



Pacific Century
Premium Developments
盈科大衍地產發展

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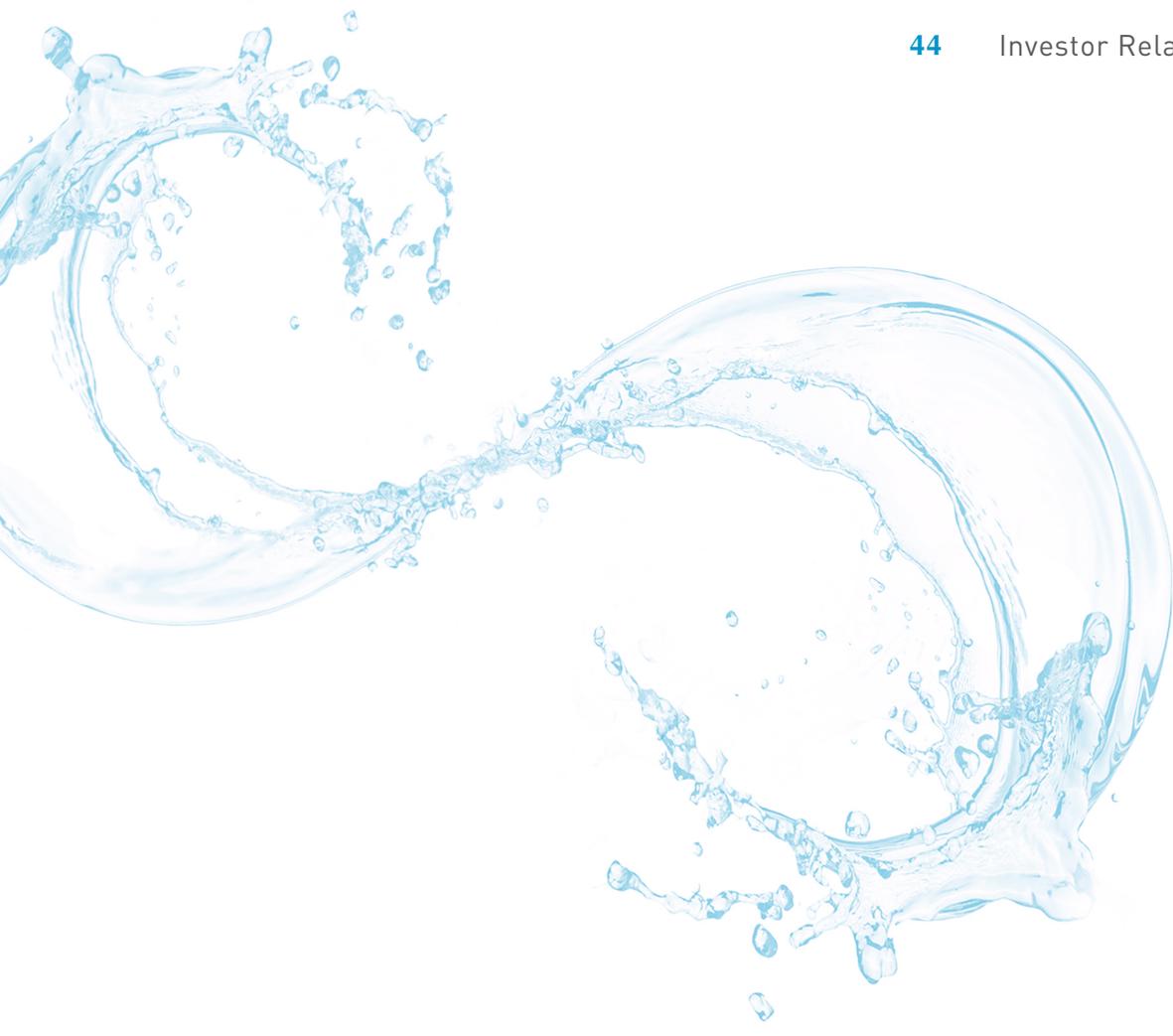
INTERIM REPORT 2022



Defining and
Transforming
the **Future**



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STATEMENT FROM THE NON-EXECUTIVE CHAIRMAN

Having adapted to the new “normal” under the pandemic, more countries are relaxing their travel restrictions and reopening borders progressively, which offers a glimpse of hope towards the tourism industry in Japan and Thailand. We remain confident in the Hong Kong, Japanese, Indonesian and Thai economies and their long-term future.

The year 2022 is filled with challenges and tumultuous events including the lingering COVID-19 pandemic, interest rate hikes and the Russia-Ukraine war. Military conflicts contributed to the slowdown in global economy in 2022 and added further impetus to inflation. According to the latest report published by the IMF, the global growth is projected to slow from an estimated 6.1 per cent in 2021 to 3.6 per cent in 2022.

Having adapted to the new “normal” under the pandemic, more countries are relaxing their travel restrictions and reopening borders progressively, which offers a glimpse of hope towards the tourism industry in Japan and Thailand.

First hand property sales in Hong Kong were inevitably affected during the fifth wave of pandemic but we have seen recovery over the last few months. In the long run, and notwithstanding the global uncertainties, we are optimistic about the Hong Kong property sector.

In a world of upheaval, we are all the more resolute in strengthening our leading edge. PCPD has long adopted a cautious and prudent approach to mitigate risks and overcome challenges. We remain confident in the Hong Kong, Japanese, Indonesian and Thai economies and their long-term future.

On behalf of PCPD, I sincerely thank our shareholders and stakeholders for their continued support to the Group over the years. I would also like to express my heartfelt gratitude to our management team and all staff in Hong Kong and overseas for all their hard work and efforts throughout the year.

Robert Lee
Non-Executive Chairman

August 9, 2022

STATEMENT FROM THE DEPUTY CHAIRMAN AND GROUP MANAGING DIRECTOR

By adopting a more flexible approach to sales and operations during such a challenging environment, we hope to manage cost effectively and mitigate the impact brought by the pandemic.

The Group recorded a consolidated revenue of HK\$271 million for the six months ended June 30, 2022, compared to HK\$212 million for the same period of 2021.

The consolidated operating loss of the Group for the period under review amounted to HK\$108 million, compared to an operating loss of HK\$209 million for the first half of 2021.

The Group's consolidated loss attributable to equity holders of the Company for the first six months of 2022 totalled HK\$336 million, compared to a net loss of HK\$417 million for the corresponding period last year. Basic loss per share for the six months ended June 30, 2022 was 16.49 Hong Kong cents, compared to a loss per share of 22.55 Hong Kong cents for the corresponding period of 2021.

The Board of Directors did not declare an interim dividend for the first half of 2022.

The first half of 2022 saw travel restrictions lifted progressively in some countries. However, certain pandemic related restrictions remained in place in Japan, where we operate business. With confirmed cases still on the rise, the Japanese government has yet to have full border relaxation, which continues to adversely affect our hospitality business in Hokkaido, Japan. Whilst the occupancy rate of Park Hyatt Niseko, Hanazono remained low in the reporting period, it has improved comparing to the corresponding period last year. By adopting a more flexible approach to sales and operations during such a challenging environment, we hope to manage cost effectively and mitigate the impact brought by the pandemic. We

expect our new introduction of "Hanazono Zipflight", featuring the longest zipline in East Asia, and Bruce Munro's light art exhibition "42°N Art Hanazono — Mountain Lights" launched on July 1, 2022 will bring excitement to visitors and shape Hanazono as a world-class all-season resort.

In Southeast Asia, PCPD's premium commercial building in Indonesia, Pacific Century Place, Jakarta, delivered a stable performance with an occupancy rate of approximately 80 per cent as at June 30, 2022.

In respect of our property development project at 3-6 Glenealy, Central, Hong Kong, demolition works were completed in 2021. The foundation works are in progress now.

Amid the growing concerns of high inflation, interest rate hikes, geo-political conflict and potential global recession, the global economic outlook for 2022 is uncertain. Despite the uncertainties ahead, we remain cautiously optimistic on the long-term future of the real estate segment in Hong Kong, Japan, Thailand and Indonesia. We will continue to adopt a prudent approach to optimize our resources and business strategies.

Benjamin Lam

Deputy Chairman and Group Managing Director

August 9, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's discussion and analysis of the unaudited consolidated financial results and operations relating to the business of Pacific Century Premium Developments Limited ("Company") and its subsidiaries (together with the Company, "Group") for the six months ended June 30, 2022 is set out below.

REVIEW OF OPERATIONS

Property investment and development

Property investment in Indonesia

In Jakarta, Indonesia, the occupancy of our premium commercial building, Pacific Century Place, Jakarta ("PCP Jakarta"), has maintained a stable performance and continued to be a revenue driver of the Group. As at June 30, 2022, the office space occupancy was at 80 per cent. The gross rental income amounted to HK\$122 million for the six months ended June 30, 2022 compared to HK\$124 million for the corresponding period in 2021.

Property development in Japan

The Group has no revenue from its property development in Japan for the six months ended June 30, 2022 compared to revenue of HK\$21 million for the corresponding period in 2021.

Property development and golf operation in Thailand

In Phang Nga, Thailand, the Group has sold or reserved 33 per cent of its phase 1A villas. The handover of completed villas and inspection with owners have progressed well since December last year. The Group's revenue from its property development in Thailand amounted to HK\$24 million for the six months ended June 30, 2022.

Though the golf clubhouse and the 18-hole golf course commenced operations in August 2021, the number of visitors and golf rounds remained low given the reduced international visitor numbers as a result of COVID-19 in the first half of 2022. The Group's revenue from its golf operations in Thailand amounted to HK\$3 million for the six months ended June 30, 2022.

Property development in Hong Kong

For the project at 3-6 Glenealy, Central, Hong Kong, foundation works are in progress.

Hotel operations, recreation and leisure operation in Japan

Hotel operations in Japan

In Hokkaido, Japan, the pandemic and the related travel restrictions and social distancing measures created hurdles for the hospitality and resort businesses in the reporting period. Though the occupancy rate of Park Hyatt Niseko, Hanazono remained low, and was still impacted by the restriction on international travelers under COVID-19, its performance has improved year-on-year. We have been cautious and reinforced our efforts in managing costs at the operational level while keeping the utmost service standard.

The Group's revenue from its hotel operations in Japan amounted to HK\$60 million for the six months ended June 30, 2022 compared to HK\$21 million for the corresponding period in 2021.



Recreation and leisure operation in Japan

The Group's all-season recreational operation is located in Niseko, Hokkaido, Japan, one of the premium ski destinations in the world. There are various facilities and recreational activities operated by the Group, including "Hanazono EDGE" (a restaurant and entertainment centre), ski lifts, ski equipment rental, a ski school and snowmobile tours in the winter, rafting tours, tree-trekking, e-bikes and golfing in the summer.

We recognise that our all-season recreational business performance in Niseko has improved markedly year-on-year. With signs of domestic travel rebounding, we have switched our marketing focus to the domestic market, so as to tap into this target segment and seize opportunities as they arise. The Group's revenue from its all-season recreational activities amounted to HK\$33 million for the six months ended June 30, 2022, compared to HK\$19 million for the corresponding period in 2021.

Property and facilities management

Hong Kong

Providing property management and facilities management services in Hong Kong, the Group generated revenue of HK\$15 million for the six months ended June 30, 2022 compared to HK\$15 million for the corresponding period in 2021.

Other businesses

Other businesses of the Group mainly include property management services in Japan and property investment in Hong Kong. The revenue from these other businesses amounted to HK\$14 million for the six months ended June 30, 2022 compared to HK\$12 million for the corresponding period in 2021.

FINANCIAL REVIEW

Review of results

The consolidated revenue of the Group was HK\$271 million for the six months ended June 30, 2022, representing an increase of 28% from HK\$212 million for the corresponding period in 2021. The increase was mainly due to the sales recognition of a phase 1A villa in Phang Nga, Thailand and the increase in operating revenue from hotel operations and all-season recreational operations in Niseko, Hokkaido, Japan.

The consolidated gross profit for the six months ended June 30, 2022 was HK\$133 million, representing a decrease of 8% from HK\$145 million for the corresponding period in 2021. The gross profit margin for the six months ended June 30, 2022 was 49% as compared to 68% for the corresponding period in 2021.

The general and administrative expenses were HK\$354 million for the six months ended June 30, 2022, which remains at a similar level as compared to HK\$355 million for the corresponding period in 2021.

The consolidated operating loss for the six months ended June 30, 2022 decreased to HK\$108 million, as compared to HK\$209 million for the corresponding period in 2021. Such decrease was mainly due to the gain on disposal of a piece of land in Japan as settlement of certain development costs.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The Group recorded higher finance costs of HK\$216 million for the six months ended June 30, 2022, as compared to HK\$192 million for the same period in 2021. The increase was mainly due to the higher finance costs on the guaranteed notes in current reporting period which was offset by the one-off loss arising from the partial redemption of the 4.75% guaranteed notes due 2022 that was recorded in June 2021. The consolidated net loss after taxation was HK\$336 million for the six months ended June 30, 2022, as compared to HK\$417 million for the corresponding period in 2021. Basic loss per share during the period under review was 16.49 Hong Kong cents, compared to a basic loss per share of 22.55 Hong Kong cents for the corresponding period in 2021.

Current assets and liabilities

As at June 30, 2022, the Group held current assets of HK\$1,914 million (December 31, 2021: HK\$4,854 million), mainly comprising properties under development/held for sale, cash and cash equivalents, sales proceeds held in stakeholders' accounts, restricted cash and prepayments, deposits and other current assets. The decrease in current assets is mainly attributable to settlement of US\$307 million 4.75% guaranteed notes at its maturity date on March 9, 2022 and settlement of development costs. Sales proceeds held in stakeholders' accounts remained at HK\$504 million as at June 30, 2022 (December 31, 2021: HK\$504 million). The level of restricted cash in current assets remained unchanged at HK\$119 million as at June 30, 2022 (December 31, 2021: HK\$119 million).

As at June 30, 2022, the Group's total current liabilities amounted to HK\$1,400 million, as compared to HK\$3,363 million as at December 31, 2021. The decrease was mainly attributable to the settlement of US\$307 million 4.75% guaranteed note in March 2022 offset by reclassification of long term borrowing from non-current liabilities. As at June 30, 2022, the current ratio was 1.37 (December 31, 2021: 1.44).

Capital structure, liquidity and financial resources

As at June 30, 2022, the Group's borrowings amounted to HK\$8,926 million (December 31, 2021: HK\$11,307 million). The balance as at June 30, 2022 represented the amortised cost of financial liabilities in respect of the 5.125% guaranteed notes of US\$800 million (equivalent to HK\$6,278 million), the total outstanding principal amount of Japanese Yen ("JPY") 11,030 million (equivalent to HK\$639 million) under all JPY loan facilities together with principal amount of HK\$2,009 million under the Hong Kong dollar loan facilities.

On March 9, 2017 and October 3, 2019, PCPD Capital Limited ("PCPD Capital"), an indirect wholly-owned subsidiary of the Company, issued respective principal amounts of US\$570 million and US\$130 million 4.75% guaranteed notes due 2022 ("Notes"), which are listed on the Singapore Exchange Securities Trading Limited. The Notes are irrevocably and unconditionally guaranteed by the Company and rank pari passu with all other outstanding unsecured and unsubordinated obligations of PCPD Capital and the Company. On June 7, 2021, the Company announced to invite holders of the Notes to tender any or all Notes held by them for purchase by the Company for cash (the "Tender Offer"). On June 18, 2021, the Company completed the settlement of the Tender Offer, accepted for purchase and cancelled approximately US\$384 million in aggregate principal amount of the Notes and resulted in a loss of redemption of HK\$60 million. In October 2021 and December 2021, the Company repurchased and cancelled US\$9 million of the Notes. On March 9, 2022, the maturity date of the Notes, PCPD Capital fully repaid all remaining Notes.



On June 18, 2021, PCPD Capital issued in aggregate principal amount of US\$800 million 5.125% new guaranteed notes due 2026 (“New Notes”), which are listed on the Singapore Exchange Securities Trading Limited. The estimated fair value of the option of the early redemption and repurchase rights are recognised as financial assets at fair value through profit or loss. The New Notes are irrevocably and unconditionally guaranteed by the Company. The New Notes rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of PCPD Capital and the Company.

On June 9, 2017, an indirect wholly-owned subsidiary of the Company entered into a term loan facility agreement which the lender had agreed to make available a term loan facility up to an aggregate amount of JPY1,500 million (“JPY Facility 2026”). The maturity date of the JPY Facility 2026 is December 2026. Such facility is secured by the land and buildings and a bank account of the indirect wholly-owned subsidiary and the indirect wholly-owned subsidiary is subject to certain financial covenants which are commonly found in lending arrangements with financial institutions. As at June 30, 2022, none of the covenants were breached. The carrying value of the borrowing as at June 30, 2022 represents the outstanding principal amount of JPY675 million (equivalent to HK\$39 million) (December 31, 2021: JPY750 million) offset by the deferred arrangement fees of JPY18 million (equivalent to HK\$1 million) (December 31, 2021: JPY22 million).

In April, 2021, a project development loan facility was entered by an indirect wholly-owned subsidiary of the Company which the lenders agreed to make available term loan facility up to an aggregate amount of HK\$1,382 million (“HK\$ Loan 2026”). The maturity date for the HK\$ Loan 2026 is the earlier of April 13, 2026 or twelve months after occupation permit of the development project in Hong Kong being issued by the building authority. The HK\$ Loan 2026 is secured by certain land

and property, bank accounts, shares and other assets of the indirect non-wholly owned subsidiaries and the Company and the indirect non-wholly owned subsidiary are subject to certain financial ratios covenants which are commonly found in lending arrangements with financial institutions. As of June 30, 2022, none of the covenants were breached and the carrying value of the HK\$ Loan 2026 represents the loan drawdown of HK\$839 million (December 31, 2021: HK\$827 million) offset by the deferred loan arrangement costs of HK\$12 million (December 31, 2021: HK\$13 million).

On March 29, 2018, an indirect wholly-owned subsidiary of the Company (the “Borrower”) entered into a term loan facility agreement under which the lender agreed to make available term loan facilities up to an aggregate amount of JPY20,000 million. The facility comprises (1) a JPY10,000 million facility for the construction of a branded residence (“JPY Facility 2021”) which matures on February 14, 2020 with option to extend to March 31, 2021 and (2) a JPY10,000 million facility for the construction of a branded hotel (“JPY Facility 2023”) with maturity date of March 31, 2023. In February 2020, the Borrower has fully repaid the JPY Facility 2021. The JPY Facility 2023 is secured by certain land and property, the reserve accounts, and ordinary and/or preferred shares of the Borrower and an indirect wholly-owned subsidiary of the Company (the “Hotel Operator”). The Borrower and the Hotel Operator are subject to certain financial ratios covenants which are commonly found in lending arrangements with financial institutions. As of June 30, 2022, none of the covenants were breached and the carrying value of the JPY Facility 2023 represents the outstanding principal amount of JPY10,000 million (equivalent to HK\$579 million) (December 31, 2021: JPY10,000 million) offset by the deferred loan arrangement costs of JPY42 million (equivalent to HK\$2 million) (December 31, 2021: JPY70 million).



MANAGEMENT'S DISCUSSION AND ANALYSIS

On June 11, 2019, an indirect wholly-owned subsidiary of the Company entered into a term loan facility agreement under which the lender agreed to make available term loan facility up to an aggregate amount of HK\$1,170 million. On June 27, 2022, an amendment of the term loan facility agreement was entered, and the available term loan facility was upsized to HK\$1,340 million. The maturity date of the term loan facility is in June 2024 ("HK\$ Loan 2024"). Such facility is secured by the land and buildings, bank accounts, shares and other assets of certain indirect wholly-owned subsidiaries of the Company. The Company and the indirect wholly-owned subsidiary are subject to certain financial ratios covenants which are commonly found in lending arrangements with financial institutions. As at June 30, 2022, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK\$1,170 million (December 31, 2021: HK\$1,170 million) offset by the deferred loan arrangement costs of HK\$8 million (December 31, 2021: HK\$8 million).

The Group's borrowings are denominated in US dollars, Hong Kong dollars and Japanese Yen while the cash and bank deposits are also held mainly in US dollars, Hong Kong dollars and Japanese Yen. The Group has foreign operations, and some of its net assets are exposed to the risk of foreign currency exchange rate fluctuations. As at June 30, 2022, the assets of the Group in Indonesia, Japan and Thailand represented 38%, 25% and 8% of the Group's total assets respectively. The Group's currency exposure with respect to these operations is subject to fluctuations in the exchange rates of Indonesian Rupiah, Japanese Yen and Thai Baht.

Cash generated from operating activities for the six months ended June 30, 2022 is HK\$167 million, as compared to cash used in operating activities in the amount of HK\$298 million for the corresponding period in 2021.

Income tax

The Group's income tax for the six months ended June 30, 2022 was HK\$17 million, as compared to HK\$17 million for the corresponding period in 2021.

Security on assets

As at June 30, 2022, certain assets of the Group with an aggregated carrying value of HK\$7,954 million (December 31, 2021: HK\$8,245 million) are mortgaged and pledged to the banks as security for the loan facilities.

Contingent liabilities

There was no contingent liabilities during the six months ended June 30, 2022.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2022, the Group employed a total number of 904 staff in Hong Kong and overseas (inclusive of property management staff borne by owners' account and seasonal staff employed overseas). The remuneration policies of the Group are in line with prevailing industry practices. Bonuses are paid on a discretionary basis taking into account factors such as performance of individual employees and the Group's performance as a whole. The Group provides comprehensive employee benefits, including medical insurance, a choice of provident fund or mandatory provident fund as well as training programs. The Group is also a participating member of the PCCW employee share incentive award schemes.



The Company operates a share option scheme which was adopted by its shareholders at the Company's annual general meeting held on May 6, 2015, and became effective on May 7, 2015 following its approval by PCCW's shareholders ("2015 Scheme"). The 2015 Scheme is valid and effective for a period of 10 years commencing on May 7, 2015. Under the 2015 Scheme, the Board shall be entitled to offer to grant a share option to any eligible participant whom the Board may, at its absolute discretion, select.

DIVIDENDS AND DISTRIBUTION

The Board did not declare an interim dividend to shareholders nor an interim distribution to bonus convertible noteholders for the six months ended June 30, 2022 (2021: Nil).

The Board did not recommend the payment of a final dividend for the year ended December 31, 2021.

OUTLOOK

The year 2022 is filled with challenges and tumultuous events including the lingering COVID-19 pandemic, interest rate hikes and the Russia-Ukraine war. Military conflicts contributed to the slowdown in global economy in 2022 and added further impetus to inflation. According to the latest report published by the IMF, the global growth is projected to slow from an estimated 6.1 per cent in 2021 to 3.6 per cent in 2022.

Having adapted to the new "normal" under the pandemic, more countries are relaxing their travel restrictions and reopening borders progressively, which offers a glimpse of hope towards the tourism industry in Japan and Thailand. Positioning Hanazono as an all-season resort with world-class standard attractions and facilities, we introduced two recreational facilities, "42°N Art Hanazono — Mountain Lights" and "Hanazono Zipflight", in July 2022 to grasp the post-pandemic opportunities.

Amid the growing concerns of high inflation, interest rate hikes, geo-political conflict and potential global recession, there is significant uncertainty in the global economic outlook for 2022. Nonetheless, we are optimistic and remain confident in the real estate market in Hong Kong, Japan, Indonesia and Thailand. We have proactively drawn up future development plans and strategies for our portfolio. Sustainability is a key to a better future — a major focus for industries nowadays. We make concerted efforts to incorporate sustainability elements into our facilities and the infrastructure associated with our projects from design to development, benchmarking the industry's best practice. The construction works of our luxury residential development project at 3-6 Glenealy, Central are in progress, which will certainly become one of our signature landmark projects in Hong Kong. The Group will continue to adopt a prudent and cautious approach in investing and optimizing its resources, and vigorously control costs to foster the sustainable growth of its portfolio.



BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

LI Tzar Kai, Richard

Mr Li, aged 55, is an Executive Director of Pacific Century Premium Developments Limited (“PCPD”), the Chairman of PCPD’s Executive Committee of the board of directors (“Board”), a member of PCPD’s Remuneration Committee and Nomination Committee of the Board. He became a director of PCPD in May 2004. He was also the Chairman of PCPD from June 2004 to May 2019. He also holds positions in the following companies:

- (1) Chairman and Executive Director of PCCW Limited (“PCCW”);
- (2) Chairman of PCCW’s Executive Committee;
- (3) a member of PCCW’s Nomination Committee of the PCCW board;
- (4) Executive Chairman and Executive Director of HKT Limited (“HKT”) and HKT Management Limited, the trustee-manager of the HKT Trust;
- (5) Chairman of HKT’s Executive Committee;
- (6) a member of HKT’s Nomination Committee of the HKT board;
- (7) Chairman and Chief Executive of the Pacific Century Group;
- (8) Chairman and Executive Director of Singapore-based Pacific Century Regional Developments Limited (“PCRD”), and the Chairman of PCRD’s Executive Committee; and
- (9) a Director of certain FWD group companies.

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.

Benjamin LAM Yu Yee

Deputy Chairman and Group Managing Director

Mr Lam, aged 61, is an Executive Director, Deputy Chairman and Group Managing Director of PCPD, a member of PCPD’s Executive Committee of the Board and a director of certain PCPD subsidiaries. He became a director of PCPD in May 2019. He served PCPD as Chief Operating Officer in September 2004 and was Deputy Chief Executive Officer, Chief Financial Officer and Executive Director from September 2007 to November 2014.

Prior to joining PCPD in September 2004, Mr Lam was the Chief Financial Officer of Asia Pacific Resources International Limited in Singapore in 2003 and was appointed as the President of China Operations in April 2004. Between 1999 to 2003, Mr Lam was an Executive Director and Group Chief Financial Officer of Sino Land Company Limited (“Sino Land”). Prior to joining Sino Land, he had worked in various financial institutions for over 13 years and had substantial experience in corporate finance and investment banking.

Mr Lam holds a Bachelor of Science degree in Industrial Engineering from The University of Hong Kong and a Master of Business Administration degree from the Manchester Business School.



NON-EXECUTIVE DIRECTORS

LEE Chi Hong, Robert

Non-Executive Chairman

Mr Lee, aged 71, is a Non-Executive Director and the Non-Executive Chairman of PCPD. He became a director of PCPD in May 2004. He was the Deputy Chairman and Chief Executive Officer of PCPD until May 2019. He was also an Executive Director of PCCW and a member of PCCW's Executive Committee from September 2002 to December 2021.

Mr Lee was previously an Executive Director of Sino Land, at which his responsibilities included sales, finance, acquisitions, investor relations, marketing and property management. Prior to joining Sino Land, Mr Lee was a senior partner at Deacons in Hong Kong, where he specialized in banking, property development, corporate finance and dispute resolution in Hong Kong and mainland China. Before that, he was a solicitor with the London firm Pritchard Englefield & Tobin. He was enrolled as a solicitor in the United Kingdom in 1979 and admitted as a solicitor in Hong Kong in 1980.

Mr Lee had also served as a member of the panel of arbitrators of the China International Economic and Trade Arbitration Commission of the China Council for the Promotion of International Trade in Beijing.

Mr Lee is a member of the International Council of the Louvre as well as an Ambassador for the Louvre in China.

Mr Lee graduated from Cornell University in the United States in 1975 with a bachelor's degree in Political Science.

Dr Allan ZEMAN, GBM, GBS, JP

Dr Zeman, aged 74, is a Non-Executive Director of PCPD, a member of PCPD's Nomination Committee of the Board and a director of certain PCPD subsidiaries. He became a director of PCPD in June 2004.

Dr Zeman is the Chairman of Lan Kwai Fong Group, a major property owner and developer in Hong Kong's Lan Kwai Fong, one of Hong Kong's popular tourist attractions and entertainment districts. Dr Zeman is also an Independent Non-Executive Director of Sino Land, Tsim Sha Tsui Properties Limited, Television Broadcasts Limited, Fosun Tourism Group and a board member of The "Star" Ferry Company, Limited. Besides all the board appointments in Hong Kong, Dr Zeman is also the Non-Executive Chairman and Independent Non-Executive Director of Wynn Macau, Limited, a prominent gaming company in Macau. Dr Zeman was an Independent Non-Executive Director of Global Brands Group Holding Limited from June 2014 to June 2021.

Having lived in Hong Kong for over 51 years, Dr Zeman has been very involved in Government services as well as community activities. He is a member of the Board of Governors of The Canadian Chamber of Commerce in Hong Kong. Dr Zeman is also a board member of The Hong Kong Entrepreneurs Fund of Alibaba Group which was launched in November 2015. Dr Zeman was the board member of the Airport Authority Hong Kong from June 2015 to June 2022. He was also the Chairman of Hong Kong Ocean Park from July 2003 to June 2014 and the honorary advisor to the Ocean Park from July 2014 to June 2022.

Dr Zeman holds the Honorary Doctorate of Laws Degree conferred by The University of Western Ontario, Canada and the Honorary Doctorates of Business Administration conferred by City University of Hong Kong, The Hong Kong University of Science and Technology as well as The Open University of Hong Kong, now known as the Hong Kong Metropolitan University.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof WONG Yue Chim, Richard, SBS, JP

Prof Wong, aged 70, is an Independent Non-Executive Director of PCPD, the Chairman of PCPD's Audit Committee of the Board and a member of PCPD's Remuneration Committee and Nomination Committee of the Board. He became a director of PCPD in July 2004.

Prof Wong is Professor of Economics at The University of Hong Kong. He was awarded the Silver Bauhinia Star in 1999 by the Government of the Hong Kong Special Administrative Region for his contributions in education, housing, industry and technology development. In addition, Prof Wong was appointed a Justice of the Peace in July 2000. He studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy.

Prof Wong is currently an Independent Non-Executive Director of the following listed companies in Hong Kong:

- (1) Great Eagle Holdings Limited; and
- (2) Sun Hung Kai Properties Limited.

CHIANG Yun

Ms Chiang, aged 54, is an Independent Non-Executive Director of PCPD, the Chairlady of PCPD's Remuneration Committee of the Board and a member of PCPD's Audit Committee and Nomination Committee of the Board. She became a director of PCPD in May 2015.

Ms Chiang has over 28 years of private equity investment experience and is now the founding managing partner of Prospere Capital Limited. She was previously a founding managing partner of Pacific Alliance Equity Partners, the private equity division of Pacific Alliance Group ("PAG"). Prior to joining PAG, she was a vice president in AIG Investment Corporation. She is currently an Independent Non-Executive Director of Sands China Ltd. ("Sands") and Goodbaby International Holdings Limited ("Goodbaby"), both of which are listed in Hong Kong. She is also the Chairlady of Environmental, Social and Governance Committee, a member of Audit Committee and Nomination Committee of Sands as well as the Chairlady of Audit Committee, Nomination Committee and Remuneration Committee of Goodbaby. Ms Chiang is also a Non-Executive Director of Yantai Changyu Pioneer Wine Company Limited, which is listed in Shenzhen. Ms Chiang was an Independent Non-Executive Director, a member of Audit Committee and Health, Safety and Security Committee of Merlin Entertainments Plc..

Ms Chiang obtained a Bachelor of Science degree, cum laude, from Virginia Polytechnic Institute and State University in 1992 and an Executive Master of Business Administration degree from The Kellogg Graduate School of Management of North-western University and The Hong Kong University of Science and Technology in 1999.



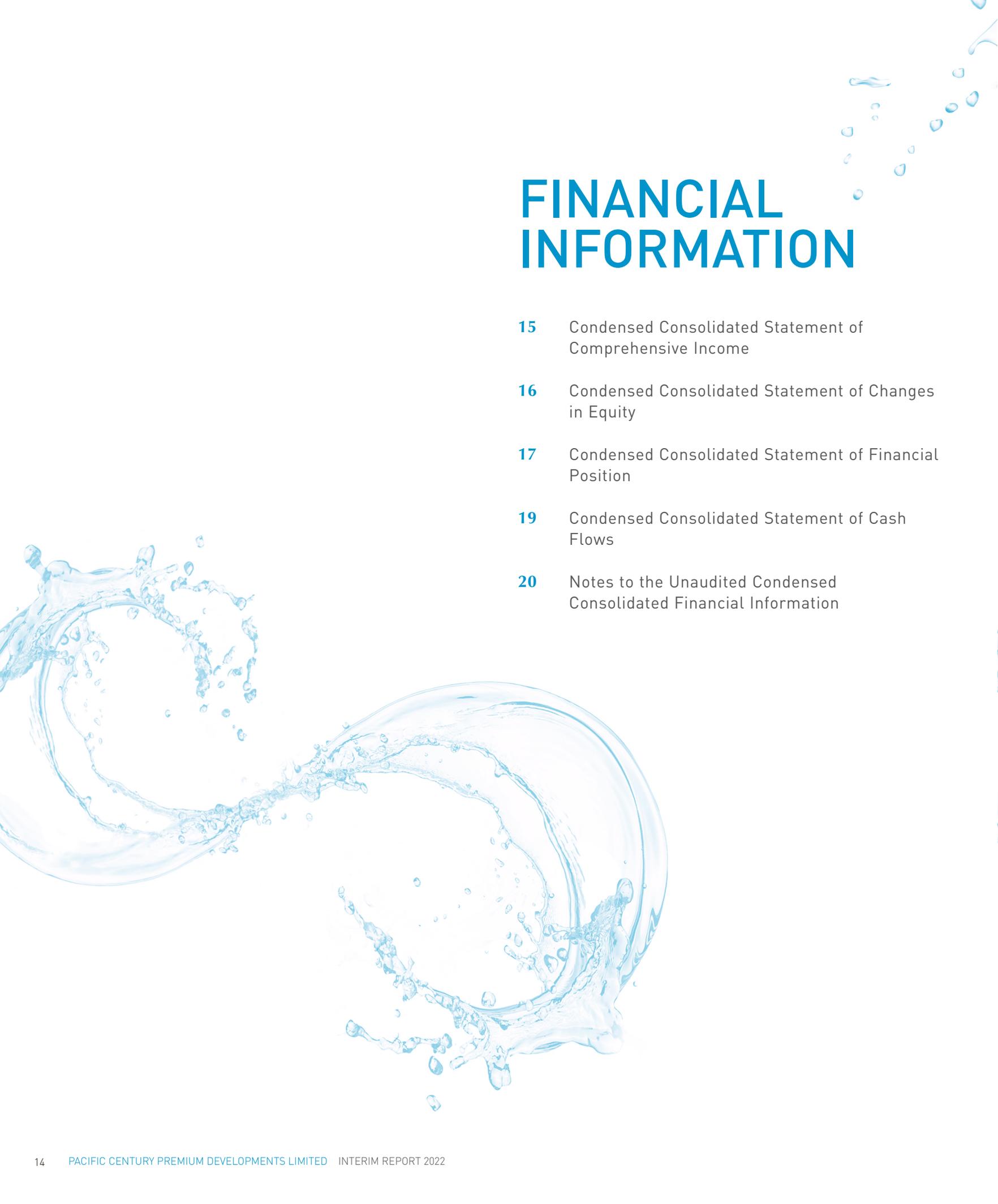
Dr Vince FENG

Dr Feng, aged 50, is an Independent Non-Executive Director of PCPD, the Chairman of PCPD's Nomination Committee of the Board and a member of PCPD's Audit Committee of the Board. He became a director of PCPD in March 2018.

Dr Feng co-founded Ocean Arete Limited, an investment manager based in Hong Kong that manages the global macro hedge fund Arete Macro Fund. Dr Feng is also a Non-Executive Independent Director of TIH Limited (formerly known as Transpac Industrial Holdings Limited), a listed company in Singapore, where he also serves as a member of the Risk Governance Committee and Board Investment Committee. Dr Feng also serves as a director of various funds and asset management firms.

Dr Feng has been working in the financial services industry since 1994. Prior to co-founding Arete Macro Fund in 2012, Dr Feng was a Cofounder and Managing Director of Ocean Capital Management Limited from 2009 to 2010. Dr Feng had also previously served as a Managing Director of General Atlantic LLC, a US\$30 billion global private equity firm focused on growth sectors, overseeing their North Asian operations and serving on the boards of numerous technology companies in Greater China, such as Lenovo, Digital China, Ren Ren, Data Systems, and Vimicro. Prior to that, Dr Feng was also a financial analyst with Goldman Sachs (Asia) LLC in Hong Kong, working in the Direct Private Investing (formerly PIA) and Mergers and Acquisitions areas.

Dr Feng received his Doctor of Philosophy (PhD) in Economic Sociology and Bachelor of Arts (BA) degree (Honors) in Social Studies, both from Harvard University, and his Master of Business Administration (MBA) degree from Stanford University.

A large, artistic water splash graphic in shades of light blue and white, flowing from the top right towards the bottom left, framing the text.

FINANCIAL INFORMATION

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2022

HK\$ million	Notes	2022 (Unaudited)	2021 (Unaudited)
Revenue	2	271	212
Cost of sales		(138)	(67)
Gross profit		133	145
General and administrative expenses		(354)	(355)
Other income	3	113	1
Operating loss		(108)	(209)
Interest income		5	1
Finance costs	4	(216)	(192)
Loss before taxation	5	(319)	(400)
Income tax	6	(17)	(17)
Loss attributable to equity holders of the Company		(336)	(417)
Other comprehensive loss:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences:			
Exchange differences on translating foreign operations		(528)	(295)
Total comprehensive loss		(864)	(712)
Loss per share (expressed in Hong Kong cents per share)			
Basic and diluted	8	(16.49) cents	(22.55) cents

The notes on pages 20 to 38 form part of these unaudited condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2022

HK\$ million	2022 (Unaudited)							
	Issued equity	Capital reserve	Currency translation reserve	Other reserves	Retained earnings/ losses	Attributable to		Total equity
						equity holders of the Company	non-controlling interests	
Balance at January 1, 2022	3,802	(565)	(860)	10	24	2,411	133	2,544
Total comprehensive loss for the period	—	—	(528)	—	(336)	(864)	—	(864)
Balance at June 30, 2022	3,802	(565)	(1,388)	10	(312)	1,547	133	1,680

HK\$ million	2021 (Unaudited)							
	Issued equity	Capital reserve	Currency translation reserve	Other reserves	Retained earnings	Attributable to		Total equity
						equity holders of the Company	non-controlling interests	
Balance at January 1, 2021	3,438	(565)	(518)	10	849	3,214	133	3,347
Total comprehensive loss for the period	—	—	(295)	—	(417)	(712)	—	(712)
Shares issued under rights issue	364	—	—	—	—	364	—	364
Balance at June 30, 2021	3,802	(565)	(813)	10	432	2,866	133	2,999

The notes on pages 20 to 38 form part of these unaudited condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

HK\$ million	Notes	As at June 30, 2022 (Unaudited)	As at December 31, 2021 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	9	3,580	3,707
Property, plant and equipment	10	2,698	3,067
Right-of-use assets		41	55
Properties under development	11(a)	2,694	2,672
Properties held for development	11(b)	417	437
Goodwill		4	4
Financial assets at fair value through profit or loss		10	8
Prepayments and other receivables		221	242
		9,665	10,192
Current assets			
Properties under development/held for sale	11(a)	233	260
Inventories		14	17
Sales proceeds held in stakeholders' accounts		504	504
Restricted cash		119	119
Trade receivables, net	12	15	34
Prepayments, deposits and other current assets		116	457
Amounts due from related companies		2	5
Short-term deposits		—	1,942
Cash and cash equivalents		911	1,516
		1,914	4,854

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

HK\$ million	Notes	As at June 30, 2022 (Unaudited)	As at December 31, 2021 (Audited)
Current liabilities			
Short-term borrowings	15	597	2,417
Current portion of long-term borrowings	15	9	10
Trade payables	13	5	15
Accruals and other payables		337	473
Deferred income and contract liabilities	16	91	78
Lease liabilities		22	25
Amount payable to the HKSAR Government under the Cyberport Project Agreement	14	334	334
Current income tax liabilities		5	11
		1,400	3,363
Net current assets			
		514	1,491
Total assets less current liabilities			
		10,179	11,683
Non-current liabilities			
Long-term borrowings	15	8,253	8,880
Other payables		184	181
Deferred income and contract liabilities	16	6	16
Lease liabilities		27	34
Deferred income tax liabilities		29	28
		8,499	9,139
Net assets			
		1,680	2,544
CAPITAL AND RESERVES			
Issued equity	17	3,802	3,802
Reserves		(2,255)	(1,391)
Capital and reserves attributable to equity holders of the Company		1,547	2,411
Non-controlling interests		133	133
		1,680	2,544

The notes on pages 20 to 38 form part of these unaudited condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2022

HK\$ million	2022 (Unaudited)	2021 (Unaudited)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	167	(298)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(22)	(40)
Decrease in short-term deposits	1,942	—
Additions to investment properties	—	(1)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	1,920	(41)
FINANCING ACTIVITIES		
Proceeds from bank borrowings, net	12	805
Proceeds from share issuance, net	—	364
Proceeds from issue of 5.125% guaranteed notes, net	—	6,155
Increase in restricted cash	—	(2)
Repayment of bank borrowing	(5)	(813)
Payment for borrowing costs	(237)	(186)
Payment for lease liabilities (including interest)	(10)	(23)
Payment for redemption of 4.75% guaranteed notes	(2,403)	(3,035)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(2,643)	3,265
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(556)	2,926
Exchange difference	(49)	(30)
CASH AND CASH EQUIVALENTS		
Balance at January 1,	1,516	1,202
Balance at June 30,	911	4,098

The notes on pages 20 to 38 form part of these unaudited condensed consolidated financial information.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2022

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial information of Pacific Century Premium Developments Limited (the “Company”) and its subsidiaries (the “Group”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

The unaudited condensed consolidated financial information has been reviewed by the Company’s Audit Committee, and the Company’s independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

The preparation of the unaudited condensed consolidated financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. In preparing these unaudited condensed consolidated financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those which applied to the consolidated financial statements as at and for the year ended December 31, 2021.

The accounting policies, basis of presentation and methods of computation used in preparing this unaudited condensed consolidated interim financial information are consistent with those followed in preparing the Group’s annual consolidated financial statements for the year ended December 31, 2021.

The Group has not early adopted any new or amended HKFRS and HKAS that are not yet effective for the current accounting period.



2. REVENUE AND SEGMENT INFORMATION

An analysis of revenue and information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resources allocation and assessment of segment performance for the six months ended June 30 is set out below:

HK\$ million	Revenue (note a)						Results		Other information			
	Revenue from external customers		Inter-segment revenue		Reportable segment revenue		Segment results before taxation		Additions to non-current segment assets		Depreciation	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
All-season recreational activities in Japan	33	19	—	—	33	19	(29)	(30)	54	34	(22)	(10)
Property development in Japan	—	21	—	—	—	21	59	(11)	22	12	(3)	(4)
Hotel operations in Japan	60	21	—	—	60	21	(109)	(135)	58	1	(56)	(64)
Property investment in Indonesia	122	124	—	—	122	124	56	81	—	1	(3)	(4)
Property development and golf operation in Thailand	27	—	—	—	27	—	(19)	(19)	2	9	(6)	(6)
Property and facilities management in Hong Kong	15	15	—	—	15	15	6	4	—	—	—	—
Property development in Hong Kong	—	—	—	—	—	—	(2)	(2)	50	43	—	—
Other businesses (note b)	14	12	1	1	15	13	(2)	(3)	1	—	(10)	(24)
Elimination	—	—	(1)	(1)	(1)	(1)	—	—	—	—	—	—
Total of reported segments	271	212	—	—	271	212	(40)	(115)	187	100	(100)	(112)
Unallocated	—	—	—	—	—	—	(279)	(285)	—	—	—	—
Consolidated	271	212	—	—	271	212	(319)	(400)	187	100	(100)	(112)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2022

2. REVENUE AND SEGMENT INFORMATION — CONTINUED

HK\$ million As at	Assets		Liabilities	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
All-season recreational activities in Japan	698	767	78	48
Property development in Japan	529	736	21	149
Hotel operations in Japan	1,661	1,941	660	763
Property investment in Indonesia	4,349	4,425	296	286
Property development and golf operation in Thailand	899	982	44	66
Property and facilities management in Hong Kong	28	26	2	2
Property development in Hong Kong	2,383	2,457	830	818
Other businesses (note b)	84	89	16	18
Total of reported segments	10,631	11,423	1,947	2,150
Unallocated	948	3,623	7,952	10,352
Consolidated	11,579	15,046	9,899	12,502

a. For the six months ended June 30, 2022 and June 30, 2021, the timing of revenue recognition is as follow:

HK\$ million	2022	2021
External revenue from contracts with customers:		
Timing of revenue recognition		
– At a point in time	57	36
– Over time	127	87
External revenue from other sources:		
– Rental income	87	89
	271	212

b. Revenue from segment below the quantitative thresholds under HKFRS 8 “Operating Segments” is mainly attributable to property management in Japan and property investment in Hong Kong. These segments have never met any of the quantitative thresholds for determining reportable segments.



3. OTHER INCOME

HK\$ million	Six months ended June 30,	
	2022	2021
Gain on disposal of land	113	—
Other	—	1
	113	1

During the period ended June 30, 2022, the Group settled certain development costs of the property development projects in Japan by way of disposing a piece of land in Japan included in properties under development. A gain on disposal of land of HK\$113 million is recognised as a result of the non-cash settlement.

4. FINANCE COSTS

HK\$ million	Six months ended June 30,	
	2022	2021
Interest expenses:		
– Bank borrowings	26	23
– Guaranteed notes (note 15(a) and 15(b))	185	142
– Lease liabilities	1	1
– Other finance costs	1	2
– Loss on redemption of guaranteed notes (note 15(a))	—	60
– Exchange loss on guaranteed notes	49	8
	262	236
– Interest capitalised into properties under development/held for development	(46)	(40)
– Interest capitalised into property, plant and equipment	—	(4)
	216	192

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2022

5. LOSS BEFORE TAXATION

Loss before taxation is stated after crediting and charging the following:

HK\$ million	Six months ended June 30,	
	2022	2021
Cost of properties sold	64	18
Cost of inventories sold	9	3
Depreciation of property, plant and equipment	89	89
Depreciation of right-of-use assets		
– properties	11	23
Loss on disposal of property, plant and equipment	—	2
Outgoings in respect of investment properties	28	24
Staff costs included in:		
– cost of sales	31	33
– general and administrative expenses	95	104
Contributions to defined contribution retirement schemes included in		
– general and administrative expenses	2	3
Share-based compensation expenses	—	1
Auditor's remuneration		
– audit services	2	2
Net foreign exchange loss	5	6
Variable lease payment expenses	8	3
Short-term leases expenses	2	1



6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5 per cent (2021: 16.5 per cent) on the estimated assessable profits for the period.

Taxation for subsidiaries outside Hong Kong which mainly in Japan, Indonesia and Thailand has been calculated on the estimated assessable profits for the period at the rates prevailing in the respective jurisdictions.

HK\$ million	Six months ended June 30,	
	2022	2021
Hong Kong profits tax		
– Provision for current period	1	1
Income tax outside Hong Kong		
– Provision for current period	15	28
Deferred income tax	1	(12)
	17	17

7. DIVIDEND

HK\$ million	Six months ended June 30,	
	2022	2021
Interim dividend	–	–

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2022

8. LOSS PER SHARE

The calculations of basic and diluted loss per share based on the share capital of the Company are as follows:

	Six months ended June 30,	
	2022	2021
Loss (HK\$ million)		
Loss for the purpose of calculating the basic and diluted loss per share	(336)	(417)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share	2,038,276,786	1,848,914,697

Pursuant to the terms of the applicable deed poll, the bonus convertible notes confer upon the holders the same economic interests attached to the bonus shares. As at June 30, 2022, bonus convertible notes in an aggregated amount of HK\$592,552,133.20 (June 30, 2021: HK\$592,552,133.20) have been converted into 1,185,104,266 shares of the Company (June 30, 2021: 1,185,104,266 shares). The outstanding bonus convertible notes in an aggregated amount of HK\$20,021.20 (June 30, 2021: HK\$20,021.20) at the conversion price of HK\$0.50 per share convertible into 40,042 shares (June 30, 2021: 40,042 shares) have been included in the weighted average number of ordinary shares for calculating the basic loss per share for the six months ended June 30, 2022 and June 30, 2021.



9. INVESTMENT PROPERTIES

The movements of investment properties during the first six-month period are stated as below:

HK\$ million	2022	2021
At January 1,	3,707	3,699
Additions	—	1
Exchange differences	(127)	(60)
At June 30,	3,580	3,640

The following tables analyse the investment properties which are carried at fair value.

HK\$ million	Fair value measurement as at June 30, 2022		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurement			
Investment properties			
– Indonesia	—	—	3,524
– Hong Kong	—	—	56

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2022

9. INVESTMENT PROPERTIES — CONTINUED

HK\$ million	Fair value measurement as at December 31, 2021		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurement			
Investment properties			
– Indonesia	—	—	3,651
– Hong Kong	—	—	56

During the six months ended June 30, 2022 and year ended December 31, 2021, there were no transfers between different levels.

For the investment properties, the fair value of the properties as at June 30, 2022 and December 31, 2021 were following the income approach. The valuation takes into account of expected market rent, capitalisation rate and other constraint factors, if any. A significant change in the expected market rental or capitalisation rate would result in a significant change in the fair value of the investment properties.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2022, additions to property, plant and equipment mainly include the increase in construction in progress of HK\$54 million for the development of Niseko resort area, Kutchan, Hokkaido, Japan and the increase in property, plant and equipment of HK\$58 million for one of the Group's hotels located in Hokkaido, Japan.



11. PROPERTIES UNDER DEVELOPMENT/HELD FOR SALE/HELD FOR DEVELOPMENT

a. Properties under development/held for sale

HK\$ million	2022	2021
At January 1,	2,932	624
Additions	86	38
Charged to income statement	(23)	(17)
Transfer between properties under development and properties held for development	—	2,272
Exchange differences	(68)	(28)
At June 30,	2,927	2,889
Less: Properties under development classified as non-current assets	(2,694)	(2,617)
Properties under development/held for sale classified as current assets	233	272

- (i) Properties under development classified as non-current assets as at June 30, 2022 consists of a property in Hong Kong amounted to HK\$2,371 million and the freehold land under development in Japan which is held by an indirect wholly-owned subsidiary amounted to HK\$323 million. During the six months period ended June 30, 2021, a property in Hong Kong of carrying amount of HK\$2,272 million has been transferred from properties held for development to properties under development.
- (ii) Properties under development/held for sale classified as current assets as at June 30, 2022 consists of HK\$82 million for the branded residences project completed and held for sale in Hokkaido, Japan and HK\$151 million for the first phase development project under construction in Thailand.

b. Properties held for development

HK\$ million	2022	2021
At January 1,	437	2,712
Additions	—	43
Transfer to properties under development	—	(2,272)
Exchange differences	(20)	(27)
At June 30,	417	456

Properties held for development as at June 30, 2022 represent the freehold land in Thailand which the Group intends to hold for future development projects.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2022

12. TRADE RECEIVABLES, NET

An aging analysis of trade receivables, based on invoice date, is set out below:

HK\$ million	As at June 30, 2022	As at December 31, 2021
1-30 days	15	33
31-90 days	—	1
	15	34

Trade receivables have a normal credit period which ranges up to 30 days from the date of the invoice unless there is separate mutual agreement on extension of the credit period.

13. TRADE PAYABLES

An aging analysis of trade payables, based on invoice date, is set out below:

HK\$ million	As at June 30, 2022	As at December 31, 2021
1-30 days	5	15

14. AMOUNT PAYABLE TO THE HKSAR GOVERNMENT UNDER THE CYBERPORT PROJECT AGREEMENT

Pursuant to the Cyberport Project Agreement, the Government of the Hong Kong Special Administrative Region (the "HKSAR Government") shall be entitled to receive payments of approximately 65% from the surplus cashflow arising from the sales of the residential portion of the Cyberport project, net of certain allowable costs incurred on the project, as stipulated under certain terms and conditions of the Cyberport Project Agreement. The amount payable to the HKSAR Government is based on surplus from sales proceeds of the residential portion after the development costs of the Cyberport project. As at June 30, 2022, the amount attributable to the HKSAR Government share under Cyberport Project Agreement was HK\$334 million (December 31, 2021: HK\$334 million).



15. BORROWINGS

HK\$ million	As at June 30, 2022	As at December 31, 2021
Borrowings, repayable within a period		
– not exceeding one year	606	2,427
– over one year, but not exceeding two years	1,171	684
– over two years, but not exceeding five years	7,082	8,196
	8,859	11,307
Representing:		
Guaranteed notes (note a and b)	6,235	8,584
Bank borrowings (notes c, d, e and f)	2,624	2,723
	8,859	11,307
Secured	2,624	2,723
Unsecured	6,235	8,584

- a. On March 9, 2017 and October 3, 2019, PCPD Capital Limited (“PCPD Capital”), an indirect wholly-owned subsidiary of the Company, issued respective principal amounts of US\$570 million and US\$130 million 4.75% guaranteed notes due 2022 (“Notes”), which are listed on the Singapore Exchange Securities Trading Limited. The Notes are irrevocably and unconditionally guaranteed by the Company and rank pari passu with all other outstanding unsecured and unsubordinated obligations of PCPD Capital and the Company. On June 7, 2021, the Company announced to invite holders of the Notes to tender any or all Notes held by them for purchase by the Company for cash (the “Tender Offer”). On June 18, 2021, the Company completed the settlement of the Tender Offer, accepted for purchase and cancelled approximately US\$384 million in aggregate principal amount of the Notes and resulted in a loss of redemption of HK\$60 million. In October 2021 and December 2021, the Company repurchased and cancelled US\$9 million of the Notes. On March 9, 2022, the maturity date of the Notes, PCPD Capital has fully repaid all remaining Notes.
- b. On June 18, 2021, PCPD Capital issued in aggregate principal amount of US\$800 million 5.125% new guaranteed notes due 2026 (“New Notes”), which are listed on the Singapore Exchange Securities Trading Limited. The estimated fair value of the option of the early redemption and repurchase rights are recognised as financial assets at fair value through profit or loss. The New Notes are irrevocably and unconditionally guaranteed by the Company. The New Notes rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of PCPD Capital and the Company.
- c. On June 9, 2017, an indirect wholly-owned subsidiary of the Company entered into a term loan facility agreement under which the lender had agreed to make available a term loan facility up to an aggregate amount of JPY1,500 million (“JPY Facility 2026”). The maturity date of the JPY Facility 2026 is December 2026. Such facility is secured by the land and buildings and a bank account of the indirect wholly-owned subsidiary and the indirect wholly-owned subsidiary is subject to certain financial covenants which are commonly found in lending arrangements with financial institutions. As at June 30, 2022, none of the covenants were breached. The carrying value of the borrowing as at June 30, 2022 represents the outstanding principal amount of JPY675 million (equivalent to HK\$39 million) [December 31, 2021: JPY750 million] offset by the deferred arrangement fees of JPY18 million (equivalent to HK\$1 million) [December 31, 2021: JPY22 million].



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2022

15. BORROWINGS — CONTINUED

- d. In April, 2021, a new project development loan facility was entered by an indirect wholly-owned subsidiary of the Company under which the lenders agreed to make available term loan facility up to an aggregate amount of HK\$1,382 million (“HK\$ Loan 2026”). The maturity date for the HK\$ Loan 2026 is the earlier of April 13, 2026 or twelve months after occupation permit of the development project in Hong Kong being issued by the building authority. The HK\$ Loan 2026 is secured by certain land and property, bank accounts, shares and other assets of the indirect non-wholly owned subsidiaries and the Company and the indirect non-wholly owned subsidiary are subject to certain financial ratios covenants which are commonly found in lending arrangements with financial institutions. As of June 30, 2022, none of the covenants were breached and the carrying value of the HK\$ Loan 2026 represents the loan drawdown of HK\$839 million (December 31, 2021: HK\$827 million) offset by the deferred loan arrangement fees of HK\$12 million (December 31, 2021: HK\$13 million).
- e. On March 29, 2018, an indirect wholly-owned subsidiary of the Company (the “Borrower”) entered into a term loan facility agreement under which the lender agreed to make available term loan facilities up to an aggregate amount of JPY20,000 million. The facility comprises (1) a JPY10,000 million facility for the construction of a branded residence (“JPY Facility 2021”) which matures on February 14, 2020 with option to extend to March 31, 2021 and (2) a JPY10,000 million facility for the construction of a branded hotel (“JPY Facility 2023”) with maturity date of March 31, 2023. In February 2020, the Borrower has fully repaid the JPY Facility 2021. The JPY Facility 2023 is secured by certain land and property, the reserve accounts, and ordinary and/or preferred shares of the Borrower and an indirect wholly-owned subsidiary of the Company (the “Hotel Operator”). The Borrower and the Hotel Operator are subject to certain financial ratios covenants which are commonly found in lending arrangements with financial institutions. As of June 30, 2022, none of the covenants were breached and the carrying value of the JPY Facility 2023 represents the outstanding principal amount of JPY10,000 million (equivalent to HK\$579 million) (December 31, 2021: JPY10,000 million) offset by the deferred loan arrangement fees of JPY42 million (equivalent to HK\$2 million) (December 31, 2021: JPY70 million).
- f. On June 11, 2019, an indirect wholly-owned subsidiary of the Company entered into a term loan facility agreement under which the lender agreed to make available term loan facility up to an aggregate amount of HK\$1,170 million. On June 27, 2022, an amendment of the term loan facility agreement was entered, and the available term loan facility was upsized to HK\$1,340 million. The maturity date of the term loan facility is in June 2024 (“HK\$ Loan 2024”). Such facility is secured by the land and buildings, bank accounts, shares and other assets of certain indirect wholly-owned subsidiaries of the Company. The Company and the indirect wholly-owned subsidiary are subject to certain financial ratios covenants which are commonly found in lending arrangements with financial institutions. As at June 30, 2022, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK\$1,170 million (December 31, 2021: HK\$1,170 million) offset by the deferred loan arrangement fees of HK\$8 million (December 31, 2021: HK\$8 million).



16. DEFERRED INCOME AND CONTRACT LIABILITIES

HK\$ million	As at June 30, 2022	As at December 31, 2021
Deferred income:		
Rental income from investment properties	78	56
Less: Amount classified as non-current liabilities	(6)	(16)
	72	40
Contract liabilities:		
Deposits received from sale of properties and other revenue receipt in advance	19	38
Deferred income and contract liabilities classified as current liabilities	91	78

17. ISSUED EQUITY

	The Group	
	Number of shares (note a)	Issued equity HK\$ million (note a)
Ordinary shares of HK\$0.50 each at January 1, 2021	1,587,255,979	3,438
Shares issued under rights issue (note d)	450,980,764	364
Ordinary shares of HK\$0.50 each at January 1, 2022 and June 30, 2022	2,038,236,743	3,802

- a. Due to the use of reverse acquisition basis of accounting (as stated in Note 2(d) to the 2004 Financial Statements), the amount of issued equity, which includes share capital and share premium in the consolidated statement of financial position, represents the amount of issued equity of the legal subsidiary, Ipswich Holdings Limited, at the date of completion of the reverse acquisition plus equity changes attributable to the Group after the reverse acquisition. The equity structure (i.e. the number and type of shares) reflects the equity structure of the legal parent, Pacific Century Premium Developments Limited, for all accounting periods presented.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2022

17. ISSUED EQUITY — CONTINUED

- b. The share capital of the Company is as follows:

	The Company	
	Number of shares	Nominal value HK\$ million
Authorised:		
Ordinary shares of HK\$0.50 each at June 30, 2021 and June 30, 2022	4,000,000,000	2,000
Issued and fully paid:		
Ordinary shares of HK\$0.50 each at January 1, 2021	1,587,255,979	793
Shares issued under rights issue (note d)	450,980,764	226
Ordinary shares of HK\$0.50 each at January 1, 2022 and June 30, 2022	2,038,236,743	1,019

- c. Pursuant to an ordinary resolution passed at the special general meeting of the Company held on May 2, 2012 and the announcements dated May 16, 2012 and June 21, 2012 in relation to the bonus issue of shares (with a right for shareholders to elect to receive bonus convertible notes in lieu of bonus shares), 405,378,544 bonus shares of HK\$0.10 each were allotted and issued on June 22, 2012 on the basis of four (4) bonus shares for every one (1) issued share held by the qualifying shareholders of the Company whose names appeared on the register of members of the Company on May 30, 2012 (other than those qualifying shareholders who had elected to receive bonus convertible notes in lieu of all of their entitlement to the bonus shares).

Bonus convertible notes of HK\$592,572,154.40 at the conversion price of HK\$0.10 per share were issued by the Company on June 22, 2012. Immediately after the share consolidation which took effect on June 25, 2012, the conversion price of the bonus convertible notes was adjusted from HK\$0.10 per share to HK\$0.50 per share pursuant to the terms of the applicable deed poll. On September 29, 2020, bonus convertible notes in an aggregate amount of HK\$592,533,333.20 at the conversion price of HK\$0.50 per share were converted into 1,185,066,666 shares of the Company.

As at June 30, 2022, the remaining bonus convertible notes in an aggregated amount of HK\$20,021.20 are unlisted and irredeemable but have conversion rights entitling the noteholders to convert into an equivalent number of shares as the number of bonus shares which the noteholders would otherwise be entitled to receive under the bonus issue had the shareholder not elected for the bonus convertible notes. The bonus convertible notes do not carry voting rights at any general meeting of shareholders of the Company. The noteholders can exercise the conversion rights at any time after the issue of bonus convertible notes, subject to the terms and conditions of the applicable deed poll constituting the bonus convertible notes. The bonus convertible notes were recognised as equity and are presented in "Convertible notes reserve" in the consolidated statement of changes in equity. Upon conversion of the bonus convertible notes, the equivalent amount was converted into issued share capital.

- d. On March 24, 2021, the Company completed a rights issue of 450,980,764 rights shares at a subscription price of HK\$0.82 per rights share on the basis of one rights share for every two existing ordinary shares of the Company held by qualifying shareholders on February 25, 2021. The net proceeds from the rights issue, after deducting directly attributable costs were approximately HK\$364 million. Details of the rights issue were disclosed in the Company's prospectus dated February 26, 2021 and announcements dated December 31, 2020 and March 23, 2021. All new shares issued during the period rank pari passu in all respects with the existing shares.



18. CAPITAL COMMITMENTS

HK\$ million	As at June 30, 2022	As at December 31, 2021
Contracted but not provided for		
Property development projects	246	45
Investment properties	1	3
Property, plant and equipment	20	62
	267	110

19. BANKING FACILITY

Aggregate banking facilities as at June 30, 2022 were HK\$3,375 million (December 31, 2021: HK\$3,323 million) of which HK\$727 million remain undrawn by the Group (December 31, 2021: HK\$572 million) (See Note 15).

Security pledged for the banking facilities includes:

HK\$ million	As at June 30, 2022	As at December 31, 2021
Investment properties	3,524	3,651
Property, plant and equipment	1,782	2,071
Properties under development	2,371	2,321
Restricted cash	18	18
Cash and cash equivalents	259	184
	7,954	8,245

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2022

20. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these unaudited condensed consolidated financial information, the following transactions were carried out with related parties:

a. During the period, the Group had the following significant transactions with related companies:

HK\$ million	Six months ended June 30,	
	2022	2021
Sales of services:		
Office leases rental	7	9
Facility management services	4	4
Purchases of services:		
Corporate services	4	1
Information technology and other logistic services	1	2
Marketing agency services	2	—
Property and development management services	1	—
Interest expenses of guaranteed notes:		
Substantial shareholder	20	13

The above transactions were carried out after negotiations between the Group and the related parties in the ordinary course of business.

b. Details of key management compensation

HK\$ million	Six months ended June 30,	
	2022	2021
Salaries and other short-term employee benefits	7	6
Bonuses	8	8
Directors' fee	2	2
Retirement scheme contribution	1	1
	18	17



21. FAIR VALUE ESTIMATION

a. *Financial instruments carried at fair value*

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices that are observable either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for asset or liability that are not based on observable market data (level 3).

See Note 9 for disclosure of the investment properties that are measured at fair value.

HK\$ million	Fair value measurement as at June 30, 2022			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurement				
Assets				
Financial assets at fair value through profit or loss	1	9	—	10

HK\$ million	Fair value measurement as at December 31, 2021			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurement				
Assets				
Financial assets at fair value through profit or loss	1	7	—	8

During the six months ended June 30, 2022 and the year ended December 31, 2021, there were no transfers of financial instruments between different levels. There were no changes in valuation techniques during the period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2022

21. FAIR VALUE ESTIMATION — CONTINUED

b. Fair value of financial liabilities measured at amortised cost

All financial instruments are carried at amounts not materially different from their fair values as at June 30, 2022 and December 31, 2021 except as follows:

HK\$ million	As at June 30, 2022		As at December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Guaranteed notes (note 15(a) and 15(b))	6,235	5,939	8,584	8,643

The significant inputs required for the fair value measurement of the guaranteed notes are observable. The fair values of the guaranteed notes are within level 2 of the fair value hierarchy.

(i) Financial instruments in level 1

The fair values of financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as financial assets at fair value through profit or loss.

(ii) Financial instruments in level 2

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Dealer quoted price, taking into account of the spot and forward exchange rates that are quoted in an active market and the observable yield curves and the implied volatility; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

GENERAL INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at June 30, 2022, the directors and chief executives of the Company and their respective close associates had the following interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

1. Interests in the Company

The table below sets out the aggregate long positions in the shares of the Company (the "Shares") held by the directors and chief executives of the Company:

Name of director/ chief executive	Personal interests	Number of ordinary Shares held			Total	Approximate percentage of the total number of Shares in issue
		Family interests	Corporate interests	Other interests		
Li Tzar Kai, Richard	—	—	207,267,814 <i>(Note I(a))</i>	402,164,972 <i>(Note I(b))</i>	609,432,786	29.90%
Lee Chi Hong, Robert	107,200 <i>(Note II(a))</i>	55 <i>(Note II(b))</i>	—	—	107,255	0.01%

Notes:

- I. (a) Of these Shares, Pacific Century Diversified Limited ("PCD"), a wholly-owned subsidiary of Chiltonlink Limited ("Chiltonlink"), held 181,520,587 Shares, and Eisner Investments Limited ("Eisner") held 25,747,227 Shares. Li Tzar Kai, Richard owned 100% of the issued share capital of Chiltonlink and Eisner.
- (b) These interests represented:
 - (i) a deemed interest in 118,093,122 Shares held by Pacific Century Group Holdings Limited ("PCGH"). Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 118,093,122 Shares held by PCGH; and
 - (ii) a deemed interest in 284,071,850 Shares held by Pacific Century Regional Developments Limited ("PCRD"), a company in which PCGH had, through itself and certain wholly-owned subsidiaries being Anglang Investments Limited, Pacific Century Group (Cayman Islands) Limited, Pacific Century International Limited and Borsington Limited, an aggregate of 88.63% interest. Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 284,071,850 Shares held by PCRD. Li Tzar Kai, Richard was also deemed to be interested in 1.06% of the issued share capital of PCRD through Hopestar Holdings Limited, a company wholly-owned by Li Tzar Kai, Richard.
- II. (a) These Shares were held jointly by Lee Chi Hong, Robert and his spouse.
- (b) These Shares were held by the spouse of Lee Chi Hong, Robert.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION — CONTINUED

2. Interests in the Associated Corporation of the Company

Easy Treasure Limited ("Easy Treasure")

The table below sets out the aggregate long positions in the shares issued by Easy Treasure, an associated corporation of the Company, held by the director of the Company:

Name of director	Number of ordinary shares held				Total	Approximate percentage of the total number of shares of Easy Treasure in issue
	Personal interests	Family interests	Corporate interests	Other interests		
Allan Zeman	—	—	999 <i>(Note)</i>	—	999	9.99%

Note:

These shares were held by Paradise Pinetree Development Limited ("Paradise"). Allan Zeman owned 100% of the issued share capital of Paradise.

Save as disclosed in the foregoing, as at June 30, 2022, none of the directors or chief executives of the Company or their respective close associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

SHARE OPTION SCHEME

The Company operates a share option scheme which was adopted by its shareholders at the Company's annual general meeting held on May 6, 2015, and became effective on May 7, 2015 following its approval by PCCW's shareholders (the "2015 Scheme"). The 2015 Scheme is valid and effective for a period of 10 years commencing on May 7, 2015. Under the 2015 Scheme, the Board shall be entitled to offer to grant a share option to any eligible participant whom the Board may select at its absolute discretion.

No share options have been granted under the 2015 Scheme since its adoption and up to and including June 30, 2022.

Save as disclosed above, at no time during the period under review was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement that may enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors or chief executives of the Company or their spouses or children under 18 years of age had any right to subscribe for equity or debt securities of the Company or any of its associated corporations or had exercised any such right during the period under review.



INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

As at June 30, 2022, the following persons (other than directors or chief executives of the Company) were substantial shareholders of the Company (as defined in the Listing Rules) and had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of shareholder	Note(s)	Number of Shares/ underlying Shares held	Approximate percentage of the total number of Shares in issue
Long Positions			
PCCW	<i>I</i>	612,854,407	30.07%
PCGH	<i>II</i>	402,164,972	19.73%
Star Ocean Ultimate Limited	<i>III and IV</i>	402,164,972	19.73%
The Ocean Trust	<i>III</i>	402,164,972	19.73%
The Starlite Trust	<i>III</i>	402,164,972	19.73%
OS Holdings Limited	<i>III</i>	402,164,972	19.73%
Ocean Star Management Limited	<i>III</i>	402,164,972	19.73%
The Ocean Unit Trust	<i>III</i>	402,164,972	19.73%
The Starlite Unit Trust	<i>III</i>	402,164,972	19.73%
Star Ocean Ultimate Holdings Limited	<i>IV</i>	402,164,972	19.73%
Fung Jenny Wai Ling	<i>V</i>	402,164,972	19.73%
Huang Lester Garson	<i>V</i>	402,164,972	19.73%
PCRD		284,071,850	13.94%
PCD		181,520,587	8.91%

Notes:

- I. PCCW indirectly held these interests through Asian Motion Limited, a company wholly-owned by PCCW.
- II. These interests represented (i) PCGH's beneficial interests in 118,093,122 Shares; and (ii) PCGH's interests (through itself and its controlled corporations, being its wholly-owned subsidiaries, Borsington Limited, Pacific Century International Limited, Pacific Century Group (Cayman Islands) Limited and Anglang Investments Limited, which together controlled 88.63% of the issued share capital of PCRD) in 284,071,850 Shares held by PCRD.

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS — CONTINUED

Notes: — Continued

- III. On April 18, 2004, Li Tzar Kai, Richard transferred the entire issued share capital of PCGH to Ocean Star Management Limited as trustee of The Ocean Unit Trust and The Starlite Unit Trust. The entire issued share capital of Ocean Star Management Limited was held by OS Holdings Limited. The Ocean Trust and The Starlite Trust held all units of The Ocean Unit Trust and The Starlite Unit Trust respectively. Star Ocean Ultimate Limited was the discretionary trustee of The Ocean Trust and The Starlite Trust.
- IV. On November 4, 2013, Star Ocean Ultimate Limited became a controlled corporation of Star Ocean Ultimate Holdings Limited.
- V. Fung Jenny Wai Ling and Huang Lester Garson were deemed to be interested in such Shares under the SFO as each of them controlled the exercise of one-third or more of the voting power at general meetings of each of Ocean Star Investment Management Limited, OS Holdings Limited and Star Ocean Ultimate Holdings Limited.

INTERESTS AND SHORT POSITIONS OF OTHER PERSONS REQUIRED TO BE DISCLOSED UNDER THE SFO

As at June 30, 2022, the following person (other than directors or chief executives or substantial shareholders (as disclosed in the previous section headed “Interests and Short Positions in Shares and Underlying Shares of Substantial Shareholders”) of the Company) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name	Number of Shares/ underlying Shares held	Approximate percentage of the total number of Shares in issue
Long Positions		
Ocean Star Investment Management Limited <i>(Note)</i>	402,164,972	19.73%

Note:

Ocean Star Investment Management Limited was deemed interested under the SFO in the Shares by virtue of it being the investment manager of The Ocean Unit Trust and The Starlite Unit Trust which together held 100% of PCGH (see the notes to the previous section headed “Interests and Short Positions in Shares and Underlying Shares of Substantial Shareholders”).

Save as disclosed above in this section and the previous section headed “Interests and Short Positions in Shares and Underlying Shares of Substantial Shareholders”, the Company has not been notified of any other persons (other than directors or chief executives of the Company) who had an interest or a short position in the Shares or underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO as at June 30, 2022.



PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2022, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's unaudited condensed consolidated interim financial information for the six months ended June 30, 2022 and has held one meeting during the period under review. Such condensed consolidated interim financial information has not been audited but has been reviewed by the Company's independent auditor.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that its affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the six months ended June 30, 2022.

During the period covered by this report, in support of their responsibility for the risk management and internal control systems, the directors of the Company have sought and received from the Company's management a report on the risk management and internal control systems, including an assurance that, based on the Company's ongoing assessment and validation activities, they are not aware of any material risks or internal control deficiencies which are not being adequately and appropriately mitigated and/or managed.

MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES

The Company has adopted its own code of conduct regarding securities transactions, namely the PCPD Code of Conduct for Securities Transactions (the "PCPD Code"), which applies to all directors and employees of the Company on terms no less exacting than the required standard indicated by the Model Code as set out in Appendix 10 to the Listing Rules.

The Company has made specific enquiries with all the directors of the Company and they confirmed that they had complied with the requirements under the PCPD Code for the six months ended June 30, 2022.



INVESTOR RELATIONS

LISTING

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited and the stock code is 00432.

Any enquiries regarding the Company should be addressed to the Investor Relations at the address provided on this page.

BOARD OF DIRECTORS

Executive Directors

Li Tzar Kai, Richard
Benjamin Lam Yu Yee (*Deputy Chairman and Group Managing Director*)

Non-Executive Directors

Lee Chi Hong, Robert (*Non-Executive Chairman*)
Dr Allan Zeman, GBM, GBS, JP

Independent Non-Executive Directors

Prof Wong Yue Chim, Richard, SBS, JP
Chiang Yun
Dr Vince Feng

GROUP GENERAL COUNSEL AND COMPANY SECRETARY

Timothy Tsang

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