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Pacific Century
Premium Developments
盈科大衍地產發展

PACIFIC CENTURY PREMIUM DEVELOPMENTS LIMITED

盈科大衍地產發展有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00432)

CONTINUING CONNECTED TRANSACTION

The Company announces that PCPD FM has renewed two agreements with Reach Networks on 23 March 2010 for the provision of facilities management services and lease and tenant management services from 1 April 2010 to 31 December 2012. The transactions set out in the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the transactions are set out below.

Reach Networks is a wholly-owned subsidiary of Reach which is an associate of PCCW. PCCW is a substantial shareholder of the Company and it indirectly holds approximately 61.53% of the issued share capital of the Company. Accordingly, Reach Networks is a connected person of the Company under the Listing Rules and transactions between Reach Networks and the Group constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the relevant percentage ratios under the Listing Rules for the transactions (following aggregation) is less than 2.5%, the Agreements are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Particulars of the Agreements will be included in the next published annual report and accounts of the Company.

BACKGROUND

As disclosed in the Company's announcement dated 29 March 2007 and the annual reports for the financial years ended 31 December 2007 and 2008, PCPD FM has been providing certain facilities management services and lease and tenant management services to Reach Networks. The related agreements for such services will expire on 31 March 2010.

The Company announces that PCPD FM has entered into the following Agreements in order to continue the provision of the facilities management services and lease and tenant management services to Reach Networks. The transactions under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the transactions are set out below.

(1) Facilities Management Services Agreement

Date of agreement:	23 March 2010
Parties:	Reach Networks and PCPD FM
Term:	From 1 April 2010 to 31 December 2012, subject to the right of Reach Networks to terminate early at the end of the second year (i.e. on 31 March 2012) by giving not less than 3 months' prior notice in writing to PCPD FM

Consideration: Subject to the annual cap referred to below, Reach Networks shall (a) pay PCPD FM an aggregate fee of HK\$4,459,000 per annum in 12 equal monthly installments, (b) reimburse PCPD FM of all third party service providers' costs with a mark-up of 2%, and (c) pay PCPD FM any additional project management fee as applicable (additional project management fee will be charged at 3% of the extra project sum (extra project sum means the amount exceeding (i) the agreed total sum of the projects managed during the agreement period, i.e. HK\$22,000,000 for 33 months, or (ii) if the agreement is terminated early (i.e. the term of the agreement is less than 33 months in total), HK\$8,000,000 per annum))

Annual cap: The above consideration, inclusive of all costs and additional fees, will not exceed HK\$25,000,000 per annum

The aggregate fees charged by PCPD FM for such services for the three years ended 31 December 2007, 2008 and 2009 were approximately HK\$18,457,000, HK\$22,537,000 and HK\$22,547,000 respectively.

(2) Lease and Tenant Management Services Agreement

Date of agreement: 23 March 2010

Parties: Reach Networks and PCPD FM

Term: From 1 April 2010 to 31 December 2012, subject to the right of Reach Networks to terminate early at the end of the second year (i.e. on 31 March 2012) by giving not less than 3 months' prior notice in writing to PCPD FM

Consideration: Subject to the annual cap referred to below, Reach Networks shall (a) pay PCPD FM an aggregate fee of HK\$294,000 per annum in 12 equal monthly installments, (b) reimburse PCPD FM of all third party service providers' costs with a mark-up of 2% and (c) pay PCPD FM the quoted project management fee for managing works done in relation to the preparation of premises for new tenants after obtaining approval from Reach Networks

Annual cap: The above consideration, inclusive of all costs and additional fees, will not exceed HK\$2,700,000 per annum

The aggregate fees charged by PCPD FM for such services for the three years ended 31 December 2007, 2008 and 2009 were approximately HK\$221,000, HK\$766,000 and HK\$296,000 respectively.

REASONS FOR ENTERING INTO THE AGREEMENTS AND VIEWS OF THE DIRECTORS

As the principal business of the Group is property development and management, the Directors (including the independent non-executive Directors) consider that the transactions have been entered into in the usual and ordinary course of business of the Group. They also consider that the Agreements have been negotiated and conducted on an arm's length basis between the parties and are on normal commercial terms.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreements are fair and reasonable and in the interests of the shareholders of the Company as a whole.

REQUIREMENTS OF THE LISTING RULES

Reach Networks is a wholly-owned subsidiary of Reach which is an associate of PCCW. PCCW is a substantial shareholder of the Company and it indirectly holds approximately 61.53% of the issued share capital of the Company. Accordingly, Reach Networks is a connected person of the Company under the Listing Rules and transactions between Reach Networks and the Group constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the relevant percentage ratios under the Listing Rules for the transactions (following aggregation) is less than 2.5%, the Agreements are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Particulars of the Agreements will be included in the next published annual report and accounts of the Company.

GENERAL

The Group is principally engaged in the development and management of premium property and infrastructure projects, as well as investment in premium-grade buildings, in the Asia-Pacific region.

PCCW is the holding company of HKT Group Holdings Limited ("HKT"), Hong Kong's premier telecommunications provider and a world-class player in Information and Communications Technologies. PCCW also holds a majority interest in the Company, and overseas investments including the wholly-owned UK Broadband Limited.

As the provider of Hong Kong's first quadruple-play experience, PCCW/HKT offers a range of innovative media content and services across four platforms – fixed-line, broadband Internet access, TV and mobile. In addition, the PCCW Group meets the sophisticated needs of the local and international business community, while supporting network operators with cutting-edge technical services and handling large-scale IT outsourcing projects for public and private sector organizations.

DEFINITIONS

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

"Agreements"	the Facilities Management Services Agreement and the Lease and Tenant Management Services Agreement both dated 23 March 2010 between Reach Networks and PCPD FM in connection with provision of facilities management services and lease and tenant management services respectively
"associate"	has the meaning as defined in the Listing Rules
"Board"	the board of Directors
"Company"	Pacific Century Premium Developments Limited (Stock Code: 00432), a company incorporated in Bermuda with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

“PCCW”	PCCW Limited (Stock Code: 00008), a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange
“PCCW Group”	PCCW and its associates
“PCPD FM”	PCPD Facilities Management Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
“percentage ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“Reach”	Reach Ltd., a company incorporated in Bermuda with limited liability, and a 50:50 joint venture between Telstra Corporation Limited and PCCW
“Reach Networks”	Reach Networks Hong Kong Limited, a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of Reach
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“%”	per cent.

By Order of the Board
Pacific Century Premium Developments Limited
Cheng Wan Seung, Ella
Company Secretary

Hong Kong, 23 March 2010

The directors of the Company as at the date of this announcement are:

Executive Directors:

Li Tzar Kai, Richard (Chairman); Alexander Anthony Arena (Deputy Chairman);
Lee Chi Hong, Robert (Chief Executive Officer); Lam Yu Yee; James Chan; and Gan Kim See, Wendy.

Independent Non-Executive Directors:

Cheung Kin Piu, Valiant; Prof Wong Yue Chim, Richard, SBS, JP; and Dr Allan Zeman, GBS, JP.

* *For identification only*