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Pacific Century
Premium Developments
盈科大衍地產發展

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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2010**

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, 2010. 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 54 per cent to HK\$1,070 million
- Consolidated operating profit up 9 per cent to HK\$334 million
- Profit attributable to equity holders of the Company up 4 per cent to HK\$165 million
- Basic earnings per share 6.86 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, 2010 amounted to HK\$165 million. Basic earnings per share were 6.86 Hong Kong cents.

BUSINESS REVIEW

Property development

The revenue from the Group's property developments in Hong Kong amounted to approximately HK\$855 million in the six months ended June 30, 2010, as compared to approximately HK\$2,109 million during the same period in 2009.

In Hong Kong, houses at Villa Bel-Air are expected to be released gradually over the next few years.

In Japan, good progress has been made on the Group's all-seasons resort project, Hanazono, Hokkaido since development permit was obtained and its programme of summer activities was launched in July, 2010.

The Group signed a management contract with a top-class international hotel operator for its project in Phang-nga, southern Thailand, in June, 2010. Construction is expected to commence in 2011.

Property investment in mainland China

Covering a gross floor area of more than 169,900 square metres, the Group's investment property, Pacific Century Place, currently accommodates many multinational corporations, world-class retailers and residential tenants. Pacific Century Place enjoyed an average occupancy rate of approximately 75 per cent for the six months ended June 30, 2010.

The Group's gross rental income for the six months ended June 30, 2010 amounted to approximately HK\$107 million, as compared to approximately HK\$107 million for the same period in 2009.

Other businesses

Other businesses within the Group included facilities management, property management in Hong Kong, mainland China and Japan, as well as Hanazono all-season resort operation. The revenue from other businesses for the six months ended June 30, 2010 amounted to approximately HK\$108 million, as compared to approximately HK\$90 million for the corresponding period in 2009.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

HK\$ million	Note(s)	For the six months ended June 30,	
		2010 (Unaudited)	2009 (Unaudited)
Turnover	2	1,070	2,306
Cost of sales		<u>(552)</u>	<u>(1,924)</u>
Gross profit		518	382
General and administrative expenses		(214)	(293)
Other income		28	199
Other gains, net		<u>2</u>	<u>18</u>
Operating profit		334	306
Interest income		7	6
Finance costs		<u>(86)</u>	<u>(73)</u>
Profit before taxation	2, 3	255	239
Income tax	4	<u>(90)</u>	<u>(80)</u>
Profit attributable to equity holders of the Company		<u>165</u>	<u>159</u>
Other comprehensive income/(loss) (after taxation):			
Currency translation differences		<u>70</u>	<u>(10)</u>
Total comprehensive income		<u>235</u>	<u>149</u>
Earnings per share (expressed in Hong Kong cents per share)			
Basic	6	6.86 cents	6.63 cents
Diluted	6	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

HK\$ million	Note	June 30, 2010 (Unaudited)	December 31, 2009 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		3,897	3,866
Property, plant and equipment		194	181
Properties under development		382	356
Properties held for development		566	548
Goodwill		3	3
Other receivables		3	6
Deferred income tax assets		<u>10</u>	<u>13</u>
		<u>5,055</u>	<u>4,973</u>
Current assets			
Properties under development/held for sale		435	683
Sales proceeds held in stakeholders' accounts		1,061	1,271
Restricted cash		1,610	949
Trade receivables, net	7	329	172
Prepayments, deposits and other current assets		104	151
Amounts due from fellow subsidiaries		46	42
Amounts due from related companies		2	2
Cash and cash equivalents		<u>2,318</u>	<u>5,506</u>
		<u>5,905</u>	<u>8,776</u>

HK\$ million	Note	June 30, 2010 (Unaudited)	December 31, 2009 (Audited)
Current liabilities			
Current portion of long-term borrowings		24	24
Trade payables	8	46	45
Accruals, other payables and deferred income		1,032	1,237
Deposits received on sales of properties		21	84
Amounts due to fellow subsidiaries		2	6
Amount payable to the HKSAR Government under the Cyberport Project Agreement		1,121	833
Current income tax liabilities		<u>158</u>	<u>102</u>
		<u>2,404</u>	<u>2,331</u>
Net current assets		<u>3,501</u>	<u>6,445</u>
Total assets less current liabilities		<u>8,556</u>	<u>11,418</u>
Non-current liabilities			
Long-term borrowings		2,306	2,241
Deferred income tax liabilities		<u>282</u>	<u>266</u>
		<u>2,588</u>	<u>2,507</u>
Net assets		<u><u>5,968</u></u>	<u><u>8,911</u></u>
REPRESENTING:			
Issued equity		4,321	4,321
Reserves		<u>1,647</u>	<u>4,590</u>
		<u><u>5,968</u></u>	<u><u>8,911</u></u>

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, 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) 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.

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, 2009, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards, HKASs and interpretations (“new HKFRS”) which are effective for the annual period beginning on January 1, 2010:

Standards, amendments and interpretations effective from January 1, 2010 adopted by the Group but have no significant impact on the Group’s financial statements

HKAS 1	Current/Non-current Classification of Convertible Instruments
HKAS 7	Classification of Expenditures on Unrecognised Assets
HKAS 17	Classification of Leases of Land and Buildings and Consequential amendment to HK-Int 4 – Determining whether an Arrangement contains a Lease
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 36	Unit of Accounting for Goodwill Impairment Test
HKAS 38	Additional Consequential Amendments arising from HKFRS 3 (Revised) and Measuring Fair Value of an Intangible Asset acquired in Business Combination
HKAS 39	Treating Loan Prepayment Penalties as Closely Related Derivatives, Cash Flow Hedge Accounting, Scope Exemption for Business Combination Contracts
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 2	Share-based Payment
HKFRS 3 (Revised)	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations
HKFRS 8	Disclosure of Information about Segment Assets
HK(IFRIC)-Int 9 and HKFRS 3 (Revised)	Reassessment of Embedded Derivatives and Business Combination
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC)-Int 18	Transfer of Assets from Customers

2. Turnover and Segment Information

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

HK\$ million	Property development in Hong Kong		Property investment in mainland China		Other businesses (note a)		Elimination		Consolidated	
For the six months ended June 30,	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	855	2,109	107	107	108	90	—	—	1,070	2,306
Inter-segment revenue	—	—	—	—	4	37	(4)	(37)	—	—
Reportable segment revenue	<u>855</u>	<u>2,109</u>	<u>107</u>	<u>107</u>	<u>112</u>	<u>127</u>	<u>(4)</u>	<u>(37)</u>	<u>1,070</u>	<u>2,306</u>
Interest income	—	2	3	2	—	—	—	—	3	4
Unallocated interest income									<u>4</u>	<u>2</u>
Consolidated interest income									<u>7</u>	<u>6</u>
Finance costs	—	—	—	—	—	—	—	—	—	—
Unallocated finance costs									<u>86</u>	<u>73</u>
Consolidated finance costs									<u>86</u>	<u>73</u>
Depreciation and amortisation	1	1	7	6	9	10	—	—	17	17
Unallocated depreciation and amortisation									<u>4</u>	<u>2</u>
Consolidated depreciation and amortisation									<u>21</u>	<u>19</u>
(Reversal of)/Provision for impairment losses	<u>(33)</u>	<u>8</u>	<u>—</u>	<u>—</u>	<u>1</u>	<u>1</u>	<u>—</u>	<u>—</u>	<u>(32)</u>	<u>9</u>
Profit/(loss) before taxation	381	378	58	60	(8)	(18)	—	—	431	420
Unallocated corporate expenses									<u>(176)</u>	<u>(181)</u>
Consolidated profit before taxation									<u>255</u>	<u>239</u>
Income tax	61	57	14	12	13	8	—	—	88	77
Unallocated income tax									<u>2</u>	<u>3</u>
Consolidated income tax									<u>90</u>	<u>80</u>

2. Turnover and Segment Information (Cont'd)

HK\$ million	Property development in Hong Kong		Property investment in mainland China		Other businesses (note a)		Elimination		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
For the six months ended June 30,										
Addition to non-current segment assets during the period	—	—	14	14	22	44	—	—	36	58
Unallocated addition									<u>6</u>	<u>3</u>
Consolidated addition to non-current segment assets during the period									<u>42</u>	<u>61</u>
HK\$ million	Property development in Hong Kong		Property investment in mainland China		Other businesses (note a)		Elimination		Consolidated	
	Dec- June 30, 2010	ember 31, 2009	Dec- June 30, 2010	ember 31, 2009	Dec- June 30, 2010	ember 31, 2009	Dec- June 30, 2010	ember 31, 2009	Dec- June 30, 2010	ember 31, 2009
Segment assets	3,463	3,113	4,414	4,323	1,248	1,204	—	—	9,125	8,640
Unallocated corporate assets									<u>1,835</u>	<u>5,109</u>
Consolidated total assets									<u>10,960</u>	<u>13,749</u>
Segment liabilities	2,194	2,092	341	322	55	65	—	—	2,590	2,479
Unallocated corporate liabilities									<u>2,402</u>	<u>2,359</u>
Consolidated total liabilities									<u>4,992</u>	<u>4,838</u>

- (a) Revenue from segments below the quantitative thresholds are attributable to seven operating segments of the Group. Those segments include property development in Thailand and Japan, property management in Hong Kong, mainland China and Japan, facilities management and Hanazono all-season resort operation. None of these segments has ever met any of the quantitative thresholds for determining reportable segments.

3. Profit Before Taxation

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

HK\$ million	Six months ended June 30,	
	2010	2009
Crediting:		
Gross rental income from investment properties	108	107
Other rental income	—	5
Less: outgoings	(11)	(12)
Other income from deposits forfeited	18	198
Charging:		
Cost of properties sold	493	1,863
Depreciation	21	18
Amortisation of leasehold land	—	1
Staff costs, included in:		
- cost of sales	29	36
- general and administrative expenses	69	93
Contributions to defined contribution retirement schemes, included in:		
- cost of sales	1	1
- general and administrative expenses	5	4
Auditors' remuneration	2	2
Operating lease rental of land and buildings, included in:		
- cost of sales	—	2
- general and administrative expenses	23	20
Operating lease rental of equipment	1	1
(Reversal of)/Provision for impairment of trade receivables	(33)	8
Net foreign exchange gain	<u>(5)</u>	<u>—</u>

4. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5 per cent (2009: 16.5 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 jurisdictions.

HK\$ million	Six months ended June 30,	
	2010	2009
Hong Kong profits tax		
- Provision for current year	58	68
- Under provision in respect of prior years	7	1
Overseas income tax		
- Provision for current year	8	2
- Over provision in respect of prior years	—	(1)
Deferred income tax relating to the origination and reversal of temporary differences	<u>17</u>	<u>10</u>
	<u>90</u>	<u>80</u>

5. Dividend

HK\$ million	Six months ended June 30,	
	2010	2009
Interim dividend declared (2009: Nil)	<u>—</u>	<u>—</u>

Special dividend of HK\$3,178 million for 2009, which comprised HK\$1.32 per ordinary share was paid by the Company on May 17, 2010.

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,	
	2010	2009
Earnings (HK\$ million)		
Earnings for the purpose of calculating the basic earnings per share	165	159
Finance costs on convertible notes	<u>77</u>	<u>73</u>
Earnings for the purpose of calculating the diluted earnings per share	<u>242</u>	<u>232</u>
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares for the purpose of calculating the basic earnings per share	2,407,459,873	2,407,459,873
Effect of dilutive potential ordinary shares on conversion of convertible notes and the employee share options	<u>672,222,222</u>	<u>672,222,222</u>
Weighted average number of ordinary shares for the purpose of calculating the diluted earnings per share	<u>3,079,682,095</u>	<u>3,079,682,095</u>

The diluted earnings per share for the six months ended June 30, 2010 and June 30, 2009 are 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:

	June 30,	December 31,
HK\$ million	2010	2009
Current	327	13
One to three months	2	—
More than three months	<u>—</u>	<u>192</u>
	329	205
Less: Provision for impairment	<u>—</u>	<u>(33)</u>
	<u>329</u>	<u>172</u>

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, 2010	December 31, 2009
Current	45	13
One to three months	—	32
More than three months	<u>1</u>	<u>—</u>
	<u>46</u>	<u>45</u>

FINANCIAL REVIEW

Review of results

The Group recorded a consolidated turnover of approximately HK\$1,070 million for the six months ended June 30, 2010, representing a decrease of 54 per cent as compared to approximately HK\$2,306 million for the corresponding period in 2009. The reason for the decrease in turnover was that the revenue from the sales of a major phase of Bel-Air was recognised last year.

The Group's consolidated gross profit for the six months ended June 30, 2010 was approximately HK\$518 million, representing an increase of 36 per cent from the gross profit of approximately HK\$382 million for the same period in 2009. The increase in consolidated gross profit was a result of the fact that sales recognised during the period had higher gross profit.

The Group's consolidated operating profit was approximately HK\$334 million for the six months ended June 30, 2010, as compared to approximately HK\$306 million for the corresponding period in 2009.

The Group recorded a consolidated net profit of approximately HK\$165 million for the six months ended June 30, 2010, representing an increase of 4 per cent as compared to approximately HK\$159 million for the same period in 2009. The increase was attributable to the increase in gross profit. Basic earnings per share during the period were 6.86 Hong Kong cents compared with 6.63 Hong Kong cents for the corresponding period in 2009.

In accordance with applicable HKFRS issued by the HKICPA, revenue and profits from the sale of property development are recognised on completion of development when the inflow of economic benefits associated with the property sales transactions is assessed to be probable and significant risks and rewards of ownership have been transferred.

Current assets and liabilities

As at June 30, 2010, the Group held current assets of approximately HK\$5,905 million (December 31, 2009: HK\$8,776 million), mainly comprising properties under development/held for sale, cash and bank balances, sales proceeds held in stakeholders' accounts and restricted cash. The decrease in current assets was attributable to a decrease in cash and bank balances. Properties under development/held for sale in current assets decreased from approximately HK\$683 million as at December 31, 2009 to approximately HK\$435 million as at June 30, 2010. Cash and bank balances amounted to approximately HK\$2,318 million as at June 30, 2010 (December 31, 2009: HK\$5,506 million). Sales proceeds held in stakeholders' accounts decreased by 17 per cent from approximately HK\$1,271 million as at December 31, 2009 to approximately HK\$1,061 million as at June 30, 2010. Restricted cash increased from approximately HK\$949 million as at December 31, 2009 to approximately HK\$1,610 million as at June 30, 2010.

The Group's total current liabilities as at June 30, 2010 amounted to approximately HK\$2,404 million, as compared to approximately HK\$2,331 million as at December 31, 2009.

Capital structure, liquidity and financial resources

As at June 30, 2010, the Group's borrowings amounted to approximately HK\$2,728 million, representing an increase of HK\$24 million amortised redemption premium as compared to total borrowings of HK\$2,704 million as at December 31, 2009. As at June 30, 2010, the Group's long-term borrowings comprised the RMB10 million loan from a bank due on September 24, 2012 and the tranche B convertible note of HK\$2,420 million from PCCW group, 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. As the tranche B convertible note of HK\$2,420 million is from the Company's major shareholder, PCCW Limited, it is not included in the total debt for calculating the debt-to-equity ratio of the Group. As at June 30, 2010, the debt-to-equity ratio excluding the tranche B convertible note was 0.2 per cent (December 31, 2009: 0.1 per cent).

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 10 per cent and 6 per cent of total Group's turnover respectively, while PRC assets, Thailand assets and Japan assets represented approximately 41 per cent, 5 per cent and 5 per cent of the Group's total assets respectively.

All the Group's borrowings were denominated in Hong Kong dollars and Renminbi. Cash and bank balances were held mainly in Hong Kong dollars and US dollars, with the remaining balance in Renminbi, Thai Baht and Japanese Yen. As

the Group has certain investments in foreign operations, 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.

The Group generated approximately HK\$12 million in cash from its operating activities during the six months ended June 30, 2010, while it generated approximately HK\$1,626 million in cash from its operating activities during the same period in 2009.

Income tax

Income tax for the six months ended June 30, 2010 was approximately HK\$90 million as compared to approximately HK\$80 million for 2009.

Charge on assets

As of June 30, 2010, certain assets of the Group with an aggregate carrying value of approximately HK\$3,870 million (December 31, 2009: HK\$3,839 million) were pledged to secure banking facilities of the Group.

Contingent liabilities

(i) One of the indirect wholly-owned subsidiaries has given a guarantee to one of its lessees such that in case the alteration of its properties could not be carried out in order to allow the expansion of the existing leased areas of the lessee, the indirect wholly-owned subsidiary would purchase the refurbishment at the carrying value from the lessee, provided that the lessee serves termination notice due to the aforesaid reason. The refurbishment expenditures to be incurred by the lessee would not be less than RMB8 million and not more than RMB10 million. As at June 30, 2010, the lessee did not incur any cost on refurbishment.

(ii) As disclosed in the Company's announcement dated May 23, 2010, under the Cyberport Project Agreement, a Development Maintenance Account (the "DMA Account") was established for the provision of funds ("DMA Amount") for the upkeep and maintenance of certain facilities commonly available to both tenants and visitors at the commercial portion of the Cyberport project (please refer to note 3(b)(i) to the 2009 Financial Statements).

The Group has been in discussions with the HKSAR Government and Hong Kong Cyberport Management Company Limited ("HKCMCL") concerning the purported final assessment of the DMA Amount made by HKCMCL under the terms of the Cyberport Project Agreement. By that assessment, HKCMCL purported to increase the level of funding of the DMA Account from HK\$500 million to approximately HK\$1,700 million. On May 20, 2010, HKCMCL commenced legal proceedings against Cyber-Port Limited (an indirect wholly-owned subsidiary of the Company and hereinafter "CPL") by way of originating summons (the "Originating Summons") in which it sought declarations as to its purported final assessment. On May 22, 2010, CPL and PCCW responded to the filing of the Originating Summons by commencing legal proceedings by way of writ against HKCMCL and its affiliates, Hong Kong Cyberport Development Holdings Limited and Hong Kong Cyberport (Ancillary Development) Limited, seeking orders to quash the purported final assessment of the DMA Amount and the purported auditors' certificate issued in relation to same and damages. CPL and PCCW have made applications to the Court to consolidate the Originating Summons proceedings into the writ action if it is not withdrawn or stayed.

No judgment in the legal proceedings has been made yet. The directors have taken legal advice and sought expert opinions on various matters relevant to the claims. They are of the opinion that the provisional assessment of HK\$500 million would be adequate for the purpose of the final assessment of the DMA Amount, and the liability to contribute additional funds to the DMA Account is remote.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2010, the Group employed 461 staff, most of whom were based in Hong Kong. The Group's remuneration policies are in line with prevailing industry practices. They have been formulated on the basis of performance and experience, and they are reviewed regularly. Bonuses are paid on a discretionary basis, according to the performance of individual employees and the Group as a whole. The Group also provides comprehensive employee benefits, including medical insurance, a choice of provident fund or mandatory provident fund and training programmes.

The share option scheme that the Company adopted on March 17, 2003 was terminated on May 13, 2005. It was replaced by a new share option scheme, which was adopted on May 23, 2005, following its approval by PCCW's

shareholders. The new share option scheme is valid and effective for a period of 10 years from the date of its adoption.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended June 30, 2010 (2009: Nil).

The Board did not recommend the payment of a final dividend for the year ended December 31, 2009.

The Board had recommended and paid a special dividend of HK\$1.32 per ordinary share for the year ended December 31, 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2010, 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 Company's Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended June 30, 2010 and has held one meeting during the period under review.

PUBLIC FLOAT

Based on information that was available to the Company, as at the date of this announcement, the percentage of shares held by the public was approximately 17.43 per cent, which was below the minimum percentage prescribed under Rule 8.08 (the "Minimum Prescribed Percentage") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The shortfall arose as the current shareholding of Elliott Capital Advisors, L.P. (through certain entities it controlled) was approximately 21.04 per cent of the issued share capital in the Company and was hence a substantial shareholder and a connected person of the Company. The Company will take steps to restore its public holdings to the Minimum Prescribed Percentage as soon as practicable. Further announcement will be made in due course once there is concrete progress in the restoration of the public float of the Company.

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 Listing Rules for the six months ended June 30, 2010, except that the Chairman of the Board was unable to attend the Company's annual general meeting held on May 10, 2010 (which was required under the code provision E.1.2) as he needed to attend overseas business meeting of the Company.

OUTLOOK

The global economic recovery proceeded quite well during the early months of 2010, and it has remained on track in most respects, despite that there are growing concerns that the European debt crisis might create obstacles to further growth. The local property market also gained momentum during the first quarter, although it has become steadier, following the HKSAR government's introduction of a series of measures to optimise its transparency and access to information.

The Group remains cautiously optimistic concerning the outlook for the property market, especially the luxury residential sector, which is underpinned by a number of positive factors, such as the improving job market and better incomes and job prospects, as well as low interest rates, recent better-than-expected auction results for sites in premium districts, and the limited supply of new properties.

Houses at Villa Bel-Air in Hong Kong will continue to be our focus and relevant sales will proceed in phases over the next few years. The Group is confident that these will achieve favourable prices, since they are limited in number and they are expected to be highly sought-after. The prospect of the Renminbi's appreciation will also encourage more mainland China buyers to snap up premium properties in Hong Kong.

Meanwhile, the Group is stepping up for the development and creating marketing plans for its world-class all-season resort development projects in Hokkaido, Japan, and Phang-nga, southern Thailand.

In conclusion, the Group will continue to pursue opportunities worldwide in order to increase its profitability and create greater value for its shareholders, regardless of the volatile market environment in which it operates.

By order of the Board
Pacific Century Premium Developments Limited
Cheng Wan Seung, Ella
Company Secretary

Hong Kong, August 13, 2010

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; Prof Wong Yue Chim, Richard, SBS, JP; and Dr Allan Zeman, GBS, JP.

** For identification only*