

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

Company Registration No. 196300381N

First Quarter Financial Statement And Dividend Announcement for the Period Ended 31/03/2007

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

For the current results, the Group's share of the results of PCCW for Q1 2007 and the comparative figures for Q1 2006 are not available as PCCW is not required to announce quarterly results in Hong Kong and is only required under Hong Kong listing rules to report H1 2007 results within three months of the end of the financial period.

Continuing operations	Group		Increase/ (decrease) %
	31/03/2007 S\$'000	(Restated) 31/03/2006 S\$'000	
Turnover	712	724	(1.7)
Cost of sales	(158)	(119)	32.8
Gross profit	554	605	(8.4)
Net investment and other income (Note 1)	120	149	(19.5)
Operating and administrative expenses	(1,772)	(2,466)	(28.1)
Loss from operating activities	(1,098)	(1,712)	(35.9)
Net finance costs (Note 2)	(9,246)	(11,775)	(21.5)
Share of losses of associated companies	(9)	(210)	(95.7)
Loss from continuing operations before taxation	(10,353)	(13,697)	(24.4)
Taxation	(30)	(7)	328.6
	(10,383)	(13,704)	(24.2)
Discontinued operations			
Profit from discontinued operations, net of taxes	21,565	21,928	(1.7)
Profit for the period	11,182	8,224	36.0
Attributable to:			
Equity holders of the Company	(253)	(3,226)	(92.2)
Minority interests	11,435	11,450	(0.1)
	11,182	8,224	36.0

Operating profit is arrived at after crediting (charging) the following:

	Group	
	31/03/2007	Restated 31/03/2006
	S\$'000	S\$'000
(Note 1)		
Net investment and other income :		
Interest income	118	148
Miscellaneous income	2	1
	-----	-----
	120	149
	-----	-----
(Note 2)		
Net finance costs :		
- bank loan and overdraft interest	(9,187)	(5,980)
- finance facility fees	(59)	(3,690)
- exchangeable bond interest	-	(2,105)
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	(9,246)	(11,775)
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Depreciation and amortisation :		
Depreciation of property, plant and equipment	(80)	(69)

The above disclosure items exclude items relating to discontinued operations.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31/03/2007	(Restated) 31/12/2006	31/03/2007	(Restated) 31/12/2006
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	1,065	1,146	-	-
Investments in subsidiary companies	-	-	117,901	120,021
Investments in associated companies	40,057	40,028	939,932	956,838
Investment properties	775	775	-	-
Long-term investments	7,986	7,368	1,077	1,077
Other assets	15,765	16,143	28,797	29,862
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	65,648	65,460	1,087,707	1,107,798
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Current assets				
Inventories	17	20	-	-
Trade and other receivables	12,222	11,660	9,488	9,614
Fixed deposits	5,711	19,426	5,709	19,424
Cash and bank balances	13,762	13,758	960	584
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	31,712	44,864	16,157	29,622
Disposal group classified as held for sale	2,507,588	2,296,571	71,552	72,839
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	2,539,300	2,341,435	87,709	102,461
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Current liabilities				
Trade payables and accruals	12,601	19,859	276,617	288,027
Bank borrowings	749,348	758,906	465,034	473,430
Provision for taxation	3,916	3,941	1,429	1,455
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	765,865	782,706	743,080	762,912
Liabilities directly associated with disposal group classified as held for sale	1,951,157	1,753,481	-	-
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	2,717,022	2,536,187	743,080	762,912
	-----	-----	-----	-----
Net current liabilities	(177,722)	(194,752)	(655,371)	(660,451)
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Non-current liabilities				
Deferred tax liabilities	5,845	5,950	5,845	5,950
Other liabilities	77	81	133,153	133,186
	-----	-----	-----	-----
	5,922	6,031	138,998	139,136
	-----	-----	-----	-----
Net (liabilities) assets	(117,996)	(135,323)	293,338	308,211
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Equity attributable to equity holders of the Company				
Share capital	457,283	457,283	457,283	457,283
Deficit	(872,679)	(882,387)	(163,945)	(149,072)
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	(415,396)	(425,104)	293,338	308,211
Minority interests	297,400	289,781	-	-
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Total equity	(117,996)	(135,323)	293,338	308,211
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1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/03/2007		As at 31/12/2006	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
749,348	-	758,906	-

Amount repayable after one year

As at 31/03/2007		As at 31/12/2006	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Certain bank facilities of the Group amounting to \$749 million (2006: \$759 million) in aggregate are secured by way of pledges over certain shares of an associated company owned by the Company with an aggregate book cost of approximately \$1,011 million (2006: \$1,380 million).

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
Cash flow statement for the quarter ended 31 March	31/03/2007	Restated 31/03/2006
	S\$'000	S\$'000
Cash flow from operating activities:		
Loss from operating activities	(1,098)	(1,712)
Profit from discontinued operations	21,565	21,928
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	20,467	20,216
Adjustments for:		
Depreciation of property, plant and equipment	80	69
Gain (loss) on sale and revaluation of investments	(118)	75
Equity-settled share option expenses	82	353
Increase in disposal group classified as held for sale	(13,341)	(9,768)
	-----	-----
Operating profit before reinvestment in working capital	7,170	10,945
Decrease in payables and accruals	(7,097)	(3,655)
Decrease in receivables	17	1,262
Decrease in inventories	2	5
	-----	-----
Cash generated from operations	92	8,557
Interest received	118	148
Interest and other finance costs paid	(9,277)	(7,058)
Income taxes paid	(30)	(7)
	-----	-----
Net cash (used in) generated from operating activities	(9,097)	1,640
	-----	-----
Cash flow from investing activities:		
Purchase of property, plant and equipment	(11)	(7)
	-----	-----
Net cash used in investing activities	(11)	(7)
	-----	-----
Cash flow from financing activities:		
Drawdown of bank loans, net	3,883	235,918
Decrease in long-term liabilities	(5)	-
Loan repayment to holding company	-	(237,309)
(Advances to) proceeds from associated companies	(171)	397
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Net cash generated from (used in) financing activities	3,707	(994)
	-----	-----
Exchange translation adjustment	(8,310)	(533)
	-----	-----
Net (decrease) increase in cash and cash equivalents	(13,711)	106
Cash and cash equivalents at beginning of period	33,184	15,606
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Cash and cash equivalents at end of period	19,473	15,712
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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Changes in equity for the quarter ended 31 March

The Group	Share capital	Share premium	Revenue reserves	Other reserves	Minority interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2007	457,283	-	(923,435)	41,048	289,781	(135,323)
Foreign currency translation adjustment	-	-	-	8,774	(5,450)	3,324
Fair value gain on available-for-sale investments, net of tax	-	-	-	(824)	(1,786)	(2,610)
Fair value change in cash flow hedge	-	-	-	2,031	2,290	4,321
Net income recognised directly in equity	-	-	-	9,981	(4,946)	5,035
(Loss) profit for the period	-	-	(253)	-	11,435	11,182
Total (expense) income recognised for the period	-	-	(253)	9,981	6,489	16,217
Equity share compensation reserve	-	-	-	(50)	(56)	(106)
Change in interest in a subsidiary	-	-	30	-	1,186	1,216
Balance at 31 March 2007	457,283	-	(923,658)	50,979	297,400	(117,996)

The Group	Share capital	Share premium	Revenue reserves	Other reserves	Minority interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2006	309,627	146,286	(961,947)	27,461	300,489	(178,084)
Foreign currency translation adjustment	-	-	-	17,245	(9,026)	8,219
Fair value gain on available-for-sale investments, net of tax	-	-	-	1,573	1,717	3,290
Fair value change in cash flow hedge	-	-	-	(363)	(396)	(759)
Adjustment arising from shares repurchased from minority holders	-	-	-	(2,967)	(3,239)	(6,206)
Net income recognised directly in equity	-	-	-	15,488	(10,944)	4,544
(Loss) profit for the period	-	-	(3,226)	-	11,450	8,224
Total (expense) income recognised for the period	-	-	(3,226)	15,488	506	12,768
Transfer to share capital	147,656	(146,286)	-	(1,370)	-	-
Equity share compensation reserve	-	-	-	31	34	65
Change in interest in a subsidiary	-	-	1,813	-	(7,766)	(5,953)
Balance at 31 March 2006	457,283	-	(963,360)	41,610	293,263	(171,204)

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Changes in equity for the quarter ended 31 March

The Company	Share capital	Share premium	Revenue reserves	Other reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2007	457,283	-	(117,544)	(31,528)	308,211
Foreign currency translation adjustment	-	-	-	(5,135)	(5,135)
Loss for the period	-	-	(9,738)	-	(9,738)
Balance at 31 March 2007	457,283	-	(127,282)	(36,663)	293,338

The Company	Share capital	Share premium	Revenue reserves	Other reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2006	309,627	146,286	(127,347)	(3,587)	324,979
Foreign currency translation adjustment	-	-	-	(9,142)	(9,142)
Loss for the period	-	-	(9,406)	-	(9,406)
Transfer to share capital	147,656	(146,286)	-	(1,370)	-
Balance at 31 March 2006	457,283	-	(136,753)	(14,099)	306,431

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

During the financial period under review, there were no share options granted under the Company's Employees' Share Option Scheme ("ESOS Scheme"). As at 31 March 2007, there were options to subscribe for 18,700,000 shares outstanding under the ESOS Scheme (as at 31 March 2006, there were options to subscribe for 18,900,000 shares outstanding).

The Company's issued share capital as at 31 March 2007 is summarised as follows: -

<u>Ordinary Shares</u>	<u>No. of shares</u>	<u>S\$</u>
Issued and paid-up share capital	3,096,269,100	457,282,366

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

N.A.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation as in the audited financial statements as at 31 December 2006.

For the current results under review, the Group's share of results of PCCW for Q1 2007 and the comparative figures for Q1 2006 are not available as PCCW is not required to announce quarterly results in Hong Kong and it is only required under Hong Kong listing rules to report its H1 2007 results within three months of the end of the financial period.

The Group continues to treat Pacific Century Insurance Holdings Limited ("PCIH"), in which the Company has a 47.0% interest, as its subsidiary because it continues to exercise control. The results of PCIH have been accounted for as a subsidiary in the Group's financial results.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Following the Company's announcement on 1 March 2007 stating that the Company had entered into a conditional share sale and purchase agreement with Fortis Insurance International N.V. for the sale of all the ordinary shares of HK\$1.00 each in the share capital of PCIH, the assets and liabilities relating to PCIH have been presented as a disposal group held for sale in the consolidated balance sheet and results from PCIH are presented separately as "Discontinued operations, net of taxes" in the consolidated income statement. This transaction completes on 15 May 2007.

An analysis of the results of the discontinued operations, and the result recognised on the remeasurement of disposal group is as follows:

	2007	2006
	\$'000	\$'000
Revenue	99,653	96,350
Expenses	(76,201)	(73,127)
Profit before tax from discontinued operations	<u>23,452</u>	<u>23,223</u>
Tax	(1,887)	(1,296)
Profit after tax from discontinued operations	<u>21,565</u>	<u>21,927</u>

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	31/03/2007	Restated 31/03/2006
(Loss) Earnings per ordinary share:		
(i) Based on weighted average number of ordinary shares in issue		
(Loss) per share : Continuing Operations	(0.34) cents	(0.44) cents
Earnings per share : Discontinued Operations	0.33 cents	0.34 cents
(ii) On a fully diluted basis		
(Loss) per share : Continuing Operations	(0.34) cents	(0.44) cents
Earnings per share : Discontinued Operations	0.33 cents	0.34 cents

Loss per share from continuing operations is calculated by dividing the Group's loss from continuing operations attributable to equity holders of \$10,391,000 (2006: \$13,703,000) by the weighted average of 3,096,269,100 (2006: 3,096,269,100) ordinary shares in issue during the quarter.

Earnings per share from discontinued operations is calculated by dividing the Group's earnings from discontinued operations attributable to equity holders of \$10,138,000 (2006: \$10,477,000) by the weighted average of 3,096,269,100 (2006: 3,096,269,100) ordinary shares in issue during the quarter.

Fully diluted (loss) earnings per share is calculated after adjusting for those shares not yet exercised under the Company's ESOS Scheme.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31/03/2007	31/12/2006	31/03/2007	31/12/2006
Net (liabilities)/asset value per ordinary share based on issued share capital at the end of the quarter	\$(0.13)	\$(0.14)	\$0.09	\$0.10

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

With the classification of PCIH as an asset held for sale, the Group's turnover was mainly from the operation of the hotel in Vietnam. The Group's operating and administrative expenses for Q1 2007 amounted to \$1.8 million compared to \$2.5 million for Q1 2006, which was largely due to a reduction in legal and professional expenses in Q1 2007.

Net finance costs for Q1 2007 decreased to \$9.2 million from \$11.8 million. The reason for the decrease was due to the inclusion of one-off finance facility fees of \$3.7 million in Q1 2006 upon commencement of new banking facilities. Upon completion of the PCIH sale, finance costs will be further reduced.

The Group recorded a loss from continuing operations before taxation and minority interest of \$10.4 million for Q1 2007 compared to a loss before taxation of \$13.7 million for Q1 2006.

The Group's share of profits and losses of associated companies in the Q1 2007 results do not include the Group's share of results of PCCW. The Q1 2007 results of PCCW are not available as PCCW does not publish quarterly results in Hong Kong and is only required under Hong Kong listing rules to report its H1 2007 results within 3 months from the end of the financial period.

Profit from discontinued operations, net of taxes, was \$21.6 million for Q1 2007 and \$21.9 million for Q1 2006. PCIH continued to experience solid growth with better than expected investment return and claim experience; and stable persistency ratios. Individual annualised first year premiums increased by 21.4% to \$32.8 million with a 57.0% increase in investment contracts to \$18.5 million despite a 6.1% decrease in insurance contracts to \$14.3 million. However, agency commission and allowances increased 16.4% to \$22.5 million in line with higher volume of new business. As a result of high new sales and associated agency commission and allowances, deferred acquisition costs increased by \$4.1 million. Total operating expenses increased by 11.0% to \$83.6 million due to the high volume of new business and a larger inforce portfolio.

After taking into account minority interests, the Group recorded a loss attributable to equity holders of \$0.3 million for Q1 2007 as compared to a loss of \$3.3 million for Q1 2006.

- 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

N.A.

- 10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The Group will recognise a gain on disposal of approximately \$320 million (net of expenses) on completion of the sale of the Company's shares in PCIH.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

N.A.

(d) Books closure date

N.A.

12. If no dividend has been declared/recommended, a statement to that effect

N.A.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

N.A.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

N.A.

15. A breakdown of sales

N.A.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year ()	Previous Full Year ()
Ordinary	0	0
Preference	0	0
Total:	0	0

N.A.

17. Confirmation of the Board

The Directors have confirmed that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the quarter ended 31 March 2007 to be false or misleading.

BY ORDER OF THE BOARD

Lim Beng Jin
Company Secretary
15/05/2007