PCCW Limited
電 訊 盈 科 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0008)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2014

The directors ("Directors") of PCCW Limited ("PCCW" or the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended June 30, 2014. This condensed consolidated interim financial information has not been audited, but has been reviewed by the Company's Audit Committee and, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, by the Company's independent auditor, PricewaterhouseCoopers.

- Core revenue increased by 13% to HK$14,440 million; consolidated revenue (including PCPD) increased by 10% to HK$14,664 million
- Core EBITDA increased by 13% to HK$4,457 million; consolidated EBITDA (including PCPD) increased by 11% to HK$4,376 million
- Consolidated profit attributable to equity holders of the Company increased by 24% to HK$1,058 million; basic earnings per share amounted to 14.57 HK cents
- Interim dividend of 6.99 HK cents per ordinary share

<u>Note</u>:
Core revenue refers to consolidated revenue excluding Pacific Century Premium Developments Limited ("PCPD"), the Group's property development and investment business; core EBITDA refers to consolidated EBITDA excluding PCPD.

MANAGEMENT REVIEW

We are pleased to announce a set of solid financial results by PCCW for the six months ended June 30, 2014 which was attributable to robust performance of our core businesses.

Core revenue for the six months ended June 30, 2014 increased by 13% to HK$14,440 million and core EBITDA also increased by 13% to HK$4,457 million with a strong contribution from HKT and continued growth at Solutions.

Including PCPD, consolidated revenue for the six months ended June 30, 2014 increased by 10% to HK$14,664 million and consolidated EBITDA increased by 11% to HK$4,376 million. Consolidated profit attributable to equity holders of the Company increased by 24% to HK$1,058 million. Basic earnings per share were 14.57 HK cents.

The board of Directors (the "Board") has resolved to declare an interim dividend of 6.99 HK cents per ordinary share for the six months ended June 30, 2014.

There were a number of significant events that occurred during the first half of 2014.

We announced in April that PCPD had entered into an agreement to sell its entire interest in Pacific Century Place, Beijing for an initial consideration of US$928 million (equivalent to approximately HK$7,193 million). The transaction was approved by PCCW and PCPD shareholders in May 2014, and is expected to be completed before the end of 2014. During the period, PCPD also completed the redemption of its convertible note to PCCW at 120% of principal amount of HK$2,420 million upon maturity representing an amount of HK$2,904 million.

In February, PCCW approved HKT's proposed acquisition of CSL New World Mobility Limited (now known as CSL Holdings Limited, "CSL"). The transaction was completed in May and HKT has become the largest mobile operator in Hong Kong.

In June, HKT launched the rights issue ("Rights Issue") to raise approximately HK$7,900 million in gross proceeds which was to be used to repay the commercial banking facilities arranged to finance the CSL acquisition. PCCW irrevocably undertook to fully subscribe to its pro rata share of the Rights Issue. The Rights Issue has recently been completed and PCCW's interest in HKT has remained unchanged at approximately 63.1%.

We also announced that Mr. BG Srinivas joined PCCW as the Group Managing Director taking over from Mr. George Chan who retired from his position effective from the end of July 13, 2014.

OUTLOOK

The Media business will continue its efforts to extend its leadership position in the pay TV market in Hong Kong while developing its OTT strategy and international content distribution business which has seen initial success. It is also making the necessary preparations for the free TV business pending finalization of the license terms with the Government.

The Solutions business will look to retain its leadership in the IT services sector in Hong Kong as well as expanding its presence in the mainland China market. As it consolidates its advantages, PCCW Solutions will expand its vision and reach to access global markets. We shall stay relevant to our clients in helping them transform in the digital world by offering them comprehensive solutions and capabilities.

HKT will leverage its mobile market leadership following the CSL acquisition and seek to realize the synergies from the increased scale and rationalization of the operations, which will manifest more evidently over the course of the next 18-24 months. Broadband and international connectivity will continue to contribute strongly to HKT's results.

Provided that the local economy continues to grow, we are cautiously optimistic about the outlook for the second half of 2014.

FINANCIAL REVIEW BY SEGMENTS

For the six months ended HK$ million	Jun 30, 2013	Dec 31, 2013	Jun 30, 2014	Better/ (Worse) y-o-y
Revenue				
HKT	11,071	11,761	12,520	13%
Media Business	1,299	1,721	1,487	14%
Solutions Business	1,393	1,568	1,459	5%
Other Businesses	28	30	18	(36)%
Eliminations	(976)	(1,252)	(1,044)	(7)%
Core revenue	12,815	13,828	**14,440**	13%
PCPD	499	175	224	(55)%
Consolidated revenue	13,314	14,003	**14,664**	10%
Cost of sales	(6,343)	(6,768)	(6,782)	(7)%
Operating costs before depreciation, amortization, and gain/(loss) on disposal of property, plant and equipment, net	(3,025)	(3,148)	(3,506)	(16)%
EBITDA[1]				
HKT	3,839	4,062	4,425	15%
Media Business	223	285	180	(19)%
Solutions Business	217	303	232	7%
Other Businesses	(268)	(286)	(301)	(12)%
Eliminations	(75)	(171)	(79)	(5)%
Core EBITDA[1]	3,936	4,193	**4,457**	13%
PCPD	10	(106)	(81)	NA
Consolidated EBITDA[1]	3,946	4,087	**4,376**	11%
Core EBITDA[1] margin	*31%*	*30%*	*31%*	
Consolidated EBITDA[1] margin	*30%*	*29%*	*30%*	
Depreciation and amortization	(2,266)	(2,305)	(2,517)	(11)%
Gain/(Loss) on disposal of property, plant and equipment, net	5	4	(2)	NA
Other gains, net	196	489	688	251%
Interest income	37	43	45	22%
Finance costs	(595)	(516)	(573)	4%
Share of results of associates and joint ventures	32	108	9	(72)%
Profit before income tax	1,355	1,910	**2,026**	50%

Note 1 *EBITDA represents earnings before interest income, finance costs, income tax, depreciation of property, plant and equipment, amortization of land lease premium and intangible assets, gain/loss on disposal of property, plant and equipment, investment properties, interests in leasehold land and intangible assets, net other gains/losses, losses on property, plant and equipment, restructuring costs, impairment losses on goodwill, tangible and intangible assets and interests in associates and joint ventures, and the Group's share of results of associates and joint ventures. While EBITDA is commonly used in the telecommunications industry worldwide as an indicator of operating performance, leverage and liquidity, it is not presented as a measure of operating performance in accordance with the Hong Kong Financial Reporting Standards and should not be considered as representing net cash flows from operating activities. The computation of the Group's EBITDA may not be comparable to similarly titled measures of other companies.*

Note 2 *Gross debt refers to the principal amount of short-term borrowings and long-term borrowings. Net debt refers to the principal amounts of short-term borrowings and long-term borrowings minus cash and cash equivalents, short-term deposits, and cash and cash equivalents of disposal group classified as held for sale.*

Note 3 *Group capital expenditure includes additions to property, plant and equipment and interests in leasehold land.*

HKT

For the six months ended **HK$ million**	**Jun 30, 2013**	**Dec 31, 2013**	**Jun 30, 2014**	Better/ (Worse) y-o-y
HKT Revenue	11,071	11,761	**12,520**	13%
HKT EBITDA[1]	3,839	4,062	**4,425**	15%
HKT EBITDA*[1] *margin	*35%*	*35%*	***35%***	
HKT Adjusted Funds Flow	1,484	1,417	**1,590**	7%

HKT reported solid financial results in the first half of 2014. These results reflect the robust performance of HKT's various lines of business and have consolidated the results of CSL since the completion of HKT's acquisition of CSL in May 2014.

Total revenue for the six months ended June 30, 2014 increased by 13% year-on-year to HK$12,520 million and total EBITDA increased by 15% year-on-year to HK$4,425 million. Adjusted funds flow for the six months ended June 30, 2014 reached HK$1,590 million, an increase of 7% over the same period in 2013.

As at end of July 2014, the refinancing of the CSL acquisition was wholly completed with the conclusion of approximately HK$11,700 million in 5-year banking facilities and the successful closing of the Rights Issue in July 2014 which raised approximately HK$7,900 million in gross proceeds.

HKT announced an interim distribution of 21 HK cents per Share Stapled Unit. This distribution is based on the total number of Share Stapled Units that is currently outstanding after the completion of the Rights Issue.

For a more detailed review of the performance of HKT, please refer to its 2014 interim results announcement released on August 5, 2014.

Media Business

For the six months ended HK$ million	Jun 30, 2013	Dec 31, 2013	Jun 30, 2014	Better/ (Worse) y-o-y
Media Business Revenue	1,299	1,721	**1,487**	14%
Media Business EBITDA[1]	223	285	**180**	(19)%
Media Business EBITDA[1] margin	*17%*	*17%*	***12%***	

Revenue for the Media business for the six months ended June 30, 2014 increased by 14% to HK$1,487 million from HK$1,299 million a year earlier driven by healthy improvements in subscription and advertising revenue.

The growth in subscription revenue at now TV reflected the full period impact of customer take-up of the Super Sports Pack that includes the exclusive broadcast of the Barclays Premier League ("BPL"). Take-up of the Super Sports Pack was also strengthened by the availability of the 2014 FIFA World Cup Brazil on now TV via its distribution agreement with TVB Network Vision.

The total installed now TV subscriber base reached 1,269,000 by the end of June 2014 representing a net gain of 65,000 subscribers or an increase of 5% from 12 months ago. More importantly, now TV's exit average revenue per user ("ARPU") continued to increase, rising 10% year-on-year from HK$174 to HK$191 per month.

The Media business also made further progress with regards to international distribution of TV content. In the first half of 2014, the Media business established partnerships with Viettel of Vietnam and Bell's Fibe TV of Canada to launch select now branded channels on their platforms. The Media business is now distributing premium content to seven countries with 10 distribution partners across Asia and North America, with a total overseas subscriber base of over 500,000.

EBITDA for the period was HK$180 million compared to HK$223 million a year earlier, reflecting the full six-month impact of the costs associated with BPL and investments made for service enhancement and future business development such as preparation for the free TV business.

Solutions Business

For the six months ended HK$ million	Jun 30, 2013	Dec 31, 2013	Jun 30, 2014	Better/ (Worse) y-o-y
Solutions Business Revenue	1,393	1,568	**1,459**	5%
Solutions Business EBITDA[1]	217	303	**232**	7%
Solutions Business EBITDA[1] margin	*16%*	*19%*	***16%***	

Revenue for the Solutions business for the six months ended June 30, 2014 grew by 5% to HK$1,459 million from HK$1,393 million a year ago. The growth in revenue was achieved through the timely and successful execution of projects, higher revenue contribution from the China business and growing demand for data center capacity. Particularly pleasing was the growth in revenue generated from the China market which increased 21% year-on-year. The results for the Solutions business also reflected the full six month impact of the acquisition of Compass which was completed in May 2013.

As at June 30, 2014, the Solutions business had secured orders with a value of HK$6,040 million, representing an increase of 16% from HK$5,227 million a year ago. This increase in secured orders was a result of wins across each of Solutions' major services lines including project implementation, IT outsourcing and data center services. In particular, with the increasing focus on cloud-related services the Solutions business recorded an encouraging 38% year-on-year growth in the value of secured orders for this segment.

As at June 30, 2014, the overall data center occupancy rate was 87%. In order to cater for the increasing data center needs of customers from both the corporate and public sectors, a new world-class data center in Kwai Chung with a total of gross floor area of 202,000 sq.ft. was opened up in phases, with 73,000 sq.ft. becoming available for occupancy in the first half of 2014.

EBITDA for the period increased by 7% to HK$232 million from HK$217 million a year ago, with the margin remaining at a healthy 16%. The growth in EBITDA and stable margin reflects the healthy contribution of recurring service revenue and steady staff and data center utilization levels.

PCPD

PCPD recorded total revenue of HK$224 million and negative EBITDA of HK$81 million for the six months ended June 30, 2014, compared with total revenue of HK$499 million and EBITDA of HK$10 million a year earlier.

PCPD's major development of a Grade A office building in the central business district of Jakarta, Indonesia continued to make encouraging progress. This 40-storey world class office building is expected to be completed and become fully operational in 2017. As for other overseas projects, planning work for the resort projects in Hokkaido, Japan, and Phang-nga, Thailand, continued in accordance with their respective schedules.

In April 2014, PCPD entered into an agreement to sell its entire interest in Pacific Century Place, Beijing for an initial consideration of US$928 million (equivalent to approximately HK$7,193 million). The transaction was approved by PCCW and PCPD shareholders in May 2014, and is expected to be completed before the end of 2014.

On May 9, 2014, PCPD also completed the redemption of its convertible note to PCCW at 120% of principal amount of HK$2,420 million upon maturity representing an amount of HK$2,904 million.

For more information about the performance of PCPD, please refer to its 2014 interim results announcement released on August 5, 2014.

Other Businesses

Other Businesses primarily comprised the wireless broadband business in the United Kingdom and corporate support functions. Revenue from Other Businesses was HK$18 million for the six months ended June 30, 2014 (June 30, 2013: HK$28 million), while the cost of the Group's Other Businesses was HK$301 million (June 30, 2013: HK$268 million).

Eliminations

Eliminations for the six months ended June 30, 2014 were HK$1,044 million (June 30, 2013: HK$976 million). Eliminations mainly represented eliminations of intra-group sale and transfer of rights to use certain equipment and assets in the ordinary course of business on an arm's length basis.

Costs

Cost of Sales

For the six months ended **HK$ million**	**Jun 30, 2013**	**Dec 31, 2013**	**Jun 30, 2014**	Better/ (Worse) y-o-y
The Group (excluding PCPD)	6,073	6,722	**6,730**	(11)%
PCPD	270	46	52	81%
Group Total	6,343	6,768	**6,782**	(7)%

The Group's consolidated total cost of sales for the six months ended June 30, 2014 increased by 7% year-on-year to HK$6,782 million. This comprised a 11% increase in cost of sales for the core business which was in line with the increase in core revenue and lower cost of sales for PCPD.

General and Administrative Expenses

During the period, operating costs before depreciation, amortization, and gain/(loss) on disposal of property, plant and equipment, net, increased by 16% year-on-year to HK$3,506 million to support the continued growth in HKT, reflected the impact of the CSL acquisition and the continuing business expansion of the Media and Solutions businesses. Other contributing factors included inflationary pressure on staff costs and rental expenses.

Depreciation and amortization expenses increased by 11% year-on-year to HK$2,517 million driven by a 17% increase in amortization expenses and a 6% increase in depreciation expenses, due to the continuous investments in capital expenditures and customer acquisition costs for the core businesses.

As a result, general and administrative expenses increased by 14% year-on-year to HK$6,025 million for the six months ended June 30, 2014.

EBITDA[1]

Benefiting from the robust performance of HKT's business, core EBITDA for the six months ended June 30, 2014 increased by 13% year-on-year to HK$4,457 million representing a stable margin of 31%. Consolidated EBITDA increased by 11% year-on-year to HK$4,376 million for the period representing a margin of 30%.

Interest Income and Finance Costs

Interest income for the six months ended June 30, 2014 increased to HK$45 million due to a higher average cash balance as a deposit was received from the PCPD's disposal of Pacific Century Place, Beijing during the first half of 2014. Finance costs decreased by 4% year-on-year to HK$573 million due to lower average cost of debt at HKT during the period, as HKT repaid the US$500 million 10-year guaranteed notes due in July 2013 upon maturity which carried a higher interest rate of 6%. As a result, net finance costs decreased by 5% year-on-year to HK$528 million for the six months ended June 30, 2014.

Income Tax

Income tax expense for the six months ended June 30, 2014 was HK$385 million, as compared to a net income tax credit of HK$90 million a year ago, representing an effective tax rate of 19% for the period. The increase in the tax expense is mainly due to the provision of overseas tax from the disposition of an overseas subsidiary and recognition in the comparative prior period of a deferred income tax resulting from a loss-making company turning profitable.

Non-controlling Interests

Non-controlling interests were HK$583 million for the six months ended June 30, 2014 (June 30, 2013: HK$589 million), which primarily represented the net profit attributable to the non-controlling shareholders of HKT and PCPD.

Consolidated Profit Attributable to Equity Holders of the Company

Consolidated profit attributable to equity holders of the Company for the six months ended June 30, 2014 increased by 24% year-on-year to HK$1,058 million (June 30, 2013: HK$856 million).

LIQUIDITY AND CAPITAL RESOURCES

The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholder return and a sound capital position. Adjustments are made, when necessary, to maintain an optimal capital structure in light of changes in economic conditions and to reduce the cost of capital.

The Group's gross debt[2] increased to HK$50,103 million as at June 30, 2014 due to the need to finance the acquisition of CSL by HKT (December 31, 2013: HK$30,056 million). Cash and cash equivalents totaled HK$8,571 million as at June 30, 2014 (December 31, 2013: HK$5,509 million). Net debt[2] was HK$41,037 million as at June 30, 2014 (December 31, 2013: HK$24,537 million).

The Group's gross debt[2] to total assets was 61% as at June 30, 2014 (December 31, 2013: 56%).

In June, HKT launched the Rights Issue to raise approximately HK$7,900 million in gross proceeds which was to be used to repay the commercial banking facilities arranged to finance the CSL acquisition. PCCW irrevocably undertook to fully subscribe to its pro rata share of the Rights Issue. As a result, the Group's gross debt[2] as at July 31, 2014 was HK$43,467 million.

As at July 31, 2014, the Group had a total of HK$42,804 million in committed banking facilities available for liquidity management, of which HK$13,377 million remained undrawn. Of these committed banking facilities, HKT accounted for HK$29,377 million, of which HK$4,230 million remained undrawn.

CREDIT RATINGS OF HONG KONG TELECOMMUNICATIONS (HKT) LIMITED

As at June 30, 2014, Hong Kong Telecommunications (HKT) Limited, an indirect non-wholly owned subsidiary of the Company, had investment grade ratings with Moody's Investors Service ("Moody's") (Baa2) and Standard & Poor's Ratings Services ("S&P's") (BBB). Moody's and S&P's recently revised the rating outlook on Hong Kong Telecommunications (HKT) Limited from negative to stable following the completion of the Rights Issues by the HKT Trust and HKT Limited and the use of the cash proceeds to reduce debt.

CAPITAL EXPENDITURE[3]

Group capital expenditure for the six months ended June 30, 2014 was HK$1,469 million (June 30, 2013: HK$1,195 million), of which HKT accounted for about 78% for the period (June 30, 2013: 85%). Major outlays for the period were mainly in network expansion and enhancement to meet demand for high-speed broadband fiber services, mobile services and international networks, while the remainder was mainly used to expand the data center capacity of the Solutions business.

The Group will continue to invest in its delivery platform and networks taking into account the prevailing market conditions, and using assessment criteria including internal rate of return, net present value and payback period.

HEDGING

Market risk arises from foreign currency and interest rate exposure related to cash investments and borrowings. As a matter of policy, the Group continues to manage the market risk directly relating to its operations and financing and does not undertake any speculative derivative trading activities. The Group determines appropriate risk management activities with the aim of prudently managing the market risk associated with transactions undertaken in the normal course of the Group's business. All treasury risk management activities are carried out in accordance with the Group’s policies and guidelines, which are reviewed on a regular basis.

More than three quarters of the Group’s consolidated revenue and costs are denominated in Hong Kong dollars. For those operations with revenues denominated in foreign currencies, the related costs and expenses are usually denominated in the same foreign currencies and hence providing a natural hedge against each other. Therefore, the Group is not exposed to significant foreign currency fluctuation risk from operations.

As for financing, a significant portion of the Group’s debt is denominated in United States dollars. Accordingly, the Group has entered into swap contracts in order to manage its exposure to adverse fluctuations in foreign currency exchange rates and interest rates. These instruments are executed with creditworthy financial institutions. As at June 30, 2014, all cross currency interest rate swap contracts were designated as cash flow hedges and/or fair value hedges for the Group’s foreign currency denominated long-term borrowings.

As a result, the Group’s operational and financial risks are considered minimal.

CHARGE ON ASSETS

As at June 30, 2014, certain assets of the Group with an aggregate carrying value of HK$9,044 million (December 31, 2013: HK$6,657 million) were pledged to secure loans and bank loan facilities of the Group.

CONTINGENT LIABILITIES

HK$ million	As at Dec 31, 2013 (Audited)	**As at Jun 30, 2014 (Unaudited)**
Performance guarantee	399	**436**
Others	99	**109**
	498	**545**

The Group is subject to certain corporate guarantee obligations to guarantee performance of its subsidiaries in the normal course of their businesses. The amount of liabilities arising from such obligations, if any, cannot be ascertained but the Directors are of the opinion that any resulting liability would not materially affect the financial position of the Group.

HUMAN RESOURCES

After the successful integration of CSL staff in May 2014, the Group had approximately 23,000 employees as at June 30, 2014 (June 30, 2013: 21,500). About 63% of these employees work in Hong Kong and the others are based mainly in mainland China and the Philippines. The Group has established incentive bonus schemes designed to motivate and reward employees at all levels to achieve the Group’s business performance targets. Payment of bonuses is generally based on achievement of EBITDA and free cash flow targets for the Group as a whole and for each of the individual business units.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of 6.99 HK cents (June 30, 2013: 6.35 HK cents) per ordinary share for the six months ended June 30, 2014 to shareholders whose names appear on the register of members of the Company on Thursday, August 28, 2014. The interim dividend will be payable in cash with an offer for shareholders eligible to participate the choice of a scrip dividend alternative (the "2014 Interim Scrip Dividend Scheme"). The 2014 Interim Scrip Dividend Scheme is conditional upon The Stock Exchange of Hong Kong Limited's granting of the listing of and permission to deal in the new shares to be issued under the 2014 Interim Scrip Dividend Scheme. Full details of the 2014 Interim Scrip Dividend Scheme will be set out in a circular proposed to be despatched to shareholders on or around Friday, September 5, 2014. Dividend warrants and share certificates to be issued under the 2014 Interim Scrip Dividend Scheme will be despatched to shareholders on or around Tuesday, October 7, 2014.

CLOSURE OF REGISTER OF MEMBERS

The record date for the interim dividend will be Thursday, August 28, 2014. The Company's register of members will be closed from Wednesday, August 27, 2014 to Thursday, August 28, 2014 (both days inclusive) in order to determine entitlements to the interim dividend. During such period, no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, August 26, 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the unaudited condensed consolidated interim financial information of the Group for the six months ended June 30, 2014. Such condensed consolidated interim financial information has not been audited but has been reviewed by the Company's independent auditor.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that its affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended June 30, 2014.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.pccw.com/ir) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2014 interim report will be despatched to shareholders of the Company and available on the above websites in due course.

By order of the Board of
PCCW Limited
Philana WY Poon
Group Company Secretary

Hong Kong, August 6, 2014

CONSOLIDATED INCOME STATEMENT
For the six months ended June 30, 2014

In HK$ million (except for earnings per share)	Note(s)	2013 (Unaudited)	**2014 (Unaudited)**
Turnover	2	13,314	**14,664**
Cost of sales		(6,343)	**(6,782)**
General and administrative expenses		(5,286)	**(6,025)**
Other gains, net	3	196	**688**
Interest income		37	**45**
Finance costs		(595)	**(573)**
Share of results of associates		7	**(5)**
Share of results of joint ventures		25	**14**
Profit before income tax	2, 4	1,355	**2,026**
Income tax	5	90	**(385)**
Profit for the period		1,445	**1,641**
Attributable to:			
Equity holders of the Company		856	**1,058**
Non-controlling interests		589	**583**
Profit for the period		1,445	**1,641**
Interim dividend declared after the interim period	6(a)	462	**517**
Earnings per share	7		
Basic		11.79 cents	**14.57 cents**
Diluted		11.79 cents	**14.55 cents**

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
As at June 30, 2014

In HK$ million	Note	The Group As at December 31, 2013 (Audited)	**As at June 30, 2014 (Unaudited)**	The Company As at December 31, 2013 (Audited)	**As at June 30, 2014 (Unaudited)**
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment		15,693	**18,928**	–	**–**
Investment properties		8,436	**1,927**	–	**–**
Interests in leasehold land		496	**475**	–	**–**
Properties held for/under development		1,024	**1,047**	–	**–**
Goodwill		3,469	**17,148**	–	**–**
Intangible assets		3,574	**8,761**	–	**–**
Interests in subsidiaries		–	**–**	12,089	**12,089**
Interests in associates		661	**680**	–	**–**
Interests in joint ventures		582	**601**	–	**–**
Held-to-maturity investments		1	**1**	–	**–**
Available-for-sale financial assets		706	**789**	–	**–**
Derivative financial instruments		67	**56**	–	**–**
Deferred income tax assets		1,078	**1,078**	–	**–**
Defined benefit assets		–	**22**	–	**–**
Other non-current assets		571	**656**	–	**–**
		36,358	**52,169**	12,089	**12,089**
Current assets					
Amounts due from subsidiaries		–	**–**	16,749	**16,496**
Sales proceeds held in stakeholders' accounts		541	**536**	–	**–**
Restricted cash		1,032	**1,032**	–	**–**
Prepayments, deposits and other current assets		5,396	**6,125**	8	**10**
Inventories		1,199	**1,282**	–	**–**
Amounts due from related companies		89	**95**	–	**–**
Trade receivables, net	8	3,501	**4,701**	–	**–**
Tax recoverable		302	**24**	–	**–**
Short-term deposits		10	**–**	–	**–**
Cash and cash equivalents		5,509	**8,571**	1,900	**4,262**
		17,579	**22,366**	18,657	**20,768**
Assets of disposal group classified as held for sale	10(a)	–	**7,718**	–	**–**
		17,579	**30,084**	18,657	**20,768**

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION (CONTINUED)
As at June 30, 2014

In HK$ million	Note	The Group As at December 31, 2013 (Audited)	The Group **As at June 30, 2014 (Unaudited)**	The Company As at December 31, 2013 (Audited)	The Company **As at June 30, 2014 (Unaudited)**
Current liabilities					
Short-term borrowings		(1)	**(2,252)**	–	**(784)**
Trade payables	9	(2,118)	**(2,612)**	–	**–**
Accruals and other payables		(4,420)	**(8,942)**	(10)	**(6)**
Amount payable to the Government under the Cyberport Project Agreement		(521)	**(522)**	–	**–**
Carrier licence fee liabilities		(205)	**(483)**	–	**–**
Amounts due to related companies		(126)	**(129)**	–	**–**
Advances from customers		(1,929)	**(2,322)**	–	**–**
Current income tax liabilities		(1,338)	**(1,625)**	–	**–**
		(10,658)	**(18,887)**	(10)	**(790)**
Liabilities of disposal group classified as held for sale	10(b)	–	**(1,536)**	–	**–**
		(10,658)	**(20,423)**	(10)	**(790)**
Net current assets		6,921	**9,661**	18,647	**19,978**
Total assets less current liabilities		43,279	**61,830**	30,736	**32,067**
Non-current liabilities					
Long-term borrowings		(29,074)	**(46,815)**	(1,575)	**(796)**
Amount due to a subsidiary		–	**–**	(2,010)	**(2,102)**
Derivative financial instruments		(711)	**(429)**	(306)	**(197)**
Deferred income tax liabilities		(2,658)	**(2,370)**	–	**–**
Deferred income		(951)	**(1,127)**	–	**–**
Defined benefit liability		(98)	**(100)**	–	**–**
Carrier licence fee liabilities		(605)	**(1,426)**	–	**–**
Other long-term liabilities		(549)	**(515)**	–	**–**
		(34,646)	**(52,782)**	(3,891)	**(3,095)**
Net assets		8,633	**9,048**	26,845	**28,972**
CAPITAL AND RESERVES					
Share capital: nominal value	11	1,818	**–**	1,818	**–**
Other statutory capital reserves	11	9,146	**–**	9,146	**–**
Share capital	11	10,964	**11,438**	10,964	**11,438**
Other reserves		(1,777)	**(1,890)**	15,881	**17,534**
Equity attributable to equity holders of the Company		9,187	**9,548**	26,845	**28,972**
Non-controlling interests		(554)	**(500)**	–	**–**
Total equity		8,633	**9,048**	26,845	**28,972**

NOTES

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of PCCW Limited (the “Company”) and its subsidiaries (collectively the “Group”) has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This unaudited condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013.

This unaudited condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated. This unaudited condensed consolidated interim financial information was approved for issue on August 6, 2014.

The unaudited condensed consolidated interim financial information has been reviewed by the Company’s Audit Committee and, 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, by the Company’s independent auditor.

The preparation of the unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The accounting policies and methods of computation used in preparing this unaudited condensed consolidated interim financial information are consistent with those followed in preparing the Group’s annual consolidated financial statements for the year ended December 31, 2013, except for those as described below:

a. Non-current assets (or disposal group) held for sale
Non-current assets (or disposal group) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (except for certain assets as explained below), (or disposal groups), are stated at the lower of carrying amount and fair value less costs to sell. Investment properties and deferred income tax liabilities, even if held for sale, would continue to be measured in accordance with the Group’s policies.

b. The adoption of the following new, revised or amended Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (“Ints”) (collectively “new HKFRSs”) which are effective for accounting periods beginning on or after January 1, 2014 as described below.

1. BASIS OF PREPARATION (CONTINUED)

The following new HKFRSs are mandatory for the first time for the financial year beginning January 1, 2014, but have no material effect on the Group's results and financial position for the current and prior periods.

- HKAS 27 (2011) (Amendment), Separate Financial Statements - Investment Entities.
- HKAS 32 (Amendment), Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities.
- HKAS 36 (Amendment), Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets.
- HKAS 39 (Amendment), Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting.
- HK(IFRIC) – Int 21, 'Levies'.
- HKFRS 10 (Amendment), Consolidated Financial Statements - Investment Entities.
- HKFRS 12 (Amendment), Disclosure of Interest in Other Entities - Investment Entities.

The Group has not adopted any new HKFRSs that are not yet effective for the current accounting period. In addition, the new Hong Kong Companies Ordinance (Cap. 622) abolished the concept of "par value" or "nominal value" of shares and "authorized share capital" for all Hong Kong incorporated companies with effect from March 3, 2014 and this change was reflected in note 11.

2. SEGMENT INFORMATION

The chief operating decision-maker (the "CODM") is the Group's senior executive management. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources and the segment information is reported below in accordance with this internal reporting.

The CODM considers the business from both product and geographic perspectives. From a product perspective, management assesses the performance of the following segments:

- HKT Limited ("HKT") is Hong Kong's premier telecommunications service provider. It provides a range of services including local telephony, local data and broadband, international telecommunications, mobile, and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting, and contact centers. It operates primarily in Hong Kong and also serves customers in mainland China and other parts of the world.

- Media Business includes interactive pay-TV service, Internet portal multimedia entertainment platform and the Group's directories operations in Hong Kong and mainland China.

- Solutions Business offers Information and Communications Technologies services and solutions in Hong Kong and mainland China.

- Pacific Century Premium Developments Limited ("PCPD") covers the Group's property portfolio in Hong Kong, mainland China and elsewhere in Asia.

- Other Businesses include the Group's wireless broadband business in the United Kingdom and all corporate support functions.

The CODM assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortization ("EBITDA"). The EBITDA represents earnings before interest income, finance costs, income tax, depreciation of property, plant and equipment, amortization of land lease premium and intangible assets, gain/loss on disposal of property, plant and equipment, investment properties, interests in leasehold land and intangible assets, net other gains/losses, losses on property, plant and equipment, restructuring costs, impairment losses on goodwill, tangible and intangible assets and interests in associates and joint ventures, and the Group's share of results of associates and joint ventures.

Segment revenue, expense and segment performance include transactions between segments. Inter-segment pricing is based on similar terms to those available to external parties for similar services. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated income statement.

2. SEGMENT INFORMATION (CONTINUED)

Information regarding the Group's reportable segments as provided to the Group's CODM is set out below:

For the six months ended June 30, 2013
(In HK$ million)

	HKT (Unaudited)	Media Business (Unaudited)	Solutions Business (Unaudited)	Other Businesses (Unaudited)	PCPD (Unaudited)	Eliminations (Unaudited)	Consolidated (Unaudited)
REVENUE							
Total Revenue	11,071	1,299	1,393	28	499	(976)	13,314
RESULTS							
EBITDA	3,839	223	217	(268)	10	(75)	3,946

For the six months ended June 30, 2014
(In HK$ million)

	HKT (Unaudited)	**Media Business** (Unaudited)	**Solutions Business** (Unaudited)	**Other Businesses** (Unaudited)	**PCPD** (Unaudited)	**Eliminations** (Unaudited)	**Consolidated** (Unaudited)
REVENUE							
Total Revenue	**12,520**	**1,487**	**1,459**	**18**	**224**	**(1,044)**	**14,664**
RESULTS							
EBITDA	**4,425**	**180**	**232**	**(301)**	**(81)**	**(79)**	**4,376**

A reconciliation of total segment EBITDA to profit before income tax is provided as follows:

In HK$ million	Six months ended June 30, 2013 (Unaudited)	**Six months ended June 30, 2014 (Unaudited)**
Total segment EBITDA	3,946	**4,376**
Gain/(Loss) on disposal of property, plant and equipment, net	5	**(2)**
Depreciation and amortization	(2,266)	**(2,517)**
Other gains, net	196	**688**
Interest income	37	**45**
Finance costs	(595)	**(573)**
Share of results of associates and joint ventures	32	**9**
Profit before income tax	1,355	**2,026**

3. OTHER GAINS, NET

In HK$ million	Six months ended June 30, 2013 (Unaudited)	Six months ended **June 30, 2014 (Unaudited)**
Fair value gains on investment properties	230	**654**
Net gains on cash flow hedging instruments transferred from equity	7	**1**
Net gains on fair value hedging instruments	17	**23**
Net gains from return of investment in available-for-sale financial assets	–	**10**
Recovery of impairment loss on an interest in a joint venture	22	**–**
Provision for impairment of investment	(78)	**–**
Others	(2)	**–**
	196	**688**

4. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after crediting and charging the following:

In HK$ million	Six months ended June 30, 2013 (Unaudited)	Six months ended **June 30, 2014 (Unaudited)**
Crediting:		
Revenue from properties sold	283	**–**
Charging:		
Cost of inventories sold	949	**1,078**
Cost of properties sold	220	**–**
Cost of sales, excluding inventories and properties sold	5,174	**5,704**
Depreciation of property, plant and equipment	1,169	**1,236**
Amortization of intangible assets	1,085	**1,270**
Amortization of land lease premium – interests in leasehold land	12	**11**
Finance costs on borrowings	558	**530**
Staff costs	1,350	**1,435**

5. INCOME TAX

In HK$ million	Six months ended June 30, 2013 (Unaudited)	**Six months ended June 30, 2014 (Unaudited)**
Current income tax:		
Hong Kong profits tax	294	**29**
Overseas tax	12	**51**
Movement of deferred income tax	(396)	**305**
	(90)	**385**

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the period. Overseas tax has been calculated on the estimated assessable profits for the period at the rates prevailing in the respective jurisdictions.

6. DIVIDENDS

a. Dividend attributable to the interim period

In HK$ million	Six months ended June 30, 2013 (Unaudited)	**Six months ended June 30, 2014 (Unaudited)**
Interim dividend declared after the interim period of 6.99 HK cents (2013: 6.35 HK cents) per ordinary share	462	**517**

At a meeting held on August 6, 2014, the directors declared an interim dividend of 6.99 HK cents per ordinary share for the year ending December 31, 2014. This interim dividend is not reflected as a dividend payable in this unaudited condensed consolidated interim financial information.

The 2014 interim dividend will be payable in cash with a scrip dividend alternative subject to the Stock Exchange granting the listing of and permission to deal in the new shares of the Company ("PCCW Shares") to be issued pursuant thereto.

b. Dividends approved and paid during the interim period

In HK$ million	Six months ended June 30, 2013 (Unaudited)	**Six months ended June 30, 2014 (Unaudited)**
Final dividend in respect of the previous financial year, approved and paid during the interim period of 13.85 HK cents (2013: 13.55 HK cents) per ordinary share (note i)	985	**1,009**
Less: dividend for PCCW Shares held by share award schemes	–	**(3)**
	985	**1,006**

6. DIVIDENDS (CONTINUED)

i. The 2013 final dividend payable in cash with a scrip dividend alternative was approved by the shareholders at the annual general meeting and the listing of and permission to deal in the new PCCW Shares issued pursuant thereto was granted by the Stock Exchange. Please refer to note 11 for the details of share capital issued and allotted during the six months ended June 30, 2014.

7. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the following data:

	Six months ended	
	June 30, 2013 (Unaudited)	**June 30, 2014 (Unaudited)**
Earnings (in HK$ million)		
Earnings for the purposes of basic and diluted earnings per share	856	**1,058**
Number of shares		
Weighted average number of ordinary shares	7,272,294,654	**7,282,662,873**
Effect of PCCW Shares held under the Company's share award schemes	(14,610,596)	**(19,497,262)**
Weighted average number of ordinary shares for the purpose of basic earnings per share	7,257,684,058	**7,263,165,611**
Effect of PCCW Shares awarded under the Company's share award schemes	5,328,782	**7,768,057**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	7,263,012,840	**7,270,933,668**

8. TRADE RECEIVABLES, NET

The aging of trade receivables is set out below:

In HK$ million	As at December 31, 2013 (Audited)	**As at June 30, 2014 (Unaudited)**
0 – 30 days	1,784	**2,624**
31 – 60 days	555	**519**
61 – 90 days	270	**370**
91 – 120 days	129	**235**
Over 120 days	987	**1,190**
	3,725	**4,938**
Less: Impairment loss for doubtful debts	(224)	**(237)**
	3,501	**4,701**

Included in trade receivables, net of the Group were the amounts due from related parties of HK$79 million and HK$155 million as at June 30, 2014 and December 31, 2013, respectively.

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 ranging up to 30 days from the date of invoice unless there is a separate mutual agreement on extension of the credit period. The Group maintains a well-defined credit policy and individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors who have overdue payable are requested to settle all outstanding balances before any further credit is granted.

9. TRADE PAYABLES

The aging of trade payables is set out below:

In HK$ million	As at December 31, 2013 (Audited)	**As at June 30, 2014 (Unaudited)**
0 – 30 days	1,033	**1,316**
31 – 60 days	172	**237**
61 – 90 days	99	**117**
91 – 120 days	25	**111**
Over 120 days	789	**831**
	2,118	**2,612**

Included in trade payables of the Group were the amounts due to related parties of HK$57 million and HK$36 million as at June 30, 2014 and December 31, 2013, respectively.

10. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On April 8, 2014, PCPD and its subsidiaries (together the "PCPD Group") entered into a sale and purchase agreement ("SPA") pursuant to which the PCPD Group has agreed to sell the entire issued share capital of Gain Score Limited, an indirect non-wholly owned subsidiary of the Company, and to assign the shareholder loan to an independent third party for an initial aggregated consideration of US$928 million (equivalent to approximately HK$7,193 million), subject to adjustments in accordance with the SPA. The principal asset of Gain Score Limited and its subsidiaries (together the "Gain Score Group") is the land use rights and property rights in the investment property known as "Pacific Century Place, Beijing" located in mainland China.

As at June 30, 2014, the first and second instalments of the initial consideration in the sum of US$417.6 million (equivalent to approximately HK$3,238 million) have been received and included in "Accruals and other payables" in the condensed consolidated statement of financial position.

The assets and liabilities of the Gain Score Group have been presented as held for sale following the approval of the transactions under the SPA by the shareholders of the Company at an extraordinary general meeting held on May 8, 2014 and by PCPD's shareholders at a special general meeting held on May 9, 2014. The fair value of the investment property located in mainland China is referenced to the initial consideration under the SPA with adjustments.

The transaction is expected to be completed before the end of 2014.

a. Assets of disposal group classified as held for sale

In HK$ million	As at December 31, 2013 (Audited)	**As at June 30, 2014 (Unaudited)**
Property, plant and equipment	–	**59**
Investment property	–	**7,092**
Interests in leasehold land	–	**10**
Intangible assets	–	**27**
Restricted cash	–	**5**
Prepayments, deposits and other current assets	–	**21**
Trade receivables, net	–	**9**
Cash and cash equivalents	–	**495**
	–	**7,718**

b. Liabilities of disposal group classified as held for sale

In HK$ million	As at December 31, 2013 (Audited)	**As at June 30, 2014 (Unaudited)**
Accruals and other payables	–	**(91)**
Current income tax liabilities	–	**(3)**
Deferred income tax liabilities	–	**(1,442)**
	–	**(1,536)**

10. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

c. Cumulative income or expense recognized in other comprehensive income relating to Gain Score Group classified as held for sale

In HK$ million	As at December 31, 2013 (Audited)	**As at June 30, 2014 (Unaudited)**
Cumulative other comprehensive income		
Foreign exchange translation adjustments, net of tax	–	**1,046**

11. SHARE CAPITAL

	As at December 31, 2013		**As at June 30, 2014**	
	Number of shares (Audited)	(Audited) HK$ million	**Number of shares (Unaudited)**	**(Unaudited) HK$ million**
Authorized: *(note a)*				
Ordinary shares of HK$0.25 each *(note b)*	10,000,000,000	2,500	**–**	**–**

	Six months ended			
	June 30, 2013		**June 30, 2014**	
	Number of shares (Unaudited)	Share capital (Unaudited) HK$ million	**Number of shares (Unaudited)**	**Share capital (Unaudited) HK$ million**
Issued and fully paid:				
As at January 1	7,272,294,654	1,818	**7,272,294,654**	**1,818**
PCCW Shares issued in lieu of cash dividends *(note c)*	–	–	**114,240,694**	**474**
PCCW Shares issued for share award scheme *(note d)*	–	–	**10,000,000**	**–**
Transition to no-par value regime on March 3, 2014 *(note e)*	–	–	**–**	**9,146**
As at June 30	7,272,294,654	1,818	**7,396,535,348**	**11,438**

a. Under the new Hong Kong Companies Ordinance (Cap. 622) which came into effect on March 3, 2014, the concept of authorized share capital no longer exists.

11. SHARE CAPITAL (CONTINUED)

b. In accordance with section 135 of the new Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from March 3, 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

c. During the six months ended June 30, 2014, the Company issued and allotted 114,240,694 new fully paid shares (2013: nil) at HK$4.148 per share to the shareholders who elected to receive PCCW Shares in lieu of cash for 2013 final dividend pursuant to the scrip dividend scheme.

d. During the six months ended June 30, 2014, the Company issued and allotted 10,000,000 new fully paid shares (2013: nil) at HK$0.01 per share pursuant to the share award scheme.

e. In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on March 3, 2014, any amount standing to the credit of the share premium account and the capital redemption reserve account has become part of the Company's share capital.

12. SUBSEQUENT EVENT

As disclosed in the joint announcement of the Company and the HKT Trust and HKT dated June 13, 2014, the HKT Trust and HKT had proposed a rights issue ("Rights Issue") which involved the issue of 1,155,011,542 new Share Stapled Units (the "Rights Share Stapled Units") at a subscription price of HK$6.84 per Rights Share Stapled Unit on the basis of 18 Rights Share Stapled Units for every 100 Share Stapled Units in issue on June 27, 2014. The Rights Issue was completed in July 2014, and a total of 1,155,011,542 new Share Stapled Units were allotted and issued pursuant to the Rights Issue. After the completion of the Rights Issue, the Group's interest in the Share Stapled Units of the HKT Trust and HKT remained unchanged at approximately 63.1%.

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

Executive Directors
Li Tzar Kai, Richard (Chairman); Srinivas Bangalore Gangaiah (aka BG Srinivas) (Group Managing Director); Hui Hon Hing, Susanna (Group Chief Financial Officer) and Lee Chi Hong, Robert

Non-Executive Directors
Sir David Ford, KBE, LVO; Tse Sze Wing, Edmund, GBS; Lu Yimin (Deputy Chairman); Li Fushen; Zhang Junan and Wei Zhe, David

Independent Non-Executive Directors
Dr The Hon Sir David Li Kwok Po, GBM, GBS, OBE, JP; Aman Mehta; Frances Waikwun Wong; Bryce Wayne Lee; Lars Eric Nils Rodert and David Christopher Chance

Forward-Looking Statements

This announcement may contain certain forward-looking statements. These forward-looking statements include, without limitation, statements relating to revenues and earnings. The words "believe", "intend", "expect", "anticipate", "project", "estimate", "predict", "is confident", "has confidence" and similar expressions are also intended to identify forward-looking statements. These forward-looking statements are not historical facts. Rather, the forward-looking statements are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of PCCW relating to the business, industry and markets in which PCCW operates.