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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)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2016**

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, 2016. 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 16 per cent to approximately HK\$115 million
- Consolidated operating loss increased by 63 per cent to approximately HK\$186 million
- Loss attributable to equity holders of the Company amounted to approximately HK\$184 million
- Basic loss per share: 11.62 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**

The Group's investment, a Premium Grade A office building located at Sudirman CBD, is due to complete in 2017. The construction works progressed well and reached topping-out stage. A number of multinational corporations, apart from Citibank Indonesia, Sotheby's Hong Kong Limited and FWD, have expressed interests to relocate their regional headquarters or Indonesia representative office to this premium building. The development is scheduled to be in operation around 2017-2018.

#### **Property development in Japan**

The Group entered into a hotel management agreement and other related agreements with Hyatt Hotels Group in late 2015. The project will feature a Park Hyatt Hotel and approximately 100 branded residences in Niseko, Hokkaido where the Group's all-season recreational operation is located. The hotel is expected to open in 2019 with a selection of specialty restaurants, extensive meeting space, a golf clubhouse, a ski shop and valet, a destination spa, a fitness centre and a swimming pool. Design works are underway and the Group plans to launch the project by mid-2017.

#### **Property development in Thailand**

The preparation of the project in Phang-nga, southern Thailand is continuing. PCPD is in early discussion with a local developer in the development of first phase of the project.

### **Recreation and leisure**

#### **All-season recreational activities 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 ski lift, ski equipment rental, ski school and snowmobile tours in winter and rafting tours and golfing in summer.

The Group's revenue from its all-season recreational activities amounted to approximately HK\$65 million for the six months ended June 30, 2016, as compared to approximately HK\$52 million for the corresponding period in 2015.

### **Property management related services**

#### **Property management and facilities management in Hong Kong**

The Group provides professional property management and facilities management services to its clients in Hong Kong and generated revenue of approximately HK\$27 million for the six months ended June 30, 2016, as compared to approximately HK\$24 million for the corresponding period in 2015.

### **Other businesses**

Other businesses of the Group mainly include property management in Japan, property investment in Hong Kong and asset management in Mainland China. The revenue from these other businesses amounted to approximately HK\$23 million for the six months ended June 30, 2016, as compared to approximately HK\$23 million for the corresponding period in 2015.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| HK\$ million  | Note | <b>For the six months<br/>ended June 30,</b> |                     |
|---|------|--|---------------------|
|   |      | <b>2016</b>                                  | 2015                |
|   |      | <b>(Unaudited)</b>                           | (Unaudited)         |
| <b>Revenue</b>  | 2    | <b>115</b>                                   | 99                  |
| Cost of sales   |      | <u>(37)</u>                                  | <u>(24)</u>         |
| Gross profit  |      | <b>78</b>                                    | 75                  |
| General and administrative expenses                                 |      | <b>(208)</b>                                 | (183)               |
| Other losses, net   | 8    | <u>(56)</u>                                  | <u>(6)</u>          |
| <b>Operating loss</b>   |      | <b>(186)</b>                                 | (114)               |
| Interest income   |      | <u>6</u>                                     | <u>7</u>            |
| <b>Loss before taxation</b>   | 3    | <b>(180)</b>                                 | (107)               |
| Income tax  | 4    | <u>(4)</u>                                   | <u>(5)</u>          |
| <b>Loss attributable to equity holders of the Company</b>           |      | <u><b>(184)</b></u>                          | <u>(112)</u>        |
| <br><b>Other comprehensive income/(loss):</b>                       |      |  |                     |
| <i>Item that may be reclassified subsequently to profit or loss</i> |      |  |                     |
| Currency translation differences:                                   |      |  |                     |
| Exchange differences on translating foreign operations              |      | <u>178</u>                                   | <u>(163)</u>        |
| <b>Total comprehensive loss</b>                                     |      | <u><b>(6)</b></u>                            | <u>(275)</u>        |
| <br><b>Loss per share (expressed in Hong Kong cents per share)</b>  |      |  |                     |
| Basic and diluted   | 6    | <u><b>(11.62) cents</b></u>                  | <u>(7.08) cents</u> |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| HK\$ million                                   | Note | As at<br><b>June 30,</b><br><b>2016</b><br><b>(Unaudited)</b> | As at<br>December 31,<br>2015<br><b>(Audited)</b> |
|--|------|---|---|
| <b>ASSETS AND LIABILITIES</b>                  |      |   |   |
| <b>Non-current assets</b>                      |      |   |   |
| Investment properties                          | 7    | 2,630   | 2,136   |
| Property, plant and equipment                  |      | 183   | 160   |
| Properties under development                   |      | 412   | 349   |
| Properties held for development                |      | 546   | 525   |
| Goodwill                                       |      | 3   | 3   |
| Other financial assets                         |      | 3   | 2   |
| Prepayments and other receivables              |      | <u>229</u>  | <u>200</u>  |
|  |      | <b><u>4,006</u></b>   | <b><u>3,375</u></b>                               |
| <b>Current assets</b>                          |      |   |   |
| Sales proceeds held in stakeholders' accounts  |      | 511   | 513   |
| Restricted cash                                |      | 103   | 96  |
| Trade receivables, net                         | 9    | 6   | 7   |
| Prepayments, deposits and other current assets |      | 311   | 390   |
| Amounts due from fellow subsidiaries           |      | 1   | 1   |
| Amounts due from a related company             |      | 3   | 3   |
| Derivative financial instrument                | 8    | —   | 60  |
| Other financial assets                         |      | 5   | 4   |
| Short-term deposits                            |      | 5   | 1   |
| Cash and cash equivalents                      |      | <u>1,687</u>  | <u>1,815</u>                                      |
|  |      | <b><u>2,632</u></b>   | <b><u>2,890</u></b>                               |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION -  
CONTINUED**

| HK\$ million  | Note | As at<br>June 30,<br>2016<br>(Unaudited) | As at<br>December 31,<br>2015<br>(Audited) |
|---|------|--|--|
| <b>Current liabilities</b>  |      |  |  |
| Trade payables  | 10   | 3  | 14   |
| Accruals, other payables and deferred income                                    |      | 351                                      | 437  |
| Amounts due to fellow subsidiaries  |      | 2  | 1  |
| Amount payable to the HKSAR Government<br>under the Cyberport Project Agreement |      | 322                                      | 322  |
| Current income tax liabilities  |      | <u>3</u>                                 | <u>3</u>                                   |
|   |      | <u>681</u>                               | <u>777</u>                                 |
| <b>Net current assets</b>   |      | <u>1,951</u>                             | <u>2,113</u>                               |
| <b>Total assets less current liabilities</b>                                    |      | <u>5,957</u>                             | <u>5,488</u>                               |
| <b>Non-current liabilities</b>  |      |  |  |
| Long-term borrowings  |      | 453                                      | —  |
| Other payables  |      | 210                                      | 189  |
| Deferred income   |      | 26                                       | 25   |
| Deferred income tax liabilities   |      | <u>20</u>                                | <u>19</u>                                  |
|   |      | <u>709</u>                               | <u>233</u>                                 |
| <b>Net assets</b>   |      | <u>5,248</u>                             | <u>5,255</u>                               |
| <b>CAPITAL AND RESERVES</b>   |      |  |  |
| Issued equity   |      | 2,847                                    | 2,848                                      |
| Reserves  |      | <u>2,401</u>                             | <u>2,407</u>                               |
|   |      | <u>5,248</u>                             | <u>5,255</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, 2015, 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, 2015.

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial information are consistent with those used in preparing the Group’s annual financial statements for the year ended December 31, 2015, except for the adoption of the following amendments to Hong Kong Financial Reporting Standards and HKASs (“new HKFRS”) which are effective for the annual period beginning on January 1, 2016 but have no significant impact on the Group’s financial statements:

|  |  |
|--|--|
| HKAS 1 (Amendment)                           | Disclosure Initiative  |
| HKAS 16 (Amendment)                          | Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation  |
| HKAS 27 (Amendment)                          | Separate Financial Statements – Equity Method in Separate Financial Statements   |
| HKAS 38 (Amendment)                          | Intangible Assets – Clarification of Acceptable Methods of Amortisation  |
| HKFRS 10 and HKAS 28 (Amendments)            | Consolidated Financial Statements – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture |
| HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)  | Investment Entities: Applying the Consolidation Exception  |
| HKFRS 11 (Amendment)                         | Joint Arrangements – Accounting for acquisitions of interest in joint operation  |
| Annual Improvements to HKFRS 2012-2014 Cycle |  |

## 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:

| HKS million<br>For the six months ended June 30, | <u>Revenue</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>Addition to non-current segment assets</u> |      |
|  | 2016                                   | 2015 | 2016                         | 2015 | 2016                              | 2015 | 2016                                   | 2015  | 2016  | 2015 |
| All-season recreational activities in Japan      | 65                                     | 52   | —                            | —    | 65                                | 52   | 16                                     | 11    | 3   | 34   |
| Property investment in Indonesia                 | —                                      | —    | —                            | —    | —                                 | —    | (10)                                   | (12)  | 437   | 131  |
| Property development in Thailand                 | —                                      | —    | —                            | —    | —                                 | —    | (7)                                    | (7)   | 9   | 4    |
| Property development in Japan                    | —                                      | —    | —                            | —    | —                                 | —    | (6)                                    | (4)   | 4   | 1    |
| Property and facilities management in Hong Kong  | 27                                     | 24   | —                            | —    | 27                                | 24   | 5                                      | 4     | —   | —    |
| Property development in Hong Kong                | —                                      | —    | —                            | —    | —                                 | —    | (3)                                    | 10    | —   | —    |
| Other businesses (note a)                        | 23                                     | 23   | 1                            | —    | 24                                | 23   | 6                                      | 4     | —   | —    |
| Elimination                                      | —                                      | —    | (1)                          | —    | (1)                               | —    | —                                      | —     | —   | —    |
| Total of reported segments                       | 115                                    | 99   | —                            | —    | 115                               | 99   | 1                                      | 6     | 453   | 170  |
| Unallocated                                      | —                                      | —    | —                            | —    | —                                 | —    | (181)                                  | (113) | 7   | 1    |
| Consolidated                                     | 115                                    | 99   | —                            | —    | 115                               | 99   | (180)                                  | (107) | 460   | 171  |

## 2. Revenue and Segment Information - Continued

| HK\$ million                                       | <u>Assets</u>       |              | <u>Liabilities</u>  |              |
|--|---------------------|--------------|---------------------|--------------|
|  | <b>June 30,</b>     | December 31, | <b>June 30,</b>     | December 31, |
| As at  | <b>2016</b>         | 2015         | <b>2016</b>         | 2015         |
| All-season recreational activities in Japan        | <b>160</b>          | 119          | <b>12</b>           | 18           |
| Property investment in Indonesia                   | <b>3,120</b>        | 2,713        | <b>832</b>          | 422          |
| Property development in Thailand                   | <b>550</b>          | 530          | <b>10</b>           | 9            |
| Property development in Japan                      | <b>486</b>          | 409          | <b>11</b>           | 9            |
| Property and facilities management<br>in Hong Kong | <b>21</b>           | 19           | <b>12</b>           | 10           |
| Property development in Hong Kong                  | <b>607</b>          | 609          | <b>431</b>          | 433          |
| Other businesses (note a)                          | <u><b>96</b></u>    | <u>111</u>   | <u><b>19</b></u>    | <u>41</u>    |
| Total of reported segments                         | <b>5,040</b>        | 4,510        | <b>1,327</b>        | 942          |
| Unallocated  | <u><b>1,598</b></u> | <u>1,755</u> | <u><b>63</b></u>    | <u>68</u>    |
| Consolidated                                       | <u><b>6,638</b></u> | <u>6,265</u> | <u><b>1,390</b></u> | <u>1,010</u> |

- (a) Revenue from segments below the quantitative thresholds under HKFRS 8 are attributable to three operating segments of the Group. Those segments include property management in Japan, property investment in Hong Kong and asset management in Mainland China. None of these segments have ever met any of the quantitative thresholds for determining reportable segments.

### 3. Loss Before Taxation

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

| HK\$ million  | Six months ended June 30, |          |
|---|---------------------------|----------|
|   | 2016                      | 2015     |
| Crediting:  |                           |          |
| Gross rental income from investment property  | 1                         | 1        |
| Other rental income   | 6                         | 7        |
| Less: outgoings   | (3)                       | (3)      |
| Charging:   |                           |          |
| Depreciation  | 9                         | 7        |
| Staff costs, included in:   |                           |          |
| - cost of sales   | 11                        | 10       |
| - general and administrative expenses   | 76                        | 62       |
| Contributions to defined contribution retirement schemes  | 3                         | 4        |
| Share-based compensation expenses   | 2                         | 2        |
| Auditor's remuneration  |                           |          |
| - audit services  | 2                         | 3        |
| Operating lease rental of land and buildings included in<br>general and administrative expenses | 21                        | 18       |
| Operating lease rental of equipment   | 1                         | 1        |
| Net foreign exchange (gain)/loss  | <u>(1)</u>                | <u>2</u> |

### 4. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5 per cent (2015: 16.5 per cent) on the estimated assessable profits for the period.

Taxation for subsidiaries outside Hong Kong has been calculated on the estimated assessable profits for the period at the rates prevailing in the respective jurisdictions.

| HK\$ million  | Six months ended June 30, |          |
|---|---------------------------|----------|
|   | 2016                      | 2015     |
| Current income tax  |                           |          |
| - Hong Kong profits tax                                   | 1                         | —        |
| - Income tax outside Hong Kong                            | 2                         | 3        |
| Deferred income tax                                       |                           |          |
| - Other origination and reversal of temporary differences | <u>1</u>                  | <u>2</u> |
|   | <u>4</u>                  | <u>5</u> |

## 5. Dividend

| HK\$ million     | Six months ended June 30, |          |
|------------------|---------------------------|----------|
|                  | 2016                      | 2015     |
| Interim dividend | <u>—</u>                  | <u>—</u> |

## 6. 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)  | Six months ended June 30, |              |
|--|---------------------------|--------------|
|  | 2016                      | 2015         |
| Loss for the purpose of calculating the basic and diluted loss per share | <u>(184)</u>              | <u>(112)</u> |

| Number of shares   | Six months ended June 30, |                      |
|--|---------------------------|----------------------|
|  | 2016                      | 2015                 |
| Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share | <u>1,587,721,445</u>      | <u>1,587,775,022</u> |

Pursuant to the terms of the applicable deed poll, the bonus convertible notes will confer upon the holders the same economic interests attached to the bonus shares. The aggregated amount of HK\$592,553,354.40 (2015: HK\$592,553,354.40) outstanding bonus convertible notes which could be converted into 1,185,106,708 (2015: 1,185,106,708) fully paid ordinary shares of HK\$0.50 each is included in the weighted average number of ordinary shares for calculating the basic loss per share for the six months ended June 30, 2016 and June 30, 2015.

## 7. Investment properties

Investment properties as at June 30, 2016 represents a property of approximately HK\$2,578 million located in Indonesia (December 31, 2015: HK\$2,084 million) which the construction is in progress and a completed property of approximately HK\$52 million located in Hong Kong (December 31, 2015: HK\$52 million). The movements of the carrying value of the investment properties during the period are as follows:

| HK\$ million         | 2016         | 2015         |
|----------------------|--------------|--------------|
| At January 1,        | 2,136        | 1,926        |
| Additions            | 437          | 131          |
| Exchange differences | <u>57</u>    | <u>(99)</u>  |
| At June 30,          | <u>2,630</u> | <u>1,958</u> |

## 8. Derivative Financial Instrument

On June 25, 2015, the Group executed an Indonesian Rupiah/US Dollar currency call spread option for a notional amount of US\$200 million with a tenor of one year (the "Option"). An option premium of US\$8 million (equivalent to HK\$62 million) was paid up-front. The Option was purchased for the purpose of managing the risk of foreign currency exposure arising from the Group's net investment in the foreign operation in Indonesia. It is recognised as a derivative financial instrument at fair value. The Option expired on June 27, 2016. As at June 27, 2016, the fair value of the Option was nil (December 31, 2015: HK\$60 million). Upon the expiry of the Option, the derivative financial instrument has been de-recognised. The total fair value loss of HK\$60 million is recognised in "other losses, net" in the condensed consolidated statement of comprehensive income for the six months ended June 30, 2016.

## 9. 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<br>June 30,<br>2016 | As at<br>December 31,<br>2015 |
|---------------------|---------------------------|-------------------------------|
| Current             | 4                         | 5                             |
| One to three months | <u>2</u>                  | <u>2</u>                      |
|                     | <u><b>6</b></u>           | <u><b>7</b></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.

## 10. Trade Payables

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

| HK\$ million           | As at<br>June 30,<br>2016 | As at<br>December 31,<br>2015 |
|------------------------|---------------------------|-------------------------------|
| Current                | 3                         | 13                            |
| More than three months | <u>—</u>                  | <u>1</u>                      |
|                        | <u><b>3</b></u>           | <u><b>14</b></u>              |

## FINANCIAL REVIEW

### Review of results

The consolidated revenue of the Group was approximately HK\$115 million for the six months ended June 30, 2016, representing an increase of approximately 16 per cent from approximately HK\$99 million for the corresponding period in 2015.

The consolidated gross profit for the six months ended June 30, 2016 was approximately HK\$78 million, representing an increase of approximately 4 per cent from approximately HK\$75 million for the corresponding period in 2015. The gross profit margin for the six months ended June 30, 2016 was 68 per cent as compared to 76 per cent for the corresponding period in 2015. The decrease in gross profit margin was due to a one-off credit adjustment relating to the cost of sales of the previous property sales in 2015.

The general and administrative expenses were approximately HK\$208 million for the six months ended June 30, 2016, representing an increase of 14 per cent from approximately HK\$183 million for the corresponding period in 2015. Such increase was mainly due to the increase in professional and consultancy fee and staff cost incurred in the first half of 2016.

The Group reported a loss of HK\$60 million in “other losses, net” being the fair value adjustment of a call spread option (“Option”) expired on June 27, 2016. The Option was purchased on June 25, 2015 for the purpose of managing the risk of foreign currency exposure arising from the Group’s net investment in the foreign operation in Indonesia. There was no cash flow impact to the Group in the six months ended June 30, 2016.

The consolidated operating loss for the six months ended June 30, 2016 increased to approximately HK\$186 million, as compared to approximately HK\$114 million for the corresponding period in 2015. Such increase was mainly due to the recognition of fair value adjustment of the Option in 2016.

As a result of the above, the Group recorded a consolidated net loss after taxation of approximately HK\$184 million for the six months ended June 30, 2016, as compared to approximately HK\$112 million for the corresponding period in 2015. Basic loss per share during the period under review was 11.62 Hong Kong cents, as compared to basic loss per share of 7.08 Hong Kong cents for the corresponding period in 2015.

### Current assets and liabilities

As at June 30, 2016, the Group held current assets of approximately HK\$2,632 million (December 31, 2015: HK\$2,890 million), mainly comprising cash and bank balances, sales proceeds held in stakeholders’ accounts, restricted cash and prepayments, deposits and other current assets. The decrease in current assets is mainly due to de-recognition of derivative financial instrument upon its expiry during the reporting period and the cash used in operation. Cash and bank balances (including cash and cash equivalents and short-term deposits) decreased by approximately 7 per cent from approximately HK\$1,816 million as at December 31, 2015 to approximately HK\$1,692 million as at June 30, 2016 for operational purpose while the development project in Indonesia was financed by a loan drawdown. Sales proceeds held in stakeholders’ accounts amounted to approximately HK\$511 million as at June 30, 2016 (December 31, 2015: HK\$513 million). The level of restricted cash has increased to approximately HK\$103 million as at June 30, 2016 from approximately HK\$96 million as at December 31, 2015 as approximately HK\$7 million was parked in the interest reserve account pledged for the loan drawdown during the reporting period. As at June 30, 2016, the current ratio was 3.86 (December 31, 2015: 3.72).

As at June 30, 2016, the Group’s total current liabilities amounted to approximately HK\$681 million, as compared to approximately HK\$777 million as at December 31, 2015.

## **Capital structure, liquidity and financial resources**

As at June 30, 2016, the Group's borrowings amounted to approximately HK\$453 million (December 31, 2015: Nil) which represented the amortised cost of a financial liability in respect of the term loan with principal amount of US\$60 million (equivalent to approximately HK\$465 million) drawn down in 2016.

On January 21, 2014, the Group entered into agreements to obtain loan facilities by which the lenders syndicate would make available term loan facilities which in the aggregate shall not exceed US\$200 million, of which US\$140 million remained undrawn by the Group as at June 30, 2016.

As at June 30, 2016, the net debt-to-equity ratio was not applicable (as at December 31, 2015: not applicable) given the net debt was zero after deducting the aggregate of cash and cash equivalents and short-term deposits of HK\$1,692 million from the principal amount of borrowings of HK\$465 million.

The Group's borrowings were denominated in US dollars 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 June 30, 2016, the assets of the Group in Indonesia, Thailand and Japan represented approximately 47 per cent, 8 per cent and 10 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. On June 25, 2015, the Group has entered an Indonesian Rupiah/US dollars currency option with notional amount of US\$200 million to manage the Indonesian Rupiah currency exposure. Such option has been expired on June 27, 2016.

Cash used in operating activities in the six months ended June 30, 2016 was approximately HK\$198 million, compared to cash generated from operating activities in the amount of approximately HK\$115 million for the corresponding period in 2015 as the Group received net surplus proceeds distribution of Cyberport project in 2015.

### **Income tax**

The Group's income tax for the six months ended June 30, 2016 were approximately HK\$4 million, as compared to approximately HK\$5 million for the corresponding period in 2015.

### **Security on assets**

As at June 30, 2016, certain assets of the Group and equity interests in companies within the Group with an aggregated carrying value of approximately HK\$2,795 million (December 31, 2015: HK\$2,268 million) and performance guarantee of approximately HK\$162 million (December 31, 2015: HK\$161 million) were mortgaged and pledged to the banks as security for the loan facilities.

## EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2016, the Group employed a total number of 275 staff in Hong Kong and 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 the Company's 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, 2016 (2015: Nil).

The Board did not recommend the payment of a final dividend for the year ended December 31, 2015.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2016, the Company repurchased a total of 199,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the aggregate consideration of HK\$575,170 (excluding expenses). The repurchased shares were cancelled during the six months ended June 30, 2016. Details of the shares repurchased are as follows:

| Period of repurchase | Number of shares repurchased | Price paid per share |                | Aggregate Consideration<br>HK\$ |
|----------------------|------------------------------|----------------------|----------------|---------------------------------|
|                      |                              | Highest<br>HK\$      | Lowest<br>HK\$ |                                 |
| April 2016           | <u>199,000</u>               | 2.92                 | 2.87           | <u>575,170</u>                  |

Save as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2016.

## 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, 2016 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 during the six months period ended June 30, 2016, except for code provision E.1.2 as the Chairman of the Board was unable to attend the Company's annual general meeting held on May 4, 2016 due to an urgent business trip. Prof Wong Yue Chim, Richard, an independent non-executive director, chaired the annual general meeting pursuant to the Company's bye-laws and was available to answer questions.

## OUTLOOK

In the first half of 2016, the financial market sentiments continued to be dominated by the expected timing of the next U.S. interest rate hike. In early July, the World Bank has downgraded its 2016 global growth forecast from 2.9 per cent which it announced in January to 2.4 per cent. The move is due to sluggish growth in advanced economies, stubbornly low commodity prices, weak global trade, and diminishing capital flows. In addition, the United Kingdom's decision to leave the European Union has cast the latest shadow on global economic outlook.

In view of macro-economic uncertainties, PCPD will be more cautious in seeking suitable projects. The Group intends to retain the cash and exercise appropriate leverage to fund the existing three overseas projects as well as to acquire potential projects that can offer good returns.

The construction works of the Group's Premium Grade A office building in Jakarta, Indonesia, are proceeding well. The building, named as Pacific Century Place Jakarta, has reached the topping-out stage. The Group is confident that the building will be completed and in operation around 2017-2018 and it is expected the building could generate recurrent income to the Group from this onwards. The leasing activities of the building are also in full swing with Citibank Indonesia, Sotheby's Hong Kong Limited and FWD have committed to take up part of the office spaces.

The other two projects in Hokkaido, Japan and Phang-nga, Thailand are also proceeding with their respective schedules.

By order of the Board  
**Pacific Century Premium Developments Limited**  
**Tsang Sai Chung**  
*Company Secretary*

Hong Kong, August 10, 2016

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

***Executive Directors:***

Li Tzar Kai, Richard (Chairman); Lee Chi Hong, Robert (Deputy Chairman and Chief Executive Officer); and James Chan

***Independent Non-Executive Directors:***

Prof Wong Yue Chim, Richard, SBS, JP; Dr Allan Zeman, GBM, GBS, JP; and Chiang Yun

*\* For identification only*