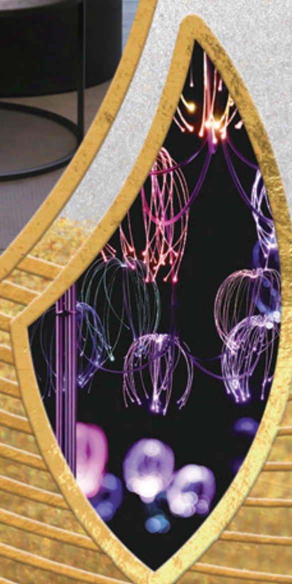
Pacific Century
Premium Developments
盈科大衍地產發展

STOCK CODE: 00432

ANNUAL REPORT 2024

Defining and Transforming The Future



The name **Pacific Century Premium Developments** signifies the company's sharp focus on the high-end segment of property markets in the region.

In Chinese, the name takes on a more aspirational meaning that invites reflection on the company's origins and progress to the present day, as well as its ambitions for the future.

The structure of the name contains a reference to rivers and streams leading to the sea. According to ancient literature, all such waterways share that destiny and tend to be individually active and dynamic in making their way to the coast, where they finally achieve success together.

The Chinese version of PCPD's name also symbolises vigorous growth into prosperity and can be likened to acorns developing into oak trees, which are well known for their towering size, solid stature and longevity. Interestingly, this analogy is very similar to the popular English saying: 'From tiny acorns do mighty oak trees grow'.

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Hanazono offers a wide variety of events throughout the season, including glamorous fireworks presented by Park Hyatt Niseko Hanazono and Niseko Hanazono Resort.

CORPORATE PROFILE

Pacific Century Premium Developments Limited ("PCPD" or the "Group", SEHK: 00432) is principally engaged in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments. PCCW Limited ("PCCW", SEHK: 00008) is the single largest shareholder of the Group.

PROPERTY DEVELOPMENT AND INVESTMENT

PCPD completed the last phase of its signature project Residence Bel-Air at the end of 2008. This has become one of the city's most prestigious residential developments. The Group also developed ONE Pacific Heights, a prime residential project situated in the western part of Hong Kong Island.

The Group continues to explore investment opportunities around the world. In line with this strategy, the Group has drawn up long-term development plans for world-class all-season luxury resorts in Hokkaido, Japan and Phang Nga, Thailand. In Hokkaido, Japan, Park Hyatt Niseko, Hanazono has been in operation since early 2020 and the Group has started to plan for the next phase of development. As for the project in Phang Nga, Thailand, the Group commenced sales of the first batch of villas in 2019, and the golf course and golf club have been in operation since mid-2021.

The Group acquired a site located in Sudirman CBD, Jakarta, Indonesia in 2013 and developed it into a premium Grade A office building. It has become one of the busiest multinational corporation hubs in that area.

In 2018, the Group acquired a prime site at 3–6 Glenealy in Central, Hong Kong. The Group intends to redevelop the site into a luxury residential development.

PROPERTY AND ASSET MANAGEMENT

Leveraging on its extensive experience and expertise, the Group provides property and asset management services for various kinds of premises.

Aquella, Phang Nga, Thailand

Savor the Simple Joys under the Sun

River fishing tour at Niseko Hanazono Resort

STATEMENT FROM THE INDEPENDENT NON-EXECUTIVE CHAIRMAN

Pacific Century Place, Jakarta, Indonesia

Cautiously optimistic about the property sectors in Hong Kong, Japan, Thailand and Indonesia in the long run, we are confident of our ability to keep improving our business performance and maximise returns in 2025, all to the benefit of our stakeholders.

The year 2024 saw the world economy navigate a landscape with an interplay of uncertainty and challenges. While the currents shifted frequently, PCPD stayed on a steady course, forging ahead with care and agility, and leveraging certain positive trends and its own strengths to deliver a pleasing performance.

At the beginning of the year, the global landscape was marked by worries about macroeconomic stability, high inflation and geopolitical tensions. Yet many economies demonstrated resilience, achieving steady decline in inflation without recession. The US economy remained fundamentally strong, and Asia-Pacific are expected to contribute roughly 60 percent to global growth in 2024.

By December 2024, international tourism was expected to make a full recovery from the pandemic. The rebound was notable in Asia, including in various markets where PCPD is present. Inbound travel to Japan remained high in both the peak and off-peak seasons, and the total number of visitors to the country is expected to reach 35 million for the whole year of 2024, up 10 percent from 2019. Thailand also recorded an upward trend in tourist arrivals. All these positive factors, coupled with PCPD's robust business foundation and competitive advantages, were key to the Group's achievements this year.

Looking ahead, we will stay focused on running our business well. This will involve staying driven by our business objectives, further refinement of our portfolio, launching effective marketing initiatives and strengthening risk management, all with a view to delivering consistent and meaningful value to our stakeholders. Potential geopolitical conflict and possible changes in trade policies around the world are among the risk factors we will closely keep an eye on. Nonetheless, we remain confident of the Asia-Pacific market in the long run, and we believe our strategic focus and commitment will chart a course towards continuous success.

On behalf of PCPD, I would like to take this opportunity to sincerely thank our valued shareholders and stakeholders for their unwavering support for the Group. I also extend my gratitude to all our staff members and our management team in Hong Kong and overseas for their invaluable contributions and hard work for the past year.

Richard Wong
Independent Non-Executive Chairman

February 19, 2025

STATEMENT FROM THE DEPUTY CHAIRMAN AND GROUP MANAGING DIRECTOR

The Group recorded a consolidated revenue of HK$901 million for the financial year ended December 31, 2024, representing a year-on-year increase of 10% from HK$822 million for the previous financial year.

The consolidated net loss attributable to equity holders of the company totalled HK$230 million for 2024, compared to the consolidated net loss of HK$466 million for 2023. Basic loss per share was 11.29 Hong Kong cents, compared to the basic loss per share of 22.89 Hong Kong cents for 2023.

The Board of Directors has not recommended a final dividend for the year ended December 31, 2024.

In 2024, we delivered a robust set of results, indicating that PCPD is now firmly back on a growth trajectory. We had much to benefit from international tourism bouncing back strongly and a devalued yen. In particular, the record-breaking surge in tourism in Japan has helped us achieve a notable rise in occupancy and revenue of Park Hyatt Niseko, Hanazono, our hospitality business in Hokkaido.

Pacific Century Place, Jakarta ("PCP Jakarta"), our premium commercial building in Jakarta, Indonesia, logged an office space reservation and commitment rate of 85% in 2024, compared to 83% in 2023. In the past year, we introduced various initiatives to nurture relationships, with a view to bringing more potential tenants to PCP Jakarta.

In Thailand, although tourism grew at slower-than-expected rates in 2024, the total number of inbound tourists exceeded 29 million in the first 11 months and may attain the government's yearly target of 36.7 million. Meanwhile, the country has introduced different incentives to boost tourist arrivals recently. These include the free-visa scheme, which was launched in late 2023 and has apparently helped drive up visitor numbers. Against the positive backdrop, we implemented a host of sales marketing activities to lure prospective buyers to the on-site show villa of our property development project in Phang Nga. The team is at the last phase of exploring capital efficient ways to add value to the project.

STATEMENT FROM THE DEPUTY CHAIRMAN AND GROUP MANAGING DIRECTOR

Park Hyatt Niseko Hanazono, Japan

Development of our luxury property at 3–6 Glenealy, Central, Hong Kong, has been progressing well with construction of the superstructure commenced in April 2024. Sales details of the project will be announced in due course. Despite the Hong Kong property market's recent slowdown, lowered borrowing costs are likely to provide positive sentiment for the market. We remain cautiously optimistic about this segment in the long run.

The year 2025 will likely be characterised by uncertainty and challenges. However, we believe there will be no shortage of opportunities that we can capture to keep PCPD on a growth path.

We will keep a close eye on different risk factors and changes. Our approach will remain prudent yet proactive. We will continue to reinforce our business foundation and devise effective strategies to boost profitability, with the ultimate aim of maximising returns for our stakeholders.

Benjamin Lam
Deputy Chairman and Group Managing Director

February 19, 2025

KEY BUSINESS STRATEGIES

The Group is principally engaged in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments. PCPD aims to create and enhance value for its shareholders through development projects, acquisitions and joint ventures.

For this purpose, we embrace two key business strategies:

1. *Maintain long-term growth and profitability by developing and investing in premium-grade properties*

   We will focus on the development of our existing land bank in Hanazono, Niseko in Japan and Phang Nga, Thailand as well as our Glenealy site in Hong Kong. In addition, we are proactively seeking suitable premium development projects to generate favourable returns and sustain long-term growth for the Group.

2. *Enhance our opportunities in real estate markets worldwide by leveraging on our experience, expertise, and brand established in developing and managing luxury residential, resort and hotel properties, and premium-grade buildings*

   We intend to replicate our success and maximise the strengths of our brand through new projects. We would explore opportunities to participate in projects with the benefit of economies of scale and deploy our strength, and to acquire and upgrade properties for investment or sale, whether through establishing joint ventures or by setting up real estate funds.

Park Hyatt Niseko Hanazono Residences and Park Hyatt Niseko Hanazono in Japan

Aquella, Phang Nga, Thailand

Embarking on a Journey toward a Lavish Lifestyle

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's discussion and analysis of the audited consolidated financial results and operations relating to the business of Pacific Century Premium Developments Limited ("Company") and its subsidiaries (together with the Company, "Group") for the year ended December 31, 2024 is set out below.

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"), was stable throughout the year and the project remained a consistent revenue contributor to the Group. As of December 31, 2024, the office space committed occupancy was 85%, compared to 83% in the previous year. The gross rental income amounted to HK$206 million for 2024, compared to HK$239 million in 2023.

Property development in Japan

The Group has no revenue from its property development in Japan for the years ended December 31, 2024 and 2023.

Property development and golf operation in Thailand

In Phang Nga, Thailand, the Group has sold or reserved 33% of phase 1A villas. The Group had no revenue from its property development in Thailand for the year ended December 31, 2024, compared to HK$30 million in 2023.

Property development in Hong Kong

Construction of the superstructure at 3–6 Glenealy, Central, Hong Kong, commenced in April, 2024. The work has been progressing well. Completion of the project is scheduled for early 2026.

Hotel operations, recreation and leisure operations in Japan

Hotel operations in Japan

Park Hyatt Niseko, Hanazono, our hotel operations in Hokkaido, delivered a highly satisfactory performance in 2024, as Japan's tourism sector experienced a boom throughout the year with record-breaking tourist arrivals. The average occupancy rate of Park Hyatt Niseko increased by 6 percentage point. For the year ended December 31, 2024, the Group's revenue from its hotel operations in Japan amounted to HK$349 million, compared to HK$276 million in 2023.

Recreation and leisure operations in Japan

The Group's all-season recreational operation is located in Niseko, Hokkaido, Japan, which is 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 winter, "Hanazono Zipflight", rafting tours, tree-trekking, e-bikes and golfing in the summer. Afternoon tea on the lake by Pierre Hermé Paris and an extension of the art exhibition of "42°N Art Hanazono — Mountain Lights", Prismatic Spring and Moon Blooms, were launched during the year under review.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tourism in Japan enjoyed robust growth in 2024, thanks in part to depreciation of the Japanese Yen. As of the winter season of 2023/2024, the number of ski rides encompassing ski lifts and gondolas was up 70% from the pre-pandemic period, namely the winter season of 2018/2019. The tourism boom also had a positive impact on our recreational business in Niseko beyond the cold months. On the whole, our operations in Japan have greatly benefited from the country's thriving travel sector throughout the year.

Revenue from this segment rose to HK$206 million for the year ended December 31, 2024, from HK$156 million for the year ended December 31, 2023.

Property and facilities management

Hong Kong

The Group provides property management and facilities management services in Hong Kong, and generated a revenue of HK$31 million for the year ended December 31, 2024, compared to HK$31 million in 2023.

Japan

The Group provides property management in Japan and generated a revenue of HK$87 million for the year ended December 31, 2024, compared to HK$68 million in 2023.

Other businesses

Other businesses of the Group mainly include property investment in Hong Kong. The revenue from these other businesses amounted to HK$12 million for the year ended December 31, 2024, compared to HK$13 million in 2023.

Add a Myriad of Colors to Vacation

Prismatic Spring and Moon Blooms, an extension of the light-art exhibition "42°N Art Hanazono – Mountain Lights" organised by Niseko Hanazono Resort was open in 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Review of results

The consolidated revenue of the Group was HK$901 million for the year ended December 31, 2024, representing an increase of 10 per cent from HK$822 million 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 of the Group for the year ended December 31, 2024 was HK$620 million, representing an increase of 13 per cent from HK$547 million in 2023. For the year ended December 31, 2024, the gross profit margin was 69 per cent compared to 67 per cent in 2023.

The general and administrative expenses were HK$654 million for the year ended December 31, 2024, representing a decrease of 2 per cent from HK$665 million in 2023. The decrease was mainly due to better cost control in operating costs.

The Group recorded lower finance costs of HK$313 million for the year ended December 31, 2024 compared to HK$332 million for 2023. The decrease was mainly due to exchange gain on guaranteed notes. The consolidated net loss after taxation was HK$230 million for the year ended December 31, 2024, as compared to HK$466 million in 2023. Such decrease was mainly due to the improved performance in hotel operations and all-season recreational operations in Niseko, Hokkaido, Japan. Basic loss per share during the year under review was 11.29 Hong Kong cents compared to basic loss per share of 22.89 Hong Kong cents in 2023.

Current assets and liabilities

As at December 31, 2024, the Group held current assets of HK$4,537 million (December 31, 2023: HK$4,461 million), mainly comprising properties under development/held for sale, cash and cash equivalent, prepayments, deposits and other current assets, and trade receivables, net. The increase in current assets is mainly attributable to addition in property under development. Sales proceeds held in stakeholders' accounts amounted to HK$8 million as at December 31, 2024 (December 31, 2023: HK$9 million). The level of restricted cash increased to HK$71 million as at December 31, 2024 (December 31, 2023: HK$43 million).

As at December 31, 2024, the Group's total current liabilities amounted to HK$1,540 million, as compared to HK$1,172 million as at December 31, 2023. The increase was mainly due to the increase in borrowings due within one year. As at December 31, 2024, the current ratio was 2.95 (December 31, 2023: 3.81).

Capital structure, liquidity and financial resources

As at December 31, 2024, the Group's borrowings amounted to HK$9,841 million (December 31, 2023: HK$9,441 million). The balance as at December 31, 2024 represented the amortised cost of financial liabilities in respect of the 5.125% guaranteed notes of US$800 million issued (equivalent to HK$6,196 million), Japanese Yen ("JPY") 10,230 million (equivalent to HK$505 million) under all JPY loan facilities, together with HK$3,140 million under the Hong Kong dollar loan facilities.

On June 18, 2021, PCPD Capital Limited ("PCPD Capital"), an indirectly wholly-owned subsidiary of the Company, issued in an aggregate principal amount of US$800 million 5.125 per cent 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.

On April 13, 2021, a project development loan facility agreement was entered into by an indirect wholly-owned subsidiary of the Company under which the lenders agreed to make available a term loan facility up to an aggregate amount of HK$1,382 million with a maturity of April 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 of the Company and subject to certain financial ratios covenants. As of December 31, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK$1,031 million (December 31, 2023: HK$954 million) offset by the deferred loan arrangement costs of HK$3 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 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 and subject to certain financial ratios covenants. As of December 31, 2024, none of the covenants were breached and the carrying value of the borrowing represents the outstanding principal amount of JPY9,500 million (equivalent to HK$468 million) (December 31, 2023: JPY10,000 million, equivalent to HK$550 million) offset by the deferred loan arrangement costs of JPY48 million (equivalent to HK$2 million) (December 31, 2023: JPY76 million, equivalent to HK$4 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 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 and subject to certain financial ratios covenants. As of December 31, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK$1,199 million (December 31, 2023: HK$1,208 million) offset by the deferred loan arrangement costs of HK$11 million (December 31, 2023: HK$11 million).

On July 30, 2024, an indirect wholly-owned subsidiary of the Company entered into an amendment agreement to the term loan facility agreement for an aggregate amount of HK$780 million. The maturity of the term loan facility is in April, 2025. Such facility is secured by corporate guarantee of the Company, certain indirect wholly-owned subsidiaries of the Company and PCCW Limited ("PCCW") up to its percentage of interest of the issued share capital of the Company and subject to certain financial ratios covenants. As of December 31, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK$780 million (December 31, 2023: HK$470 million) offset by the deferred loan arrangement costs of HK$2 million (December 31, 2023: HK$2 million).

On December 24, 2024, an indirect wholly-owned subsidiary of the Company entered into the term loan facility agreement under which the lender agreed to make available a term loan facility up to an aggregate amount of HK$500 million. The maturity of the term loan facility is in June, 2028. Such facility is secured by corporate guarantee of the Company and subject to certain financial ratios covenants. As of December 31, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK$150 million (December 31, 2023: Nil) offset by the deferred loan arrangement costs of HK$4 million (December 31, 2023: Nil).

As at December 31, 2024, the net debt-to-equity ratio was 13,912 per cent (as at December 31, 2023: 1,257 per cent). The net debt is calculated from the aggregated amounts of borrowings of HK$9,841 million less the aggregate of cash and cash equivalents of HK$659 million.

The Group's borrowings were denominated in US dollars, Hong Kong dollars and Japanese Yen while the cash and bank deposits were held mainly in US dollars and Hong Kong dollars. The Group has foreign operations, and certain of its net assets are exposed to the risk of foreign currency exchange rate fluctuations. As at December 31, 2024, the assets of the Group in Indonesia, Thailand and Japan represented 33 per cent, 9 per cent and 28 per cent 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, Thai Baht and Japanese Yen.

Cash used in operating activities for the year ended December 31, 2024 was HK$75 million compared to cash generated from operating activities of HK$245 million in 2023. The change in operating cash flow was mainly due to settlement with HKSAR Government for the Cyberport Project Agreement in 2023.

Income tax

The Group's income tax for the year ended December 31, 2024 was HK$24 million, as compared to HK$66 million in 2023. The decrease was mainly due to the recognition of deferred tax asset from previously unrecognised tax losses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Security on assets

As at December 31, 2024, certain assets of the Group with an aggregated carrying value of HK$7,765 million were mortgaged and pledged to the banks as security for the loan facilities (December 31, 2023: HK$7,782 million).

Contingent liabilities

There was no contingent liabilities during the year ended December 31, 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2024, the Group employed a total number of 1,403 staff in Hong Kong and overseas (inclusive of property management staff borne by owners' account and seasonal staff employed overseas) (2023: 1,353 staff). 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 and training programmes. 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 the 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.

Upon the expiration of the 2015 Scheme on May 6, 2025, no further share option will be granted thereunder. Therefore, an ordinary resolution will be proposed at the forthcoming annual general meeting to approve the adoption of the new share option scheme ("2025 Scheme"). A circular containing, among others, details of the proposed adoption of the 2025 Scheme will be despatched to shareholders of the Company and published on the websites of the Company (www.pcpd.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) in due course.

DIVIDENDS AND DISTRIBUTION

The Board did not recommend the payment of a final dividend to shareholders nor a final distribution to bonus convertible noteholders for the year ended December 31, 2024 (2023: Nil).

The Board did not declare an interim dividend to shareholders nor an interim distribution to bonus convertible noteholders for the year ended December 31, 2024 (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS AND CLOSURE OF REGISTER OF NOTEHOLDERS

The register of members and the register of noteholders of bonus convertible notes of the Company will be closed from May 9, 2025 to May 14, 2025, both days inclusive, during which period no transfer of shares and bonus convertible notes of the Company will be effected.

(a) In the case of shares of the Company, in order to be entitled to attend and vote at the forthcoming annual general meeting of the Company, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on May 8, 2025; and

(b) In the case of bonus convertible notes of the Company, in order to be entitled to attend and vote at the forthcoming annual general meeting of the Company, the notice of conversion accompanied by the relevant note certificate and payment of the necessary amount should be surrendered to and deposited with the Company's registrar in respect of the bonus convertible notes, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for conversion into shares of the Company no later than 4:30 p.m. on March 20, 2025.

OUTLOOK

The global economy is set to remain an uncertain landscape in 2025 while growth is expected to be stable. Nevertheless, there are still bright spots to look forward to. Continuing disinflation and further rate cuts are likely to promote a gradual recovery of advanced economies. According to the International Monetary Fund, the world economy is expected to expand moderately by 3.2% in 2025, the same rate for 2024. Yet factors such as potential flare-ups in geopolitical tensions and trade policy issues with China might alter the baseline outlook.

Despite ongoing economic and geopolitical uncertainties, the growth momentum of international tourism will continue into 2025. PCPD will capitalise on the upward trend by optimising occupancy at Park Hyatt Niseko, Hanazono, as well as boosting our ski business at Hanazono.

As with in Japan, we will launch a diversity of sales and marketing initiatives in all other markets where we have operations, with the aim of cultivating positive relationships and attracting potential high-quality tenants, travellers and high-net-worth buyers. We will carefully refine our business strategy and keep an eye on new pipelines with great growth potential.

Cautiously optimistic about the property sectors in Hong Kong, Japan, Thailand and Indonesia in the long run, we are confident of our ability to keep improving our business performance and maximise returns in 2025, all to the benefit of our stakeholders.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

LI Tzar Kai, Richard

Mr Li, aged 58, is an Executive Director of Pacific Century Premium Developments Limited ("PCPD"), the Chairman of PCPD's Executive Committee of the board of directors ("Board"), a member of PCPD's Remuneration Committee and Nomination Committee of the Board. He became a director of PCPD in May 2004. He was also the Chairman of PCPD from June 2004 to May 2019. He also holds positions in the following companies:

(1) Chairman and Executive Director of PCCW Limited ("PCCW");
(2) Chairman of PCCW's Executive Committee;
(3) a member of PCCW's Nomination Committee of the PCCW board;
(4) Executive Chairman and Executive Director of HKT Limited ("HKT") and HKT Management Limited, the trustee-manager of the HKT Trust;
(5) Chairman of HKT's Executive Committee;
(6) a member of HKT's Nomination Committee of the HKT board;
(7) Chairman and Chief Executive of the Pacific Century Group;
(8) Chairman and Executive Director of Singapore-based Pacific Century Regional Developments Limited ("PCRD"), and the Chairman of PCRD's Executive Committee; and
(9) a Director of FWD Group Holdings Limited.

Mr Li is a member of the Center for Strategic and International Studies' International Councillors' Group in Washington, D.C.. He was awarded the Lifetime Achievement Award by the Cable & Satellite Broadcasting Association of Asia in November 2011.

Benjamin LAM Yu Yee

Deputy Chairman and Group Managing Director

Mr Lam, aged 63, is an Executive Director, Deputy Chairman and Group Managing Director of PCPD, a member of PCPD's Executive Committee of the Board and a director of certain PCPD subsidiaries. He became a director of PCPD in May 2019. He served PCPD as Chief Operating Officer in September 2004 and was Deputy Chief Executive Officer, Chief Financial Officer and Executive Director from September 2007 to November 2014.

Prior to joining PCPD in September 2004, Mr Lam was the Chief Financial Officer of Asia Pacific Resources International Limited in Singapore in 2003 and was appointed as the President of China Operations in April 2004. Between 1999 to 2003, Mr Lam was an Executive Director and Group Chief Financial Officer of Sino Land Company Limited ("Sino Land"). Prior to joining Sino Land, he had worked in various financial institutions for over 13 years and had substantial experience in corporate finance and investment banking.

Mr Lam holds a Bachelor of Science degree in Industrial Engineering from The University of Hong Kong and a Master of Business Administration degree from the Manchester Business School.

NON-EXECUTIVE DIRECTOR

Dr Allan ZEMAN, GBM, GBS, JP

Dr Zeman, aged 76, is a Non-Executive Director of PCPD, a member of PCPD's Nomination Committee of the Board and a director of certain PCPD subsidiaries. He became a director of PCPD in June 2004.

Dr Zeman is the Chairman of Lan Kwai Fong Group, a major property owner and developer in Hong Kong's Lan Kwai Fong, one of Hong Kong's popular tourist attractions and entertainment districts. Dr Zeman is also an Independent Non-Executive Director of Sino Land, Tsim Sha Tsui Properties Limited, Television Broadcasts Limited, Fosun Tourism Group and a board member of The "Star" Ferry Company, Limited. Besides all the board appointments in Hong Kong, Dr Zeman is also the Non-Executive Chairman and Independent Non-Executive Director of Wynn Macau, Limited, a prominent gaming company in Macau.

Having lived in Hong Kong for over 54 years, Dr Zeman has been very involved in Government services as well as community activities. Dr Zeman is a member of the Hong Kong Special Administrative Region ("HKSAR") Chief Executive Council of Advisors, a member of the HKSAR Task Force on Promoting and Branding Hong Kong, a member of the HKSAR Culture Commission and Tourism Strategy Committee. He is also a board member of WestK Enterprise Limited. It is established to enhance the long-term financial sustainability of the West Kowloon Cultural District Authority ("Authority") and to drive commercialisation and explore new revenue sources, leveraging the Authority's assets, resources and expertise. He is a member of the Board of Governors of The Canadian Chamber of Commerce in Hong Kong. Dr Zeman is also a board member of The Hong Kong Entrepreneurs Fund of Alibaba Group which was launched in November 2015. Dr Zeman was the board member of the Airport Authority Hong Kong from June 2015 to June 2022. He was also the Chairman of Hong Kong Ocean Park from July 2003 to June 2014 and the honorary advisor to the Ocean Park from July 2014 to June 2022.

Dr Zeman holds the Honorary Doctorate of Laws Degree conferred by The University of Western Ontario, Canada and the Honorary Doctorates of Business Administration conferred by City University of Hong Kong, The Hong Kong University of Science and Technology as well as The Open University of Hong Kong, now known as the Hong Kong Metropolitan University.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof WONG Yue Chim, Richard, SBS, JP

Independent Non-Executive Chairman

Prof Wong, aged 72, is an Independent Non-Executive Director and the Independent Non-Executive Chairman of PCPD, the Chairman of PCPD's Audit Committee of the Board and a member of PCPD's Remuneration Committee and Nomination Committee of the Board. He became a director of PCPD in July 2004.

Prof Wong is Professor of Economics at The University of Hong Kong. He was awarded the Silver Bauhinia Star in 1999 by the Government of the HKSAR for his contributions in education, housing, industry and technology development. In addition, Prof Wong was appointed a Justice of the Peace in July 2000. He studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy.

Prof Wong is currently an Independent Non-Executive Director of the following listed companies in Hong Kong:

(1) Great Eagle Holdings Limited; and
(2) Sun Hung Kai Properties Limited.

BOARD OF DIRECTORS

CHIANG Yun

Ms Chiang, aged 57, is an Independent Non-Executive Director of PCPD, the Chairlady of PCPD's Remuneration Committee of the Board and a member of PCPD's Audit Committee and Nomination Committee of the Board. She became a director of PCPD in May 2015.

Ms Chiang has over 31 years of private equity investment experience and is now the founding managing partner of Prospere Capital Limited. She was previously a founding managing partner of the private equity division of Pacific Alliance Group ("PAG"). Prior to joining PAG, she was a vice president in AIG Investment Corporation. She is currently an Independent Non-Executive Director of Sands China Ltd. ("Sands") and Goodbaby International Holdings Limited ("Goodbaby"), both of which are listed in Hong Kong. She is also the Chairlady of Environmental, Social and Governance Committee, a member of Audit Committee and Nomination Committee of Sands as well as the Chairlady of Audit Committee, Nomination Committee and Remuneration Committee of Goodbaby. Ms Chiang is also a Non-Executive Director of Yantai Changyu Pioneer Wine Company Limited, which is listed in Shenzhen. She is also a Non-Executive Director of Jebsen and Company Limited and Jebsen Capital International Limited.

Ms Chiang obtained a Bachelor of Science degree, cum laude, from Virginia Polytechnic Institute and State University in 1992 and an Executive Master of Business Administration degree from The Kellogg Graduate School of Management of North-western University and The Hong Kong University of Science and Technology in 1999.

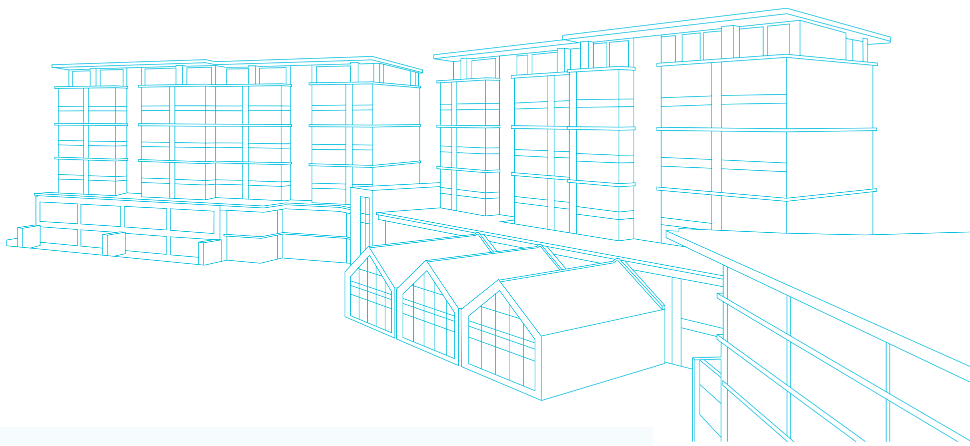
Dr Vince FENG

Dr Feng, aged 52, is an Independent Non-Executive Director of PCPD, the Chairman of PCPD's Nomination Committee of the Board and a member of PCPD's Audit Committee of the Board. He became a director of PCPD in March 2018.

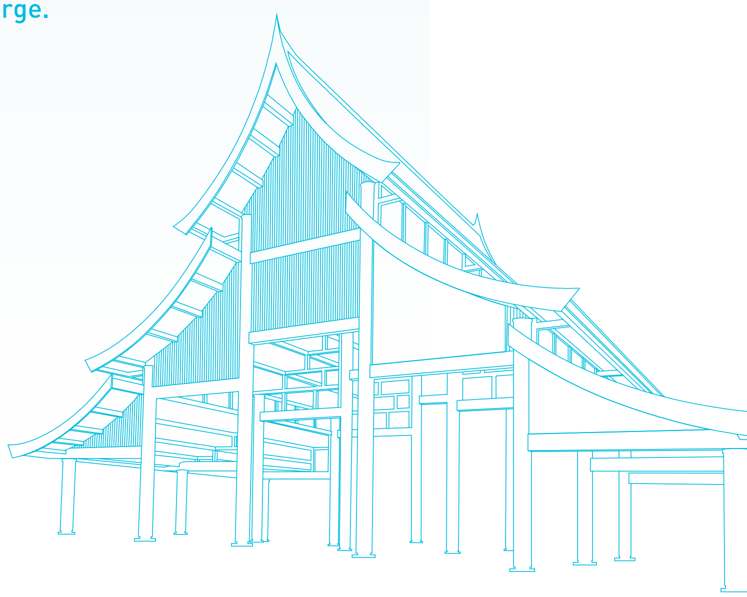
Dr Feng has been working in the financial services industry since 1994, and currently serves as a director of various funds while teaching at the University of Hong Kong. Dr Feng previously served as a Managing Director of General Atlantic LLC, a global private equity firm focused on growth sectors, overseeing their North Asian operations. Subsequently, Dr Feng co-founded and served as CEO of two related global macro hedge funds (Ocean Arete Limited and Ocean Capital Management Limited). Dr Feng has served on the boards of numerous technology and investment companies in Asia, such as TIH Limited, Lenovo, Digital China, Ren Ren, Data Systems, and Vimicro. Prior to that, Dr Feng was also a financial analyst with Goldman Sachs (Asia) LLC in Hong Kong, working in the Direct Private Investing (formerly PIA) and Mergers and Acquisitions areas.

Dr Feng received his Doctor of Philosophy (PhD) in Economic Sociology and Bachelor of Arts (BA) degree (Honors) in Social Studies, both from Harvard University, and his Master of Business Administration (MBA) degree from Stanford University.

CORPORATE CULTURE



Leveraging its premium-grade property investments and expertise in premium property development and management, the Company strives to improve the quality of life of different communities, deliver quintessential experiences and promote sustainability. We embrace a culture of integrity, respect, collaboration, inclusion and care. Our teams are committed to innovation and always make a point of adding a sense of sophistication to every design, as part of our pursuit of excellence for the good of the Company and society at large.



CORPORATE GOVERNANCE REPORT

Pacific Century Premium Developments Limited ("PCPD" or "Company") and its subsidiaries ("Group") have made continued efforts to incorporate the key elements of sound corporate governance into its management structure and internal procedures. The Group is committed to high standards of ethics and integrity in all aspects of business and to ensuring that its affairs are conducted in accordance with applicable laws and regulations and for the benefits and in the interests of shareholders of the Company.

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 ("CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") during the year ended December 31, 2024.

MODEL CODE SET OUT IN APPENDIX C3 TO THE LISTING RULES

The Company has adopted its own code of conduct regarding securities transactions, namely the PCPD Code of Conduct for Securities Transactions ("PCPD Code"), which applies to all directors and employees of the Company on terms no less exacting than the required standard indicated by the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

The Company has made specific enquiries with all the directors of the Company and they confirmed that they had complied with the requirements under the PCPD Code for the year ended December 31, 2024.

BOARD OF DIRECTORS

As at the date of this report, the board of directors of the Company ("Board") comprises two executive directors, one non-executive director and three independent non-executive directors. The biographies of all the directors as of the date of this report are set out on pages 20 to 22 of this annual report.

The Board is responsible for the management of the Company. Its key responsibilities include formulation of overall strategies of the Group, setting targets for management and supervision of management performance. The Board confines itself to making broad policy decisions and exercising its reserved powers, as set out below:

1. those functions and matters as set out in the terms of reference of various committees (as amended from time to time) for which approval of the Board must be sought from time to time;

2. those functions and matters for which approval of the Board must be sought in accordance with the Group's internal policies (as amended from time to time);

3. consideration and approval of financial statements in interim reports and annual reports, announcements and press releases of interim and annual results;

BOARD OF DIRECTORS — CONTINUED

4. consideration of dividend amounts in accordance with the dividend policy as adopted by the Board; and

5. monitoring of the corporate governance practices and procedures; and maintenance of appropriate and effective risk management and internal control systems of the Group to ensure compliance with the applicable rules and regulations.

The executive committee of the Board ("Executive Committee") is responsible for considering in detail the policy decisions of the Board and implementing such decisions.

Prof Wong Yue Chim, Richard is the Independent Non-executive Chairman of the Board and Mr Benjamin Lam Yu Yee is the Group Managing Director of the Company. The role of the Independent Non-executive Chairman is separated from that of the Group Managing Director. The Independent Non-executive Chairman is responsible for ensuring that the Board functions effectively, for providing leadership for the Board in setting goals and objectives for the Company and for ensuring that good corporate governance practices and procedures are established and enforced. The Group Managing Director is responsible for the day-to-day management of the Group's businesses and operations and for ensuring effective implementation of the Group's strategies. Mr Benjamin Lam Yu Yee is also the Deputy Chairman of the Board.

All directors have full access to all the relevant information and have been furnished with relevant information in a timely manner, including monthly updates from the management, reports from each committee of the Board and briefings on significant legal, regulatory or accounting issues affecting the Group. Directors are also entitled to seek independent professional advice with costs to be borne by the Company.

All directors have confirmed that they have given sufficient time and attention to the Company's affairs. The Company has requested that each director shall disclose to the Company at the time of his/her appointment the number and nature of offices held in public companies or organisations and other significant commitments and with an indication of the time involved and disclose in a timely manner any changes thereto.

The Board has a structured process to evaluate its own performance and directors' contribution on an annual basis including a self-evaluation questionnaire which has been completed by each director. The objectives of the evaluation are to assess whether the Board and the committees, as well as the directors have adequately and effectively performed its/their roles and fulfilled its/their responsibilities; and has/have devoted sufficient time commitment to the Company's affairs and make contributions to the Board; and to recommend areas for improvement. The evaluation process has confirmed that the Board and committees continue to operate effectively and that the performance of the directors and time commitment in discharging their duties as directors of the Company for the year ended December 31, 2024 were generally satisfactory.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS — CONTINUED

The directors acknowledge their responsibilities for preparing the financial statements for each financial year, which give a true and fair view of the financial position of the Company and the Group and of the financial performance and cash flows of the Group for the year in accordance with the Hong Kong Financial Reporting Standards, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Listing Rules. In preparing the financial statements for the year ended December 31, 2024, the directors and the Chief Financial Officer have selected suitable accounting policies and applied them consistently, made judgements and estimates that were prudent and reasonable, stated the reasons for any significant departure from applicable accounting standards in Hong Kong and prepared the financial statements on a going concern basis. The directors and the Chief Financial Officer are responsible for keeping proper accounting records which would reflect with reasonable accuracy at any time the financial position, results of operations, cash flows and changes in equity of the Group. The statement of the external auditor of the Company relating to their reporting responsibilities on the financial statements of the Company is set out in the Independent Auditor's Report on pages 69 to 74 of this annual report.

At least one-third of the members of the Board are independent non-executive directors and hence the requirement under Rule 3.10A of the Listing Rules is complied with. In addition, the qualification and experience of Ms Chiang Yun, one of the independent non-executive directors of the Company, fulfil the requirement under Rule 3.10(2) of the Listing Rules; therefore, the requirement under Rule 3.10 of the Listing Rules is complied with. The Company has received from each of its independent non-executive directors a written confirmation confirming his/her independence to the Company and the Company considers that they are independent in accordance with Rule 3.13 of the Listing Rules.

In accordance with the Bye-laws of the Company, any director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his appointment and shall be eligible for re-election at that meeting. In addition, all the directors of the Company are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company and in compliance with the CG Code. At each annual general meeting of the Company not less than one-third of the directors for the time being who have been longest in office shall retire from office by rotation. All directors are subject to re-election by shareholders at general meetings at least once every three years. The Company has issued formal letters of appointment to its directors setting out the key terms of their appointments as required under the Listing Rules.

The Independent Non-executive Chairman of the Board holds meeting with the independent non-executive directors without the presence of other directors at least annually to ensure independent views and input are available to the Board, such mechanism is reviewed annually by the Board to ensure its implementation and effectiveness.

Independent non-executive directors are identified in all of the corporate communications in which the names of the directors are disclosed. An updated list of the Company's directors identifying the independent non-executive directors and the roles and functions of the directors is maintained on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEX").

In the year ended December 31, 2024, four Board meetings were held. The attendance record of individual directors at the board meetings is set out in the table on page 39 of this annual report.

EXECUTIVE COMMITTEE

The Executive Committee operates as a general management committee with the overall delegated authority from the Board. This ensures that decisions can be taken quickly to enable the Group to seize opportunities in the fast-moving business environment. The Executive Committee is responsible for determining Group strategies, reviewing trading performance, ensuring adequate funding, examining major investment opportunities and monitoring management performance. The authority and duties of the Executive Committee are set out in writing in its terms of reference.

Current members of the Executive Committee are:

1. Li Tzar Kai, Richard *(Chairman)*

2. Benjamin Lam Yu Yee

REMUNERATION COMMITTEE

The remuneration committee of the Board ("Remuneration Committee") is responsible for ensuring that formal and transparent procedures are in place for developing the remuneration policy of the Company, for overseeing the remuneration packages of individual executive directors and senior management, and for providing effective oversight and administration of the share option scheme of the Company. The authority and duties of the Remuneration Committee are set out in writing in its terms of reference which specify, among other things, that it must comprise at least three members, the majority of whom shall be independent non-executive directors and the Chairman of the Remuneration Committee must be an independent non-executive director of the Company. The terms of reference are posted on the websites of the Company and HKEX.

The Company has adopted the model by which determination of the remuneration packages of individual executive directors and senior management is delegated to the Remuneration Committee. The Remuneration Committee is provided with sufficient resources to perform its duties and can seek advice from remuneration consultants or other independent external professional advisors if necessary.

The Remuneration Committee is chaired by an independent non-executive director. Current members of the Remuneration Committee are:

1. Chiang Yun *(Chairlady)*

2. Li Tzar Kai, Richard

3. Prof Wong Yue Chim, Richard

The majority of the members of the Remuneration Committee are independent non-executive directors.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE — CONTINUED

The objective of the Company's remuneration policy is to help establish fair and competitive remuneration packages based on our business requirements and industry practice. In order to determine the level of remuneration and fees paid to members of the Board, market rates and factors such as each director's workload, responsibility and job complexity are taken into account. The following factors are considered when determining the remuneration packages of directors and senior management of the Company:

- business requirements;
- individual performance and contribution to results;
- company performance and profitability;
- retention considerations and the potential of individuals;
- corporate goals and objectives;
- changes in relevant markets, including supply and demand fluctuations and changes in competitive conditions; and
- general economic situation.

During the review process, no individual director is involved in decisions relating to his/her own remuneration.

In the year ended December 31, 2024, one Remuneration Committee meeting was held. The attendance record of individual directors at the committee meeting is set out in the table on page 39 of this annual report.

The following is a summary of the work performed by the Remuneration Committee in 2024:

A. reviewed and approved the remuneration of certain executive directors for 2024 and their 2023 incentive bonus and performance incentives in 2023;

B. reviewed the fees and remuneration of the non-executive directors for 2024 and made recommendations to the Board for approval; and

C. reviewed the terms of reference of the Remuneration Committee and concluded that no revision was required.

Details of the remuneration of each director are set out in note 10 to the consolidated financial statements.

NOMINATION COMMITTEE

The nomination committee of the Board ("Nomination Committee") is responsible for ensuring that a set of fair and transparent procedures is in place for the appointment and re-appointment of directors to the Board. The authority and duties of the Nomination Committee are set out in writing in its terms of reference which specify, among other things, that it must comprise at least three members, the majority of whom shall be independent non-executive directors and the Chairman of the Nomination Committee can be either the Chairman of the Board or an independent non-executive director of the Company. The terms of reference are posted on the websites of the Company and HKEX.

The Company has formal procedures for the appointment of a new director to the Board, and the appointment process is fair and transparent. The Nomination Committee reviews the structure, size, composition and the balance of skills, knowledge, experience and diversity of perspectives of the Board, identifies suitably qualified candidates to become Board members and makes recommendations to the Board on the selection of candidates nominated for directorships and on succession planning for directors. During the process, the Nomination Committee makes the selection of candidate based on merits and with due regard to the benefits of diversity he/she can bring to the Board.

The Board adopted a board diversity policy ("Board Diversity Policy") on February 25, 2013 with the primary objective of enhancing the effectiveness of the Board and the corporate governance standard of the Group. The Company recognises the importance of having a diverse team of Board members, which is an essential element in maintaining an effective Board. The Nomination Committee has been delegated the authority to review and assess the diversity of the Board by way of considering all aspects of diversity including but not limited to, age, cultural and educational background, gender and ethnicity, and professional experience, skills and knowledge with an objective of maintaining an appropriate mix and balance of skills, knowledge, experience and diversity of perspectives on the Board. A target of 30% female representation on the Board was set as a long term objective by the Board when the Board Diversity Policy was adopted. As at the date of this annual report, the female representation on the Board is 17%. The Nomination Committee is committed to improving gender diversity as and when suitable candidates are identified.

The Group worked relentlessly in the past year towards our corporate objectives in diversity and inclusion. In 2024, our total workforce gender diversity is at 1:1.38 female to male ratio. The gender diversity ratio for senior staff is at 1:1.25. We consider that at present there is a reasonably high gender diversity in the Group's workforce, and will continue to monitor the need to maintain or, if desired or necessary, increase diversity to meet our corporate objectives.

The Nomination Committee will review and access the Board Diversity Policy at least annually and make recommendations to the Board regarding appointment and re-appointment of directors. The Nomination Committee will give consideration to the Board Diversity Policy when identifying and selecting suitably qualified candidates. Selection of candidates will be based on a range of diversity perspectives, as well as professional experience, skills and knowledge, and how the candidate would contribute to the diversity of the Board. The diverse culture helps promote critical thinking and foster constructive debate, thereby enabling the Board in attaining its strategic objectives and achieving sustainable and balanced development for the Group.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE — CONTINUED

The Board adopted a nomination policy on November 13, 2018 which sets out the procedures and criteria to be used by the Nomination Committee for the selection, appointment and re-appointment of directors to the Board. In assessing the suitability of proposed candidate, the Nomination Committee has considered key factors which include but not limited to accomplishment, expertise, experience and diversity that the candidate can bring to the Board in all its aspects and the candidate's commitment in respect of available time and relevant interest. The Nomination Committee shall make recommendations for the Board's consideration and approval in respect of candidates to stand for election at a general meeting or for filling a casual vacancy. The Board has the ultimate responsibility for selection and appointment of directors as permitted in the Company's Bye-laws and shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Nomination Committee is chaired by an independent non-executive director. Current members of the Nomination Committee are:

1. Dr Vince Feng *(Chairman)*

2. Li Tzar Kai, Richard

3. Prof Wong Yue Chim, Richard

4. Dr Allan Zeman

5. Chiang Yun

The majority of the members of the Nomination Committee are independent non-executive directors.

The Nomination Committee is provided with sufficient resources to perform its duties and can seek advice from independent external professional advisors if necessary. In the year ended December 31, 2024, one Nomination Committee meeting was held. The attendance record of individual directors at the committee meeting is set out in the table on page 39 of this annual report.

The following is a summary of the work performed by the Nomination Committee in 2024:

A. reviewed and assessed the independence of all independent non-executive directors and advised the Board as to which of the directors were due to retire pursuant to the applicable laws of Bermuda, the Bye-laws of the Company and the CG Code and recommended the list of retiring directors for re-election at the 2024 annual general meeting;

B. annual review of the structure, size and composition (including the skills, knowledge and experience) of the Board based on the Board Diversity Policy; and with a recommendation to the Board for approval;

C. reviewed the Board Diversity Policy and concluded that no revision was required; and

D. reviewed the terms of reference of the Nomination Committee and concluded that no revision was required.

NOMINATION COMMITTEE — CONTINUED

At its meeting on February 19, 2025, the Nomination Committee reviewed the structure, size and composition (including skills, knowledge and experience) of the Board and formed the view that the Board has maintained a balance of skills, knowledge, experience and diversity of perspectives which was appropriate for the business of the Company for the year ended December 31, 2024, and had made recommendation to the Board for approval of the same. In performing its duties, the Nomination Committee can seek advice from outside legal counsels or other independent professionals at the Company's expenses if necessary.

AUDIT COMMITTEE

The audit committee of the Board ("Audit Committee") is responsible for ensuring (i) the objectivity and credibility of the Group's financial reporting; (ii) that the directors have exercised due care, diligence and skills prescribed by law when presenting the Group's results to the shareholders; (iii) that effective systems of risk management and internal controls are in place; (iv) that good corporate governance standards and practices are maintained by the Group; and (v) the Company's general compliance with regulatory obligations. The authority and duties of the Audit Committee are set out in writing in its terms of reference which are posted on the websites of the Company and HKEX.

The major duties of the Audit Committee include (i) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, compensation and supervision of the external auditor and to ensure the independence of the external auditor by reviewing the fees for audit and non-audit services provided to the Group by the external auditor in accordance with its adopted procedures; and (ii) maintaining of good corporate governance standards and practices and the whistleblower policy of the Group.

In addition, the Audit Committee will (i) evaluate the adequacy and review the effectiveness of the Company's disclosure controls and processes for financial reporting; (ii) review the design, implementation and monitoring of the Group's risk management and internal control systems on an ongoing basis; (iii) consider the changes in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment; (iv) consider the scope and quality of management's ongoing monitoring of risks and of the internal control systems; and (v) consider significant control failings or weaknesses that have been identified during the period.

The Audit Committee also reviews the Group's financial statements and internal financial reports.

Current members of the Audit Committee are:

1. Prof Wong Yue Chim, Richard *(Chairman)*

2. Chiang Yun

3. Dr Vince Feng

All members of the Audit Committee are independent non-executive directors.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE — CONTINUED

The Audit Committee is provided with sufficient resources to discharge its duties and meets regularly with management, internal auditor and external auditor and reviews their reports. In the year ended December 31, 2024, two Audit Committee meetings were held. The attendance record of individual directors at the committee meetings is set out in the table on page 39 of this annual report.

The following is a summary of the work performed by the Audit Committee in 2024:

A. reviewed the financial statements of the Company for the year ended December 31, 2023 and the related annual results announcement and made recommendations to the Board that the same be approved;

B. reviewed the report of the external auditor and made recommendations to the Board for their re-appointment at the 2024 annual general meeting;

C. reviewed the financial statements of the Company for the six months ended June 30, 2024 and the related interim results announcement and made recommendations to the Board that the same be approved;

D. reviewed external auditor's reports to the Audit Committee for the year ended December 31, 2023 and the six months ended June 30, 2024 and their terms of engagement, communications plan and audit plan for the Group for the financial year ended December 31, 2024;

E. reviewed various internal audit reports;

F. reviewed risk management report and effectiveness of risk management and internal control systems;

G. reviewed the results of the directors' self-evaluation and the Board's self-assessment questionnaire to evaluate the performance of the Board;

H. reviewed the terms of reference of the Audit Committee and concluded that no revision was required;

I. reviewed the corporate governance report of the Company for the year ended December 31, 2023;

J. reviewed the fees for audit and non-audit services provided by the external auditor;

K. reviewed the Group's continuing connected transactions and external auditor's report thereon; and

L. met with the external auditor in the absence of management.

Subsequent to the year end, the Audit Committee reviewed the consolidated financial statements for the year ended December 31, 2024 and the related annual results announcement and auditor's report and the corporate governance report, and made recommendations to the Board that the same be approved.

SUSTAINABILITY COMMITTEE

The Sustainability Committee reports to the senior officers of the Company, including the Group Managing Director, the Project Director and the Chief Financial Officer, and the Board. It comprises all department heads or representatives of the Company.

The Sustainability Committee ensures that the Company operates in a manner that enhances its positive contribution to society and the environment. It is also responsible for reviewing the Company's sustainability strategy, principles and policies; setting guidance, direction and overseeing practices and procedures; and monitoring progress on the Company's sustainability and related activities.

EXTERNAL AUDITOR

The external auditor of the Group is PricewaterhouseCoopers. During the year ended December 31, 2024, the total fees in respect of audit and non-audit services provided by PricewaterhouseCoopers (which for this purpose included any entity that is under the common control, ownership or management of the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as being part of the firm, either nationally or internationally) amounted to approximately HK$5 million.

The significant non-audit services covered by these fees included the following:

Nature of service	Fees paid (HK$ million)
Non-statutory review services	0.4

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for overseeing the risk management and internal control systems (including environmental, social and governance ("ESG") risks) of the Group and reviewing their effectiveness at least annually through the Audit Committee. The Audit Committee assists the Board in fulfilling its corporate governance roles in overseeing the Group's financial, operational, compliance, risk management and internal controls, along with ESG performance and reporting, as well as the resourcing of both finance and internal audit functions.

Governance Structure and Enterprise Risk Management Framework

The Group has established an organizational structure with defined levels of responsibility, reporting and escalation procedures. Group Risk Management and Compliance ("GRM&C") and Group Internal Audit ("GIA") assist the Board and/or the Audit Committee in reviewing the effectiveness of the Group's risk management and internal control systems on an ongoing basis. The Board, through the Audit Committee, is kept regularly apprised of the significant risks that may have impact on the Group's performance.

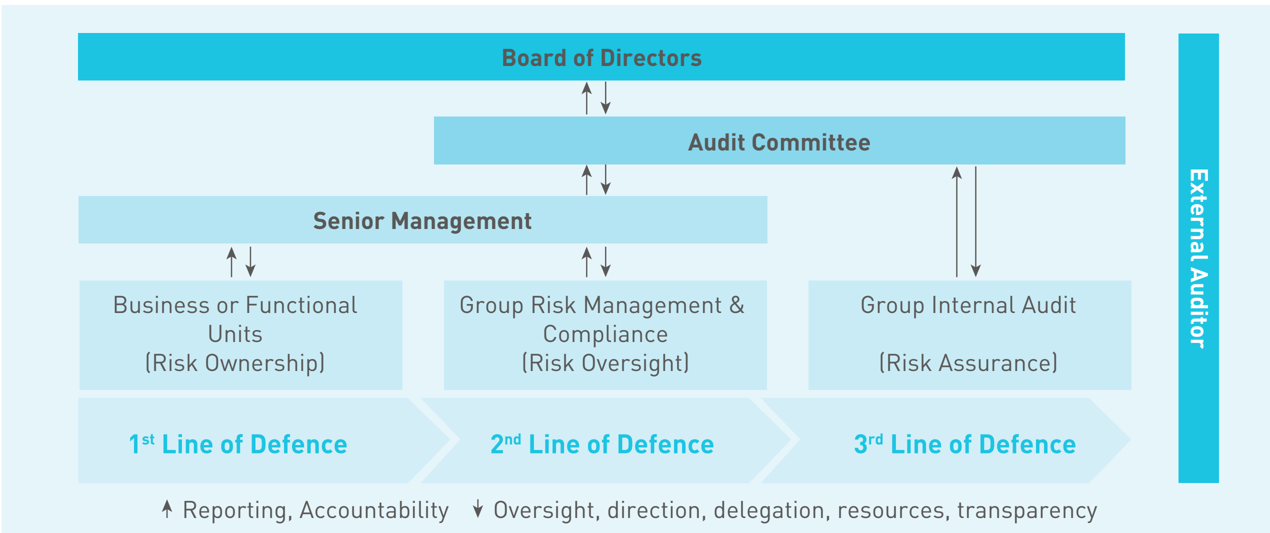
Appropriate policies and controls have been designed and established by the Group to ensure that assets are safeguarded against improper use or disposal, while relevant rules and regulations are being adhered to and complied with, including reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, as well as key risks that may impact the Group's reputation and performance are appropriately identified and managed. The systems and internal controls can only provide reasonable, though not absolute, assurance against material misstatement or loss, as they are designed to mitigate rather than eliminate the risk of failure to achieve business objectives.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS — CONTINUED

Governance Structure and Enterprise Risk Management Framework — Continued

The Group's enterprise risk management framework is guided by the "Three Lines of Defence" model as shown below:



The First Line of Defence is responsible for identifying and managing risk as part of their accountability for achieving business and operational objectives where it also designs and executes the internal control measures on a daily basis. Being the risk owners, the First Line of Defence has the responsibility to monitor and update the risk profiles on an ongoing basis which are measured against a pre-defined set of likelihood and impact criteria.

The Second Line of Defence provides the policies, frameworks, tools, techniques and advisory support to enable risk and compliance oversight of the First Line of Defence while ascertaining the relevant embedded controls are effective, as well as ensuring the consistency of categorization and measurement of risk attributes. The risk management process integrates both top-down and bottom-up approaches to enable the identification, evaluation and management of risks holistically. Mitigation controls will be implemented where opportunities for enhancing the existing control environment arise. This process is reviewed regularly by the Audit Committee and GRM&C such that any material findings will be reported to the Board.

The Third Line of Defence provides the Board, executive and senior management of the Group with assurance in an independent and objective manner. Such assurance work covers the effectiveness of governance, risk management, and internal controls, including the manner which the First and Second Lines of Defence operate in achieving firm-wide risk management and control objectives.

GRM&C is responsible for the supervision of enterprise risk management activities while reviewing significant aspects of risk exposures to the Group through reporting to the Audit Committee at each regularly scheduled meeting, including key risks of the Group and the appropriate mitigation and/or transfer of identified risks. The operating units of the Group, as risk owners identify, evaluate, mitigate and monitor their own risks, and report such risk management activities to GRM&C on a half-yearly basis.

RISK MANAGEMENT AND INTERNAL CONTROLS — CONTINUED

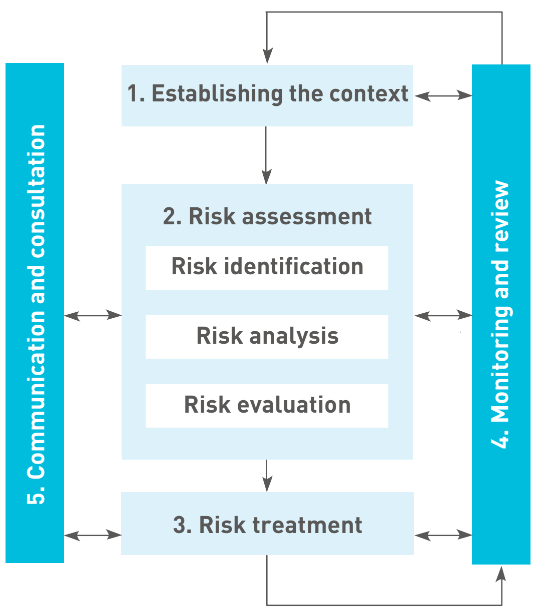
Governance Structure and Enterprise Risk Management Framework — Continued

GIA adopts a risk-based audit approach. The annual work plan of GIA covers the key risks affecting major activities and processes of the Group's operations, businesses and service units. Special reviews are also performed at the request of senior management. The results of these audit activities are communicated to key members of executive and senior management of the Group when needed, as well as upon completion. Additionally, the results of the audit activities are communicated to the Audit Committee at each regularly scheduled meeting throughout the year. Audit issues are closely tracked and followed up for proper implementation such that progress is reported to the Audit Committee, executive and senior management of the Group (as the case may be) periodically.

GIA maintains primary accountability to the Board and is independent from the responsibilities of management. The Head of GIA reports functionally to the Chairman of the Audit Committee, and administratively to the Group Managing Director and the Chief Financial Officer.

The senior management of the Group, supported by the GRM&C and GIA, is responsible for the design, implementation and monitoring of the enterprise risk management and internal control systems, and for providing regular reports to the Board and/or the Audit Committee on the effectiveness of these systems.

The Group incorporates the principles of ISO 31000:2018 Risk Management — Guidelines as its overarching approach to manage its business and operational risks. The following diagram illustrates the key processes used to identify, evaluate and manage the Group's significant risks:



1	GRM&C establishes common risk language, culture and risk assessment criteria for the Group.
2	Business Units identify the risks which may potentially impact the achievement of their business objectives, and analyze and evaluate the significance of such risks.
3	Business Units assess the adequacy of existing controls, determine and implement treatment plans where risk mitigation is actionable.
4, 5	Business Units monitor risk mitigating activities. GRM&C tracks the risk assessment process and reports the consolidated view of risks regularly to Audit Committee and other sub-committees as appropriate; and shares risk knowledge across Business Units to foster the risk management culture at all levels within the Group. GIA reports regularly to the Board and/or Audit Committee to provide independent assurance on the effectiveness of risk management function.

The Group has adopted policies and procedures for assessing and, where prudent, improving the effectiveness of its enterprise risk management and internal control systems, including the requirement for executive management of the Group to regularly assess, and at least annually to certify that such aforementioned matters are deemed appropriate and functioning effectively with the view that they will further enhance the corporate governance of the Group and its business practices.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS — CONTINUED

Governance Structure and Enterprise Risk Management Framework — Continued

The Group has embedded its risk management systems in the daily operating practices. On a continuous basis, the respective operating units of the Group review and assess the status of potential risks which may impact their business objectives and/or those of the Group. This review process includes assessment of whether the existing internal control system remains relevant and effective, while adequately addressing potential risks, and/or should be supplemented.

The Audit Committee has established and overseen a whistleblower policy, including a set of comprehensive procedures whereby employees, customers, suppliers and other concerned parties can report any actual or suspected occurrence of improper conduct involving a member of the Group, and for such matters to be investigated and dealt with efficiently in an appropriate, transparent and independent manner while the confidentiality of the whistleblower will be properly protected. The Chairman of the Audit Committee has designated the Head of GIA to receive on his/her behalf any such reports, to oversee the conduct of subsequent investigations, and to provide information, including recommendations arising from any investigations for consideration by the Audit Committee.

The Group regulates the handling and dissemination of inside information as set out in the Corporate Responsibility Policy and various supplementary procedures are in place to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

Review of the effectiveness of the Risk Management and Internal Control Systems

The Group has implemented processes to undertake extensive testing of its internal controls, and there is an annual certification process in place to support the assessment of the effectiveness of its enterprise risk management and internal control systems.

During 2024, GRM&C worked closely with the operating units, senior management, and the directors to further enhance the enterprise risk management systems including such activities, among other matters, increasing the number of training sessions and risk workshops; further standardizing risk reporting narrative, classification, and quantification; closer aligning assessment of internal controls with their inherent risks; and increasing the depth and frequency of interactions with the designated directors with respect to the design, operation and findings of the enterprise risk management system. GRM&C presented reports to the Audit Committee where they were reviewed and distributed to the Board. The same reports highlighted the development progress while assisted the directors in the review of the effectiveness of the enterprise risk management and internal control systems of the Group throughout the year.

Over the same period, GRM&C reviewed the effectiveness of the Group's risk management and internal control systems over financial, operational and compliance controls with emphases on information technology and security, data privacy and protection, third party management and regulatory compliance. Additionally, as part of the annual internal audit planning process, GRM&C reviewed the risk registers which the heads of business and corporate functions of the Group were required to update and complete their evaluation of their respective internal controls.

RISK MANAGEMENT AND INTERNAL CONTROLS — CONTINUED

Review of the effectiveness of the Risk Management and Internal Control Systems — Continued

The Audit Committee and the Board were not aware of any areas of concern that would have a material impact on the financial position or results of operations of the Group and considered the enterprise risk management and internal control systems to be generally effective and adequate including the adequacy of resources, staff qualifications and experience, training programmes and the budget of accounting, financial reporting, GRM&C and GIA functions as well as other corporate functions pertaining to the Group's ESG performance and reporting. Both the Board and the Audit Committee remained satisfied that the internal risk control framework implemented by the Group continues to provide the necessary elements of enabling business flexibility without compromising the integrity of risk management and internal control systems.

In addition to the review of enterprise risk management and internal controls undertaken within the Group, the external auditor also assessed the adequacy and effectiveness of risk management and internal controls as part of their statutory audits. Where appropriate, the external auditor's recommendations are adopted and enhancements to the risk management and internal controls would be made.

Further information on risk management and internal controls adopted and implemented by the Group is available under the "Corporate Governance" section on the Company's website.

Principal Risks and Uncertainties

The ability of the Group to manage risks, including ESG risks in accordance with the latest requirements of the Listing Rules, has been continuously evolving through focusing on risk management capabilities, ensuring that they remain robust where risks are timely identified, assessed and mitigated effectively.

The principal risks and uncertainties encountered by the Group and its corresponding key mitigating strategies are set out below. These risks may adversely and/or materially affect the overall business performance, financial conditions, operations and growth prospects of the Group if they are not managed properly. These principal risks listed below are not exhaustive or comprehensive, and there may be other risks, which are not known to the Group or may not be material at this juncture but could turn out to become material in the future. Due to the pace and nature at which risks are evolving, the Group remains vigilant in addressing areas of concern while developing appropriate control measures.

Project Risk

Through the activities of undertaking property development interests, the Group may be exposed to the effects of adverse changes in foreign government policies and regulations pertaining to land use, ownership and zoning. The time and costs involved in completing construction can be adversely affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, natural disasters, labor disputes with contractors and subcontractors, accidents, changes in government priorities and unforeseen problems or circumstances. The occurrence of any of these factors could give rise to delays in the completion of a project and result in cost overruns. This may also result in the profit on development for a particular property not being recognized in the year in which it was originally anticipated to be recognized. As a result, the Group carries out extensive research and market analysis before the development phase is initiated, and implements effective project management measures to ensure project related risks are maintained at acceptable levels. The Group also employs external party to conduct review on the perspective of environmental sustainability of our business annually.

For details of the Group's financial management policies and strategies in managing its exposure to adverse fluctuations in foreign currency exchange rates and interest rates, please refer to note 35 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS — CONTINUED

Principal Risks and Uncertainties — Continued

Construction Risk

The time and costs involved in completing construction can be adversely affected by many factors, including shortage of materials, equipment and labour, ineffective process design, adverse weather conditions, natural disasters, labour disputes with contractors and subcontractors, accidents, changes in government priorities, and other unforeseen problems or circumstances. The occurrence of any of these factors could give rise to delays in the completion of a project, which may result in cost overruns and potential disputes and claims from service recipients. This may also result in the profit on development for a particular property not being recognised in the year in which it was originally anticipated to be recognised.

Market Risk

The Group's revenue is derived from operations in Indonesia, Japan, Thailand and Hong Kong. As a result, the general state of the monetary policies including taxation in Indonesia, Japan, Thailand and Hong Kong, and the changes in: (1) the economy, legislative, regulatory and government policies and regional political conditions in these areas; (2) the office rental market in Jakarta, Indonesia; and (3) the tourism industry and climate change for the skiing activities in Hokkaido, Japan, could significantly impact the Group's operating results and financial conditions.

Cyber Security Threats

Cyber Security Threats including unauthorised access could be resulted from attempted cyberattacks which may lead to data breaches. A major cyber security breach is likely to have significant impacts on the Company's business and infrastructure with the cost of dealing with the operational disruption, remedial steps to mitigate data leakage, brand and reputational damage and steps to meet regulatory compliance. As part of further mitigation efforts, the Company has deployed both technical and administrative measures such as implementation of advanced threat protection tools, reinforcement of cyber security governance structure and awareness, and enhancement of cyber security procedures and guidelines. In addition, regular staff training programs are conducted to ensure that employees are well-informed about the latest cyber security practices and threats. Dedicated security teams, as well as Security Operations Centre, have also been assigned to monitor suspicious traffics and activities to combat cyberattacks on the Company's connection to the corporate network.

Business Interruption

The risk of business interruption remains highly probable due to unexpected events such as pandemic and its variants, cybersecurity threats and the climate change impact around the world. A formalised Corporate Incident Response Plan and updated Business Continuity Management Policy have also been disseminated to ensure any such incidents reported/escalated are handled promptly with care and in a cautious manner to protect the staff and business operations.

Regulatory and Operational Compliance Risk

The Group operates in markets and industries which require compliance with numerous licenses, local laws and regulations. These cover various aspects including intellectual property, competition, anti-trust, personal data security, property management, construction and environmental standards etc. In addition, the Group operates in countries where it is required to adhere to various requirements imposed by local authorities and/or central banks' regulations.

RISK MANAGEMENT AND INTERNAL CONTROLS — CONTINUED

Principal Risks and Uncertainties — Continued

People Risk

The Group's success and ability to grow depends largely on its ability to attract, train, retain and motivate highly skilled and qualified managerial, sales, marketing, administrative, operating and technical personnel. The loss of key personnel, or the inability to find qualified personnel for replacement, could materially and adversely affect the Group's prospects and results of operations. Health and safety of our people continues to be our foremost care and concern as it will not only impact our people's own well-being but also affect our service delivery and the Group's overall performance.

ATTENDANCE AT MEETINGS

All directors actively participate in the Company's business. The attendance records of all directors for the Board meetings, meetings of the Board committees and annual general meeting during the year ended December 31, 2024 are set out below:

	Meetings attended/eligible to attend in 2024				
Name	**Board Meeting**	**Audit Committee Meeting**	**Nomination Committee Meeting**	**Remuneration Committee Meeting**	**Annual General Meeting**
Executive directors					
Li Tzar Kai, Richard	4/4	N/A	1/1	1/1	1/1
Benjamin Lam Yu Yee *(Deputy Chairman and Group Managing Director)*	4/4	N/A	N/A	N/A	1/1
Non-executive director					
Dr Allan Zeman	4/4	N/A	1/1	N/A	1/1
Independent non-executive directors					
Prof Wong Yue Chim, Richard *(Independent Non-executive Chairman)*	4/4	2/2	1/1	1/1	1/1
Chiang Yun	4/4	2/2	1/1	1/1	1/1
Dr Vince Feng	4/4	2/2	1/1	N/A	1/1

CORPORATE GOVERNANCE REPORT

TRAINING AND SUPPORT FOR DIRECTORS

Every newly appointed director of the Company will meet with fellow directors and senior management to ensure he/she has an understanding of the Company's operations and business, and will receive a tailored induction handbook containing the Company's governance structure, key policies and an overview of director's responsibilities, as well as a briefing by qualified professional on the general and specific duties of director under legal and regulatory requirements.

Directors' training is an ongoing process. During the year, all directors received regular updates and presentations on the developments of the Group's business and important amendments to the Listing Rules and other applicable regulatory requirements. These updates aim at enhancing directors' knowledge and skills; and assisting them to comply with good corporate governance practices. During the year ended December 31, 2024, all the current directors have participated in various training and continuous professional development activities and the summary of which is as follows:

	Types of training
Executive directors	
Li Tzar Kai, Richard	A, B
Benjamin Lam Yu Yee *(Deputy Chairman and Group Managing Director)*	A, B
Non-executive director	
Dr Allan Zeman	A, B
Independent non-executive directors	
Prof Wong Yue Chim, Richard *(Independent Non-executive Chairman)*	A, B
Chiang Yun	A, B
Dr Vince Feng	A, B

A: attending relevant seminars and/or conferences and/or forums; or delivering speeches at relevant seminars and/or conferences and/or forums

B: reading or writing relevant newspapers, journals and articles relating to general economy, general business, corporate governance or directors' duties

COMPANY SECRETARY

During the year ended December 31, 2024, Mr Cheung Kwok Kuen Alan, the company secretary of the Company, has received no less than 15 hours of relevant professional training to refresh his skills and knowledge.

All directors have access to the advice and services of the company secretary, who is responsible for ensuring that the board procedures are followed, for advising the Board on all corporate governance matters, and for arranging induction programs including briefings on the general and specific duties of directors under legal and regulatory requirements for newly appointed directors. The company secretary facilitates the induction and professional development of directors.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company is committed to promoting and maintaining effective communication with the shareholders and other stakeholders. A Shareholders Communication Policy has been adopted for ensuring the Company provides the shareholders and the investment community with appropriate and timely information about the Company in order to enable the shareholders to exercise their rights in an informed manner, and to allow the investment community to engage actively with the Company. During 2024, the Company conducted a review of the implementation and effectiveness of the Shareholders Communication Policy. Having considered the channels of communication and engagement in place, it is satisfied that the Shareholders Communication Policy has been properly implemented and is effective. The Shareholders Communication Policy is available on the Company's website (www.pcpd.com).

The Board approved and adopted a dividend policy in November 2018 which sets out its overall objective to deliver steady and sustainable returns to its shareholders. In proposing any dividend payment, the Board will take into account a number of factors which include the Group's financial position and results of operation, the distributions received from its subsidiaries and other investments, the funding needs for the operation and expansion of the Group's businesses, the prevailing economic and market conditions, and other factors the Board may consider relevant and appropriate. The policy states the current intention of the Board which is subject to change.

The Company encourages two-way communication with both institutional and private investors. Information on the activities of the Company is provided in the interim reports and annual reports as well as on the websites of the Company and HKEX. There are regular dialogues between institutional investors and the Company. Enquiries from individuals on matters relating to their shareholdings and the business of the Company are welcomed and they are dealt with in an informative and timely manner. Relevant contact information is provided on page 156 of this annual report.

CONSTITUTIONAL DOCUMENTS

During the year ended December 31, 2024, there were no changes to the constitutional documents of the Company. An up to date set of Bye-laws of the Company is available on the websites of the Company and HKEX.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

1. Procedures by which shareholders can convene a special general meeting

Pursuant to the Bye-laws of the Company, the Board shall, on the requisition in writing of the shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (on a one vote per share basis in the share capital of the Company), proceed to call a special general meeting for the transaction of any business specified in such requisition ("Requisition"). The Requisition must state the purposes of the general meeting, be signed by the shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those shareholders. A special general meeting must be held within two months after deposit of the Requisition.

If within twenty-one days of such deposit the Board fails to proceed to convene such special general meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda ("Act").

2. Procedures by which enquiries may be put to the Board

Shareholders may, at any time, direct enquiries to the Board. Such enquiries can be addressed to the company secretary in writing by mail to the Company's principal place of business in Hong Kong at 8th Floor, Cyberport 2, 100 Cyberport Road, Hong Kong ("Hong Kong Principal Office").

3. Procedures for putting forward proposals at general meetings

To put forward a proposal at a shareholders' meeting, shareholders are requested to follow the requirements and procedures as set out in the Bye-laws of the Company and the Act.

Pursuant to the Act, (i) shareholder(s) of the Company holding not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the general meeting to which the requisition relates; or (ii) not less than 100 shareholders, can submit a written request stating the resolution intended to be moved at the annual general meeting; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

The written request/statements must be signed by the shareholder(s) concerned and deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda ("Registered Office") and its Hong Kong Principal Office, for the attention of the company secretary, not less than six weeks before the annual general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

If the written request is in order, the company secretary will take necessary actions pursuant to the Act.

SHAREHOLDERS' RIGHTS — CONTINUED

4. Procedures for shareholders to propose a person for election as a director

Pursuant to the Bye-laws of the Company, if a shareholder, who is duly qualified to attend and vote at the general meeting convened to deal with appointment or election of director(s), wishes to propose a person (other than a retiring director and the shareholder himself/herself) for election as a director at that general meeting, such shareholder can deposit a notice in writing of the intention to propose that person for election as a director and a notice in writing by that person of his/her willingness to be elected at the Company's Registered Office or the Hong Kong Principal Office at least seven days before the date of the general meeting. The period for lodging such notice will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and no later than seven days prior to the date of such meeting.

If a shareholder wishes to nominate a person to stand for election as a director, the following documents must be validly served on the company secretary, namely (i) notice of intention to propose a resolution to elect a person as a director ("Nominated Candidate") at the general meeting; (ii) notice in writing executed by the Nominated Candidate of his/her willingness to be elected; and (iii) the information as required to be disclosed under Rule 13.51(2) of the Listing Rules and such other information as required by the Listing Rules and the Bye-laws of the Company from time to time.

By order of the Board

CHEUNG Kwok Kuen Alan
General Counsel and Company Secretary

Hong Kong, February 19, 2025

FINANCIAL INFORMATION

REPORT OF THE DIRECTORS

The board of directors of Pacific Century Premium Developments Limited ("PCPD" or the "Company") (the "Board") presented its annual report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended December 31, 2024.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments.

Details of segment information are set out in note 5 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the businesses of the Group during the year, particulars of important events affecting the Group that have occurred since the end of financial year 2024, a discussion on the Group's future business development and an analysis of the Group's performance during the year using financial key performance indicators are provided in the Statement from the Independent Non-Executive Chairman on page 6, the Statement from the Deputy Chairman and Group Managing Director on pages 7 to 8 and the Management's Discussion and Analysis on pages 12 to 19 of this annual report and notes 35 and 36 to the consolidated financial statements. The above discussions form part of this report. In addition, this review has also identified a list of principal risks and uncertainties faced by the Group. For more details on the description of these principal risks and uncertainties, please refer to the Corporate Governance Report on pages 24 to 43.

In addition, discussions on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which would have a significant impact on the Group are provided in the paragraphs below.

Environmental Policies and Performance

The Group has established its Sustainability Committee and adopted its own Sustainability Policy which includes its environmental policy:

— Strive to achieve green building certification for all our new developments;

— Identify significant environmental impacts associated with our activities, adopt measures to manage and minimise the environmental impacts during design, construction and operation of all our properties;

— Reduce energy consumption, and enhance energy efficiency in our properties;

— Minimise waste generated by our operations, and ensure that waste is reused or recycled as much as possible, with the disposal of any remaining waste occurring in a responsible manner;

— Ensure that we operate in a way that exceeds the standard imposed by legal requirements, and integrate industry environmental best practices; and

— Monitor and measure our progress and set targets to continually improve our environmental performance.

REPORT OF THE DIRECTORS

BUSINESS REVIEW — CONTINUED

Environmental Policies and Performance — Continued

For its property development projects, the Group aims to develop green buildings by meeting internationally-recognised standards in environmental protection and sustainable development through the adoption of energy-efficient building designs, efficient use of materials in construction and environmental management plan during site operation. Further to the recognition of special contribution in sustainable development by winning the award in Indonesia Property Awards 2016, PCP Jakarta, the Group's major office building project in Jakarta has been certified by U.S. Green Building Council ("USGBC") with LEED Platinum rating in 2018, following by Greenship Platinum level certified by Green Building Council Indonesia in 2019 and BCA Green Mark Award (Gold, BCA Green Mark International for Non-Residential Buildings Version NRB/4.1) by Building and Construction Authority (BCA) of Singapore in 2020. It is the first ever office building in Indonesia with such highest rating certified by the USGBC.

Demonstrating ongoing dedication to sustainability, PCP Jakarta successfully renewed its Greenship Platinum level certification in 2023, reaffirming its position as a flagship for green building practices in the region. As part of these continued sustainability initiatives, PCP Jakarta continues the process of implementing upgrades on the equipment related to electricity supply aiming at optimizing energy consumption, with a target of achieving a 10.14% improvement by the third quarter of 2024.

Our Environment

The Group's property management division in Hong Kong, Island South Property Management Limited ("ISPML") has been accredited with ISO 14001 since 2005. In line with ISO continual improvement process guided by Integrated Management System, ISPML's Energy Conservation Taskforce keeps on implementing energy-saving solutions at Bel-Air which has saved over 313,230 kWh in electricity consumption in 2024. In order to heighten the precautionary measures in combating the seasonal flu or other infectious diseases, ISPML has kept the operations of air purifiers installed in all tower lobbies, gym, and restaurants intact to keep on improving the air quality and air change for the wellness of our residents.

ISPML — Bel-Air has engaged in delivering food waste to O · PARK1 since mid of 2021. The continuous accreditations of: Water Supplies Department's Quality Water Supply Scheme For Buildings — Fresh Water (Management System) (Gold) and Flushing Water (Gold), and Environmental Protection Department's Indoor Air Quality Certificate (Excellent Class) in addition to being a recipient of Wastewi$e Certificate, Energywi$e Certificate and IAQwi$e Certificate of the Hong Kong Green Organisation Certification, as well as Bronze Award of 2024 Hong Kong Awards for Environmental Excellence Property Management (Residential) by Environmental Campaign Committee proved its determination to upkeep the effectiveness of the facilities.

Apart from the recognitions for its efforts in promoting sustainable community, throughout the past years it has put in place many green initiatives in areas of waste recycling, and reduction in emission and waste by signing of environmental protection charters such as Energy Saving Charter on "No ILB" by Electrical and Mechanical Services Department and Environment and Ecology Bureau, Food Wise Charter by Food Wise Hong Kong, "Food Wise Eateries" Diamond Class Accreditation, "Bye Bye Microbeads" charter by Environmental Protection Department, and Hong Kong Green Organization by Environmental Campaign Committee.

PCP Jakarta, through its fitness centre, organized sport challenges for its tenants to promote a healthy and active lifestyle. Additionally, the building continues to encourage energy and water conservation through digital displays and other media. To support sustainability initiatives, the building provides free charging for electric vehicles and ample free bicycle parking.

BUSINESS REVIEW — CONTINUED

Environmental Policies and Performance — Continued

Our Environment — Continued

Reinforcing its commitment to eco-friendly practices, PCP Jakarta has taken a proactive stance on waste management by implementing and encouraging all tenants to segregate waste, fostering a waste reuse and recycle policy. In the dedication to social responsibility, both PCP Jakarta and its tenants actively engage in charitable initiatives, supporting local orphanages through annual book and toy drives, and collaborating with non-profit organizations for fundraising efforts. Furthermore, PCP Jakarta has organized a number of blood donation events as part of its community outreach.

Park Hyatt Niseko Hanazono has maintained its ISO 22000, which sets out the requirements for a food safety management system and maps out what an organization needs to do to demonstrate its ability to control food safety hazards in order to ensure that food is safe. Furthermore, the hotel has continued to drive several initiatives to become more sustainable, such as eliminating single use plastic, glass and aluminum bottled complimentary water and converting guest key cards to recycled wood. It engaged Lumitics which offers the world's most seamless smart food waste tracker, that tracks all food waste in the hotel's kitchens, and this allows dynamic management of food production to minimize food waste, achieving more that 40% reduction in food waste. The hotel has also partnered with beez-fm, who's state of the art technology, smart devices, Internet of Things (IoT), cloud and artificial intelligence are able to deliver highly efficient and innovative building management systems solutions to reduce energy needs.

Aquella has enlarged 7 interior lakes capacities to store rainwater during the wet season for golf course irrigation year-round. Protect the nature with selective watering and pump operations to preserve the green, while reducing water consumption and reliance on city water.

Relationships with Key Stakeholders

The Group is committed to operating in a sustainable manner while balancing the interest of various stakeholders including our employees, customers, suppliers, business partners and the community.

Relationships with Employees

The Group considers its employees the key to sustainable business growth and is committed to providing all employees with a safe and harassment-free work environment with equal opportunities in relation to employment, reward management, training and career development. Workplace safety is a priority of the Group. The Group is keen in ensuring health and safety measures are followed while in the performance of duties by our employees in order to reduce total time lost to work injuries. The Group has in place a fair and effective performance appraisal system and incentive bonus schemes designed to motivate and reward employees at all levels to deliver their best performance and achieve business performance targets. For continuous development, the Group provides sponsorship/subsidies to employees who are committed to job related personal development and learning.

REPORT OF THE DIRECTORS

BUSINESS REVIEW — CONTINUED

Relationships with Key Stakeholders — Continued

Relationships with Customers

Save as disclosed under the section headed "Management's Discussion and Analysis", one of the major sources of revenue for the Group is ownership and operation of a ski and golf resort, property management and holiday letting business in Niseko, Hokkaido of Japan. The Group offers a comprehensive all-season holiday solution for discerning guests, offering a complete suite of class-leading resort services including ski-lifting, snow-sports and guiding school, specialty retail, equipment rental, restaurant operations, golf, white-water rafting, ziplining, tree-trekking and cultural/art installations such as "Mountain Lights". Renowned for its consistent deep powder snow, Niseko has become a magnet for ski tourists from across the globe. Park Hyatt Niseko, aspires to be the best luxury all-season resort in Asia and one of the world's top winter luxury resorts, maintaining key customer relationships through the World of Hyatt loyalty program, as well as direct contact and personalized services provided by the guest experience management team based on property. The hotel and Hyatt globally have dedicated resources to foster close connections with the key luxury agents and luxury consortia partners.

The Group's business activities in Japan continue to grow from strength to strength, significantly outpacing pre-pandemic performance and showing double-digit year on year growth across all commercial categories. The Niseko area continues to be at the top of the "bucket list" for the world's aspirational mountain sport enthusiasts. The positive reactions of customers towards many of the Group's recent improvements and initiatives on both infrastructure and services are encouraging and validates the Group's target positioning as accurate.

Embracing the mix of different cultures and languages, the business division works closely and collaboratively with government agencies at all levels and continues to maintain important strategic working relationships with all local companies. The Group aims to offer a safe, diverse, interesting and culturally sensitive experience for all levels of customers, whether families, children, elders or sports enthusiasts. The Group is committed to providing Niseko's finest holiday experience, delivering quality services that set a raft of new benchmarks in Japan.

The market trend is for companies to look for sustainably designed buildings and high-quality amenities with more options for office premises. To show great resilience with high-quality space, apart from the existing fitness centre and food pavilion in PCP Jakarta, the Group partnered with a prestige flexible space operator so as to provide a high-quality tailor-made premise to meet the demand for new set-up to established multi-national companies in this largest economy in South-East Asia.

For the property management and facilities management services in Hong Kong, ISPML, the property management division has established various communication channels to create curated experience for customers such as Bel-Air hotline, mobile apps, electronic mail and website (www.bel-air-hk.com) to enhance two-way communication with residents and their involvement in the community. Publications including quarterly Newsletters, FAQ booklet and resident booklet have been compiled to facilitate residents seeking estate information, direct mail is used to ensure residents acquire the latest news and promotions. In addition, to commit in our continual improvement of an effective and efficient complaints-handling process, a comprehensive platform is established based on requirements of ISO 10002 & Property Management Services Authority (PMSA) related regulations, to cover all channels of residents' opinions for swift and close follow up. In Indonesia, the building management team works with the tenants on the preventive maintenance within the tenants' premise to enhance the safety standard of the building.

BUSINESS REVIEW — CONTINUED

Relationships with Key Stakeholders — Continued

Relationships with Customers — Continued

To pursue continuous improvement on service quality, ISPML conducts internal review on complaint cases so as to better understand residents' views on its services and to ensure that it could meet the residents' expectations. Regular meetings with Owners' Committee and sub-committee members are held to discuss the estate issues and the ways that the property management division can further improve its service standard. Residents' opinions and suggestions are considered as valuable assets. As such, the property management division would study the feasibility of each suggestion made by the aforesaid committees. All residents' feedbacks would be responded in a timely manner.

The Group owns and operates PCP Jakarta, a premium Grade A office building located in the heart of the financial hub of Sudirman Central Business District (SCBD) Jakarta. The building is tenanted by worldwide multinational companies. PCP Jakarta, is the first office building in Indonesia to achieve LEED Platinum Grade certification awarded by the USGBC. The building provides a comfortable, smoke free, energy efficient working environment to all tenants. The building has a clear headroom height of 3.05 meters, floor loading capacity of 5 kPa, and is built with steel and reinforced concrete to achieve seismic standard 25% over the existing government requirement. This enables PCP Jakarta to be one of the most sought after office buildings in Jakarta. PCP Jakarta is built with a vision to provide tenants with work-health balance in mind. The building is the first to have a state-of-the-art gym with an outdoor swimming pool and trainers are internationally certified. A food pavilion and fully equipped function rooms are some of the facilities for tenants to enjoy. In addition to the tracking of the feedbacks by the public from social media, PCP Jakarta also conducted survey on the overall satisfaction of the building environment in 9 different areas by the tenants.

The building's tenant relations officers provide services such as greeting of tenants and making courtesy calls to tenants on regular basis to review service standards. Feedback forms are placed at the concierge desk in the main lobby to encourage tenants to provide feedback for improvement on services. All feedbacks are addressed promptly and attended to within the day. The tenant relations officers also regularly conduct checks of public forum on reviews of PCP Jakarta and to thank the contributors for their feedback, comments and suggestions. The tenant relations officers aim to provide excellent service by anticipating tenants' needs and enquiries.

PCP Jakarta organized various activities to celebrate Indonesia's Independence Day, including traditional games competitions (such as makan kerupuk and balap sarung), a ping pong tournament, and a photography competition. These initiatives were designed to foster stronger relationships with tenants and promote a sense of community.

Aquella continues to collaborate with 59club, which conducts mystery shopper audits and provides onsite training. 59club conducted 6 annual audits (mystery shopper) and provided detailed feedback on all aspects of the operation. This process helps identify and quantify training needs, tailored training programs for associates and provide a consistent and exceptional guest experience.

Relationships with Suppliers and Contractors

The Group is committed to delivering prestigious high quality sustainable development projects. It is imperative that suppliers and contractors share the same vision and mission. The Group adopts a partnership approach to solicit the commitments of the stakeholders to create the all-win situation. A procedure has also been established to ensure that procurement process is fair and transparent. Procedures are also put in place to monitor and review the deliverables from suppliers and contractors and there are adequate channels to provide feedback to them.

REPORT OF THE DIRECTORS

BUSINESS REVIEW — CONTINUED

Relationships with Key Stakeholders — Continued

Relationships with Suppliers and Contractors — Continued

In day-to-day routine procurement and property maintenance processes, PCP Jakarta places environmental sustainability and the provision of "green" standard materials as key considerations during its selection process. At PCP Jakarta, the relationship-building approach is centered on collaboration, transparency, and alignment with corporate goals, particularly around environmental sustainability and safety. Our procurement practices are designed to ensure the supply of high-quality materials and services that adhere to rigorous environmental and safety standards. Supplier and contractor relationships are built on shared values of sustainability, safety, and continuous improvement. Through our adherence to environmental sustainability principles and ISO 45001:2018 safety standards, we create a procurement ecosystem that not only delivers high-quality products and services but also aligns with our corporate social responsibility goals. By working closely with our partners and fostering open communication, we ensure a robust and resilient supply chain that contributes to the long-term success and sustainability of our projects. On the other hand, Park Hyatt Niseko Hanazono ensures all food and beverage suppliers adhere to the standards set by ISO 22000.

Relationships with Community

In the year under review, we continued to allocate resources in contributing to environmental organisation, while continue to focus on supporting to those in need. This is the third time that PCPD has provided support to Produce Green Foundation to promote green living. We sponsored two organic farming events in February and May 2024, inviting over 10 coworkers and their families to participate. All agricultural products were distributed through Sik Sik Yuen Ho Chak Neighbourhood Centre for Senior Citizens, to the underprivileged families.

We collaborated with the Hong Kong Federation of Youth Groups and organised a sharing session at Cyberport to encourage youngsters in pursuit of their dreams for the third time in February 2024. During the two-hour session, two representatives from PCPD shared insights and life experiences with the teenagers about their careers in architecture and sales of property developer, allowing the youngsters to better equip themselves for their future.

Apart from the aforesaid initiatives, there were around 20 coworkers and families from PCPD and ISPML joining The Community Chest 55th Anniversary Walk for Millions in January 2024. To celebrate its 55th anniversary, the walkathon was held at the new landmark of Hong Kong, the Hong Kong-Zhuhai-Macao Bridge — Hong Kong Link Road. 100% of the proceeds raised are designated to support 24 member agencies in providing "Family and Child Welfare Services" to maintain and strengthen family bonding, to encourage mutual support relationship among family members, to help them prevent and cope with individual or family problems, as well as to provide services for their unmet needs.

For details of the above initiatives, please refer to the "Community Engagement" section of the Sustainability Report 2024.

ISPML, the property management division has been awarded the Caring Company Logo for 17 consecutive years in recognition of its efforts to promote building a cohesive society through strategic partnership with non-profitable organisations and social enterprises. ISPML continued the "tough times collaboration" with our community partner, New Life Psychiatric Rehabilitation Association ("New Life") by sponsoring and conducting volunteer visit at New Life Shek Pai Wan Integrated Work Centre before Mid-Autumn Festival.

BUSINESS REVIEW — CONTINUED

Compliance with Laws and Regulations

Among the principal activities of the Group is property development in Hong Kong. The Group complies with applicable laws and regulations in its sales efforts and arrangements, including the Residential Properties (First-hand Sales) Ordinance. Another principal activity of the Group is property management in Hong Kong, supported by compliance procedures that ensure adherence to applicable laws, rules and regulations, in particular, those that have significant impact on the property management industry. Any changes in the laws, rules and regulations affecting property development and management are brought to the attention of relevant employees and operation teams. The Group is also committed to safeguarding the security of personal data. When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance and the guidelines issued by the Office of the Privacy Commissioner for Personal Data.

In Japan, the Group operates all-season recreational activities for customers and manages the related facilities and assets including ski lifts, and engages in property management and property development businesses. The operating vehicles in Japan hold the required licences for the business activities they carry out. The local management team checks to ensure that the subsidiaries in Japan have complied with the applicable local laws and regulations for their principal business activities, such as the Railway Business Act, National Parks Law, Food Hygiene Law, Real Estate Law, Building Standards Law and Hotel & Ryokan Management Law in Japan.

For the Group's property investment in Indonesia, the Group complies with the applicable laws and regulations governing property operation, including occupation permit, business license and other applicable permits that are required by the relevant government bodies.

For the Group's property development in Thailand, the Group complies with all applicable laws and regulations governing property development, including planning, construction, environmental protection, lease and/or sales, and property management, implemented by relevant government bodies.

Other Corporate and Administrative Requirements

The Group is also subject to various corporate and administrative requirements under other laws and regulations, such as the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules"), the Codes on Takeovers and Mergers and Share Buy-backs, and the Employment Ordinance (Cap. 57 of the Laws of Hong Kong). Through various internal controls and approval procedures that are in place, the Company seeks to ensure compliance with these requirements.

SUSTAINABILITY REPORT

A separate sustainability report for 2024 will be published on the websites of the Company and Hong Kong Exchanges and Clearing Limited in due course in compliance with the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules.

REPORT OF THE DIRECTORS

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended December 31, 2024 are set out in the accompanying consolidated statement of comprehensive income on page 75.

For the year ended December 31, 2024, the Board did not declare any interim dividend to shareholders nor any interim distribution to bonus convertible noteholders (2023: Nil). The Board did not recommend the payment of a final dividend to shareholders nor a final distribution to bonus convertible noteholders for the year ended December 31, 2024 (2023: Nil).

FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 153.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Company are set out in note 21 to the consolidated financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties under development/held for development and held for investment purposes are set out on pages 154 to 155.

BORROWINGS

Particulars of the borrowings of the Group are set out in note 23 to the consolidated financial statements.

SHARES ISSUED

There were no new shares of the Company (the "Shares") issued during the year ended December 31, 2024.

Details of movements in the share capital of the Company during the year are set out in note 25 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at December 31, 2024, the Company's reserves available for distribution, calculated under the Companies Act 1981 of Bermuda (as amended), amounted to HK$4,516 million (2023: HK$4,523 million).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2024, the aggregate amount of revenue from sales of goods or rendering of services attributable to the Group's five largest customers represented less than 30% of the Group's total revenue, and the aggregate amount of purchases attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases.

DIRECTORS

The directors of the Company who have held office during the year and up to the date of this report are:

Executive Directors

Li Tzar Kai, Richard
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
Dr Vince Feng

In accordance with bye-law 87 of the Bye-laws of the Company, Dr Allan Zeman and Dr Vince Feng shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the directors of the Company are set out in the section headed "Board of Directors" on pages 20 to 22.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive directors an annual confirmation of his/her independence and the Company considers that they are independent based on the independence guidelines as set out in Rule 3.13 of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has with the Group an unexpired service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at December 31, 2024, the directors and chief executives of the Company and their respective close associates had the following interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules:

1. Interests in the Company

The table below sets out the aggregate long positions in the Shares held by the directors and chief executives of the Company:

	Number of ordinary Shares held					Approximate percentage of the total number of Shares in issue
Name of director/ chief executive	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Total**	
Li Tzar Kai, Richard	—	—	207,267,814 *(Note (a))*	402,164,972 *(Note (b))*	609,432,786	29.90%

Notes:

(a) Of these Shares, Pacific Century Diversified Limited ("PCD"), a wholly-owned subsidiary of Chiltonlink Limited ("Chiltonlink"), held 181,520,587 Shares, and Eisner Investments Limited ("Eisner") held 25,747,227 Shares. Li Tzar Kai, Richard owned 100% of the issued share capital of Chiltonlink and Eisner.

(b) These interests represented:

(i) a deemed interest in 118,093,122 Shares held by Pacific Century Group Holdings Limited ("PCGH"). Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 118,093,122 Shares held by PCGH; and

(ii) a deemed interest in 284,071,850 Shares held by Pacific Century Regional Developments Limited ("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 88.67% interest. Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 284,071,850 Shares held by PCRD. Li Tzar Kai, Richard 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 Li Tzar Kai, Richard.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS — CONTINUED

2. *Interests in the Associated Corporations of the Company*

A. PCPD Capital Limited ("PCPD Capital")

The table below sets out the aggregate long positions in the 5.125% bonds due 2026 (the "2026 Bonds") issued by PCPD Capital, an associated corporation of the Company, held by the director of the Company:

	Principal amount of the 2026 Bonds held (US$)				
Name of director	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Total**
Li Tzar Kai, Richard	—	—	21,717,000 *(Note)*	—	21,717,000

Note:

These 2026 Bonds were held by Hertford Ventures Limited, a wholly-owned subsidiary of Ace Holdings Management Limited ("Ace Holdings"). Li Tzar Kai, Richard owned 100% of the issued share capital of Ace Holdings.

B. Easy Treasure Limited ("Easy Treasure")

The table below sets out the aggregate long positions in the shares issued by Easy Treasure, an associated corporation of the Company, held by the director of the Company:

	Number of ordinary shares held					
Name of director	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Total**	**Percentage of the total number of shares of Easy Treasure in issue**
Allan Zeman		—	999 *(Note)*	—	999	9.99%

Note:

These shares were held by Paradise Pinetree Development Limited ("Paradise"). Allan Zeman owned 100% of the issued share capital of Paradise.

Save as disclosed in the foregoing, as at December 31, 2024, none of the directors or chief executives of the Company or their respective close associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

REPORT OF THE DIRECTORS

SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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 (the "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 select at its absolute discretion. The major terms of the 2015 Scheme are set out below:

(1) The purpose of the 2015 Scheme is to provide eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage eligible participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its shareholders as a whole.

(2) Eligible participants include any director, executive director, non-executive director, independent non-executive director, officer and/or employee of the Group or any member of it, whether in full time or part time employment of the Group or any member of it, and any consultant, adviser, supplier, customer, or sub-contractor of the Group or any member of it, and any other person whomsoever is determined by the Board as having contributed to the development, growth or benefit of the Group or any member of it or as having spent any material time in or about the promotion of the Group or its business; and provided always, that an eligible participant can be an individual or any other person permitted under the 2015 Scheme.

(3) The maximum number of Shares in respect of which options may be granted under the 2015 Scheme shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the 2015 Scheme. Subject to the Listing Rules requirements, the 10% limit may be renewed with prior shareholders' approval. The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2015 Scheme and other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. As at the date of this annual report, the total number of Shares available for issue in respect of which options may be granted under the 2015 Scheme is 40,266,831, representing approximately 1.98% of the Shares in issue as at that date.

(4) The total number of Shares issued and to be issued upon exercise of options granted and to be granted to any single eligible participant (other than a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates) under the 2015 Scheme in any 12-month period shall not exceed 1% of the Shares in issue at the relevant time. For options granted or to be granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, the said limit is reduced to 0.1% of the Shares in issue and HK$5 million in aggregate value based on the closing price of the Shares on the date of each grant. Any further grant of share options in excess of such limits is subject to shareholders' approval at general meeting.

(5) The options granted under the 2015 Scheme will be vested according to the terms and conditions determined by the Board, provided that such terms and conditions shall not be inconsistent with the 2015 Scheme and no option may be exercised 10 years after the date of grant.

SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES — CONTINUED

(6) The 2015 Scheme does not specify any consideration which is payable on the acceptance of an option. An option shall be deemed to have been granted and accepted by the grantee and to have taken effect upon the date of grant of such option unless the grantee rejects the grant in writing within 14 days after the date of grant.

(7) The exercise price in relation to each option shall not be less than the higher of (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; and (ii) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the 5 days last preceding the date of grant on which days it has been possible to trade the Shares on the Stock Exchange.

(8) Subject to the early termination by an ordinary resolution in general meeting of shareholders or resolutions of the Board, the 2015 Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption on May 7, 2015 and expiring on the tenth anniversary thereof (i.e., May 6, 2025), after which period no further options shall be granted but the provisions of the 2015 Scheme shall remain in full force and effect in all other respects.

No share options have been granted, exercised, cancelled or lapsed under the 2015 Scheme since its adoption and up to and including December 31, 2024.

As at each of January 1, 2024 and December 31, 2024, the number of Share options available for grant under the 2015 Scheme mandate was 40,266,831.

Save as disclosed above, at no time during the year under review was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement that may enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors or chief executives of the Company or their spouses or children under 18 years of age had any right to subscribe for equity or debt securities of the Company or any of its associated corporations or had exercised any such right during the year under review.

REPORT OF THE DIRECTORS

EQUITY-LINKED AGREEMENTS

Share Option Scheme

Details of the share option scheme of the Company are set out in the section headed "Share Options and Directors' Rights to Acquire Shares or Debentures" above and note 27 to the consolidated financial statements.

Bonus Convertible Notes

As a result of the issue of bonus convertible notes in the aggregate amount of HK$592,572,154.40 convertible into a total of 1,185,144,308 Shares at a conversion price of HK$0.50 per share (after adjustment made as a consequence of a share consolidation of the Company which became effective on June 25, 2012) in 2012, up to December 31, 2024, bonus convertible notes in the aggregate amount of HK$592,552,133.20 (December 31, 2023: HK$592,552,133.20) were converted into 1,185,104,266 Shares (December 31, 2023: 1,185,104,266 shares) at the conversion price of HK$0.50 per share. As at December 31, 2024, the Company's outstanding bonus convertible notes were in the aggregate amount of HK$20,021.20 convertible into a total of 40,042 Shares at the conversion price of HK$0.50 per share. The bonus convertible notes can be converted into Shares at any time provided that the Company's minimum public float requirements under the Listing Rules could be complied with.

Supporting Agreement and Investor Agreements

On May 23, 2013, the Group entered into a supporting agreement (the "Supporting Agreement") with ACE Equity Holdings Limited (the "Supporter"), whereby the Group would settle part of the services received in the value of US$23 million by means of, among other things, issuing non-voting, non-contributory but dividend participating class B shares (the "Melati Class B Shares") representing not more than 6.388% of the share capital of the Company's indirect wholly-owned subsidiary, Melati Holding Limited ("Melati"), to the Supporter. The Group also granted a put option to the Supporter to require the Group to purchase all the Melati Class B Shares after the expiry of 5 years from the date of issue of the shares based on then consolidated net asset value of Melati and its subsidiaries.

On May 23, 2013, the Group also entered into a subscription agreement and a loan purchase agreement (the "Investor Agreements") with an independent third party (the "Investor") pursuant to which the Group would, subject to fulfilment of certain conditions, allot to the Investor 9.99% shares (the "Rafflesia Shares") of Rafflesia Investment Limited ("Rafflesia") which is an indirect wholly-owned subsidiary of the Company held by Melati and assign 9.99% of the shareholder's loan to Rafflesia (the "Rafflesia Loan") at a consideration to be determined at the time of the allotment based on the total investment costs incurred by the Group on the Indonesian development project plus finance charge. The Group would, conditional upon (among others) completion of the Investor Agreements, grant a put option to the Investor to require the Group, at any time on or after May 23, 2023, to purchase all the Rafflesia Shares and the Rafflesia Loan based on then consolidated net asset value of Rafflesia and its subsidiaries.

Details of the Supporting Agreement and the Investor Agreements are set out in the joint announcement issued by the Company and PCCW dated May 23, 2013, the circular issued by the Company dated June 25, 2013 and notes 27(c)(i) and 27(c)(ii) to the consolidated financial statements.

The Group has subsequently entered into a confirmation agreement with the Investor, under which it was acknowledged that certain conditions under the Investor Agreements have not been fulfilled, hence the parties thereunder would not proceed to completion of the Investor Agreements. Accordingly, no Rafflesia Shares will be allotted and the Rafflesia Loan will not be assigned and the agreement to the grant of put option has become null and void.

EQUITY-LINKED AGREEMENTS — CONTINUED

Sale and Purchase Agreement

As disclosed in the joint announcement of the Company and PCCW dated January 15, 2018 (the "Joint Announcement"), Silvery Sky Holdings Limited ("Silvery Sky", a wholly-owned subsidiary of the Company), as purchaser entered into a sale and purchase agreement (the "SPA") with CSI Properties Limited ("CSI") as vendor's guarantor and Radiant Talent Holdings Limited ("Radiant Talent", a wholly-owned subsidiary of CSI), as vendor whereby Silvery Sky would acquire from Radiant Talent the entire issued share capital of Fast Million Limited ("Fast Million") and the entire shareholder's loan owing to Radiant Talent by Fast Million, for the purpose of joint redevelopment of certain properties owned by Fast Million (through its wholly-owned subsidiaries) for a consideration comprising an initial cash payment of HK$2,018 million (subject to adjustments) and the allotment and issue of one non-voting participating share of Silvery Sky credited as fully paid up at an issue price of US$1.00 (the "NPS") to Radiant Talent upon completion of the SPA. Upon completion on March 23, 2018, Fast Million became a wholly-owned subsidiary of Silvery Sky which in turn through its wholly-owned subsidiaries owned entire interest of certain properties.

The NPS would, among others, entitle Radiant Talent to the right to be paid or distributed 50% of the dividends declared or distributions made by Silvery Sky. Subject to certain contingent event having occurred which would give rise to the right to Conversion (as defined below) of NPS and subject to, amongst others, payment to Concept Plus Holdings Limited, a wholly-owned subsidiary of the Company, by Radiant Talent in accordance with the shareholders' memorandum entered into at completion of the SPA, the NPS held by Radiant Talent would be converted to one new fully paid up ordinary share of Silvery Sky (the "Conversion"), representing 50% of the entire issued share capital of Silvery Sky immediately following the Conversion. As at December 31, 2024, the Conversion has not occurred.

Details of the SPA are set out in the Joint Announcement issued by the Company and PCCW dated January 15, 2018.

REPORT OF THE DIRECTORS

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

As at December 31, 2024, the following persons (other than directors or chief executives of the Company) were substantial shareholders of the Company and had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of shareholder	Note(s)	Number of Shares/ underlying Shares held	Approximate percentage of the total number of Shares in issue
Long Positions			
PCCW	*I*	612,854,407	30.07%
PCGH	*II*	402,164,972	19.73%
Star Ocean Ultimate Limited	*III and IV*	402,164,972	19.73%
The Ocean Trust	*III*	402,164,972	19.73%
The Starlite Trust	*III*	402,164,972	19.73%
OS Holdings Limited	*III*	402,164,972	19.73%
Ocean Star Management Limited	*III*	402,164,972	19.73%
The Ocean Unit Trust	*III*	402,164,972	19.73%
The Starlite Unit Trust	*III*	402,164,972	19.73%
Star Ocean Ultimate Holdings Limited	*IV*	402,164,972	19.73%
Fung Jenny Wai Ling	*V*	402,164,972	19.73%
Huang Lester Garson	*V*	402,164,972	19.73%
PCRD		284,071,850	13.94%
PCD		181,520,587	8.91%

Notes:

I. PCCW indirectly held these interests through Asian Motion Limited, a company wholly-owned by PCCW.

II. These interests represented (i) PCGH's beneficial interests in 118,093,122 Shares; and (ii) PCGH's interests (through itself and its controlled corporations, being its wholly-owned subsidiaries, Borsington Limited, Pacific Century International Limited, Pacific Century Group (Cayman Islands) Limited and Anglang Investments Limited, which together controlled 88.67% of the issued share capital of PCRD) in 284,071,850 Shares held by PCRD.

III. On April 18, 2004, Li Tzar Kai, Richard transferred the entire issued share capital of PCGH to Ocean Star Management Limited as trustee of The Ocean Unit Trust and The Starlite Unit Trust. The entire issued share capital of Ocean Star Management Limited was held by OS Holdings Limited. The Ocean Trust and The Starlite Trust held all units of The Ocean Unit Trust and The Starlite Unit Trust respectively. Star Ocean Ultimate Limited was the discretionary trustee of The Ocean Trust and The Starlite Trust.

IV. On November 4, 2013, Star Ocean Ultimate Limited became a controlled corporation of Star Ocean Ultimate Holdings Limited.

V. Fung Jenny Wai Ling and Huang Lester Garson were deemed to be interested in such Shares under the SFO as each of them controlled the exercise of one-third or more of the voting power at general meetings of each of Ocean Star Investment Management Limited, OS Holdings Limited and Star Ocean Ultimate Holdings Limited.

INTERESTS AND SHORT POSITIONS OF OTHER PERSONS REQUIRED TO BE DISCLOSED UNDER THE SFO

As at December 31, 2024, the following person (other than directors or chief executives or substantial shareholders (as disclosed in the previous section headed "Interests and Short Positions in Shares and Underlying Shares of Substantial Shareholders") of the Company) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name	Number of Shares/ underlying Shares held	Approximate percentage of the total number of Shares in issue
Long Positions		
Ocean Star Investment Management Limited *(Note)*	402,164,972	19.73%

Note:

Ocean Star Investment Management Limited was deemed interested under the SFO in the Shares by virtue of it being the investment manager of The Ocean Unit Trust and The Starlite Unit Trust which together held 100% of PCGH (see the notes to the previous section headed "Interests and Short Positions in Shares and Underlying Shares of Substantial Shareholders").

Save as disclosed above in this section and the previous section headed "Interests and Short Positions in Shares and Underlying Shares of Substantial Shareholders", the Company has not been notified of any other persons (other than directors or chief executives of the Company) who had an interest or a short position in the Shares, underlying Shares or debentures of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO as at December 31, 2024.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed "Continuing Connected Transactions" and "Related Party Transactions" of this report, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, or any of its subsidiaries, fellow subsidiaries or parent company was a party, and in which a director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended December 31, 2024, the director of the Company had the following interests in businesses which competed or were likely to compete, either directly or indirectly, with the Group's businesses:

Name of director	Name of company	Nature of business	Nature of interests
Li Tzar Kai, Richard	CK Hutchison Holdings Limited ("CK Hutchison") and its subsidiaries	Ports and related services, retail, infrastructure and telecommunications	*(Note)*
	CK Asset Holdings Limited ("CK Asset") and its subsidiaries	Property development and investment, hotel and serviced suite operation, property and project management, pub operation and investment in infrastructure and utility asset operation	*(Note)*

Note:

Li Tzar Kai, Richard has a personal interest in 75,240 shares in each of CK Hutchison and CK Asset. His father Li Ka-shing is the settlor of certain discretionary trusts of which the discretionary beneficiaries are, inter alia, Li Tzar Kuoi, Victor and himself. Such discretionary trusts hold units in certain unit trusts (together "LKS Trusts"). The LKS Trusts are interested in certain shares of CK Hutchison and CK Asset. Certain businesses of CK Hutchison and CK Asset may compete with certain aspects of the businesses of the Group during the year.

In addition, Li Tzar Kai, Richard is a director of certain private companies (the "Private Companies"), which are engaged in property development and investment.

Further, Li Tzar Kai, Richard is a director and chairman of PCRD. PCRD is an investment holding company with interests in telecommunications and media (through PCCW), logistics, property and infrastructure investment and development in the Asia Pacific region.

The business interests of the Private Companies in Hong Kong are not significant when compared with the business of the Group and it is unlikely that such business interests will compete with the business of the Group. The business interests in Japan and the Asia Pacific region are also unlikely to compete with the existing business of the Group.

Li Tzar Kai, Richard has a controlling interest in some of the Private Companies. Further, he is or may be regarded as interested in PCRD and PCGH due to the interests as disclosed under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" of this report.

As PCRD and the Private Companies are involved in the development and/or investment of properties of different types and/or in different locations, the Group has been operating independently of, and at arm's length from, the businesses of those companies.

Save as disclosed above, none of the directors of the Company is interested in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

PERMITTED INDEMNITY

Pursuant to bye-law 166(1) of the Bye-laws of the Company, every director and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. The Company has arranged directors' and officers' liability insurance coverage for the directors and officers of the Company during the year.

DONATIONS

During the year, the Group made charitable and other donations in the aggregate amount of approximately HK$494,744 (2023: HK$548,015).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2024, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company.

MANAGEMENT CONTRACTS

Save for the directors' service contracts or employment contracts, no other contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or subsisted during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTIONS

During the year ended December 31, 2024 and up to the date of this report, the Group has entered the following transactions which constituted continuing connected transactions (as defined in the Listing Rules) of the Company and details of which are set out below in accordance with the Listing Rules.

1. As disclosed in the announcement of the Company dated December 31, 2021, PCPD Services Limited ("PCPD Services", a wholly-owned subsidiary of the Company) had on that day entered into an insurance services and products agreement (the "FWD Insurance Services and Products Agreement") with FWD Life Insurance Company (Bermuda) Limited ("FWD Life", a subsidiary of FWD Group Holdings Limited) which had agreed to provide or procure other members of FWD Group (being FWD Group Holdings Limited and its subsidiaries), associates of Li Tzar Kai, Richard, a director of the Company, to provide insurance and related services and products to the Group for a term of three years from January 1, 2022 to December 31, 2024 at the fees calculated in accordance with the terms of the FWD Insurance Services and Products Agreement, subject to the annual caps of HK$8 million for the year ended December 31, 2022, HK$9.2 million for the year ended December 31, 2023 and HK$10.8 million for the year ended December 31, 2024. The aggregate amount charged by FWD Life under the FWD Insurance Services and Products Agreement for the year ended December 31, 2024 was approximately HK$5.9 million for insurance and related services and products.

   In the announcement of the Company dated December 30, 2024, the Company announced that PCPD Services had on that day entered into a new insurance services and products agreement (the "New FWD Insurance Services and Products Agreement") with FWD Life which had agreed to provide or procure other members of FWD Group to provide insurance and related services and products to the Group for a term of three years from January 1, 2025 to December 31, 2027 at the fees calculated in accordance with the terms of the New FWD Insurance Services and Products Agreement, subject to the annual caps of HK$7.3 million for the year ending December 31, 2025, HK$9.7 million for the year ending December 31, 2026 and HK$13 million for the year ending December 31, 2027.

2. As disclosed in the announcement of the Company dated June 30, 2022, PT. Prima Bangun Investama ("PT PBI", a wholly-owned subsidiary of the Company), as landlord, and PT FWD Life Indonesia ("PT FWD", an associate of Li Tzar Kai, Richard, a director of the Company), as tenant, had entered into a lease agreement (the "2022 Lease Agreement") on that day in relation to the key terms of the lease of the whole of 20th Floor and the signage right over the building named Pacific Century Place ("PCP") situated at Jl. Jenderal Sudirman Kavling. 52–53, SCBD Lot 10, Jakarta 12190, Indonesia for a term from July 2, 2022 to July 1, 2025 at the fees calculated in accordance with the terms of the 2022 Lease Agreement, subject to the annual caps of IDR13,233 million (approximately HK$7 million) for the year ended December 31, 2022, IDR26,465 million (approximately HK$14 million) for the year ended December 31, 2023, IDR26,465 million (approximately HK$14 million) for the year ended December 31, 2024 and IDR13,233 million (approximately HK$7 million) for the year ending December 31, 2025. The aggregate amount charged by PT PBI under the 2022 Lease Agreement for the year ended December 31, 2024 was approximately IDR18,366.4 million (approximately HK$8.8 million) for rentals, service charges, parking charges and signage charges.

CONTINUING CONNECTED TRANSACTIONS — CONTINUED

3. As disclosed in the announcement of the Company dated December 28, 2022, PCPD Facilities Management Limited ("PCPD FM", a wholly-owned subsidiary of the Company) had entered into a facilities management services agreement and a lease & tenant management services agreement (the "Agreements") with Reach Networks Hong Kong Limited ("Reach Networks", a wholly-owned subsidiary of Reach Ltd., which is an associate of PCCW) on that day in relation to the provision of the facilities management services and lease & tenant management services by PCPD FM to Reach Networks and its subsidiaries from January 1, 2023 onwards for a term of two years until December 31, 2024 at the fees calculated in accordance with the terms of the Agreements, subject to the annual cap of HK$9 million for 2023 and 2024. The aggregate fees charged by PCPD FM under the Agreements for the year ended December 31, 2024 was approximately HK$8.6 million for facilities management services and lease & tenant management services.

   In the announcement of the Company dated December 30, 2024, the Company announced that PCPD FM and Reach Networks had entered into a new facilities management services agreement and a new lease & tenant management services agreement (the "New Agreements") on that day for the provision of the facilities management services and lease & tenant management services by PCPD FM to Reach Networks and its subsidiaries from January 1, 2025 onwards for a term of three years until December 31, 2027 at the fees calculated in accordance with the terms of the New Agreements, subject to the annual cap of HK$9,500,000 and HK$500,000 of the new facilities management services agreement and the new lease & tenant management services agreement respectively for each of the financial years ending December 31, 2025, December 31, 2026 and December 31, 2027.

4. As disclosed in the announcement of the Company dated December 28, 2022 (the "Announcement"), PCPD Operations Limited ("PCPDOL", a wholly-owned subsidiary of the Company) had on that day entered into a master agreement for supply and procurement of goods and services with each of the following parties: (i) PCCW Solutions Limited ("PCCW Solutions"), an indirect subsidiary of PCCW (PCCW together with its subsidiaries, excluding the HKT Group (as defined below), "PCCW Group") (the agreement with PCCW Solutions shall be referred to as the "PCCW Group 2022 Master Agreement"); and (ii) Hong Kong Telecommunications (HKT) Limited ("HKTL"), an indirect wholly-owned subsidiary of HKT Limited (HKT Limited together with its subsidiaries, "HKT Group") (the agreement with HKTL shall be referred to as the "HKT Group 2022 Master Agreement"). Such agreements set out the frameworks for the provision of certain goods and services by the PCCW Group and the HKT Group respectively to the Group for a term of three years from January 1, 2023 to December 31, 2025 at prices to be determined in accordance with the terms stipulated therein and subject to the annual caps as disclosed in the Announcement. The category(ies) of goods and services as provided under (i) the PCCW Group 2022 Master Agreement is corporate services and other services, and those provided under (ii) the HKT Group 2022 Master Agreement are (a) telecommunications, information technology solutions and related equipment and services and (b) corporate services and other services.

REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTIONS — CONTINUED

4. — Continued

The approximate aggregate value and the annual cap under the PCCW Group 2022 Master Agreement are set out below:

Category of goods and services	Approximate aggregate values for the financial year ended December 31, 2024	Annual cap for the financial year ended December 31, 2024
	HK$'000	*HK$'000*
Corporate services and other services	427	4,250

The approximate aggregate value and the annual cap of each category under the HKT Group 2022 Master Agreement are set out below:

Categories of goods and services	Approximate aggregate values for the financial year ended December 31, 2024	Annual caps for the financial year ended December 31, 2024
	HK$'000	*HK$'000*
Telecommunications, information technology solutions and related equipment and services (not including those fully exempt as consumer goods and services)	1,151	4,200
Corporate services and other services	4,347	11,380

As at December 31, 2024, PCCW, a substantial shareholder of the Company, held approximately 30.07% and approximately 52.24% equity interest in the Company and HKT respectively.

CONTINUING CONNECTED TRANSACTIONS — CONTINUED

5. As disclosed in the announcement of the Company dated December 27, 2023 (the "Announcement"), the Group and various associates of Dr Allan Zeman ("Dr Zeman"), a director of the Company, had on that day entered into the following service agreements (the "2023 Service Agreements"): (i) Pinetree Residence Co., Ltd. ("PRCL", a non-wholly owned subsidiary of the Company) and Andaman Proper Development Co., Ltd. ("Andaman Proper", an associate of Dr Zeman), as development manager, had entered into a renewal agreement (the "Renewal Phase 1A Development Management Agreement No. 2") in relation to the services, including design, construction management and quantity surveying provided to PRCL for a term of three years from January 1, 2024 to December 31, 2026 at the fees calculated in accordance with the terms of the Renewal Phase 1A Development Management Agreement No. 2; (ii) PRCL and Paradise Luxury Homes Co., Ltd. ("Paradise Luxury", an associate of Dr Zeman), as agent, had entered into a renewed sales agency agreement (the "Renewed Sales Agency Agreement") in relation to agency services provided to PRCL for sales and marketing of the certain residential properties being marketed and sold by PRCL under the project in Phang Nga for a term of three years from January 1, 2024 to December 31, 2026 at the fees calculated in accordance with the terms of the Renewed Sales Agency Agreement; (iii) Aquella Property Management Co., Ltd. ("Aquella Property Management", a non-wholly owned subsidiary of the Company) and Andara Resort and Villas Co., Ltd. ("Andara Resort", an associate of Dr Zeman), as manager, had entered into a common area management agreement (the "Common Area Management Agreement for Phase 1A Development and Estate Road") in relation to property management services provided to Aquella Property Management for a term of three years from January 1, 2024 to December 31, 2026 at the fees calculated in accordance with the terms of the Common Area Management Agreement for Phase 1A Development and Estate Road; and (iv) PRCL and Andara Resort had entered into a service agreement (the "Cleaning Service Agreement") in relation to the cleaning services provided to PRCL for the show villa and sales gallery of Phase 1A within the project in Phang Nga for a term of three years from January 1, 2024 to December 31, 2026 at the fees calculated in accordance with the terms of the Cleaning Service Agreement. The maximum aggregate amounts payable by the Group under the 2023 Service Agreements are subject to the annual caps as disclosed in the Announcement.

   The approximate aggregate value and the annual cap for each of the 2023 Service Agreements are set out below:

	Approximate aggregate values for the financial year ended December 31, 2024	**Annual caps for the financial year ended December 31, 2024**
	HK$'000	***HK$'000***
Renewal Phase 1A Development Management Agreement No. 2	343	1,500
Renewed Sales Agency Agreement	0	3,600
Common Area Management Agreement for Phase 1A Development and Estate Road	1,171	1,500
Cleaning Service Agreement	524	650

REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTIONS — CONTINUED

The Board, including the independent non-executive directors of the Company, had reviewed and confirmed that the continuing connected transactions for the financial year ended December 31, 2024 have been entered into:

1. in the ordinary and usual course of the business of the Group;

2. on normal commercial terms or better; and

3. according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The external auditor of the Company was engaged to report on the continuing connected transactions entered into by the Group for the year ended December 31, 2024 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The external auditor has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken by the Group in the normal course of business are set out in note 34 to the consolidated financial statements. Those related party transactions which constituted connected transactions or continuing connected transactions under the Listing Rules had complied with the applicable requirements under Chapter 14A of the Listing Rules.

PUBLIC FLOAT

As at the date of this report, the Company maintained the prescribed public float as required under the Listing Rules, based on information that was publicly available to the Company and within the knowledge of the directors of the Company.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the "Corporate Governance Report" on pages 24 to 43 of this annual report.

AUDITOR

The consolidated financial statements for the financial year ended December 31, 2024 were audited by PricewaterhouseCoopers who will retire at the conclusion of the forthcoming annual general meeting. A resolution for the re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at that meeting.

By order of the Board

CHEUNG Kwok Kuen Alan
General Counsel and Company Secretary

Hong Kong, February 19, 2025

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of Pacific Century Premium Developments Limited
(incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of Pacific Century Premium Developments Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 75 to 152, comprise:

- the consolidated statement of financial position as at December 31, 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Valuation of investment property in Indonesia
- Carrying value of properties under development in Hong Kong

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment property in Indonesia *Refer to note 15 to the consolidated financial statements.*	
The Group's investment properties were carried at HK$3,277 million out of which HK$3,221 million as at December 31, 2024 related to the completed investment property in Indonesia. Management has engaged an independent professional valuer to determine the fair value of the investment property in Indonesia. The fair value was derived using the income approach. The valuation was inherently subjective due to the significant estimates used which included the expected market rent and capitalisation rate. Significant changes in these estimates could result in material changes to the valuation of the property.	Our procedures in relation to management's valuation of the investment property included: • We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied; • We assessed the competence, capability and objectivity of the independent professional valuer; • We discussed the valuation methodology and key assumptions with the valuer; • We involved our internal valuation specialists to compare the estimated market rent in the valuation to our independently formed market expectations, and compared the capitalisation rate to a range of expected yields determined with reference to published market yields; and • We checked, on a sample basis, the accuracy and reasonableness of information, such as the rental income and lease period, used by the valuer, to the underlying lease agreements. We found the valuation of the investment property to be supported by the available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Carrying value of properties under development in Hong Kong *Refer to note 18a to the consolidated financial statements.*	
The carrying value of properties under development in Hong Kong was HK$2,897 million as at December 31, 2024. Management assessed the recoverability of the properties based on estimates of the net realisable value of the underlying properties, which involved significant estimates and assumptions such as selling prices and construction costs. Based on their determination of the net realisable value, management concluded that the carrying value of the properties under development in Hong Kong was appropriate. If the estimated net realisable value of the underlying properties were significantly different from their carrying values as a result of changes of market conditions and/or significant variation in the budgeted development costs, reversal of impairment provision for properties under development may result. Accordingly, the existence of significant estimates warrants specific audit focus and attention on this area.	Our procedures in relation to management's assessment of the carrying value of properties under development in Hong Kong included: • We understood management's controls and processes for determining the net realisable value of the properties under development and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied; • We assessed the reasonableness of key assumptions and estimates in management's assessment including: (i) For the estimated selling prices, we compared, on a sample basis, to the current market prices of properties of comparable locations and conditions; and (ii) For the estimated costs necessary to make the sales and costs to completion, we assessed the reasonableness of the costs necessary to make sales and the latest budgets of total construction costs and tested, on a sample basis, to committed contracts and other supporting documentation. We found the carrying value of the properties under development in Hong Kong to be supported by the available evidence.

INDEPENDENT AUDITOR'S REPORT

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lo Pui Shan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, February 19, 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2024

HK$ million	Note(s)	2024	2023
Revenue	4, 5	**901**	822
Cost of sales		**(281)**	(275)
Gross profit		**620**	547
General and administrative expenses		**(654)**	(665)
Other income	6	**3**	29
Other gain	7	**5**	—
Reversal of impairment loss of property, plant and equipment	16	**126**	—
Interest income		**7**	21
Finance costs	8	**(313)**	(332)
Loss before taxation	9	**(206)**	(400)
Income tax	12	**(24)**	(66)
Loss attributable to equity holders of the Company		**(230)**	(466)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences:			
Exchange differences on translating foreign operations		**(386)**	(65)
Total comprehensive loss		**(616)**	(531)
Loss per share (expressed in Hong Kong cents per share)			
Basic and diluted	14	**(11.29) cents**	(22.89) cents

The notes on pages 80 to 152 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2024

2024

HK$ million	Issued equity	Capital reserve	Currency translation reserve	Other reserves	Accumulated losses	Attributable to: Equity holders of the Company	Attributable to: Non-controlling interests	Total equity
Balance at January 1, 2024	**3,802**	**(565)**	**(1,658)**	**10**	**(1,040)**	**549**	**133**	**682**
Total comprehensive loss for the year	**—**	**—**	**(386)**	**—**	**(230)**	**(616)**	**—**	**(616)**
Balance at December 31, 2024	**3,802**	**(565)**	**(2,044)**	**10**	**(1,270)**	**(67)**	**133**	**66**

2023

HK$ million	Issued equity	Capital reserve	Currency translation reserve	Other reserves	Accumulated losses	Attributable to: Equity holders of the Company	Attributable to: Non-controlling interests	Total equity
Balance at January 1, 2023	3,802	(565)	(1,593)	10	(574)	1,080	133	1,213
Total comprehensive loss for the year	—	—	(65)	—	(466)	(531)	—	(531)
Balance at December 31, 2023	3,802	(565)	(1,658)	10	(1,040)	549	133	682

The notes on pages 80 to 152 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

HK$ million	Notes	2024	2023
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	15	**3,277**	3,435
Property, plant and equipment	16	**2,187**	2,344
Right-of-use assets	17	**41**	30
Properties under development	18(a)	**176**	142
Properties held for development	18(b)	**454**	427
Goodwill	19	**3**	4
Financial assets at fair value through profit or loss	20	**1**	1
Prepayments and other receivables		**157**	181
Deferred income tax assets	29	**34**	—
		6,330	6,564
Current assets			
Properties under development/held for sale	18(a)	**3,549**	3,321
Inventories		**23**	20
Sales proceeds held in stakeholders' accounts	22(a)	**8**	9
Restricted cash	22(b)	**71**	43
Trade receivables, net	22(c)	**96**	96
Prepayments, deposits and other current assets		**127**	102
Amounts due from related companies	34(c)	**4**	5
Cash and cash equivalents		**659**	865
		4,537	4,461

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

HK$ million	Notes	2024	2023
Current liabilities			
Borrowings	23	**835**	531
Trade payables	22(d)	**53**	51
Accruals and other payables	22(e)	**303**	321
Deferred income and contract liabilities	24	**300**	230
Lease liabilities		**24**	25
Current income tax liabilities		**25**	14
		1,540	1,172
Net current assets		**2,997**	3,289
Total assets less current liabilities		**9,327**	9,853
Non-current liabilities			
Borrowings	23	**9,006**	8,910
Other payables		**183**	185
Deferred income and contract liabilities	24	**12**	30
Lease liabilities		**24**	13
Deferred income tax liabilities	29	**36**	33
		9,261	9,171
Net assets		**66**	682
CAPITAL AND RESERVES			
Issued equity	25	**3,802**	3,802
Reserves		**(3,869)**	(3,253)
Capital and reserves attributable to equity holders of the Company		**(67)**	549
Non-controlling interests	21	**133**	133
		66	682

Li Tzar Kai, Richard
Director

Benjamin Lam Yu Yee
Director

The notes on pages 80 to 152 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

HK$ million	Notes	2024	2023
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	30(a)	**(75)**	245
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(70)**	(74)
Payments for investment properties		**(3)**	—
Decrease in short-term deposits		**—**	90
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(73)**	16
FINANCING ACTIVITIES			
Proceeds from bank borrowings, net		**513**	534
Repayment of bank borrowings		**(46)**	(58)
Payment for borrowing costs		**(489)**	(451)
Payment for lease liabilities (including interest)		**(29)**	(26)
(Increase)/decrease in restricted cash		**(28)**	10
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		**(79)**	9
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(227)**	270
Exchange difference		**21**	(1)
CASH AND CASH EQUIVALENTS			
Balance at January 1,		**865**	596
Balance at December 31,		**659**	865

The notes on pages 80 to 152 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

1. GENERAL INFORMATION

Pacific Century Premium Developments Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments.

The Company is a limited liability company incorporated in Bermuda and its securities are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

These consolidated financial statements set out on pages 75 to 152 were approved by the board of directors (the "Board") on February 19, 2025.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, which is a collective term for all individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (Cap. 622).

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

b. Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended December 31, 2024 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost convention, except that the following assets are stated at fair value as explained in the accounting policies set out below:

— investment properties (see note 2(g)); and

— financial assets at fair value through profit or loss (see note 2(o)).

During the year ended December 31, 2024, the Group incurred a loss attributable to equity holders of the Company of HK$230 million (2023: HK$466 million) and negative cash flow from operating activities of HK$75 million (2023: positive cash flow from operating activities of HK$245 million).

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

b. Basis of preparation of the consolidated financial statements — Continued

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 potential asset monetisation 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 December 31, 2025. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

The HKICPA has issued certain new and revised HKFRSs that are adopted for the current accounting period of the Group. The following sets out the changes in accounting policies for the current accounting period reflected in these consolidated financial statements.

i. Adoption of new/revised accounting standards

Standard and amendments effective for the annual period beginning on January 1, 2024 adopted by the Group but have no significant impact on the Group's consolidated financial statement:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements
HKFRS 16 (Amendments)	Lease liability in sale and leaseback

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

b. Basis of preparation of the consolidated financial statements — Continued

ii. New standards, amendments to standards and interpretation which are not yet effective

The following amendments and interpretation have been issued but are not yet effective for the year ended December 31, 2024 and which the Group has not early adopted:

HKAS 21 (Amendments)	Lack of Exchangeability [1]
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments [2]
Annual Improvements	Annual Improvements to HKFRS Accounting Standards — Volume 11 [2]
HKFRS 18	Presentation and Disclosure in Financial Statements [3]
Hong Kong Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause [3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures [3]

Notes:

1 Effective for annual period beginning on or after January 1, 2025
2 Effective for annual period beginning on or after January 1, 2026
3 Effective for annual period beginning on or after January 1, 2027

The Group does not expect the adoption of the above new standards, amendments and interpretation that are not yet effective will have a material impact on the Group's future reporting periods and foreseeable future transactions.

c. Subsidiaries and non-controlling interests

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

c. Subsidiaries and non-controlling interests — Continued

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by Hong Kong Financial Reporting Standards.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill (see note 2(j)). If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement. Where businesses are acquired and fair values of the net assets of the acquired business are finalised within 12 months of the acquisition date, all fair value adjustments are recorded with effect from the date of acquisition and consequently may result in the restatement of previously reported financial results.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint arrangement or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, investment in a subsidiary is stated at cost less any impairment losses (note 2(h)). The results of subsidiaries are recognised by the Company to the extent of dividends received and receivable at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

d. Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and that the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated statement of comprehensive income as follows:

(i) Sales of properties

Revenue is recognised at a point in time when the customer obtains control of the completed property, which is typically when the property is legally or physically transferred to the customer. The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in the consolidated statement of comprehensive income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the consolidated statement of comprehensive income as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

Receipts of rental income in advance are deferred and recorded as "Deferred income and contract liabilities" in the consolidated statement of financial position. The amounts are then recognised as revenue based on the actual utilisation of the rental usage of the investment properties.

(iii) Service income

Service income is recognised when the related services are rendered to customers.

For the property and facilities management services provided for fixed period, service income is recognised on a straight-line basis over the respective period.

(iv) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis using the effective interest method by reference to the principal outstanding and the rates applicable.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

d. Revenue recognition — Continued

(v) Hotel revenue

Hotel revenue from room rental is recognised over time during the period of stay for the hotel guests. Revenue from food and beverage sales and other ancillary services is generally recognised at the point in time when the services are rendered.

e. Property, plant and equipment and depreciation

Land and buildings are stated at cost less impairment losses (note 2(h)) less subsequent depreciation for buildings. Land has an indefinite useful life and is not subject to depreciation.

Property, plant and equipment held for own use are stated at cost less accumulated depreciation and impairment losses (note 2(h)). The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including qualifying borrowing costs (note 2(t)). Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset and is depreciated over the original remaining useful life of the asset when it is probable that future economic benefits will flow to the Group and the costs can be measured reliably. All other subsequent expenditure, such as repairs and maintenance and overhaul costs, is recognised as an expense in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income on the date of retirement or disposal.

Land and construction in progress are not depreciated. Depreciation on other property, plant and equipment is calculated to write off the cost on a straight-line basis over the estimated useful lives as follows:

Buildings and structures	5 to 51 years
Other plant and equipment	2 to 20 years

The useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

f. Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

(i) Assets leased to the Group

Leases are initially recognised as a right-of-use asset/interest in leasehold land and corresponding liability, where applicable, at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Interest in leasehold land is amortised on a straight-line basis over the lease term, except where the property is classified as an investment property (see note 2(g)) or property under development/held for sale/held for development (see note 2(i)).

The Group has elected the practical expedient not to separate lease and non-lease components of certain class of underlying assets and account for whole as a single lease component in the measurement of lease liabilities and right-of-use assets.

Assets leased by the Group and the corresponding liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

— fixed payments (including in-substance fixed payments), less any lease incentives receivable;
— variable lease payments that are based on an index or a rate; and
— payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

f. Leased assets — Continued

(i) Assets leased to the Group — Continued

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate of the respective entities. Right-of-use assets are measured at cost comprising the following:

— the amount of the initial measurement of lease liabilities;
— any lease payments made at or before the commencement date, less any lease incentive received;
— any initial direct costs; and
— restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and small items of office furniture.

(ii) Assets leased out by the Group

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Where the Group leases out assets under operating leases, the assets are included in the consolidated statement of financial position according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies. Impairment losses are accounted for in accordance with the accounting policy as set out in the note 2(h). Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies as set out in the note 2(d)(ii).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

g. Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(f)) to earn rental income and/or for capital appreciation, and which are not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties.

Land held under operating leases are classified and accounted for as an investment property when the rest of the definition of investment property is met.

Investment properties are initially measured at their cost, including directly attributable construction costs, borrowing costs and other related transaction costs. After initial recognition, investment properties are stated in the consolidated statement of financial position at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee and are prepared or reviewed periodically by independent external valuers. The fair values of investment properties reflect, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair values also reflect, on a similar basis, any cash outflows that could be expected in respect of the properties. Changes in fair value arising on the revaluation of investment properties are recognised in the consolidated statement of comprehensive income.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed to the consolidated statement of comprehensive income in the period in which they are incurred.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

h. Impairment of investment in a subsidiary and non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;
— right-of-use assets;
— goodwill; and
— properties under development/held for sale/held for development.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows (a cash-generating unit).

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(ii) Recognition of impairment losses

An impairment loss is recognised in the consolidated statement of comprehensive income whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then, to reduce the carrying amount of the other assets in the cash-generating unit on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal, or value in use, if determinable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

h. Impairment of investment in a subsidiary and non-financial assets — Continued

(iii) Reversals of impairment losses

An impairment loss of an asset other than goodwill is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not allowed to be reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated statement of comprehensive income in the year in which the reversals are recognised.

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

Properties held for development represent interests in land held for future development which are stated at cost less accumulated impairment losses (note 2(h)).

Properties under development or held for sale are carried at the lower of cost and the estimated net realisable value. Cost includes original land acquisition costs, costs of land use rights, construction expenditures incurred and other direct development costs attributable to such properties, including interest incurred on loans directly attributable to the development prior to the completion of construction. The net realisable value is determined by reference to estimated sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

i. Properties under development/held for sale/held for development — Continued

Properties under development with the development expected to be completed within one year from the end of the reporting period, which have either been pre-sold or are intended for sale in the Group's normal operating cycle, are classified under current assets.

Properties held for sale represent completed properties available for sale which are classified under current assets.

j. Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred and the fair value of non-controlling interest over the Group's interest in the net fair value of the acquiree's net identifiable assets, liabilities and contingent liabilities at the date of acquisition.

Goodwill is stated in the consolidated statement of financial position at cost less accumulated impairment losses (note 2(h)). Goodwill is allocated to cash-generating units and is tested at least annually for impairment or whenever there is impairment indicator. Impairment losses on goodwill are not reversed. On disposal of an entity or business unit, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

k. Contract assets and liabilities

Customers pay according to a pre-agreed payment schedule. If the performance obligations fulfilled by the Group exceed the total non-refundable payments received and unconditional rights to contract consideration to date, a contract asset is recognised. If the total non-refundable payments received and unconditional rights to contract consideration to date exceed the performance obligation fulfilled, a contract liability is recognised. The contract assets are transferred to receivables when the Group's rights to the contract consideration become unconditional.

l. Trade and other receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognised at fair value. The Group holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance for expected credit losses.

For trade receivables, the Group applies the simplified approach to providing for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. When measuring expected credit losses, the Group considers the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and possibility that no credit loss occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

l. Trade and other receivables — Continued

For other receivables, the Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering available reasonable and supportive forward-looking information. Considerations may include:

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
— actual or expected significant changes in the operating results of the borrower; and
— significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

Trade and other receivables are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Trade and other receivables are included in the consolidated statement of financial position under "Trade receivables, net" and "Prepayments, deposits and other current assets" under current assets and "Prepayments and other receivables" under non-current assets.

m. Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense.

n. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition, less bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

o. Financial assets at fair value through profit or loss

The Group classifies its investments in equity securities, other than investment in a subsidiary, as financial assets at fair value through profit or loss. This category comprises financial assets held for trading and those designated as fair value through profit or loss at inception.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownerships.

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of comprehensive income. At the end of each reporting period, the fair value is re-measured, changes in the fair value of financial assets are recognised in "Other gain/(loss), net" in the consolidated statement of comprehensive income.

p. Financial guarantee contracts

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

q. Trade and other payables

Trade and other payables are recognised initially at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. They are included in current liabilities, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

r. Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the amount required to settle the obligation. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of resources will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

s. Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised, being the proceeds net of transaction costs, and the redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

t. Borrowing costs

Borrowing costs are expensed in the consolidated statement of comprehensive income in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Ancillary costs incurred in connection with arranging borrowings, to the extent that they are regarded as adjustments to interest costs, are recognised as expenses over the period of the borrowing using the effective interest method.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

u. Income tax

Income tax for the year comprises current income tax and movements in deferred income tax assets and liabilities. Income tax is recognised in the consolidated statement of comprehensive income.

(i) Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

(ii) Deferred income tax assets and liabilities arise from deductible and taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases respectively. Deferred income tax assets also arise from unused tax losses and unused tax credits.

All deferred income tax liabilities are recognised while deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(g), the amount of deferred income tax recognised is measured using the tax rates that would be applied on sale of those assets at their carrying value in the statement of financial position unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred income tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets and liabilities are not discounted.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

u. Income tax — Continued

(iii) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to offset current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

— the same taxable entity; or

— different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

v. Employee benefits

(i) Salaries, annual bonuses, annual leave entitlements, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, provisions are made for the estimated liability as a result of services rendered by employees up to the end of the reporting period.

(ii) Defined contribution retirement schemes (including the Mandatory Provident Fund) are offered to employees of the Group. The schemes are operated by PCCW and the assets of such schemes are generally held in separate trustee-administered funds. The schemes are generally funded by payments from the relevant companies of the PCCW Group including the Group and, in some cases, employees themselves, taking into account of the recommendations of independent qualified actuaries.

The Group's contributions to the defined contribution retirement schemes are recognised as expenses in the consolidated statement of comprehensive income in the period to which the contributions relate. Under the defined contribution retirement schemes, the employer is required to make contributions to the scheme at rates specified under the rules of the scheme. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

v. Employee benefits — Continued

(iii) The Group and PCCW operate share option schemes where employees (including directors) are granted options to acquire shares of the Company or PCCW at specified exercise prices. The fair value of the employee services received in exchange for the grant of the options is recognised as staff costs in the consolidated statement of comprehensive income with a corresponding increase in an employee share-based compensation reserve under equity. The fair value of the options granted is measured at grant date using the trinomial option pricing model, taking into account the terms and conditions upon which the options were granted, and spread over the respective vesting period during which the employees become unconditionally entitled to the options. At the end of each reporting period, the Group revises its estimates of the number of share options that is expected to become vested. The impact of the revision of original estimates, if any, is recognised in the profit or loss with a corresponding adjustment to the employee share-based compensation reserve over the remaining vesting period. On vesting date, the amount recognised as staff costs is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the employee share-based compensation reserve). The equity amount is recognised in the employee share-based compensation reserve until either the share options are exercised (when it is transferred to the share premium account) or the share options expire (when it is released directly to retained earnings). When the share options are exercised, the proceeds received, net of any directly attributable transaction cost, are credited to share capital (nominal value) and share premium.

(iv) The Board of directors of PCCW may also grants shares of PCCW or share stapled units of HKT Limited ("HKT"), a related company of the Group, to the employees of the Group at nil consideration under its share award scheme; which the awarded shares or share stapled units are either newly issued at par value (the "Subscription Scheme") or are purchased from the open market (the "Purchase Scheme").

Awards under the Purchase Scheme and the Subscription Scheme, are accounted for as cash-settle share-based payments. The fair value of the awarded PCCW shares and HKT share stapled units represents the quoted market price of PCCW shares and HKT share stapled units purchased from the open market under the Purchase Scheme and the issue price of PCCW shares and HKT share stapled units under the Subscription Scheme are recognised as financial assets at fair value through profit or loss, and subsequently measured at fair value. The fair value of the employee services received in exchange for the grant of PCCW shares and HKT share stapled units are recognised as staff costs in the consolidated statement of comprehensive income over the respective vesting period with a corresponding obligation being recognised. On vesting date, the amount recognised as staff costs is adjusted to reflect the actual number of awarded PCCW shares and HKT share stapled units that vest (with a corresponding adjustment to the obligation) and the carrying amount of awarded PCCW shares and HKT share stapled units recognised in the financial assets at fair value through profit or loss is offset with the obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

w. Share-based payment transactions with cash alternatives

Share-based payment transactions are those arrangements which the terms provide either the Group or the counterparty with a choice of whether the Group settles the transaction in cash (or other assets) or by issuing equity instruments. Upon the vesting conditions, if any, are met, the Group shall account for that transaction, or the components of that transaction, as a cash-settled share-based payment transaction if, and to the extent that, the Group has incurred a liability to settle in cash (or other assets). Otherwise, the share-based payment transaction is accounted for as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

x. Foreign currency translation

The Group maintains their books and records in the primary currencies of their operations (the "functional currencies"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

Foreign currencies transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the consolidated statement of comprehensive income.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Items included in the consolidated statement of financial position of foreign operations, including goodwill arising on consolidation of foreign operations acquired, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in the currency translation reserve under equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income and accumulated separately currency translation reserve under equity. On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in the currency translation reserve under equity which relate to that foreign operation is included in the calculation of the gain or loss on disposal.

y. Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES — CONTINUED

z. *Dividend distribution*

Dividend distribution to the Company's shareholders or bonus convertible noteholders is recognised as a liability in the consolidated financial statements and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom be equal to the related actual results. Management has also made judgements in applying the Group's accounting policies. These judgements and the key sources of estimation uncertainty are discussed below:

(i) Estimated valuation of investment properties

The best evidence of fair value is the current prices in an active market for similar properties. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its estimates, the Group considers both (i) information from the valuations of investment properties performed by external professional valuers on a market value basis and (ii) other principal assumptions, including the current and expected capitalisation rate, market price and market rent in view of the current usage and condition of the investment properties to determine the fair value of the investment properties. Had the Group used different capitalisation rate, market prices, market rents or other assumptions, the fair value of the investment properties would be different and thus caused impact to the consolidated statement of comprehensive income. As at December 31, 2024, the fair value of the investment properties was HK$3,277 million.

(ii) Deferred income tax

While deferred income tax liabilities are provided in full on all taxable temporary differences, deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. In assessing the amount of deferred income tax assets that need to be recognised, the Group considers future taxable income and ongoing prudent and appropriate tax planning strategies. In the event that the Group's estimates of projected future taxable income and benefits from available tax strategies are changed, or changes in current tax regulations are enacted that would impact the timing or extent of the Group's ability to utilise the tax benefits of net operating loss carry-forwards in the future, adjustments to the recorded amount of net deferred income tax assets and income tax would be made. As at December 31, 2024, no deferred income tax assets were netted off against the deferred income tax liabilities recognised in the consolidated statement of financial position (note 29(a)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS — CONTINUED

(iii) Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;
— right-of-use assets;
— goodwill; and
— properties under development/held for sale/held for development.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

The sources used to identify indications of impairment or reversal of impairment are often subjective in nature and the Group is required to use judgement in applying such information to its business. The Group's interpretation of this information has a direct impact on whether an assessment is performed as at the end of any given reporting period. If an indication of impairment or reversal of impairment is identified, such information is further subject to an exercise that requires the Group to estimate the recoverable value.

The recoverable value of property, plant and equipment, right-of-use assets, goodwill and investment in a subsidiary represents the greater of the asset's fair value less cost to sell or its value in use. Depending on the Group's assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable value, the Group may perform such assessments utilising internal resources or the Group may engage external advisors to counsel the Group. Regardless of the resources utilised, the Group is required to make many assumptions to make these assessments, including the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable value of any asset.

The recoverable values of properties under development/held for sale/held for development refers to the net realisable value. Management performed assessments of the net realisable value of the development projects included in properties under development/held for sale/held for development. The assessments involved the use of significant estimates and assumptions such as selling prices, construction costs (if applicable) and etc. Changes in the assumptions adopted in the assessments may result in a change in future estimate of the net realisable values of the development project.

4. REVENUE

Revenue comprises the revenue recognised in respect of the following businesses:

HK$ million	2024	2023
All-season recreational activities in Japan	**206**	156
Hotel operations in Japan	**349**	276
Property management in Japan	**87**	68
Property investment in Indonesia	**206**	239
Property development and golf operation in Thailand	**10**	39
Property and facilities management in Hong Kong	**31**	31
Other businesses	**12**	13
	901	822

The following table shows the amount of revenue recognised in the current year relates to contract liabilities at the beginning of the year.

HK$ million	2024	2023
Revenue recognised that was included in contract liabilities at the beginning of the year	**129**	22

All unsatisfied performance obligation of the Group's contracts with customer has duration of one year or less or is billed based on time incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

5. 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 year ended December 31 is set out below:

a. Business segments

	Revenue (note i)						Results		Other information			
	Revenue from external customers		Inter-segment revenue		Reportable segment revenue		Segment results before taxation		Additions to non-current segment assets		Depreciation	
HK$ million	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
All-season recreational activities in Japan	**206**	156	**—**	—	**206**	156	**51**	3	**27**	36	**(38)**	(40)
Property development in Japan	**—**	—	**—**	—	**—**	—	**(15)**	(24)	**49**	135	**(6)**	(5)
Hotel operations in Japan	**349**	276	**—**	—	**349**	276	**70**	(94)	**7**	(7)	**(78)**	(82)
Property management in Japan	**87**	68	**—**	—	**87**	68	**24**	13	**—**	—	**—**	—
Property investment in Indonesia	**206**	239	**—**	—	**206**	239	**121**	146	**8**	19	**(6)**	(6)
Property development and golf operation in Thailand	**10**	39	**—**	—	**10**	39	**(37)**	(34)	**28**	(3)	**(8)**	(12)
Property and facilities management in Hong Kong	**31**	31	**—**	—	**31**	31	**6**	7	**—**	—	**—**	—
Property development in Hong Kong	**—**	—	**—**	—	**—**	—	**(25)**	(14)	**17**	98	**(19)**	(5)
Other businesses (note ii)	**12**	13	**2**	2	**14**	15	**2**	2	**9**	1	**(18)**	(20)
Elimination	**—**	—	**(2)**	(2)	**(2)**	(2)	**—**	—	**—**	—	**(1)**	(1)
Total of reported segments	**901**	822	**—**	—	**901**	822	**197**	5	**145**	279	**(174)**	(173)
Unallocated	**—**	—	**—**	—	**—**	—	**(403)**	(405)	**—**	—	**—**	—
Consolidated	**901**	822	**—**	—	**901**	822	**(206)**	(400)	**145**	279	**(174)**	(173)

5. SEGMENT INFORMATION — CONTINUED

a. Business segments — Continued

HK$ million	Assets		Liabilities	
As at December 31,	**2024**	**2023**	**2024**	**2023**
All-season recreational activities in Japan	**550**	557	**92**	64
Property development in Japan	**795**	821	**49**	53
Hotel operations in Japan	**1,465**	1,543	**665**	742
Property management in Japan	**188**	157	**158**	135
Property investment in Indonesia	**3,619**	3,825	**318**	317
Property development and golf operation in Thailand	**959**	933	**42**	36
Property and facilities management in Hong Kong	**20**	19	**2**	2
Property development in Hong Kong	**2,963**	2,739	**1,043**	970
Other businesses (note ii)	**57**	59	**9**	8
Total of reported segments	**10,616**	10,653	**2,378**	2,327
Unallocated	**251**	372	**8,423**	8,016
Consolidated	**10,867**	11,025	**10,801**	10,343

(i) For the years ended December 31, 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	**149**	174
— Over time	**613**	477
External revenue from other sources:		
— Rental income	**139**	171
	901	822

(ii) Revenue from segment below the quantitative thresholds under HKFRS 8 "Operating Segments" is mainly attributable to property investment in Hong Kong. These segments have not met any of the quantitative thresholds for determining reportable segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

5. SEGMENT INFORMATION — CONTINUED

b. Geographical information

The following table sets out the information about geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties, property, plant and equipment, right-of-use assets, properties under development, properties held for development, goodwill, financial assets at fair value through profit or loss, prepayments and other receivables and deferred income tax assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of investment properties, property, plant and equipment, right-of-use assets, properties under development and properties held for development, and the location of the operation to which they are allocated, in case of goodwill, financial assets at fair value through profit or loss and prepayments and other receivables.

	Revenue from external customers		**Specified non-current assets**	
HK$ million	**2024**	**2023**	**2024**	**2023**
Japan	**652**	511	**2,018**	2,099
Hong Kong (place of domicile)	**33**	33	**137**	122
Thailand	**10**	39	**741**	720
Indonesia	**206**	239	**3,434**	3,623
	901	822	**6,330**	6,564

6. OTHER INCOME

HK$ million	**2024**	**2023**
Share of forfeited deposit (note i)	**—**	28
Others	**3**	1
	3	29

i. During the year ended December 31, 2023, the Group recognised forfeited deposit income from the Cyberport Project.

7. OTHER GAIN

HK$ million	2024	2023
Fair value change on investment properties (note 15)	**5**	—
	5	—

8. FINANCE COSTS

HK$ million	2024	2023
Interest expenses:		
— Bank borrowings	**189**	145
— Guaranteed notes (note 23(a))	**331**	331
— Lease liabilities	**1**	1
— Exchange (gain)/loss on guaranteed notes	**(36)**	9
	485	486
Less:		
— Interest capitalised into properties under development/held for development	**(172)**	(154)
	313	332

Borrowing costs have been capitalised at the weighted average rate of the Group's borrowings at 5.2 per cent per annum in 2024 (2023: 5.3 per cent).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

9. LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting) the following:

HK$ million	2024	2023
Cost of properties sold	—	28
Cost of inventories sold	36	29
Depreciation of property, plant and equipment	147	147
Depreciation of right-of-use assets		
— properties	26	25
— equipment and others	1	1
(Gain)/loss on disposal of property, plant and equipment	(1)	1
Outgoings in respect of investment properties	52	57
Staff costs, included in:		
— cost of sales	82	73
— general and administrative expenses	173	190
Contributions to defined contribution retirement schemes, included in:		
— cost of sales	1	1
— general and administrative expenses	5	4
Auditor's remuneration		
— audit services	5	4
Net foreign exchange loss	2	3
Variable lease payment expenses	44	31
Short-term leases expenses	3	5

10. DIRECTORS' EMOLUMENTS

Directors' emoluments comprise the aggregate amounts paid/payable by the Group to each of the directors of the Company in connection with their employment as directors of the Company or its subsidiaries undertaking during the year.

	2024						
HK$'000	**Directors' fee**	**Salaries**	**Bonuses (note i)**	**Allowances**	**Benefits in kind (note ii)**	**Employer's contribution to retirement scheme**	**Total**
Executive Directors							
Li Tzar Kai, Richard	—	—	—	—	—	—	—
Lam Yu Yee	—	9,460	8,800	4,456	27	1,135	23,878
Non-executive Director							
Dr. Allan Zeman, *GBM, GBS, JP*	185	—	—	—	—	—	185
Independent Non-executive Directors							
Chiang Yun	247	—	—	—	—	—	247
Prof Wong Yue Chim, Richard, *SBS, JP* (iv)	432	—	—	—	—	—	432
Dr. Vince Feng	247	—	—	—	—	—	247
	1,111	9,460	8,800	4,456	27	1,135	24,989

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

10. DIRECTORS' EMOLUMENTS — CONTINUED

	2023						
HK$'000	**Directors' fee**	**Salaries**	**Bonuses (note i)**	**Allowances**	**Benefits in kind (note ii)**	**Employer's contribution to retirement scheme**	**Total**
Executive Directors							
Li Tzar Kai, Richard	—	—	—	—	—	—	—
Lam Yu Yee	—	9,184	8,800	4,338	23	1,102	23,447
Non-executive Directors							
Dr. Allan Zeman, *GBM, GBS, JP*	180	—	—	—	—	—	180
Lee Chi Hong, Robert (iii)	1,392	—	—	—	—	—	1,392
Independent Non-executive Directors							
Chiang Yun	240	—	—	—	—	—	240
Prof Wong Yue Chim, Richard, *SBS, JP* (iv)	357	—	—	—	—	—	357
Dr. Vince Feng	240	—	—	—	—	—	240
	2,409	9,184	8,800	4,338	23	1,102	25,856

(i) Refers to bonuses in respect of 2023, paid in 2024.

(ii) Benefits in kind mainly includes medical insurance premium.

(iii) Mr. Robert Lee has retired from his positions as Non-Executive Chairman and a Non-Executive Director of the Company with effect from May 8, 2023.

(iv) Professor Richard Wong has been appointed as Independent Non-Executive Chairman of the Company with effect from May 8, 2023.

(v) No director offered to waive the basic salary and housing benefits during the year of 2024 (2023: Nil).

(vi) No directors' emoluments, retirement benefits, payments or benefits in respect of termination of directors' services have been paid to or are receivable by the directors during the year ended December 31, 2024 (2023: Nil).

(vii) No consideration was provided to or receivable by third parties for making available directors' services during the year ended December 31, 2024 (2023: Nil).

10. DIRECTORS' EMOLUMENTS — CONTINUED

(viii) Save as disclosed in the Report of the Directors, there are no loans, quasi-loans and other dealings entered into by the Company or its subsidiary undertaking of the Company, in favour of directors, their controlled bodies corporate and connected entities during the year ended December 31, 2024 (2023: Nil).

(ix) Save as disclosed in the Report of the Directors, there are no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended December 31, 2024 (2023: Nil).

11. FIVE TOP-PAID EMPLOYEES

a. Of the five highest paid individuals in the Group, one (2023: one) is director whose emoluments are set out in note 10. Details of the emoluments of the remaining four highest paid individuals (2023: four) are as follows:

HK$ million	2024	2023
Salaries and other short-term employee benefits	**15**	14
Bonuses (note i)	**3**	3
Retirement scheme contributions	**1**	1
Shared-based compensation expenses	**—**	—
	19	18

(i) Bonuses were included in the year of payment.

b. The emoluments of the remaining four individuals (2023: four) are within the emolument ranges as set out below:

	Number of individuals	
	2024	2023
HK$3,000,001 — HK$3,500,000	**—**	2
HK$3,500,001 — HK$4,000,000	**2**	—
HK$4,000,001 — HK$4,500,000	**1**	—
HK$4,500,001 — HK$5,000,000	**—**	1
HK$7,000,001 — HK$7,500,000	**—**	1
HK$7,500,001 — HK$8,000,000	**1**	—
	4	4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

12. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5 per cent (2023: 16.5 per cent) on the estimated assessable profits for the year.

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

HK$ million	2024	2023
Hong Kong profits tax		
— Provision for current year	**1**	1
Income tax outside Hong Kong		
— Provision for current year	**54**	62
Deferred income tax (note 29)	**(31)**	3
	24	66

Reconciliation between income tax and the Group's accounting loss at applicable tax rates is set out below:

HK$ million	2024	2023
Loss before taxation	**(206)**	(400)
Notional tax on loss before taxation, calculated at applicable tax rate of 16.5 per cent (2023: 16.5 per cent)	**(34)**	(66)
Effect of different tax rates of subsidiaries operating overseas	**(9)**	(16)
Tax effect of income not subject to taxation	**(29)**	(4)
Tax effect of expenses not deductible for taxation purposes	**87**	80
Tax losses for which no deferred income tax asset was recognised	**28**	32
Recognition and utilisation of previously unrecognised tax losses	**(41)**	(10)
Withholding tax	**20**	25
Others	**2**	25
Income tax	**24**	66

13. DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended December 31, 2024 (2023: Nil).

14. LOSS PER SHARE

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

	2024	2023
Loss (HK$ million)		
Loss for the purpose of calculating the basic and diluted loss per share	**(230)**	(466)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share	**2,038,276,785**	2,038,276,785

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 December 31, 2024, bonus convertible notes in an aggregated amount of HK$592,552,133.20 (2023: HK$592,552,133.20) have been converted into 1,185,104,266 shares of the Company (2023: 1,185,104,266 shares). The outstanding bonus convertible notes in an aggregated amount of HK$20,021.20 (2023: HK$20,021.20) at the conversion price of HK$0.5 per share convertible into 40,042 shares (2023: 40,042 shares) have been included in the weighted average number of ordinary shares for calculating the basic loss per share for the years ended December 31, 2024 and December 31, 2023, respectively.

15. INVESTMENT PROPERTIES

HK$ million	2024	2023
At January 1,	**3,435**	3,374
Additions	**3**	15
Transfer from property, plant and equipment	**8**	—
Change in fair value (note 7)	**5**	—
Exchange differences	**(174)**	46
At December 31,	**3,277**	3,435

As at December 31, 2024, value added tax receivables of HK$130 million and HK$15 million (2023: HK$155 million and HK$11 million) in relation to the land acquisition and construction of the investment property were included in non-current assets “Prepayments and other receivables” and current assets “Prepayment, deposits and other current assets” in the consolidated statement of financial position respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

15. INVESTMENT PROPERTIES — CONTINUED

a. The following tables analyse the investment properties which are carried at fair value. The different levels are defined as follows:

- — Quoted prices (unadjusted) in active markets for identical assets (level 1)
- — Inputs other than quoted prices that are observable either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- — Inputs for asset that are not based on observable market data (level 3)

	Fair value measurement as at December 31, 2024		
HK$ million	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring fair value measurement			
Investment properties			
— Indonesia	**—**	**—**	**3,221**
— Hong Kong	**—**	**—**	**56**

	Fair value measurement as at December 31, 2023		
HK$ million	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring fair value measurement			
Investment properties			
— Indonesia	—	—	3,379
— Hong Kong	—	—	56

During the years ended December 31, 2024 and December 31, 2023, there were no transfers between different levels.

15. INVESTMENT PROPERTIES — CONTINUED

Information about level 3 fair value measurements

Investment properties	Valuation technique	As at December 31, 2024 Significant unobservable inputs	Rate
— Indonesia	**Income approach**	**Capitalisation rate**	**7%**
		Monthly gross market rent:	
		for office	**Rp 369,000/sq.m. to Rp 477,000/sq.m.**
		for retail	**Rp 332,000/sq.m. to Rp 605,000/sq.m.**
— Hong Kong	**Income approach**	**Capitalisation rate**	**4.5%**
		Monthly gross market rent	**HK$10/sq.ft.**

Investment properties	Valuation technique	As at December 31, 2023 Significant unobservable inputs	Rate
— Indonesia	Income approach	Capitalisation rate	7%
		Monthly gross market rent:	
		for office	Rp 369,000/sq.m. to Rp 477,000/sq.m.
		for retail	Rp 332,000/sq.m. to Rp 605,000/sq.m.
— Hong Kong	Income approach	Capitalisation rate	4.5%
		Monthly gross market rent	HK$10/sq.ft.

Rp represents Indonesian rupiah

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

15. INVESTMENT PROPERTIES — CONTINUED

For the years ended December 31, 2024 and December 31, 2023, the fair value of investment property in Indonesia were determined by an independent professional valuer using the income approach. These valuations took into account expected market rental and capitalisation rate. A significant change in the expected market rental or capitalisation rate would result in a significant change in the fair value of the investment property.

For the investment property in Hong Kong, the usage of this property is constrained by the Group's undertaking to the lessee. Management has performed valuation of the fair value as at December 31, 2024 and December 31, 2023 using the income approach assuming such constraint and the current tenancy agreement will continue in its existing manner in the foreseeable future. The valuation takes into account expected market rental and capitalisation rate. A significant change in the expected market rental or capitalisation rate would result in a significant change in the fair value of the investment property.

b. The carrying amount of investment properties is analysed as follows:

HK$ million	2024	2023
Held in Indonesia		
On medium-term lease (10–50 years)	**3,221**	3,379
Held in Hong Kong		
On long lease (over 50 years)	**56**	56
	3,277	3,435

16. PROPERTY, PLANT AND EQUIPMENT

HK$ million	Land	Buildings and structures	Other plant and equipment	Construction in progress	Total
At January 1, 2023					
At cost	239	2,336	607	13	3,195
Less: Accumulated depreciation and impairment	—	(322)	(342)	—	(664)
Net book value	239	2,014	265	13	2,531
Net book value at January 1, 2023	239	2,014	265	13	2,531
Additions	—	—	11	48	59
Transfer from properties under development	—	18	9	—	27
Depreciation	—	(107)	(40)	—	(147)
Exchange differences	(2)	(103)	(14)	(7)	(126)
Net book value at December 31, 2023	237	1,822	231	54	2,344
At December 31, 2023					
At cost	237	2,230	599	54	3,120
Less: Accumulated depreciation and impairment	—	(408)	(368)	—	(776)
Net book value	237	1,822	231	54	2,344
Net book value at January 1, 2024	**237**	**1,822**	**231**	**54**	**2,344**
Additions	**—**	**7**	**31**	**32**	**70**
Transfer to investment properties	**—**	**(8)**	**—**	**—**	**(8)**
Transfer upon completion	**—**	**18**	**37**	**(55)**	**—**
Reversal of impairment (note)	**—**	**125**	**1**	**—**	**126**
Depreciation	**—**	**(92)**	**(55)**	**—**	**(147)**
Exchange differences	**(6)**	**(161)**	**(27)**	**(4)**	**(198)**
Net book value at December 31, 2024	**231**	**1,711**	**218**	**27**	**2,187**
At December 31, 2024					
At cost	**231**	**2,200**	**620**	**27**	**3,078**
Less: Accumulated depreciation and impairment	**—**	**(489)**	**(402)**	**—**	**(891)**
Net book value	**231**	**1,711**	**218**	**27**	**2,187**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

16. PROPERTY, PLANT AND EQUIPMENT — CONTINUED

Note:

The Group has two hotels located in Hokkaido, Japan. The carrying values of the hotel properties included in property, plant and equipment were HK$1,312 million as at December 31, 2024 (2023: HK$1,399 million).

Management considers each hotel to be separate cash generating units ("CGU"). Management reviews the business performance to determine whether there is any impairment indicators/indicators of reversal of impairment to each hotel. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss/reversal of impairment (if any). The recoverable amounts of the hotel properties are determined as higher of the CGU's value-in-use and fair value less cost of disposal. Management considered value-in-use calculations as the recoverable amounts. These calculations use the discounted cash flow method based on the financial forecast generally covering a 5-year period which is considered appropriate to take into account the business cycle and growth plans. Cash flows beyond the projection period are extrapolated using the estimated terminal growth rates.

During the year ended December 31, 2020, the Group's hotel operations incurred losses due to global economic slowdown arising from travel restrictions resulting from the COVID-19 pandemic, the Group recognised impairment losses of HK$229 million.

During the year ended December 31, 2024, management considered that the indicators giving rise to the impairment provision made in prior year may no longer exist, as management observed that Park Hyatt Niseko, Hanazono has achieved continuous improvement on its financial performance as a result of the post-pandemic tourism upswing in Japan since the relaxation of travel restrictions in 2023. Management believes this solid result to be plausible and sustainable in the longer term and revisited the estimation for the recoverable amount of the hotel property as at December 31, 2024 by taking into consideration the latest business performance and positive market outlook in the Hokkaido tourism industry with reference to external market research reports. Based on the assessment, a reversal of impairment of HK$126 million was recognised for the current year.

The discount rate used in the value in use model was 7% in the current year and prior year estimate.

17. RIGHT-OF-USE ASSETS

HK$ million	2024	2023
Properties	**41**	30

The Group leases various properties, equipment and vehicles. Lease contracts are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

There were additions to the right-of-use assets of HK$39 million during the year ended December 31, 2024 (2023: HK$25 million).

During the year ended December 31, 2024, total cash outflow for leases amounted to HK$29 million (2023: HK$26 million).

18. 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	**316**	373
Charged to income statement	**—**	(28)
Transfer between property, plant and equipment and properties under development	**—**	(27)
Exchange differences	**(54)**	(26)
At December 31,	**3,725**	3,463
Less: Properties under development classified as non-current assets	**(176)**	(142)
Properties under development/held for sale classified as current assets	**3,549**	3,321

(i) Properties under development classified as non-current assets as at December 31, 2024 consist of the freehold land under development in Japan which is held by an indirect wholly-owned subsidiary amounted to HK$176 million.

(ii) Properties under development/held for sale classified as current assets as at December 31, 2024 consist of HK$71 million (December 31, 2023: HK$83 million) for the branded residences held for sale, HK$386 million (December 31, 2023: HK$386 million) for properties under development in Hokkaido, Japan, HK$195 million (December 31, 2023: HK$179 million) for the first phase development project under construction in Thailand and HK$2,897 million (December 31, 2023: HK$2,673 million) for a property in Hong Kong.

b. *Properties held for development*

HK$ million	2024	2023
At January 1,	**427**	422
Additions	**25**	1
Exchange differences	**2**	4
At December 31,	**454**	427

Properties held for development as at December 31, 2024 represent freehold land in Thailand which the Group intends to hold for future development projects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

19. GOODWILL

HK$ million	2024	2023
Costs:		
At January 1,	**100**	100
Exchange difference	**(1)**	—
At December 31,	**99**	100
Accumulated impairment losses:		
At January 1, and December 31,	**(96)**	(96)
Carrying amount:		
At December 31,	**3**	4

Goodwill is allocated to the Group's cash-generating unit identified as follows:

HK$ million	2024	2023
Other business — property management	**2**	3
Other business — laundry services	**1**	1
At December 31,	**3**	4

Management performed assessments on the recoverable amounts of the property management and laundry services based on the cash flow forecast of the businesses. Management considered that there was no impairment of goodwill in relation to these operations as at December 31, 2024 (December 31, 2023: Nil).

The impairment losses recognised in prior years related to the property development division and ski operation.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

HK$ million	2024	2023
Listed equity securities, Hong Kong	**1**	1

21. PRINCIPAL SUBSIDIARIES AND ENTITIES CONSOLIDATED INTO THE CONSOLIDATED FINANCIAL STATEMENTS

a. The following list contains only the particulars of subsidiaries and entities which principally affected the results, assets and liabilities of the Group for the years ended December 31, 2024 and 2023. The class of shares held is ordinary unless otherwise stated.

Company name	Place of incorporation/ operations	Principal activities	Amount of issued capital/ registered capital	Equity interest attributable to the Company	
				Directly	Indirectly
City Charm Enterprises Limited 城創企業有限公司	British Virgin Islands	Investment holding	US$1	—	100%
Cyber-Port Limited 資訊港有限公司	Hong Kong	Property development	HK$2	—	100%
Dong Si (Holdings) Limited 盈科優質創建有限公司	Hong Kong	Provision of leasing and financing	HK$1	—	100%
Easy Treasure Limited	Cayman Islands	Investment holding	US$10,000	—	90.01%
Garhing Investment Company, Limited[1] 家卿置業有限公司	Hong Kong	Property development and investment	HK$500,000	—	50%
Harmony TMK	Japan	Property development	JPY23,045,000,000 (JPY345,000,000 specified capital and JPY22,700,000,000 preferred capital)	—	100%
Interstate Holdings Limited	Hong Kong	Property development management	HK$3,975,836,001	—	100%
Ipswich Holdings Limited	British Virgin Islands	Investment holding	US$2	100%	—
Island South Property Management Limited 南盈物業管理有限公司	Hong Kong	Property management	HK$2	—	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

21. PRINCIPAL SUBSIDIARIES AND ENTITIES CONSOLIDATED INTO THE CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

Company name	Place of incorporation/ operations	Principal activities	Amount of issued capital/ registered capital	Equity interest attributable to the Company	
				Directly	Indirectly
Kabushiki Kaisha Niseko Management Service	Japan	Property management and travel agency	JPY10,000,000	—	100%
Madeline Investments Limited 盈科大衍地產發展有限公司	Hong Kong	Trademark registrant	HK$2	—	100%
Melati Holding Limited	British Virgin Islands	Investment holding	US$93,612	—	100%
Million Base Properties Limited[1] 百寶置業有限公司	Hong Kong	Property development and investment	HK$2	—	50%
Million Basis Property Limited[1]	British Virgin Islands/ Hong Kong	Property development and investment	US$1	—	50%
Nihon Harmony Resorts KK	Japan	Ski operation	JPY405,000,000	—	100%
PCPD Capital Limited	Cayman Islands	Investment holding and financing	US$1	—	100%
PCPD Facilities Management Limited	Hong Kong	Provision of property management services	HK$2	—	100%
PCPD Real Estate Agency Limited	Hong Kong	Property sales agency	HK$2	—	100%
PCPD Services Limited	Hong Kong	Provision of administrative services	HK$2	—	100%
PCPD South Village Hotel Co., Ltd.	Japan	Hotel management	JPY199,000,000	—	100%

21. PRINCIPAL SUBSIDIARIES AND ENTITIES CONSOLIDATED INTO THE CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

Company name	Place of incorporation/ operations	Principal activities	Amount of issued capital/ registered capital	Equity interest attributable to the Company	
				Directly	Indirectly
PCPD Wealth Limited	Hong Kong	Provision of financial services	HK$1	—	100%
Phang Nga Paradise and Leisure Limited	Thailand	Property holding and leasing	THB6,000,000	—	93.23%
PT. Prima Bangun Investama	Indonesia	Property development and management	US$26,000,000	—	100%
Rafflesia Investment Limited	British Virgin Islands	Investment holding	US$90,010	—	100%
Silvery Sky Holdings Limited	British Virgin Islands	Investment holding	US$2	—	50%
Talent Master Investments Limited	British Virgin Islands/ Hong Kong	Property investment	US$1	—	100%
Triple8 KK	Japan	Property development and hotel management	JPY199,000,000	—	100%
White Pacific Limited[1]	British Virgin Islands/ Hong Kong	Property development and investment	US$1	—	50%

Note:

1 These companies are wholly-owned subsidiaries of Silvery Sky Holdings Limited (collectively the "Silvery Sky Group").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

21. PRINCIPAL SUBSIDIARIES AND ENTITIES CONSOLIDATED INTO THE CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

b. Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised consolidated financial information for Silvery Sky Group which are subsidiaries that have non-controlling interests that are material to the Group. Silvery Sky Group holds the property located at 3–6 Glenealy, Central, Hong Kong.

Summarised consolidated statement of financial position as at December 31, 2024 and December 31, 2023 is as follows:

	Silvery Sky Group	
HK$ million	**2024**	**2023**
Non-current assets	**42**	43
Current assets	**2,638**	2,451
Total assets	**2,680**	2,494
Non-current liabilities	**(1,029)**	(958)
Current liabilities	**(1,854)**	(1,712)
Total liabilities	**(2,883)**	(2,670)
Net liabilities	**(203)**	(176)

Summarised consolidated financial information for the years ended December 31, 2024 and December 31, 2023 is as follows:

	Silvery Sky Group	
HK$ million	**2024**	**2023**
Loss before income tax	**(27)**	(8)
Income tax	**—**	—
Loss for the year	**(27)**	(8)

21. PRINCIPAL SUBSIDIARIES AND ENTITIES CONSOLIDATED INTO THE CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

b. Summarised financial information of subsidiaries with material non-controlling interests — Continued

Summarised consolidated cash flows for the years ended December 31, 2024 and December 31, 2023 are as follows:

	Silvery Sky Group	
HK$ million	**2024**	**2023**
Net cash used in operating activities	**(108)**	(136)
Net cash generated from financing activities	**112**	134
Net increase/(decrease) in cash and cash equivalents	**4**	(2)
Cash and cash equivalents at January 1	**1**	3
Cash and cash equivalents at December 31	**5**	1

The information above represents amounts before inter-company eliminations and Group consolidation adjustments.

22. CURRENT ASSETS AND LIABILITIES

a. Sales proceeds held in stakeholders' accounts

The balance represents proceeds from the sales of properties of the Group's property development project that are retained in bank accounts opened and maintained by stakeholders. The amount is related to the residential portion of the Cyberport project and will be transferred to specific bank accounts, which are restricted in use, pursuant to certain conditions and procedures as stated in the Cyberport Project Agreement. The sales proceeds held in stakeholders' accounts of HK$8 million as at December 31, 2024 (December 31, 2023: HK$9 million) are exposed to minimal credit risk.

b. Restricted cash

Restricted cash balance included cash of HK$71 million (December 31, 2023: HK$43 million) held in specific reserve accounts pledged for bank borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

22. CURRENT ASSETS AND LIABILITIES — CONTINUED

c. *Trade receivables, net*

(i) Aging analysis

An aging analysis of trade receivables, based on invoice date and before provision for receivable impairment, is set out below:

HK$ million	2024	2023
1–30 days	**96**	96

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. Details about the Group's impairment policies are provided in note 2(l).

(ii) The Group applies the HKFRS 9 (2014) simplified approach to measure loss allowance for expected credit losses which uses a lifetime expected loss allowance for trade receivables.

As at December 31, 2024, trade receivables of HK$96 million (December 31, 2023: HK$96 million) are exposed to credit risk. No trade receivable was impaired (December 31, 2023: Nil) and no provision was made as at December 31, 2024 (December 31, 2023: Nil). The amounts in trade receivables balance relate to a wide range of customers for whom there is no recent history of default.

As at December 31, 2024, no trade receivables were past due but not impaired (December 31, 2023: Nil).

(iii) The carrying amounts of the Group's trade receivables are denominated in the following currencies:

HK$ million	2024	2023
Hong Kong dollar	**2**	2
Japanese yen	**91**	86
Indonesian rupiah	**3**	8
	96	96

22. CURRENT ASSETS AND LIABILITIES — CONTINUED

d. Trade payables

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

HK$ million	2024	2023
1–30 days	**53**	51

e. Accruals and other payables

Accruals and other payables mainly represents accruals for construction costs and operating costs for property development project, retention payables, interest payable and tenants deposits.

23. BORROWINGS

HK$ million	2024	2023
Borrowings, repayable within a period		
— not exceeding one year	**835**	531
— over one year, but not exceeding two years	**8,860**	529
— over two years, but not exceeding five years	**146**	8,381
	9,841	9,441
Representing:		
Guaranteed notes (note a)	**6,196**	6,220
Bank borrowings (notes b, c, d, e and f)	**3,645**	3,221
	9,841	9,441
Secured	**3,499**	3,221
Unsecured	**6,342**	6,220

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

23. BORROWINGS — CONTINUED

a. On June 18, 2021, PCPD Capital Limited ("PCPD Capital"), an indirectly wholly-owned subsidiary of the Company, issued in an aggregate principal amount of US$800 million 5.125 per cent 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.

b. On April 13, 2021, a project development loan facility agreement was entered into by an indirect wholly-owned subsidiary of the Company under which the lenders agreed to make available a term loan facility up to an aggregate amount of HK$1,382 million with a maturity of April 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 of the Company and subject to certain financial ratios covenants. As of December 31, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK$1,031 million (December 31, 2023: HK$954 million) offset by the deferred loan arrangement costs of HK$3 million (December 31, 2023: HK$7 million).

c. 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 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 and subject to certain financial ratios covenants. As of December 31, 2024, none of the covenants were breached and the carrying value of the borrowing represents the outstanding principal amount of JPY9,500 million (equivalent to HK$468 million) (December 31, 2023: JPY10,000 million, equivalent to HK$550 million) offset by the deferred loan arrangement costs of JPY48 million (equivalent to HK$2 million) (December 31, 2023: JPY76 million, equivalent to HK$4 million).

d. 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 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 and subject to certain financial ratios covenants. As of December 31, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK$1,199 million (December 31, 2023: HK$1,208 million) offset by the deferred loan arrangement costs of HK$11 million (December 31, 2023: HK$11 million).

23. BORROWINGS — CONTINUED

e. On July 30, 2024, an indirect wholly-owned subsidiary of the Company entered into an amendment agreement to the term loan facility agreement for an aggregate amount of HK$780 million. The maturity of the term loan facility is in April, 2025. Such facility is secured by corporate guarantee of the Company, certain indirect wholly-owned subsidiaries of the Company and PCCW up to its percentage of interest of the issued share capital of the Company and subject to certain financial ratios covenants. As of December 31, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK$780 million (December 31, 2023: HK$470 million) offset by the deferred loan arrangement costs of HK$2 million (December 31, 2023: HK$2 million).

f. On December 24, 2024, an indirect wholly-owned subsidiary of the Company entered into the term loan facility agreement under which the lender agreed to make available a term loan facility up to an aggregate amount of HK$500 million. The maturity of the term loan facility is in June, 2028. Such facility is secured by corporate guarantee of the Company and subject to certain financial ratios covenants. As of December 31, 2024, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK$150 million (December 31, 2023: Nil) offset by the deferred loan arrangement costs of HK$4 million (December 31, 2023: Nil).

24. DEFERRED INCOME AND CONTRACT LIABILITIES

HK$ million	2024	2023
Deferred income:		
Rental income from investment properties	**75**	30
Less: Amount classified as non-current liabilities	**(12)**	(30)
	63	—
Contract liabilities:		
Deposits received from sale of properties and other revenue receipt in advance	**237**	230
Deferred income and contract liabilities classified as current liabilities	**300**	230

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

25. ISSUED EQUITY

	The Group	
	Number of shares (note a)	Issued equity HK$ million (note a)
Ordinary shares of HK$0.50 each at December 31, 2023 and December 31, 2024	**2,038,236,743**	**3,802**

a. Due to the use of reverse acquisition basis of accounting (as stated in note 2(d) to the 2004 Financial Statements), the amount of issued equity, which includes share capital and share premium in the consolidated statement of financial position, represents the amount of issued equity of the legal subsidiary, Ipswich Holdings Limited, at the date of completion of the reverse acquisition plus equity changes attributable to the Group after the reverse acquisition. The equity structure (i.e. the number and type of shares) reflects the equity structure of the legal parent, Pacific Century Premium Developments Limited, for all accounting periods presented.

b. The following is the movement in the share capital of the Company:

	The Company	
	Number of shares	Nominal value HK$ million
Authorised:		
Ordinary shares of HK$0.50 each at December 31, 2023 and December 31, 2024	**4,000,000,000**	**2,000**
Issued and fully paid:		
Ordinary shares of HK$0.50 each at December 31, 2023 and December 31, 2024	**2,038,236,743**	**1,019**

25. ISSUED EQUITY — CONTINUED

c. Pursuant to an ordinary resolution passed at the special general meeting of the Company held on May 2, 2012 and the announcements dated May 16, 2012 and June 21, 2012 in relation to the bonus issue of shares (with a right for shareholders to elect to receive bonus convertible notes in lieu of bonus shares), 405,378,544 bonus shares of HK$0.10 each were allotted and issued on June 22, 2012 on the basis of four (4) bonus shares for every one (1) issued share held by the qualifying shareholders of the Company whose names appeared on the register of members of the Company on May 30, 2012 (other than those qualifying shareholders who had elected to receive bonus convertible notes in lieu of all of their entitlement to the bonus shares).

   Bonus convertible notes of HK$592,572,154.40 at the initial conversion price of HK$0.10 per share were issued by the Company on June 22, 2012. Immediately after the share consolidation which took effect on June 25, 2012, the conversion price of the bonus convertible notes was adjusted from HK$0.10 per share to HK$0.50 per share pursuant to the terms of the applicable deed poll. On September 29, 2020, bonus convertible notes in an aggregate amount of HK$592,533,333.20 at the conversion price of HK$0.50 per share were converted into 1,185,066,666 shares of the Company.

   As at December 31, 2024, the remaining bonus convertible notes in an aggregated amount of HK$20,021.20 are unlisted and irredeemable but have conversion rights entitling the noteholders to convert into an equivalent number of shares as the number of bonus shares which the noteholders would otherwise be entitled to receive under the bonus issue had the shareholder not elected for the bonus convertible notes. The bonus convertible notes do not carry voting rights at any general meeting of shareholders of the Company. The noteholders can exercise the conversion rights at any time after the issue of bonus convertible notes, subject to the terms and conditions of the applicable deed poll constituting the bonus convertible notes. The bonus convertible notes were recognised as equity and are presented in "Convertible notes reserve" in the consolidated statement of changes in equity. Upon conversion of the bonus convertible notes, the equivalent amount was converted into issued share capital.

26. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement schemes

Employees of the Group are entitled to join the defined contribution retirement schemes operated by PCCW, including the Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The schemes are administered by independent trustees.

Under the defined contribution retirement scheme, the employer is required to make contributions to the scheme at rates specified under the rules of the scheme. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at specific rates pursuant to the rules of the MPF scheme. Contributions to the scheme vest immediately upon the completion of the service in the relevant service period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

27. SHARE-BASED PAYMENT TRANSACTIONS

a. Share option scheme

The Group operates a share option scheme which was adopted by the Company's shareholders at the annual general meeting of the Company held on May 6, 2015, and became effective on May 7, 2015, following its approval by PCCW's shareholders (the "2015 Scheme"). The 2015 Scheme is valid and effective for a period of 10 years commencing on May 7, 2015.

Under the 2015 Scheme, save as disclosed in the Report of the Directors, the board of directors of the Company may, at its discretion, grant share options to any eligible person to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The exercise price of the options under the 2015 Scheme is determined by the board of directors of the Company in its absolute discretion but in any event shall not be less than the higher of (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of grant; and (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets of the Stock Exchange for the last five days preceding the date of grant on which days it has been possible to trade shares on the Stock Exchange. The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2015 Scheme and any other share option schemes of the Company must not exceed 30 per cent of the shares in issue from time to time. In addition, the maximum number of shares in respect of which options may be granted under the 2015 Scheme shall not (when aggregated with any shares subject to any grants made after May 7, 2015 pursuant to any other share option schemes of the Company) exceed the limit of 10 per cent of the issued share capital of the Company on May 7, 2015 (or some other date if renewal of this limit is approved by shareholders). The maximum entitlement of any eligible person (other than a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates) under the 2015 Scheme is the total number of shares issued and to be issued upon exercise of all options granted and to be granted in any 12-month period up to and including the date of the latest grant up to a maximum of one (1) per cent of the shares of the Company in issue at the relevant time. Any further grant of share options in excess of this limit is subject to shareholders' approval at a general meeting.

No share options had been granted, exercised, cancelled or lapsed under the 2015 Scheme during the years ended December 31, 2024 and December 31, 2023. There were no share options outstanding as at December 31, 2024 and December 31, 2023.

Upon the expiration of the 2015 Scheme on May 6, 2025, no further share option will be granted thereunder. Therefore, an ordinary resolution will be proposed at the forthcoming annual general meeting to approve the adoption of the new share option scheme.

27. SHARE-BASED PAYMENT TRANSACTIONS — CONTINUED

b. Share award scheme

PCCW established two employee share incentive award schemes under which awards of shares may be granted to employees of participating subsidiaries. The Group is a participating member of the PCCW employee share incentive award schemes. Under both schemes, following the making of an award to an employee, the relevant shares are held on trust for the employee and then vest over a period of time provided that he/she remains employee of the Group at the relevant time and satisfies any other conditions specified at the time the award is made.

Details of the accounting policies for the shares granted to the employees of the Group are described in note 2(v)(iv). Since PCCW shares and HKT share stapled units were purchased, the Group recognised it as cash-settled share-based payment transaction.

A summary of movements in PCCW shares and HKT share stapled units held under the share award schemes that are attributable to the Group during the year is as follows:

	Number of PCCW shares	
	2024	**2023**
At January 1 and December 31	**139,161**	139,161

	Number of HKT share stapled units	
	2024	**2023**
At January 1 and December 31	**54,130**	54,130

No PCCW shares and HKT shares stapled units had been awarded or vested during the years ended December 31, 2024 and December 31, 2023. There were no PCCW shares and HKT shares stapled units unvested as at December 31, 2024 and December 31, 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

27. SHARE-BASED PAYMENT TRANSACTIONS — CONTINUED

c. Share-based payment transactions with cash alternatives

(i) On May 23, 2013, the Group entered into the Supporting Agreement with an affiliated company of the seller of a plot of land in Jakarta, Indonesia (the "Supporter") under which the Group will settle part of the supporting services received for the value of US$23 million (subject to certain downward adjustments) by means of issuing non-voting, non-contributory but dividend participating class B shares that represent not more than 6.388 per cent (subject to certain downward adjustments) of the share capital in an indirect wholly-owned subsidiary ("Melati") (the "Supporter Shares") and by assignment of the shareholder's loan to Melati (the "Supporter Shareholder's Loans").

In addition, the Group granted to the Supporter a right (but not an obligation) to require the Group, after the expiry of 5 years from the date on which the Supporter Shares are issued and the Supporter Shareholder's Loans are assigned, to purchase from the Supporter all (but not part) of the Supporter Shares and to take assignment of all the then outstanding Supporter Shareholder's Loans (the "Supporter Put Option"). The Supporter Put Option was granted at no premium.

When the consolidated net asset value of Melati is positive, the Supporter Shareholder's Loans are to be assigned at the face amount and the Supporter Shares are to be issued at its corresponding portion of the consolidated net asset value of Melati; or when the consolidated net asset value of Melati is negative, the Supporter Shareholder's Loans are to be assigned at the face amount after deduction of the absolute value of the corresponding portion of the consolidated net asset value of Melati, and the Supporter Shares are to be issued at nominal value of US$1.

A financial liability would be recognised in the consolidated statement of financial position in relation to the Supporter Put Option until the exercise of the Supporter Put Option by the Supporter. Management considered the fair value of the Supporter Shares is positively correlated to the consolidated net asset value of Melati which was minimal as at December 31, 2024, therefore the fair value of the Supporter Shares was Nil (December 31, 2023: Nil). No supporter shares were issued as at December 31, 2024.

27. SHARE-BASED PAYMENT TRANSACTIONS — CONTINUED

c. Share-based payment transactions with cash alternatives — Continued

(ii) On May 23, 2013, the Group entered into the Investor Subscription Agreement and the Investor Loan Purchase Agreement (the "Investor Agreements") with an independent third party (the "Investor"), the Group would, subject to fulfilment of certain conditions, allot to the Investor 9.99 per cent shares of an indirect wholly-owned subsidiary ("Rafflesia") (the "Investor Shares") and assign to the Investor 9.99 per cent of all the unsecured and non-interest bearing shareholder's loan to Rafflesia (the "Investor Shareholder's Loans") at the time when the occupation permit of the premium Grade A office building in Jakarta, Indonesia is issued. This arrangement will allow the Investor to have 9.99 per cent of the Group's Indonesian development project at a consideration of an amount which represents the same percentage (9.99 per cent) of the total investment cost incurred by the Group in the Indonesian development project plus finance charge from the completion date of the land acquisition to the time the shares are subscribed.

In addition, the Group would, conditional upon (among others) completion of the Investor Agreements, grant to the Investor a right (but not an obligation) to require the Group, at any time on or after May 23, 2023, to purchase from the Investor all (but not part) of the Investor Shares and to take assignment of all the then outstanding Investor Shareholder's Loans (the "Investor Put Option"). The Investor Put Option enables a structure which allows the Investor to realise its investment and prevents unknown parties from becoming a stakeholder in Rafflesia, so far as practicable. The Investor Put Option was granted at no premium.

The Group has subsequently entered into a confirmation agreement with the Investor, under which it was acknowledged that certain conditions under the Investor Agreements have not been fulfilled, hence the parties thereunder would not proceed to completion of the Investor Agreements. Accordingly, no Investor Shares will be allotted and the Investor Shareholder's Loans will not be assigned and the agreement to the grant of put option has become null and void.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

28. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

a. *Statement of Financial Position of the Company*

HK$ million	Note	2024	2023
ASSETS AND LIABILITIES			
Non-current asset			
Investment in a subsidiary		**2,870**	2,870
Current assets			
Prepayments		**1**	1
Amounts due from subsidiaries		**7,042**	7,048
		7,043	7,049
Current liabilities			
Accruals and other payables		**2**	2
Amounts due to subsidiaries		**4,375**	4,375
		4,377	4,377
Net current assets		**2,666**	2,672
Total assets less current liabilities		**5,536**	5,542
Net assets		**5,536**	5,542
CAPITAL AND RESERVES			
Share capital	25 (b)	**1,019**	1,019
Reserves	28 (b)	**4,517**	4,523
		5,536	5,542

Li Tzar Kai, Richard
Director

Benjamin Lam Yu Yee
Director

28. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY — CONTINUED

b. Reserves of the Company

	2024				
HK$ million	**Share premium**	**Capital redemption reserve**	**Convertible notes reserve**	**Retained earnings**	**Total**
Balance at January 1, 2024	**2,585**	**1**	**—**	**1,937**	**4,523**
Total comprehensive loss for the year	**—**	**—**	**—**	**(6)**	**(6)**
Balance at December 31, 2024	**2,585**	**1**	**—**	**1,931**	**4,517**

	2023				
HK$ million	**Share premium**	**Capital redemption reserve**	**Convertible notes reserve**	**Retained earnings**	**Total**
Balance at January 1, 2023	2,585	1	—	1,944	4,530
Total comprehensive loss for the year	—	—	—	(7)	(7)
Balance at December 31, 2023	2,585	1	—	1,937	4,523

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FOR THE YEAR ENDED DECEMBER 31, 2024

29. DEFERRED INCOME TAX

a. The components of deferred income tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred income tax liabilities HK$ million	**Accelerated tax depreciation**	**Revaluation of properties**	**Others**	**Total**
At January 1, 2023	3	6	21	30
Charged to the consolidated statement of comprehensive income	—	—	3	3
At December 31, 2023	3	6	24	33
At January 1, 2024	**3**	**6**	**24**	**33**
Charged to the consolidated statement of comprehensive income	**—**	**—**	**3**	**3**
At December 31, 2024	**3**	**6**	**27**	**36**

Deferred income tax assets HK$ million	**Tax losses**	**Total**
At January 1, 2023 and January 1, 2024	**—**	**—**
Credited to the consolidated statement of comprehensive income	**34**	**34**
At December 31, 2024	**34**	**34**

There were no deferred income tax assets netted off against deferred income tax liabilities recognised in the consolidated statement of financial position as at December 31, 2024 (December 31, 2023: Nil). As at December 31, 2024, no deferred tax liabilities (December 31, 2023: Nil) was recognised on undistributed profits of subsidiaries.

b. The deferred income tax liabilities as at December 31, 2024 of HK$36 million (December 31, 2023: HK$33 million) are expected to be recovered after more than 12 months.

c. The Group has unrecognised estimated tax losses of HK$1,475 million as at December 31, 2024 (December 31, 2023: HK$1,515 million) to be carried forward for deduction against future taxable profits. HK$981 million (December 31, 2023: HK1,095 million) tax losses relating to subsidiaries operating outside Hong Kong would be expired within one to ten years from December 31, 2024 (December 31, 2023: one to ten years). The remaining HK$494 million (December 31, 2023: HK$420 million) tax losses are mainly related to Hong Kong companies which can be carried forward indefinitely.

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

a. Reconciliation of loss before taxation to net cash (used in)/generated from operating activities

HK$ million	2024	2023
Loss before taxation	**(206)**	(400)
Adjustments for:		
— interest income	**(7)**	(21)
— finance costs	**313**	332
— depreciation of property, plant and equipment	**147**	147
— depreciation of right-of-use assets	**27**	26
— fair value change on investment properties	**(5)**	—
— reversal of impairment loss of property, plant and equipment	**(126)**	—
Operating profit before changes in working capital	**143**	84
(Increase)/decrease in operating assets:		
— properties under development/held for sale	**(144)**	(191)
— properties held for development	**(25)**	(1)
— inventories	**(5)**	(2)
— prepayments, deposits and other current assets	**(19)**	43
— sales proceeds held in stakeholders' accounts	**1**	497
— restricted cash	**—**	101
— trade receivables, net	**(9)**	(37)
— amounts due from related companies	**—**	(1)
(Decrease)/increase in operating liabilities:		
— trade payables, accruals and other payables	**(6)**	8
— deferred income and contract liabilities	**32**	115
— amount payable to the HKSAR Government under the Cyberport Project Agreement	**—**	(335)
— other non-current payables	**(2)**	—
Cash (used in)/generated from operations	**(34)**	281
Interest received	**7**	22
Tax paid		
— in Hong Kong	**—**	(6)
— outside Hong Kong	**(48)**	(52)
Net cash (used in)/generated from operating activities	**(75)**	245

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS — CONTINUED

b. Movements of assets and liabilities in the consolidated statement of financial position arising from financing activities

	2024				
HK$ million	Restricted cash (note 22(b))	Interest payables (included in accruals and other payables)	Lease liabilities	Bank and other borrowings	Total
At January 1, 2024	(43)	14	38	9,441	9,450
Cash flows in financing activities					
Proceeds from borrowing, net	—	—	—	513	513
Repayment for bank borrowings	—	—	—	(46)	(46)
Payment for borrowing costs	—	(489)	—	—	(489)
Payment for lease liabilities (including interest)	—	—	(29)	—	(29)
Increase in restricted cash	(28)	—	—	—	(28)
Cash flows in financing activities	(28)	(489)	(29)	467	(79)
Non-cash changes	—	491	39	(67)	463
At December 31, 2024	(71)	16	48	9,841	9,834

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS — CONTINUED

b. Movements of assets and liabilities in the consolidated statement of financial position arising from financing activities — Continued

	2023				
HK$ million	Restricted cash (note 22(b))	Interest payables (included in accruals and other payables)	Lease liabilities	Bank and other borrowings	Total
At January 1, 2023	(52)	12	39	8,974	8,973
Cash flows in financing activities					
Proceeds from borrowing, net	—	—	—	534	534
Repayment for bank borrowings	—	—	—	(58)	(58)
Payment for borrowing costs	—	(451)	—	—	(451)
Payment for lease liabilities (including interest)	—	—	(26)	—	(26)
Decrease in restricted cash	10	—	—	—	10
Cash flows in financing activities	10	(451)	(26)	476	9
Non-cash changes	(1)	453	25	(9)	468
At December 31, 2023	(43)	14	38	9,441	9,450

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

31. COMMITMENTS

a. Capital

Capital expenditure contracted for at the end of the year but not yet incurred was as follows:

HK$ million	2024	2023
Contracted but not provided for		
Property development projects	**945**	213
Investment properties	**2**	2
Property, plant and equipment	**28**	13
	975	228

b. Short-term leases

As at December 31, the total minimum future lease payments under short-term leases were payable as follows:

HK$ million	2024	2023
Properties and equipments	**1**	1

c. Lease receivables

As at December 31, the total future minimum lease receivables under non-cancellable operating leases were as follows:

Land and buildings (as lessor)

HK$ million	2024	2023
Within one year	**137**	125
After one year but within two years	**117**	100
After two years but within three years	**90**	88
After three years but within four years	**45**	69
After four years but within five years	**22**	17
After five years	**3**	4
	414	403

The leases typically run for an initial period of one to ten years (2023: one to ten years). Nine (2023: Nine) of the leases includes contingent rentals with reference to the revenue of the lessee operations.

32. GUARANTEES

Save as disclosed elsewhere in the consolidated financial statements,

a. On June 18, 2021, the Company had executed guarantee in favour of the note holders of the New Notes, in principal amount of US$800 million issued by PCPD Capital (note 23 (a)).

b. On April 13, 2021, the Company had executed guarantee in favour of the lender whom agreed to make available a loan facility up to an aggregate amount of HK$1,382 million (note 23 (b)).

c. On February 1, 2023, the Company had executed guarantee in favour of the lender whom agreed to make available term loan facilities up to an aggregate amount of JPY9,500 million (2023: JPY10,000 million) (note 23 (c)).

d. On December 29, 2023, the Company had executed guarantee in favour of the lender whom agreed to make available term loan facilities up to an aggregate amount of HK$1,199 million (note 23 (d)).

e. On July 30, 2024, the Company had executed guarantee in favour of the lender whom agreed to make available term loan facilities up to an aggregate amount of HK$780 million (note 23 (e)).

f. On December 24, 2024, the Company had executed guarantee in favour of the lender whom agreed to make available term loan facilities up to an aggregate amount of HK$500 million (note 23 (f)).

33. BANKING FACILITY

The banking facility as at December 31, 2024 was HK$4,458 million (December 31, 2023: HK$3,978 million) of which HK$703 million (December 31, 2023: HK$742 million) remain undrawn by the Group (note 23).

Security pledged for the banking facilities includes:

HK$ million	**2024**	**2023**
Investment properties	**3,221**	3,379
Property, plant and equipment	**1,459**	1,558
Properties under development/held for sale	**2,926**	2,714
Restricted cash	**71**	43
Cash and cash equivalents	**88**	88
	7,765	7,782

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

34. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the following transactions were carried out with related parties:

a. During the year, the Group had the following significant transactions with related companies:

HK$ million	2024	2023
Sales of services:		
Office leases rental	**11**	12
Facilities and project management services	**8**	8
Purchases of services:		
Corporate services	**10**	10
Information technology and other logistic services	**2**	2
Marketing agency services	**—**	1
Property and development management services	**1**	3
Interest expenses of guaranteed notes:		
— Substantial shareholder	**40**	40

The above transactions were carried out after negotiations between the Group and the related parties in the ordinary course of business.

b. Details of key management compensation

HK$ million	2024	2023
Salaries and other short-term employee benefits	**14**	14
Bonuses	**9**	9
Directors' fee	**1**	2
Retirement scheme contribution	**1**	1
	25	26

c. Year-end balances arising from sales of services

As at December 31, 2024, the receivables from related companies were HK$4 million (2023: HK$5 million).

35. FINANCIAL RISK MANAGEMENT

The Group's investment policy is to prudently invest all surplus funds managed by the Group in a manner which will satisfy liquidity requirements, safeguard financial assets and manage risks while optimising return on investments.

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and fair value interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's performance.

Financial risk management is carried out by a central treasury department ("Group Treasury") under policies approved by the Board. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's business units. The Board provides principal policies for overall financial risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

a. Foreign exchange risk

At the reporting date, the Group's exposure to foreign currency risk arising from significant recognised financial assets or liabilities is as follows:

HK$ million	**2024** **US dollar**	**2023** **US dollar**
Cash and cash equivalents	**6**	10
Guaranteed notes (including interest)	**(6,224)**	(6,260)
	(6,218)	(6,250)

The Group operates in the Asia-Pacific region and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The risk management policy is to have the liquid assets mainly denominated in Hong Kong dollars and US dollars. As US dollar is pegged to Hong Kong dollar, the Group does not expect any significant movements in the US dollar/Hong Kong dollar exchange rate. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. In addition, the Group may use derivative financial instruments to hedge the risk exposure when appropriate.

The Group has certain investments in foreign operations, where the net assets are exposed to foreign currency translation risk. The Group's currency exposures with respect to these operations are mainly from Thai baht, Japanese yen and Indonesian rupiah.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

35. FINANCIAL RISK MANAGEMENT — CONTINUED

a. *Foreign exchange risk — Continued*

Sensitivity analysis for foreign currency exposure

The table below summaries the impact on loss after tax and equity if Hong Kong dollar had appreciated by, one (1) per cent against US dollar or five (5) per cent against other currencies including Thai baht, Japanese yen and Indonesian rupiah at December 31, 2024. This represents the translation of financial assets and liabilities at the end of the reporting period. It assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as 2023.

HK$ million	2024 Decrease in loss after tax	2024 Decrease in other comprehensive income for currency translation	2023 Decrease/ (increase) in loss after tax	2023 Decrease in other comprehensive income for currency translation
US dollar	**62**	**—**	63	—
Thai baht	**—**	**(47)**	—	(45)
Japanese yen	**—**	**(83)**	(1)	(124)
Indonesian rupiah	**—**	**(163)**	—	(177)

b. *Credit risk*

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay outstanding amounts in full when due. The Group has policies in place to ensure that the pre-sale of the properties is binding and enforceable. For the property investment and other business segments, the Group obtained rental deposits from the tenants while for other businesses, certain customers are fellow subsidiaries and related parties which the credit risk is relatively low and other individual customers are with good repayment history. Overall expected credit risk of trade and other receivable and receivables due from fellow subsidiaries and related parties is considered minimal.

As at December 31, 2024, the Group has a certain concentration of credit risk as 2 per cent (December 31, 2023: 6 per cent) of the total trade receivables was due from three customers.

35. FINANCIAL RISK MANAGEMENT — CONTINUED

b. Credit risk — Continued

The credit quality of cash and cash equivalents and restricted cash balances can be assessed by reference to Moody's ratings (if available) as follows:

Cash and cash equivalents

HK$ million	2024	2023
Aa1	**84**	195
Aa3	**—**	25
A1	**213**	460
A3	**160**	—
Baa1	**15**	19
Baa2	**—**	2
Unrated	**187**	164
	659	865

Restricted cash

HK$ million	2024	2023
Aa1	**36**	16
A1	**33**	27
A3	**2**	—
	71	43

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

35. FINANCIAL RISK MANAGEMENT — CONTINUED

c. Liquidity risk

Due to the dynamic nature of the Group's underlying businesses, prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet operational needs and possible investment opportunities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on most current interest rates at the end of the reporting period).

HK$ million	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying Amount
At December 31, 2024						
Trade payables	**53**	**—**	**—**	**—**	**53**	**53**
Accruals and other payables	**303**	**—**	**—**	**—**	**303**	**303**
Short-term borrowings (including interest)	**824**	**—**	**—**	**—**	**824**	**805**
Current portion of long-term borrowings (including interest)	**42**	**—**	**—**	**—**	**42**	**30**
Long-term borrowings (including interest)	**447**	**9,150**	**155**	**—**	**9,752**	**9,006**
Lease liabilities	**24**	**18**	**7**	**—**	**49**	**48**
Other non-current payables	**—**	**5**	**—**	**178**	**183**	**183**

35. FINANCIAL RISK MANAGEMENT — CONTINUED

c. Liquidity risk — Continued

HK$ million	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying Amount
At December 31, 2023						
Trade payables	51	—	—	—	51	51
Accruals and other payables	321	—	—	—	321	321
Short-term borrowings (including interest)	518	—	—	—	518	497
Current portion of long-term borrowings (including interest)	43	—	—	—	43	34
Long-term borrowings (including interest)	450	995	8,676	—	10,121	8,910
Lease liabilities	31	10	2	—	43	38
Other non-current payables	—	3	—	179	182	182

d. Interest rate risks

Apart from the cash and cash equivalents which are for working capital, the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

35. FINANCIAL RISK MANAGEMENT — CONTINUED

d. Interest rate risks — Continued

The following table details the interest rate profile of the Group's borrowings.

	2024		2023	
	Effective interest rate	HK$ million	Effective interest rate	HK$ million
Fixed rate borrowings:				
Guaranteed notes (note 23)	**5.25%**	**6,196**	5.25%	6,220
Variable rate borrowings:				
Bank borrowings (note 23)	**5.53%**	**3,645**	5.70%	3,221
Total borrowings		**9,841**		9,441

If interest rate on variable rate borrowings had increased/decreased by 50 basis points as at December 31, 2024 (December 31, 2023: 50 basis points) with all other variables held constant, the Group's finance costs recognised in the consolidated statement of comprehensive income for the year ended December 31, 2024 would have increased/decreased by approximately HK$18 million (December 31, 2023: HK$16 million) and the Group's loss after tax would have increased/decreased by approximately HK$18 million (December 31, 2023: HK$16 million), taking into account of the capitalisation of finance cost into properties under development/held for sale, properties held for development and property, plant and equipment.

36. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as short-term and long-term borrowings less cash and cash equivalents. Adjusted capital comprises the issued equity, retained earnings and non-controlling interests.

The debt-to-adjusted capital ratio at both December 31, 2024 and 2023 are as follows:

HK$ million	**2024**	**2023**
Short-term borrowings	**835**	531
Long-term borrowings	**9,006**	8,910
Less: Cash and cash equivalents	**(659)**	(865)
Net debt	**9,182**	8,576
Issued equity	**3,802**	3,802
Add: Accumulated losses	**(1,270)**	(1,040)
Add: Non-controlling interests	**133**	133
Adjusted capital	**2,665**	2,895
Debt-to-adjusted capital ratio	**345%**	296%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements, except for the financial covenant requirements under the loan facility agreements with external parties (note 23).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

37. FAIR VALUE ESTIMATION

a. Financial instruments carried at fair value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

— Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

— Inputs other than quoted prices that are observable either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

— Inputs for asset or liability that are not based on observable market data (level 3).

See note 15 for disclosure of the investment properties that are measured at fair value.

		2024		
HK$ million	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss	**1**	**—**	**—**	**1**

		2023		
HK$ million	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss	1	—	—	1

During the years ended December 31, 2024 and December 31, 2023, there were no transfers of financial instruments between different levels. There were no changes in valuation techniques during the years.

37. FAIR VALUE ESTIMATION — CONTINUED

b. Fair value of financial liabilities measured at amortised cost

All financial instruments are carried at amounts not materially different from their fair values as at December 31, 2024 and December 31, 2023 except as follows:

	2024		2023	
HK$ million	Carrying amount	Fair value	Carrying amount	Fair value
Guaranteed notes (note 23)	**6,196**	**5,406**	6,220	4,937

The fair values of short-term and long-term borrowings are the net present value of the estimated future cash flows discounted at the prevailing market rates. The fair values are within level 2 of the fair value hierarchy.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as financial assets at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

37. FAIR VALUE ESTIMATION — CONTINUED

b. Fair value of financial liabilities measured at amortised cost — Continued

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

— Quoted market prices or dealer quotes for similar instruments;

— Dealer quoted price, taking into account of the spot and forward exchange rates that are quoted in an active market and the observable yield curves and the implied volatility; and

— Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

FIVE-YEAR FINANCIAL SUMMARY

(Expressed in Hong Kong dollars)

Results

HK$ million	2024	2023	2022	2021	2020
Revenue by Principal Activities					
Property development	**10**	39	29	51	1,364
Hotel operation	**349**	276	150	74	84
Property investment	**206**	239	239	248	240
All-season recreational activities	**206**	156	74	37	88
Other businesses	**130**	112	69	57	67
	901	822	561	467	1,843
Finance costs, net	**(313)**	(311)	(329)	(425)	(237)
Loss before taxation	**(206)**	(400)	(544)	(783)	(699)
Income tax	**(24)**	(66)	(54)	(42)	(50)
Loss attributable to equity holders of the Company	**(230)**	(466)	(598)	(825)	(749)

Assets and Liabilities, as at December 31,

HK$ million	2024	2023	2022	2021	2020
Total non-current assets	**6,330**	6,564	9,479	10,192	10,394
Total current assets	**4,537**	4,461	1,811	4,854	2,599
Total current liabilities	**(1,540)**	(1,172)	(1,495)	(3,363)	(2,003)
Net current assets	**2,997**	3,289	316	1,491	596
Total assets less current liabilities	**9,327**	9,853	9,795	11,683	10,990
Total non-current liabilities	**(9,261)**	(9,171)	(8,582)	(9,139)	(7,643)
Net assets	**66**	682	1,213	2,544	3,347

SCHEDULE OF PRINCIPAL PROPERTIES

1 Major completed properties for investment and/or own use

Address	Use	Approximate gross site area (sq.m.)	Approximate gross floor area (sq.m.)	Category of the lease*	Percentage held by the Group
<u>Indonesia</u>					
Pacific Century Place, Jakarta Jenderal Sudirman Kav. No. 52–53 Lot 10 Senayan, Kebayoran Baru South Jakarta, Indonesia	Commercial	9,277	93,316	Medium	100%
<u>Japan</u>					
Midtown Niseko Niseko Hirafu 4-jo-1–3-3, Kutchan-cho, Abuta-gun, Hokkaido Japan	Eco Hotel	11,114	13,605	Freehold	100%
Park Hyatt Niseko Hanazono Residences	Residential	24,118	1,526	Freehold	100%
Park Hyatt Niseko, Hanazono	Hotel	20,448	29,650	Freehold	100%
Hanazono Edge 328–1 Aza Iwaobetsu, Kutchan-cho, Abuta-gun, Hokkaido, Japan	Ski Center	3,002	2,295	Freehold	100%
<u>Thailand</u>					
Golf Course and Golf and Country Club	Golf course and residential and F&B facilities for the golfers, residents and visitors	569,970	6,245	Freehold	93.23%

* Medium term: Lease less than 50 years but not less than 10 years

2 *Major properties under development for sale and/or own use*

Address	Use	Stage of completion	Expected date of completion	Approximate gross site area (sq.m.)	Approximate gross floor area (sq.m.)	Percentage held by the Group
<u>Japan</u>						
328–36 Aza Iwaobetsu, Kutchan-cho, Abuta-gun, Hokkaido, Japan	Commercial and residential	Construction in progress	N/A	864,249	475,144	100%
<u>Thailand</u>						
First phase development Moo 3 & 9, Thai Muang Subdistrict, Thai Muang District Phang-nga, 82120 Thailand	Residential	Construction in progress	2022	57,000	5,129	93.23%
<u>Hong Kong</u>						
3–6 Glenealy, Central, Hong Kong	Residential	Construction in progress	2025	1,106	8,911	50%

3 *Major properties held for development*

Address	Approximate gross site area (sq.m.)	Percentage held by the Group
<u>Thailand</u>		
Moo 3 & 9, Thai Muang Subdistrict, Thai Muang District Phang-nga, 82120 Thailand	1,074,081	93.23%

INVESTOR RELATIONS

LISTING

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited and the stock code is 00432.

Any enquiries regarding the Company should be addressed to the Investor Relations at the address provided on this page.

BOARD OF DIRECTORS

Executive Directors

Li Tzar Kai, Richard
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
Dr Vince Feng

GENERAL COUNSEL AND COMPANY SECRETARY

Cheung Kwok Kuen Alan

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(Incorporated in Bermuda with limited liability)

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