Pacific Century
Premium Developments
盈科大衍地產發展

PACIFIC CENTURY PREMIUM DEVELOPMENTS LIMITED
盈科大衍地產發展有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 00432)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

The board of directors ("Board") of Pacific Century Premium Developments Limited ("Company") announces the audited consolidated results of the Company and its subsidiaries ("Group") for the year ended December 31, 2024.

SUMMARY

- Consolidated revenue increased 10 per cent to HK$901 million
- Loss attributable to equity holders of the Company amounted to HK$230 million
- Basic loss per share: 11.29 Hong Kong cents
- The Board did not recommend the payment of a final dividend

REVIEW OF OPERATIONS

Property investment and development

Property investment in Indonesia

In Jakarta, Indonesia, the occupancy of our premium commercial building, Pacific Century Place, Jakarta ("PCP Jakarta"), 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.

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

HK$ million	Notes	For the year ended December 31, **2024**	2023
Revenue	2	**901**	822
Cost of sales		**(281)**	(275)
Gross profit		**620**	547
General and administrative expenses		**(654)**	(665)
Other income	3	**3**	29
Other gain	4	**5**	—
Reversal of impairment loss	5	**126**	—
Interest income		**7**	21
Finance costs	6	**(313)**	(332)
Loss before taxation	7	**(206)**	(400)
Income tax	8	**(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		**(387)**	(65)
Total comprehensive loss		**(617)**	(531)
Loss per share (expressed in Hong Kong cents per share)			
Basic and diluted	10	**(11.29) cents**	(22.89) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK$ million	Notes	**As at December 31, 2024**	As at December 31, 2023
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	11	**3,277**	3,435
Property, plant and equipment		**2,187**	2,344
Right-of-use assets		**41**	30
Properties under development	12a	**176**	142
Properties held for development	12b	**454**	427
Goodwill		**3**	4
Financial assets at fair value through profit or loss		**1**	1
Prepayments and other receivables		**157**	181
Deferred income tax assets		**34**	—
		6,330	6,564
Current assets			
Properties under development/held for sale	12a	**3,549**	3,321
Inventories		**23**	20
Sales proceeds held in stakeholders' accounts		**8**	9
Restricted cash		**71**	43
Trade receivables, net	13	**96**	96
Prepayments, deposits and other current assets		**127**	102
Amounts due from related companies		**4**	5
Cash and cash equivalents		**659**	865
		4,537	4,461

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

HK$ million	Note	**As at December 31, 2024**	As at December 31, 2023
Current liabilities			
Borrowings		**835**	531
Trade payables	14	**53**	51
Accruals and other payables		**303**	321
Deferred income and contract liabilities		**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		**9,006**	8,910
Other payables		**183**	185
Deferred income and contract liabilities		**12**	30
Lease liabilities		**24**	13
Deferred income tax liabilities		**36**	33
		9,261	9,171
Net assets		**66**	682
CAPITAL AND RESERVES			
Issued equity		**3,802**	3,802
Reserves		**(3,869)**	(3,253)
Capital and reserves attributable to equity holders of the Company		**(67)**	549
Non-controlling interests		**133**	133
		66	682

Notes:

1. Basis of Preparation and Material Accounting Policies

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.

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:

– investment properties;
– financial assets at fair value through profit or loss.

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 a negative cash flow from operating activities of HK$75 million (2023: positive cash flow from operating activities of HK$245 million).

The directors of the Company have considered the above circumstances and have been regularly monitoring the liquidity position of the Group including the maturity and refinancing of loan facilities, and prepared a cash flow projection, given due and careful consideration to the refinancing needs, financial performance and 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 15.

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

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 other new or amended HKFRSs and HKASs that not yet effective for the current accounting period.

1. Basis of Preparation and Material Accounting Policies – Continued

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

The following new standards, 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.

2. **Revenue and Segment Information**

An analysis of revenue and information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resources allocation and assessment of segment performance for the year ended December 31 is set out below:

a. **Business segments**

HK$ million	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	
For the year ended December 31,	**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)

2. Revenue and 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. This segment has not met any of the quantitative thresholds for determining reportable segments.

2. Revenue and 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 and prepayments and other receivables ("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

3. Other Income

	For the year ended December 31,	
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 recognized forfeited deposit income from the Cyberport Project.

4. Other Gain

	For the year ended December 31,	
HK$ million	**2024**	2023
Fair value change on investment properties	**5**	—

5. Reversal of Impairment Loss

HK$ million	For the year ended December 31, **2024**	2023
Reversal of impairment loss of property, plant and equipment	**126**	—

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.

6. Finance Costs

HK$ million	For the year ended December 31, **2024**	2023
Interest expenses:		
– Bank borrowings	**189**	145
– Guaranteed notes	**331**	331
– Lease liabilities	**1**	1
– Exchange (gain)/loss on guaranteed notes	**(36)**	9
Less:	**485**	486
– 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).

7. Loss Before Taxation

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

HK$ million	For the year ended December 31, **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 properties, 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 lease expenses	**3**	5

8. 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.

	For the year ended December 31,	
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	**(31)**	3
	24	66

9. Dividend

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

10. Loss Per Share

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

	For the year ended December 31,	
Loss (HK$ million)	**2024**	2023
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	**2,038,276,786**	2,038,276,786

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 (2023: 40,042) 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.

11. Investment Properties

The movements of investment properties during the year are stated as below:

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	**5**	—
Exchange differences	**(174)**	46
At December 31,	**3,277**	3,435

12. 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 properties under development and property, plant and equipment	**—**	(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 consists of the freehold land under development in Japan which is held by an indirect wholly-owned subsidiary amounted to HK$176 million. Management performed an assessment of the net realisable value of the development project in Japan included in properties under development as at December 31, 2024. The assessment involved the use of significant estimates and assumptions such as selling prices, construction costs and discount rate. Changes in the assumptions adopted in the valuation may result in a change in future estimate of the net realisable value of the development project.

(ii) Properties under development/held for sale classified as current assets as at December 31, 2024 consists of HK$457 million (December 31, 2023: HK$469 million) for the branded residences held for sale and other properties under development in Hokkaido, Japan and HK$195 million (December 31, 2023: HK$179 million) for the first phase development project under construction in Thailand and a property under development in Hong Kong amount to HK$2,897 million (December 31, 2023: HK$2,673 million).

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 the freehold land in Thailand which the Group intends to hold for future development projects.

13. Trade Receivables, Net

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

HK$ million	**As at December 31, 2024**	As at December 31, 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.

14. Trade Payables

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

HK$ million	**As at December 31, 2024**	As at December 31, 2023
1–30 days	**53**	51

15. 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year 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 rates, 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.

(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.

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.

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.

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.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's audited consolidated financial statements for the year ended December 31, 2024 and held two meetings during the year.

CORPORATE GOVERNANCE CODE

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

The Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the year ended December 31, 2024.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.pcpd.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2024 annual report will be despatched to shareholders of the Company and available on the above websites in due course.

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.

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

Hong Kong, February 19, 2025

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

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

Non-Executive Director:
Dr Allan Zeman, GBM, GBS, JP

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

* *For identification only*