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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)

- (1) DISTRIBUTION IN SPECIE OF THE SHARES OF THE COMPANY
BY CONTROLLING SHAREHOLDER;
(2) INTENDED CONVERSION OF CONVERTIBLE NOTES;
AND
(3) AMENDMENT OF THE TERMS OF THE CONVERTIBLE NOTES**

**DISTRIBUTION IN SPECIE OF THE SHARES OF THE COMPANY BY
CONTROLLING SHAREHOLDER**

On 6 August 2020, the board of directors of PCCW announced the declaration of special interim dividend in the form of a distribution in specie of 657,019,246 Shares held by the PCCW Group to the Qualifying PCCW Shareholders in proportion to their then respective shareholdings in PCCW on the basis of 85 Shares for every 1,000 PCCW Shares held by the Qualifying PCCW Shareholders, provided however that if the Bondholders' Consent is obtained by Tuesday, 1 September 2020, the amount of such distribution in specie will be increased by the amount of the Adjusted PCCW Distribution to a total of 834,800,925 Shares on the basis of 108 Shares for every 1,000 PCCW Shares held by the Qualifying PCCW Shareholders. If the Bondholders' Consent is not obtained by Tuesday, 1 September 2020, the PCCW Distribution will not be increased by the amount of the Adjusted PCCW Distribution and will remain in the amount of 657,019,246 Shares on the basis of 85 Shares for every 1,000 PCCW Shares held by the Qualifying PCCW Shareholders.

As at the date of this announcement, PCCW, through Asian Motion, is indirectly interested in 285,088,666 Shares (representing approximately 70.88% of all issued Shares). Immediately upon completion of the Conversion and the PCCW Distribution, it is expected that Asian Motion's shareholding in the Company will be reduced to approximately 51%, provided however that if the Bondholders' Consent is obtained by Tuesday, 1 September 2020, the amount of the PCCW Distribution will be increased by the amount of the Adjusted PCCW Distribution such that Asian Motion's shareholding in the Company will be reduced to approximately 40%.

In connection with the above and on 6 August 2020, the Company's wholly-owned subsidiary, PCPD Capital Limited, has issued an announcement on the website of the Singapore Exchange Securities Trading Limited in respect of seeking Bondholders' Consent.

There is no assurance that the Bondholders' Consent will be given, so the Shareholders should be aware that the Adjusted PCCW Distribution may or may not be distributed by PCCW.

INTENDED CONVERSION OF CONVERTIBLE NOTES

The Company has been notified by Asian Motion on 6 August 2020 that, simultaneously with the making of the PCCW Distribution, Asian Motion intends to exercise the conversion rights to all of the Convertible Notes held by it. Upon Conversion, the Company will issue the Conversion Shares, a part of which will be used for the PCCW Distribution.

Pursuant to the Conversion, a total number of 1,185,066,666 Conversion Shares will be issued to the Qualifying PCCW Shareholders (in respect of those Conversion Shares which will form part of the Distribution Shares) and Asian Motion (in respect of those Conversion Shares which will not form part of the Distribution Shares) on the Conversion Date.

AMENDMENT OF THE TERMS OF THE CONVERTIBLE NOTES

Asian Motion proposed to amend a term of the Deed Poll such that, upon conversion of the Convertible Notes, Shares can be issued and registered under the name of the Noteholder(s) or any person(s) designated by the Noteholder(s) in the conversion notice.

The Stock Exchange's approval for the Amendment pursuant to Rule 28.05 of the Listing Rules has been obtained by the Company on 5 August 2020. The Amendment became effective on 6 August 2020.

Reference is made to the Company's announcements dated 2 March 2012, 16 May 2012 and 21 June 2012, the Company's circular dated 5 April 2012, and the Company's prospectus dated 4 June 2012 in relation to, amongst other things, the Convertible Notes.

Reference is also made to the announcement of PCCW dated 6 August 2020 in relation to, amongst other things, the PCCW Distribution and the Conversion.

DISTRIBUTION IN SPECIE OF THE SHARES OF THE COMPANY BY CONTROLLING SHAREHOLDER

On 6 August 2020, the board of directors of PCCW announced the declaration of special interim dividend in the form of a distribution in specie of 657,019,246 Shares held by the PCCW Group to the Qualifying PCCW Shareholders in proportion to their then respective shareholdings in PCCW on the basis of 85 Shares for every 1,000 PCCW Shares held by the Qualifying PCCW Shareholders, provided however that if the Bondholders' Consent is obtained by Tuesday, 1 September 2020, the amount of such distribution in specie will be increased by the amount of the Adjusted PCCW Distribution to a total of 834,800,925 Shares on the basis of 108 Shares for every 1,000 PCCW Shares held by the Qualifying PCCW Shareholders. If the Bondholders' Consent is not obtained by Tuesday, 1 September 2020, the PCCW Distribution will not be increased by the amount of the Adjusted PCCW Distribution and will remain in the amount of 657,019,246 Shares on the basis of 85 Shares for every 1,000 PCCW Shares held by the Qualifying PCCW Shareholders. For more details, please refer to the announcement dated 6 August 2020 issued by PCCW.

As at the date of this announcement, PCCW, through Asian Motion, is indirectly interested in 285,088,666 Shares (representing approximately 70.88% of all issued Shares). Part of the Distribution Shares are new Shares to be issued and allotted as a result of the Conversion, details of which are further elaborated in the paragraph headed "Intended Conversion of Convertible Notes" in this announcement. Immediately upon completion of the Conversion and the PCCW Distribution, it is expected that Asian Motion's shareholding in the Company will be reduced to approximately 51%, provided however that if the Bondholders' Consent is obtained by Tuesday, 1 September 2020, the amount of the PCCW Distribution will be increased by the amount of the Adjusted PCCW Distribution such that Asian Motion's shareholding in the Company will be reduced to approximately 40%. For details on the effect of the PCCW Distribution on the Company's shareholding, please see the paragraph headed "Effect on Shareholding Structure" in this announcement.

In connection with the above and on 6 August 2020, the Company's wholly-owned subsidiary, PCPD Capital Limited, has issued an announcement on the website of the Singapore Exchange Securities Trading Limited in respect of seeking Bondholders' Consent.

There is no assurance that the Bondholders' Consent will be given, so the Shareholders should be aware that the Adjusted PCCW Distribution may or may not be distributed by PCCW.

INTENDED CONVERSION OF CONVERTIBLE NOTES

As at the date of this announcement, Asian Motion holds Convertible Notes in the aggregate amount of HK\$592,533,333.20, which entitles it to the issue of 1,185,066,666 Shares upon full conversion.

The Company has been notified by Asian Motion on 6 August 2020 that, simultaneously with the making of the PCCW Distribution, Asian Motion intends to exercise the conversion rights to all of the Convertible Notes held by it. Upon Conversion, the Company will issue the Conversion Shares, a part of which will be used for the PCCW Distribution.

Pursuant to the Conversion, a total number of 1,185,066,666 Conversion Shares will be issued to the Qualifying PCCW Shareholders (in respect of those Conversion Shares which will form part of the Distribution Shares) and Asian Motion (in respect of those Conversion Shares which will not form part of the Distribution Shares) on the Conversion Date.

According to the terms and conditions of the Convertible Notes, if and to the extent that the minimum public float requirements in respect of the Shares under the Listing Rules could not be complied with immediately after the purported exercise of the conversion rights of any holder of the Convertible Notes, such Noteholder shall not be entitled to exercise such conversion rights. It is expected that at no point in time from the date of this announcement until the Conversion Date would Asian Motion's shareholding in the Company exceed 75%. The condition to Conversion is expected to be met.

According to the Deed Poll, the Conversion Date is deemed to be the 30th Stock Exchange Business Day following the date of surrender of the Convertible Notes certificates by Asian Motion together with the Conversion Notice and any payment required to be made in connection with the Conversion. For details on the effect of the Conversion on the Company's shareholding, please see the paragraph headed "Effect on Shareholding Structure" in this announcement.

AMENDMENT OF THE TERMS OF THE CONVERTIBLE NOTES

Under the terms of the Deed Poll, the Conversion Shares may only be issued and registered under the name of the same person(s) as the relevant holder(s) of the Convertible Note(s) who exercised the conversion rights under the Convertible Notes.

Asian Motion proposed to amend the abovementioned term of the Deed Poll such that, upon conversion of the Convertible Notes, Shares can be issued and registered under the name of the Noteholder(s) or any person(s) designated by the Noteholder(s) in the conversion notice.

According to the Deed Poll, modification of the Convertible Notes or the provisions of the Deed Poll requires the sanction of Noteholders by an Extraordinary Resolution. The Deed Poll provides that a written resolution signed by or on behalf of the Noteholders of not less than 90% of the aggregate amount of Convertible Notes outstanding shall be as valid and effective as a duly passed Extraordinary Resolution. On 6 August 2020, Asian Motion (which holds over 90% of the aggregate amount of Convertible Notes outstanding at the date of this announcement) passed the Extraordinary Resolution in writing for making the Amendment, and the Amendment became effective on the same date.

The Stock Exchange's approval for the Amendment pursuant to Rule 28.05 of the Listing Rules has been obtained by the Company on 5 August 2020.

All other terms of the Convertible Notes remain unchanged.

Impact of the Amendment and the Conversion

The Board considers the Amendment to be in the interests of the Company and the Shareholders as a whole for the following reasons:

1. The Amendment seeks to amend the Share issuance mechanics under the Convertible Notes so as to extend flexibility to all Noteholders to choose to have the Conversion Shares issued and registered in their own name or in the name of their designated person(s).
2. Given the intended Conversion and PCCW Distribution, the Amendment was proposed with a view to allow direct allotment and issuance of Distribution Shares to the Qualifying PCCW Shareholders upon Conversion, so as to facilitate the PCCW Distribution. The Company considers that the Amendment allows the intended Conversion and PCCW Distribution to be conducted in a straightforward, easy to understand and efficient manner.
3. Following the PCCW Distribution, the shareholder base of the Company will be broadened, which in turn may improve liquidity of Shares trading on the market.

EFFECT ON SHAREHOLDING STRUCTURE

Assuming that no further Shares are issued or repurchased by the Company prior to the issue of the Conversion Shares, the shareholding structure of the Company taking into account the Conversion and the PCCW Distribution is as follows:

| | As at the date of this announcement | | Immediately after the Conversion and PCCW Distribution | | | |
|--|-------------------------------------|--------|--|--------|-------------------------------------|--------|
| | | | (Bondholders' Consent obtained) | | (Bondholders' Consent not obtained) | |
| Shareholder | Number of Shares | % | Number of Shares | % | Number of Shares | % |
| Asian Motion | 285,088,666 | 70.88 | 635,354,407 | 40.03 | 813,136,086 | 51.23 |
| Mr. Li and his associates ⁽¹⁾ | - | - | 241,545,951 ⁽²⁾ | 15.22 | 190,105,609 ⁽³⁾ | 11.98 |
| Other non-public Shareholders | - | - | 889,409 ⁽⁴⁾ | 0.06 | 699,998 ⁽⁵⁾ | 0.04 |
| Public Shareholders | 117,100,647 | 29.12 | 709,466,212 | 44.69 | 583,314,286 | 36.75 |
| Total | 402,189,313 | 100.00 | 1,587,255,979 | 100.00 | 1,587,255,979 | 100.00 |

Note:

(1) As at the date of this announcement, Mr. Li is an executive director of the Company.

- (2) *Of these Shares:*
- (a) *Pacific Century Diversified Limited (“PCD”), a wholly-owned subsidiary of Chiltonlink Limited (“Chiltonlink”), will hold 29,102,971 Shares, and Eisner Investments Limited (“Eisner”) will hold 4,128,020 Shares. Mr. Li owned 100% of the issued share capital of Chiltonlink and Eisner;*
 - (b) *18,933,725 Shares will be held by Pacific Century Group Holdings Limited (“PCGH”). Mr. Li was the founder of certain trusts which held 100% interests in PCGH; and*
 - (c) *189,381,235 Shares will be held by PCRD, a company in which PCGH had, through itself and certain wholly-owned subsidiaries being Anglang Investments Limited, Pacific Century Group (Cayman Islands) Limited, Pacific Century International Limited and Borsington Limited, an aggregate of 88.63% interest. Mr. Li was the founder of certain trusts which held 100% interests in PCGH. Mr. Li was also deemed to be interested in 1.06% of the issued share capital of PCRD through Hopestar Holdings Limited, a company wholly-owned by Mr. Li.*
- (3) *Of these Shares:*
- (a) *PCD, a wholly-owned subsidiary of Chiltonlink, will hold 22,905,116 Shares, and Eisner will hold 3,248,905 Shares. Mr. Li owned 100% of the issued share capital of Chiltonlink and Eisner;*
 - (b) *14,901,542 Shares will be held by PCGH. Mr. Li was the founder of certain trusts which held 100% interests in PCGH; and*
 - (c) *149,050,046 Shares will be held by PCRD, a company in which PCGH had, through itself and certain wholly-owned subsidiaries being Anglang Investments Limited, Pacific Century Group (Cayman Islands) Limited, Pacific Century International Limited and Borsington Limited, an aggregate of 88.63% interest. Mr. Li was the founder of certain trusts which held 100% interests in PCGH. Mr. Li was also deemed to be interested in 1.06% of the issued share capital of PCRD through Hopestar Holdings Limited, a company wholly-owned by Mr. Li.*
- (4) *Of these Shares:*
- (a) *Ms. Hui Hon Hing, Susanna, an executive director of the Company will hold 782,154 Shares; and*
 - (b) *Mr. Lee Chi Hong, Robert, a non-executive director of the Company and the non-executive chairman of the Company, will hold 107,255 Shares.*
- (5) *Of these Shares:*
- (a) *Ms. Hui Hon Hing, Susanna, an executive director of the Company will hold 615,584 Shares; and*
 - (b) *Mr. Lee Chi Hong, Robert, a non-executive director of the Company and the non-executive chairman of the Company, will hold 84,414 Shares.*

The Company has been informed by PCCW that it is currently expected that the Company will continue to be consolidated into the PCCW Group’s accounts following the PCCW Distribution. Further announcement(s) in relation to the intended Conversion and PCCW Distribution will be made by the Company as and when appropriate in compliance with the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

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| “Adjusted PCCW Distribution” | 177,781,679 Shares which would, subject to the obtaining of the Bondholders’ Consent, be distributed to the Qualifying PCCW Shareholders as part of the PCCW Distribution |
| “Amendment” | has the meaning ascribed to it in the paragraph headed “Amendment of the terms of the Convertible Notes” in this announcement |
| “Asian Motion” | Asian Motion Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of PCCW. It is also a Noteholder and a controlling shareholder of the Company which directly holds approximately 70.88% of the total number of Shares in issue as at the date of this announcement |

| | |
|----------------------------|---|
| “Board” | the board of directors of the Company |
| “Bondholders’ Consent” | the consent of the holders or beneficial owners of US\$700,000,000 4.75 per cent. guaranteed notes due 2022, which are listed on the Singapore Exchange Securities Trading Limited, issued by PCPD Capital Limited and guaranteed by the Company to the change of control of the Company |
| “Company” | Pacific Century Premium Developments Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00432) |
| “Convertible Notes” | the mandatorily convertible notes constituted by the Deed Poll and issued by the Company on 22 June 2012, in the denomination of HK\$0.10 each, in registered form, of an aggregate amount of HK\$592,572,154.40, convertible into 1,185,144,308 Shares at an adjusted conversion price of HK\$0.50 per Share |
| “Conversion Notice” | a notice to be given by Asian Motion to the Company for the Conversion |
| “Conversion” | the conversion of all of the Convertible Notes held by Asian Motion |
| “Conversion Date” | the 30th Stock Exchange Business Day following the date of surrender of the Convertible Notes certificates by Asian Motion together with the Conversion Notice and any payment required to be made in connection with the Conversion in accordance with the Deed Poll |
| “Conversion Shares” | the 1,185,066,666 Shares that would be allotted and issued upon exercise of the conversion rights attaching to the Convertible Notes referred to in the Conversion Notice |
| “Deed Poll” | the deed poll dated 22 June 2012 and any other documents (as from time to time altered in accordance with such deed poll and/or other documents) executed by the Company in order to provide for and to protect the rights and interests of the Noteholders |
| “Distribution Shares” | part of the Conversion Shares which will be used for the PCCW Distribution |
| “Extraordinary Resolution” | a resolution passed at a meeting of Noteholders duly convened and held in accordance with the provisions of the Deed Poll by a majority consisting of not less than three-quarters of the votes cast |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Li” | Mr. Li Tzar Kai, Richard, an executive director of the Company |
| “Noteholder(s)” | holder(s) of the Convertible Notes |

| | |
|--------------------------------|--|
| “PCCW” | PCCW Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00008) and traded in the form of American Depositary Receipts on the OTC Markets Group Inc. in the United States (ticker: PCCWY), which indirectly holds approximately 70.88% of the total number of Shares in issue as at the date of this announcement |
| “PCCW Distribution” | the distribution of special interim dividend by PCCW to PCCW Shareholders in the form of a distribution in specie of 657,019,246 Shares held by the PCCW Group to the Qualifying PCCW Shareholders in proportion to their then respective shareholdings in PCCW on the basis of 85 Shares for every 1,000 PCCW Shares held by the Qualifying PCCW Shareholders, provided however that if the Bondholders’ Consent is obtained by Tuesday, 1 September 2020, the amount of such distribution in specie will be increased by the amount of the Adjusted PCCW Distribution to a total of 834,800,925 Shares on the basis of 108 Shares for every 1,000 PCCW Shares held by the Qualifying PCCW Shareholders. If the Bondholders’ Consent is not obtained by Tuesday, 1 September 2020, the PCCW Distribution will not be increased by the amount of the Adjusted PCCW Distribution and will remain in the amount of 657,019,246 Shares on the basis of 85 Shares for every 1,000 PCCW Shares held by the Qualifying PCCW Shareholders |
| “PCCW Group” | PCCW and its subsidiaries |
| “PCCW Shareholder(s)” | holder(s) of share(s) of PCCW |
| “PCCW Shares” | the ordinary shares in the issued share capital of PCCW |
| “Qualifying PCCW Shareholders” | the PCCW Shareholder(s) whose name(s) appear(s) on the register of members of PCCW on the record date for the PCCW Distribution, other than the non-qualifying overseas PCCW Shareholder(s) whose (respective) address(es) as shown on the register of members of PCCW on the record date for the PCCW Distribution is(are) in a place outside Hong Kong which the board of directors of PCCW on account of the relevant legal or regulatory requirements or restrictions considers necessary or expedient to exclude from the PCCW Distribution |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of share(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Stock Exchange Business Day” | any day (other than a Saturday, Sunday or any public holiday) on which the Main Board of the Stock Exchange is open for business |
| “subsidiary” | has the meaning ascribed to it under the Listing Rules |
| “US\$” | United States Dollars, the lawful currency of the United States of America |

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

Hong Kong, 6 August 2020

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

Executive Directors:

Li Tzar Kai, Richard; Benjamin Lam Yu Yee (Deputy Chairman and Group Managing Director); and Hui Hon Hing, Susanna

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*