



Pacific Century
Premium Developments
盈科大衍地產發展

PACIFIC CENTURY PREMIUM DEVELOPMENTS LIMITED

盈科大衍地產發展有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 432)

CONNECTED TRANSACTION

PCCW-HKT and Talent Master have entered into the Letter of Agreement pursuant to which PCCW-HKT has agreed to contribute a certain amount towards the cost of the A&A Works.

As PCCW is a substantial shareholder of the Company, it and its associates are connected persons of the Company under the Listing Rules. Accordingly, the Letter of Agreement constitutes a connected transaction of the Company. Such transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under the Listing Rules.

The Company is currently redeveloping the Site into a commercial and residential property. In this connection, Talent Master has appointed independent contractors to carry out the A&A Works.

PCCW-HKT is a tenant of the building currently erected on the Site. Pursuant to the Lease, on the redevelopment of the Site Talent Master is required to provide, at its own cost, a designated space in the redeveloped building for a telephone exchange and to continue to lease that space to PCCW-HKT at open market rent.

As PCCW-HKT will remain as a tenant of the redeveloped building, the A&A Works are expected to be beneficial to PCCW-HKT. Accordingly, PCCW-HKT has agreed to contribute the sum of HK\$7,752,813.82 towards the cost of the A&A Works. PCCW-HKT and Talent Master have entered into the Letter of Agreement in relation to contribution.

Date of agreement

26 September 2005

Parties

Talent Master and PCCW-HKT

Purpose

As PCCW-HKT will remain as a tenant of the redeveloped building, the A&A Works are expected to be beneficial to PCCW-HKT and hence PCCW-HKT has agreed to contribute a certain amount towards the cost of the A&A Works.

Pricing and payment terms

PCCW-HKT has agreed to contribute a total sum of HK\$7,752,813.82 towards the cost of the A&A Works. The sum was negotiated on an arm's length basis and reflects the costs of certain alteration works that have been rendered necessary as a result of PCCW-HKT remaining as a tenant of the redeveloped building on the terms and conditions of the Lease.

Talent Master's architect will, upon receiving the supporting information from the contractor which carries out the A&A Works, issue monthly statements to Talent Master stating the amount due to such contractor. Within 21 days upon Talent Master receiving such monthly statement, PCCW-HKT will reimburse an agreed proportion of such amount to Talent Master up to a cap of HK\$7,752,813.82.

REASONS FOR AND THE BENEFITS OF THE LETTER OF AGREEMENT AND VIEWS OF THE DIRECTORS

As the A&A Works are expected to be beneficial to PCCW-HKT, it has agreed to contribute an appropriate amount towards the cost of the A&A Works. There is no legal obligation on the part of PCCW-HKT to make such contribution. The Directors (including the independent non-executive Directors) consider that this arrangement is beneficial to the Company and that the Letter of Agreement had been negotiated and was conducted on an arm's length basis between the parties and is on normal commercial terms.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Letter of Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

REQUIREMENTS OF THE LISTING RULES

As PCCW is the indirect holder of approximately 61.7 per cent of the issued share capital of the Company, it is a substantial shareholder of the Company and it and its associates are connected persons of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Letter of Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the relevant percentage ratios under the Listing Rules for the transaction is less than 2.5 per cent., the Letter of Agreement is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Particulars of the Letter of Agreement will be included in the next published annual report and accounts of the Company.

GENERAL

The Group is principally engaged in the development of premium properties in Asia and the investment in premium-grade buildings in Asia or substantial parts thereof.

The PCCW Group is the largest telecommunications provider in Hong Kong and one of Asia's leading integrated communications companies. The PCCW Group provides key services in the areas of: integrated telecommunications; broadband solutions; connectivity; narrowband and interactive broadband (Internet services); information technology solutions and services and infrastructure.

DEFINITIONS

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

"A&A Works"	certain addition and alteration works on the electrical and mechanical provisions at the existing telephone exchange building erected on the Site
"associate"	has the meaning ascribed to it in the Listing Rules
"Company"	Pacific Century Premium Developments Limited
"Directors"	directors of the Company
"Group"	the Company and its subsidiaries
"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
"Lease"	the lease dated 10 May 2004 between Talent Master and PCCW-HKT as landlord and PCCW-HKT as tenant in respect of the lease of the building currently erected on the Site (except a portion of the second floor thereof), details of which have been disclosed in the circular of the Company dated 2 April 2004
"Letter of Agreement"	the letter of agreement dated 26 September 2005 in connection with the contribution to the A&A Works by PCCW-HKT
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"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
"PCCW-HKT"	PCCW-HKT Telephone Limited, a wholly-owned subsidiary of PCCW
"PCCW Group"	PCCW and its associates
"percentage ratios"	has the meaning ascribed to it in Chapter 14 of the Listing Rules
"Site"	No.1 Wo Fung Street, Sheung Wan, Hong Kong
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"Talent Master"	Talent Master Investments Limited, a wholly-owned subsidiary of the Company

By Order of the Board
Chan Ya Lai, Alice
Company Secretary

Hong Kong, 26 September 2005

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

Executive Directors:

Li Tzar Kai, Richard (Chairman); Yuen Tin Fan, Francis (Deputy Chairman); Lee Chi Hong, Robert (Chief Executive Officer); Alexander Anthony Arena; Hubert Chak; James Chan and Gan Kim See, Wendy

Non-Executive Director:

Dr Allan Zeman, GBS, JP

Independent Non-Executive Directors:

Ronald James Blake, OBE, JP; Cheung Kin Piu, Valiant; Tsang Link Carl, Brian and Prof Wong Yue Chim, Richard, SBS, JP

* For identification only