PCRD 96
2-17	Collective knowledge of the highest governance body	Governing Sustainability at PCRD 96
2-18	Evaluation of the performance of the highest governance body	Annual Report – Corporate Governance Report
2-19	Remuneration policies	Annual Report – Corporate Governance Report
2-20	Process to determine remuneration	Annual Report – Corporate Governance Report
2-21	Annual total compensation ratio	Annual Report – Corporate Governance Report

SUSTAINABILITY REPORT

GRI CONTENT INDEX (continued)

GRI Standard	Disclosure		Page number and/or URL
General Disclosures (continued)			
GRI 2: General disclosures (continued)	Strategy, policies, and practices		
	2-22	Statement on sustainable development strategy	Responsible Investment 98-99
	2-23	Policy commitments	Responsible Investment 98-99
	2-24	Embedding policy commitments	Responsible Investment 98-99
	2-25	Processes to remediate negative impacts	Stakeholder Engagement 97
	2-26	Mechanisms for seeking advice and raising concerns	Stakeholder Engagement 97
	2-27	Compliance with laws and regulations	Compliance 99-100
	2-28	Membership associations	<ul style="list-style-type: none"> • 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
Stakeholder engagement			
	2-29	Approach to stakeholder engagement	Stakeholder Engagement 97
	2-30	Collective bargaining agreements	None
Disclosures on Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality Assessment 97-98
	3-2	List of material topics	Materiality Assessment 97-98
	3-3	Management of material topics	Materiality Assessment 97-98
Material Topics			
GRI Standard: Training and education			
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees, Training & Development 103
	404-3	Percentage of employees receiving regular performance and career development reviews	Employees, Training & Development 103
GRI Standard: Local communities			
GRI 413: Local Communities 2016	3-3	Management of material topics	Corporate Social Responsibility 102
	413-1	Operations with local community engagement, impact assessments, and development programs	Corporate Social Responsibility 102
GRI Standard: Anti-corruption			
GRI 3: Material Topics 2021	3-3	Management of material topics	Business Integrity 100-101
	205-3	Confirmed incidents of corruption and actions taken	Business Integrity 100-101 – None

SHAREHOLDING STATISTICS

As at 13 March 2023

ISSUED AND FULLY PAID-UP

S\$457,282,365.61 divided into 2,648,150,200 ordinary shares.

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		35	0.81	825	0.00
100 – 1,000		238	5.52	195,257	0.01
1,001 – 10,000		2,174	50.38	14,332,894	0.54
10,001 – 1,000,000		1,833	42.48	125,064,985	4.72
1,000,001 and above		35	0.81	2,508,556,239	94.73
Total		4,315	100.00	2,648,150,200	100.00

Approximately 10.1% 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.

SHAREHOLDING STATISTICS

As at 13 March 2023

SUBSTANTIAL SHAREHOLDERS

(including deemed interest as recorded in the Register of Substantial Shareholders as at 13 March 2023.)

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 13 March 2023

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Raffles Nominees (Pte.) Limited	2,364,597,130	89.29
2.	HSBC (Singapore) Nominees Pte Ltd	26,659,906	1.01
3.	DBS Nominees (Private) Limited	21,596,584	0.82
4.	Citibank Nominees Singapore Pte Ltd	13,532,071	0.51
5.	Morph Investments Ltd	6,012,000	0.23
6.	DBS Vickers Securities (Singapore) Pte Ltd	5,827,100	0.22
7.	Yu Poh Suan (Yu Baoxuan)	5,168,600	0.20
8.	Peter A. Allen	5,000,000	0.19
9.	Leong Chee Tong	5,000,000	0.19
10.	United Overseas Bank Nominees (Private) Limited	4,559,800	0.17
11.	Chong Yean Fong	3,823,000	0.14
12.	OCBC Securities Private Limited	3,714,698	0.14
13.	Tan Ling San	3,400,000	0.13
14.	UOB Kay Hian Private Limited	3,354,400	0.13
15.	Phillip Securities Pte Ltd	3,165,600	0.12
16.	OCBC Nominees Singapore Private Limited	3,020,500	0.11
17.	Tham Peng Cheong Justin	2,500,000	0.09
18.	Koh Sew Lean	2,230,000	0.08
19.	Ng Soo Chaio	2,221,000	0.08
20.	Chua Kuan Lim Charles	2,000,000	0.08
Total		2,487,382,389	93.93



PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

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