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PACIFIC CENTURY PREMIUM DEVELOPMENTS LIMITED

盈科大衍地產發展有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00432)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

The board of directors (the “Board”) of Pacific Century Premium Developments Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended June 30, 2023. This interim financial information has not been audited but has been reviewed by the Company’s Audit Committee and the Company’s independent auditor in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

SUMMARY

- Consolidated revenue increased by 67 per cent to HK\$452 million
- Consolidated operating loss decreased by 81 per cent to HK\$21 million
- Loss attributable to equity holders of the Company amounted to HK\$221 million
- Basic loss per share: 10.85 Hong Kong cents
- The Board did not declare the payment of an interim dividend

REVIEW OF OPERATIONS

Property investment and development

Property investment in Indonesia

In Jakarta, our premium commercial building, Pacific Century Place, Jakarta (“PCP Jakarta”), continued to deliver a stable performance and remained a solid revenue contributor for the Group. As at June 30, 2023, the office space occupancy was 83 per cent. The gross rental income amounted to HK\$121 million for the six months ended June 30, 2023, compared to HK\$122 million for the corresponding period in 2022.

In the second quarter of 2023, Executive Centre @ PCP, a flexible workplace solution in PCP Jakarta was launched under the partnership between our premium commercial property and Asia’s leading premium flexible workspace provider, The Executive Centre (“TEC”). The strategic partnership was formed at a time when the way in which people work has changed significantly. As a result of the unprecedented COVID-19 pandemic, office workers now demand more flexibility and higher quality workspaces.

Property development in Japan

As with the corresponding period in 2022, the Group had no revenue from property development in Japan for the six months ended June 30, 2023.

Property development and golf operation in Thailand

In Phang Nga, Thailand, the Group has already sold or reserved 33 per cent of its phase 1A villas. The handover of completed villas and inspection with owners progressed well in the period under review. The Group’s revenue from its property development in Thailand amounted to HK\$15 million for the six months ended June 30, 2023, compared to HK\$24 million for the same period in 2022.

With the strong recovery of Thailand’s tourism sector, the Group’s golf clubhouse and 18-hole golf course recorded an uptick in terms of the number of visitors and golf rounds in the first half of 2023. Total revenue from our golf operations in the country amounted to HK\$5 million for the six months ended June 30, 2023, compared to HK\$3 million for the same period in 2022.

Property development in Hong Kong

Piling work of the project at 3–6 Glenealy, Central, Hong Kong, has begun and has been progressing well.

Hotel operations, recreation and leisure operation in Japan

Hotel operations in Japan

Since Japan re-opened its borders to foreign travellers in October 2022, its tourism industry has been growing steadily. In the latest ski season, many overseas visitors returned to popular skiing destinations including Hokkaido for the first time since 2020. The occupancy rate of Park Hyatt Niseko, Hanazono, and the average room rate increased sharply as compared to the corresponding period last year.

The Group’s revenue from its hotel operations in Japan amounted to HK\$153 million for the six months ended June 30, 2023, compared to HK\$60 million for the corresponding period in 2022.

Recreation and leisure operation in Japan

The Group's all-season recreational operation is located in Niseko, Hokkaido, Japan, one of the premium ski destinations in the world. The various facilities and recreational activities operated by the Group within the resort include "Hanazono EDGE" (a restaurant and entertainment centre), ski lifts, ski equipment rental, a ski school and snowmobile tours in the winter, "Hanazono Zipflight", "42°N Art Hanazono – Mountain Lights", rafting tours, tree-trekking, e-bikes and golfing in the summer.

As the pandemic is over and the tourism sector on a path of recovery, our resort has enjoyed an impressive boom in business. We have planned to further enhance the infrastructure and facilities to drive revenue and capture growing demand. For the six months ended June 30, 2023, the Group's revenue from its all-season recreational activities in Japan amounted to HK\$96 million, compared to HK\$33 million for the corresponding period in 2022.

Property and facilities management

Hong Kong

Providing property management and facilities management services in Hong Kong, the Group generated stable revenue of HK\$15 million for the six months ended June 30, 2023, compared to HK\$15 million for the corresponding period in 2022.

Japan

Revenue from property management services in Japan increased to HK\$41 million for the six months ended June 30, 2023, compared to HK\$9 million for the corresponding period in 2022.

Other businesses

Other businesses of the Group mainly represent property investment in Hong Kong. Revenue from these other businesses amounted to HK\$6 million for the six months ended June 30, 2023, compared to HK\$5 million for the corresponding period in 2022.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

HK\$ million	Notes	For the six months ended June 30,	
		2023 (Unaudited)	2022 (Unaudited)
Revenue	2	452	271
Cost of sales		<u>(146)</u>	<u>(138)</u>
Gross profit		306	133
General and administrative expenses		(327)	(354)
Other income	3	<u>—</u>	<u>113</u>
Operating loss		(21)	(108)
Interest income		12	5
Finance costs		<u>(183)</u>	<u>(216)</u>
Loss before taxation	4	(192)	(319)
Income tax	5	<u>(29)</u>	<u>(17)</u>
Loss attributable to equity holders of the Company		<u><u>(221)</u></u>	<u><u>(336)</u></u>
Other comprehensive income/(loss):			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences:			
Exchange differences on translating foreign operations		<u>4</u>	<u>(528)</u>
Total comprehensive loss		<u><u>(217)</u></u>	<u><u>(864)</u></u>
Loss per share (expressed in Hong Kong cents per share)			
Basic and diluted	7	<u><u>(10.85) cents</u></u>	<u><u>(16.49) cents</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK\$ million	Notes	As at June 30, 2023 (Unaudited)	As at December 31, 2022 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	8	3,534	3,374
Property, plant and equipment		2,351	2,531
Right-of-use assets		44	32
Properties under development	9a	459	2,921
Properties held for development	9b	417	422
Goodwill		3	4
Financial assets at fair value through profit or loss		1	1
Prepayments and other receivables		<u>198</u>	<u>194</u>
		<u>7,007</u>	<u>9,479</u>
Current assets			
Properties under development/held for sale	9a	2,809	250
Inventories		16	19
Sales proceeds held in stakeholders' accounts		506	506
Restricted cash		136	153
Trade receivables, net	10	23	59
Prepayments, deposits and other current assets		101	134
Amounts due from related companies		4	4
Short-term deposits		—	90
Cash and cash equivalents		<u>432</u>	<u>596</u>
		<u>4,027</u>	<u>1,811</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

HK\$ million	Note	As at June 30, 2023 (Unaudited)	As at December 31, 2022 (Audited)
Current liabilities			
Borrowings		1,254	624
Trade payables	11	12	20
Accruals and other payables		350	342
Deferred income and contract liabilities		119	144
Lease liabilities		30	22
Amount payable to the HKSAR Government under the Cyberport Project Agreement		339	335
Current income tax liabilities		<u>8</u>	<u>8</u>
		<u>2,112</u>	<u>1,495</u>
Net current assets		<u>1,915</u>	<u>316</u>
Total assets less current liabilities		<u>8,922</u>	<u>9,795</u>
Non-current liabilities			
Borrowings		7,686	8,350
Other payables		187	185
Lease liabilities		21	17
Deferred income tax liabilities		<u>32</u>	<u>30</u>
		<u>7,926</u>	<u>8,582</u>
Net assets		<u><u>996</u></u>	<u><u>1,213</u></u>
CAPITAL AND RESERVES			
Issued equity		3,802	3,802
Reserves		<u>(2,939)</u>	<u>(2,722)</u>
Capital and reserves attributable to equity holders of the Company		<u>863</u>	1,080
Non-controlling interests		<u>133</u>	<u>133</u>
		<u><u>996</u></u>	<u><u>1,213</u></u>

Notes:

1. Basis of Preparation and Accounting Policies

The unaudited condensed consolidated financial information of Pacific Century Premium Developments Limited (the “Company”) and its subsidiaries (the “Group”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

The unaudited condensed consolidated financial information has been reviewed by the Company’s Audit Committee, and the Company’s independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

The preparation of the unaudited condensed consolidated financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. In preparing these unaudited condensed consolidated financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those which applied to the consolidated financial statements as at and for the year ended December 31, 2022.

The accounting policies, basis of presentation and methods of computation used in preparing this unaudited condensed consolidated interim financial information are consistent with those followed in preparing the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following amended HKFRSs and HKASs which are first effective for accounting periods beginning on or after 1 January 2023 as described below.

The following amended HKFRSs and HKASs are adopted for the financial year beginning 1 January 2023, but have no material effect on the Group’s reported results and financial position for the current and prior accounting periods.

- HKAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors*
- HKAS 12 (Amendments), *Income Taxes*

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

For the period ended June 30, 2023, the Group had incurred loss attributable to equity holders of HK\$221 million and net decrease in cash and cash equivalents of HK\$139 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 and financial performance of the Group to assess its liquidity.

Having taken into account the Group’s history in obtaining external financing and successful refinancing of loan facilities, as well as future working capital requirements and cash resources, the directors consider the Group has sufficient financial resources to meet its financial obligations as and when they fall due in the next twelve months period ending June 30, 2024. Accordingly, the condensed consolidated financial information has been prepared on a going concern basis.

2. Revenue and Segment Information

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

HK\$ million For the six months ended June 30,	<u>Revenue (note a)</u>						<u>Results</u>		<u>Other information</u>			
	<u>Revenue from external customers</u>		<u>Inter-segment revenue</u>		<u>Reportable segment revenue</u>		<u>Segment results before taxation</u>		<u>Additions to non-current segment assets</u>		<u>Depreciation</u>	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
All-season recreational activities in Japan	96	33	—	—	96	33	23	(29)	23	54	(18)	(22)
Property development in Japan	—	—	—	—	—	—	(9)	59	36	22	(2)	(3)
Hotel operations in Japan	153	60	—	—	153	60	(39)	(109)	—	58	(43)	(56)
Property management in Japan	41	9	—	—	41	9	10	(3)	—	—	—	—
Property investment in Indonesia	121	122	—	—	121	122	73	56	16	—	(4)	(3)
Property development and golf operation in Thailand	20	27	—	—	20	27	(18)	(19)	—	2	(6)	(6)
Property and facilities management in Hong Kong	15	15	—	—	15	15	5	6	—	—	—	—
Property development in Hong Kong	—	—	—	—	—	—	(4)	(2)	96	50	(1)	—
Other businesses (note b)	6	5	1	1	7	6	1	1	—	1	(10)	(10)
Elimination	—	—	(1)	(1)	(1)	(1)	—	—	—	—	—	—
Total of reported segments	452	271	—	—	452	271	42	(40)	171	187	(84)	(100)
Unallocated	—	—	—	—	—	—	(234)	(279)	—	—	—	—
Consolidated	452	271	—	—	452	271	(192)	(319)	171	187	(84)	(100)

2. Revenue and Segment Information - Continued

HK\$ million	<u>Assets</u>		<u>Liabilities</u>	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
As at				
All-season recreational activities in Japan	553	557	59	61
Property development in Japan	689	745	23	13
Hotel operations in Japan	1,518	1,656	664	707
Property management in Japan	50	72	30	60
Property investment in Indonesia	3,888	3,820	298	283
Property development and golf operation in Thailand	913	925	43	61
Property and facilities management in Hong Kong	20	34	8	3
Property development in Hong Kong	2,614	2,491	932	874
Other businesses (note b)	58	59	8	8
Total of reported segments	10,303	10,359	2,065	2,070
Unallocated	731	931	7,973	8,007
Consolidated	<u>11,034</u>	<u>11,290</u>	<u>10,038</u>	<u>10,077</u>

a. For the six months ended June 30, 2023 and 2022, the timing of revenue recognition is as follow:

HK\$ million	2023	2022
External revenue from contracts with customers:		
Timing of revenue recognition		
- At a point in time	84	57
- Over time	282	127
External revenue from other sources:		
- Over time	86	87
	<u>452</u>	<u>271</u>

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

3. Other Income

HK\$ million	For the six months ended June 30,	
	2023	2022
Gain on disposal of land	<u>—</u>	<u>113</u>

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

4. Loss Before Taxation

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

HK\$ million	For the six months ended June 30,	
	2023	2022
Cost of properties sold	15	64
Cost of inventories sold	17	9
Depreciation of property, plant and equipment	73	89
Depreciation of right-of-use assets		
- properties	11	11
Outgoings in respect of investment properties	27	28
Staff costs included in:		
- cost of sales	36	31
- general and administrative expenses	103	95
Contributions to defined contribution retirement schemes included in		
- general and administrative expenses	3	2
Auditor's remuneration		
- audit services	2	2
Net foreign exchange loss	1	5
Variable lease payment expenses	8	8
Short-term leases expenses	<u>3</u>	<u>2</u>

5. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the period.

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

HK\$ million	For the six months ended June 30,	
	2023	2022
Hong Kong profits tax		
- Provision for current period	—	1
Income tax outside Hong Kong		
- Provision for current period	28	15
Deferred income tax	<u>1</u>	<u>1</u>
	<u>29</u>	<u>17</u>

6. Dividend

HK\$ million	For the six months ended June 30,	
	2023	2022
Interim dividend	<u>—</u>	<u>—</u>

7. Loss per Share

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

Loss (HK\$ million)	For the six months ended June 30,	
	2023	2022
Loss for the purpose of calculating the basic and diluted loss per share	<u>(221)</u>	<u>(336)</u>

Number of shares	For the six months ended June 30,	
	2023	2022
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share	<u>2,038,276,786</u>	<u>2,038,276,786</u>

Pursuant to the terms of the applicable deed poll, the bonus convertible notes confer upon the holders the same economic interests attached to the bonus shares. As at June 30, 2023, bonus convertible notes in an aggregated amount of HK\$592,552,133.20 (June 30, 2022: HK\$592,552,133.20) have been converted into 1,185,104,266 shares of the Company (June 30, 2022: 1,185,104,266 shares). The outstanding bonus convertible notes in an aggregated amount of HK\$20,021.20 (June 30, 2022: HK\$20,021.20) at the conversion price of HK\$0.50 per share convertible into 40,042 shares (June 30, 2022: 40,042 shares) have been included in the weighted average number of ordinary shares for calculating the basic loss per share for the six months ended June 30, 2023 and June 30, 2022.

8. Investment Properties

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

HK\$ million	2023	2022
At January 1,	3,374	3,707
Exchange differences	<u>160</u>	<u>(127)</u>
At June 30,	<u><u>3,534</u></u>	<u><u>3,580</u></u>

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

a. Properties under development/held for sale

HK\$ million	2023	2022
At January 1,	3,171	2,932
Additions	148	86
Charged to income statement	(14)	(23)
Exchange differences	<u>(37)</u>	<u>(68)</u>
At June 30,	3,268	2,927
Less: Properties under development classified as non-current assets	<u>(459)</u>	<u>(2,694)</u>
Properties under development/held for sale classified as current assets	<u><u>2,809</u></u>	<u><u>233</u></u>

- (i) Properties under development classified as non-current assets as at June 30, 2023 consists of the freehold land under development in Japan which is held by an indirect wholly-owned subsidiary amounted to HK\$459 million.
- (ii) Properties under development, which have either been pre-sold or are intended for sale, are classified under current assets.

b. Properties held for development

HK\$ million	2023	2022
At January 1,	422	437
Exchange differences	<u>(5)</u>	<u>(20)</u>
At June 30,	<u>417</u>	<u>417</u>

Properties held for development as at June 30, 2023 represent the freehold land in Thailand which the Group intends to hold for future development projects.

10. Trade Receivables, net

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

HK\$ million	As at June 30, 2023	As at December 31, 2022
1 – 30 days	<u>23</u>	<u>59</u>

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

11. Trade Payables

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

HK\$ million	As at June 30, 2023	As at December 31, 2022
1 – 30 days	<u>12</u>	<u>20</u>

FINANCIAL REVIEW

Review of results

The consolidated revenue of the Group was HK\$452 million for the six months ended June 30, 2023, representing an increase of 67% from HK\$271 million for the corresponding period in 2022. The increase was mainly due to the increase in operating revenue from hotel operations and all-season recreational operations in Niseko, Hokkaido, Japan, and the sales recognition of one phase 1A villa in Phang Nga, Thailand.

The consolidated gross profit for the six months ended June 30, 2023 was HK\$306 million, representing an increase of 130% from HK\$133 million for the corresponding period in 2022. The gross profit margin for the six months ended June 30, 2023 was 68% as compared to 49% for the corresponding period in 2022.

The general and administrative expenses were HK\$327 million for the six months ended June 30, 2023, representing a decrease of 8% from HK\$354 million for the corresponding period in 2022.

The consolidated operating loss for the six months ended June 30, 2023 decreased to HK\$21 million, as compared to HK\$108 million for the corresponding period in 2022. Such decrease was mainly due to the improved performance in hotel operations and all-season recreational operations in Niseko, Hokkaido, Japan.

The Group recorded lower finance costs of HK\$183 million for the six months ended June 30, 2023, as compared to HK\$216 million for the same period in 2022. The decrease was mainly due to the additional finance costs incurred in 2022 from the 4.75% guaranteed notes which was settled in March 2022. The consolidated net loss after taxation was HK\$221 million for the six months ended June 30, 2023, as compared to HK\$336 million for the corresponding period in 2022. Basic loss per share during the period under review was 10.85 Hong Kong cents, compared to a basic loss per share of 16.49 Hong Kong cents for the corresponding period in 2022.

Current assets and liabilities

As at June 30, 2023, the Group held current assets of HK\$4,027 million (December 31, 2022: HK\$1,811 million), mainly comprising properties under development/held for sale, cash and cash equivalents, sales proceeds held in stakeholders' accounts, restricted cash and prepayments, deposits and other current assets. The increase in current assets is mainly attributable to reclassification of properties under development from non-current assets. Sales proceeds held in stakeholders' accounts remained at HK\$506 million as at June 30, 2023 (December 31, 2022: HK\$506 million). The level of restricted cash in current assets decreased to HK\$136 million as at June 30, 2023 (December 31, 2022: HK\$153 million).

As at June 30, 2023, the Group's total current liabilities amounted to HK\$2,112 million, as compared to HK\$1,495 million as at December 31, 2022. The increase was mainly attributable to the reclassification of long term borrowing to current liabilities. As at June 30, 2023, the current ratio was 1.91 (December 31, 2022: 1.21).

Capital structure, liquidity and financial resources

As at June 30, 2023, the Group's borrowings amounted to HK\$8,991 million (December 31, 2022: HK\$9,028 million). The balance as at 30 June 2023 represented the amortised cost of financial liabilities in respect of the 5.125% guaranteed notes of US\$800 million (equivalent to HK\$6,265 million), the total outstanding principal amount of Japanese Yen ("JPY") 11,065 million (equivalent to HK\$602 million) under all JPY loan facilities together with principal amount of HK\$2,124 million under the Hong Kong dollar loan facilities.

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

On June 9, 2017, an indirect wholly-owned subsidiary of the Company entered into a term loan facility agreement which the lender had agreed to make available a term loan facility up to an aggregate amount of JPY1,500 million ("JPY Facility 2026"). The maturity date of the JPY Facility 2026 is December 2026. Such facility is secured by the land and buildings and a bank account of the indirect wholly-owned subsidiary and the indirect wholly-owned subsidiary is subject to certain financial covenants which are commonly found in lending arrangements with financial institutions. As at June 30, 2023, none of the covenants were breached. The carrying value of the borrowing as at June 30, 2023 represents the outstanding principal amount of JPY525 million (equivalent to HK\$29 million) (December 31, 2022: JPY600 million) offset by the deferred arrangement fees of JPY11 million (equivalent to HK\$1 million) (December 31, 2022: JPY14 million).

In April, 2021, a project development loan facility was entered by an indirect wholly-owned subsidiary of the Company which the lenders agreed to make available term loan facility up to an aggregate amount of HK\$1,382 million ("HK\$ Loan 2026"). The maturity date for the HK\$ Loan 2026 is the earlier of April 13, 2026 or twelve months after occupation permit of the development project in Hong Kong being issued by the building authority. The HK\$ Loan 2026 is secured by certain land and property, bank accounts, shares and other assets of the indirect non-wholly owned subsidiaries and the Company and the indirect non-wholly owned subsidiary are subject to certain financial ratios covenants which are commonly found in lending arrangements with financial institutions. As of June 30, 2023, none of the covenants were breached and the carrying value of the HK\$ Loan 2026 represents the loan drawdown of HK\$916 million (December 31, 2022: HK\$880 million) offset by the deferred loan arrangement costs of HK\$9 million (December 31, 2022: HK\$10 million).

On March 29, 2018, an indirect wholly-owned subsidiary of the Company (the "Borrower") entered into a term loan facility agreement under which the lender agreed to make available term loan facilities up to an aggregate amount of JPY20,000 million. The facility comprises (1) a JPY10,000 million facility for the construction of a branded residence ("JPY Facility 2021") which matures on February 14, 2020 with option to extend to March 31, 2021 and (2) a JPY10,000 million facility for the construction of a branded hotel ("JPY Facility 2023") with maturity date of March 31, 2023. In February 2020, the Borrower has fully repaid the JPY Facility 2021. On February 1, 2023, the JPY Facility 2023 was extended with maturity date in February 2025. The JPY Facility 2023 is secured by certain land and property, the reserve accounts, and ordinary and/or preferred shares of the Borrower and an indirect wholly-owned subsidiary of the Company (the "Hotel Operator"). The Borrower and the Hotel Operator are subject to certain financial ratios covenants which are commonly found in lending arrangements with financial institutions. As of June 30, 2023, none of the covenants were breached and the carrying value of the JPY Facility 2023 represents the outstanding principal amount of JPY10,000 million (equivalent to HK\$544 million) (December 31, 2022: JPY10,000 million) offset by the deferred loan arrangement costs of JPY95 million (equivalent to HK\$5 million) (December 31, 2022: JPY14 million).

On June 11, 2019, an indirect wholly-owned subsidiary of the Company entered into a term loan facility agreement under which the lender agreed to make available term loan facility up to an aggregate amount of HK\$1,170 million. On June 27, 2022, an amendment of the term loan facility agreement was entered, and the available term loan facility was upsized to HK\$1,340 million. The maturity date of the term loan facility is in June 2024 ("HK\$ Loan 2024"). Such facility is secured by the land and buildings, bank accounts, shares and other assets of certain indirect wholly-owned subsidiaries of the Company. The Company and the indirect wholly-owned subsidiary are subject to certain financial ratios covenants which are commonly found in lending arrangements with financial institutions. As at June 30, 2023, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK\$1,208 million (December 31, 2022: HK\$1,258 million) offset by the deferred loan arrangement costs of HK\$3 million (December 31, 2022: HK\$5 million).

Subsequent to the period ended, the Group reached final stage of agreement for a loan facility of HK\$780 million with a maturity of 12 months. The directors of the Group have approved this financing arrangement and the facility agreement is subject to administrative procedures to sign by relevant parties in August 2023.

The Group's borrowings are denominated in US dollars, Hong Kong dollars and Japanese Yen while the cash and bank deposits are also held mainly in US dollars, Hong Kong dollars and Japanese Yen. The Group has foreign operations, and some of its net assets are exposed to the risk of foreign currency exchange rate fluctuations. As at June 30, 2023, the assets of the Group in Indonesia, Japan and Thailand represented 35%, 25% and 8% of the Group's total assets respectively. The Group's currency exposure with respect to these operations is subject to fluctuations in the exchange rates of Indonesian Rupiah, Japanese Yen and Thai Baht.

Cash generated from operating activities for the six months ended June 30, 2023 is HK\$39 million, as compared to cash generated from operating activities in the amount of HK\$167 million for the corresponding period in 2022.

Income tax

The Group's income tax for the six months ended June 30, 2023 was HK\$29 million, as compared to HK\$17 million for the corresponding period in 2022.

Security on assets

As at June 30, 2023, certain assets of the Group with an aggregated carrying value of HK\$7,700 million (December 31, 2022: HK\$7,713 million) are mortgaged and pledged to the banks as security for the loan facilities.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2023, the Group employed a total number of 949 staff in Hong Kong and overseas (inclusive of property management staff borne by owners' account and seasonal staff employed overseas). The remuneration policies of the Group are in line with prevailing industry practices. Bonuses are paid on a discretionary basis taking into account factors such as performance of individual employees and the Group's performance as a whole. The Group provides comprehensive employee benefits, including medical insurance, a choice of provident fund or mandatory provident fund as well as training programs. The Group is also a participating member of the PCCW employee share incentive award schemes.

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

DIVIDENDS AND DISTRIBUTION

The Board did not declare an interim dividend to shareholders nor an interim distribution to bonus convertible noteholders for the six months ended June 30, 2023 (2022: Nil).

The Board did not recommend the payment of a final dividend for the year ended December 31, 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2023, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's unaudited condensed consolidated interim financial information for the six months ended June 30, 2023 and has held one meeting during the period under review.

CORPORATE GOVERNANCE CODE

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

The Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months period ended June 30, 2023.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.pcpd.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2023 interim report will be despatched to shareholders of the Company and available on the above websites in due course.

OUTLOOK

The year 2023 is filled with macroeconomic challenges, with high inflation, interest rate hikes and geopolitical tensions being the major risks hanging over a world economy that is still reeling from the pandemic. Nonetheless, recovery in individual sectors are offering positive signs and hope.

Throughout the pandemic, we had put in our effort to push a thoughtful and prudent strategy to safeguard the value of our portfolio. After the pandemic, against a backdrop of tourism rebound across Asia, we have managed our hospitality business in Japan and our premium commercial property in Indonesia, paying meticulous attention to detail and striving for excellence in every aspect. With this positive approach, we are confident that we can forge ahead and achieve sustainable growth in the Japanese and Indonesian markets. Meanwhile, our property development and golf operation in Thailand, as well as the property under development in Hong Kong, display a strong ability to be growth drivers. On the whole, we remain confident in the real estate market in Hong Kong, Japan, Indonesia and Thailand.

We will not lose sight of the external challenges and uncertainties in 2023, knowing that economic and market volatility will remain a key theme influencing the global outlook. And yet we are confident that the Group will continue to leverage its solid business foundation and quality-driven business model to create a sustainable future.

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

Hong Kong, August 1, 2023

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*