PACIFIC CENTURY PREMIUM DEVELOPMENTS LIMITED

盈科大衍地產發展有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00432)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2008

The board of directors (the "Board") of Pacific Century Premium Developments Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended June 30, 2008. This interim financial information has not been audited but 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 Hong Kong Institute of Certified Public Accountants ("HKICPA").

- Consolidated turnover down 70.6 per cent to HK$618 million
- Profit attributable to equity holders of the Company down 99.2 per cent to HK$5 million
- Basic earnings per share 0.2 Hong Kong cents
- The Board did not declare an interim dividend

Profit for the first half year

The Group's unaudited profit attributable to equity holders of the Company for the six months ended June 30, 2008 amounted to HK$5 million. Basic earnings per share were 0.2 Hong Kong cents.

BUSINESS REVIEW

Property development

Revenue from the property development for the six months ended June 30, 2008 amounted to approximately HK$417 million, compared to approximately HK$1,940 million for the corresponding period in 2007.

In June 2008, the ninth batch of net surplus proceeds from the Cyberport project, totalling HK$555 million, was allocated between the Government of the Hong Kong Special Administrative Region ("HKSAR") and the Group. Of that, the HKSAR Government received an aggregate amount of approximately HK$358 million, while the Group retained approximately HK$197 million in accordance with the Cyberport Project Agreement.

The Group's first telephone exchange redevelopment project, located in Wo Fung Street to the west of Central and named ONE Pacific Heights, comprises 155 luxury boutique apartments. Pre-sales began in June 2008 and completion is planned for 2009.

In mainland China, work on the Group's high-end residential project at No.4 Gong Ti Bei Lu in Beijing's Chaoyang District is on target to produce 210 upmarket units in 2010.

Property investment

Home to multinational corporations, world-class retailers and residential tenants, Pacific Century Place, the Group's investment property in Beijing's central business district, enjoyed an average occupancy rate of approximately 79 per cent for the six months ended June 30, 2008.

The Group's gross rental income for the six months ended June 30, 2008 amounted to approximately HK$116 million, compared with approximately HK$115 million for the same period in 2007.

Other businesses

Other businesses of the Group include property and facilities management, corporate and asset management and ski services. Revenue from other businesses for the six months ended June 30, 2008 amounted to approximately HK$85 million, compared with approximately HK$45 million for the corresponding period in 2007.

Proposed privatisation of the Company

On April 17, 2008, the Company announced that the proposed privatisation of the Company made by Picville Investments Limited (a wholly-owned subsidiary of PCCW Limited ("PCCW")) was not approved by the independent shareholders at the court meeting held on that day.

CONDENSED CONSOLIDATED INCOME STATEMENT

HK$ million	Note(s)	For the six months ended June 30, 2008 (Unaudited)	2007 (Unaudited)
Turnover	2	**618**	2,100
Cost of sales		**(358)**	(1,412)
Gross profit		**260**	688
General and administrative expenses		**(204)**	(177)
Other income		**2**	21
Other gains		**11**	—
Interest income		**46**	150
Finance costs		**(69)**	(65)
Profit before taxation	2,3	**46**	617
Income tax	4	**(41)**	(11)
Profit attributable to equity holders of the Company		**5**	606
Dividend			
Interim dividend declared	5	**—**	36
Earnings per share (expressed in Hong Kong cents per share)			
Basic	6	**0.20 cent**	25.19 cents
Diluted	6	**N/A**	21.73 cents
Dividend per share (expressed in Hong Kong cents per share)	5	**—**	1.50 cents

CONDENSED CONSOLIDATED BALANCE SHEET

HK$ million	Note	**June 30, 2008 (Unaudited)**	December 31, 2007 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**4,377**	4,153
Property, plant and equipment		**61**	60
Properties under development		**617**	795
Properties held for development		**841**	816
Goodwill		**94**	93
Other receivables		**40**	26
Deferred income tax assets		**13**	10
		6,043	5,953
Current assets			
Properties under development/held for sale		**9,922**	9,133
Sales proceeds held in stakeholders' accounts		**1,668**	2,425
Restricted cash		**695**	575
Trade receivables, net	7	**320**	332
Prepayments, deposits and other current assets		**215**	63
Amounts due from fellow subsidiaries		**5**	10
Amounts due from related companies		**3**	3
Short-term deposits		**—**	106
Cash and cash equivalents		**1,748**	1,759
		14,576	14,406

HK$ million	Note	**June 30, 2008 (Unaudited)**	December 31, 2007 (Audited)
Current liabilities			
Current portion of long-term borrowings		**24**	24
Trade payables	8	**110**	114
Accruals, other payables and deferred income		**1,158**	1,272
Derivative financial instrument		**—**	7
Deposits received on sales of properties		**1,972**	1,944
Gross amounts due to customers for contract work		**4**	7
Amounts due to fellow subsidiaries		**13**	15
Amount payable to the Government of the HKSAR under the Cyberport Project Agreement		**6,968**	5,178
Current income tax liabilities		**27**	31
		10,276	8,592
Net current assets		**4,300**	5,814
Total assets less current liabilities		**10,343**	11,767
Non-current liabilities			
Long-term borrowings		**2,046**	1,989
Amount payable to the Government of the HKSAR under the Cyberport Project Agreement		**—**	1,741
Deferred income tax liabilities		**357**	326
Other long-term liabilities		**31**	87
		2,434	4,143
Net assets		**7,909**	7,624
REPRESENTING:			
Issued equity		**4,321**	4,321
Reserves		**3,588**	3,303
		7,909	7,624

Notes:

1. Basis of Preparation and Accounting Policies

The unaudited condensed consolidated financial information of the Group has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA. The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2007, which have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA.

The preparation of the unaudited condensed consolidated financial information in conformity with HKAS 34 requires management to make judgments, 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.

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial information are consistent with those used in preparing the Group's annual financial statements for the year ended December 31, 2007. The following new interpretations are mandatory for the first time for the financial year beginning January 1, 2008 but are not currently relevant for the Group:

HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

2. Turnover and Segment Information

An analysis of turnover and contribution to the Group's results and capital expenditure by business segment for the six months ended June 30, is set out below:

	Property development		Property investment		Other businesses		Elimination		Consolidated	
HK$ million	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
REVENUE										
External revenue	**417**	1,940	**116**	115	**85**	45	**—**	—	**618**	2,100
Inter-segment revenue	**—**	—	**—**	—	**37**	29	**(37)**	(29)	**—**	—
Total revenue	**417**	1,940	**116**	115	**122**	74	**(37)**	(29)	**618**	2,100
RESULT										
Segment results	**33**	458	**77**	75	**15**	21	**—**	—	**125**	554
Unallocated corporate expenses									**(56)**	(22)
Interest income									**46**	150
Finance costs									**(69)**	(65)
Profit before taxation									**46**	617
Income tax									**(41)**	(11)
Profit attributable to equity holders of the Company									**5**	606
Capital expenditure incurred during the period	**1**	—	**6**	3	**2**	1	**—**	—	**9**	4

3. Profit Before Taxation

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

HK$ million	Six months ended June 30, 2008	2007
Crediting:		
Gross rental income from investment properties	**116**	115
Other rental income	**1**	1
Less: outgoings	**(11)**	(10)
Gain on disposal of subsidiaries	**4**	—
Gain on derivative financial instrument	**7**	—
Charging:		
Cost of properties sold	**308**	1,366
Depreciation	**9**	7
Amortisation of leasehold land	**4**	2
Staff costs, included in:		
- cost of sales	**32**	34
- general and administrative expenses	**59**	63
Contributions to defined contribution retirement scheme, included in:		
- cost of sales	**1**	1
- general and administrative expenses	**4**	—
Auditors' remuneration	**2**	1
Operating lease charges in respect of rental premises	**7**	2
Net foreign exchange loss	**1**	—

4. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5 per cent (2007: 17.5 per cent) on the estimated assessable profits for the period.

Taxation for overseas subsidiaries has been calculated on the estimated assessable profits for the period at the rates prevailing in the respective jurisdiction.

	Six months ended June 30,	
HK$ million	**2008**	2007
Hong Kong profits tax		
- Provision for current year	**10**	84
- Over provision in respect of prior years	**(9)**	—
Mainland China income tax		
- Provision for current year	**29**	20
Deferred income tax relating to the origination and reversal of temporary differences (note a)	**11**	(93)
	41	11

a. On March 16, 2007, the National People's Congress approved the Corporate Income Tax Law of The People's Republic of China (the "new CIT Law"). The new CIT Law reduces the corporate income tax rate applicable to the Group's operations in mainland China from 33 per cent to 25 per cent with effect from January 1, 2008. Accordingly, the deferred income tax assets and liabilities for the Group's operations in mainland China were provided at the rate of 25 per cent on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases. The effect on the change in corporate income tax rate applicable to the Group's operations in mainland China was recognised in the consolidated income statement for the six months ended June 30, 2007.

5. Dividend

	Six months ended June 30,	
HK$ million	**2008**	2007
Interim dividend declared (2007: 1.5 Hong Kong cents per ordinary share)	**—**	36

The interim dividend declared after the balance sheet date for 2007 has not been recognised as a liability as at the balance sheet date. There was no final dividend paid for 2007.

6. Earnings Per Share

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

	Six months ended June 30, 2008	2007
Earnings (HK$ million)		
Earnings for the purpose of calculating the basic earnings per share	**5**	606
Finance costs on convertible notes	**69**	65
Earnings for the purpose of calculating the diluted earnings per share	**74**	671
	Number of shares	*Number of shares*
Weighted average number of ordinary shares for the purpose of calculating the basic earnings per share	**2,407,459,873**	2,403,702,967
Effect of dilutive potential ordinary shares on conversion of convertible notes and the employee share options	**672,858,018**	680,979,128
Weighted average number of ordinary shares for the purpose of calculating the diluted earnings per share	**3,080,317,891**	3,084,682,095

The diluted earnings per share for the six months ended June 30, 2008 is the same as the basic earnings per share as all potential additional ordinary shares are anti-dilutive.

7. Trade Receivables, net

An aging analysis of trade receivables is set out below:

HK$ million	June 30, 2008	December 31, 2007
Current	**111**	330
One to three months	**209**	1
More than three months	**—**	1
	320	332

Trade receivables in respect of properties sold are payable by the purchasers pursuant to the terms of the sales contracts. Other trade receivables have a normal credit period ranges up to 30 days from the date of the invoice unless there is separate mutual agreement on extension of the credit period.

8. Trade Payables

An aging analysis of trade payables is set out below:

HK$ million	**June 30, 2008**	December 31, 2007
Current	**110**	111
One to three months	**—**	3
More than three months	**—**	—
	110	114

FINANCIAL REVIEW

Review of results

The Group recorded a consolidated turnover of approximately HK$618 million for the six months ended June 30, 2008, representing a decrease of 70.6 per cent compared with approximately HK$2,100 million for the corresponding period in 2007. The decrease in turnover was mainly a result of less revenue being recognised, as no major Bel-Air project completion occurred during the period.

The Group's consolidated gross profit for the six months ended June 30, 2008 was approximately HK$260 million, representing a decrease of 62.2 per cent from approximately HK$688 million for the same period in 2007. The drop in gross profit resulted from the decrease in turnover.

The Group recorded consolidated net profit of approximately HK$5 million for the six months ended June 30, 2008, representing a decrease of 99.2 per cent compared with approximately HK$606 million for the same period in 2007. The decrease was attributable to a decrease in turnover and lower interest income generated. Basic earnings per share during the period were 0.2 Hong Kong cents compared with 25.19 Hong Kong cents for the corresponding period in 2007.

In accordance with applicable Hong Kong Financial Reporting Standards issued by the HKICPA, revenue and profits generated from sales resulting from property development are recognised on completion and when significant risks and rewards of ownership have been transferred.

Current assets and liabilities

As at June 30, 2008, the Group held current assets of approximately HK$14,576 million (December 31, 2007: approximately HK$14,406 million), mainly comprising properties under development/held for sale, cash and bank balances, sales proceeds held in stakeholders' accounts and restricted cash. The increase in current assets was attributable to an increase in properties under development. Properties under development/held for sale in current assets have increased from approximately HK$9,133 million as at December 31, 2007 to approximately HK$9,922 million as at June 30, 2008. Cash and bank balances amounted to approximately HK$1,748 million as at June 30, 2008 (December 31, 2007: approximately HK$1,865 million). Sales proceeds held in stakeholders' accounts decreased by 31.2 per cent from approximately HK$2,425 million as at December 31, 2007 to approximately HK$1,668 million as at June 30, 2008. Restricted cash increased from approximately HK$575 million as at December 31, 2007 to approximately HK$695 million as at June 30, 2008.

Total current liabilities as at June 30, 2008 amounted to approximately HK$10,276 million compared with approximately HK$8,592 million as at December 31, 2007. The increase resulted mainly from classification of the entire amount payable to the Government of the HKSAR under the Cyberport Project Agreement as current liabilities.

Capital structure, liquidity and financial resources

As at June 30, 2008, total Group borrowings amounted to approximately HK$2,620 million, representing an increase of HK$24 million compared with approximately HK$2,596 million as at December 31, 2007. As at June 30, 2008, all the Group's long-term borrowings were from a wholly-owned subsidiary of PCCW, with a tranche B convertible note of HK$2,420 million carrying a fixed interest rate of 1 per cent per annum and becoming repayable at 120 per cent of the outstanding principal amount at maturity in 2014. Gearing ratio is not provided as all borrowings are from PCCW, the Company's majority shareholder.

As at June 30, 2008, the Group had a banking facility of approximately HK$20 million for the purpose of providing a guarantee to the HKSAR Government in relation to the Cyberport project (December 31, 2007: approximately HK$20 million).

The Group's business transactions, assets and liabilities were primarily denominated in Hong Kong dollars. Renminbi-denominated revenue and Japanese Yen-denominated revenue represented approximately 18.8 per cent and 6.3 per cent of the Group's total turnover respectively, whilst PRC assets, Thailand assets and Japan assets represented approximately 26.4 per cent, 3 per cent and 1.7 per cent of the Group's total assets respectively.

All the Group's borrowings were denominated in Hong Kong dollars. Cash and bank balances were held mainly in Hong Kong dollars, with the balance in US dollars, Renminbi, Japanese Yen and Thai Baht. As the Group has invested overseas, net assets are exposed to foreign currency translation risks. The Group's currency exposure in respect of these operations is mainly from Renminbi, Thai Baht and Japanese Yen.

Cash used for operating activities for the six months ended June 30, 2008 was approximately HK$177 million, compared with approximately HK$361 million for the same period in 2007.

Income tax

Income tax for the six months ended June 30, 2008 was approximately HK$41 million compared with approximately HK$11 million for the same period in 2007. The lower income tax in 2007 mainly resulted from the reversal of deferred income tax liabilities following the promulgation of Corporate Income Tax Law of mainland China.

Contingent liabilities

As at June 30, 2008, the Group had an outstanding performance guarantee of approximately HK$1 million granted to the HKSAR Government for certain entrustment works in relation to the Cyberport project (December 31, 2007: approximately HK$1 million).

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2008, the Group employed 427 staff, most of whom were based in Hong Kong. The Group's remuneration policies, which are in line with prevailing industry practices, have been formulated on the basis of performance and experience and are reviewed regularly. Bonuses are paid on a discretionary basis, according to individual performance and the Group's performance. The Group also provides comprehensive benefits including medical insurance, choice of provident fund or mandatory provident fund and training programmes.

The Company's share option scheme adopted on March 17, 2003 was terminated on May 13, 2005 and replaced by a new share option scheme which was adopted on May 23, 2005, following approval from PCCW's shareholders. The new share option scheme is valid and effective for a period of 10 years from the date of adoption.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended June 30, 2008 (2007: 1.5 Hong Kong cents per ordinary share).

The Board had not recommended the payment of a final dividend for the year ended December 31, 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2008, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended June 30, 2008 and has held one meeting during the period under review.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all the applicable code provisions contained in the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended June 30, 2008, except that the Chairman of the Board was unable to attend the Company's annual general meeting held on May 13, 2008 (which was required under the code provision E.1.2) as he was out of town on another engagement that was important to the Company's business.

OUTLOOK

The Hong Kong property market enjoyed stable growth on the back of low unemployment, limited supply of high-end housing, solid demand fundamentals and negative real interest rates.

The outlook for Hong Kong's high-end luxury market remains upbeat, despite the slowdown in growth in Asia Pacific resulting from global turbulence and aggressive austerity measures designed to cool mainland China's overheating economy. Conservative projections in the HKSAR Government's Half-yearly Economic Report 2008 suggested that local GDP growth for the whole of 2008 should be at the top end of the 4 per cent to 5 per cent range.

In addition, a relatively high level of investment has endured in the regional luxury property scene due to the presence of a newly-affluent section of society that has the ambition and means to invest in the most luxurious residential projects.

Development plans for luxury resorts in Hokkaido, Japan and Thailand's Phang-nga represent long-term expansion prospects for the Company, while our ONE Pacific Heights project in Hong Kong is scheduled for completion in 2009.

The Group's long-term economic outlook remains cautiously optimistic, as the management team continues to explore investment opportunities locally and regionally.

By order of the Board
Pacific Century Premium Developments Limited
Chan Ya Lai, Alice
Company Secretary

Hong Kong, August 21, 2008

The directors of the Company as at the date of this announcement are as follows:

Executive Directors:
Li Tzar Kai, Richard (Chairman); Alexander Anthony Arena (Deputy Chairman);
Lee Chi Hong, Robert (Chief Executive Officer); Lam Yu Yee; James Chan and Gan Kim See, Wendy

Independent Non-Executive Directors:
Cheung Kin Piu, Valiant; Tsang Link Carl, Brian; Prof Wong Yue Chim, Richard, SBS, JP and Dr Allan Zeman, GBS, JP

** For identification only*