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, 2022

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, 2022. 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 revenue increased by 28 per cent to HK$271 million
- Consolidated operating loss decreased by 48 per cent to HK$108 million
- Loss attributable to equity holders of the Company amounted to HK$336 million
- Basic loss per share: 16.49 Hong Kong cents
- The Board did not declare the payment of an interim dividend

REVIEW OF OPERATIONS

Property investment and development

Property investment in Indonesia

In Jakarta, Indonesia, the occupancy of our premium commercial building, Pacific Century Place, Jakarta ("PCP Jakarta"), has maintained a stable performance and continued to be a revenue driver of the Group. As at June 30, 2022, the office space occupancy was at 80 per cent. The gross rental income amounted to HK$122 million for the six months ended June 30, 2022 compared to HK$124 million for the corresponding period in 2021.

Property development in Japan

The Group has no revenue from its property development in Japan for the six months ended June 30, 2022 compared to revenue of HK$21 million for the corresponding period in 2021.

Property development and golf operation in Thailand

In Phang Nga, Thailand, the Group has sold or reserved 33 per cent of its phase 1A villas. The handover of completed villas and inspection with owners have progressed well since December last year. The Group's revenue from its property development in Thailand amounted to HK$24 million for the six months ended June 30, 2022.

Though the golf clubhouse and the 18-hole golf course commenced operations in August 2021, the number of visitors and golf rounds remained low given the reduced international visitor numbers as a result of COVID-19 in the first half of 2022. The Group's revenue from its golf operations in Thailand amounted to HK$3 million for the six months ended June 30, 2022.

Property development in Hong Kong

For the project at 3–6 Glenealy, Central, Hong Kong, foundation works are in progress.

Hotel operations, recreation and leisure operation in Japan

Hotel operations in Japan

In Hokkaido, Japan, the pandemic and the related travel restrictions and social distancing measures created hurdles for the hospitality and resort businesses in the reporting period. Though the occupancy rate of Park Hyatt Niseko, Hanazono remained low, and was still impacted by the restriction on international travelers under COVID-19, its performance has improved year-on-year. We have been cautious and reinforced our efforts in managing costs at the operational level while keeping the utmost service standard.

The Group's revenue from its hotel operations in Japan amounted to HK$60 million for the six months ended June 30, 2022 compared to HK$21 million for the corresponding period in 2021.

Recreation and leisure operation in Japan

The Group's all-season recreational operation is located in Niseko, Hokkaido, Japan, one of the premium ski destinations in the world. There are various facilities and recreational activities operated by the Group, including "Hanazono EDGE" (a restaurant and entertainment centre), ski lifts, ski equipment rental, a ski school and snowmobile tours in the winter, rafting tours, tree-trekking, e-bikes and golfing in the summer.

We recognise that our all-season recreational business performance in Niseko has improved markedly year-on-year. With signs of domestic travel rebounding, we have switched our marketing focus to the domestic market, so as to tap into this target segment and seize opportunities as they arise. The Group's revenue from its all-season recreational activities amounted to HK$33 million for the six months ended June 30, 2022, compared to HK$19 million for the corresponding period in 2021.

Property and facilities management

Hong Kong

Providing property management and facilities management services in Hong Kong, the Group generated revenue of HK$15 million for the six months ended June 30, 2022 compared to HK$15 million for the corresponding period in 2021.

Other businesses

Other businesses of the Group mainly include property management services in Japan and property investment in Hong Kong. The revenue from these other businesses amounted to HK$14 million for the six months ended June 30, 2022 compared to HK$12 million for the corresponding period in 2021.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

HK$ million	Notes	**For the six months ended June 30, 2022 (Unaudited)**	2021 (Unaudited)
Revenue	2	**271**	212
Cost of sales		**(138)**	(67)
Gross profit		**133**	145
General and administrative expenses		**(354)**	(355)
Other income	3	**113**	1
Operating loss		**(108)**	(209)
Interest income		**5**	1
Finance costs		**(216)**	(192)
Loss before taxation	4	**(319)**	(400)
Income tax	5	**(17)**	(17)
Loss attributable to equity holders of the Company		**(336)**	(417)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences:			
Exchange differences on translating foreign operations		**(528)**	(295)
Total comprehensive loss		**(864)**	(712)
Loss per share (expressed in Hong Kong cents per share)			
Basic and diluted	7	**(16.49) cents**	(22.55) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK$ million	Notes	**As at June 30, 2022 (Unaudited)**	As at December 31, 2021 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	8	**3,580**	3,707
Property, plant and equipment		**2,698**	3,067
Right-of-use assets		**41**	55
Properties under development	9a	**2,694**	2,672
Properties held for development	9b	**417**	437
Goodwill		**4**	4
Financial assets at fair value through profit or loss		**10**	8
Prepayments and other receivables		**221**	242
		9,665	10,192
Current assets			
Properties under development/held for sale	9a	**233**	260
Inventories		**14**	17
Sales proceeds held in stakeholders' accounts		**504**	504
Restricted cash		**119**	119
Trade receivables, net	10	**15**	34
Prepayments, deposits and other current assets		**116**	457
Amounts due from related companies		**2**	5
Short-term deposits		**—**	1,942
Cash and cash equivalents		**911**	1,516
		1,914	4,854

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

HK$ million	Note	**As at June 30, 2022 (Unaudited)**	As at December 31, 2021 (Audited)
Current liabilities			
Short-term borrowings		**597**	2,417
Current portion of long-term borrowings		**9**	10
Trade payables	11	**5**	15
Accruals and other payables		**337**	473
Deferred income and contract liabilities		**91**	78
Lease liabilities		**22**	25
Amount payable to the HKSAR Government under the Cyberport Project Agreement		**334**	334
Current income tax liabilities		**5**	11
		1,400	3,363
Net current assets		**514**	1,491
Total assets less current liabilities		**10,179**	11,683
Non-current liabilities			
Long-term borrowings		**8,253**	8,880
Other payables		**184**	181
Deferred income and contract liabilities		**6**	16
Lease liabilities		**27**	34
Deferred income tax liabilities		**29**	28
		8,499	9,139
Net assets		**1,680**	2,544
CAPITAL AND RESERVES			
Issued equity		**3,802**	3,802
Reserves		**(2,255)**	(1,391)
Capital and reserves attributable to equity holders of the Company		**1,547**	2,411
Non-controlling interests		**133**	133
		1,680	2,544

Notes:

1. Basis of Preparation and Accounting Policies

The unaudited condensed consolidated financial information of Pacific Century Premium Developments Limited (the "Company") and its subsidiaries (the "Group") has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2021, 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, 2021.

The accounting policies, basis of presentation and methods of computation used in preparing this unaudited condensed consolidated interim financial information are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended December 31, 2021.

The Group has not early adopted any other new or amended HKFRS and HKAS that are not yet effective for the current accounting period.

2. Revenue and Segment Information

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

HK$ million	Revenue (note a)						Results		Other information			
	Revenue from external customers		Inter-segment revenue		Reportable segment revenue		Segment results before taxation		Additions to non-current segment assets		Depreciation	
For the six months ended June 30,	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
All-season recreational activities in Japan	**33**	19	**—**	—	**33**	19	**(29)**	(30)	**54**	34	**(22)**	(10)
Property development in Japan	**—**	21	**—**	—	**—**	21	**59**	(11)	**22**	12	**(3)**	(4)
Hotel operations in Japan	**60**	21	**—**	—	**60**	21	**(109)**	(135)	**58**	1	**(56)**	(64)
Property investment in Indonesia	**122**	124	**—**	—	**122**	124	**56**	81	**—**	1	**(3)**	(4)
Property development and golf operation in Thailand	**27**	—	**—**	—	**27**	—	**(19)**	(19)	**2**	9	**(6)**	(6)
Property and facilities management in Hong Kong	**15**	15	**—**	—	**15**	15	**6**	4	**—**	—	**—**	—
Property development in Hong Kong	**—**	—	**—**	—	**—**	—	**(2)**	(2)	**50**	43	**—**	—
Other businesses (note b)	**14**	12	**1**	1	**15**	13	**(2)**	(3)	**1**	—	**(10)**	(24)
Elimination	**—**	—	**(1)**	(1)	**(1)**	(1)	**—**	—	**—**	—	**—**	—
Total of reported segments	**271**	212	**—**	—	**271**	212	**(40)**	(115)	**187**	100	**(100)**	(112)
Unallocated	**—**	—	**—**	—	**—**	—	**(279)**	(285)	**—**	—	**—**	—
Consolidated	**271**	212	**—**	—	**271**	212	**(319)**	(400)	**187**	100	**(100)**	(112)

2. Revenue and Segment Information - Continued

HK$ million	Assets		Liabilities	
	June 30,	December 31,	**June 30,**	December 31,
As at	**2022**	2021	**2022**	2021
All-season recreational activities in Japan	**698**	767	**78**	48
Property development in Japan	**529**	736	**21**	149
Hotel operations in Japan	**1,661**	1,941	**660**	763
Property investment in Indonesia	**4,349**	4,425	**296**	286
Property development and golf operation in Thailand	**899**	982	**44**	66
Property and facilities management in Hong Kong	**28**	26	**2**	2
Property development in Hong Kong	**2,383**	2,457	**830**	818
Other businesses (note b)	**84**	89	**16**	18
Total of reported segments	**10,631**	11,423	**1,947**	2,150
Unallocated	**948**	3,623	**7,952**	10,352
Consolidated	**11,579**	15,046	**9,899**	12,502

a. For the six months ended June 30, 2022 and 2021, the timing of revenue recognition is as follow:

HK$ million	**2022**	2021
External revenue from contracts with customers:		
Timing of revenue recognition		
- At a point in time	**57**	36
- Over time	**127**	87
External revenue from other sources:		
- Over time	**87**	89
	271	212

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

3. Other Income

HK$ million	For the six months ended June 30, 2022	2021
Gain on disposal of land	**113**	—
Other	**—**	1
	113	1

During the period ended June 30, 2022, the Group settled certain development costs of the property development projects in Japan by way of disposing a piece of land in Japan included in properties under development. A gain on disposal of land of HK$113 million is recognised as a result of the non-cash settlement.

4. Loss Before Taxation

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

HK$ million	For the six months ended June 30, 2022	2021
Cost of properties sold	**64**	18
Cost of inventories sold	**9**	3
Depreciation of property, plant and equipment	**89**	89
Depreciation of right-of-use assets		
- properties	**11**	23
Loss on disposal of property, plant and equipment	**—**	2
Outgoings in respect of investment properties	**28**	24
Staff costs included in:		
- cost of sales	**31**	33
- general and administrative expenses	**95**	104
Contributions to defined contribution retirement schemes included in		
- general and administrative expenses	**2**	3
Share-based compensation expenses	**—**	1
Auditor's remuneration		
- audit services	**2**	2
Net foreign exchange loss	**5**	6
Variable lease payment expenses	**8**	3
Short-term leases expenses	**2**	1

5. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the period.

Taxation for subsidiaries outside Hong Kong which mainly in Japan, Indonesia and Thailand has been calculated on the estimated assessable profits for the period at the rates prevailing in the respective jurisdictions.

	For the six months ended June 30,	
HK$ million	**2022**	2021
Hong Kong profits tax		
- Provision for current period	**1**	1
Income tax outside Hong Kong		
- Provision for current period	**15**	28
Deferred income tax	**1**	(12)
	17	17

6. Dividend

	For the six months ended June 30,	
HK$ million	**2022**	2021
Interim dividend	**—**	—

7. Loss per Share

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

	For the six months ended June 30,	
	2022	2021
Loss (HK$ million)		
Loss for the purpose of calculating the basic and diluted loss per share	**(336)**	(417)

	For the six months ended June 30,	
	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share	**2,038,276,786**	1,848,914,697

Pursuant to the terms of the applicable deed poll, the bonus convertible notes confer upon the holders the same economic interests attached to the bonus shares. As at June 30, 2022, bonus convertible notes in an aggregated amount of HK$592,552,133.20 (June 30, 2021: HK$592,552,133.20) have been converted into 1,185,104,266 shares of the Company (June 30, 2021: 1,185,104,266 shares). The outstanding bonus convertible notes in an aggregated amount of HK$20,021.20 (June 30, 2021: HK$20,021.20) at the conversion price of HK$0.50 per share convertible into 40,042 shares (June 30, 2021: 40,042 shares) have been included in the weighted average number of ordinary shares for calculating the basic loss per share for the six months ended June 30, 2022 and June 30, 2021.

8. Investment Properties

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

HK$ million	**2022**	2021
At January 1,	**3,707**	3,699
Additions	**—**	1
Exchange differences	**(127)**	(60)
At June 30,	**3,580**	3,640

9. Properties under development/held for sale/held for development

a. Properties under development/held for sale

HK$ million	**2022**	2021
At January 1,	**2,932**	624
Additions	**86**	38
Charged to income statement	**(23)**	(17)
Transfer from properties under development and properties held for development	**—**	2,272
Exchange differences	**(68)**	(28)
At June 30,	**2,927**	2,889
Less: Properties under development classified as non-current assets	**(2,694)**	(2,617)
Properties under development/held for sale classified as current assets	**233**	272

(i) Properties under development classified as non-current assets as at June 30, 2022 consists of a property in Hong Kong amounted to HK$2,371 million and the freehold land under development in Japan which is held by an indirect wholly-owned subsidiary amounted to HK$323 million. During the six months period ended June 30, 2021, a property in Hong Kong of carrying amount of HK$2,272 million has been transferred from properties held for development to properties under development.

(ii) Properties under development/held for sale classified as current assets as at June 30, 2022 consists of HK$82 million for the branded residences project completed and held for sale in Hokkaido, Japan and HK$151 million for first phase development project under construction in Thailand.

b. Properties held for development

HK$ million	**2022**	2021
At January 1,	**437**	2,712
Additions	**—**	43
Transfer to properties under development	**—**	(2,272)
Exchange differences	**(20)**	(27)
At June 30,	**417**	456

Properties held for development as at June 30, 2022 represent the freehold land in Thailand which the Group intends to hold for future development projects.

10. Trade Receivables, net

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

HK$ million	**As at June 30, 2022**	As at December 31, 2021
1 – 30 days	**15**	33
31 – 90 days	**—**	1
	15	34

Trade receivables have a normal credit period which ranges up to 30 days from the date of the invoice unless there is separate mutual agreement on extension of the credit period.

11. Trade Payables

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

HK$ million	**As at June 30, 2022**	As at December 31, 2021
1 – 30 days	**5**	15

FINANCIAL REVIEW

Review of results

The consolidated revenue of the Group was HK$271 million for the six months ended June 30, 2022, representing an increase of 28% from HK$212 million for the corresponding period in 2021. The increase was mainly due to the sales recognition of a phase 1A villa in Phang Nga, Thailand and the increase in operating revenue from hotel operations and all-season recreational operations in Niseko, Hokkaido, Japan.

The consolidated gross profit for the six months ended June 30, 2022 was HK$133 million, representing a decrease of 8% from HK$145 million for the corresponding period in 2021. The gross profit margin for the six months ended June 30, 2022 was 49% as compared to 68% for the corresponding period in 2021.

The general and administrative expenses were HK$354 million for the six months ended June 30, 2022, which remains at a similar level as compared to HK$355 million for the corresponding period in 2021.

The consolidated operating loss for the six months ended June 30, 2022 decreased to HK$108 million, as compared to HK$209 million for the corresponding period in 2021. Such decrease was mainly due to the gain on disposal of a piece of land in Japan as settlement of certain development costs.

The Group recorded higher finance costs of HK$216 million for the six months ended June 30, 2022, as compared to HK$192 million for the same period in 2021. The increase was mainly due to the higher finance costs on the guaranteed notes in current reporting period which was offset by the one-off loss arising from the partial redemption of the 4.75% guaranteed notes due 2022 that was recorded in June 2021. The consolidated net loss after taxation was HK$336 million for the six months ended June 30, 2022, as compared to HK$417 million for the corresponding period in 2021. Basic loss per share during the period under review was 16.49 Hong Kong cents, compared to a basic loss per share of 22.55 Hong Kong cents for the corresponding period in 2021.

Current assets and liabilities

As at June 30, 2022, the Group held current assets of HK$1,914 million (December 31, 2021: HK$4,854 million), mainly comprising properties under development/held for sale, cash and cash equivalents, sales proceeds held in stakeholders' accounts, restricted cash and prepayments, deposits and other current assets. The decrease in current assets is mainly attributable to settlement of US$307 million 4.75% guaranteed notes at its maturity date on March 9, 2022 and settlement of development costs. Sales proceeds held in stakeholders' accounts remained at HK$504 million as at June 30, 2022 (December 31, 2021: HK$504 million). The level of restricted cash in current assets remained unchanged at HK$119 million as at June 30, 2022 (December 31, 2021: HK$119 million).

As at June 30, 2022, the Group's total current liabilities amounted to HK$1,400 million, as compared to HK$3,363 million as at December 31, 2021. The decrease was mainly attributable to the settlement of US$307 million 4.75% guaranteed note in March 2022 offset by reclassification of long term borrowing from non-current liabilities. As at June 30, 2022, the current ratio was 1.37 (December 31, 2021: 1.44).

Capital structure, liquidity and financial resources

As at June 30, 2022, the Group's borrowings amounted to HK$8,926 million (December 31, 2021: HK$11,307 million). The balance as at 30 June 2022 represented the amortised cost of financial liabilities in respect of the 5.125% guaranteed notes of US$800 million (equivalent to HK$6,278 million), the total outstanding principal amount of Japanese Yen ("JPY") 11,030 million (equivalent to HK$639 million) under all JPY loan facilities together with principal amount of HK$2,009 million under the Hong Kong dollar loan facilities.

On March 9, 2017 and October 3, 2019, PCPD Capital Limited ("PCPD Capital"), an indirect wholly-owned subsidiary of the Company, issued respective principal amounts of US$570 million and US$130 million 4.75% guaranteed notes due 2022 ("Notes"), which are listed on the Singapore Exchange Securities Trading Limited. The Notes are irrevocably and unconditionally guaranteed by the Company and rank pari passu with all other outstanding unsecured and unsubordinated obligations of PCPD Capital and the Company. On June 7, 2021, the Company announced to invite holders of the Notes to tender any or all Notes held by them for purchase by the Company for cash (the "Tender Offer"). On June 18, 2021, the Company completed the settlement of the Tender Offer, accepted for purchase and cancelled approximately US$384 million in aggregate principal amount of the Notes and resulted in a loss of redemption of HK$60 million. In October 2021 and December 2021, the Company repurchased and cancelled US$9 million of the Notes. On March 9, 2022, the maturity date of the Notes, PCPD Capital fully repaid all remaining Notes.

On June 18, 2021, PCPD Capital issued in aggregate principal amount of US$800 million 5.125% new guaranteed notes due 2026 ("New Notes"), which are listed on the Singapore Exchange Securities Trading Limited. The estimated fair value of the option of the early redemption and repurchase rights are recognised as financial assets at fair value through profit or loss. The New Notes are irrevocably and unconditionally guaranteed by the Company. The New Notes rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of PCPD Capital and the Company.

On June 9, 2017, an indirect wholly-owned subsidiary of the Company entered into a term loan facility agreement which the lender had agreed to make available a term loan facility up to an aggregate amount of JPY1,500 million ("JPY Facility 2026"). The maturity date of the JPY Facility 2026 is December 2026. Such facility is secured by the land and buildings and a bank account of the indirect wholly-owned subsidiary and the indirect wholly-owned subsidiary is subject to certain financial covenants which are commonly found in lending arrangements with financial institutions. As at June 30, 2022, none of the covenants were breached. The carrying value of the borrowing as at June 30, 2022 represents the outstanding principal amount of JPY675 million (equivalent to HK$39 million) (December 31, 2021: JPY750 million) offset by the deferred arrangement fees of JPY18 million (equivalent to HK$1 million) (December 31, 2021: JPY22 million).

In April, 2021, a project development loan facility was entered by an indirect wholly-owned subsidiary of the Company which the lenders agreed to make available term loan facility up to an aggregate amount of HK$1,382 million ("HK$ Loan 2026"). The maturity date for the HK$ Loan 2026 is the earlier of April 13, 2026 or twelve months after occupation permit of the development project in Hong Kong being issued by the building authority. The HK$ Loan 2026 is secured by certain land and property, bank accounts, shares and other assets of the indirect non-wholly owned subsidiaries and the Company and the indirect non-wholly owned subsidiary are subject to certain financial ratios covenants which are commonly found in lending arrangements with financial institutions. As of June 30, 2022, none of the covenants were breached and the carrying value of the HK$ Loan 2026 represents the loan drawdown of HK$839 million (December 31, 2021: HK$827 million) offset by the deferred loan arrangement costs of HK$12 million (December 31, 2021: HK$13 million).

On March 29, 2018, an indirect wholly-owned subsidiary of the Company (the "Borrower") entered into a term loan facility agreement under which the lender agreed to make available term loan facilities up to an aggregate amount of JPY20,000 million. The facility comprises (1) a JPY10,000 million facility for the construction of a branded residence ("JPY Facility 2021") which matures on February 14, 2020 with option to extend to March 31, 2021 and (2) a JPY10,000 million facility for the construction of a branded hotel ("JPY Facility 2023") with maturity date of March 31, 2023. In February 2020, the Borrower has fully repaid the JPY Facility 2021. The JPY Facility 2023 is secured by certain land and property, the reserve accounts, and ordinary and/or preferred shares of the Borrower and an indirect wholly-owned subsidiary of the Company (the "Hotel Operator"). The Borrower and the Hotel Operator are subject to certain financial ratios covenants which are commonly found in lending arrangements with financial institutions. As of June 30, 2022, none of the covenants were breached and the carrying value of the JPY Facility 2023 represents the outstanding principal amount of JPY10,000 million (equivalent to HK$579 million) (December 31, 2021: JPY10,000 million) offset by the deferred loan arrangement costs of JPY42 million (equivalent to HK$2 million) (December 31, 2021: JPY70 million).

On June 11, 2019, an indirect wholly-owned subsidiary of the Company entered into a term loan facility agreement under which the lender agreed to make available term loan facility up to an aggregate amount of HK$1,170 million. On June 27, 2022, an amendment of the term loan facility agreement was entered, and the available term loan facility was upsized to HK$1,340 million. The maturity date of the term loan facility is in June 2024 ("HK$ Loan 2024"). Such facility is secured by the land and buildings, bank accounts, shares and other assets of certain indirect wholly-owned subsidiaries of the Company. The Company and the indirect wholly-owned subsidiary are subject to certain financial ratios covenants which are commonly found in lending arrangements with financial institutions. As at June 30, 2022, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK$1,170 million (December 31, 2021: HK$1,170 million) offset by the deferred loan arrangement costs of HK$8 million (December 31, 2021: HK$8 million).

The Group's borrowings are denominated in US dollars, Hong Kong dollars and Japanese Yen while the cash and bank deposits are also held mainly in US dollars, Hong Kong dollars and Japanese Yen. The Group has foreign operations, and some of its net assets are exposed to the risk of foreign currency exchange rate fluctuations. As at June 30, 2022, the assets of the Group in Indonesia, Japan and Thailand represented 38%, 25% and 8% of the Group's total assets respectively. The Group's currency exposure with respect to these operations is subject to fluctuations in the exchange rates of Indonesian Rupiah, Japanese Yen and Thai Baht.

Cash generated from operating activities for the six months ended June 30, 2022 is HK$167 million, as compared to cash used in operating activities in the amount of HK$298 million for the corresponding period in 2021.

Income tax

The Group's income tax for the six months ended June 30, 2022 was HK$17 million, as compared to HK$17 million for the corresponding period in 2021.

Security on assets

As at June 30, 2022, certain assets of the Group with an aggregated carrying value of HK$7,954 million (December 31, 2021: HK$8,245 million) are mortgaged and pledged to the banks as security for the loan facilities.

Contingent liabilities

There was no contingent liabilities during the six months ended 30 June 2022.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2022, the Group employed a total number of 904 staff in Hong Kong and overseas (inclusive of property management staff borne by owners' account and seasonal staff employed overseas). The remuneration policies of the Group are in line with prevailing industry practices. Bonuses are paid on a discretionary basis taking into account factors such as performance of individual employees and the Group's performance as a whole. The Group provides comprehensive employee benefits, including medical insurance, a choice of provident fund or mandatory provident fund as well as training programs. The Group is also a participating member of the PCCW employee share incentive award schemes.

The Company operates a share option scheme which was adopted by its shareholders at the Company's annual general meeting held on May 6, 2015, and became effective on May 7, 2015 following its approval by PCCW's shareholders ("2015 Scheme"). The 2015 Scheme is valid and effective for a period of 10 years commencing on May 7, 2015. Under the 2015 Scheme, the Board shall be entitled to offer to grant a share option to any eligible participant whom the Board may, at its absolute discretion, select.

DIVIDENDS AND DISTRIBUTION

The Board did not declare an interim dividend to shareholders nor an interim distribution to bonus convertible noteholders for the six months ended June 30, 2022 (2021: Nil).

The Board did not recommend the payment of a final dividend for the year ended December 31, 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2022, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's unaudited condensed consolidated interim financial information for the six months ended June 30, 2022 and has held one meeting during the period under review.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that its affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 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, 2022.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.pcpd.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2022 interim report will be despatched to shareholders of the Company and available on the above websites in due course.

OUTLOOK

The year 2022 is filled with challenges and tumultuous events including the lingering COVID-19 pandemic, interest rate hikes and the Russia-Ukraine war. Military conflicts contributed to the slowdown in global economy in 2022 and added further impetus to inflation. According to the latest report published by the IMF, the global growth is projected to slow from an estimated 6.1 per cent in 2021 to 3.6 per cent in 2022.

Having adapted to the new "normal" under the pandemic, more countries are relaxing their travel restrictions and reopening borders progressively, which offers a glimpse of hope towards the tourism industry in Japan and Thailand. Positioning Hanazono as an all-season resort with world-class standard attractions and facilities, we introduced two recreational facilities, "42ºN Art Hanazono – Mountain Lights" and "Hanazono Zipflight", in July 2022 to grasp the post-pandemic opportunities.

Amid the growing concerns of high inflation, interest rate hikes, geo-political conflict and potential global recession, there is significant uncertainty in the global economic outlook for 2022. Nonetheless, we are optimistic and remain confident in the real estate market in Hong Kong, Japan, Indonesia and Thailand. We have proactively drawn up future development plans and strategies for our portfolio. Sustainability is a key to a better future - a major focus for industries nowadays. We make concerted efforts to incorporate sustainability elements into our facilities and the infrastructure associated with our projects from design to development, benchmarking the industry's best practice. The construction works of our luxury residential development project at 3-6 Glenealy, Central are in progress, which will certainly become one of our signature landmark projects in Hong Kong. The Group will continue to adopt a prudent and cautious approach in investing and optimizing its resources, and vigorously control costs to foster the sustainable growth of its portfolio.

By Order of the Board
Pacific Century Premium Developments Limited
Timothy Tsang
Group General Counsel and Company Secretary

Hong Kong, August 9, 2022

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

Executive Directors:
Li Tzar Kai, Richard; and Benjamin Lam Yu Yee (Deputy Chairman and Group Managing Director)

Non-Executive Directors:
Lee Chi Hong, Robert (Non-Executive Chairman); and Dr Allan Zeman, GBM, GBS, JP

Independent Non-Executive Directors:
Prof Wong Yue Chim, Richard, SBS, JP; Chiang Yun; and Dr Vince Feng

** For identification only*