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, 2016

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, 2016. 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 2% to HK$18,409 million; consolidated revenue (including PCPD) increased by 2% to HK$18,524 million
- Core EBITDA decreased by 1% to HK$5,730 million; consolidated EBITDA (including PCPD) decreased by 1% to HK$5,609 million
- Core profit attributable to equity holders of the Company decreased by 11% to HK$1,039 million
- Consolidated profit attributable to equity holders of the Company decreased by 19% to HK$868 million; basic earnings per share amounted to 11.40 HK cents
- Interim dividend of 8.16 HK cents per ordinary share

Note:
Core revenue refers to consolidated revenue excluding Pacific Century Premium Developments Limited ("PCPD"), the Group's property development and investment business; core EBITDA and core profit attributable to equity holders of the Company refers to consolidated EBITDA and consolidated profit attributable to equity holders of the Company excluding PCPD.

MANAGEMENT REVIEW

PCCW has established a strong business foundation which achieved a satisfactory performance during the first half of 2016, as we invested in developing our growth businesses in Hong Kong and in the region.

During the period, our core businesses operated under challenging economic conditions in Hong Kong and intensified market competition. Nevertheless, core revenue for the six months ended June 30, 2016 increased by 2% to HK$18,409 million. Core EBITDA decreased by 1% to HK$5,730 million taking into account the new investments in the over-the-top ("OTT") and Free TV Businesses. Excluding these, core EBITDA increased by 2% to HK$5,907 million.

Including PCPD, consolidated revenue for the six months ended June 30, 2016 increased by 2% to HK$18,524 million and consolidated EBITDA decreased by 1% to HK$5,609 million. Consolidated profit attributable to equity holders of the Company decreased by 19% to HK$868 million. This decline was primarily the result of an increase in the amortization of content costs in the OTT and Free TV Businesses. Basic earnings per share was 11.40 HK cents.

The board of Directors (the "Board") has resolved to declare an interim dividend of 8.16 HK cents per ordinary share for the six months ended June 30, 2016.

OUTLOOK

PCCW's core businesses of telecommunications, media and IT solutions continue to enjoy leadership positions in the Hong Kong market. While strengthening our capabilities as market leaders and continuing to grow in Hong Kong, we are looking at expanding our footprint in the region and beyond. As the telecommunication business is making a solid contribution to the Group, we are scaling up the Media and Solutions Businesses to drive growth in the medium to long term.

Leveraging the Group's unique quadruple-play capability, Now TV Business firmly maintains its leadership position in the local pay-TV market. Now TV Business will continue to closely collaborate with HKT Trust and HKT Limited ("HKT") and leverage its superb network to make available the most compelling media viewing experience for our customers in Hong Kong.

PCCW Media's OTT Business, under the Viu brand, aims to further expand in the region to capture opportunities arising from the changing viewing habits of customers.

The Free TV Business has made an encouraging start. ViuTV will continue to invest to ensure there are more quality program choices for viewers, thereby gaining a larger share of advertisers' spending budget.

PCCW Solutions will strive to provide relevant solutions to help enterprises transform their businesses, drive growth and improve operational efficiencies. As part of this endeavor, PCCW Solutions will continue to grow its digital and cloud solutions and platforms as well as developing specific industry expertise, particularly in areas such as healthcare and retail. It will seek to expand its presence in existing markets and examine potential opportunities in new markets.

In 2016, the business sector as a whole is faced with a subdued local economic sentiment and an uncertain external environment. At PCCW, we will focus on our strategic plans and invest judiciously with a view to creating value for shareholders in the medium to long term. In these challenging times, we will monitor the market situation more closely than ever.

FINANCIAL REVIEW BY SEGMENT

For the six months ended HK$ million	Jun 30, 2015	Dec 31, 2015	Jun 30, 2016	Better/ (Worse) y-o-y
Revenue				
HKT	15,974	18,755	16,388	3%
Now TV Business	1,425	1,513	1,391	(2)%
OTT Business	165	267	271	64%
Free TV Business	–	–	52	n/a
Solutions Business	1,500	2,094	1,587	6%
Other Businesses	25	34	30	20%
Eliminations	(1,106)	(1,497)	(1,310)	(18)%
Core revenue	17,983	21,166	**18,409**	2%
PCPD	99	66	115	16%
Consolidated revenue	18,082	21,232	**18,524**	2%
Cost of sales	(8,027)	(10,938)	(8,494)	(6)%
Operating costs before depreciation, amortization, and gain/(loss) on disposal of property, plant and equipment, net	(4,372)	(4,099)	(4,421)	(1)%
EBITDA[1]				
HKT	5,770	6,330	5,865	2%
Now TV Business	207	284	184	(11)%
OTT Business	(17)	(41)	(109)	>(500)%
Free TV Business	(8)	(32)	(68)	>(500)%
Solutions Business	246	442	254	3%
Other Businesses	(324)	(386)	(304)	6%
Eliminations	(90)	(242)	(92)	(2)%
Core EBITDA[1]	5,784	6,355	**5,730**	(1)%
PCPD	(101)	(160)	(121)	(20)%
Consolidated EBITDA[1]	5,683	6,195	**5,609**	(1)%
Core EBITDA[1] margin	*32%*	*30%*	*31%*	
Consolidated EBITDA[1] margin	*31%*	*29%*	*30%*	
Depreciation and amortization	(2,930)	(3,130)	(3,208)	(9)%
Gain/(Loss) on disposal of property, plant and equipment, net	4	(7)	2	(50)%
Other gains/(losses), net	60	75	(53)	n/a
Interest income	35	52	27	(23)%
Finance costs	(764)	(870)	(627)	18%
Share of results of associates and joint ventures	13	24	19	46%
Profit before income tax	2,101	2,339	**1,769**	(16)%

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.*

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, 2015**	**Dec 31, 2015**	**Jun 30, 2016**	Better/ (Worse) y-o-y
HKT Revenue	15,974	18,755	**16,388**	3%
HKT EBITDA[1]	5,770	6,330	**5,865**	2%
HKT EBITDA[1] margin	*36%*	*34%*	***36%***	
HKT Adjusted Funds Flow	1,953	2,140	**2,051**	5%

Total revenue for the six months ended June 30, 2016 increased by 3% to HK$16,388 million and total EBITDA for the period was HK$5,865 million, an increase of 2% over the same period in 2015. Adjusted funds flow for the six months ended June 30, 2016 reached HK$2,051 million, an increase of 5% over the same period in 2015.

HKT announced an interim distribution of 27.09 HK cents per share stapled unit.

For a more detailed review of the performance of HKT, please refer to its 2016 interim results announcement released on August 10, 2016.

Now TV Business

For the six months ended HK$ million	Jun 30, 2015	Dec 31, 2015	Jun 30, 2016	Better/ (Worse) y-o-y
Now TV Business Revenue	1,425	1,513	**1,391**	(2)%
Now TV Business EBITDA[1]	207	284	**184**	(11)%
Now TV Business EBITDA[1] margin	*15%*	*19%*	***13%***	

Benefitting from PCCW's quadruple-play capability, Now TV Business continued to record a net increase in subscribers despite increased competition from existing and new players. Now TV Business's total installed subscriber base reached 1,308,000 as at June 30, 2016, which represented a net gain of 16,000 subscribers from 12 months ago.

Exit average revenue per user ("ARPU") at the end of June 2016 softened to HK$194 as pricing incentives were offered to lock in subscribers ahead of the 2016/17 Premier League season. Now TV Business was also impacted by a weaker advertising market due to the challenging economic conditions. As a result, revenue for the Now TV Business for the six months ended June 30, 2016 was marginally lower by 2% to HK$1,391 million, from HK$1,425 million a year earlier.

The softer revenue and higher content costs due to increased competition were reflected in the EBITDA of HK$184 million, compared to HK$207 million a year ago. EBITDA margin was also lower at 13%.

Now TV Business has collaborated with HKT recently to jointly rollout the Now One 4K all-in-one consumer appliance. This is expected to help stimulate new customer subscriptions and service upgrades from existing Now TV customers.

OTT Business

For the six months ended HK$ million	Jun 30, 2015	Dec 31, 2015	Jun 30, 2016	Better/ (Worse) y-o-y
OTT Business Revenue	165	267	**271**	64%
OTT Business EBITDA[1]	(17)	(41)	**(109)**	>(500)%

Revenue from the OTT Business grew by 64% to HK$271 million from HK$165 million a year ago primarily due to the regional expansion of the OTT video business under the Viu brand. The Viu service is available in 16 markets including recent launches in Hong Kong, Singapore, Malaysia, India and Indonesia. The paying subscription base of our OTT Business exceeded 10 million as at the end of June 2016.

The Viu service has been positively received by users with more than 1.6 million downloads in Hong Kong and over 600,000 downloads in Singapore. Users in Hong Kong, Singapore, Malaysia and Indonesia consumed 1.2 to 1.8 hours of videos per day and averaged 10.5 video views per week during the month of June 2016.

We will further expand the Viu service in markets across Asia to fully leverage our content library and position Viu as the leading OTT video service provider of premium Asian content in the region.

As a result of the initial investments in branding, content and new market launches, the OTT Business incurred an EBITDA cost of HK$109 million.

Free TV Business

For the six months ended **HK$ million**	**Jun 30, 2015**	**Dec 31, 2015**	**Jun 30, 2016**	Better/ (Worse) y-o-y
Free TV Business Revenue	-	-	**52**	n/a
Free TV Business EBITDA[1]	(8)	(32)	**(68)**	>(500)%

The Free TV Business, under the brand ViuTV, was officially launched on April 6, 2016. Revenue from the Free TV Business since its launch to the end of the period was HK$52 million.

ViuTV has attained broad awareness and viewership of its programs and achieved consolidated ratings that are encouraging. These ratings reflect viewership across multiple platforms, including traditional television, online and via apps on smart phones and tablets. Consolidated viewership across multiple platforms will continue to be a focus for ViuTV as it caters to the diverse viewing habits of its target audience.

As a result of the initial investments in branding, content and personnel, there was an EBITDA cost of HK$68 million in the six months ended June 30, 2016. As the business is in its early stage, ViuTV sees the need to make further investments in high quality content to retain and attract viewers and advertisers.

Solutions Business

For the six months ended **HK$ million**	**Jun 30, 2015**	**Dec 31, 2015**	**Jun 30, 2016**	Better/ (Worse) y-o-y
Solutions Business Revenue	1,500	2,094	**1,587**	6%
Solutions Business EBITDA[1]	246	442	**254**	3%
Solutions Business EBITDA[1] margin	*16%*	*21%*	***16%***	

The Solutions Business recorded a 6% increase in revenue to HK$1,587 million for the six months ended June 30, 2016, from HK$1,500 million a year ago, as it completed a number of significant systems integration and application development and maintenance projects in the public sector and hospitality industry in Hong Kong. Revenue generated in the first half of 2016 was 57% recurring in nature and 43% project-based.

Revenue for the Solutions Business continues to be well diversified across service line and industry verticals. Revenue breakdown by service line for the six months ended June 30, 2016 was: Cloud Solutions & Infrastructure 27%, Enterprise Applications 26%, Technical Services 23%, Application Development & Maintenance 18% and Business Process Outsourcing 6%.

Revenue by client industry for the six months ended June 30, 2016 was: Public Sector 35%, Telecommunications 30%, Travel & Hospitality 10%, Hi-Tech & Media 8%, Retail & Manufacturing 7%, Banking, Financial Services & Insurance 6% and other industries 4%.

EBITDA for the six months ended June 30, 2016 increased by 3% to HK$254 million from HK$246 million a year ago, with the margin steady at approximately 16%.

As at June 30, 2016, the Solutions Business had secured orders with a value of HK$6,787 million, 29% higher than a year ago, even though the weak economic conditions entailed a more cautious attitude on IT spending. This significant improvement in secured orders was primarily the result of a number of major contracts from the public sector, including the Civil Aviation Department, as well as digital transformation projects for customers in the retail and other sectors.

PCPD

PCPD recorded total revenue of HK$115 million and negative EBITDA of HK$121 million for the six months ended June 30, 2016, compared with total revenue of HK$99 million and negative EBITDA of HK$101 million a year earlier.

The construction works of PCPD's Premium Grade A office building in Jakarta, Indonesia, are proceeding well. The building, named as Pacific Century Place Jakarta, has reached the topping-out stage. PCPD is confident that the building will be completed and in operation around 2017-2018 and it is expected the building could generate recurrent income to the Group from this point onwards. The leasing activities of the building are also in full swing with Citibank Indonesia, Sotheby's Hong Kong Limited and FWD have committed to take up part of the office space.

The other projects including the one in Hokkaido, Japan are also proceeding according to their respective schedules.

For more information about the performance of PCPD, please refer to its 2016 interim results announcement released on August 10, 2016.

Other Businesses

Other Businesses primarily comprises corporate support functions and the wireless broadband business in the United Kingdom under the brand name Relish which currently operates in the Central London region. Revenue from Other Businesses was HK$30 million for the six months ended June 30, 2016 (June 30, 2015: HK$25 million) driven mainly by the progress in Relish's business, while the EBITDA cost of the Group's Other Businesses was HK$304 million (June 30, 2015: HK$324 million).

Eliminations

Eliminations for the six months ended June 30, 2016 were HK$1,310 million (June 30, 2015: HK$1,106 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, 2015**	**Dec 31, 2015**	**Jun 30, 2016**	Better/ (Worse) y-o-y
HKT	6,544	8,995	**6,973**	(7)%
The Group (excluding PCPD)	8,003	10,908	**8,457**	(6)%
Consolidated	8,027	10,938	**8,494**	(6)%

HKT's cost of sales for the six months ended June 30, 2016 increased by 7% to HK$6,973 million. Gross margin was 57% in the first half of 2016, as compared to 59% a year ago primarily due to dilution from the lower margin mobile handset sales.

Cost of sales for the core businesses increased by 6% mainly driven by the higher cost of sales at HKT. Gross margin for the core businesses was 54% in first half of 2016, as compared to 55% a year ago.

The Group's consolidated total cost of sales for the six months ended June 30, 2016 increased by 6% to HK$8,494 million.

General and Administrative Expenses

During the period, operating costs before depreciation, amortization, and gain on disposal of property, plant and equipment, net, increased by 1% year-on-year to HK$4,421 million. There was a decline in operating costs at HKT resulting from the continued release of cost synergies from the CSL Holdings Limited ("CSL") integration as well as at the Solutions Business due to improved staff utilization. These cost savings were offset by investments made by the Media Business to drive growth in its OTT Business and launch the Free TV Business. As a result, operating costs to revenue ratio was stable at 24%.

Depreciation and amortization expenses increased by 9% year-on-year to HK$3,208 million for the six months ended June 30, 2016. Depreciation expenses declined by 19% which was primarily attributable to the write-off of certain depleted network assets during the CSL integration and the review of the useful lives of new network assets that were deployed as part of the CSL integration. Amortization expenses increased by 25% largely arising from increased investments in content at the Media Business to support the growth in the OTT and Free TV Businesses. Content related amortization for the period was HK$150 million.

As a result, general and administrative expenses increased by 5% year-on-year to HK$7,627 million for the six months ended June 30, 2016.

EBITDA[1]

Core EBITDA for the six months ended June 30, 2016 decreased by 1% year-on-year to HK$5,730 million with the margin slightly declining to 31% due to the investments made in the OTT and Free TV Businesses. Consolidated EBITDA decreased by 1% year-on-year to HK$5,609 million for the period representing a margin of 30%.

Interest Income and Finance Costs

Interest income for the six months ended June 30, 2016 was HK$27 million and finance costs decreased by 18% year-on-year to HK$627 million. As a result, net finance costs decreased by 18% year-on-year to HK$600 million for the six months ended June 30, 2016 mainly due to the reduction in the average cost of debt following the refinancing of the US$500 million 5.25% guaranteed notes and the US$500 million 4.25% guaranteed notes in July 2015 and February 2016 respectively. Hence, the average cost of debt was 2.6% during the period, as compared to 2.9% a year ago.

Income Tax

Income tax expenses for the six months ended June 30, 2016 was HK$65 million, as compared to HK$209 million a year ago, representing an effective tax rate of 4% for the period. The decrease in tax expenses is mainly due to the recognition of a deferred income tax asset resulting from a loss-making company turning profitable and a credit upon reassessment of certain previously recognised tax items during the period.

Non-controlling Interests

Non-controlling interests were HK$836 million for the six months ended June 30, 2016 (June 30, 2015: HK$822 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, 2016 decreased by 19% year-on-year to HK$868 million (June 30, 2015: HK$1,070 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] was HK$44,117 million as at June 30, 2016 (December 31, 2015: HK$42,722 million). Cash and cash equivalents totaled HK$5,638 million as at June 30, 2016 (December 31, 2015: HK$7,503 million). The Group's gross debt[2] to total assets was 57% as at June 30, 2016 (December 31, 2015: 57%).

In July 2016, HKT took advantage of a favorable market window post Brexit and raised US$750 million 10-year guaranteed notes at a coupon of 3.00%. The proceeds will be used for general corporate purposes including the repayment of existing indebtedness.

As at June 30, 2016, the Group had a total of HK$42,996 million in committed bank loan facilities available for liquidity management, of which HK$13,804 million remained undrawn. Of these committed bank loan facilities, HKT accounted for HK$31,391 million, of which HK$6,310 million remained undrawn.

CREDIT RATINGS OF HONG KONG TELECOMMUNICATIONS (HKT) LIMITED

As at June 30, 2016, Hong Kong Telecommunications (HKT) Limited, an indirect non-wholly owned subsidiary of the Company, had investment grade ratings with Moody's Investors Service (Baa2) and Standard & Poor's Ratings Services (BBB).

CAPITAL EXPENDITURE[3]

Group capital expenditure for the six months ended June 30, 2016 was HK$1,595 million (June 30, 2015: HK$1,548 million), of which HKT accounted for about 93% (June 30, 2015: 85%). A significant proportion of the capital investment made by the Group was attributable to investments in network integration for the Mobile business at HKT. There was investment in the Media Business to upgrade broadcasting equipment while the investment in the Solutions Business has tapered down as we have completed the most recent data centre investment cycle.

The Group will continue to invest in its delivery platforms 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 provide 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 foreign currencies including United States dollars. Accordingly, the Group has entered into forward and 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, 2016, all forward and swap contracts were designated as cash flow hedges and/or fair value hedges for the Group's foreign currency denominated borrowings.

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

CHARGE ON ASSETS

As at June 30, 2016, certain assets of the Group with an aggregate carrying value of HK$2,769 million (December 31, 2015: HK$2,242 million) and performance guarantee of approximately HK$162 million (December 31, 2015: HK$161 million) in relation to the construction of a Premium Grade A office building in Jakarta, Indonesia were pledged to secure certain bank loan facilities of the Group.

CONTINGENT LIABILITIES

HK$ million	As at Dec 31, 2015 (Audited)	**As at Jun 30, 2016 (Unaudited)**
Performance guarantees	2,391	**2,581**
Others	90	**78**
	2,481	**2,659**

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

The Group had over 24,500 employees as at June 30, 2016 (June 30, 2015: 23,300) located in over 45 countries and cities. About 63% of these employees work in Hong Kong and the others are based mainly in mainland China, the United States and the Philippines. The Group has established performance based bonus and incentive schemes designed to motivate and reward employees at all levels to achieve the Group's business performance targets. Payment of performance bonuses is generally based on achievement of revenue, EBITDA and free cash flow targets for the Group as a whole and for each of the individual business units and performance ratings of employees.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of 8.16 HK cents (June 30, 2015: 7.96 HK cents) per ordinary share for the six months ended June 30, 2016 to shareholders whose names appear on the register of members of the Company on Thursday, September 1, 2016. The Board has also proposed to offer eligible shareholders the option to participate in a scrip dividend alternative to elect to receive the interim dividend wholly or partly in the form of new shares instead of cash (the "2016 Interim Scrip Dividend Scheme"). The 2016 Interim Scrip Dividend Scheme is conditional upon The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued under the 2016 Interim Scrip Dividend Scheme. Full details of the 2016 Interim Scrip Dividend Scheme will be set out in a circular proposed to be despatched to shareholders on or around Friday, September 9, 2016.

CLOSURE OF REGISTER OF MEMBERS

The record date for the interim dividend will be Thursday, September 1, 2016. The Company's register of members will be closed from Wednesday, August 31, 2016 to Thursday, September 1, 2016 (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 30, 2016. Dividend warrants and share certificates to be issued under the 2016 Interim Scrip Dividend Scheme will be despatched to shareholders on or around Wednesday, October 12, 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2016, 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, 2016. 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, 2016.

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 2016 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
Grace M.Y. Lee
Group General Counsel and Company Secretary

Hong Kong, August 11, 2016

CONSOLIDATED INCOME STATEMENT
For the six months ended June 30, 2016

In HK$ million (except for earnings per share)	Note(s)	2015 (Unaudited)	**2016 (Unaudited)**
Revenue	2	18,082	**18,524**
Cost of sales		(8,027)	**(8,494)**
General and administrative expenses		(7,298)	**(7,627)**
Other gains/(losses), net	3	60	**(53)**
Interest income		35	**27**
Finance costs		(764)	**(627)**
Share of results of associates		19	**25**
Share of results of joint ventures		(6)	**(6)**
Profit before income tax	2, 4	2,101	**1,769**
Income tax	5	(209)	**(65)**
Profit for the period		1,892	**1,704**
Attributable to:			
Equity holders of the Company		1,070	**868**
Non-controlling interests		822	**836**
Profit for the period		1,892	**1,704**
Earnings per share	7		
Basic		14.39 cents	**11.40 cents**
Diluted		14.36 cents	**11.39 cents**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2016

In HK$ million	2015 (Unaudited)	**2016 (Unaudited)**
Profit for the period	1,892	**1,704**
Other comprehensive (loss)/income		
Items that have been reclassified or may be reclassified subsequently to income statement:		
Exchange differences on translating foreign operations	(180)	**143**
Available-for-sale financial assets:		
- changes in fair value	(59)	**(4)**
Cash flow hedges:		
- effective portion of changes in fair value	(168)	**522**
- transfer from equity to income statement	(36)	**(41)**
Other comprehensive (loss)/income for the period	(443)	**620**
Total comprehensive income for the period	1,449	**2,324**
Attributable to:		
Equity holders of the Company	725	**1,311**
Non-controlling interests	724	**1,013**
Total comprehensive income for the period	1,449	**2,324**

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
As at June 30, 2016

In HK$ million	Note	The Group As at December 31, 2015 (Audited)	The Group **As at June 30, 2016 (Unaudited)**	(Additional Information) The Company As at December 31, 2015 (Audited)	(Additional Information) The Company **As at June 30, 2016 (Unaudited)**
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment		18,713	**19,501**	–	–
Investment properties		2,084	**2,578**	–	–
Interests in leasehold land		442	**431**	–	–
Properties held for/under development		851	**935**	–	–
Goodwill		18,183	**18,172**	–	–
Intangible assets		10,526	**10,198**	–	–
Interests in subsidiaries		–	–	17,072	**17,072**
Interests in associates		618	**716**	–	–
Interests in joint ventures		485	**614**	–	–
Available-for-sale financial assets		806	**878**	–	–
Derivative financial instruments		–	**136**	–	**34**
Deferred income tax assets		1,066	**1,172**	–	–
Other non-current assets		845	**959**	–	–
		54,619	**56,290**	17,072	**17,106**
Current assets					
Amounts due from subsidiaries		–	–	18,862	**20,623**
Sales proceeds held in stakeholders' accounts		513	**511**	–	–
Restricted cash		106	**128**	–	–
Prepayments, deposits and other current assets		7,106	**8,621**	36	**34**
Inventories		774	**1,163**	–	–
Amounts due from related companies		90	**95**	–	–
Derivative financial instruments		60	–	–	–
Trade receivables, net	8	3,969	**4,312**	–	–
Tax recoverable		17	**16**	–	–
Short-term deposits		1	**5**	–	–
Cash and cash equivalents		7,503	**5,638**	815	**374**
		20,139	**20,489**	19,713	**21,031**

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION (CONTINUED)
As at June 30, 2016

In HK$ million	Note	The Group As at December 31, 2015 (Audited)	The Group **As at June 30, 2016 (Unaudited)**	(Additional Information) The Company As at December 31, 2015 (Audited)	(Additional Information) The Company **As at June 30, 2016 (Unaudited)**
Current liabilities					
Short-term borrowings	10	(3,879)	**(2,329)**	–	**–**
Trade payables	9	(2,494)	**(2,564)**	–	**–**
Accruals and other payables		(6,763)	**(6,939)**	(12)	**(9)**
Amount payable to the Government under the Cyberport Project Agreement		(322)	**(322)**	–	**–**
Carrier licence fee liabilities		(448)	**(466)**	–	**–**
Amounts due to related companies		(69)	**(90)**	–	**–**
Advances from customers		(2,168)	**(2,203)**	–	**–**
Current income tax liabilities		(1,350)	**(1,368)**	–	**–**
		(17,493)	**(16,281)**	(12)	**(9)**
Non-current liabilities					
Long-term borrowings		(38,090)	**(41,203)**	(2,690)	**(3,582)**
Amounts due to subsidiaries		–	**–**	(2,987)	**(3,125)**
Derivative financial instruments		(586)	**(35)**	(143)	**–**
Deferred income tax liabilities		(2,775)	**(2,834)**	–	**–**
Deferred income		(1,079)	**(1,003)**	–	**–**
Defined benefit liability		(133)	**(130)**	–	**–**
Carrier licence fee liabilities		(627)	**(582)**	–	**–**
Other long-term liabilities		(633)	**(699)**	–	**–**
		(43,923)	**(46,486)**	(5,820)	**(6,707)**
Net assets		13,342	**14,012**	30,953	**31,421**
CAPITAL AND RESERVES					
Share capital	11	12,505	**12,934**	12,505	**12,934**
Reserves		(1,481)	**(1,453)**	18,448	**18,487**
Equity attributable to equity holders of the Company		11,024	**11,481**	30,953	**31,421**
Non-controlling interests		2,318	**2,531**	–	**–**
Total equity		13,342	**14,012**	30,953	**31,421**

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 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, 2015.

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 11, 2016.

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 financial information relating to the year ended December 31, 2015 that is included in this interim results announcement as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

- The Company has delivered the financial statements for the year ended December 31, 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

- The Company's auditor has reported on those financial statements of the Group. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

1. BASIS OF PREPARATION (CONTINUED)

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, liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2015, with the exception of changes in estimates that are required in determining the useful lives of certain property, plant and equipment. As part of the Group's continuous accounting procedure, it is required to reassess the useful lives of the property, plant and equipment on a regular basis. Pursuant to such reassessment, the profit attributable to the equity holders of the Company for the six months ended June 30, 2016 increased by HK$138 million and the equity attributable to the equity holders of the Company as at June 30, 2016 increased by HK$138 million.

The accounting policies, basis of presentation 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, 2015, except for the adoption of the following new or amended Hong Kong Financial Reporting Standards ("HKFRSs") and HKASs (collectively "new HKFRSs") which are effective for accounting periods beginning on or after January 1, 2016 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, 2016, but have had no material effect on the Group's reported results and financial position for the current and prior accounting periods:

- HKAS 1 (Amendment), Presentation of Financial Statements - Disclosure Initiative.
- HKAS 16 (Amendment), Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization.
- HKAS 16 (Amendment), Property, Plant and Equipment - Agriculture: Bearer Plants.
- HKAS 27 (2011) (Amendment), Separate Financial Statements - Equity Method in Separate Financial Statements.
- HKAS 28 (2011) (Amendment), Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception.
- HKAS 38 (Amendment), Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization.
- HKAS 41 (Amendment), Agriculture: Bearer Plants.
- HKFRS 10 (Amendment), Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception.
- HKFRS 11 (Amendment), Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations.
- HKFRS 12 (Amendment), Disclosure of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception.
- HKFRS 14, Regulatory Deferral Accounts.
- Annual Improvements to 2012-2014 Cycle published in October 2014 by HKICPA.

The Group has not adopted any new HKFRSs that are not yet effective for the current accounting period.

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 the product perspective and assesses the performance of the following segments:

- HKT Limited ("HKT") is Hong Kong's premier telecommunications service provider. The principal activities of HKT and its subsidiaries are the provision of telecommunications and related services which include local telephony, local data and broadband, international telecommunications, mobile, customer premises equipment sale, 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 digital media entertainment platform and directories operations in Hong Kong, mainland China and other parts of the world. The Group also operates a domestic free television service in Hong Kong.

- Solutions Business offers Information and Communications Technologies services and solutions in Hong Kong, Macau 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"). 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 other 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, 2015
(In HK$ million)

	HKT (Unaudited)	Media Business (Unaudited)	Solutions Business (Unaudited)	Other Businesses (Unaudited)	PCPD (Unaudited)	Eliminations (Unaudited)	Consolidated (Unaudited)
REVENUE							
Total Revenue	15,974	1,590	1,500	25	99	(1,106)	18,082
RESULTS							
EBITDA	5,770	182	246	(324)	(101)	(90)	5,683

For the six months ended June 30, 2016
(In HK$ million)

	HKT (Unaudited)	**Media Business (Unaudited)**	**Solutions Business (Unaudited)**	**Other Businesses (Unaudited)**	**PCPD (Unaudited)**	**Eliminations (Unaudited)**	**Consolidated (Unaudited)**
REVENUE							
Total Revenue	**16,388**	**1,714**	**1,587**	**30**	**115**	**(1,310)**	**18,524**
RESULTS							
EBITDA	**5,865**	**7**	**254**	**(304)**	**(121)**	**(92)**	**5,609**

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

In HK$ million	Six months ended June 30, 2015 (Unaudited)	**Six months ended June 30, 2016 (Unaudited)**
Total segment EBITDA	5,683	**5,609**
Gain on disposal of property, plant and equipment, net	4	**2**
Depreciation and amortization	(2,930)	**(3,208)**
Other gains/(losses), net	60	**(53)**
Interest income	35	**27**
Finance costs	(764)	**(627)**
Share of results of associates and joint ventures	13	**19**
Profit before income tax	2,101	**1,769**

3. OTHER GAINS/(LOSSES), NET

In HK$ million	Six months ended June 30, 2015 (Unaudited)	**Six months ended June 30, 2016 (Unaudited)**
Gain on remeasuring an available-for-sale investment upon a step acquisition	29	–
Net gains on cash flow hedging instruments transferred from equity	1	–
Net gains on fair value hedging instruments	24	**4**
Fair value movement of derivative financial instrument	–	**(60)**
Net realized gains on disposal of available-for-sale financial assets	9	**3**
Others	(3)	–
	60	**(53)**

4. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging the following:

In HK$ million	Six months ended June 30, 2015 (Unaudited)	**Six months ended June 30, 2016 (Unaudited)**
Cost of inventories sold	1,912	**2,413**
Cost of sales, excluding inventories sold	6,115	**6,081**
Depreciation of property, plant and equipment	1,057	**860**
Amortization of intangible assets	1,862	**2,337**
Amortization of land lease premium – interests in leasehold land	11	**11**
Finance costs on borrowings	703	**623**

5. INCOME TAX

In HK$ million	Six months ended June 30, 2015 (Unaudited)	**Six months ended June 30, 2016 (Unaudited)**
Current income tax:		
Hong Kong profits tax	273	**65**
Overseas tax	13	**47**
Movement of deferred income tax	(77)	**(47)**
	209	**65**

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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, 2015 (Unaudited)	**Six months ended June 30, 2016 (Unaudited)**
Interim dividend declared after the interim period of 8.16 HK cents (2015: 7.96 HK cents) per ordinary share	601	**629**

At a meeting held on August 11, 2016, the directors declared an interim dividend of 8.16 HK cents per ordinary share for the year ending December 31, 2016. This interim dividend is not reflected as a dividend payable in this unaudited condensed consolidated interim financial information.

The 2016 interim dividend will be payable in cash with a scrip dividend alternative subject to The Stock Exchange of Hong Kong Limited (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, 2015 (Unaudited)	**Six months ended June 30, 2016 (Unaudited)**
Final dividend in respect of the previous financial year, approved and paid during the interim period of 17.04 HK cents (2015: 13.21 HK cents) per ordinary share *(note i)*	985	**1,299**
Less: dividend for PCCW Shares held by share award schemes	(2)	**(1)**
	983	**1,298**

i. The 2015 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(a) for the details of share capital issued and allotted during the six months ended June 30, 2016.

7. EARNINGS PER SHARE

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

	Six months ended June 30, 2015 (Unaudited)	**Six months ended June 30, 2016 (Unaudited)**
Earnings (in HK$ million)		
Earnings for the purpose of basic and diluted earnings per share	1,070	**868**
Number of shares		
Weighted average number of ordinary shares	7,456,334,207	**7,625,980,832**
Effect of PCCW Shares held under the Company's share award schemes	(18,814,223)	**(12,383,503)**
Weighted average number of ordinary shares for the purpose of basic earnings per share	7,437,519,984	**7,613,597,329**
Effect of PCCW Shares awarded under the Company's share award schemes	11,915,439	**8,279,254**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	7,449,435,423	**7,621,876,583**

8. TRADE RECEIVABLES, NET

The aging of trade receivables based on the date of invoice is set out below:

In HK$ million	As at December 31, 2015 (Audited)	**As at June 30, 2016 (Unaudited)**
1 – 30 days	2,297	**2,937**
31 – 60 days	651	**471**
61 – 90 days	256	**207**
91 – 120 days	207	**159**
Over 120 days	805	**819**
	4,216	**4,593**
Less: Impairment loss for doubtful debts	(247)	**(281)**
	3,969	**4,312**

Included in trade receivables, net were amounts due from related parties of HK$21 million and HK$49 million as at June 30, 2016 and December 31, 2015 respectively.

8. TRADE RECEIVABLES, NET (CONTINUED)

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 payables are requested to settle all outstanding balances before any further credit is granted.

9. TRADE PAYABLES

The aging of trade payables based on the date of invoice is set out below:

In HK$ million	As at December 31, 2015 (Audited)	**As at June 30, 2016 (Unaudited)**
1 – 30 days	1,571	**1,501**
31 – 60 days	102	**144**
61 – 90 days	81	**134**
91 – 120 days	101	**75**
Over 120 days	639	**710**
	2,494	**2,564**

Included in trade payables were amounts due to related parties of HK$81 million and HK$61 million as at June 30, 2016 and December 31, 2015 respectively.

10. SHORT-TERM BORROWINGS

On August 24, 2010, PCCW-HKT Capital No.4 Limited, an indirect non-wholly owned subsidiary of the Company, issued US$500 million 4.25% guaranteed notes due 2016, which were listed on the Singapore Exchange Securities Trading Limited. The notes were irrevocably and unconditionally guaranteed by HKT Group Holdings Limited ("HKTGH") and Hong Kong Telecommunications (HKT) Limited ("HKTL"), both being indirect non-wholly owned subsidiaries of the Company, and ranked pari passu with all other outstanding unsecured and unsubordinated obligations of HKTGH and HKTL.

The notes were fully redeemed in February 2016 and were delisted from the Singapore Exchange Securities Trading Limited.

As at June 30, 2016, short-term borrowings represented bank borrowings to be repaid in the next twelve months.

11. SHARE CAPITAL

	Six months ended			
	June 30, 2015		**June 30, 2016**	
	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,	7,453,177,661	11,720	**7,621,350,679**	**12,505**
PCCW Shares issued in lieu of cash dividends *(note a)*	96,011,595	489	**84,268,778**	**429**
As at June 30,	7,549,189,256	12,209	**7,705,619,457**	**12,934**

a. During the six months ended June 30, 2016, the Company issued and allotted 84,268,778 new fully paid shares (2015: 96,011,595 new fully paid shares) at HK$5.096 (2015: HK$5.088) per share to the shareholders who elected to receive PCCW Shares in lieu of cash for 2015 final dividend (2015: 2014 final dividend) pursuant to the scrip dividend scheme.

b. The Company had total distributable reserves of HK$18,452 million as at June 30, 2016 (December 31, 2015: HK$18,460 million).

12. SUBSEQUENT EVENT

In July 2016, HKT Capital No. 4 Limited, an indirect non-wholly owned subsidiary of the Company, issued US$750 million 3.00% guaranteed notes due 2026, which are listed on the Singapore Exchange Securities Trading Limited for general corporate purposes including repayment of existing indebtedness. The notes are irrevocably and unconditionally guaranteed by HKTGH and HKTL and rank pari passu with all other outstanding unsecured and unsubordinated obligations of HKTGH and HKTL.

As at the date of this announcement, the Directors 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.