Pacific Century Premium Developments
盈科大衍地產發展

STOCK CODE: 00432

INTERIM REPORT 2026

Defining and Transforming the Future

CONTENTS

STATEMENT FROM THE INDEPENDENT NON-EXECUTIVE CHAIRMAN

Backed by the Group's established market position and competitive strengths, we believe it is well placed to deliver sustainable value for our stakeholders.

The first half of 2026 was marked by heightened global uncertainty. Market sentiment grew increasingly cautious as geopolitical tensions deepened, particularly amid the conflict in the Middle East. Oil price fluctuations, shifting trade policies, inflationary pressures and changing interest rate expectations added to market volatility. The International Monetary Fund trimmed its 2026 global growth forecast to 3% in its July outlook, down 0.1 percentage points from its April projection.

Nonetheless, the period also brought some encouraging developments. Most major economies proved more resilient than expected, while tourism across Asia remained relatively steady. Japan, our key market, experienced a slight easing in international tourist arrivals but continued to rank as the world's top travel destination, providing a favourable backdrop for our business there. In Hong Kong, the property market maintained its recovery momentum, with the premium segment leading the way. Thailand's key tourist destinations continued to attract a steady stream of international visitors despite softer market conditions.

Looking ahead, the world economy is expected to remain under pressure, with geopolitical, trade and monetary challenges continuing to pose risks. We will stay attuned to developments as they unfold and respond proactively to changing circumstances. We are confident in Asia's long-term outlook. The region's economic fundamentals remain sound, and PCPD's established presence in key markets provides a strong platform for sustainable growth while enabling us to navigate near-term headwinds. Following our recent portfolio realignment, we are reallocating our resources towards our core priorities. Backed by the Group's established market position and competitive strengths, we believe it is well placed to deliver sustainable value for our stakeholders.

On behalf of the Board, I would like to express my sincere gratitude to our shareholders and stakeholders for their trust and support. I also wish to thank our staff and management team in Hong Kong and overseas for their unwavering dedication and professionalism throughout the year.

Richard Wong
Independent Non-Executive Chairman

July 29, 2026

STATEMENT FROM THE DEPUTY CHAIRMAN AND GROUP MANAGING DIRECTOR

Park Hyatt Niseko, Hanazono, our hospitality business in Niseko, Hokkaido, delivered a stable performance with healthy occupancy and room rates, while our ski operations remained a key contributor to the Group's results.

The Group recorded a consolidated revenue of HK$593 million for the six months ended June 30, 2026, compared to HK$636 million for the same period of 2025.

The Group's consolidated loss attributable to equity holders of the Company for the first six months of 2026 totalled HK$189 million, compared to a consolidated loss of HK$249 million for the corresponding period last year. Basic loss per share for the six months ended June 30, 2026, was 9.28 Hong Kong cents, compared to a basic loss per share of 12.23 Hong Kong cents for the corresponding period of 2025.

The Board of Directors did not declare an interim dividend for the first half of 2026.

For the first half of 2026, the Group delivered encouraging results as we built on our core strengths and benefited from resilient demand across the markets in which we operate. During the period, we also took steps to enhance our portfolio, including the disposals of two investment assets. These initiatives are expected to strengthen the Group's financial position and reinforce its long-term growth.

Our operations in Japan performed well despite some moderation in tourism demand, shaped by changes in the composition of international visitors and fluctuations in travel demand. Park Hyatt Niseko, Hanazono, our hospitality business in Niseko, Hokkaido, delivered a stable performance with healthy occupancy and room rates, while our ski operations remained a key contributor to the Group's results. Earnings from our recreational facilities, ski lifts, equipment rentals, "Hanazono EDGE" (a restaurant and entertainment centre) and Niseko International Snowsports School continued to grow year-on-year. We will stay focused on establishing Niseko Hanazono Resort as a world-class, all-season luxury destination and remain optimistic about its long-term development.

Our luxury residential project, Central Residence by the Park, Hong Kong, has achieved exceptional sales momentum in the past few months. As at the end of June, we sold approximately 90.9% of the total available units. The strong market response underscores the quality and market appeal of the development, which is on track for completion and handover later this year. We maintain a positive outlook for Hong Kong's luxury residential market over the long term.

In Thailand, international tourist arrivals moderated during the first six months of 2026, with approximately 15.45 million visitors, representing a year-on-year decline of about 7.49%. Nevertheless, demand for established destinations such as Phuket remained resilient. During the review period, we continued to promote our property development project in Phang Nga. In addition, we formed strategic alliance with Hotel Properties Limited ("HPL") to bring a Four Seasons Resort and Branded Residences to the prestigious integrated resort community of Aquella in Phang Nga.

The sale of our entire interest in Midtown Niseko in Hokkaido, as well as Pacific Century Place, Jakarta ("PCP Jakarta"), our premium commercial building in Jakarta, Indonesia, was completed in June. Notwithstanding the change in ownership, the Group still retains the day-to-day management rights to PCP Jakarta. The disposals of the two assets are expected to enhance the Group's overall financial position and support the long-term growth of our core property development business, including the projects in Japan, Thailand and Hong Kong.

In the second half of the year, we will continue to enhance the value of our existing assets while positioning the Group to capitalise on opportunities that support our long-term strategy and create value for our stakeholders.

Benjamin Lam
Deputy Chairman and Group Managing Director

July 29, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's discussion and analysis of the unaudited consolidated financial results and operations relating to the business of Pacific Century Premium Developments Limited ("Company") and its subsidiaries (together with the Company, "Group") for the six months ended June 30, 2026 is set below.

REVIEW OF OPERATIONS

Property development and investment

Property investment in Indonesia

On March 16, 2026, the Group announced the sale of its entire interest in Pacific Century Place, Jakarta ("PCP Jakarta") in Indonesia. The transaction, at a total consideration of US$400 million, was completed on June 8, 2026. Notwithstanding the disposal, the Group will continue to provide property management services in respect of PCP Jakarta.

The gross rental income amounted to HK$93 million up to the disposal date for the period ended June 30, 2026, compared to HK$100 million for the same period in 2025.

Property development and investment in Japan

In Hokkaido, Japan, 111 units of the Park Hyatt Niseko Hanazono Residences have been sold or reserved to date.

The Group had no revenue from the property development and investment in Japan for the six months ended June 30, 2026, compared to HK$102 million for the same period in 2025.

Property development and golf operation in Thailand

As of June 30, 2026, the Group had sold or reserved 40% of its Phase 1A villas in Phang Nga, Thailand. The Group had no revenue from its property development in Thailand for the six months ended June 30, 2026, as with the same period in 2025.

The Group formed a strategic alliance with HPL in Singapore to bring a Four Seasons Resort and Branded Residences to Aquella, a large-scale integrated resort development in Phang Nga. The move represents a significant milestone in PCPD's long-term vision of transforming Aquella into an integrated resort destination that effortlessly blends luxury living, recreation and exceptional service.

Total revenue from our golf operations, Aquella Golf & Country Club, amounted to HK$7 million for the six months ended June 30, 2026, compared to HK$6 million for the same period in 2025.

Property development in Hong Kong

Central Residence by the Park in Hong Kong was launched for sale in January 2026. As at the end of June 2026, 90.9% of the total available units of the luxury residential project had already been sold. The project will be completed in the latter half of 2026.

Hospitality operations in Japan

During the review period, Japan's tourism industry experienced a moderation in international visitor arrivals amid shifts in travel demand and changes in the demographic profile of international travellers. Following a record-breaking March, when arrivals reached 3.6 million, visitor numbers eased modestly over the subsequent two months. Nonetheless, the sector remained broadly resilient throughout the first half of 2026, reflecting Japan's enduring appeal as a top travel destination and the effects of a relatively weak Japanese Yen.

The generally favourable environment, coupled with PCPD's focused business strategy, has contributed to the steady performance of Park Hyatt Niseko, Hanazono, our hotel operations in Hokkaido. Both the occupancy rate and the average room rate recorded a notable surge year-on-year.

On February 13, 2026, the Group announced the sale of its entire interest in Midtown Niseko. The transaction, at a total consideration of US$80 million, was completed on May 31, 2026.

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; and "Hanazono Zipflight", "42°N Art Hanazono — Mountain Lights", rafting tours, tree-trekking, e-bikes, and golfing in the summer.

Building on the momentum of the 2024/25 winter season, our resort maintained steady ski lift and gondola performance in the 2025/26 winter season. On the whole, our resort has continued to benefit from the strength of Japan's tourism industry during and beyond the winter months.

For the six months ended June 30, 2026, revenue from the Group's hospitality operations in Japan totalled HK$566 million, compared to HK$505 million for the corresponding period in 2025.

Property and facilities management in Hong Kong

Providing property management and facilities management services in Hong Kong, the Group generated a stable revenue of HK$14 million for the six months ended June 30, 2026, compared to HK$15 million for the corresponding period in 2025.

Other businesses

Other businesses of the Group mainly include property investment in Hong Kong. Revenue from these other businesses amounted to HK$6 million for the six months ended June 30, 2026, compared to HK$8 million for the corresponding period in 2025.

FINANCIAL REVIEW

Review of results

The consolidated revenue of the Group was HK$593 million for the six months ended June 30, 2026, representing a decrease of 7% from HK$636 million for the corresponding period in 2025. The decrease is entirely attributable to the sale of a duplex unit at the Park Hyatt Branded Residence in May 2025. Excluding this prior year sales, revenue from our other core businesses recorded 11% year-on-year growth. This growth was primarily driven by the sustained strong performance of our Japan operations, including hotels, ski resorts, and property management.

The consolidated gross profit for the six months ended June 30, 2026 was HK$381 million, representing a decrease of 10% from HK$425 million for the corresponding period in 2025. The gross profit margin for the six months ended June 30, 2026 was 64% as compared to 67% for the corresponding period in 2025.

The general and administrative expenses were HK$337 million for the six months ended June 30, 2026, same as the corresponding period in 2025.

The Group recorded higher finance costs of HK$225 million for the six months ended June 30, 2026, as compared to HK$211 million for the same period in 2025. The increase was mainly due to the rebound in interest rate. The consolidated net loss after taxation was HK$189 million for the six months ended June 30, 2026, as compared to HK$249 million for the corresponding period in 2025. Such decrease was mainly due to gain on disposal of a subsidiary. Basic loss per share during the period under review was 9.28 Hong Kong cents, compared to a basic loss per share of 12.23 Hong Kong cents for the corresponding period in 2025.

Assets and liabilities

The Group reclassified a portion of the freehold land under development in Japan from properties under development to investment properties under development during the period ended June 30, 2026 with the intention to earn rental income and capture the future capital appreciation.

As at June 30, 2026, the Group held current assets of HK$8,250 million (December 31, 2025: HK$5,156 million), mainly comprising properties under development/held for sale, cash and cash equivalents and prepayments, deposits and other current assets. The increase in current assets is mainly attributable to addition in restricted cash, cash and cash equivalents. The level of restricted cash in current assets increased to HK$932 million as at June 30, 2026 (December 31, 2025: HK$42 million) mainly due to the pre-sales proceeds of Central Residence by the Park in Hong Kong.

As at June 30, 2026, the Group's total current liabilities amounted to HK$5,147 million, as compared to HK$8,754 million as at December 31, 2025. As at June 30, 2026, the current ratio was 1.60 (December 31, 2025: 0.59).

Capital structure, liquidity and financial resources

As at June 30, 2026, the Group's borrowings amounted to HK$7,534 million (December 31, 2025: HK$9,163 million). The balance as at June 30, 2026 represented the amortised cost of financial liabilities in respect of the 7.5% guaranteed notes of US$500 million (equivalent to HK$3,801 million), Japanese Yen ("JPY") 18,861 million (equivalent to HK$915 million) under all JPY loan facilities, together with HK$2,818 million under the Hong Kong dollar loan facilities.

On June 18, 2021, PCPD Capital Limited ("PCPD Capital"), an indirect 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. The Notes have been redeemed in full on maturity on June 18, 2026.

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 June 30, 2026, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK$500 million (December 31, 2025: HK$500 million) offset by the deferred loan arrangement costs of HK$2 million (December 31, 2025: HK$3 million).

On July 23, 2025, 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 JPY23,500 million (equivalent to HK$1,271 million) with a maturity in July 2030. Such facility is secured by certain lands and properties, bank accounts, shares and other assets of certain indirect wholly-owned subsidiaries of the Company and subject to certain financial ratios covenants. As of June 30, 2026, none of the covenants were breached and the carrying value of the borrowing represents the outstanding principal amount of JPY19,500 million (equivalent to HK$946 million) (December 31, 2025: JPY14,500 million (equivalent to HK$724 million) offset by the deferred loan arrangement costs of JPY639 million (equivalent to HK$31 million) (December 31, 2025: JPY681 million (equivalent to HK$34 million)).

On December 24, 2025, 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$780 million. The maturity of the term loan facility is in June 2030. Such facility is secured by corporate guarantee of the Company and subject to certain financial ratios covenants. As of June 30, 2026, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK$780 million (December 31, 2025: nil) offset by the deferred loan arrangement costs of HK$6 million (December 31, 2025: nil).

On March 19, 2026, a subsidiary of the Company entered into an amendment agreement to the project development loan facility agreement up to an aggregate amount of HK$1,382 million. The facility was renewed with a maturity of April 2027 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 June 30, 2026, none of the covenants were breached and the carrying value of the borrowing represents the outstanding principal amount of HK$1 million (December 31, 2025: HK$1,191 million offset by the deferred loan arrangement costs of HK$2 million).

On May 11, 2026, 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$1,560 million. The maturity of the term loan facility is in January 2027. Such facility is secured by corporate guarantees of the Company and an indirect wholly-owned subsidiary of the Company, other assets of certain indirect wholly-owned subsidiaries of the Company and subject to certain financial ratios covenants. As of June 30, 2026, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK$1,560 million (December 31, 2025: nil) offset by the deferred loan arrangement costs of HK$13 million (December 31, 2025: nil).

On May 15, 2026, PCPD Capital issued in an aggregate principal amount of US$500 million 7.5 per cent guaranteed notes due 2029 ("New 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 New Notes are irrevocably and unconditionally guaranteed by the Company. The New Notes rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of PCPD Capital and the Company.

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, 2026, the assets of the Group in Japan and Thailand represented 50 per cent and 7 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 Japanese Yen and Thai Baht.

Cash generated from operating activities for the six months ended June 30, 2026 was HK$1,820 million, as compared to cash used in operating activities in the amount of HK$61 million for the corresponding period in 2025.

Income tax

The Group's income tax for the six months ended June 30, 2026 was HK$38 million, as compared to HK$42 million for the corresponding period in 2025.

Security on assets

As at June 30, 2026, certain assets of the Group with an aggregated carrying value of HK$8,531 million (December 31, 2025: HK$4,669 million) were mortgaged and pledged to the banks as security for the loan facilities.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2026, the Group employed a total number of 977 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 14, 2025 ("2025 Scheme"). Under the 2025 Scheme, the Board shall be entitled to offer to grant share options to any eligible participant (including employee of the Group) 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, 2026 (2025: Nil).

The Board did not recommend the payment of a final dividend to shareholders nor a final distribution to bonus convertible noteholders for the year ended December 31, 2025.

OUTLOOK

The first half of 2026 presented a challenging global environment, characterised by geopolitical tensions including the conflict in the Middle East, inflation, trade uncertainties and concerns over monetary policies. In the months to come, the global outlook is expected to remain uncertain. While recent geopolitical developments have helped ease some market concerns, the situation remains fluid and unpredictable. Meanwhile, factors such as trade uncertainties and evolving monetary policies may cloud the outlook. We will remain vigilant and responsive to changes in market conditions as needed.

Despite the headwinds, global growth was relatively resilient, while international tourism in many parts of Asia continued to perform steadily.

The Group's core markets in Asia generally remained solid during the period. Tourism demand continued to support Japan and Thailand despite a slightly more measured pace of growth. Improving sentiment in Hong Kong's property market also provided a more favourable backdrop for our luxury residential development.

As we look ahead to the remainder of the year, we will continue to execute our business strategies with a clear focus on long-term value creation. We will stay committed to driving business growth and identifying new opportunities with growth potential. We are cautiously optimistic about the long-term outlook for the property sectors in Hong Kong, Japan and Thailand. We will harness our diversified portfolio and strong business fundamentals, as well as positive market dynamics, to strengthen our business performance, and create value for our shareholders and stakeholders.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

LI Tzar Kai, Richard

Mr Li, aged 59, is an Executive Director of Pacific Century Premium Developments Limited ("PCPD"), the Chairman of PCPD's Executive Committee of the board of directors ("Board"), a member of PCPD's Remuneration Committee and Nomination Committee of the Board. He became a director of PCPD in May 2004. He was also the Chairman of PCPD from June 2004 to May 2019. He also holds positions in the following companies:

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

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

Benjamin LAM Yu Yee

Deputy Chairman and Group Managing Director

Mr Lam, aged 65, is an Executive Director, Deputy Chairman and Group Managing Director of PCPD, a member of PCPD's Executive Committee of the Board and a director of certain PCPD subsidiaries. He became a director of PCPD in May 2019. He served PCPD as Chief Operating Officer in September 2004 and was Deputy Chief Executive Officer, Chief Financial Officer and Executive Director from September 2007 to November 2014.

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

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

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTOR

Dr Allan ZEMAN, GBM, GBS, JP

Dr Zeman, aged 78, is a Non-Executive Director of PCPD, a member of PCPD's Nomination Committee of the Board and a director of certain PCPD subsidiaries. He became a director of PCPD in June 2004.

Dr Zeman is the Chairman of Lan Kwai Fong Group, a major property owner and developer in Hong Kong's Lan Kwai Fong, one of Hong Kong's popular tourist attractions and entertainment districts. Dr Zeman is also an Independent Non-Executive Director of Sino Land, Tsim Sha Tsui Properties Limited and Television Broadcasts Limited (all of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) and a board member of The "Star" Ferry Company, Limited. Besides all the board appointments in Hong Kong, Dr Zeman is also the Non-Executive Chairman and Independent Non-Executive Director of Wynn Macau, Limited (which is listed on the Stock Exchange), a prominent gaming company in Macau. Dr Zeman was formerly an Independent Non-Executive Director of Fosun Tourism Group (withdrawal of listing of its shares on the Stock Exchange since March 19, 2025) from November 2018 to March 2025.

Having lived in Hong Kong for over 55 years, Dr Zeman has been very involved in Government services as well as community activities. Dr Zeman is a member of the Hong Kong Special Administrative Region ("HKSAR") Chief Executive's Council of Advisers, a non-official member of the HKSAR Task Force on Promoting and Branding Hong Kong, and a member of the HKSAR Culture Commission. He is also a board member of WestK Enterprise Limited. It is established to enhance the long-term financial sustainability of the West Kowloon Cultural District Authority ("Authority") and to drive commercialisation and explore new revenue sources, leveraging the Authority's assets, resources and expertise. He is a member of the Board of Governors of The Canadian Chamber of Commerce in Hong Kong. Dr Zeman is also a board member of The Hong Kong Entrepreneurs Fund of Alibaba Group which was launched in November 2015. Dr Zeman was the board member of the Airport Authority Hong Kong from June 2015 to June 2022. He was also the Chairman of Hong Kong Ocean Park from July 2003 to June 2014 and the honorary advisor to the Ocean Park from July 2014 to June 2022.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof WONG Yue Chim, Richard, SBS, JP

Independent Non-Executive Chairman

Prof Wong, aged 74, is an Independent Non-Executive Director and the Independent Non-Executive Chairman of PCPD, the Chairman of PCPD's Audit Committee of the Board and a member of PCPD's Remuneration Committee and Nomination Committee of the Board. He became a director of PCPD in July 2004.

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

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

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

CHIANG Yun

Ms Chiang, aged 58, is an Independent Non-Executive Director of PCPD, the Chairlady of PCPD's Remuneration Committee of the Board and a member of PCPD's Audit Committee and Nomination Committee of the Board. She became a director of PCPD in May 2015.

Ms Chiang has over 32 years of private equity investment experience and is now the founding managing partner of Prospere Capital Limited. She was previously a founding managing partner of the private equity division of Pacific Alliance Group ("PAG"). Prior to joining PAG, she was a vice president in AIG Investment Corporation. She is currently an Independent Non-Executive Director of Sands China Ltd. ("Sands") and the Lead Independent Non-Executive Director of Goodbaby International Holdings Limited ("Goodbaby"), both of which are listed in Hong Kong. She is also the Chairlady of Environmental, Social and Governance Committee, a member of Audit Committee and Nomination Committee of Sands as well as the Chairlady of Nomination Committee, Remuneration Committee and Environmental, Social and Governance Committee and a member of Audit Committee of Goodbaby. Ms Chiang is also a Non-Executive Director of Yantai Changyu Pioneer Wine Company Limited, which is listed in Shenzhen.

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

BOARD OF DIRECTORS

Dr Vince FENG

Dr Feng, aged 53, is an Independent Non-Executive Director of PCPD, the Chairman of PCPD's Nomination Committee of the Board and a member of PCPD's Audit Committee of the Board. He became a director of PCPD in March 2018.

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

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

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2026

HK$ million	Notes	2026 (Unaudited)	2025 (Unaudited)
Revenue	2	**593**	636
Cost of sales		**(212)**	(211)
Gross profit		**381**	425
General and administrative expenses		**(337)**	(337)
Gain on disposal of a subsidiary	3	**149**	—
Fair value changes on investment properties		**1,495**	—
Interest income		**18**	2
Finance costs	4	**(225)**	(211)
Profit/(loss) before taxation	5	**1,481**	(121)
Income tax	6	**(38)**	(42)
Profit/(loss) from continuing operations		**1,443**	(163)
Discontinued operation			
Loss from discontinued operation	18	**(1,632)**	(86)
Loss for the period		**(189)**	(249)
Other comprehensive income/(loss):			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences:			
Exchange differences on translating foreign operations			
— from continuing operations		**(122)**	351
— from discontinued operation		**(178)**	(87)
Release of currency translation reserve upon disposal of subsidiaries			
— from continuing operations		**98**	—
— from discontinued operation		**1,412**	—
Cash flow hedges:			
— effective portion of changes in fair value		**19**	—
Cost of hedging		**(4)**	—
Item that may be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment:			
— Revaluation surplus		**2,708**	—
— Deferred tax		**(837)**	—
Other comprehensive income		**3,096**	264
Total comprehensive income/(loss)			
— from continuing operations		**3,305**	188
— from discontinued operation		**(398)**	(173)
		2,907	15
Basic and diluted earning/(loss) per share for profit/(loss) from continuing operations (expressed in Hong Kong cents per share)	8	**70.76 cents**	(8.00) cents
Basic and diluted loss per share for loss from discontinued operation (expressed in Hong Kong cents per share)		**(80.04) cents**	(4.23) cents
Basic and diluted loss per share (expressed in Hong Kong cents per share)		**(9.28) cents**	(12.23) cents

The notes on pages 19 to 41 form part of these unaudited condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2026

2026 (Unaudited)

HK$ million	Issued equity	Capital reserve	Currency translation reserve	Revaluation reserve	Hedge reserve	Cost of hedging reserve	Other reserves	Accumulated losses	Attributable to Equity holders of the Company	Attributable to Non-controlling interests	Total equity
Balance at January 1, 2026	3,802	(565)	(2,005)	–	–	–	10	(1,339)	(97)	133	36
Loss for the period	–	–	–	–	–	–	–	(189)	(189)	–	(189)
Other comprehensive income/(loss)											
Exchange difference on translating foreign operations	–	–	(300)	–	–	–	–	–	(300)	–	(300)
Release of currency translation reserve upon disposal of assets	–	–	1,510	–	–	–	–	–	1,510	–	1,510
Cash flow hedges	–	–	–	–	19	(4)	–	–	15	–	15
Revaluation surplus	–	–	–	2,708	–	–	–	–	2,708	–	2,708
Deferred tax	–	–	–	(837)	–	–	–	–	(837)	–	(837)
Other comprehensive income/(loss) for the period	–	–	1,210	1,871	19	(4)	–	–	3,096	–	3,096
Total comprehensive income/(loss) for the period	–	–	1,210	1,871	19	(4)	–	(189)	2,907	–	2,907
Balance at June 30, 2026	3,802	(565)	(795)	1,871	19	(4)	10	(1,528)	2,810	133	2,943

2025 (Unaudited)

HK$ million	Issued equity	Capital reserve	Currency translation reserve	Other reserves	Accumulated losses	Attributable to Equity holders of the Company	Attributable to Non-controlling interests	Total equity
Balance at January 1, 2025	3,802	(565)	(2,044)	10	(1,270)	(67)	133	66
Loss for the period	–	–	–	–	(249)	(249)	–	(249)
Other comprehensive income								
Exchange difference on translating foreign operations	–	–	264	–	–	264	–	264
Other comprehensive income for the period	–	–	264	–	–	264	–	264
Total comprehensive income/(loss) for the period	–	–	264	–	(249)	15	–	15
Balance at June 30, 2025	3,802	(565)	(1,780)	10	(1,519)	(52)	133	81

The notes on pages 19 to 41 form part of these unaudited condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2026

HK$ million	Notes	As at June 30, 2026 (Unaudited)	As at December 31, 2025 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	9	**1,569**	56
Property, plant and equipment	10	**4,462**	2,056
Right-of-use assets		**49**	40
Properties held for development	11a	**475**	566
Goodwill		**3**	3
Financial assets at fair value through profit or loss		**1**	1
Derivative financial instruments	12	**24**	—
Prepayments and other receivables		**51**	20
Deferred income tax assets		**65**	83
		6,699	2,825
Current assets			
Properties under development/held for sale	11b	**4,914**	4,224
Inventories		**15**	19
Restricted cash		**932**	42
Trade receivables, net	13	**17**	121
Prepayments, deposits and other current assets		**75**	57
Amounts due from related companies		**2**	2
Cash and cash equivalents		**2,295**	691
		8,250	5,156
Assets of disposal group held for sale		**—**	3,368
		8,250	8,524
Total assets		**14,949**	11,349

HK$ million	Notes	As at June 30, 2026 (Unaudited)	As at December 31, 2025 (Audited)
Current liabilities			
Borrowings	15	**1,822**	7,976
Trade payables	14	**9**	127
Accruals and other payables		**457**	154
Deferred income and contract liabilities	16	**2,668**	442
Lease liabilities		**43**	16
Current income tax liabilities		**148**	39
		5,147	8,754
Liabilities of disposal group held for sale		**—**	1,294
		5,147	10,048
Net current assets/(liabilities)		**3,103**	(1,524)
Total assets less current liabilities		**9,802**	1,301
Non-current liabilities			
Borrowings	15	**5,712**	1,187
Other payables		**204**	10
Deferred income and contract liabilities		**—**	1
Lease liabilities		**69**	29
Deferred income tax liabilities		**874**	38
		6,859	1,265
Total liabilities		**12,006**	11,313
Net assets		**2,943**	36
CAPITAL AND RESERVES			
Issued equity	17	**3,802**	3,802
Reserves		**(992)**	(3,899)
Capital and reserves attributable to equity holders of the Company		**2,810**	(97)
Non-controlling interest		**133**	133
		2,943	36

The notes on pages 19 to 41 form part of these unaudited condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2026

HK$ million	2026 (Unaudited)	2025 (Unaudited)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	**1,820**	(61)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(22)**	(17)
Payments for investment properties	**(2)**	(3)
Proceeds from disposal of subsidiaries	**3,763**	—
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	**3,739**	(20)
FINANCING ACTIVITIES		
Proceeds from bank borrowings, net	**2,614**	402
Proceeds from issuance of new guaranteed notes, net	**3,793**	—
(Increase)/decrease in restricted cash	**(875)**	3
Repayment of bank borrowings	**(2,986)**	(57)
Repayment of guaranteed notes	**(6,273)**	—
Payment for borrowing costs	**(233)**	(247)
Payment for lease liabilities (including interest)	**(16)**	(15)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**(3,976)**	86
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,583**	5
Exchange differences	**(21)**	43
CASH AND CASH EQUIVALENTS		
Balance at January 1,	**733**	659
Balance at June 30,	**2,295**	707

The notes on pages 19 to 41 form part of these unaudited condensed consolidated financial information.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2026

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, 2025, which have been prepared in accordance with HKFRS Accounting Standards 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.

After considering the Group's ability to generate net operating cash inflows and raise additional debt financing, and the undrawn banking facilities available as at June 30, 2026, management considers the Group is able to meet its liabilities as and when they fall due within the next 12-month period. Accordingly, this unaudited condensed consolidated interim financial information has been prepared on a going concern basis.

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, 2025, except for the critical accounting estimates and judgements required in distinction between property development projects, investment properties and owner-occupied properties in note 1(d) below.

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 December 31, 2025, except for the adoption of the following amended HKFRS Accounting Standards which are first effective for accounting periods beginning on or after January 1, 2026 and the change of accounting policy for property, plant and equipment as described below.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES — CONTINUED

a. *Adoption of new/revised accounting standards*

The following amended HKFRS Accounting Standards are adopted for the financial year beginning January 1, 2026, but have no material effect on the Group's reported results and financial position for the current and prior accounting periods.

— HKFRS 9 and HKFRS 7	*Classification and Measurement of Financial Instruments (amendments)*
— HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	*Annual Improvements to HKFRS Accounting Standards — Volume 11*
— HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity (amendments)*
— HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	*Disclosures about Uncertainties in the Financial Statements (amendments)*

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

The Group has not early adopted any new or amended HKFRS Accounting Standards and Interpretations that are not yet effective for the current accounting period.

c. *Change of accounting policy for property plant and equipment*

The Group re-assessed its accounting for property, plant and equipment with respect to measurement of certain classes of property, plant and equipment after initial recognition. The Group had previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The Group elected to change the method of accounting for land and buildings and structures classified as property, plant and equipment from January 1, 2026, as the Group believes that the revaluation model provides more relevant information to the users of its financial statements. Specifically, given that the market value of the Group's properties has experienced significant changes over time, measuring these assets at fair value reflects their current economic value and provides a more realistic representation of the Group's net asset value and asset backing. Management believes this enhancement allows shareholders and potential investors to more accurately evaluate the Group's financial position, asset utilisation efficiency, and true financial performance. In addition, available valuation techniques provide reliable measures of the lands' revalued amounts. The Group applied the revaluation model.

After the change in method of accounting for land and buildings and structures, they are measured at revalued amounts at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES — CONTINUED

c. Change of accounting policy for property plant and equipment — Continued

Fair value measurements

The fair value of the land and buildings and structures were determined by independent professional valuers using market approach and income approach. For market approach, the valuers took into account active market prices for comparable properties and adjusted if necessary for any difference in nature, location or conditions of the specific asset. For income approach, the valuers took into account expected revenue projection, growth rate, discount rate and capitalization rate. A significant change in the expected market rental or capitalisation rate would result in a significant change in the fair value of the land and buildings and structure at the revaluation date.

Effects of change in accounting policy

The effects of change in accounting policy for land and buildings and structures on the consolidated statement of financial position for as at January 1, 2026 is as follows:

(i) Property, plant and equipment

HK$ million	Land	Buildings and structures
Net book value under cost model	245	1,617
Revaluation surplus recognised in other comprehensive income	2,708	—
Net book value under revaluation model	2,953	1,617

(ii) Deferred tax liabilities

The carrying amount of the land under property, plant and equipment under revaluation model were presumed to be recovered through sale, accordingly, deferred tax liabilities of HK$849 million were recognised.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES — CONTINUED

d. Critical accounting estimates and judgements involved in distinction between property development projects, investment properties and owner-occupied properties

When the Group determines whether a property qualifies as an investment property, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. Properties for/under development and properties held for sale are assets under development and held for sale in the ordinary course of business. The Group shall reclassify a property when, and only when, there is evidence of a change in use. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold or leased out separately, the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgement.

2. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker (the "CODM") is the Group's senior executive management. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources and the segment information is reported below in accordance with this internal reporting.

The CODM considers the business from the products and services perspective and which comprise hospitality operations in Japan, property development and investment in Japan, property development and golf operation in Thailand, property and facilities management in Hong Kong and property development in Hong Kong segments.

The property investment business in Indonesia is reported as discontinued operation in the current period and have been excluded from segment information. The segments including all-season recreational activities, hotel operations, property management in Japan are consolidated into hospitalities operations in Japan for the Group's internal reporting to the CODM. The comparative figures of segment information for the period ended June 30, 2025 were restated to follow the current year presentation accordingly.

The CODM assesses the performance of the operating segments based on each segment's operating results. The measurement of segment results excludes the effects of unallocated items (including corporate expenses, corporate financing income and corporate financing costs). In addition, taxation is not allocated to segments. Sales between segments are carried out in accordance with terms agreed by the parties involved.

2. REVENUE AND SEGMENT INFORMATION — CONTINUED

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 period ended June 30 is set out below:

a. *Business segments*

	Continuing operations						
HK$ million	Hospitality operations in Japan	Property development and investment in Japan	Property development and golf operation in Thailand	Property and facilities management in Hong Kong	Property development in Hong Kong	Other business	Total
For the period ended June 30, 2026							
Total revenues	566	—	7	14	—	6	593
Revenues — external	566	—	7	14	—	6	593
Segment results	166	(8)	(18)	3	(28)	1	116
Gain on disposal of a subsidiary	149	—	—	—	—	—	149
Fair value changes on investment properties	—	1,511	—	—	—	(16)	1,495
	315	1,503	(18)	3	(28)	(15)	1,760
Unallocated items							
Corporate expenses							(72)
Interest income							18
Finance costs							(225)
Profit before taxation							1,481
Taxation							(38)
Profit after taxation							1,443
Additions to non-current assets	10	—	10	—	—	1	21
Depreciation and amortization	(51)	(4)	(6)	—	(8)	(10)	(79)

2. REVENUE AND SEGMENT INFORMATION — CONTINUED

a. Business segments — Continued

HK$ million	Continuing operations: Hospitality operations in Japan	Property development and investment in Japan	Property development and golf operation in Thailand	Property and facilities management in Hong Kong	Property development in Hong Kong	Other business	Total
For the period ended June 30, 2025							
Total revenues	505	102	6	15	—	9	637
Inter-segment	—	—	—	—	—	(1)	(1)
Revenues — external	505	102	6	15	—	8	636
Segment results	133	57	(23)	5	(23)	1	150
Unallocated items							
Corporate expenses							(62)
Interest income							2
Finance costs							(211)
Loss before taxation							(121)
Taxation							(42)
Loss after taxation							(163)
Additions to non-current assets	12	21	1	—	3	1	38
Depreciation and amortization	(56)	(4)	(5)	—	(18)	(10)	(93)

2. REVENUE AND SEGMENT INFORMATION — CONTINUED

HK$ million	Assets		Liabilities	
As at	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
Hospitality operations in Japan	**4,494**	2,181	**1,152**	427
Property development and investment in Japan	**2,909**	1,215	**1,319**	970
Property development and golf operation in Thailand	**1,085**	1,152	**46**	64
Property and facilities management in Hong Kong	**19**	18	**2**	2
Property development in Hong Kong	**4,455**	3,221	**2,360**	1,194
Other business (note b)	**42**	57	**9**	9
Total of reported segments	**13,004**	7,844	**4,888**	2,666
Unallocated (note c)	**1,945**	137	**7,118**	7,353
Consolidated	**14,949**	7,981	**12,006**	10,019

a. For the six months ended June 30, 2026 and 2025, the timing of revenue recognition is as follows:

HK$ million	2026	2025
External revenue from contracts with customers:		
Timing of revenue recognition		
– At a point in time	**110**	211
– Over time	**482**	424
External revenue from other sources:		
– Rental income	**1**	1
	593	636

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.

c. The liabilities from the unallocated segment are mainly general borrowings of the Group.

3. GAIN ON DISPOSAL OF A SUBSIDIARY

On May 31, 2026, the Group disposed all of its shares in Triple8 KK ("Niseko Target"). Accordingly, the Group did not hold any shares in Niseko Target and Niseko Target had ceased to be a subsidiary of the Group, following which the business operations and performance of Niseko Target would not be consolidated with and reflected in the financial information of the Group subsequent to May 31, 2026. The Group had recognised an aggregated net gain on disposal of HK$149 million for the period.

HK$ million	**As at June 30, 2026**
Consideration	**626**
Less: Net assets disposed	
Property, plant and equipment	**(195)**
Deferred tax assets	**(16)**
Trade receivables, net	**(2)**
Prepayment, deposits and other current assets	**(3)**
Cash and cash equivalents	**(1)**
Accruals and other payables	**5**
	(212)
Release of currency translation reserve upon disposal of a subsidiary	**(98)**
Right-of-use assets retained through the leaseback arrangement	**21**
Lease liabilities arising from the leaseback arrangement	**(79)**
Transaction costs and taxes	**(109)**
Net gain on disposal of a subsidiary	**149**

4. FINANCE COSTS

	Six months ended June 30,	
HK$ million	**2026**	**2025**
Interest expenses:		
– Bank borrowings	**81**	63
– Guaranteed notes (notes 15a and b)	**192**	165
– Lease liabilities	**1**	1
– Exchange loss on guaranteed notes	**54**	69
	328	298
– Interest capitalised into properties under development/held for sale	**(103)**	(87)
	225	211

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is stated after charging the following:

HK$ million	Six months ended June 30, 2026	2025
Cost of properties sold	**—**	34
Cost of inventories sold	**23**	19
Depreciation of property, plant and equipment	**64**	80
Depreciation of right-of-use assets		
– properties	**15**	13
Staff costs included in:		
– cost of sales	**71**	70
– general and administrative expenses	**121**	93
Contributions to defined contribution retirement schemes included in:		
– general and administrative expenses	**3**	3
Auditor's remuneration		
– audit services	**3**	3
Net foreign exchange loss	**8**	1
Variable lease payment expenses	**43**	34
Short-term leases expenses	**2**	1

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5 per cent (2025: 16.5 per cent) 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	Six months ended June 30, 2026	2025
Hong Kong profits tax		
– Provision for current period	**—**	1
Income tax outside Hong Kong		
– Provision for current period	**37**	24
Deferred income tax	**1**	17
	38	42

7. DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2026 (2025: Nil).

8. EARNING/(LOSS) PER SHARE

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

	Six months ended June 30,	
	2026	**2025**
Profit/(loss) from continuing operations (HK$ million)		
Profit/(loss) for the purpose of calculating the basic and diluted earning/(loss) per share	**1,443**	(163)
Number of shares (million)		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted earning/(loss) per share	**2,038**	2,038

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, 2026, bonus convertible notes in an aggregated amount of HK$592,552,133.20 (June 30, 2025: HK$592,552,133.20) have been converted into 1,185,104,266 shares of the Company (June 30, 2025: 1,185,104,266 shares). The outstanding bonus convertible notes in an aggregated amount of HK$20,021.20 (June 30, 2025: HK$20,021.20) at the conversion price of HK$0.50 per share convertible into 40,042 shares (June 30, 2025: 40,042 shares) have been included in the weighted average number of ordinary shares for calculating the basic earning/(loss) per share for the six months ended June 30, 2026 and June 30, 2025.

9. INVESTMENT PROPERTIES

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

HK$ million	**2026**	**2025**
At January 1,	**56**	3,277
Additions	**—**	3
Transfer from properties under development (note)	**18**	—
Change in fair value	**1,495**	(81)
Exchange differences	**—**	13
At June 30,	**1,569**	3,212

HK$ million	**2026**	**2025**
Completed investment properties	**40**	3,212
Investment properties under development	**1,529**	—
	1,569	3,212

9. INVESTMENT PROPERTIES — CONTINUED

Note:

The Group reclassified a portion of the freehold land under development in Japan from properties under development to investment properties under development during the period ended June 30, 2026. This reclassification reflects a strategic change in intention made prior to June 30, 2026 to earn rental income and capture the future capital appreciation.

The following tables analyse the investment properties which are carried at fair value.

	Fair value measurement as at June 30, 2026		
HK$ million	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring fair value measurement			
Completed investment properties			
– Hong Kong	**—**	**—**	**40**
Investment properties under development			
– Japan	**—**	**—**	**1,529**
	—	**—**	**1,569**

	Fair value measurement as at December 31, 2025		
HK$ million	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring fair value measurement			
Completed investment properties			
– Hong Kong	—	—	56

During the six months ended June 30, 2026 and the year ended December 31, 2025, there were no transfers between different levels.

For the investment properties under development in Japan, the fair value of the properties as at June 30, 2026 were following the market approach. The valuation took into account active market prices for comparable properties and adjusted if necessary for any difference in nature, location or conditions of the specific asset.

For the investment properties in Hong Kong, the fair value of the properties as at June 30, 2026 and December 31, 2025 were following the income approach. The valuation takes into account of expected market rent, capitalisation rate and other constraint factors, if any. A significant change in the expected market rental or capitalisation rate would result in a significant change in the fair value of the investment properties.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2026, additions to property, plant and equipment mainly include HK$10 million for the development of golf operation in Thailand and HK$10 million for the hospitality operations in the Niseko resort area, Kutchan, Hokkaido, Japan.

The Group elected to change the method of accounting for land classified as property, plant and equipment, as the Group believes that the revaluation model provides more relevant information to the users of its financial statements. Please refer to note 1c for details.

The following table analyse the land and buildings and structures which are carried at fair value.

	Fair value measurement as at June 30, 2026		
HK$ million	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring fair value measurement			
Land	—	—	**2,924**
Buildings and structures	—	—	**1,419**
	—	—	**4,343**

The fair value of the land and buildings and structures were determined by independent professional valuers using market approach and income approach. For market approach, the valuers took into account active market prices for comparable properties and adjusted if necessary for any difference in nature, location or conditions of the specific asset. For income approach, the valuers took into account expected revenue projection, growth rate, discount rate and capitalization rate. A significant change in the expected market rental or capitalisation rate would result in a significant change in the fair value of the land and buildings and structure at the revaluation date.

11. PROPERTIES UNDER DEVELOPMENT/HELD FOR SALE/HELD FOR DEVELOPMENT

a. *Properties held for development*

HK$ million	2026	2025
At January 1,	**566**	454
Additions	—	1
Transfer to property, plant and equipment	—	(6)
Transfer to properties under development	**(54)**	—
Exchange differences	**(37)**	26
At June 30,	**475**	475

Properties held for development as at June 30, 2026 represent the freehold land in Thailand which the Group intends to hold for future development projects.

11. PROPERTIES UNDER DEVELOPMENT/HELD FOR SALE/HELD FOR DEVELOPMENT — CONTINUED

b. Properties under development/held for sale

HK$ million	2026	2025
At January 1,	**4,224**	3,724
Additions	**689**	207
Properties sold	**—**	(29)
Transfer to investment properties	**(18)**	—
Transfer from properties held for development	**54**	—
Exchange differences	**(35)**	61
At June 30,	**4,914**	3,963
Less: Properties under development classified as non-current assets	**—**	(201)
Properties under development/held for sale classified as current assets	**4,914**	3,762

(i) Properties under development classified as non-current assets as at June 30, 2025 consists of the freehold land under development in Japan which is held by an indirect wholly-owned subsidiary amounted to HK$201 million.

(ii) Properties under development, which have either been pre-sold or are intended for sale, are classified under current assets.

12. DERIVATIVE FINANCIAL INSTRUMENTS

HK$ million	2026	2025
Non-current assets		
Cross currency swap contracts		
– cash flow hedges for foreign currency risks (note a)	**24**	—
At June 30,	**24**	—

Derivatives are mainly used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are accounted for at fair value through profit or loss.

Hedge effectiveness is determined at the inception of the hedging relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument.

Hedge ineffectiveness for the Groups' cross currency swap contracts may occur due to:

– differences in critical terms between the hedged item and the hedging instrument; and

– changes in credit risk of the derivative counterparty.

12. DERIVATIVE FINANCIAL INSTRUMENTS — CONTINUED

a. Cash flow hedges for foreign currency risk

For certain borrowings denominated in foreign currencies, the Groups have entered into cross currency swap contracts to hedge the foreign currency risk. The Groups performed qualitative assessment of hedge effectiveness. As the cross currency swap contracts have similar critical terms as the hedged items, such as notional amounts, maturity dates and payment dates, the economic relationship exists between the hedged items and the hedging instruments.

The total notional principal amount of the outstanding financial instruments designated as cash flow hedges as at June 30, 2026 was US$500 million (2025: nil), equivalent to HK$3,801 million (2025: nil). The hedge ratio is 1:1 as the notional amount and the timing of the hedging instruments match with that of the hedged items.

During the period ended June 30, 2026, there were insignificant ineffectiveness in relation to these hedging instruments.

13. TRADE RECEIVABLES, NET

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

HK$ million	As at June 30, 2026	As at December 31, 2025
1–30 days	**17**	121

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 June 30, 2026	As at December 31, 2025
1–30 days	**9**	127

15. BORROWINGS

HK$ million	As at June 30, 2026	As at December 31, 2025
Borrowings, repayable within a period		
– not exceeding one year	**1,822**	7,976
– over one year, but not exceeding two years	**223**	273
– over two years, but not exceeding five years	**5,489**	914
	7,534	9,163
Representing:		
Guaranteed notes (notes a and b)	**3,801**	6,214
Bank borrowings (notes c, d, e, f and g)	**3,733**	2,949
	7,534	9,163
Secured	**2,463**	2,452
Unsecured	**5,071**	6,711

Notes:

a. On June 18, 2021, PCPD Capital Limited ("PCPD Capital"), an indirect wholly-owned subsidiary of the Company, issued in 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. The Notes have been redeemed in full on maturity on June 18, 2026.

b. On May 15, 2026, PCPD Capital issued in an aggregate principal amount of US$500 million 7.5 per cent guaranteed notes due 2029 ("New 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 New Notes are irrevocably and unconditionally guaranteed by the Company. The New Notes rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of PCPD Capital and the Company.

c. 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 June 30, 2026, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK$500 million (December 31, 2025: HK$500 million) offset by the deferred loan arrangement costs of HK$2 million (December 31, 2025: HK$3 million).

15. BORROWINGS — CONTINUED

d. On July 23, 2025, 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 JPY23,500 million (equivalent to HK$1,271 million) with a maturity in July 2030. Such facility is secured by certain lands and properties, bank accounts, shares and other assets of certain indirect wholly-owned subsidiaries of the Company and subject to certain financial ratios covenants. As of June 30, 2026, none of the covenants were breached and the carrying value of the borrowing represents the outstanding principal amount of JPY19,500 million (equivalent to HK$946 million) (December 31, 2025: JPY14,500 million (equivalent to HK$724 million) offset by the deferred loan arrangement costs of JPY639 million (equivalent to HK$31 million) (December 31, 2025: JPY681 million (equivalent to HK$34 million)).

e. On December 24, 2025, 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$780 million. The maturity of the term loan facility is in June 2030. Such facility is secured by corporate guarantee of the Company and subject to certain financial ratios covenants. As of June 30, 2026, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK$780 million (December 31, 2025: nil) offset by the deferred loan arrangement costs of HK$6 million (December 31, 2025: nil).

f. On March 19, 2026, a subsidiary of the Company entered into an amendment agreement to the project development loan facility agreement up to an aggregate amount of HK$1,382 million. The facility was renewed with a maturity of April 2027 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 June 30, 2026, none of the covenants were breached and the carrying value of the borrowing represents the outstanding principal amount of HK$1 million (December 31, 2025: HK$1,191 million offset by the deferred loan arrangement costs of HK$2 million).

g. On May 11, 2026, 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$1,560 million. The maturity of the term loan facility is in January 2027. Such facility is secured by corporate guarantees of the Company and an indirect wholly-owned subsidiary of the Company, other assets of certain indirect wholly-owned subsidiaries of the Company and subject to certain financial ratios covenants. As of June 30, 2026, none of the covenants were breached and the carrying value of the borrowing represents the loan drawdown of HK$1,560 million (December 31, 2025: nil) offset by the deferred loan arrangement costs of HK$13 million (December 31, 2025: nil).

16. DEFERRED INCOME AND CONTRACT LIABILITIES

HK$ million	As at June 30, 2026	As at December 31, 2025
Deferred income:		
Rental income from investment properties	**1**	2
	1	2
Contract liabilities:		
– from sales of properties	**2,548**	188
– from hotel operations	**103**	132
– from property management business (note)	**15**	119
– from other businesses	**1**	1
	2,667	440
Deferred income and contract liabilities classified as current liabilities	**2,668**	442

Note:

The balance included receipt collected on behalf of the owner of the properties.

17. ISSUED EQUITY

	The Group	
	Number of shares (note a)	Issued equity HK$ million (note a)
Ordinary shares of HK$0.50 each at January 1 and June 30, 2025 and 2026	**2,038,236,743**	**3,802**

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

17. ISSUED EQUITY — CONTINUED

b. The share capital of the Company is as follows:

	The Company	
	Number of shares	**Nominal value HK$ million**
Authorised:		
Ordinary shares of HK$0.50 each at June 30, 2025 and June 30, 2026	**4,000,000,000**	**2,000**
Issued and fully paid:		
Ordinary shares of HK$0.50 each at June 30, 2025 and June 30, 2026	**2,038,236,743**	**1,019**

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

Bonus convertible notes of HK$592,572,154.40 at the conversion price of HK$0.10 per share were issued by the Company on June 22, 2012. Immediately after the share consolidation which took effect on June 25, 2012, the conversion price of the bonus convertible notes was adjusted from HK$0.10 per share to HK$0.50 per share pursuant to the terms of the applicable deed poll.

As at June 30, 2026, bonus convertible notes in an aggregated amount of HK$592,552,133.20 have been converted into 1,185,104,266 shares of the Company and the remaining bonus convertible notes in an aggregated amount of HK$20,021.20 are unlisted and irredeemable but have conversion rights entitling the noteholders to convert into an equivalent number of shares as the number of bonus shares which the noteholders would otherwise be entitled to receive under the bonus issue had the shareholder not elected for the bonus convertible notes. The bonus convertible notes do not carry voting rights at any general meeting of shareholders of the Company. The noteholders can exercise the conversion rights at any time after the issue of bonus convertible notes, subject to the terms and conditions of the applicable deed poll constituting the bonus convertible notes. The bonus convertible notes were recognised as equity and are presented in "Convertible notes reserve" in the consolidated statement of changes in equity. Upon conversion of the bonus convertible notes, the equivalent amount was converted into issued share capital.

18. DISCONTINUED OPERATION

On June 8, 2026, the Group disposed its property investment business in Indonesia by disposing all of its shares in Rafflesia Investment Limited ("Jakarta Target") and its subsidiaries (collectively, "Jakarta Target Group"). Accordingly, the Group did not hold any shares in Jakarta Target and Jakarta Target had ceased to be a subsidiary of the Group, following which the business operations and performance of Jakarta Target Group would not be consolidated with and reflected in the financial information of the Group subsequent to June 8, 2026. The Group had recognised an aggregated net loss from discontinued operation of HK$1,632 million for the period.

An analysis of the results, total comprehensive loss and cash flows relating to the discontinued operation is set out below:

a. Results and total comprehensive income from discontinued operation

		For the six months ended June 30,	
HK$ million	**Note**	**2026**	**2025**
Revenue		**93**	100
Cost of sales		**(3)**	(3)
Gross profit		**90**	97
General and administrative expenses		**(94)**	(53)
Other loss		**—**	(81)
Finance costs		**(24)**	(28)
Loss before taxation		**(28)**	(65)
Income tax		**(11)**	(21)
Loss after taxation		**(39)**	(86)
Loss on disposal of discontinued operation	18b	**(1,593)**	—
Loss from discontinued operation		**(1,632)**	(86)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences:			
Exchange differences on translating foreign operation		**(178)**	(87)
Release of currency translation reserve upon disposal of subsidiaries		**1,412**	—
Total comprehensive loss from discontinued operation		**(398)**	(173)
Basic and diluted loss per share from discontinued operation (expressed in Hong Kong cents per share)		**(80.04) cents**	(4.23) cents

18. DISCONTINUED OPERATION — CONTINUED

b. Loss on disposal of discontinued operation

HK$ million	As at June 30, 2026
Consideration	**3,137**
Less: Net assets disposed	
Investment properties	**(2,885)**
Property, plant and equipment	**(65)**
Prepayments and other receivables	**(108)**
Inventories	**(2)**
Trade receivables, net	**(10)**
Prepayments, deposits and other current assets	**(46)**
Accruals and other payables	**54**
Deferred income and contract liabilities	**47**
	(3,015)
Release of reserves upon disposal of subsidiaries	**(1,412)**
Transaction costs and taxes	**(27)**
Estimated payment obligations (note)	**(276)**
Net loss on disposal of subsidiaries	**(1,593)**

Note:

The estimated payment obligations of HK$276 million, calculated as the estimated net cash flow generated from the Jakarta Target Group, minus the cash yield requirement under the income guarantee by the Group.

c. Cash flow from discontinued operation

	For the six months ended June 30,	
HK$ million	**2026**	**2025**
Net cash outflow from operating activities	**(60)**	(16)
Net cash inflow/(outflow) from investing activities	**3,135**	(4)
Net cash inflow/(outflow) from financing activities	**15**	(32)
Net cash inflow/(outflow) from discontinued operation	**3,090**	(52)

19. CAPITAL COMMITMENTS

HK$ million	As at June 30, 2026	As at December 31, 2025
Contracted but not provided for		
Property development projects	**629**	618
Property, plant and equipment	**24**	18
	653	636

20. BANKING FACILITY

Aggregate banking facilities as at June 30, 2026 were HK$3,733 million (December 31, 2025: HK$4,410 million) of which HK$194 million remain undrawn by the Group (December 31, 2025: HK$1,422 million) (See note 15).

Security pledged for the banking facilities includes:

HK$ million	As at June 30, 2026	As at December 31, 2025
Property, plant and equipment	**4,075**	1,437
Properties under development	**3,593**	3,195
Restricted cash	**845**	34
Cash and cash equivalents	**18**	3
	8,531	4,669

21. MATERIAL RELATED PARTY TRANSACTIONS

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

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

HK$ million	Six months ended June 30, 2026	2025
Sales of services:		
Office leases rental	**6**	6
Facility management services	**5**	5
Purchases of services:		
Corporate services	**5**	6
Information technology and other logistic services	**—**	1
Property and development management services	**1**	1
Interest expenses of guaranteed notes:		
Substantial shareholder	**21**	21

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

21. MATERIAL RELATED PARTY TRANSACTIONS — CONTINUED

b. Details of key management compensation

HK$ million	Six months ended June 30, 2026	2025
Salaries and other short-term employee benefits	**7**	7
Bonuses	**9**	9
Directors' fee	**1**	1
Retirement scheme contribution	**1**	1
	18	18

22. FAIR VALUE ESTIMATION

a. Financial instruments carried at fair value

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

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

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

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

See notes 9 and 10 for disclosure of the investment properties and land and buildings and structures under property, plant and equipment that are measured at fair value.

	Fair value measurement as at June 30, 2026			
HK$ million	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurement				
Assets				
Financial assets at fair value through profit or loss	**1**	**—**	**—**	**1**
Derivative financial instruments	**—**	**24**	**—**	**24**

	Fair value measurement as at December 31, 2025			
HK$ million	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurement				
Assets				
Financial assets at fair value through profit or loss	1	—	—	1

During the six months ended June 30, 2026 and the year ended December 31, 2025, there were no transfers of financial instruments between different levels. There were no changes in valuation techniques during the period.

22. FAIR VALUE ESTIMATION — CONTINUED

b. Fair value of financial liabilities measured at amortised cost

All financial instruments are carried at amounts not materially different from their fair values as at June 30, 2026 and December 31, 2025 except as follows:

HK$ million	As at June 30, 2026 Carrying amount	Fair value	As at December 31, 2025 Carrying amount	Fair value
Notes (note 15a)	**—**	**—**	6,214	6,124
New Notes (note 15b)	**3,801**	**3,912**	—	—

The significant inputs required for the fair value measurement of the guaranteed notes are observable. The fair values of the guaranteed notes are within level 2 of the fair value hierarchy.

(i) Financial instruments in level 1

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

(ii) Financial instruments in level 2

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

— Quoted market prices or dealer quotes for similar instruments;

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

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

GENERAL INFORMATION

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

As at June 30, 2026, the directors and chief executives of the Company and their respective close associates had the following interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

1. *Interests in the Company*

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

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

Notes:

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

(b) These interests represented:

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

(ii) a deemed interest in 284,071,850 Shares held by Pacific Century Regional Developments Limited ("PCRD"), a company in which PCGH had, through itself and certain wholly-owned subsidiaries being Anglang Investments Limited, Pacific Century Group (Cayman Islands) Limited, Pacific Century International Limited and Borsington Limited, an aggregate of 88.69% interest. Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 284,071,850 Shares held by PCRD. Li Tzar Kai, Richard was also deemed to be interested in 1.06% of the issued share capital of PCRD through Hopestar Holdings Limited, a company wholly-owned by Li Tzar Kai, Richard.

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

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

A. PCPD Capital Limited ("PCPD Capital")

The table below sets out the aggregate long positions in the 7.5% bonds due 2029 (the "2029 Bonds") issued by PCPD Capital, an associated corporation of the Company, held by a director of the Company:

	Principal amount of the 2029 Bonds held (US$)				
Name of director	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Total**
Li Tzar Kai, Richard	—	—	88,500,000 *(Note)*	—	88,500,000

Note:

These 2029 Bonds were held by Hertford Ventures Limited, a wholly-owned subsidiary of Ace Holdings Management Limited ("Ace Holdings"). Li Tzar Kai, Richard owned 100% of the issued share capital of Ace Holdings.

B. Easy Treasure Limited ("Easy Treasure")

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

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

Note:

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

Save as disclosed in the foregoing, as at June 30, 2026, none of the directors or chief executives of the Company or their respective close associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

SHARE OPTION SCHEME

The Company operates a share option scheme which was adopted by its shareholders at the Company's annual general meeting held on May 14, 2025 (the "2025 Scheme"), following the expiration of the share option scheme (adopted by its shareholders at the Company's annual general meeting held on May 6, 2015 and became effective on May 7, 2015 following its approval by PCCW's shareholders) (the "2015 Scheme") on May 6, 2025. The 2025 Scheme is valid and effective for a period of 10 years commencing on May 14, 2025. Under the 2025 Scheme, the Board shall be entitled to offer to grant Share options to any eligible participant whom the Board may select at its absolute discretion.

No Share options have been granted, exercised, cancelled or lapsed under the 2015 Scheme and the 2025 Scheme during the six months ended June 30, 2026. As no share options have been granted and remain outstanding under the 2015 Scheme and the 2025 Scheme since their adoption and up to and including June 30, 2026, the number of Shares that may be issued in respect of Share options granted thereunder during the period under review is 0 representing 0% of the weighted average number of ordinary Shares in issue (excluding treasury shares, if any) for the period under review.

As at each of January 1, 2026 and June 30, 2026, the number of Share options available for grant under the 2025 Scheme pursuant to the scheme mandate limit (as defined in the Listing Rules) was 203,823,674; and, within the scheme mandate limit, the service provider sublimit (as defined in the Listing Rules) was 10,191,183.

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

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

As at June 30, 2026, the following persons (other than directors or chief executives of the Company) were substantial shareholders of the Company and had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO:

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

Notes:

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

II. These interests represented (i) PCGH's beneficial interests in 118,093,122 Shares; and (ii) PCGH's interests (through itself and its controlled corporations, being its wholly-owned subsidiaries, Borsington Limited, Pacific Century International Limited, Pacific Century Group (Cayman Islands) Limited and Anglang Investments Limited, which together controlled 88.69% of the issued share capital of PCRD) in 284,071,850 Shares held by PCRD.

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

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

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

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

As at June 30, 2026, the following person (other than directors or chief executives or substantial shareholders (as disclosed in the previous section headed "Interests and Short Positions in Shares and Underlying Shares of Substantial Shareholders") of the Company) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO:

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

Note:

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

Save as disclosed above in this section and the previous section headed "Interests and Short Positions in Shares and Underlying Shares of Substantial Shareholders", the Company has not been notified of any other persons (other than directors or chief executives of the Company) who had an interest or a short position in the Shares or underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO as at June 30, 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2026, 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, 2026 and has held one meeting during the period under review. Such condensed consolidated interim financial information has not been audited but has been reviewed by the Company's independent auditor.

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 Part 2 of Appendix C1 to the Listing Rules during the six months ended June 30, 2026.

During the period covered by this report, in support of their responsibility for the risk management and internal control systems, the directors of the Company have sought and received from the Company's management a report on the risk management and internal control systems, including an assurance that, based on the Company's ongoing assessment and validation activities, they are not aware of any material risks or internal control deficiencies which are not being adequately and appropriately mitigated and/or managed.

MODEL CODE SET OUT IN APPENDIX C3 TO THE LISTING RULES

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

The Company has made specific enquiries with all the directors of the Company and they confirmed that they had complied with the required standard as set out in the PCPD Code during the six months ended June 30, 2026.

INVESTOR RELATIONS

LISTING

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

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

BOARD OF DIRECTORS

Executive Directors

Li Tzar Kai, Richard
Benjamin Lam Yu Yee *(Deputy Chairman and Group Managing Director)*

Non-Executive Director

Dr Allan Zeman, GBM, GBS, JP

Independent Non-Executive Directors

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

GENERAL COUNSEL AND COMPANY SECRETARY

Cheung Kwok Kuen Alan

REGISTERED OFFICE

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INVESTOR RELATIONS

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PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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Hamilton HM EX
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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