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**PACIFIC CENTURY PREMIUM DEVELOPMENTS LIMITED**

**盈科大衍地產發展有限公司\***  
*(incorporated in Bermuda with limited liability)*  
**(Stock Code: 00432)**

**MAJOR TRANSACTION**

**CONSTRUCTION OF HOTEL  
IN NISEKO, HOKKAIDO, JAPAN**

The Board is pleased to announce that on 20 July 2018, the Owner (an indirect wholly-owned subsidiary of the Company) and the Contractor entered into the Construction Contract, under which the Owner has engaged the Contractor to design and construct the Hotel on the Land which is the site owned by the Group in Niseko, Hokkaido, Japan on which the Park Hyatt Niseko Hanazono Residences Project is located for the Contract Sum of JPY16,280,000,000 (equivalent to approximately HK\$1,131,000,000).

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Hotel Construction exceeds 25% but is less than 100%, the Hotel Construction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Asian Motion Limited (a wholly-owned subsidiary of PCCW) holds 285,088,666 Shares, representing approximately 70.83% of the Shares in issue. The Company has obtained written approval from Asian Motion Limited, being a holder of more than 50% of the Shares in issue, of the Hotel Construction in lieu of a general meeting in accordance with Rule 14.44 of the Listing Rules. Accordingly, no general meeting will be convened by the Company for approving the Hotel Construction and the transactions contemplated thereunder.

A circular containing, among other things, information of the Hotel Construction and other information as required under the Listing Rules will be despatched to the Shareholders. In order to allow sufficient time to prepare the financial information to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with the requirement to despatch the circular to the Shareholders within 15 business days after the publication of this announcement. The circular is expected to be despatched to the Shareholders on or before 24 August 2018.

The Board is pleased to announce that on 20 July 2018, the Owner (an indirect wholly-owned subsidiary of the Company) and the Contractor entered into the Construction Contract, under which the Owner has engaged the Contractor to design and construct the Hotel on the Land which is the site owned by the Group in Niseko, Hokkaido, Japan on which the Park Hyatt Niseko Hanazono Residences Project is located. A summary of the principal terms of the Hotel Construction are as follows:

**Date** : 20 July 2018

**Parties** : The Owner (as the owner); and  
the Contractor (as the contractor)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Contractor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

**Subject Matter** : Under the Construction Contract, the Owner has engaged the Contractor to design and construct the Hotel with a total gross floor area of 23,339 square meters on the Land for the Owner, including ancillary function buildings, namely function village and chapel as well as associated landscape works.

**Contract Sum** : JPY16,280,000,000 (equivalent to approximately HK\$1,131,000,000) (excluding consumption tax).

The Contract Sum will be funded by the Group's internal resources and bank financing.

The Contract Sum was determined initially by way of tender conducted by the Owner and subsequently by arm's length negotiations between the Owner and the Contractor with reference to the scope of construction and design and the market price for carrying out construction and design works of other 5-star hotels in Japan of comparable scale and complexity.

**Payment Terms** : The Owner has paid to the Contractor an initial deposit of JPY2,093,442,000 (equivalent to approximately HK\$145,000,000) (excluding consumption tax), for advance design and works prior to the execution of Construction Contract.

The Owner will further pay the balance of the Contract Sum to the Contractor in the following manner:

- (i) subject to submission of a bank guarantee by the Contractor with the same amount of the deposit payments, further deposit payments in 20% of the Contract Sum will be paid in 3 stages as follows:

- (a) 1% of the Contract Sum to be paid within 7 days upon execution of the Construction Contract;
  - (b) 14% of the Contract Sum to be paid within 1 month after the execution of the Construction Contract; and
  - (c) 5% of the Contract Sum to be paid within 1 month after the second further deposit payment (i.e. payment under sub-paragraph (b) above);
- (ii) remaining payment to be released in six further installments based on pre-agreed milestone schedules with 5% of retention to be withheld by the Owner.

Subject to the submission of a bank guarantee with the amount equivalent to the retention monies by the Contractor, the retention monies shall be released to the Contractor on the last milestone payment upon completion of the construction works.

- Performance Security** : Performance bond with amount equivalent to 10% of the Contract Sum shall be procured by the Contractor
- Liquidated Damages on Delay** : JPY9,868,958 per calendar day (equivalent to approximately HK\$686,000).
- Expected Date of Completion of the Works** : The entire Hotel Construction is expected to be completed in around November 2019.

## **REASONS FOR AND BENEFITS OF THE HOTEL CONSTRUCTION**

### **Capturing the tourist boom**

Niseko of Hokkaido has emerged as a tourist hot spot in Japan in recent years. The stunning natural surroundings and the magic powder snow in winter bring unique experiences to visitors.

The Group anticipates the tourism industry in Niseko and the demand for hotel rooms, especially luxury options, would continue to grow significantly over the next few years.

### **Bringing luxury to the next level**

Construction of the Hotel is expected to complete in the fourth quarter of 2019. This ski-in ski-out luxury hotel and residences will showcase international architecture and interior design, exquisite culinary journeys, spectacular works of art and the legendary service of the Park Hyatt brand.

The Group anticipates the luxurious hotel and residences and the exceptional facilities including meeting spaces, spa, onsen as well as swimming pool together with priority access to the Hanazono golf course, would attract visitors looking for a refined and sophisticated experience.

### **Maintain long-term growth and profitability**

The Hotel is one of the premium investments of the Group. This 100-room, prestigious 5-star hotel will offer synergies to the Group's other businesses, including ski lifts, ski equipment rental, ski school and snowmobile tours in winter and rafting tours and golfing in summer.

The Hotel is expected to contribute to the Group's earnings in the long-run.

The Board considers that the Hotel Construction is on normal commercial terms, the terms thereof are fair and reasonable and that such transaction is in the interests of the Company and the Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Hotel Construction exceeds 25% but is less than 100%, the Hotel Construction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting to seek the approval of the Hotel Construction. As at the date of this announcement, Asian Motion Limited (a wholly-owned subsidiary of PCCW) holds 285,088,666 Shares, representing approximately 70.83% of the Shares in issue. The Company has obtained written approval from Asian Motion Limited, being a holder of more than 50% of the Shares in issue, of the Hotel Construction in lieu of a general meeting in accordance with Rule 14.44 of the Listing Rules. Accordingly, no general meeting will be convened by the Company for approving the Hotel Construction and the transactions contemplated thereunder.

A circular containing, among other things, information of the Hotel Construction and other information as required under the Listing Rules will be despatched to the Shareholders. In order to allow sufficient time to prepare the financial information to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, which requires the circular to be despatched to the Shareholders within 15 business days after the publication of this announcement. The circular is expected to be despatched to the Shareholders on or before 24 August 2018.

### **GENERAL INFORMATION**

The Group is principally engaged in the development and management of premium property and infrastructure projects as well as premium-grade property investments.

The principal activity of the Owner is property development in Japan.

The principal activity of the Contractor is contracting, planning, design, supervision, and consulting services for construction projects.

## DEFINITIONS

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

|                         |  |
|-------------------------|--|
| “Board”                 | the board of Directors (as constituted from time to time)  |
| “Company”               | Pacific Century Premium Developments Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 00432) |
| “Contract Sum”          | JPY16,280,000,000, excluding consumption tax, being the contract sum payable by the Owner to the Contractor in respect of the Hotel Construction   |
| “Contractor”            | Fujita/Iwata Chizaki Specified Construction Joint Venture  |
| “Construction Contract” | a contract dated 20 July 2018 and entered into between the Owner and the Contractor relating to, <i>inter alia</i> , the design and construction of the Hotel on the Land                          |
| “Directors”             | directors of the Company   |
| “Group”                 | the Company and its subsidiaries from time to time   |
| “HK\$”                  | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Hong Kong”             | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Hotel”                 | Park Hyatt Niseko, Hanazono being constructed on the Land  |
| “Hotel Construction”    | the transaction for design and construction of the Hotel on the Land by the Contractor for the Owner   |
| “JPY”                   | Japanese yen, the lawful currency of Japan   |
| “Land”                  | a land in Niseko Hanazono, Hokkaido, Japan held by the Group on which the Park Hyatt Niseko Hanazono Residences Project is located   |
| “Listing Rules”         | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited   |

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| “PCCW”           | PCCW Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 00008) and traded in the form of American Depositary Receipts on the OTC Markets Group Inc. in the United States (ticker: PCCWY), which indirectly holds approximately 70.83% of the total number of shares of PCPD in issue as at the date of this announcement |
| “Owner”          | Harmony TMK, a company incorporated in Japan with limited liability, and an indirect wholly-owned subsidiary of the Company  |
| “Share(s)”       | ordinary share(s) of par value of HK\$0.50 each in the issued share capital of the Company   |
| “Shareholder(s)” | holder(s) of Shares from time to time  |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited  |

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

Hong Kong, 20 July 2018

*Unless indicated otherwise, in this announcement, translation of amounts in JPY into HK\$ have been made at the rate of HK\$0.069472 = JPY 1 respectively for illustration purpose only. No representation is made that any amount in HK\$ could have been or could be converted at such respective rates or at all.*

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

***Executive Directors:***

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

***Non- Executive Director:***

Dr Allan Zeman, GBM, GBS, JP

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

Prof Wong Yue Chim, Richard, SBS, JP; Chiang Yun; and Dr Vince Feng

*\* For identification only*