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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, 2024**

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, 2024. 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.

SUMMARY

- Consolidated revenue increased by 21 per cent to HK\$545 million
- Consolidated operating profit to HK\$49 million compared to consolidated operating loss of HK\$21 million in 2023
- Loss attributable to equity holders of the Company amounted to HK\$153 million
- Basic loss per share: 7.52 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, our premium commercial building, Pacific Century Place, Jakarta (“PCP Jakarta”), delivered a stable performance and remained a solid revenue contributor to the Group. As of June 30, 2024, the office space committed occupancy was 87 per cent. The gross rental income amounted to HK\$100 million for the six months ended June 30, 2024, compared to HK\$121 million for the corresponding period in 2023.

Executive Centre @ PCP, a flexible workplace solution that offers higher quality workspaces to office workers in response to the growing demand for viable one-stop office solutions, has received positive feedback from our tenants. The project was launched under the strategic partnership between our premium commercial property, PCP Jakarta, and Asia’s leading premium flexible workspace provider, The Executive Centre.

Property development in Japan

As with the corresponding period in 2023, the Group had no revenue from property development in Japan for the six months ended June 30, 2024.

Property development and golf operation in Thailand

As of June 30, 2024, the Group had sold 33% of its phase 1A villas in Phang Nga, Thailand. The Group had no revenue from its property development in Thailand for the six months ended June 30, 2024, compared to HK\$15 million for the same period in 2023.

As Thailand’s tourism sector continued to thrive in the first two quarters of 2024, the Group’s Aquella Golf & Country Club and 18-hole golf course reported a notable increase in the number of visitors during the period. Total revenue from our golf operations in the country amounted to HK\$6 million for the six months ended June 30, 2024, compared to HK\$5 million for the same period in 2023.

Property development in Hong Kong

Construction of the superstructure of the project at 3–6 Glenealy, Central, Hong Kong, has already commenced in April this year and has been progressing well. The project is scheduled to be completed by early 2026.

Hotel operations, recreation and leisure operation in Japan

Hotel operations in Japan

In post-pandemic Japan, tourism has been experiencing a steady upswing. In the past few months, depreciation of the Japanese Yen (“JPY”) has further fuelled the growth of the country’s travel sector. In March and April, tourist arrivals passed the three-million mark, hitting a record-breaking high. As a result of the boom, and with our robust business model, Park Hyatt Niseko, Hanazono, our hotel operations in Hokkaido, performed remarkably well in the first half of 2024. Both the occupancy rate and the average room rate rose sharply compared to the corresponding period last year.

For the six months ended June 30, 2024, the Group’s revenue from its hotel operations in Japan amounted to HK\$221 million, compared to HK\$153 million for the corresponding period in 2023.

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. The various facilities and recreational activities operated by the Group within the resort include "Hanazono EDGE" (a restaurant and entertainment centre), ski lifts, ski equipment rental, a ski school and snowmobile tours in the winter, "Hanazono Zipflight", "42°N Art Hanazono – Mountain Lights", rafting tours, tree-trekking, e-bikes and golfing in the summer. An extension of the light art exhibition of "42°N Art Hanazono – Mountain Lights", Prismatic Spring and Moon Blooms, is opened in 2024.

As of the winter season of 2023/24, the number of ski rides encompassing ski lifts and gondolas was up 61% from the pandemic period, namely the winter season of 2019/20. On the whole, our resort has greatly benefited from Japan's tourism surge during and beyond the winter months.

For the six months ended June 30, 2024, revenue from the Group's all-season recreational activities in Japan totalled HK\$136 million, compared to HK\$96 million for the corresponding period in 2023.

Property and facilities management

Hong Kong

Providing property management and facilities management services in Hong Kong, the Group generated a stable revenue of HK\$15 million for the six months ended June 30, 2024, compared to HK\$15 million for the corresponding period in 2023.

Japan

Revenue from property management services in Japan increased to HK\$60 million for the six months ended June 30, 2024, compared to HK\$41 million for the corresponding period in 2023.

Other businesses

Other businesses of the Group mainly include property investment in Hong Kong. Revenue from these other businesses amounted to HK\$7 million for the six months ended June 30, 2024, compared to HK\$6 million for the corresponding period in 2023.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

HK\$ million	Note	For the six months ended June 30,	
		2024 (Unaudited)	2023 (Unaudited)
Revenue	2	545	452
Cost of sales		<u>(160)</u>	<u>(146)</u>
Gross profit		385	306
General and administrative expenses		(337)	(327)
Other income		<u>1</u>	<u>—</u>
Operating profit/(loss)		49	(21)
Interest income		5	12
Finance costs		<u>(170)</u>	<u>(183)</u>
Loss before taxation	3	(116)	(192)
Income tax	4	<u>(37)</u>	<u>(29)</u>
Loss attributable to equity holder of the Company		<u>(153)</u>	<u>(221)</u>
Other comprehensive (loss)/income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences:			
Exchange differences on translating foreign operations		<u>(505)</u>	<u>4</u>
Total comprehensive loss		<u>(658)</u>	<u>(217)</u>
Loss per share (expressed in Hong Kong cents per share)			
Basic and diluted	6	<u>(7.52) cents</u>	<u>(10.85) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK\$ million	Note	As at June 30, 2024 (Unaudited)	As at December 31, 2023 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	7	3,241	3,435
Property, plant and equipment		2,062	2,344
Right-of-use assets		39	30
Properties under development	8a	153	142
Properties held for development	8b	402	427
Goodwill		3	4
Financial assets at fair value through profit or loss		1	1
Prepayments and other receivables		166	181
		6,067	6,564
Current assets			
Properties under development/held for sale	8a	3,384	3,321
Inventories		16	20
Sales proceeds held in stakeholders' accounts		9	9
Restricted cash		56	43
Trade receivables, net	9	35	96
Prepayments, deposits and other current assets		125	102
Amounts due from related companies		6	5
Cash and cash equivalents		544	865
		4,175	4,461

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

HK\$ million	Note	As at June 30, 2024 (Unaudited)	As at December 31, 2023 (Audited)
Current liabilities			
Borrowings		624	531
Trade payables	10	17	51
Accruals and other payables		263	321
Deferred income and contract liabilities		148	230
Lease liabilities		21	25
Current income tax liabilities		24	14
		1,097	1,172
Net current assets		3,078	3,289
Total assets less current liabilities		9,145	9,853
Non-current liabilities			
Borrowings		8,858	8,910
Other payables		183	185
Deferred income and contract liabilities		20	30
Lease liabilities		26	13
Deferred income tax liabilities		34	33
		9,121	9,171
Net assets		24	682
CAPITAL AND RESERVES			
Issued equity		3,802	3,802
Reserves		(3,911)	(3,253)
Capital and reserves attributable to equity holders of the Company		(109)	549
Non-controlling interests		133	133
		24	682

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, 2023, 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, 2023.

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, 2023, except for the adoption of the following amended HKFRSs and HKASs which are first effective for accounting periods beginning on or after January 1, 2024 as described below.

The following amended HKFRSs and HKASs are adopted for the financial year beginning January 1, 2024, but have no material effect on the Group’s reported results and financial position for the current and prior accounting periods.

- HKAS 1 (Revised) (Amendments), *Presentation of Financial Statements*
- HKAS 7 (Amendments), *Statement of Cash Flows*
- HKFRS 7 (Amendments), *Financial Instruments: Disclosures*
- HKFRS 16 (Amendments), *Leases*
- HK Interpretation 5 (Revised), *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

The Group has not early adopted any new or amended HKFRSs, HKASs and Interpretations that are not yet effective for the current accounting period.

For the period ended June 30, 2024, the Group had incurred loss attributable to equity holders of HK\$153 million and net decrease in cash and cash equivalents of HK\$292 million.

The directors of the Company have considered the above circumstances and have been regularly monitoring the liquidity position of the Group including the maturity and refinancing of loan facilities, and prepared a cash flow projection, given due and careful consideration to the refinancing needs, financial performance and any potential asset monetization opportunities of the Group to assess its liquidity.

Having taken into account the Group’s history in obtaining and extending the external financing, as well as future working capital requirements and cash resources, the directors consider the Group has sufficient financial resources to meet its financial obligations as and when they fall due in the next twelve months period ending June 30, 2025. Accordingly, the condensed consolidated financial information has been prepared on a going concern basis.

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 For the six months ended June 30,	<u>Revenue (note a)</u>						<u>Results</u>		<u>Other information</u>			
	<u>Revenue from external customers</u>		<u>Inter-segment revenue</u>		<u>Reportable segment revenue</u>		<u>Segment results before taxation</u>		<u>Additions to non-current segment assets</u>		<u>Depreciation</u>	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
All-season recreational activities in Japan	136	96	—	—	136	96	54	23	8	23	(18)	(18)
Property development in Japan	—	—	—	—	—	—	(8)	(9)	16	36	(3)	(2)
Hotel operations in Japan	221	153	—	—	221	153	6	(39)	1	—	(37)	(43)
Property management in Japan	60	41	—	—	60	41	24	10	—	—	—	—
Property investment in Indonesia	100	121	—	—	100	121	55	73	4	16	(5)	(4)
Property development and golf operation in Thailand	6	20	—	—	6	20	(17)	(18)	2	—	(6)	(6)
Property and facilities management in Hong Kong	15	15	—	—	15	15	5	5	—	—	—	—
Property development in Hong Kong	—	—	—	—	—	—	(7)	(4)	15	96	(4)	(1)
Other businesses (note b)	7	6	1	1	8	7	1	1	1	—	(9)	(10)
Elimination	—	—	(1)	(1)	(1)	(1)	—	—	—	—	—	—
Total of reported segments	545	452	—	—	545	452	113	42	47	171	(82)	(84)
Unallocated	—	—	—	—	—	—	(229)	(234)	—	—	—	—
Consolidated	545	452	—	—	545	452	(116)	(192)	47	171	(82)	(84)

2. Revenue and Segment Information - Continued

HK\$ million	<u>Assets</u>		<u>Liabilities</u>	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
As at				
All-season recreational activities in Japan	526	557	52	64
Property development in Japan	735	821	32	53
Hotel operations in Japan	1,324	1,543	604	742
Property management in Japan	85	157	48	135
Property investment in Indonesia	3,599	3,825	322	317
Property development and golf operation in Thailand	883	933	34	36
Property and facilities management in Hong Kong	22	19	2	2
Property development in Hong Kong	2,856	2,739	1,001	970
Other businesses (note b)	58	59	9	8
Total of reported segments	10,088	10,653	2,104	2,327
Unallocated	154	372	8,114	8,016
Consolidated	<u>10,242</u>	<u>11,025</u>	<u>10,218</u>	<u>10,343</u>

a. For the six months ended June 30, 2024 and 2023, the timing of revenue recognition is as follow:

HK\$ million	2024	2023
External revenue from contracts with customers:		
Timing of revenue recognition		
- At a point in time	100	84
- Over time	375	282
External revenue from other sources:		
- Rental income	70	86
	<u>545</u>	<u>452</u>

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

3. Loss Before Taxation

Loss before taxation is stated after charging the following:

HK\$ million	For the six months ended June 30,	
	2024	2023
Cost of properties sold	—	15
Cost of inventories sold	25	17
Depreciation of property, plant and equipment	68	73
Depreciation of right-of-use assets		
- properties	14	11
Outgoings in respect of investment properties	26	27
Staff costs included in:		
- cost of sales	43	36
- general and administrative expenses	95	103
Contributions to defined contribution retirement schemes included in		
- general and administrative expenses	2	3
Auditor's remuneration		
- audit services	2	2
Net foreign exchange loss	2	1
Variable lease payment expenses	20	8
Short-term leases expenses	<u>1</u>	<u>3</u>

4. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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.

HK\$ million	For the six months ended June 30,	
	2024	2023
Hong Kong profits tax		
- Provision for current period	1	—
Income tax outside Hong Kong		
- Provision for current period	35	28
Deferred income tax	1	1
	<u>37</u>	<u>29</u>

5. Dividend

HK\$ million	For the six months ended June 30,	
	2024	2023
Interim dividend	—	—

6. Loss per Share

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

Loss (HK\$ million)	For the six months ended June 30,	
	2024	2023
Loss for the purpose of calculating the basic and diluted loss per share	<u>(153)</u>	<u>(221)</u>

Number of shares	For the six months ended June 30,	
	2024	2023
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share	<u>2,038,276,786</u>	<u>2,038,276,786</u>

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, 2024, bonus convertible notes in an aggregated amount of HK\$592,552,133.20 (June 30, 2023: HK\$592,552,133.20) have been converted into 1,185,104,266 shares of the Company (June 30, 2023: 1,185,104,266 shares). The outstanding bonus convertible notes in an aggregated amount of HK\$20,021.20 (June 30, 2023: HK\$20,021.20) at the conversion price of HK\$0.50 per share convertible into 40,042 shares (June 30, 2023: 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, 2024 and June 30, 2023.

7. Investment Properties

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

HK\$ million	2024	2023
At January 1,	3,435	3,374
Exchange differences	<u>(194)</u>	<u>160</u>
At June 30,	<u><u>3,241</u></u>	<u><u>3,534</u></u>

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

a. Properties under development/held for sale

HK\$ million	2024	2023
At January 1,	3,463	3,171
Additions	143	148
Charged to income statement	—	(14)
Exchange differences	<u>(69)</u>	<u>(37)</u>
At June 30,	3,537	3,268
Less: Properties under development classified as non-current assets	<u><u>(153)</u></u>	<u><u>(459)</u></u>
Properties under development/held for sale classified as current assets	<u><u>3,384</u></u>	<u><u>2,809</u></u>

- (i) Properties under development classified as non-current assets as at June 30, 2024 consists of the freehold land under development in Japan which is held by an indirect wholly-owned subsidiary amounted to HK\$153 million.
- (ii) Properties under development, which have either been pre-sold or are intended for sale, are classified under current assets.

b. Properties held for development

HK\$ million	2024	2023
At January 1,	427	422
Exchange differences	<u>(25)</u>	<u>(5)</u>
At June 30,	<u><u>402</u></u>	<u><u>417</u></u>

Properties held for development as at June 30, 2024 represent the freehold land in Thailand which the Group intends to hold for future development projects.

9. Trade Receivables, net

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

	As at June 30, 2024	As at December 31, 2023
HK\$ million		
1 – 30 days	<u>35</u>	<u>96</u>

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.

10. Trade Payables

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

	As at June 30, 2024	As at December 31, 2023
HK\$ million		
1 – 30 days	<u>17</u>	<u>51</u>

FINANCIAL REVIEW

Review of results

The consolidated revenue of the Group was HK\$545 million for the six months ended June 30, 2024, representing an increase of 21% from HK\$452 million for the corresponding period in 2023. The increase was mainly due to 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, 2024 was HK\$385 million, representing an increase of 26% from HK\$306 million for the corresponding period in 2023. The gross profit margin for the six months ended June 30, 2024 was 71% as compared to 68% for the corresponding period in 2023.

The general and administrative expenses were HK\$337 million for the six months ended June 30, 2024, representing an increase of 3% from HK\$327 million for the corresponding period in 2023.

The consolidated operating profit for the six months ended June 30, 2024 was HK\$49 million, as compared to the consolidated operating loss of HK\$21 million for the corresponding period in 2023. Such increase was mainly due to the improved performance in hotel operations and all-season recreational operations in Niseko, Hokkaido, Japan.

The Group recorded lower finance costs of HK\$170 million for the six months ended June 30, 2024, as compared to HK\$183 million for the same period in 2023. The decrease was mainly due to the additional finance costs incurred in 2023 from the 4.75% guaranteed notes which was settled in March 2023. The consolidated net loss after taxation was HK\$153 million for the six months ended June 30, 2024, as compared to HK\$221 million for the corresponding period in 2023. Basic loss per share during the period under review was 7.52 Hong Kong cents, compared to a basic loss per share of 10.85 Hong Kong cents for the corresponding period in 2023.

Current assets and liabilities

As at June 30, 2024, the Group held current assets of HK\$4,175 million (December 31, 2023: HK\$4,461 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. Sales proceeds held in stakeholders' accounts remained at HK\$9 million as at June 30, 2024 (December 31, 2023: HK\$9 million). The level of restricted cash in current assets increased to HK\$56 million as at June 30, 2024 (December 31, 2023: HK\$43 million).

As at June 30, 2024, the Group's total current liabilities amounted to HK\$1,097 million, as compared to HK\$1,172 million as at December 31, 2023. As at June 30, 2024, the current ratio was 3.81 (December 31, 2023: 3.81).

Capital structure, liquidity and financial resources

As at June 30, 2024, the Group's borrowings amounted to HK\$9,482 million (December 31, 2023: HK\$9,441 million). The balance as at 30 June 2024 represented the amortised cost of financial liabilities in respect of the 5.125% guaranteed notes of US\$800 million (equivalent to HK\$6,245 million), the total outstanding principal amount of JPY10,606 million (equivalent to HK\$518 million) under all JPY loan facilities together with principal amount of HK\$3,370 million under the Hong Kong dollar loan facilities.

On June 18, 2021, PCPD Capital Limited ("PCPD Capital") issued in aggregate principal amount of US\$800 million 5.125% new guaranteed notes due 2026 ("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 Notes are irrevocably and unconditionally guaranteed by the Company. The Notes rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of PCPD Capital and the Company.

In April, 2021, a new 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 with a maturity date on April 13, 2026 or twelve months after occupation permit of the development project in Hong Kong being issued by the building authority, whichever is earlier. Such facility is secured by certain land and property, bank accounts, shares and other assets of the indirect non-wholly owned subsidiaries. The Company and the indirect non-wholly owned subsidiary are subject to certain financial ratios covenants. As of June 30, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan amount drawdown of HK\$988 million (December 31, 2023: HK\$954 million) less the deferred loan arrangement fees of HK\$5 million (December 31, 2023: HK\$7 million).

On February 1, 2023, an indirect wholly-owned subsidiary of the Company (the "Borrower") renewed the term loan facility agreement for an aggregate amount of JPY10,000 million with a maturity date in February 2026. Such facility 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. As of June 30, 2024, none of the covenants were breached and the carrying value of the borrowing represents the outstanding principal amount of JPY9,750 million (equivalent to HK\$476 million) (December 31, 2023: JPY 10,000 million, equivalent to HK\$550 million) less the deferred loan arrangement fees of JPY57 million (equivalent to HK\$3 million) (December 31, 2023: JPY76 million, equivalent to HK\$4 million).

On August 1, 2023, an indirect wholly-owned subsidiary of the Company entered into a term loan facility agreement under which the lender agreed to make available a term loan facility up to an aggregate amount of HK\$780 million with a maturity in July 2024. Such facility is secured by corporate guarantee of the company, certain indirect wholly-owned subsidiaries of the Company and PCCW Limited up to its percentage of interest of the issued share capital of the Company. The Company and the indirect wholly-owned subsidiary are subject to certain financial ratios covenants. As at June 30, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan amount drawdown of HK\$570 million (December 31, 2023: HK\$470 million) less the deferred loan arrangement fees of HK\$2 million (December 31, 2023: HK\$2 million).

On December 29, 2023, an indirect wholly-owned subsidiary of the Company renewed the term loan facility agreement for an aggregate amount of HK\$1,208 million with a maturity date in December 2026. Such facility is secured by the land and building, 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. As at June 30, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan amount drawdown of HK\$1,208 million (December 31, 2023: HK\$1,208 million) less the deferred loan arrangement fees of HK\$14 million (December 31, 2023: HK\$11 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, 2024, the assets of the Group in Indonesia, Japan and Thailand represented 35%, 25% and 9% 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 used in operating activities for the six months ended June 30, 2024 is HK\$78 million, as compared to cash generated from operating activities in the amount of HK\$39 million for the corresponding period in 2023.

Income tax

The Group's income tax for the six months ended June 30, 2024 was HK\$37 million, as compared to HK\$29 million for the corresponding period in 2023.

Security on assets

As at June 30, 2024, certain assets of the Group with an aggregated carrying value of HK\$7,683 million (December 31, 2023: HK\$7,759 million) are mortgaged and pledged to the banks as security for the loan facilities.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2024, the Group employed a total number of 997 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, 2024 (2023: Nil).

The Board did not recommend the payment of a final dividend for the year ended December 31, 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2024, 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, 2024 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 C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended June 30, 2024.

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 2024 interim report will be despatched to shareholders of the Company and available on the above websites in due course.

OUTLOOK

Despite some optimism at the start of the year, 2024 has thus far been characterised by a continuation of the risks and factors that plagued different parts of the world throughout the previous year. Geopolitical tensions and slow recovery have kept growth on an uncertain footing.

Nevertheless, the global economy has shown its resilience in the past months, maintaining steady growth while inflation is returning to target levels. International tourism across the globe has made near-complete recovery.

We are confident that the Group will maintain its pace of growth in the latter half of the year. While looking forward to another two quarters of achievements, we will remain vigilant about external challenges and opportunities, including possible repercussions of Federal Reserve rate cuts that might occur in the last quarter of 2024.

For the remainder of 2024, we will launch a host of effective sales and promotion initiatives in various markets where we have operations, with the aim of attracting potential high-quality travellers, tenants and buyers worldwide. Our hotel operations, recreation and leisure operations in Japan are expected to once again deliver an exceptional performance and make significant contributions to the Group.

We are cautiously optimistic about the property sectors in Hong Kong, Japan, Thailand and Indonesia in the long run. We will meticulously formulate and implement strategies to maximise returns for our stakeholders while mitigating risks in the volatile time.

By Order of the Board
Pacific Century Premium Developments Limited
Cheung Kwok Kuen Alan
General Counsel and Company Secretary

Hong Kong, July 24, 2024

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 Director:

Dr Allan Zeman, GBM, GBS, JP

Independent Non-Executive Directors:

Prof Wong Yue Chim, Richard, SBS, JP (Independent Non-Executive Chairman); Chiang Yun; and Dr Vince Feng

** For identification only*