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, 2014

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, 2014. 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 55 per cent to approximately HK$224 million, of which approximately HK$103 million attributable to continuing operations and approximately HK$121 million attributable to operation to be disposed
- Consolidated operating profit increased by 159 per cent to approximately HK$558 million, of which operating loss of approximately HK$151 million attributable to continuing operations and operating profit of approximately HK$709 million attributable to operation to be disposed
- Profit attributable to equity holders of the Company amounted to approximately HK$135 million
- Basic loss per share from continuing operations was approximately 13.40 Hong Kong cents and basic earnings per share from operation to be disposed was approximately 21.92 Hong Kong cents
- The Board did not declare the payment of an interim dividend

Profit for the first half of 2014

The Group's unaudited profit attributable to equity holders of the Company for the six months ended June 30, 2014 amounted to approximately HK$135 million (basic earnings per share: 8.52 Hong Kong cents).

BUSINESS REVIEW

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 that the Group would lease out 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 53 per cent for the six months ended June 30, 2014 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$121 million for the six months ended June 30, 2014, as compared to approximately HK$119 million for the corresponding period in 2013.

On April 8, 2014, PCPD conditionally agreed to sell the Group's entire interest in PCP Beijing for an initial consideration of US$928 million (approximately HK$7,193 million). The transaction was subsequently approved by shareholders in a special general meeting held on May 9, 2014 and for details please refer to the Company's announcement made on April 8, 2014.

Property investment in Indonesia

The Group's Indonesia investment is located at Sudirman CBD within the Golden Triangle of Jakarta, Indonesia. The site is targeted to be developed into a Grade A landmark office building and the foundation work is in progress. A 40-storey world class Grade A office building is scheduled to be completed and become operational in 2017.

Overseas property developments

The detailed designs of Hanazono all-season resort project in Hokkaido, Japan, are being worked on as per its schedule. As for the project in Phang-nga, Southern Thailand, the master plan for the project has reached an advanced stage.

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, 2014 amounted to approximately HK$54 million as compared to approximately HK$53 million for the corresponding period in 2013.

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$49 million for the six months ended June 30, 2014, as compared to approximately HK$44 million for the corresponding period in 2013.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

HK$ million	Note	**For the six months ended June 30, 2014 (Unaudited)**	2013 (Unaudited) (Restated)
Continuing operations			
Turnover	2	**103**	380
Cost of sales		**(34)**	(255)
Gross profit		**69**	125
General and administrative expenses		**(222)**	(192)
Other income		**1**	2
Other gains / (losses), net		**1**	(4)
Operating loss		**(151)**	(69)
Interest income		**3**	6
Finance costs		**(52)**	(109)
Loss before taxation	3	**(200)**	(172)
Income tax	4	**(12)**	(12)
Loss attributable to equity holders of the Company from continuing operations		**(212)**	(184)
Operation to be disposed			
Profit attributable to equity holders of the Company from operation to be disposed	9(d)	**347**	215
Profit attributable to equity holders of the Company		**135**	31

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

HK$ million	Note	For the six months ended June 30, **2014** (Unaudited)	2013 (Unaudited) (Restated)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences:			
Exchange differences on translating foreign operations, net of tax		**(237)**	(8)
Total comprehensive (loss) / income		**(102)**	23
Total comprehensive (loss) / income arises from:			
Continuing operations		**(173)**	(281)
Operation to be disposed		**71**	304
		(102)	23
(Loss) / earnings per share from continuing operations and operation to be disposed (expressed in Hong Kong cents per share)			
Basic (loss) / earnings per share	6		
Continuing operations		**(13.40) cents**	(11.66) cents
Operation to be disposed		**21.92 cents**	13.60 cents
		8.52 cents	1.94 cents
Diluted (loss) / earnings per share	6		
Continuing operations		**(13.40) cents**	(11.66) cents
Operation to be disposed		**21.92 cents**	13.60 cents
		8.52 cents	1.94 cents

CONDENSED CONSOLIDATED BALANCE SHEET

HK$ million	Note	**As at June 30, 2014 (Unaudited)**	As at December 31, 2013 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**1,977**	8,519
Property, plant and equipment		**135**	175
Properties under development		**416**	401
Properties held for development		**654**	645
Intangible asset		**—**	27
Goodwill		**3**	3
Other financial assets		**2**	1
Other receivables		**12**	2
		3,199	9,773
Current assets			
Sales proceeds held in stakeholders' accounts		**536**	541
Restricted cash		**1,032**	1,032
Trade receivables, net	7	**6**	14
Prepayments, deposits and other current assets		**104**	84
Amounts due from fellow subsidiaries		**2**	4
Amounts due from related companies		**3**	11
Other financial assets		**3**	2
Short-term deposits		**—**	10
Cash and cash equivalents		**325**	866
		2,011	2,564
Assets of disposal group classified as held for sale	9(a)	**7,735**	—
		9,746	2,564

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

HK$ million	Note	**As at June 30, 2014 (Unaudited)**	As at December 31, 2013 (Audited)
Current liabilities			
Current portion of long-term borrowings		**1,467**	2,844
Trade payables	8	**3**	16
Accruals, other payables and deferred income		**3,611**	512
Amounts due to fellow subsidiaries		**5**	5
Amount payable to the HKSAR Government under the Cyberport Project Agreement		**522**	521
Current income tax liabilities		**7**	8
		5,615	3,906
Liabilities of disposal group classified as held for sale	9(b)	**1,536**	—
		7,151	3,906
Net current assets / (liabilities)		**2,595**	(1,342)
Total assets less current liabilities		**5,794**	8,431
Non-current liabilities			
Long-term borrowings		**—**	1,467
Other payables		**373**	450
Deferred income tax liabilities		**24**	1,015
		397	2,932
Net assets		**5,397**	5,499
REPRESENTING:			
Issued equity		**2,836**	2,836
Reserves		**2,561**	2,663
		5,397	5,499

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, 2013, 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, 2013.

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, 2013, except for those as disclosed below:

a. Non-current assets (or disposal group) held for sale and operation to be disposed

Non-current assets (or disposal group) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (except for certain assets as explained below), (or disposal group), are stated at the lower of carrying amount and fair value less costs to sell. Investment properties and deferred tax liabilities, even if held for sale, would continue to be measured in accordance with the Group's policies.

An operation to be disposed is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as an operation to be disposed, a single amount is presented in the statement of comprehensive income, which comprises the post-tax profit or loss of the operation to be disposed and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the operation to be disposed.

b. The adoption of the following amendments to Hong Kong Financial Reporting Standards and HKASs ("new HKFRS") which are effective for the annual period beginning on January 1, 2014 but have no significant impact on the Group's financial statements:

HKAS 32 (Amendment)	Presentation - Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKFRS 10, 12 and HKAS 27 (Amendments)	Consolidation for Investment Entities

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		All-season recreation activities in Japan		Property investment in Indonesia		Other businesses (note a)		Elimination		Consolidated from continuing operations		Operation to be disposed (note b)		Consolidated	
For the six months ended June 30,	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Revenue																
Revenue from external customers	**—**	283	**54**	53	**—**	—	**49**	44	**—**	—	**103**	380	**121**	119	**224**	499
Inter-segment revenue	**—**	—	**—**	—	**—**	—	**1**	1	**(1)**	(1)	**—**	—	**—**	—	**—**	—
Reportable segment revenue	**—**	283	**54**	53	**—**	—	**50**	45	**(1)**	(1)	**103**	380	**121**	119	**224**	499
Results																
Segment results before taxation	**(7)**	51	**7**	1	**(9)**	—	**(8)**	(6)	**—**	—	**(17)**	46	**715**	290	**698**	336
Unallocated corporate expenses											**(183)**	(218)	**—**	—	**(183)**	(218)
Consolidated segment results before taxation											**(200)**	(172)	**715**	290	**515**	118
Other information																
Addition to non-current segment assets during the period	**—**	—	**1**	—	**100**	—	**6**	12	**—**	—	**107**	12	**10**	11	**117**	23
Unallocated addition											**1**	1	**—**	—	**1**	1
Consolidated addition to non-current segment assets during the period											**108**	13	**10**	11	**118**	24

2. Turnover and Segment Information (Continued)

HK$ million	Property development in Hong Kong		All-season recreation activities in Japan		Property investment in Indonesia		Other businesses (note a)		Consolidated from continuing operations		Operation to be disposed (note b)		Consolidated	
As at	**June 30, 2014**	December 31, 2013	**June 30, 2014**	December 31, 2013	**June 30, 2014**	December 31, 2013	**June 30, 2014**	December 31, 2013	**June 30, 2014**	December 31, 2013	**June 30, 2014**	December 31, 2013	**June 30, 2014**	December 31, 2013
Segment assets	**1,563**	1,569	**105**	86	**2,014**	1,888	**1,268**	1,251	**4,950**	4,794	**7,735**	7,207	**12,685**	12,001
Unallocated corporate assets									**260**	336	**—**	—	**260**	336
Consolidated total assets									**5,210**	5,130	**7,735**	7,207	**12,945**	12,337
Segment liabilities	**658**	666	**8**	15	**561**	658	**49**	53	**1,276**	1,392	**1,536**	1,092	**2,812**	2,484
Unallocated corporate liabilities									**4,736**	4,354	**—**	—	**4,736**	4,354
Consolidated total liabilities									**6,012**	5,746	**1,536**	1,092	**7,548**	6,838

(a) Revenues from segments below the quantitative thresholds under HKFRS 8 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.

(b) Operation to be disposed mainly represents the property investment in Mainland China (note 9).

3. Loss Before Taxation from Continuing Operations

Loss before taxation from continuing operations is stated after charging the following:

HK$ million	Six months ended June 30, **2014**	2013
Cost of properties sold	**—**	220
Depreciation	**7**	10
Staff costs, included in:		
- cost of sales	**10**	12
- general and administrative expenses	**78**	70
Contributions to defined contribution retirement schemes	**4**	3
Share-based compensation expenses	**2**	1
Auditor’s remuneration	**2**	3
Operating lease rental of land and buildings, included in:		
- cost of sales	**3**	3
- general and administrative expenses	**25**	23
Operating lease rental of equipment	**1**	1

4. Income Tax from Continuing Operations

Hong Kong profits tax has been provided at the rate of 16.5 per cent (2013: 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.

	Six months ended June 30,	
HK$ million	**2014**	2013
Current income tax		
- Hong Kong profits tax	—	10
- Income tax outside Hong Kong	**7**	2
Deferred income tax		
- Other origination and reversal of temporary differences	**5**	—
	12	12

5. Dividend

	Six months ended June 30,	
HK$ million	**2014**	2013
Interim dividend declared	**—**	—

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,	
	2014	2013
(Loss) / earnings (HK$ million)		
Loss from continuing operations	**(212)**	(184)
Earnings from operation to be disposed	**347**	215
Earnings for the purpose of calculating the basic earnings per share and the diluted earnings per share	**135**	31

	Six months ended June 30,	
	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating the basic earnings per share and the diluted earnings per share	**1,582,775,022**	1,582,775,022

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. The aggregated amount of HK$592,553,354.40 (2013: HK$592,553,354.40) for the outstanding bonus convertible notes which could be converted into 1,185,106,708 (2013: 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, 2014 and June 30, 2013.

2014 Convertible Note was redeemed in full upon its maturity date. 479,097,606 of the weighted average potential ordinary shares arising from the assumed conversion from January 1, 2014 to May 9, 2014 have not been included in the calculation of diluted earnings per share for the six months ended June 30, 2014 because they are anti-dilutive. For the calculation of diluted earnings per share for the six months ended June 30, 2013, 672,222,222 of the potential ordinary shares arising from the assumed conversion of 2014 Convertible Note have not been included because they are anti-dilutive.

5,000,000 of the potential ordinary shares arising from the assumed conversion of the employee share options are anti-dilutive at the loss from continuing operations level for the six months ended June 30, 2014 and June 30, 2013 and so, have been treated as anti-dilutive for the purpose of calculating diluted earnings per share.

The diluted earnings per share for the six months ended June 30, 2014 and June 30, 2013 were 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, 2014**	As at December 31, 2013
Current	**3**	12
One to three months	**—**	4
More than three months	**3**	7
	6	23
Less: Provision for impairment	**—**	(9)
	6	14

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, 2014**	As at December 31, 2013
Current	**2**	12
One to three months	**—**	3
More than three months	**1**	1
	3	16

9. Operation to be disposed

On April 8, 2014, the Group entered into a sale and purchase agreement ("SPA") pursuant to which the Group has agreed to sell the entire issued share capital of Gain Score Limited, an indirectly wholly-owned subsidiary of the Company, and to assign the shareholder loan to an independent third party for an initial aggregated consideration of US$928 million (equivalent to approximately HK$7,193 million), subject to adjustments in accordance with the SPA. The principal asset of Gain Score Limited and its subsidiaries (the "Gain Score Group") is the land use rights and property rights in the investment property known as "Pacific Century Place, Beijing" located in Mainland China.

The assets and liabilities of the Gain Score Group have been presented as held for sale following the approval of the transactions under the SPA by the Company's shareholders at a special general meeting held on May 9, 2014. The fair value of the investment property located in Mainland China is referenced to the initial consideration under the SPA with adjustments.

The transaction is expected to be completed before the end of 2014.

a. Assets of disposal group classified as held for sale

HK$ million	**As at June 30, 2014**	As at December 31, 2013
Investment property	**7,146**	—
Property, plant and equipment	**31**	—
Intangible asset	**27**	—
Trade receivables, net	**9**	—
Prepayments, deposits and other current assets	**21**	—
Amounts due from fellow subsidiaries	**1**	—
Restricted cash	**5**	—
Cash and cash equivalents	**495**	—
	7,735	—

b. Liabilities of disposal group classified as held for sale

HK$ million	**As at June 30, 2014**	As at December 31, 2013
Accruals, other payables and deferred income	**91**	—
Current income tax liabilities	**3**	—
Deferred income tax liabilities	**1,442**	—
	1,536	—

9. Operation to be disposed (Continued)

c. Cumulative income or expense recognised in other comprehensive income relating to Gain Score Group classified as held for sale

HK$ million	**As at June 30, 2014**	As at December 31, 2013
Foreign exchange translation adjustments, net of tax	**1,046**	—
	1,046	—

d. Analysis of the results of operation to be disposed is as follows:

	Six months ended June 30,	
HK$ million	**2014**	2013
Turnover	**121**	119
Cost of sales	**(18)**	(15)
Gross profit	**103**	104
General and administrative expenses	**(48)**	(49)
Surplus on revaluation of investment property	**654**	230
Operating profit from operation to be disposed	**709**	285
Interest income	**6**	5
Profit before tax from operation to be disposed	**715**	290
Income tax	**(368)**	(75)
Profit after tax from operation to be disposed	**347**	215

e. As at June 30, 2014, the first and second instalments of the initial consideration in sum of US$417.6 million (equivalent to approximately HK$3,238 million) have been received and included in "Accruals, other payables and deferred income" in the condensed consolidated balance sheet.

FINANCIAL REVIEW

Review of results

Continuing Operations

The consolidated turnover of the continuing operations was approximately HK$103 million for the six months ended June 30, 2014, representing a decrease of approximately 72 per cent from approximately HK$380 million for the corresponding period in 2013. Such decrease was due to decrease of the revenue recognised from property sale in the first half of 2014.

The continuing operations' consolidated gross profit for the six months ended June 30, 2014 was approximately HK$69 million, representing a decrease of approximately 44 per cent from approximately HK$125 million for the corresponding period in 2013. The decrease in consolidated gross profit was a result of the decrease in turnover.

The general and administrative expenses were approximately HK$222 million for the six months ended June 30, 2014, representing an increase of 17 per cent from approximately HK$192 million for the corresponding period in 2013. Such increase was mainly due to the increase in legal and professional fees incurred during the period.

The continuing operations' consolidated operating loss for the six months ended June 30, 2014 increased to approximately HK$151 million, as compared to approximately HK$69 million for the corresponding period in 2013. Such increase was mainly due to the decrease of the revenue recognised from property sale in the first half of 2014.

As a result of the above, the continuing operations recorded a consolidated net loss after taxation of approximately HK$212 million for the six months ended June 30, 2014, as compared to approximately HK$184 million for the corresponding period in 2013. Basic loss per share during the period under review was 13.40 Hong Kong cents, as compared to 11.66 Hong Kong cents for the corresponding period in 2013.

Operation to be disposed

Operation to be disposed represented the operating results of the PCP Beijing. The operating profit of the operation to be disposed for the six months ended June 30, 2014 increased to approximately HK$709 million, as compared to approximately HK$285 million for the corresponding period in 2013. The operation to be disposed recorded a net profit after taxation of approximately HK$347 million for the six months ended June 30, 2014, as compared to approximately HK$215 million for the corresponding period in 2013. Basic earnings per share for the operation to be disposed during the period under review was 21.92 Hong Kong cents, as compared to 13.60 Hong Kong cents for the corresponding period in 2013.

Current assets and liabilities

As at June 30, 2014, the Group held current assets of approximately HK$9,746 million (December 31, 2013: HK$2,564 million), mainly comprising cash and cash equivalents, sales proceeds held in stakeholders' accounts, restricted cash, prepayments, deposits and other current assets and the assets of disposal group classified as held for sale. The increase in current assets is mainly due to the reclassification of the assets of disposal group under "assets of disposal group classified as held for sale", mainly comprising investment properties amounted to approximately HK$7,146 million. Cash and cash equivalents amounted to approximately HK$325 million as at June 30, 2014 (December 31, 2013: HK$866 million) as cash and cash equivalents of approximately HK$495 million is included in "assets of disposal group classified as held for sale". The amount of sales proceeds held in stakeholders' accounts decreased by approximately 1 per cent from approximately HK$541 million as at December 31, 2013 to approximately HK$536 million as at June 30, 2014. The level of restricted cash amounted to approximately HK$1,032 million as at June 30, 2014 which was the same as that as at December 31, 2013.

As at June 30, 2014, the Group's total current liabilities amounted to approximately HK$7,151 million, as compared to approximately HK$3,906 million as at December 31, 2013. Such increase was due to the receipt of 45% of sales proceeds from the disposal of PCP Beijing and the reclassification of the liabilities of disposal group under "liabilities of disposal group classified as held for sale".

Capital structure, liquidity and financial resources

As at June 30, 2014, the Group's borrowings amounted to approximately HK$1,467 million as compared to the total borrowings of HK$4,387 million as at December 31, 2013. The decrease was caused by the redemption of the 2014 Convertible Note. The 2014 Convertible Note in the principal amount of HK$2,420 million was fully redeemed by cash upon its maturity on May 9, 2014. The Group did not issue the 2019 Convertible Note on May 9, 2014 where the subscription agreement made on March 2, 2012 has lapsed and shall be of no further effect.

As at June 30, 2014, the Group's borrowings represented bank loans in the aggregate of HK$1,500 million.

As at June 30, 2014, the net debt-to-equity ratio was 13 per cent (as at December 31, 2013: 11 per cent). Net debt is calculated by deducting the aggregate of cash and cash equivalents and short-term deposits from the principal amount of borrowings.

A considerable portion of the Group's assets and liabilities and business transactions were denominated in Hong Kong dollars. Revenue denominated in Renminbi and Japanese Yen accounted for approximately 57 per cent and 30 per cent of the Group's total turnover respectively. The assets of the Group in Mainland China, Indonesia, Thailand and Japan represented approximately 60 per cent, 16 per cent, 5 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 remainders were in Indonesian Rupiah, 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 exposure with respect to these operations was mainly in relation to fluctuations in the exchange rates of Renminbi, Indonesian Rupiah, Thai Baht and Japanese Yen.

Cash used in operating activities in the six months ended June 30, 2014 was approximately HK$166 million, as compared to cash generated from operating activities in the amount of approximately HK$83 million for the corresponding period in 2013.

Income tax

The Group's income tax of continuing operations and operation to be disposed for the six months ended June 30, 2014 were approximately HK$12 million and HK$368 million respectively, as compared to approximately HK$12 million and HK$75 million for the corresponding period in 2013. The increase of income tax was mainly a result of increase in deferred income tax recognised on the revaluation surplus of investment properties of operation to be disposed.

Security on assets

As at June 30, 2014, certain assets of the Group and equity interests in companies within the Group with an aggregate carrying value of approximately HK$9,086 million (December 31, 2013: HK$6,672 million) were mortgaged and pledged to banks as security for the 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 RMB3 million.

A guarantee has been issued by a bank in favour of an independent third party in relation to the construction work carrying out by an indirect wholly-owned subsidiary of the Company covering certain relevant liabilities that may arise which in total shall not exceed RMB4 million. Such bank guarantee has been secured by a fixed-term deposit made by the subsidiary in the principal amount of RMB4 million.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2014, the Group employed a total number of 358 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 employee 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; it was replaced by a new share option scheme ("New Share Option Scheme") which was 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 commencing on May 23, 2005 while the outstanding options granted under the 2003 Share Option Scheme (before the adoption of the New Share Option Scheme) would continue to be valid with the terms of the 2003 Share Option Scheme being applicable to them until their expiry.

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, 2014 (2013: Nil).

The Board did not recommend the payment of a final dividend for the year ended December 31, 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2014, 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, 2014 and has held one meeting during the period under review.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months period ended June 30, 2014.

OUTLOOK

The global economy was fairly stable over the past six months of 2014 as major economies including the US, Eurozone and Japan showed encouraging signs of recovery on various fronts. Continued global wealth creation - particularly in emerging economies - was a key driver for prime property markets. Early this year major cities recorded a modest growth in high-end housing prices, which is expected to continue through the year.

Following its sale of PCP Beijing for an initial consideration of US$928 million (approximately HK$7,193 million) in April 2014, the Group has enhanced its financial flexibility which will enable the Group to capture new opportunities across the world. The Group's full redemption of the 2014 Convertible Note in cash has saved interest expenses as a result of the 2019 Convertible Note not being issued.

Meanwhile, the Group will continue the planning and development of its existing projects in Asia. The Jakarta project is progressing smoothly in its design and planning stage. In March 2014, the development was granted the coveted LEED Platinum Grade Pre-Certification by the US Green Building Council (USGBC), the first time ever for any project of its kind in Indonesia. PCPD is confident in the success of this development as a global bank has already entered into a preliminary agreement to become the anchor tenant of the building.

The Group looks to maintain a prudent fiscal policy until cash revenue is generated. Nevertheless, PCPD's management will continue to seek new opportunities across the world, especially in economies that are experiencing rapid or sustainable growth.

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

Hong Kong, August 5, 2014

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*