



Pacific Century
Premium Developments
盈科大衍地產發展

STOCK CODE: 00432

INTERIM REPORT
2008



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STATEMENT FROM THE CHAIRMAN



PCPD will focus on long-term projects under way in Beijing in China, Hokkaido in Japan and Phang-nga in southern Thailand.

STATEMENT FROM THE CHAIRMAN

Hong Kong continued to enjoy sustained economic growth for the first quarter of 2008, with better-than-expected annualised GDP growth of 7.3%.

Despite a deteriorating US economy and tightening credit market globally, local consumer and investor confidence remained buoyant during the first quarter, with private consumption expenditure rising markedly by 7.9% and overall investment increasing 8.9%. Contributory factors included lower interest rates and a weaker US dollar.

However, surging oil prices together with worsening capital markets in the US and Europe may have a dampening effect on Hong Kong's economic prospects that filters through to the property industry.

Looking ahead, PCPD will focus on long-term projects under way in Beijing in China, Hokkaido in Japan and Phang-nga in southern Thailand.

Meanwhile, we will continue to explore investment opportunities with growth potential globally for the future of the Company.



Richard Li

Chairman

August 21, 2008

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER



*The PCPD team demonstrates the skills,
passion for excellence and determination
required for success.*

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

I am pleased to report that the Group's consolidated turnover for the six months ended June 30, 2008 was approximately HK\$618 million, compared with HK\$2,100 million for the corresponding period in 2007. Consolidated net profit for the period under review reached HK\$5 million, compared with HK\$606 million for the same period last year. Basic earnings per share for the six months were 0.2 Hong Kong cents, compared with 25.19 Hong Kong cents for the same period in 2007.

The Board of Directors did not declare an interim dividend for the six months ended June 30, 2008.

The Hong Kong economy enjoyed stable growth in the first half of 2008, as a result of low interest rates and a weak US dollar. Looking ahead, conservative economic projections suggest that GDP growth for the whole of 2008 should be close to the upper end of the 4% to 5% forecast range laid out in the Half-yearly Economic Report 2008 announced by the Hong Kong Government.

These factors, in conjunction with other incentives contained in the budget and the likely continuance of a relatively low interest rate environment, have set the scene for sustained investment activity in the local property market.

Although growth in Asia Pacific is expected to slow down, as a result of financial turmoil in the US and the inevitable ripple effect around the world, the prognosis for the region's economic health remains positive. This is partly because structural reforms over the last 10 years and sound macroeconomic policies have positioned most Asian economies well to navigate global economic turbulence. The presence of a newly-affluent section of society with the ambition and means to enjoy resort lifestyles at the most luxurious levels will drive demand in high-end residential markets in the region, which will help Asia Pacific's economy to outperform the rest of the world this year.

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

Closer to home, the remaining 24 houses at Villa Bel-Air, the crown jewel of our prestigious Bel-Air residential enclave, are expected to be launched gradually over the next two to three years, while sold units at Bel-Air No.8 are expected to be handed over to purchasers by the end of this year.

Sales at ONE Pacific Heights, PCPD's high-end residential development in the west of Central, Hong Kong, have been successful, achieving impressive results. As of August 15, 2008, 141 units had been sold, generating approximately HK\$1.16 billion in proceeds. This 39-storey project will comprise 155 boutique apartments ranging, typically, from 531 to 1,004 square feet in size, and is on track to complete in 2009.

In mainland China, steady progress at our luxury residential development in Beijing's Chaoyang district means around 210 luxury apartments remain on schedule for completion in 2010. Covering a gross floor area of about 40,300 square metres, the site lies adjacent to Pacific Century Place, our premium-grade investment property in the capital's city centre.

Further afield, progress was made on long-term projects to develop all-year-round resorts at Hokkaido in Japan and Phang-nga in southern Thailand, for which master layout plans and marketing strategies are currently being drawn up.

A proposal to privatise PCPD – initiated by an indirectly wholly-owned subsidiary of PCCW in February – was rejected by the majority of independent PCPD shareholders at a Court Meeting on April 17, 2008.

Working together, our staff and management continue to demonstrate the skills, creativity, passion for excellence and determination to succeed that will empower PCPD to seek out prime opportunities and capitalise on them productively throughout the Asia-Pacific region.



Robert Lee

Chief Executive Officer

August 21, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

A management's discussion and analysis of the unaudited consolidated financial results and operations relating to the business of Pacific Century Premium Developments Limited (the "Company") and its subsidiaries (the "Group") for the six months ended June 30, 2008 follows.

BUSINESS REVIEW

Property development

Revenue from property development for the six months ended June 30, 2008 amounted to approximately HK\$417 million, compared to approximately HK\$1,940 million for the corresponding period in 2007.

In June 2008, the ninth batch of net surplus proceeds from the Cyberport project, totalling HK\$555 million, was allocated between the Government of the Hong Kong Special Administrative Region ("HKSAR") and the Group. Of that, the HKSAR Government received an aggregate amount of approximately HK\$358 million, while the Group retained approximately HK\$197 million in accordance with the Cyberport Project Agreement.

The Group's first telephone exchange redevelopment project, located in Wo Fung Street to the west of Central and named ONE Pacific Heights, comprises 155 luxury boutique apartments. Pre-sales began in June 2008 and completion is planned for 2009.

In mainland China, work on the Group's high-end residential project at No.4 Gong Ti Bei Lu in Beijing's Chaoyang District is on target to produce 210 upmarket units in 2010.

Property investment

Home to multinational corporations, world-class retailers and residential tenants, Pacific Century Place, the Group's investment property in Beijing's central business district, enjoyed an average occupancy rate of approximately 79 per cent for the six months ended June 30, 2008.

The Group's gross rental income for the six months ended June 30, 2008 amounted to approximately HK\$116 million, compared with approximately HK\$115 million for the same period in 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Other businesses

Other businesses of the Group include property and facilities management, corporate and asset management and ski services. Revenue from other businesses for the six months ended June 30, 2008 amounted to approximately HK\$85 million, compared with approximately HK\$45 million for the corresponding period in 2007.

Proposed privatisation of the Company

On April 17, 2008, the Company announced that the proposed privatisation of the Company made by Picville Investments Limited (a wholly-owned subsidiary of PCCW Limited ("PCCW")) was not approved by the independent shareholders at the court meeting held on that day.

FINANCIAL REVIEW

Review of results

The Group recorded a consolidated turnover of approximately HK\$618 million for the six months ended June 30, 2008, representing a decrease of 70.6 per cent compared with approximately HK\$2,100 million for the corresponding period in 2007. The decrease in turnover was mainly a result of less revenue being recognised, as no major Bel-Air project completion occurred during the period.

The Group's consolidated gross profit for the six months ended June 30, 2008 was approximately HK\$260 million, representing a decrease of 62.2 per cent from approximately HK\$688 million for the same period in 2007. The drop in gross profit resulted from the decrease in turnover.

The Group recorded consolidated net profit of approximately HK\$5 million for the six months ended June 30, 2008, representing a decrease of 99.2 per cent compared with approximately HK\$606 million for the same period in 2007. The decrease was attributable to a decrease in turnover and

MANAGEMENT'S DISCUSSION AND ANALYSIS

lower interest income generated. Basic earnings per share during the period were 0.2 Hong Kong cents compared with 25.19 Hong Kong cents for the corresponding period in 2007.

In accordance with applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, revenue and profits generated from sales resulting from property development are recognised on completion and when significant risks and rewards of ownership have been transferred.

Current assets and liabilities

As at June 30, 2008, the Group held current assets of approximately HK\$14,576 million (December 31, 2007: approximately HK\$14,406 million), mainly comprising properties under development/held for sale, cash and bank balances, sales proceeds held in stakeholders' accounts and restricted cash. The increase in current assets was attributable to an increase in properties under development. Properties under development/held for sale in current assets have increased from approximately HK\$9,133 million as at December 31, 2007 to approximately

HK\$9,922 million as at June 30, 2008. Cash and bank balances amounted to approximately HK\$1,748 million as at June 30, 2008 (December 31, 2007: approximately HK\$1,865 million). Sales proceeds held in stakeholders' accounts decreased by 31.2 per cent from approximately HK\$2,425 million as at December 31, 2007 to approximately HK\$1,668 million as at June 30, 2008. Restricted cash increased from approximately HK\$575 million as at December 31, 2007 to approximately HK\$695 million as at June 30, 2008.

Total current liabilities as at June 30, 2008 amounted to approximately HK\$10,276 million compared with approximately HK\$8,592 million as at December 31, 2007. The increase resulted mainly from classification of the entire amount payable to the HKSAR Government under the Cyberport Project Agreement as current liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital structure, liquidity and financial resources

As at June 30, 2008, total Group borrowings amounted to approximately HK\$2,620 million, representing an increase of HK\$24 million compared with approximately HK\$2,596 million as at December 31, 2007. As at June 30, 2008, all the Group's long-term borrowings were from a wholly-owned subsidiary of PCCW, with a tranche B convertible note of HK\$2,420 million carrying a fixed interest rate of 1 per cent per annum and becoming repayable at 120 per cent of the outstanding principal amount at maturity in 2014. Gearing ratio is not provided as all borrowings are from PCCW, the Company's majority shareholder.

As at June 30, 2008, the Group had a banking facility of approximately HK\$20 million for the purpose of providing a guarantee to the HKSAR Government in relation to the Cyberport project (December 31, 2007: approximately HK\$20 million).

The Group's business transactions, assets and liabilities were primarily denominated in Hong Kong dollars. Renminbi-denominated revenue and Japanese Yen-denominated revenue represented approximately 18.8 per cent and 6.3 per cent of the Group's total turnover respectively, whilst PRC assets, Thailand assets and Japan assets represented approximately 26.4 per cent, 3 per cent and 1.7 per cent of the Group's total assets respectively.

All the Group's borrowings were denominated in Hong Kong dollars. Cash and bank balances were held mainly in Hong Kong dollars, with the balance in US dollars, Renminbi, Japanese Yen and Thai Baht. As the Group has invested overseas, net assets are exposed to foreign currency translation risks. The Group's currency exposure in respect of these operations is mainly from Renminbi, Thai Baht and Japanese Yen.

Cash used for operating activities for the six months ended June 30, 2008 was approximately HK\$177 million, compared with approximately HK\$361 million for the same period in 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Income tax

Income tax for the six months ended June 30, 2008 was approximately HK\$41 million compared with approximately HK\$11 million for the same period in 2007. The lower income tax in 2007 mainly resulted from the reversal of deferred income tax liabilities following the promulgation of Corporate Income Tax Law of mainland China.

Contingent liabilities

As at June 30, 2008, the Group had an outstanding performance guarantee of approximately HK\$1 million granted to the HKSAR Government for certain entrustment works in relation to the Cyberport project (December 31, 2007: approximately HK\$1 million).

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2008, the Group employed 427 staff, most of whom were based in Hong Kong. The Group's remuneration policies, which are in line with prevailing industry practices, have been formulated on the basis of performance and experience and are reviewed regularly. Bonuses are paid on a discretionary basis, according to individual performance and the Group's performance. The Group also provides comprehensive benefits including medical insurance, choice of provident fund or mandatory provident fund and training programmes.

The Company's share option scheme adopted on March 17, 2003 was terminated on May 13, 2005 and replaced by a new share option scheme which was adopted on May 23, 2005, following approval from PCCW's shareholders. The new share option scheme is valid and effective for a period of 10 years from the date of adoption.

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended June 30, 2008 (2007: 1.5 Hong Kong cents per ordinary share).

The Board had not recommended the payment of a final dividend for the year ended December 31, 2007.

OUTLOOK

The Hong Kong property market enjoyed stable growth on the back of low unemployment, limited supply of high-end housing, solid demand fundamentals and negative real interest rates.

The outlook for Hong Kong's high-end luxury market remains upbeat, despite the slowdown in growth in Asia Pacific resulting from global turbulence and aggressive austerity measures designed to cool mainland China's overheating economy. Conservative projections in the HKSAR Government's Half-yearly Economic Report 2008 suggested that local GDP growth for the whole of 2008 should be at the top end of the 4 per cent to 5 per cent range.

In addition, a relatively high level of investment has endured in the regional luxury property scene due to the presence of a newly-affluent section of society that has the ambition and means to invest in the most luxurious residential projects.

Development plans for luxury resorts in Hokkaido, Japan and Thailand's Phang-nga represent long-term expansion prospects for the Company, while our ONE Pacific Heights project in Hong Kong is scheduled for completion in 2009.

The Group's long-term economic outlook remains cautiously optimistic, as the management team continues to explore investment opportunities globally.

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Financial Information

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2008

HK\$ million	Note(s)	2008 (Unaudited)	2007 (Unaudited)
Turnover	2	618	2,100
Cost of sales		(358)	(1,412)
Gross profit		260	688
General and administrative expenses		(204)	(177)
Other income		2	21
Other gains		11	–
Interest income		46	150
Finance costs		(69)	(65)
Profit before taxation	2, 3	46	617
Income tax	4	(41)	(11)
Profit attributable to equity holders of the Company		5	606
Dividend			
Interim dividend declared	5	–	36
Earnings per share (expressed in Hong Kong cents per share)			
Basic	6	0.20 cent	25.19 cents
Diluted	6	N/A	21.73 cents
Dividend per share (expressed in Hong Kong cents per share)	5	–	1.50 cents

The notes on pages 20 to 31 form part of these unaudited condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2008

HK\$ million	2008 (Unaudited)						Total
	Issued equity	Capital reserve (note a)	Currency translation reserve	Convertible notes reserve	Employee share-based compensation reserve	Retained earnings	
Balance at January 1, 2008	4,321	(565)	512	769	17	2,570	7,624
Exchange differences	–	–	280	–	–	–	280
Net income recognised directly in equity	–	–	280	–	–	–	280
Profit for the period	–	–	–	–	–	5	5
Total recognised income for the period	–	–	280	–	–	5	285
Balance at June 30, 2008	4,321	(565)	792	769	17	2,575	7,909

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2008

HK\$ million	2007 (Unaudited)						Total
	Issued equity	Capital reserve (note a)	Currency translation reserve	Convertible notes reserve	Employee share-based compensation reserve	Retained earnings	
Balance at January 1, 2007	4,309	(565)	199	769	17	1,954	6,683
Exchange differences	–	–	130	–	–	–	130
Net income recognised directly in equity	–	–	130	–	–	–	130
Profit for the period	–	–	–	–	–	606	606
Total recognised income for the period	–	–	130	–	–	606	736
Issue of new shares for exercise of share options	12	–	–	–	–	–	12
2006 final dividend paid	–	–	–	–	–	(132)	(132)
Balance at June 30, 2007	4,321	(565)	329	769	17	2,428	7,299

- a. Capital reserve of the Group represents the difference between the carrying amounts of the net assets of Ipswich Holdings Limited, a then subsidiary of PCCW Limited (“PCCW”), and its subsidiaries (together the “Property Group”) and certain assets held by another subsidiary of PCCW and the stated value of the shares issued by Ipswich Holdings Limited in 2004 in exchange for the entire equity interests in the Property Group.

The notes on pages 20 to 31 form part of these unaudited condensed consolidated financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2008

HK\$ million	Note	June 30, 2008 (Unaudited)	December 31, 2007 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		4,377	4,153
Property, plant and equipment		61	60
Properties under development		617	795
Properties held for development		841	816
Goodwill		94	93
Other receivables		40	26
Deferred income tax assets		13	10
		6,043	5,953
Current assets			
Properties under development/held for sale		9,922	9,133
Sales proceeds held in stakeholders' accounts		1,668	2,425
Restricted cash		695	575
Trade receivables, net	7	320	332
Prepayments, deposits and other current assets		215	63
Amounts due from fellow subsidiaries		5	10
Amounts due from related companies		3	3
Short-term deposits		–	106
Cash and cash equivalents		1,748	1,759
		14,576	14,406

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2008

HK\$ million	Note	June 30, 2008 (Unaudited)	December 31, 2007 (Audited)
Current liabilities			
Current portion of long-term borrowings		24	24
Trade payables	8	110	114
Accruals, other payables and deferred income		1,158	1,272
Derivative financial instrument		–	7
Deposits received on sales of properties		1,972	1,944
Gross amounts due to customers for contract work		4	7
Amounts due to fellow subsidiaries		13	15
Amount payable to the HKSAR Government under the Cyberport Project Agreement	9	6,968	5,178
Current income tax liabilities		27	31
		10,276	8,592
Net current assets		4,300	5,814
Total assets less current liabilities		10,343	11,767
Non-current liabilities			
Long-term borrowings		2,046	1,989
Amount payable to the HKSAR Government under the Cyberport Project Agreement	9	–	1,741
Deferred income tax liabilities		357	326
Other long-term liabilities		31	87
		2,434	4,143
Net assets		7,909	7,624
REPRESENTING:			
Issued equity	10	4,321	4,321
Reserves		3,588	3,303
		7,909	7,624

The notes on pages 20 to 31 form part of these unaudited condensed consolidated financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2008

HK\$ million	2008 (Unaudited)	2007 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(177)	(361)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(9)	(4)
Decrease in bank deposits with maturity more than three months	106	173
Proceeds from disposal of subsidiaries	51	–
Instalments received from the disposal of unconsolidated subsidiaries	–	10
NET CASH GENERATED FROM INVESTING ACTIVITIES	148	179
FINANCING ACTIVITIES		
Proceeds from shares issued under share option scheme	–	12
Dividend paid	–	(132)
NET CASH USED IN FINANCING ACTIVITIES	–	(120)
DECREASE IN CASH AND CASH EQUIVALENTS	(29)	(302)
Exchange difference	18	7
CASH AND CASH EQUIVALENTS		
Balance at January 1,	1,759	2,445
Balance at June 30,	1,748	2,150
Analysis of cash and cash equivalents		
Cash and bank balances	2,443	2,585
Less: Restricted cash	(695)	(435)
Cash and cash equivalents at June 30,	1,748	2,150

The notes on pages 20 to 31 form part of these unaudited condensed consolidated financial information.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2008

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, 2007, which have been prepared in accordance with Hong Kong Financial Reporting 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.

The preparation of the unaudited condensed consolidated financial information in conformity with HKAS 34 requires management to make judgments, 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.

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial information are consistent with those used in preparing the Group’s annual financial statements for the year ended December 31, 2007. The following new interpretations are mandatory for the first time for the financial year beginning January 1, 2008 but are not currently relevant for the Group:

HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2008

2. TURNOVER AND SEGMENT INFORMATION

An analysis of turnover and contribution to the Group's results and capital expenditure by business segment for the six months ended June 30, is set out below:

HK\$ million	Property development		Property investment		Other businesses		Elimination		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
REVENUE										
External revenue	417	1,940	116	115	85	45	–	–	618	2,100
Inter-segment revenue	–	–	–	–	37	29	(37)	(29)	–	–
Total revenue	417	1,940	116	115	122	74	(37)	(29)	618	2,100
RESULT										
Segment results	33	458	77	75	15	21	–	–	125	554
Unallocated corporate expenses									(56)	(22)
Interest income									46	150
Finance costs									(69)	(65)
Profit before taxation									46	617
Income tax									(41)	(11)
Profit attributable to equity holders of the Company									5	606
Capital expenditure incurred during the period	1	–	6	3	2	1	–	–	9	4

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2008

3. PROFIT BEFORE TAXATION

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

HK\$ million	Six months ended June 30,	
	2008	2007
Crediting:		
Gross rental income from investment properties	116	115
Other rental income	1	1
Less: outgoings	(11)	(10)
Gain on disposal of subsidiaries (note 14(a)(i))	4	–
Gain on derivative financial instrument	7	–
Charging:		
Cost of properties sold	308	1,366
Depreciation	9	7
Amortisation of leasehold land	4	2
Staff costs, included in:		
– cost of sales	32	34
– general and administrative expenses	59	63
Contributions to defined contribution retirement scheme, included in:		
– cost of sales	1	1
– general and administrative expenses	4	–
Auditors' remuneration	2	1
Operating lease charges in respect of rental premises	7	2
Net foreign exchange loss	1	–

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2008

4. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5 per cent (2007: 17.5 per cent) on the estimated assessable profits for the period.

Taxation for overseas subsidiaries has been calculated on the estimated assessable profits for the period at the rates prevailing in the respective jurisdiction.

HK\$ million	Six months ended June 30,	
	2008	2007
Hong Kong profits tax		
– Provision for current year	10	84
– Over provision in respect of prior years	(9)	–
Mainland China income tax		
– Provision for current year	29	20
Deferred income tax relating to the origination and reversal of temporary differences (note a)	11	(93)
	41	11

- a. On March 16, 2007, the National People's Congress approved the Corporate Income Tax Law of The People's Republic of China (the "new CIT Law"). The new CIT Law reduces the corporate income tax rate applicable to the Group's operations in mainland China from 33 per cent to 25 per cent with effect from January 1, 2008. Accordingly, the deferred income tax assets and liabilities for the Group's operations in mainland China were provided at the rate of 25 per cent on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases. The effect on the change in corporate income tax rate applicable to the Group's operations in mainland China was recognised in the consolidated income statement for the six months ended June 30, 2007.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2008

5. DIVIDEND

HK\$ million	Six months ended June 30,	
	2008	2007
Interim dividend declared (2007: 1.5 Hong Kong cents per ordinary share)	–	36

The interim dividend declared after the balance sheet date for 2007 has not been recognised as a liability as at the balance sheet date. There was no final dividend paid for 2007.

6. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share based on the share capital of the Company are as follows:

Earnings (HK\$ million)	Six months ended June 30,	
	2008	2007
Earnings for the purpose of calculating the basic earnings per share	5	606
Finance costs on convertible notes	69	65
Earnings for the purpose of calculating the diluted earnings per share	74	671

Number of shares	Six months ended June 30,	
	2008	2007
Weighted average number of ordinary shares for the purpose of calculating the basic earnings per share	2,407,459,873	2,403,702,967
Effect of dilutive potential ordinary shares on conversion of convertible notes and the employee share options	672,858,018	680,979,128
Weighted average number of ordinary shares for the purpose of calculating the diluted earnings per share	3,080,317,891	3,084,682,095

The diluted earnings per share for the six months ended June 30, 2008 is the same as the basic earnings per share as all potential additional ordinary shares are anti-dilutive.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2008

7. TRADE RECEIVABLES, NET

An aging analysis of trade receivables is set out below:

HK\$ million	June 30, 2008	December 31, 2007
Current	111	330
One to three months	209	1
More than three months	–	1
	320	332

Trade receivables in respect of properties sold are payable by the purchasers pursuant to the terms of the sales contracts. Other trade receivables have a normal credit period ranges up to 30 days from the date of the invoice unless there is separate mutual agreement on extension of the credit period.

8. TRADE PAYABLES

An aging analysis of trade payables is set out below:

HK\$ million	June 30, 2008	December 31, 2007
Current	110	111
One to three months	–	3
More than three months	–	–
	110	114

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2008

9. AMOUNT PAYABLE TO THE HKSAR GOVERNMENT UNDER THE CYBERPORT PROJECT AGREEMENT

HK\$ million	2008		
	Government share under the Cyberport Project Agreement (note a)	Others	Total
Balance at January 1, 2008	6,886	33	6,919
Additional amount payable included in properties under development	406	–	406
Additional amount payable	–	1	1
Settlement during the period	(358)	–	(358)
Balance at June 30, 2008, classified as current liabilities	6,934	34	6,968

HK\$ million	2007		
	Government share under the Cyberport Project Agreement (note a)	Others	Total
Balance at January 1, 2007	3,480	25	3,505
Additional amount payable included in properties under development	4,346	–	4,346
Additional amount payable	–	24	24
Settlement during the period	(1,806)	(25)	(1,831)
Balance at June 30, 2007	6,020	24	6,044
Less: Amount classified as current liabilities	(1,439)	(24)	(1,463)
	4,581	–	4,581

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2008

9. AMOUNT PAYABLE TO THE HKSAR GOVERNMENT UNDER THE CYBERPORT PROJECT AGREEMENT – CONTINUED

- a. Pursuant to the Cyberport Project Agreement, the Government of the Hong Kong Special Administration Region (“HKSAR”) shall be entitled to receive payments of approximately 65 per cent from the surplus cash flow arising from the sales of the residential portion of the Cyberport project, net of certain allowable costs incurred on the project, as stipulated under certain terms and conditions of the Cyberport Project Agreement. Amount payable to the HKSAR Government is included in properties under development as the amount is considered as a part of the development costs for the Cyberport project. The amount payable to the HKSAR Government is based on estimated sales proceeds of the residential portion of the project and the estimated development costs of the Cyberport project. The estimated amount to be paid to the HKSAR Government during the forthcoming year is classified as current liabilities.

10. ISSUED EQUITY

	The Group	
	Number of shares (note a)	Issued equity HK\$ million (note a)
Ordinary shares of HK\$0.10 each at December 31, 2007 and June 30, 2008	2,407,459,873	4,321

- 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 balance sheet, 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.
- b. The following is the movement in the share capital of the Company:

	The Company	
	Number of shares	Nominal value HK\$ million
Authorised:		
Ordinary shares of HK\$0.10 each at December 31, 2007 and June 30, 2008	10,000,000,000	1,000
Issued and fully paid:		
Ordinary shares of HK\$0.10 each at December 31, 2007 and June 30, 2008	2,407,459,873	241

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2008

11. CAPITAL COMMITMENTS

HK\$ million	June 30, 2008	December 31, 2007
Authorised and contracted for	833	1,292
Authorised but not contracted for	508	549
	1,341	1,841

12. GUARANTEES

The guarantees provided by the Group are set out as follows:

HK\$ million	June 30, 2008	December 31, 2007
Performance guarantee	1	1

13. BANKING FACILITY

An indirectly wholly-owned subsidiary of the Company had been granted a banking facility amounting to approximately HK\$20 million from a bank for the purpose of providing guarantee to the HKSAR Government. Such facility is to be secured by a bank deposit placed by the subsidiary from time to time to secure the amount of guarantee issued by the bank. No guarantee was issued by the bank under this banking facility as at June 30, 2008 and December 31, 2007.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2008

14. MATERIAL RELATED PARTY TRANSACTIONS

The Group is controlled by PCCW, a company incorporated in Hong Kong, which owns 61.53 per cent (December 31, 2007: 61.53 per cent) of the Company's shares. The remaining 38.47 per cent (December 31, 2007: 38.47 per cent) of the shares are held by public. PCCW is also regarded as the ultimate holding company of the Group.

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,	
	2008	2007
Sales of services:		
– Fellow subsidiaries		
Facility management services	28	25
Office leases rental	4	6
– Related companies		
Facility management services	12	12
Office leases rental	2	1
Purchases of services:		
– Fellow subsidiaries		
Corporate services	1	2
Office sub-leases	4	4
Information technology and other logistic services	3	5
– Related companies		
Other services	1	1

- (i) On March 31, 2008, the Group disposed the entire share capital of two subsidiaries to a wholly-owned subsidiary of PCCW at a total consideration of HK\$51 million. These two subsidiaries are property holding companies with net assets of HK\$47 million on the day of disposal. A net gain of HK\$4 million was recognised during the period for the disposal.
- (ii) On April 17, 2008, the Company announced that the proposed privatisation of the Company made by Picville Investments Limited ("Picville"), a wholly-owned subsidiary of PCCW, was not approved by the independent shareholders at the court meeting held on that day. Accordingly, all the related costs incurred by the Company for the proposed privatisation amounted to approximately HK\$11 million were borne by Picville.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2008

14. MATERIAL RELATED PARTY TRANSACTIONS – CONTINUED

The above transactions were carried out after negotiations between the Group and the related parties in the ordinary course of business. In respect of transactions for which the price or volume has not yet been agreed with the relevant related parties, the directors have determined the relevant amounts based on their best estimation.

The related party transactions in respect of items above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of The Stock Exchange of Hong Kong Limited's listing rules.

b. Details of key management compensation

HK\$ million	Six months ended June 30,	
	2008	2007
Salaries and other short-term employee benefits	13	9
Bonuses	18	21
Directors' fees	–	–
Post-employment benefits	1	1
	32	31

The remuneration of executive directors employed by PCCW, the ultimate holding company of the Group, is borne by PCCW.

c. Period-end balances arising from sales/purchases of services and loan interest

HK\$ million	June 30,	December 31,
	2008	2007
Receivables from related parties:		
– Fellow subsidiaries	5	10
– Related companies	3	3
	8	13
Payables to related parties:		
– Fellow subsidiaries	13	15

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2008

14. MATERIAL RELATED PARTY TRANSACTIONS – CONTINUED

d. Loan from a fellow subsidiary

The loan from a fellow subsidiary represents the convertible notes (tranche B note due 2014) with principal value of HK\$2,420 million. The movements of the loan from a fellow subsidiary of HK\$2,620 million as at June 30, 2008 (December 31, 2007: HK\$2,596 million) are as follows:

HK\$ million	2008	2007
Loan from a fellow subsidiary:		
Balance at January 1,	2,596	2,548
Interest expenses	12	12
Interest amount payable included in amounts due to fellow subsidiaries	(12)	(12)
Provision for redemption premium	24	24
Balance at June 30,	2,620	2,572

GENERAL INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2008, the directors and the chief executive of the Company and their associates had the following interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

1. The Company

As at June 30, 2008, the Company had not been notified of any interests or short positions in the shares or underlying shares or debentures of the Company held by the directors or the chief executive of the Company or their associates.

2. Associated Corporation of the Company

A. Interests in PCCW Limited ("PCCW")

The table below sets out the aggregate long positions of the directors and the chief executive of the Company in the shares and underlying shares of PCCW, the ultimate holding company of the Company, as at June 30, 2008.

Name of director/ chief executive	Number of ordinary shares				Number of underlying shares held under equity derivatives	Total	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests			
Li Tzar Kai, Richard	–	–	250,109,824 (Note I(a))	1,650,518,335 (Note I(b))	–	1,900,628,159	28.07%
Alexander Anthony Arena	760,000	–	–	–	15,800,200 (Note II)	16,560,200	0.24%
Lee Chi Hong, Robert	992,600 (Note IV(a))	511 (Note IV(b))	–	–	6,000,000 (Note III)	6,993,111	0.10%
James Chan	–	–	–	–	210,000 (Note III)	210,000	0.003%
Gan Kim See, Wendy	–	–	–	–	420,000 (Note III)	420,000	0.006%

GENERAL INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES – CONTINUED

2. Associated Corporation of the Company – Continued

A. Interests in PCCW Limited (“PCCW”) – Continued

Notes:

- I. (a) Of these shares of PCCW, Pacific Century Diversified Limited (“PCD”), a wholly-owned subsidiary of Chiltonlink Limited, held 216,362,824 shares and Eisner Investments Limited held 33,747,000 shares. Li Tzar Kai, Richard owns 100% of Chiltonlink Limited and Eisner Investments Limited.
- (b) These interests represented:
 - (i) a deemed interest in 36,726,857 shares of PCCW held by Yue Shun Limited, a subsidiary of Hutchison Whampoa Limited (“HWL”). Cheung Kong (Holdings) Limited (“Cheung Kong”) through certain subsidiaries held more than one-third of the issued share capital of HWL. Li Tzar Kai, Richard was a discretionary beneficiary of certain discretionary trusts which held units in unit trusts which in turn held interests in certain shares of Cheung Kong and HWL. Li Tzar Kai, Richard was also interested in one-third of the issued share capital of two companies, which owned all the shares in the trustee companies which acted as trustees of such discretionary trusts and unit trusts. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 36,726,857 shares of PCCW held by Yue Shun Limited;
 - (ii) a deemed interest in 87,018,177 shares of PCCW 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 87,018,177 shares of PCCW held by PCGH; and
 - (iii) a deemed interest in 1,526,773,301 shares of PCCW held by Pacific Century Regional Developments Limited (“PCRD”), a company in which PCGH had, through wholly-owned subsidiaries Anglang Investments Limited, Pacific Century Group (Cayman Islands) Limited, Pacific Century International Limited and Borsington Limited, an aggregate of 75.33% 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 1,526,773,301 shares of PCCW held by PCRD.
- II. These interests represented Alexander Anthony Arena’s beneficial interest in: (a) 200 underlying shares held in the form of 20 American Depositary Receipts which constituted listed equity derivatives; and (b) 15,800,000 underlying shares in respect of share options granted by PCCW to Alexander Anthony Arena as beneficial owner, details of which are set out in Note III below.

GENERAL INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES – CONTINUED

2. Associated Corporation of the Company – Continued

A. Interests in PCCW Limited (“PCCW”) – Continued

Notes: – Continued

III. These interests represented the interests in underlying shares in respect of share options granted by PCCW to the directors and the chief executive of the Company as beneficial owners as at June 30, 2008, details of which are set out as follows (all dates are shown month/day/year):

Name of director/ chief executive	Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of options	
					Outstanding as at 01.01.2008	Outstanding as at 06.30.2008
Alexander Anthony Arena	08.28.1999	08.17.2000 to 08.17.2004	08.17.2000 to 08.17.2009	11.780	3,200,000	3,200,000
	08.26.2000	08.26.2001 to 08.26.2005	08.26.2001 to 08.26.2010	60.120	1,600,000	1,600,000
	02.20.2001	08.26.2001 to 08.26.2005	08.26.2001 to 01.22.2011	16.840	1,600,000	1,600,000
	07.25.2003	07.25.2004 to 07.25.2006	07.25.2004 to 07.23.2013	4.350	6,400,000	6,400,000
	02.08.2005	02.08.2006 to 02.08.2007	02.08.2006 to 02.07.2009	4.475	3,000,000	3,000,000
Lee Chi Hong, Robert	07.25.2003	07.25.2004 to 07.25.2006	07.25.2004 to 07.23.2013	4.350	5,000,000	5,000,000
	02.08.2005	02.08.2006 to 02.08.2007	02.08.2006 to 02.07.2009	4.475	1,000,000	1,000,000
James Chan	07.25.2003	07.25.2004 to 07.25.2006	07.25.2004 to 07.23.2013	4.350	210,000	210,000
Gan Kim See, Wendy	01.22.2001	01.22.2002 to 01.22.2004	01.22.2002 to 01.22.2011	16.840	180,000	180,000
	07.25.2003	07.25.2004 to 07.25.2006	07.25.2004 to 07.23.2013	4.350	240,000	240,000

GENERAL INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES – CONTINUED

2. Associated Corporation of the Company – Continued

A. Interests in PCCW Limited (“PCCW”) – Continued

Notes: – Continued

- IV. (a) These shares were held jointly by Lee Chi Hong, Robert and his spouse.
- (b) These shares were held by the spouse of Lee Chi Hong, Robert.

B. Short Positions in the Shares and Underlying Shares of PCCW

As at June 30, 2008, the Company had not been notified of any short positions in the shares or underlying shares or debentures of PCCW held by the directors or the chief executive of the Company or their associates.

GENERAL INFORMATION

SHARE OPTION SCHEMES

In order to align the terms of the share option scheme of the Company with those of PCCW and in view of the limited number of shares capable of being issued relative to the current capital base of the Company, the shareholders of the Company approved the termination of the 2003 share option scheme (which was approved and adopted on March 17, 2003 (“2003 Scheme”)) and the adoption of a new share option scheme (the “2005 Scheme”) at the Company’s annual general meeting held on May 13, 2005. The 2005 Scheme became effective on May 23, 2005 following its approval by the shareholders of PCCW. No further share options will be granted under the 2003 Scheme following its termination, but the provisions of such scheme will remain in full force and effect with respect to the options granted prior to its termination.

Under the 2005 Scheme, the board of directors of the Company may, at its discretion, grant share options to any eligible person to subscribe for shares in the Company subject to the terms and conditions stipulated in the 2005 Scheme. The exercise price of the options under the 2005 Scheme is determined by the board of directors of the Company in its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange for the five days last preceding the date of grant on which days it has been possible to trade shares on the Stock Exchange; and (iii) the nominal value of the share of the Company on the date of grant. The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2005 Scheme and any other share option schemes of the Company must not exceed 30 per cent of the shares in issue from time to time. In addition, the maximum number of shares in respect of which options may be granted under the 2005 Scheme shall not (when aggregated with any shares subject to any grants made after May 23, 2005 pursuant to any other share option schemes of the Company) exceed 10 per cent of the issued share capital of the Company on May 23, 2005 (or some other date if renewal of this limit is approved by shareholders). No share options have been granted under the 2005 Scheme since its adoption.

GENERAL INFORMATION

SHARE OPTION SCHEMES – CONTINUED

Details of the options which have been granted and outstanding under the 2003 Scheme during the six months ended June 30, 2008 are as follows:

1. Outstanding options as at January 1, 2008 and as at June 30, 2008

Category of participant	Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of options	
					Outstanding as at 01.01.2008	Outstanding as at 06.30.2008
Director of the Company's subsidiary	12.20.2004	Fully vested on 12.20.2004	12.20.2004 to 12.19.2014	2.375	5,000,000	5,000,000

Note: All dates are shown month/day/year

2. Options granted during the six months ended June 30, 2008

During the period under review, no share options were granted.

3. Options exercised during the six months ended June 30, 2008

During the period under review, no share options were exercised.

4. Options cancelled or lapsed during the six months ended June 30, 2008

During the period under review, no share options were cancelled or lapsed.

At no time during the period under review was the Company or any of its subsidiaries a party to any arrangement to 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.

GENERAL INFORMATION

INTERESTS AND SHORT POSITIONS IN SHARES OF SUBSTANTIAL SHAREHOLDERS

1. Interests in the Company

As at June 30, 2008, the following persons (other than directors or the chief executive of the Company) had interests in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares / underlying shares held	Percentage of issued share capital
PCCW	Beneficial owner	2,153,555,555 (<i>Note I</i>)	89.45%
Elliott Capital Advisors, L.P.	Interest of controlled corporations	387,778,680 (<i>Note II</i>)	16.11%
Peter Cundill & Associates (Bermuda) Ltd.	Investment manager	124,952,000	5.19%
Daniel Saul Och	Interest of controlled corporations	121,447,152 (<i>Note III</i>)	5.04%
Och-Ziff Capital Management Group LLC	Interest of controlled corporations	121,447,152 (<i>Note III</i>)	5.04%
OZ Management, L.P. (formerly known as OZ Management, L.L.C.)	Investment manager	121,447,152 (<i>Note III</i>)	5.04%

Notes:

- I. These interests represented (a) an interest in 1,481,333,333 shares in the Company ("Shares") held by Asian Motion Limited, a wholly-owned subsidiary of PCCW; and (b) an interest in respect of 672,222,222 underlying Shares held by PCCW-HKT Partners Limited, a wholly-owned subsidiary of PCCW, arising as a result of the holding of the HK\$2,420 million guaranteed convertible note issued by PCPD Wealth Limited, a wholly-owned subsidiary of the Company, on December 29, 2006.
- II. Elliott Capital Advisors, L.P. has direct or indirect control over The Liverpool Limited Partnership and Elliott International, L.P. and is therefore deemed to control the exercise of the voting power of the 155,111,472 Shares held by The Liverpool Limited Partnership and the 232,667,208 Shares held by Elliott International, L.P.
- III. Daniel Saul Och has control over Och-Ziff Capital Management Group LLC which has control over an investment manager OZ Management, L.P. and the former two are therefore deemed to control the voting power of the 121,447,152 Shares held in aggregate by OZ Management, L.P. and its wholly-owned subsidiaries and other entities controlled by it.

GENERAL INFORMATION

INTERESTS AND SHORT POSITIONS IN SHARES OF SUBSTANTIAL SHAREHOLDERS – CONTINUED

2. Short Positions in the Shares and Underlying Shares of the Company

As at June 30, 2008, the Company had not been notified of any other person who had short positions in the shares or underlying shares of the Company to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Save as disclosed above, as at June 30, 2008, the Company had not been notified of any other person who had interests or short positions in the shares and underlying shares of the Company to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2008, 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 Company's Audit Committee has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended June 30, 2008 and has held one meeting during the period under review.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all the applicable code provisions contained in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules for the six months ended June 30, 2008, except that the Chairman of the Board was unable to attend the Company's annual general meeting held on May 13, 2008 (which was required under the code provision E.1.2) as he was out of town on another engagement that was important to the Company's business.

MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES

The Company has adopted its own code of conduct regarding securities transactions by directors and senior management, namely the PCPD Code of Conduct for Securities Transactions by Directors and Senior Management ("PCPD Code"), on terms not less exacting than the required standard under the Model Code set out in Appendix 10 to the Listing Rules.

The Company has made specific enquiry of all directors of the Company, who have confirmed that they have complied with the required standard set out in the PCPD Code for the six months ended June 30, 2008.

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 Investor Relations at the address provided on this page.

BOARD OF DIRECTORS

Executive Directors

Li Tzar Kai, Richard (*Chairman*)

Alexander Anthony Arena (*Deputy Chairman*)

Lee Chi Hong, Robert (*Chief Executive Officer*)

Lam Yu Yee

James Chan

Gan Kim See, Wendy

Independent Non-Executive Directors

Cheung Kin Piu, Valiant

Tsang Link Carl, Brian

Prof Wong Yue Chim, Richard, SBS, JP

Dr Allan Zeman, GBS, JP

COMPANY SECRETARY

Chan Ya Lai, Alice

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