

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

With six months of solid achievement and sound progress now behind us this year, we will continue to benefit from the growing strength of the Bel-Air brand as we develop our market in Hong Kong and expand into mainland China and other parts of Asia Pacific.

I am pleased to report a sound financial performance from Pacific Century Premium Developments Limited (“PCPD”) and its subsidiaries (the “Group”) for the six months ended June 30, 2005, exemplifying the Group’s skills, experience and strength in property development and investment and facilities management.

The Group recorded a consolidated turnover of approximately HK\$3,338 million for the six months ended June 30, 2005, compared with HK\$2,306 million for the corresponding period in 2004. The increase in turnover was mainly due to revenue being recognised during the current period from sales of Bel-Air in 2004, and sales from South Tower as it reached completion.

Net profit for the period reached approximately HK\$263 million, compared with the previous year’s HK\$216 million, while basic earnings per share for the six months were 11.77 Hong Kong cents, compared with 12.86 Hong Kong cents for the same period last year.

The board of directors has declared an interim dividend of 1.5 Hong Kong cents per share for the six months ended June 30, 2005.

HIGHLIGHTS OF THE SIX-MONTH PERIOD

Bel-Air sales in 2005 have been highly successful, achieving impressive results. From the time sales began in 2003 up to the end of June 2005, 1,962 units had been sold, generating approximately HK\$21,867 million in proceeds.

The Group has been widely recognised for innovation in prestige residential accommodation and luxury lifestyle facilities, and the resounding success to date at Bel-Air offers solid evidence that our strategy of pursuing premium property development opportunities is sound. The Group will continue to benefit from the enormous credibility generated by the Bel-Air project, which has also strengthened our brand.

As well as serving a portfolio of grade-A commercial, retail, industrial and telephone exchange properties with world-class management services, our facilities management division now applies its expertise to meeting the high standards expected at Bel-Air’s deluxe apartments, houses and clubhouse.

Now approaching its first year of service to the Bel-Air complex, our facilities management team is accumulating experience in the luxury residential sector of the market to complement its reputation as a seasoned provider of quality services to commercial and industrial properties in Hong Kong and mainland China.

Our premium-grade investment property – Pacific Century Place in Beijing’s city center – recorded an average occupancy rate of over 90 percent for the interim period, generating income of approximately HK\$103 million for the six months ended June 30, 2005.

The 43-storey PCCW Tower building in Quarry Bay, Hong Kong, was sold in February 2005 for a consideration of HK\$2,808 million. Unlocking the value in this asset provided general working capital to enable the Group to explore other opportunities and gave us greater financial flexibility.

PROSPECTS

Hong Kong’s property market has shown considerable promise over the six months ended June 30, 2005. A limited supply of premium residential properties, coupled with buoyant investor confidence, offers a solid foundation for growth. As a niche developer, the Group is very well positioned in the high-quality residential market to benefit from the upturn. The impressive volume of transactions and healthy prices being realised in the residential market – especially in the high-end sector – have reached the highest level for a number of years, providing a barometer for our industry in Hong Kong.

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With the backdrop of a steadily-growing Hong Kong economy in 2005, we are keeping a watch across the Asia-Pacific region for opportunities, while exploring mainland China's vast property market.

PCCW Limited's ("PCCW") alliance with China Network Communications Group Corporation opens up promising opportunities in mainland China's property market for PCPD, where the first project site has been identified as a telephone exchange near Beijing's central business district. Plans have been drawn up to redevelop the building into a luxury residential and commercial complex (subject to government approval) with potential gross floor space of more than 500,000 square feet.

Meanwhile, the telephone exchange in Ko Shing Street and Wo Fung Street represents our first such redevelopment project in Hong Kong. Located in Western district, the site will be transformed into 150 boutique apartments of the highest quality in the area, with work scheduled for completion by the end of 2008 and pre-sales planned for late 2006. We are now conducting feasibility studies on other PCCW-owned telephone exchange buildings, which hold potential as a source of prime residential and commercial projects in coming years.

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Robert Lee

Chief Executive Officer

August 18, 2005