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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, 2013

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, 2013. 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").

SUMMARY

- Consolidated turnover decreased by 41 per cent to approximately HK$499 million
- Consolidated operating profit increased by 33 per cent to approximately HK$216 million
- Profit attributable to equity holders of the Company amounted to approximately HK$31 million
- Basic earnings per share: 1.94 Hong Kong cents
- The Board did not declare an interim dividend

Profit for the first half of 2013

The Group's unaudited profit attributable to equity holders of the Company for the six months ended June 30, 2013 amounted to approximately HK$31 million (basic earnings per share: 1.94 Hong Kong cents).

BUSINESS REVIEW

Property development

The Group's revenue from property development in Hong Kong for the six months ended June 30, 2013 amounted to approximately HK$283 million as compared to approximately HK$636 million for the corresponding period in 2012.

In Hong Kong, the Group has sold all of the remaining houses at Villa Bel-Air. The revenue and profit from the sale of such houses have been recognised in accordance with the appropriate accounting standards.

In the first half of 2013, the seventeenth batch and the eighteenth batch of the net surplus proceeds from the Cyberport project, approximately HK$691 million in total, were allocated between the Government of the Hong Kong Special Administrative Region ("HKSAR Government") and the Group in accordance with the Cyberport Project Agreement. As a result, the HKSAR Government received approximately HK$446 million while the Group retained approximately HK$245 million during the period under review.

As for the Group's overseas projects, the progress of the detailed designs of Hanazono all-season resort project in Hokkaido, Japan, is on schedule. As for the project in Phang-nga, Southern Thailand, the master plan for the project has reached an advanced stage.

Property investment in Mainland China

The Group's investment property, namely, Pacific Century Place ("PCP Beijing"), is located at a premium location in Beijing, China. The gross floor area being let by the Group is approximately 169,900 square metres ("lettable area") and the tenants of the property comprise corporations, retailers and residential tenants. The average occupancy rate of the property based on the lettable area was approximately 61 per cent for the six months ended June 30, 2013 which has taken into account the increase in vacant space upon the expiry of the lease of the department store at the property.

The Group's gross rental income of such investment property amounted to approximately HK$119 million for the six months ended June 30, 2013, as compared to approximately HK$119 million for the corresponding period in 2012.

All-season recreation activities in Japan

The Group's revenue from the all-season recreation activities in Niseko, Hokkaido, Japan, for the six months ended June 30, 2013 amounted to approximately HK$53 million as compared to approximately HK$52 million for the corresponding period in 2012.

Other businesses

Other businesses of the Group mainly include property management in Hong Kong and Japan and property investment and facilities management in Hong Kong. The revenue from these other businesses amounted to approximately HK$44 million for the six months ended June 30, 2013, as compared to approximately HK$41 million for the corresponding period in 2012.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

HK$ million	Note(s)	For the six months ended June 30, 2013 (Unaudited)	2012 (Unaudited)
Turnover	2, 3	**499**	848
Cost of sales		**(270)**	(480)
Gross profit		**229**	368
General and administrative expenses		**(241)**	(222)
Other income		**2**	—
Other (losses) / gain, net		**(4)**	11
Surplus on revaluation of investment properties		**230**	5
Operating profit		**216**	162
Interest income		**11**	14
Finance costs		**(109)**	(95)
Profit before taxation	3	**118**	81
Income tax	4	**(87)**	(52)
Profit attributable to equity holders of the Company		**31**	29
Other comprehensive loss:			
Items that may be reclassified to profit or loss			
Currency translation differences:			
Exchange differences on translating foreign operations		**(8)**	(69)
Total comprehensive income / (loss)		**23**	(40)
Earnings per share (expressed in Hong Kong cents per share)			
Basic	6	**1.94 cents**	1.32 cents
Diluted	6	**1.94 cents**	1.32 cents

CONDENSED CONSOLIDATED BALANCE SHEET

HK$ million	Note	As at June 30, 2013 (Unaudited)	As at December 31, 2012 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**6,214**	5,883
Property, plant and equipment		**195**	235
Properties under development		**432**	490
Properties held for development		**676**	678
Intangible asset		**22**	20
Goodwill		**3**	4
Derivative financial instrument		**—**	4
Other financial assets		**1**	1
Other receivables		**2**	2
		7,545	7,317
Current assets			
Properties held for sale		**—**	215
Sales proceeds held in stakeholders' accounts		**550**	678
Restricted cash		**1,029**	1,319
Trade receivables, net	7	**17**	23
Prepayments, deposits and other current assets		**442**	138
Amounts due from fellow subsidiaries		**3**	3
Amounts due from related companies		**3**	2
Other financial assets		**2**	1
Short-term deposits		**5**	—
Cash and cash equivalents		**2,046**	829
		4,097	3,208

HK$ million	Note	**As at June 30, 2013 (Unaudited)**	As at December 31, 2012 (Audited)
Current liabilities			
Current portion of long-term borrowings		**2,761**	24
Trade payables	8	**5**	15
Accruals, other payables and deferred income		**296**	329
Deposits received on sales of properties		**—**	28
Amounts due to fellow subsidiaries		**2**	14
Amount payable to the HKSAR Government under the Cyberport Project Agreement		**509**	959
Current income tax liabilities		**4**	8
		3,577	1,377
Net current assets		**520**	1,831
Total assets less current liabilities		**8,065**	9,148
Non-current liabilities			
Long-term borrowings		**1,466**	2,657
Other payables		**1**	1
Deferred income tax liabilities		**881**	796
		2,348	3,454
Net assets		**5,717**	5,694
REPRESENTING:			
Issued equity		**2,836**	2,836
Reserves		**2,881**	2,858
		5,717	5,694

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, 2012, 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, 2012.

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, 2012, 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, 2013:

Standards and amendments effective from January 1, 2013 adopted by the Group but have no significant impact on the Group's financial statements

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 19 (Amendment)	Employee Benefits
HKAS 27	Separate Financial Statements
HKAS 28	Investment in Associates and Joint Ventures
HKFRS 1 (Amendment)	Government Loan
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement

2. Turnover and Segment Information

An analysis of turnover and information regarding the Group's reportable segments as provided to the Group's 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		All-season recreation activities in Japan (note a)		Other businesses (notes a and b)		Elimination		Consolidated	
For the six months ended June 30,	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Revenue												
Revenue from external customers	**283**	636	**119**	119	**53**	52	**44**	41	**—**	—	**499**	848
Inter-segment revenue	**—**	—	**—**	—	**—**	—	**1**	1	**(1)**	(1)	**—**	—
Reportable segment revenue	**283**	636	**119**	119	**53**	52	**45**	42	**(1)**	(1)	**499**	848
Results												
Segment results before taxation	**51**	181	**285**	71	**1**	(7)	**(6)**	3	**—**	—	**331**	248
Unallocated corporate expenses											**(213)**	(167)
Consolidated segment results before taxation											**118**	81
Other information												
Addition to non-current segment assets during the period	**—**	—	**11**	17	**—**	—	**12**	45	**—**	—	**23**	62
Unallocated addition											**1**	11
Consolidated addition to non-current segment assets during the period											**24**	73

2. Turnover and Segment Information (Cont'd)

HK$ million	Property development in Hong Kong		Property investment in Mainland China		All-season recreation activities in Japan (note a)		Other businesses (notes a and b)		Consolidated	
As at	**June, 30, 2013**	December, 31, 2012	**June, 30, 2013**	December, 31, 2012	**June, 30, 2013**	December, 31, 2012	**June, 30, 2,013**	December, 31, 2012	**June, 30, 2013**	December, 31, 2012
Segment assets	**1,571**	2,236	**6,719**	6,498	**88**	100	**1,301**	1,402	**9,679**	10,236
Unallocated corporate assets									**1,963**	289
Consolidated total assets									**11,642**	10,525
Segment liabilities	**676**	1,167	**943**	861	**4**	13	**43**	45	**1,666**	2,086
Unallocated corporate liabilities									**4,259**	2,745
Consolidated total liabilities									**5,925**	4,831

(a) The segment for all-season recreation activities in Japan has met the quantitative thresholds during the period ended June 30, 2013, therefore it is separately disclosed and its comparative figures have been restated. It was included in other businesses for the year ended December 31, 2012.

(b) Revenues from segments below the quantitative thresholds are attributable to six operating segments of the Group. Those segments include property management in Hong Kong and Japan and property investment and facilities management in Hong Kong while property developments in Thailand and Japan have not commenced revenue generation yet. None of these segments have 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, **2013**	2012
Crediting:		
Gross rental income from investment properties	**120**	119
Other rental income	**7**	11
Less: outgoings	**(18)**	(19)
Surplus on revaluation of investment properties	**230**	5
Charging:		
Cost of properties sold	**220**	436
Depreciation	**21**	24
Staff costs, included in:		
- cost of sales	**12**	11
- general and administrative expenses	**79**	72
Contributions to defined contribution retirement schemes	**4**	4
Auditor’s remuneration	**3**	2
Operating lease rental of land and buildings, included in:		
- cost of sales	**3**	7
- general and administrative expenses	**23**	24
Operating lease rental of equipment	**1**	2
Net foreign exchange loss	**—**	6

4. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5 per cent (2012: 16.5 per cent) on the estimated assessable profits for the period.

Taxation for Mainland China and 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, **2013**	2012
Current income tax		
Hong Kong profits tax	**10**	29
Income tax outside Hong Kong	**5**	5
Deferred income tax		
Change in fair value of investment properties	**58**	1
Other origination and reversal of temporary differences	**14**	17
	87	52

5. Dividend

HK$ million	Six months ended June 30, **2013**	2012
Interim dividend declared (2012: Nil)	**—**	—

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,	
	2013	2012
Earnings (HK$ million)		
Earnings for the purpose of calculating the basic earnings per share	**31**	29
Finance costs on 2014 Convertible Note recognised in the consolidated statement of comprehensive income	**91**	87
Earnings for the purpose of calculating the diluted earnings per share	**122**	116
	Number of shares	*Number of shares*
Weighted average number of ordinary shares for the purpose of calculating the basic earnings per share	**1,582,775,022**	2,186,110,175
Effect of dilutive potential ordinary shares on conversion of 2014 Convertible Note and the employee share options	**672,906,941**	672,222,222
Weighted average number of ordinary shares for the purpose of calculating the diluted earnings per share	**2,255,681,963**	2,858,332,397

The weighted average number of ordinary shares for the six months ended June 30, 2012 for the purpose of calculating the basic and diluted earnings per share has been retrospectively adjusted for the issuance of bonus shares and bonus convertible notes at four (4) bonus shares for every one (1) issued ordinary share and the five-to-one share consolidation which took place on June 22, 2012 and June 25, 2012 respectively.

Pursuant to the terms of the applicable deed poll, the bonus convertible notes will confer upon the holders the same economic interests attached to the bonus shares. The aggregated amount of HK$592,553,354.40 outstanding bonus convertible notes which could be converted into 1,185,106,708 fully paid ordinary shares of HK$0.50 each is included in the weighted average number of ordinary shares for calculating the basic earnings per share for the six months ended June 30, 2013 and June 30, 2012.

The diluted earnings per share for the six months ended June 30, 2013 and June 30, 2012 are the same as the basic earnings per share as potential additional ordinary shares together are anti-dilutive.

7. Trade Receivables, net

An aging analysis of trade receivables is set out below:

HK$ million	**As at June 30, 2013**	As at December 31, 2012
Current	**10**	20
One to three months	**3**	2
More than three months	**6**	3
	19	25
Less: Provision for impairment	**(2)**	(2)
	17	23

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 of 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	**As at June 30, 2013**	As at December 31, 2012
Current	**4**	15
One to three months	**—**	—
More than three months	**1**	—
	5	15

FINANCIAL REVIEW

Review of results

The consolidated turnover of the Group was approximately HK$499 million for the six months ended June 30, 2013, representing a decrease of approximately 41 per cent from approximately HK$848 million for the corresponding period in 2012. Such decrease was due to decrease in the revenue from property sale in the first half of 2013.

The Group's consolidated gross profit for the six months ended June 30, 2013 was approximately HK$229 million, representing a decrease of approximately 38 per cent from approximately HK$368 million for the corresponding period in 2012. The decrease in consolidated gross profit was a result of the decrease in turnover.

The general and administrative expenses were approximately HK$241 million for the six months ended June 30, 2013, representing an increase of 9 per cent from approximately HK$222 million for the corresponding period in 2012, mainly due to the increase in staff costs and legal and professional fees incurred during the period.

The Group's consolidated operating profit for the six months ended June 30, 2013 increased to approximately HK$216 million, as compared to approximately HK$162 million for the corresponding period in 2012, as the increase in fair value of investment properties recorded for the six months ended June 30, 2013 amounted to approximately HK$230 million which was higher than the HK$5 million recorded for the corresponding period in 2012.

As a result, the Group recorded a consolidated net profit after taxation of approximately HK$31 million for the six months ended June 30, 2013, as compared to approximately HK$29 million for the corresponding period in 2012. Basic earnings per share during the period under review were 1.94 Hong Kong cents, as compared to 1.32 Hong Kong cents for the corresponding period in 2012.

Current assets and liabilities

As at June 30, 2013, the Group held current assets of approximately HK$4,097 million (December 31, 2012: HK$3,208 million), mainly comprising cash and cash equivalents, sales proceeds held in stakeholders' accounts, restricted cash and prepayments, deposits and other current assets. The increase in current assets reflects the increase in cash and bank deposits; such increase was mainly attributable to the fact that term loans in the aggregate of HK$1,500 million have been drawn down during the period. Cash and cash equivalents amounted to approximately HK$2,046 million as at June 30, 2013 (December 31, 2012: HK$829 million). The amount of sales proceeds held in stakeholders' accounts decreased by approximately 19 per cent from HK$678 million as at December 31, 2012 to approximately HK$550 million as at June 30, 2013. Restricted cash decreased from approximately HK$1,319 million as at December 31, 2012 to approximately HK$1,029 million as at June 30, 2013. A deposit for the amount of approximately HK$357 million, which was paid for the purchase of a plot of land located in Jakarta, Indonesia, during the period was included under "Prepayments, deposits and other current assets" (please refer to announcement dated May 23, 2013).

As at June 30, 2013 the Group's total current liabilities amounted to approximately HK$3,577 million, as compared to approximately HK$1,377 million as at December 31, 2012. Such increase arose because the 2014 Convertible Note held by PCCW-HKT Partners Limited (a wholly-owned subsidiary of PCCW Limited) ("PCCW-HKT") would expire within 12 months from the balance sheet date of June 30, 2013, as such the financial liability for the 2014 Convertible Note has been reclassified from non-current liabilities to current liabilities.

Capital structure, liquidity and financial resources

As at June 30, 2013, the Group's borrowings amounted to approximately HK$4,363 million as compared to the total borrowings of HK$2,839 million as at December 31, 2012. The increase was caused by (i) the drawdown of term loans in the aggregate of HK$1,500 million under the loan facility which was granted under the Facility Agreement dated October 8, 2012 (please refer to the announcement dated October 8, 2012), and (ii) the recognition of amortised redemption premiums of HK$24 million for the 2014 Convertible Note held by PCCW-HKT for the principal of HK$2,420 million. As at June 30, 2013, the Group's borrowings comprised (1) the 2014 Convertible Note which (a) carries a fixed interest rate of 1 per cent per annum and (b) will become repayable at 120 per cent of the outstanding principal amount at maturity in May 2014; and (2) bank loan of HK$1,500 million. As the 2014 Convertible Note is held by a subsidiary of the Company's major shareholder, it has not been included as part of the total debt for the calculation of the net debt-to-equity ratio of the Group. As at June 30, 2013, the net debt-to-equity ratio (excluding such 2014 Convertible Note) was not provided (as at December 31, 2012: not provided). Net debt refers to the principal amount of borrowings minus the aggregate of (i) cash and cash equivalents and (ii) certain restricted cash. If such 2014 Convertible Note is not converted in full prior to the due date on May 9, 2014 and the redemption amount is not fully paid, the amount due under it on such due date could be financed by the 2019 Convertible Note subscribed by PCCW-HKT under the subscription agreement made on March 2, 2012 as approved by independent shareholders at the special general meeting of May 2, 2012.

The Group's business transactions, assets and liabilities were mainly denominated in Hong Kong dollars. Revenue denominated in Renminbi and Japanese Yen accounted for approximately 25 per cent and 13 per cent of the Group's total turnover respectively. The assets of the Group in Mainland China, Thailand and Japan represented approximately 58 per cent, 6 per cent and 5 per cent of the Group's total assets respectively.

All of the Group's borrowings were denominated in Hong Kong dollars. Cash and bank deposits were held mainly in US dollars, Renminbi and Hong Kong dollars, and the remainder were in Thai Baht and Japanese Yen. As the Group had certain foreign operations, its net assets were exposed to the risk of foreign currency exchange rate fluctuation. The Group's currency exchange rate exposure with respect to these operations is mainly relating to Renminbi, Thai Baht and Japanese Yen.

Cash generated from operating activities in the six months ended June 30, 2013 was approximately HK$83 million, while cash used in its operating activities for the corresponding period in 2012 was approximately HK$142 million.

Income tax

The Group's income tax for the six months ended June 30, 2013 was approximately HK$87 million, as compared to approximately HK$52 million for the corresponding period in 2012. The increase of income tax was mainly a result of increase in deferred tax recognised on the revaluation surplus of investment properties.

Charge on assets

As at June 30, 2013, certain assets of the Group with an aggregate carrying value of approximately HK$6,177 million (December 31, 2012: HK$5,831 million) were pledged to banks to secure banking facilities and bank guarantee for the Group.

Contingent liabilities

An indirect wholly-owned subsidiary of the Company has agreed to make reimbursement to one of its lessees such that in case the alteration of the premises that lessee leases at PCP Beijing could not be carried out in order to allow for the expansion of the existing leased premises of the lessee, that subsidiary would purchase from the lessee the refurbishment assets at the premises at carrying value, subject to a maximum of RMB10 million, provided that the lessee serves termination notice due to the aforesaid reason. As at the reporting date, the estimated carrying value of the refurbishment assets is approximately RMB5 million.

An indirect wholly-owned subsidiary of the Company has given a bank guarantee to a third party in respect of construction work for a maximum amount of RMB4 million.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2013, the Group employed a total number of 360 staff in Hong Kong and 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 share option scheme that the Company adopted on March 17, 2003 ("2003 Share Option Scheme") was terminated and was replaced by the new share option scheme ("New Share Option Scheme") adopted at the Company's annual general meeting held on May 13, 2005. The New Share Option Scheme became effective 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 while the outstanding options granted before the adoption of the New Share Option Scheme would continue to apply the terms of the 2003 Share Option Scheme until the expiry of such outstanding options.

DIVIDEND

The Board did not declare an interim dividend to shareholders and interim distribution to bonus convertible noteholders for the six months ended June 30, 2013 (2012: Nil).

The Board did not recommend the payment of a final dividend for the year ended December 31, 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2013, 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 financial statements for the six months ended June 30, 2013 and has held one meeting during the period under review.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all relevant code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months period ended June 30, 2013.

OUTLOOK

The US employment data for the first half of 2013 were better than expected; because of that there is an increasing chance that the Federal Reserve would start to cut back on its massive monetary stimulus, i.e. the so-called quantitative easing, as soon as the third quarter. Investors around the world are getting nervous about the likelihood of the tightening of liquidity; and that has resulted in recent fluctuations in the global equity markets. However, improvement of the US economy will benefit the world's economic growth in the long run.

In Asia, Japan's economy has improved to some extent, despite the critics' doubts on the long-term effectiveness of the stimulus measures taken by the Japanese government. The depreciation of Japanese Yen has made premium-grade properties in the country more attractive among overseas buyers. Meanwhile, the momentum of Southeast Asia's growth is forecast to continue in the years ahead.

To strengthen its presence in the Asia Pacific region, the Group has in May 2013 entered into a Land Sale and Purchase Agreement with an independent third party to acquire a plot of land in the Sudirman Central Business District of Jakarta, Indonesia. The Land Sale and Purchase Agreement was completed on July 24, 2013. The Group plans to invest up to approximately US$400 million (i.e. approximately HK$3,105 million) in the development project of a 40-storey world-class Grade A office building in the capital of Southeast Asia's largest economy.

Both the rental levels and capital values of Grade A offices in Jakarta have increased at an average rate of approximately 40 per cent per annum over the last two years. This reflects the city's attractiveness as an investment destination and foreign companies are seeking to capitalise on its future growth. The Group is confident that the project will bring benefit to the Group once it is completed and becomes fully operational.

The Group's on-going projects, planning works in Hokkaido, Japan, and Phang-nga, Thailand are progressing on schedule, and the Company is also considering various plans to revamp PCP Beijing, in order to enhance its long-term value.

The Group's net asset position remains unchanged, although it has drawn down HK$1,500 million from the credit facilities available to it; and part of it will be used to fund the acquisition mentioned above. The Company's management will continue to assess cautiously other opportunities in high-growth countries as they arise.

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

Hong Kong, August 5, 2013

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

Executive Directors:

Li Tzar Kai, Richard (Chairman); Lee Chi Hong, Robert (Deputy Chairman and Chief Executive Officer);
Lam Yu Yee (Deputy Chief Executive Officer and Chief Financial Officer); 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, GBM, GBS, JP.

** For identification only*