



Pacific Century
Premium Developments
盈科大衍地產發展

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INTERIM REPORT 2024

Defining and Transforming the Future



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STATEMENT FROM THE INDEPENDENT NON-EXECUTIVE CHAIRMAN

Continue to implement our sound business strategies and streamline our operations, with a view to supporting our growth and staying competitive across different regions.

The first half of 2024 saw what was largely a continuation of the challenges and uncertainties that have prevailed in the global economy since 2023. Dampened expectations of rate cuts in mid-year by the US Federal Reserve and geopolitical tensions continued to weigh on investor sentiments. Nonetheless, the outlook for the world economy has gradually improved on account of positive factors such as better-than-expected resilience of the US economy, a broadly benign trajectory of inflation around the world, and fiscal support in China. The International Monetary Fund revised its 2024 forecast upward to 3.2%, 0.1 percentage point higher than its estimate in January.

During the past months, growth in tourism in some of the markets where we have business operations has been evident. In particular, the travel boom in Japan, fuelled in part by the depreciation of the Japanese yen, has placed PCPD in a favourable position. On the whole, we have sailed smoothly in the first half of 2024.

As we look forward to the rest of the year, we will continue to implement our sound business strategies and streamline our operations, with a view to supporting our growth and staying competitive across different regions. We will also be on the lookout for property investment and development opportunities, including long-term projects that can bring sustainable returns to our stakeholders.

On behalf of PCPD, I would like to express my gratitude to our shareholders and stakeholders for their constant support. I also extend my heartfelt thanks to all staff members and our management team in Hong Kong and overseas for their dedication and professionalism.

Richard Wong
Independent Non-Executive Chairman

July 24, 2024

STATEMENT FROM THE DEPUTY CHAIRMAN AND GROUP MANAGING DIRECTOR

On the back of Japan's tourism boom and a devalued yen, Park Hyatt Niseko, Hanazono, our hospitality business in Niseko, Hokkaido, recorded a sharp rise in revenue.

The Group recorded a consolidated revenue of HK\$545 million for the six months ended June 30, 2024, compared to HK\$452 million for the same period of 2023.

The consolidated operating profit of the Group amounted to HK\$49 million, compared to an operating loss of HK\$21 million for the first half of 2023.

The Group's consolidated loss attributable to equity holders of the Company for the first six months of 2024 totalled HK\$153 million, compared to a consolidated loss of HK\$221 million for the corresponding period last year. Basic loss per share for the six months ended June 30, 2024, was 7.52 Hong Kong cents, compared to a basic loss per share of 10.85 Hong Kong cents for the corresponding period of 2023.

The Board of Directors did not declare an interim dividend for the first half of 2024.

Throughout the first half of 2024, we remained on the growth trajectory and delivered a set of encouraging results. Our performance in the Japanese market was particularly impressive. On the back of Japan's tourism boom and a devalued yen, Park Hyatt Niseko, Hanazono, our hospitality business in Niseko, Hokkaido, recorded a sharp rise in revenue. Throughout the period, our ski business stood out as one of the top performers in the region. Since 2023, earnings from our recreational facilities in the resort, including the upgraded ski lifts, "Hanazono Zipflight", and "42°N Art Hanazono — Mountain Lights", have been performing well. We will continue our efforts to develop Niseko Hanazono Resort into a world-class all-season luxury resort, and we are confident that this business segment will bring us growth and prosperity in the years to come.

In Thailand, while the GDP growth for 2024 is slightly lower than previously expected, the tourism sector continued to experience strong growth, reporting a 38% year-on-year increase in international arrivals in the first half of the year. This set the stage for us to promote our property development project in Phang Nga. During the review period, the number of visitors to our Aquella Golf & Country Club and 18-hole golf course in Phang Nga rose consistently.

The Indonesian economy has demonstrated its resilience, logging a year-on-year growth rate of 5.11% in the first quarter. That provided a favourable setting for our operations to generate sustainable returns and remain a reliable revenue contributor to the Group during the review period. Our premium commercial property, Pacific Century Place, Jakarta ("PCP Jakarta"), managed to maintain a stable occupancy, in conjunction with a quality tenant mix as at June 30, 2024.

Our luxury project at 3-6 Glenealy, Central, Hong Kong, has been progressing smoothly. Construction of the superstructure commenced in April, 2024. The project is scheduled for completion by early 2026. We will closely monitor market developments while remaining optimistic about the local real estate sector in the long term.

As we embark on the second half of the year, we will continue to build on our momentum. Our focus will be on driving our business towards sustainable growth to maximise long-term returns for our stakeholders.

Benjamin Lam

Deputy Chairman and Group Managing Director

July 24, 2024

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, 2024 is set out below.

REVIEW OF OPERATIONS

Property investment and development

Property investment in Indonesia

In Jakarta, our premium commercial building, Pacific Century Place, Jakarta ("PCP Jakarta"), delivered a stable performance and remained a solid revenue contributor to the Group. As of June 30, 2024, the office space committed occupancy was 87 per cent. The gross rental income amounted to HK\$100 million for the six months ended June 30, 2024, compared to HK\$121 million for the corresponding period in 2023.

Executive Centre @ PCP, a flexible workplace solution that offers higher quality workspaces to office workers in response to the growing demand for viable one-stop office solutions, has received positive feedback from our tenants. The project was launched under the strategic partnership between our premium commercial property, PCP Jakarta, and Asia's leading premium flexible workspace provider, The Executive Centre.

Property development in Japan

As with the corresponding period in 2023, the Group had no revenue from property development in Japan for the six months ended June 30, 2024.

Property development and golf operation in Thailand

As of June 30, 2024, the Group had sold 33% of its phase 1A villas in Phang Nga, Thailand. The Group had no revenue from its property development in Thailand for the six months ended June 30, 2024, compared to HK\$15 million for the same period in 2023.

As Thailand's tourism sector continued to thrive in the first two quarters of 2024, the Group's Aquella Golf & Country Club and 18-hole golf course reported a notable increase in the number of visitors during the period. Total revenue from our golf operations in the country amounted to HK\$6 million for the six months ended June 30, 2024, compared to HK\$5 million for the same period in 2023.

Property development in Hong Kong

Construction of the superstructure of the project at 3-6 Glenealy, Central, Hong Kong, has already commenced in April this year and has been progressing well. The project is scheduled to be completed by early 2026.

Hotel operations, recreation and leisure operation in Japan

Hotel operations in Japan

In post-pandemic Japan, tourism has been experiencing a steady upswing. In the past few months, depreciation of the Japanese Yen ("JPY") has further fuelled the growth of the country's travel sector. In March and April, tourist arrivals passed the three-million mark, hitting a record-breaking high. As a result of the boom, and with our robust business model, Park Hyatt Niseko, Hanazono, our hotel operations in Hokkaido, performed remarkably well in the first half of 2024. Both the occupancy rate and the average room rate rose sharply compared to the corresponding period last year.

For the six months ended June 30, 2024, the Group's revenue from its hotel operations in Japan amounted to HK\$221 million, compared to HK\$153 million for the corresponding period in 2023.

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. The various facilities and recreational activities operated by the Group within the resort include "Hanazono EDGE" (a restaurant and entertainment centre), ski lifts, ski equipment rental, a ski school and snowmobile tours in the winter, "Hanazono Zipflight", "42°N Art Hanazono — Mountain Lights", rafting tours, tree-trekking, e-bikes and golfing in the summer. An extension of the light art exhibition of "42°N Art Hanazono — Mountain Lights", Prismatic Spring and Moon Blooms, is opened in 2024.

As of the winter season of 2023/24, the number of ski rides encompassing ski lifts and gondolas was up 61% from the pandemic period, namely the winter season of 2019/20. On the whole, our resort has greatly benefited from Japan's tourism surge during and beyond the winter months.

For the six months ended June 30, 2024, revenue from the Group's all-season recreational activities in Japan totalled HK\$136 million, compared to HK\$96 million for the corresponding period in 2023.

Property and facilities management

Hong Kong

Providing property management and facilities management services in Hong Kong, the Group generated a stable revenue of HK\$15 million for the six months ended June 30, 2024, compared to HK\$15 million for the corresponding period in 2023.

Japan

Revenue from property management services in Japan increased to HK\$60 million for the six months ended June 30, 2024, compared to HK\$41 million for the corresponding period in 2023.

Other businesses

Other businesses of the Group mainly include property investment in Hong Kong. Revenue from these other businesses amounted to HK\$7 million for the six months ended June 30, 2024, compared to HK\$6 million for the corresponding period in 2023.

FINANCIAL REVIEW

Review of results

The consolidated revenue of the Group was HK\$545 million for the six months ended June 30, 2024, representing an increase of 21% from HK\$452 million for the corresponding period in 2023. The increase was mainly due to 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, 2024 was HK\$385 million, representing an increase of 26% from HK\$306 million for the corresponding period in 2023. The gross profit margin for the six months ended June 30, 2024 was 71% as compared to 68% for the corresponding period in 2023.

The general and administrative expenses were HK\$337 million for the six months ended June 30, 2024, representing an increase of 3% from HK\$327 million for the corresponding period in 2023.

The consolidated operating profit for the six months ended June 30, 2024 was HK\$49 million, as compared to the consolidated operating loss of HK\$21 million for the corresponding period in 2023. Such increase was mainly due to the improved performance in hotel operations and all-season recreational operations in Niseko, Hokkaido, Japan.

The Group recorded lower finance costs of HK\$170 million for the six months ended June 30, 2024, as compared to HK\$183 million for the same period in 2023. The decrease was mainly due to the additional finance costs incurred in 2023 from the 4.75% guaranteed notes which was settled in March 2023. The consolidated net loss after taxation was HK\$153 million for the six months ended June 30, 2024, as compared to HK\$221 million for the corresponding period in 2023. Basic loss per share during the period under review was 7.52 Hong Kong cents, compared to a basic loss per share of 10.85 Hong Kong cents for the corresponding period in 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Current assets and liabilities

As at June 30, 2024, the Group held current assets of HK\$4,175 million (December 31, 2023: HK\$4,461 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. Sales proceeds held in stakeholders' accounts remained at HK\$9 million as at June 30, 2024 (December 31, 2023: HK\$9 million). The level of restricted cash in current assets increased to HK\$56 million as at June 30, 2024 (December 31, 2023: HK\$43 million).

As at June 30, 2024, the Group's total current liabilities amounted to HK\$1,097 million, as compared to HK\$1,172 million as at December 31, 2023. As at June 30, 2024, the current ratio was 3.81 (December 31, 2023: 3.81).

Capital structure, liquidity and financial resources

As at June 30, 2024, the Group's borrowings amounted to HK\$9,482 million (December 31, 2023: HK\$9,441 million). The balance as at 30 June 2024 represented the amortised cost of financial liabilities in respect of the 5.125% guaranteed notes of US\$800 million (equivalent to HK\$6,245 million), the total outstanding principal amount of JPY10,606 million (equivalent to HK\$518 million) under all JPY loan facilities together with principal amount of HK\$3,370 million under the Hong Kong dollar loan facilities.

On June 18, 2021, PCPD Capital Limited ("PCPD Capital") issued in aggregate principal amount of US\$800 million 5.125% new guaranteed notes due 2026 ("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 Notes are irrevocably and unconditionally guaranteed by the Company. The Notes rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of PCPD Capital and the Company.

In April, 2021, a new 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 with a maturity date on April 13, 2026 or twelve months after occupation permit of the development project in Hong Kong being issued by the building authority, whichever is earlier. Such facility is secured by certain land and property, bank accounts, shares and other assets of the indirect non-wholly owned subsidiaries. The Company and the indirect non-wholly owned subsidiary are subject to certain financial ratios covenants. As of June 30, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan amount drawdown of HK\$988 million (December 31, 2023: HK\$954 million) less the deferred loan arrangement fees of HK\$5 million (December 31, 2023: HK\$7 million).

On February 1, 2023, an indirect wholly-owned subsidiary of the Company (the "Borrower") renewed the term loan facility agreement for an aggregate amount of JPY10,000 million with a maturity date in February 2026. Such facility 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. As of June 30, 2024, none of the covenants were breached and the carrying value of the borrowing represents the outstanding principal amount of JPY9,750 million (equivalent to HK\$476 million) (December 31, 2023: JPY10,000 million, equivalent to HK\$550 million) less the deferred loan arrangement fees of JPY57 million (equivalent to HK\$3 million) (December 31, 2023: JPY76 million, equivalent to HK\$4 million).

On August 1, 2023, an indirect wholly-owned subsidiary of the Company entered into a term loan facility agreement under which the lender agreed to make available a term loan facility up to an aggregate amount of HK\$780 million with a maturity in July 2024. Such facility is secured by corporate guarantee of the Company, an indirect wholly-owned subsidiary of the Company and PCCW Limited (“PCCW”). The proportion of corporate guarantee provided by PCCW does not exceed its percentage of interest in the total number of issued share of the Company. The Company and the indirect wholly-owned subsidiary are subject to certain financial ratios covenants. As at June 30, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan amount drawdown of HK\$570 million (December 31, 2023: HK\$470 million) less the deferred loan arrangement fees of HK\$2 million (December 31, 2023: HK\$2 million).

On December 29, 2023, an indirect wholly-owned subsidiary of the Company renewed the term loan facility agreement for an aggregate amount of HK\$1,208 million with a maturity date in December 2026. Such facility is secured by the land and building, 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. As at June 30, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan amount drawdown of HK\$1,208 million (December 31, 2023: HK\$1,208 million) less the deferred loan arrangement fees of HK\$14 million (December 31, 2023: HK\$11 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, 2024, the assets of the Group in Indonesia, Japan and Thailand represented 35%, 25% and 9% 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 used in operating activities for the six months ended June 30, 2024 is HK\$78 million, as compared to cash generated from operating activities in the amount of HK\$39 million for the corresponding period in 2023.

Income tax

The Group’s income tax for the six months ended June 30, 2024 was HK\$37 million, as compared to HK\$29 million for the corresponding period in 2023.

Security on assets

As at June 30, 2024, certain assets of the Group with an aggregated carrying value of HK\$7,683 million (December 31, 2023: HK\$7,759 million) are mortgaged and pledged to the banks as security for the loan facilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2024, the Group employed a total number of 997 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, 2024 (2023: Nil).

The Board did not recommend the payment of a final dividend for the year ended December 31, 2023.

OUTLOOK

Despite some optimism at the start of the year, 2024 has thus far been characterised by a continuation of the risks and factors that plagued different parts of the world throughout the previous year. Geopolitical tensions and slow recovery have kept growth on an uncertain footing.

Nevertheless, the global economy has shown its resilience in the past months, maintaining steady growth while inflation is returning to target levels. International tourism across the globe has made near-complete recovery.

We are confident that the Group will maintain its pace of growth in the latter half of the year. While looking forward to another two quarters of achievements, we will remain vigilant about external challenges and opportunities, including possible repercussions of Federal Reserve rate cuts that might occur in the last quarter of 2024.

For the remainder of 2024, we will launch a host of effective sales and promotion initiatives in various markets where we have operations, with the aim of attracting potential high-quality travellers, tenants and buyers worldwide. Our hotel operations, recreation and leisure operations in Japan are expected to once again deliver an exceptional performance and make significant contributions to the Group.

We are cautiously optimistic about the property sectors in Hong Kong, Japan, Thailand and Indonesia in the long run. We will meticulously formulate and implement strategies to maximise returns for our stakeholders while mitigating risks in the volatile time.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

LI Tzar Kai, Richard

Mr Li, aged 57, 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 FWD Group Holdings Limited.

Mr Li is a member of the Center for Strategic and International Studies’ International Councillors’ Group in Washington, D.C.. He 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 63, 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.

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTOR

Dr Allan ZEMAN, GBM, GBS, JP

Dr Zeman, aged 76, 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.

Having lived in Hong Kong for over 53 years, Dr Zeman has been very involved in Government services as well as community activities. Dr Zeman is a member of the Hong Kong Special Administrative Region ("HKSAR") Chief Executive Council of Advisors, a member of the HKSAR Human Resources Planning Commission, a member of the HKSAR Task Force on Promoting and Branding Hong Kong, a member of the HKSAR Culture Commission and Tourism Strategy Committee. 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

Independent Non-Executive Chairman

Prof Wong, aged 72, is an Independent Non-Executive Director and the Independent Non-Executive Chairman 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 HKSAR 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 56, 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 30 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. She is also a Non-Executive Director of Jebsen and Company Limited and Jebsen Capital International Limited.

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 51, 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 has been working in the financial services industry since 1994, and currently serves as a director of various funds while teaching at the University of Hong Kong. Dr Feng previously served as a Managing Director of General Atlantic LLC, a global private equity firm focused on growth sectors, overseeing their North Asian operations. Subsequently, Dr Feng co-founded and served as CEO of two related global macro hedge funds (Ocean Arete Limited and Ocean Capital Management Limited). Dr Feng has served on the boards of numerous technology and investment companies in Asia, such as TIH Limited, 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.

FINANCIAL INFORMATION

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2024

HK\$ million	Notes	2024 (Unaudited)	2023 (Unaudited)
Revenue	2	545	452
Cost of sales		(160)	(146)
Gross profit		385	306
General and administrative expenses		(337)	(327)
Other income		1	—
Operating profit/(loss)		49	(21)
Interest income		5	12
Finance costs	3	(170)	(183)
Loss before taxation	4	(116)	(192)
Income tax	5	(37)	(29)
Loss attributable to equity holder of the Company		(153)	(221)
Other comprehensive (loss)/income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences:			
Exchange differences on translating foreign operations		(505)	4
Total comprehensive loss		(658)	(217)
Loss per share (expressed in Hong Kong cents per share)			
Basic and diluted	7	(7.52) cents	(10.85) cents

The notes on pages 18 to 37 form part of these unaudited condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2024

HK\$ million	2024 (Unaudited)							
	Issued equity	Capital reserve	Currency translation reserve	Other reserves	Accumulated losses	Attributable to		Total equity
						equity holders of the Company	non- controlling interests	
Balance at January 1, 2024	3,802	(565)	(1,658)	10	(1,040)	549	133	682
Total comprehensive loss for the period	—	—	(505)	—	(153)	(658)	—	(658)
Balance at June 30, 2024	3,802	(565)	(2,163)	10	(1,193)	(109)	133	24

HK\$ million	2023 (Unaudited)							
	Issued equity	Capital reserve	Current translation reserve	Other reserves	Accumulated losses	Attributable to		Total equity
						equity holders of the Company	non- controlling interests	
Balance at January 1, 2023	3,802	(565)	(1,593)	10	(574)	1,080	133	1,213
Total comprehensive income/(loss) for the period	—	—	4	—	(221)	(217)	—	(217)
Balance at June 30, 2023	3,802	(565)	(1,589)	10	(795)	(863)	133	996

The notes on pages 18 to 37 form part of these unaudited condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

HK\$ million	Notes	As at June 30, 2024 (Unaudited)	As at December 31, 2023 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	8	3,241	3,435
Property, plant and equipment	9	2,062	2,344
Right-of-use assets		39	30
Properties under development	10a	153	142
Properties held for development	10b	402	427
Goodwill		3	4
Financial assets at fair value through profit or loss		1	1
Prepayments and other receivables		166	181
		6,067	6,564
Current assets			
Properties under development/held for sale	10a	3,384	3,321
Inventories		16	20
Sales proceeds held in stakeholders' accounts		9	9
Restricted cash		56	43
Trade receivables, net	11	35	96
Prepayments, deposits and other current assets		125	102
Amounts due from related companies		6	5
Cash and cash equivalents		544	865
		4,175	4,461

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

HK\$ million	Notes	As at June 30, 2024 (Unaudited)	As at December 31, 2023 (Audited)
Current liabilities			
Borrowings	13	624	531
Trade payables	12	17	51
Accruals and other payables		263	321
Deferred income and contract liabilities	14	148	230
Lease liabilities		21	25
Current income tax liabilities		24	14
		1,097	1,172
Net current assets			
		3,078	3,289
Total assets less current liabilities			
		9,145	9,853
Non-current liabilities			
Borrowings	13	8,858	8,910
Other payables		183	185
Deferred income and contract liabilities	14	20	30
Lease liabilities		26	13
Deferred income tax liabilities		34	33
		9,121	9,171
Net assets			
		24	682
CAPITAL AND RESERVES			
Issued equity	15	3,802	3,802
Reserves		(3,911)	(3,253)
Capital and reserves attributable to equity holders of the Company		(109)	549
Non-controlling interests		133	133
		24	682

The notes on pages 18 to 37 form part of these unaudited condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

HK\$ million	2024 (Unaudited)	2023 (Unaudited)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(78)	39
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(30)	(36)
Decrease in short-term deposits	—	90
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(30)	54
FINANCING ACTIVITIES		
Proceeds from bank borrowings, net	118	29
(Increase)/decrease in restricted cash	(13)	17
Repayment of bank borrowings	(20)	(54)
Payment for borrowing costs	(255)	(213)
Payment for lease liabilities (including interest)	(14)	(11)
NET CASH USED IN FINANCING ACTIVITIES	(184)	(232)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(292)	(139)
Exchange difference	(29)	(25)
CASH AND CASH EQUIVALENTS		
Balance at January 1,	865	596
Balance at June 30,	544	432

The notes on pages 18 to 37 form part of these unaudited condensed consolidated financial information.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2024

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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, 2023, 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, 2023.

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, 2023, except for the adoption of the following amended HKFRSs and HKASs which are first effective for accounting periods beginning on or after January 1, 2024 as described below.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES — CONTINUED

Basis of Preparation and Accounting Policies — CONTINUED

The following amended HKFRSs and HKASs are adopted for the financial year beginning January 1, 2024, but have no material effect on the Group's reported results and financial position for the current and prior accounting periods.

- HKAS 1 (Revised) (Amendments), Presentation of Financial Statements
- HKAS 7 (Amendments), Statement of Cash Flows
- HKFRS 7 (Amendments), Financial Instruments: Disclosures
- HKFRS 16 (Amendments), Leases
- HK Interpretation 5 (Revised), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Group has not early adopted any new or amended HKFRSs, HKASs and Interpretations that are not yet effective for the current accounting period.

For the period ended June 30, 2024, the Group had incurred loss attributable to equity holders of HK\$153 million and net decrease in cash and cash equivalents of HK\$292 million.

The directors of the Company have considered the above circumstances and have been regularly monitoring the liquidity position of the Group including the maturity and refinancing of loan facilities, and prepared a cash flow projection, given due and careful consideration to the refinancing needs, financial performance and any potential asset monetization opportunities of the Group to assess its liquidity.

Having taken into account the Group's history in obtaining and extending the external financing facilities, as well as future working capital requirements and cash resources, the directors consider the Group has sufficient financial resources to meet its financial obligations as and when they fall due in the next twelve months period ending June 30, 2025. Accordingly, the condensed consolidated financial information has been prepared on a going concern basis.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2024

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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
All-season recreational activities in Japan	136	96	—	—	136	96	54	23	8	23	(18)	(18)
Property development in Japan	—	—	—	—	—	—	(8)	(9)	16	36	(3)	(2)
Hotel operations in Japan	221	153	—	—	221	153	6	(39)	1	—	(37)	(43)
Property management in Japan	60	41	—	—	60	41	24	10	—	—	—	—
Property investment in Indonesia	100	121	—	—	100	121	55	73	4	16	(5)	(4)
Property development and golf operation in Thailand	6	20	—	—	6	20	(17)	(18)	2	—	(6)	(6)
Property and facilities management in Hong Kong	15	15	—	—	15	15	5	5	—	—	—	—
Property development in Hong Kong	—	—	—	—	—	—	(7)	(4)	15	96	(4)	(1)
Other businesses (note b)	7	6	1	1	8	7	1	1	1	—	(9)	(10)
Elimination	—	—	(1)	(1)	(1)	(1)	—	—	—	—	—	—
Total of reported segments	545	452	—	—	545	452	113	42	47	171	(82)	(84)
Unallocated	—	—	—	—	—	—	(229)	(234)	—	—	—	—
Consolidated	545	452	—	—	545	452	(116)	(192)	47	171	(82)	(84)

2. REVENUE AND SEGMENT INFORMATION — CONTINUED

HK\$ million	Assets		Liabilities	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
As at				
All-season recreational activities in Japan	526	557	52	64
Property development in Japan	735	821	32	53
Hotel operations in Japan	1,324	1,543	604	742
Property management in Japan	85	157	48	135
Property investment in Indonesia	3,599	3,825	322	317
Property development and golf operation in Thailand	883	933	34	36
Property and facilities management in Hong Kong	22	19	2	2
Property development in Hong Kong	2,856	2,739	1,001	970
Other businesses (note b)	58	59	9	8
Total of reported segments	10,088	10,653	2,104	2,327
Unallocated	154	372	8,114	8,016
Consolidated	10,242	11,025	10,218	10,343

- a. For the six months ended June 30, 2024 and June 30, 2023, the timing of revenue recognition is as follow:

HK\$ million	2024	2023
External revenue from contracts with customers:		
Timing of revenue recognition		
– At a point in time	100	84
– Over time	375	282
External revenue from other sources:		
– Rental income	70	86
	545	452

- b. Revenue from segment below the quantitative thresholds under HKFRS 8 “Operating Segments” is mainly attributable to property investment in Hong Kong. These segments have not met any of the quantitative thresholds for determining reportable segments.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2024

3. FINANCE COSTS

HK\$ million	Six months ended June 30,	
	2024	2023
Interest expenses:		
- Bank borrowings	92	60
- Guaranteed notes (note 13(a))	165	166
- Lease liabilities	1	—
- Exchange (gain)/loss on guaranteed notes	(3)	26
	255	252
- Interest capitalised into properties under development/held for sale	(85)	(69)
	170	183

4. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

HK\$ million	Six months ended June 30,	
	2024	2023
Cost of properties sold	—	15
Cost of inventories sold	25	17
Depreciation of property, plant and equipment	68	73
Depreciation of right-of-use assets		
- properties	14	11
Outgoings in respect of investment properties	26	27
Staff costs included in:		
- cost of sales	43	36
- general and administrative expenses	95	103
Contributions to defined contribution retirement schemes included in		
- general and administrative expenses	2	3
Auditor's remuneration		
- audit services	2	2
Net foreign exchange loss	2	1
Variable lease payment expenses	20	8
Short-term leases expenses	1	3

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5 per cent (2023: 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,	
	2024	2023
Hong Kong profits tax		
- Provision for current period	1	—
Income tax outside Hong Kong		
- Provision for current period	35	28
Deferred income tax	1	1
	37	29

6. DIVIDEND

HK\$ million	Six months ended June 30,	
	2024	2023
Interim dividend	—	—

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2024

7. 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,	
	2024	2023
Loss (HK\$ million)		
Loss for the purpose of calculating the basic and diluted loss per share	(153)	(221)
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	2,038,276,786

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, 2024, bonus convertible notes in an aggregated amount of HK\$592,552,133.20 (June 30, 2023: HK\$592,552,133.20) have been converted into 1,185,104,266 shares of the Company (June 30, 2023: 1,185,104,266 shares). The outstanding bonus convertible notes in an aggregated amount of HK\$20,021.20 (June 30, 2023: HK\$20,021.20) at the conversion price of HK\$0.50 per share convertible into 40,042 shares (June 30, 2023: 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, 2024 and June 30, 2023.

8. INVESTMENT PROPERTIES

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

HK\$ million	2024	2023
At January 1,	3,435	3,374
Exchange differences	(194)	160
At June 30,	3,241	3,534

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

HK\$ million	Fair value measurement as at June 30, 2024		
	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	—	—	3,185
– Hong Kong	—	—	56

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2024

8. INVESTMENT PROPERTIES — CONTINUED

HK\$ million	Fair value measurement as at December 31, 2023		
	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	—	—	3,379
– Hong Kong	—	—	56

During the six months ended June 30, 2024 and year ended December 31, 2023, there were no transfers between different levels.

For the investment properties, the fair value of the properties as at June 30, 2024 and December 31, 2023 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.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2024, additions to property, plant and equipment mainly include HK\$15 million for the development of Glenealy, Central, Hong Kong, HK\$8 million for the recreational facilities in the Niseko resort area, Kutchan, Hokkaido, Japan and HK\$4 million for the investment property in Jakarta, Indonesia.

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

a. Properties under development/held for sale

HK\$ million	2024	2023
At January 1,	3,463	3,171
Additions	143	148
Charged to income statement	—	(14)
Exchange differences	(69)	(37)
At June 30,	3,537	3,268
Less: Properties under development classified as non-current assets	(153)	(459)
Properties under development/held for sale classified as current assets	3,384	2,809

- (i) Properties under development classified as non-current assets as at June 30, 2024 consists of the freehold land under development in Japan which is held by an indirect wholly-owned subsidiary amounted to HK\$153 million.
- (ii) Properties under development, which have either been pre-sold or are intended for sale, are classified under current assets.

b. Properties held for development

HK\$ million	2024	2023
At January 1,	427	422
Exchange differences	(25)	(5)
At June 30,	402	417

Properties held for development as at June 30, 2024 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, 2024

11. TRADE RECEIVABLES, NET

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

HK\$ million	As at June 30, 2024	As at December 31, 2023
1-30 days	35	96

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.

12. TRADE PAYABLES

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

HK\$ million	As at June 30, 2024	As at December 31, 2023
1-30 days	17	51

13. BORROWINGS

HK\$ million	As at June 30, 2024	As at December 31, 2023
Borrowings, repayable within a period		
– not exceeding one year	624	531
– over one year, but not exceeding two years	458	529
– over two years, but not exceeding five years	8,400	8,381
	9,482	9,441
Representing:		
Guaranteed notes (note a)	6,223	6,220
Bank borrowings (notes b, c, d and e)	3,259	3,221
	9,482	9,441
Secured	3,259	3,221
Unsecured	6,223	6,220

- a. On June 18, 2021, PCPD Capital issued in aggregate principal amount of US\$800 million 5.125% new guaranteed notes due 2026 (“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 Notes are irrevocably and unconditionally guaranteed by the Company. The Notes rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of PCPD Capital and the Company.
- b. In April, 2021, a new 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 with a maturity date of April 13, 2026 or twelve months after occupation permit of the development project in Hong Kong being issued by the building authority, whichever is earlier. Such facility is secured by certain land and property, bank accounts, shares and other assets of the indirect non-wholly owned subsidiaries. The Company and the indirect non-wholly owned subsidiary are subject to certain financial ratios covenants. As of June 30, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan amount drawdown of HK\$988 million (December 31, 2023: HK\$954 million) less the deferred loan arrangement fees of HK\$5 million (December 31, 2023: HK\$7 million).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2024

13. BORROWINGS — CONTINUED

- c. On February 1, 2023, an indirect wholly-owned subsidiary of the Company (the “Borrower”) renewed the term loan facility agreement for an aggregate amount of JPY10,000 million with a maturity date in February 2026. Such facility 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. As of June 30, 2024, none of the covenants were breached and the carrying value of the borrowing represents the outstanding principal amount of JPY9,750 million (equivalent to HK\$476 million) (December 31, 2023: JPY10,000 million, equivalent to HK\$550 million) less the deferred loan arrangement fees of JPY57 million (equivalent to HK\$3 million) (December 31, 2023: JPY76 million, equivalent to HK\$4 million).
- d. On August 1, 2023, an indirect wholly-owned subsidiary of the Company entered into a term loan facility agreement under which the lender agreed to make available a term loan facility up to an aggregate amount of HK\$780 million with a maturity in July 2024. Such facility is secured by corporate guarantee of the Company, an indirect wholly-owned subsidiary of the Company and PCCW. The proportion of corporate guarantee provided by PCCW does not exceed its percentage of interest in the total number of issued share of the Company. The Company and the indirect wholly-owned subsidiary are subject to certain financial ratios covenants. As at June 30, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan amount drawdown of HK\$570 million (December 31, 2023: HK\$470 million) less the deferred loan arrangement fees of HK\$2 million (December 31, 2023: HK\$2 million).
- e. On December 29, 2023, an indirect wholly-owned subsidiary of the Company renewed the term loan facility agreement for an aggregate amount of HK\$1,208 million with a maturity date in December 2026. Such facility is secured by the land and building, 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. As at June 30, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan amount drawdown of HK\$1,208 million (December 31, 2023: HK\$1,208 million) less the deferred loan arrangement fees of HK\$14 million (December 31, 2023: HK\$11 million).

14. DEFERRED INCOME AND CONTRACT LIABILITIES

HK\$ million	As at June 30, 2024	As at December 31, 2023
Deferred income:		
Rental income from investment properties	60	30
Less: Amount classified as non-current liabilities	(20)	(30)
	40	—
Contract liabilities:		
Deposits received from sale of properties and other revenue receipt in advance	108	230
Deferred income and contract liabilities classified as current liabilities	148	230

15. 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 and June 30, 2023 and 2024	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.
- 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, 2023 and June 30, 2024	4,000,000,000	2,000
Issued and fully paid:		
Ordinary shares of HK\$0.50 each at June 30, 2023 and June 30, 2024	2,038,236,743	1,019

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2024

15. ISSUED EQUITY — CONTINUED

- 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, 2024, 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.

16. CAPITAL COMMITMENTS

HK\$ million	As at June 30, 2024	As at December 31, 2023
Contracted but not provided for		
Property development projects	603	213
Investment properties	2	2
Property, plant and equipment	17	13
	622	228

17. BANKING FACILITY

Aggregate banking facilities as at June 30, 2024 were HK\$3,961 million (December 31, 2023: HK\$3,978 million) of which HK\$607 million remain undrawn by the Group (December 31, 2023: HK\$742 million) (See Note 13).

Security pledged for the banking facilities includes:

HK\$ million	As at June 30, 2024	As at December 31, 2023
Investment properties	3,185	3,379
Property, plant and equipment	1,469	1,558
Properties under development	2,831	2,714
Restricted cash	46	43
Cash and cash equivalents	152	88
	7,683	7,782

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2024

18. 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,	
	2024	2023
Sales of services:		
Office leases rental	6	7
Facility management services	4	4
Purchases of services:		
Corporate services	5	4
Information technology and other logistic services	3	1
Marketing agency services	—	1
Property and development management services	1	1
Interest expenses of guaranteed notes:		
Substantial shareholder	21	21

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,	
	2024	2023
Salaries and other short-term employee benefits	7	7
Bonuses	9	9
Directors' fee	1	2
Retirement scheme contribution	1	1
	18	19

19. 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 8 for disclosure of the investment properties that are measured at fair value.

HK\$ million	Fair value measurement as at June 30, 2024			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurement				
Assets				
Financial assets at fair value through profit or loss	1	—	—	1

HK\$ million	Fair value measurement as at December 31, 2023			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurement				
Assets				
Financial assets at fair value through profit or loss	1	—	—	1

During the six months ended June 30, 2024 and the year ended December 31, 2023, 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, 2024

19. 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, 2024 and December 31, 2023 except as follows:

HK\$ million	As at June 30, 2024		As at December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Guaranteed notes (note 13(a))	6,223	5,420	6,220	4,937

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.

(a) 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.

19. FAIR VALUE ESTIMATION — CONTINUED

b. Fair value of financial liabilities measured at amortised cost — CONTINUED

(b) 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 CORPORATIONS

As at June 30, 2024, 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 corporations (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 C3 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 (a))</i>	402,164,972 <i>(Note (b))</i>	609,432,786	29.90%

Notes:

- (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 88.67% 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.

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

2. Interests in the Associated Corporations of the Company

A. PCPD Capital Limited ("PCPD Capital")

The table below sets out the aggregate long positions in the 5.125% bonds due 2026 (the "2026 Bonds") issued by PCPD Capital, an associated corporation of the Company, held by the director of the Company:

Name of director	Principal amount of the 2026 Bonds held (US\$)				Total
	Personal interests	Family interests	Corporate interests	Other interests	
Li Tzar Kai, Richard	—	—	21,717,000 <i>(Note)</i>	—	21,717,000

Note:

These 2026 Bonds were held by Hertford Ventures Limited, a wholly-owned subsidiary of Ace Holdings Management Limited ("Ace Holdings"). Li Tzar Kai, Richard owned 100% of the issued share capital of Ace Holdings.

B. 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	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, 2024, 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.

GENERAL INFORMATION

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, 2024.

As at each of January 1, 2024 and June 30, 2024, the number of Share options available for grant under the 2015 Scheme mandate was 40,266,831.

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, 2024, the following persons (other than directors or chief executives of the Company) were substantial shareholders of the Company 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 88.67% of the issued share capital of PCRD) in 284,071,850 Shares held by PCRD.
- 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.

GENERAL INFORMATION

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

As at June 30, 2024, 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, 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2024, 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, 2024 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 C1 to the Listing Rules during the six months ended June 30, 2024.

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 C3 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 C3 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, 2024.

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 Director

Dr Allan Zeman, GBM, GBS, JP

Independent Non-Executive Directors

Prof Wong Yue Chim, Richard, SBS, JP (*Independent Non-Executive Chairman*)
Chiang Yun
Dr Vince Feng

GENERAL COUNSEL AND COMPANY SECRETARY

Cheung Kwok Kuen Alan

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www.pcpd.com

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