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, 2007

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, 2007. These interim financial statements have not been audited, but have 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.

- Stronger growth of core business in the first half of 2007 as the Group began to reap the benefits of its quadruple-play strategy
- Continued strong momentum for now TV - installed base up 35% to 818,000
- 3G mobile subscribers more than doubled to 119,000
- Core revenue increased by 7% to HK$9,507 million; consolidated revenue including PCPD decreased by 18% to HK$11,607 million, reflecting lower recognition of property development revenue
- Core EBITDA increased by 4% to HK$3,068 million; consolidated EBITDA including PCPD decreased by 1% to HK$3,609 million
- Profit attributable to equity holders of the Company increased by 3% to HK$822 million
- Basic earnings per share of 12.16 HK cents
- Declared interim dividend of 6.5 HK cents per share

<u>Note</u>:

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

MANAGEMENT REVIEW

PCCW's core business grew more strongly during the first half of 2007 as the Group began to reap the benefits of its quadruple-play strategy. Boosted by ground-breaking content deals and technology innovations, Telecommunications Services ("TSS"), TV & Content, Mobile and PCCW Solutions all achieved improved results. TSS growth was led by local data services and international telecommunications services, while fixed-line operations remained stable.

Core revenue for the six months ended June 30, 2007 increased by 7% year-on-year to HK$9,507 million, reflecting strong double-digit revenue growth rates for TV & Content, Mobile and PCCW Solutions, and a solid 4% year-on-year revenue growth for TSS. Consolidated revenue including PCPD declined by 18% year-on-year to HK$11,607 million, reflecting lower revenue recognized from property completion in the Bel-Air project.

Core EBITDA for the six months ended June 30, 2007 increased by 4% year-on-year to HK$3,068 million as the results of TV & Content and Mobile improved significantly, PCCW Solutions earned a higher margin, and TSS maintained stable earnings. Consolidated EBITDA including PCPD declined by 1% year-on-year to HK$3,609 million, reflecting a lower contribution from PCPD.

Profit attributable to equity holders of the Company increased by 3% year-on-year to HK$822 million, and basic earnings per share increased by 3% year-on-year to 12.16 HK cents. The board of Directors (the "Board") has resolved to declare an interim dividend of 6.5 HK cents per share for the six months ended June 30, 2007.

OUTLOOK

The results for the first half of 2007 reflect the continuing growth of the telecommunications services business, plus significant investment in the development of the Group's growth businesses, including TV & Content and Mobile, as part of our quadruple-play strategy. Much of the benefit from investments in these growth businesses will come in future years, but early signs of the value of these investments could be seen already in the first half of 2007.

The primary aim for our stabilized telecommunications services business is to increase revenue by leveraging existing network assets. Healthy revenue growth was achieved in the first half of 2007, and there are good prospects for further revenue improvement during the second half of 2007, against the backdrop of a growing economy and the introduction of new value-added services. The eye multimedia service platform, the one Communications integrated fixed/mobile solution, and the vast expansion of our Wi-Fi hotspots in Hong Kong, all introduced during the first half of 2007, provide potential new sources of revenue for the telecommunications services business.

The strong growth of TV & Content revenue in the first half of 2007 should continue in the second half of the year as the new Barclays Premier League season gets under way, new revenue sources from advertising and interactive services are further developed, and High Definition ("HD") TV programming is launched. The cross-platform delivery of now TV content and interactive services, and the shift to HD, should also benefit our mobile, broadband and fixed-line businesses.

Our mobile business should continue to benefit in the second half of 2007 from the integration of its marketing activities with those of the rest of the Group, the ongoing shift to 3G with its higher levels of average revenue per user ("ARPU") and the implementation of our integrated wireless strategy. The growing amount of now TV content available on mobile, including the now SPORTS channels, and the recent launch of new value-added services including PUSH eMail and HD on mobile, should also support customer and ARPU growth.

The growth of external revenue from our traditional internal support businesses such as Teleservices, PCCW Solutions and network subsidiary Cascade Limited ("CASCADE") shows promise for further development. The contact centers of Teleservices are benefiting from the growing popularity of business process outsourcing, while our IT solutions arm, PCCW Solutions, continues to win contracts in Hong Kong, mainland China, and elsewhere in Asia Pacific, and CASCADE is growing its business in both Asia and the Middle East.

With all four quadruple-play delivery platforms now in place, our focus in the second half of 2007 will remain on offering a growing variety of content and interactive services across all four platforms. We will also continue to look for ways to leverage internationally our experience and expertise in Hong Kong. We have laid a solid foundation for the Company's future, and are now building a stronger business on that foundation.

FINANCIAL REVIEW BY SEGMENTS

For the six months ended HK$ million	Jun 30, 2007	Jun 30, 2006	Dec 31, 2006	Better/ (Worse) y-o-y
Revenue[1]				
TSS	7,706	7,405	7,969	4%
TV & Content	715	505	497	42%
Mobile	668	585	651	14%
PCCW Solutions	826	737	915	12%
Other Businesses	165	162	166	2%
Eliminations	(573)	(546)	(672)	(5)%
Total Revenue (excluding PCPD)	**9,507**	8,848	9,526	7%
PCPD	2,100	5,276	1,987	(60)%
Consolidated Revenue	**11,607**	14,124	11,513	(18)%
Cost of sales	(5,199)	(7,555)	(5,131)	31%
Operating costs before depreciation, amortization and restructuring costs	(2,799)	(2,917)	(3,207)	4%
EBITDA[1, 2]				
TSS	3,431	3,414	3,589	1%
TV & Content	(74)	(155)	(156)	52%
Mobile	(56)	(70)	(116)	20%
PCCW Solutions	102	83	68	23%
Other Businesses	(335)	(328)	(458)	(2)%
Total EBITDA (excluding PCPD)	**3,068**	2,944	2,927	4%
PCPD	541	708	248	(24)%
Consolidated EBITDA[2]	**3,609**	3,652	3,175	(1)%
Consolidated EBITDA Margin[2,4]	*31%*	*26%*	*28%*	*5%*
Depreciation and amortization	**(1,610)**	(1,467)	(1,569)	(10)%
Gain/(Loss) on disposal of property, plant and equipment, investment properties and interests in leasehold land	**11**	(2)	(23)	N/A
Restructuring costs	**--**	--	(6)	N/A
Other gains/(losses), net	**55**	98	(56)	(44)%
Losses on property, plant and equipment	**(2)**	--	(11)	N/A
Segment results[1, 3]				
TSS	2,392	2,401	2,549	0%
TV & Content	(150)	(211)	(228)	29%
Mobile	(361)	(292)	(409)	(24)%
PCCW Solutions	73	62	46	18%
Other Businesses	(422)	(380)	(659)	(11)%
Total segment results (excluding PCPD)	**1,532**	1,580	1,299	(3)%
PCPD	531	701	211	(24)%
Consolidated segment results[3]	**2,063**	2,281	1,510	(10)%

Note 1 *Certain comparative figures have been restated to conform with the business segment presentation in the current period:*

- *The Group's directories business, previously included in Other Businesses, has been reclassified to TV & Content.*

- *Certain IP-based international connectivity products and services, previously included in TSS-Other Services, have been reclassified to TSS-International Telecommunications Services.*

Note 2 *EBITDA represents earnings before interest income, finance costs, income tax, depreciation, amortization, gain/loss on disposal of property, plant and equipment, investment properties and interests in leasehold land, net other gains/losses, losses on property, plant and equipment, restructuring costs, impairment losses on interests in jointly controlled companies and associates and the Group's share of results of jointly controlled companies and associates. 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 3 *Segment results represent earnings before interest income, finance costs, income tax, impairment losses on interests in jointly controlled companies and associates and the Group's share of results of jointly controlled companies and associates.*

Note 4 *Year-on-year percentage change was based on absolute percentage change.*

Note 5 *The market share figures for the six months ended June 30, 2007 are provisional.*

Note 6 *As of period end, with exception of International Direct Dial ("IDD") minutes, which is the total for the period.*

Note 7 *Gross debt refers to the principal amount of short-term borrowings and long-term liabilities. Net debt refers to the principal amount of short-term borrowings and long-term liabilities minus cash and cash equivalents and certain restricted cash.*

Note 8 *Group capital expenditure includes additions to property, plant and equipment, investment properties and interests in leasehold land held for own use. Interests in leasehold land held for development of HK$nil (June 30, 2006: HK$495 million) are excluded.*

OPERATING DRIVERS[6]	**Jun 30, 2007**	**Jun 30, 2006**	**Dec 31, 2006**	Better/ (Worse) y-o-y	h-o-h
Exchange lines in service ('000)	2,590	2,579	2,587	0%	0%
Business lines ('000)	1,183	1,176	1,180	1%	0%
Residential lines ('000)	1,407	1,403	1,407	0%	0%
Fixed line market share[4, 5]					
Business lines	69%	70%	69%	(1)%	0%
Residential lines	66%	66%	66%	0%	0%
Total broadband access lines ('000) (Consumer, business and wholesale customers)	1,176	998	1,117	18%	5%
Retail consumer broadband subscribers ('000)	1,005	840	952	20%	6%
Retail business broadband subscribers ('000)	104	94	99	11%	5%
Consumer narrowband subscribers ('000)	117	132	122	(11)%	(4)%
Traditional data (Exit Gbps)	614	351	485	75%	27%
Retail IDD minutes ('M mins)	944	819	906	15%	4%
International Private Leased Circuit ("IPLC") bandwidth (Exit Mbps)	47,098	15,489	22,994	204%	105%
Mobile subscribers ('000)	957	781	921	23%	4%
3G post-paid ('000)	119	--	55	N/A	116%
2G post-paid ('000)	462	491	516	(6)%	(10)%
2G prepaid ('000)	376	290	350	30%	7%
now TV					
Installed base ('000)	818	608	758	35%	8%
Paying base ('000)	560	444	501	26%	12%

TSS

The table below sets out the financial performance of TSS for the six months ended June 30, 2007 and June 30, 2006:

For the six months ended HK$ million	**Jun 30, 2007**	**Jun 30, 2006**	**Dec 31, 2006**	Better/ (Worse) y-o-y
Local Telephony Services	2,343	2,352	2,336	0%
Local Data Services	2,214	2,092	2,159	6%
International Telecommunications Services[1]	1,591	1,394	1,497	14%
Other Services[1]	1,558	1,567	1,977	(1)%
TSS Revenue	**7,706**	7,405	7,969	4%
Cost of sales	(2,466)	(2,065)	(2,219)	(19)%
Operating costs before depreciation and amortization	(1,809)	(1,926)	(2,161)	6%
TSS EBITDA[2]	**3,431**	3,414	3,589	1%
TSS EBITDA Margin[2,4]	**45%**	46%	45%	(1)%

TSS returned to growth in the first half of 2007. Revenue for the six months ended June 30, 2007 increased by 4% year-on-year to HK$7,706 million. International telecommunications and local data services revenues grew at a healthy pace while local telephony and other services revenues remained stable. EBITDA remained stable at HK$3,431 million.

Local Telephony Services. Local telephony services revenue for the six months ended June 30, 2007 continued to be stable at HK$2,343 million.

The number of direct exchange lines operated by the Group held steady at 2,590,000 during the first half of 2007, as PCCW strategically managed net fixed-line gain and maintained a stable market share of approximately 66% for residential lines and 69% for business lines, in an environment of modest growth in the Hong Kong fixed-line market. ARPU also remained stable during the period.

Local Data Services. Local data services revenue for the six months ended June 30, 2007 increased by 6% year-on-year to HK$2,214 million, reflecting improvements in both broadband network and local data revenue.

Strong growth of broadband network revenue was led by a double-digit rise in revenue from retail consumer and business broadband services, while revenue from retail narrowband and wholesale broadband declined. The pricing for consumer broadband Internet access products and services stabilized during the course of the period.

NETVIGATOR maintained its market leadership in broadband access while the total broadband access lines increased by 18% year-on-year to 1,176,000 at the end of June 2007. The strong rise was supported by the growth momentum of now TV, and by rising demand for the Group's Internet value-added services. The photo and video file-sharing service, *snaap!*, was launched on the Group's quadruple-play platforms during the period.

Local data revenue grew at a healthy pace as customer demand for bandwidth grew on increasing deployment of high bandwidth applications. This has resulted in a 75% year-on-year jump in bandwidth sold, which more than offset the impact from price compression.

International Telecommunications Services[1]. International Telecommunications Services revenue for the six months ended June 30, 2007 increased by 14% year-on-year to HK$1,591 million. The revenue increase was led by growth in wholesale business for both traditional and IP-based international connectivity services, e.g. the Asia Pacific and the Middle East. Strong traffic growth more than offset the impact from lower prices during the period. IPLC bandwidth grew strongly by 105% during the six-month period to 47,098 Mbps. Retail IDD minutes increased by 15% year-on-year to 944 million minutes. Though retail IDD prices declined further during the period, downward pressure is easing.

Other Services[1]. Other services revenue for the six months ended June 30, 2007 decreased marginally by 1% year-on-year to HK$1,558 million. Revenue from CASCADE during the period was lower compared to a year ago primarily due to the timing of contract completions. This more than offset higher revenues from computer and customer premise equipment sales and growth of the Teleservices (i.e. contact centers) business.

TV & Content

For the six months ended HK$ million	**Jun 30, 2007**	**Jun 30, 2006**	**Dec 31, 2006**	Better/ (Worse) y-o-y
TV & Content Revenue[1]	**715**	505	497	42%
TV & Content EBITDA[1, 2]	**(74)**	(155)	(156)	52%

Revenue from TV & Content surged 42% year-on-year to HK$715 million for the six months ended June 30, 2007. now TV's strong growth momentum contributed to more than halving the segment's EBITDA loss to HK$74 million.

At the end of June 2007, now TV installed services hit 818,000, up by 35% from a year earlier. The paying base reached 560,000 while ARPU climbed a further 19% from December 2006 to HK$166 per month.

The strong improvement in ARPU during the first half of 2007 was in part due to the popular demand for the Mega Sports Pack which had a promotional retail price of HK$178 prior to August 2007 and is currently retailing at HK$218. Further, more customers are subscribing to higher value mini-packs and super value plans, which also helped to increase ARPU.

The Mega Sports Pack, launched in March 2007, offers the strongest line-up of major international sporting events in Hong Kong. The Pack features premier football competitions including the Barclays Premier League beginning in August 2007, the UEFA Champions League, the FA Cup, the Italian Serie A, and Japan's J-League. Other sporting events also featured include the National Basketball Association, the National Hockey League, Major League Baseball, Formula 1 Grand Prix, Wimbledon tennis, and major volleyball and snooker tournaments.

As part of our quadruple-play strategy, the now SPORTS channels were also launched on PCCW mobile, now.com.hk and the new eye multimedia service platform. For example, the Barclays Premier League live matches can be viewed on all four quadruple-play platforms beginning in August 2007.

now TV's content line-up continued to grow in variety reaching 143 local and international channels at the end of June 2007, including 71 exclusive world-class movie, sports, news and general entertainment channels.

During the first half of 2007, the Group's directories business was integrated with the now TV advertising and now shop merchandising and transaction units. The integrated Advertising and Interactive Services operation explores and develops new revenue opportunities from interactive advertising, merchandising and a variety of transaction-based services. One such initiative was the recent launch of the Hang Seng TV Securities Trading Service, the first such service in Hong Kong, allowing personal e-banking customers with securities accounts to trade local securities on two now TV channels.

now.com.hk continued to bring high-quality value-added services exclusively to PCCW's broadband customers. At the end of June 2007, 238,000 NETVIGATOR customers subscribed to the service, an increase of 4% from December 2006. During the first half of 2007, MOOV, the largest digital music service in Hong Kong, strengthened its music library to over 100,000 songs and music videos. MOOV's popularity contributed to an increase in the ARPU of now.com.hk during the period. The MOOV service is now available on the NETVIGATOR broadband, PCCW mobile and eye multimedia service platforms.

Mobile

For the six months ended HK$ million	**Jun 30, 2007**	**Jun 30, 2006**	**Dec 31, 2006**	Better/ (Worse) y-o-y
Mobile Revenue	**668**	585	651	14%
Mobile EBITDA[2]	**(56)**	(70)	(116)	20%

Revenue from Mobile increased by 14% year-on-year to HK$668 million for the six months ended June 30, 2007, reflecting contribution from a growing 3G subscriber base with a higher ARPU. Mobile EBITDA loss narrowed by 20% year-on-year to HK$56 million in the first half of 2007.

The Group continued to enhance its mobile network quality and coverage, with around 1,500 cell sites for 3G and a similar number for 2G in place at the end of June 2007. Leveraging on the Group's overall large customer base and extensive distribution channels, total mobile subscribers increased by 23% year-on-year to 957,000 at the end of June 2007. Our 3G subscriber base more than doubled from 55,000 at the end of December 2006 to 119,000 at the end of June 2007. The total 2G subscriber base increased by 7% year-on-year though the number of 2G post-paid subscribers decreased primarily as a result of our efforts to improve customer quality and ARPU.

The ARPU of our 3G service increased by 14% from the end of December 2006 to HK$229 at the end of June 2007 due to increasing uptake of value-added services. This, together with a growing contribution from an increasingly larger 3G subscriber base, have resulted in an improvement in Mobile's blended (2G and 3G) post-paid ARPU, which increased by 7% from the end of December 2006 to HK$158 at the end of June 2007.

Efforts to expand 3G ARPU and increase the appeal of mobile value-added services to a wider customer base continued in earnest. In addition to *snaap!*, PCCW mobile further enriched the customer experience through the launch in April 2007 of "now SPORTS on mobile", featuring exclusive premier sports content and world-class live sporting events. The total number of sports, general entertainment and news channels offered by "now on mobile" and "now SPORTS on mobile" reached 20 in August 2007. PUSH eMail and the one Communications integrated fixed/mobile solution were also launched, targeting the commercial market.

PCCW Solutions

For the six months ended HK$ million	**Jun 30, 2007**	**Jun 30, 2006**	**Dec 31, 2006**	Better/ (Worse) y-o-y
PCCW Solutions Revenue	**826**	737	915	12%
PCCW Solutions EBITDA[2]	**102**	83	68	23%

PCCW Solutions revenue for the six months ended June 30, 2007 increased by 12% year-on-year to HK$826 million. EBITDA increased by 23% year-on-year to HK$102 million.

During the first half of 2007, PCCW Solutions was awarded significant contracts that strengthen its recurring revenue base. Major contracts awarded include a 7-year data center and related services contract from one of the major healthcare organizations in Hong Kong, and a 10-year contract from the Hong Kong Police Force for the design, installation, and maintenance of the Versatile Maritime Policing Response System. Sino Land Company Limited also placed a contract for the design, supply and installation of an LED video wall and Display Control System for CityWall - Vision City in Tsuen Wan.

PCCW Solutions continued to expand its services beyond Hong Kong. It was awarded an application development-outsourcing contract from MTR Corporation Limited to develop and deploy a Maintenance Management Information System for its railway projects in mainland China; and a contract from a renowned luxury brand for the provision of Point of Sales/Customer Relations Management Solutions for two of its cosmetic brands across the Asia Pacific region.

In recognition of the unit's superior outsourcing services, two IT Outsourcing Awards were conferred on PCCW Solutions, one by the *21st Century Business Herald*, a major China business newspaper, and the other by *Computerworld Hong Kong* magazine. These accolades reinforce the reputation of PCCW Solutions as the leading IT outsourcing provider in the Greater China region.

PCPD

PCPD revenue for the six months ended June 30, 2007 decreased by 60% year-on-year to HK$2,100 million, reflecting lower revenue recognized from property completion in the Bel-Air project. In the first half of 2007, EBITDA declined by 24% year-on-year to HK$541 million.

The luxury residential market continued to demonstrate strong growth, which was evidenced by PCPD's sales success following the launch of Bel-Air No.8 in March 2007. The telephone exchange redevelopment project at Wo Fung Street, west of Central, Hong Kong continued to make progress, and pre-sales are expected by the end of 2007. In mainland China, development work for the prestigious residential project at Pacific Century Place in the Chaoyang District, Beijing commenced in the first half of 2007, and the project is expected to complete in 2009.

For more information about the performance of PCPD, please refer to its 2007 interim results released on August 29, 2007.

Other Businesses

Other Businesses primarily includes the Group's telecommunications business in Taiwan, its wireless broadband business in the United Kingdom, and all corporate support functions. Revenue from Other Businesses increased by 2% year-on-year to HK$165 million for the six months ended June 30, 2007.

Eliminations

Eliminations were HK$573 million for the six months ended June 30, 2007. Eliminations primarily relate to internal charges for telecommunications services consumed, IT support and computer system network charges, customer support services and rental among the Group's business units.

COSTS

Cost of Sales

For the six months ended HK$ million	**Jun 30, 2007**	**Jun 30, 2006**	**Dec 31, 2006**	Better/ (Worse) y-o-y
The Group (excluding PCPD)	**3,787**	3,131	3,478	(21)%
PCPD	1,412	4,424	1,653	68%
Group Consolidated Total	**5,199**	7,555	5,131	31%

The Group's consolidated total cost of sales for the six months ended June 30, 2007 declined by 31% year-on-year to HK$5,199 million, due primarily to a 68% decline in PCPD's cost of sales to HK$1,412 million on lower recognition of sales of Bel-Air residential units. The Group's cost of sales excluding PCPD increased by 21% year-on-year to HK$3,787 million, reflecting a higher cost of sales for TSS that was in line with its revenue growth, and higher content and customer acquisition costs for the TV & Content and Mobile businesses.

General and Administrative Expenses

For the six months ended **HK$ million**	**Jun 30, 2007**	**Jun 30, 2006**	**Dec 31, 2006**	Better/ (Worse) y-o-y
Staff costs	**1,342**	1,444	1,545	7%
Rent, rates and utilities	**469**	437	439	(7)%
Other operating costs	**988**	1,036	1,223	5%
Total operating costs before depreciation, amortization and restructuring costs	**2,799**	2,917	3,207	4%
Depreciation and amortization	**1,610**	1,467	1,569	(10)%
(Gain)/Loss on disposal of property, plant and equipment, investment properties and interests in leasehold land	**(11)**	2	23	N/A
Restructuring costs	**–**	–	6	N/A
General and administrative expenses	**4,398**	4,386	4,805	0%

General and administrative expenses for the six months ended June 30, 2007 remained stable at HK$4,398 million. Total operating costs before depreciation, amortization and restructuring costs declined by 4% year-on-year to HK$2,799 million primarily due to greater efficiency from fully integrating the mobile operations into the Group. However, higher costs were incurred for TV & Content as business activities increased during the period.

Depreciation and amortization increased by 10% year-on-year to HK$1,610 million, reflecting the depreciation of the 3G mobile network.

EBITDA[2]

Core EBITDA for the six months ended June 30, 2007 increased by 4% year-on-year to HK$3,068 million, as TSS EBITDA increased by 1% to HK$3,431 million, PCCW Solutions EBITDA increased by 23% to HK$102 million, and the EBITDA losses of TV & Content and Mobile were greatly reduced. The significant improvement in the TV & Content and Mobile results reflected progress in moving beyond the early stage of the business life cycle, while the PCCW Solutions EBITDA increase was due to improved margins of contracts completed and worked-on during the period.

Consolidated EBITDA including PCPD decreased by 1% year-on-year to HK$3,609 million, due primarily to a 24% year-on-year decline in PCPD EBITDA to HK$541 million on lower recognition of Bel-Air sales.

Consolidated EBITDA margin improved by 5 percentage points to 31% in the first half of 2007 from 26% in the first half of 2006, as the PCPD margin improved. Core EBITDA margin and TSS EBITDA margin remained relatively stable at 32% and 45%, respectively.

Other Gains, Net

Net other gains decreased to HK$55 million for the six months ended June 30, 2007 from HK$98 million in the first half of 2006. The net gains for the first half of 2007 primarily included net realized gains on derivative financial instruments. The net gains in the first half of 2006 primarily included a write back of a provision for loss on legal claims, which was partially offset by net realized and unrealized losses on derivative financial instruments.

Segment Results[3]

Core segment results, which exclude PCPD, were 3% lower than the corresponding period a year ago at HK$1,532 million, as higher depreciation and amortization charges and lower net other gains offset a 4% year-on-year rise in core EBITDA, as mentioned above.

Consolidated segment results including PCPD declined by 10% year-on-year to HK$2,063 million due primarily to the 24% year-on-year reduction in the PCPD segment result to HK$531 million and the 3% reduction in core segment results.

Interest Income and Finance Costs

Finance costs decreased by 9% year-on-year to HK$846 million for the six months ended June 30, 2007 due to the repayment of the US$450 million guaranteed convertible bonds and the US$456 million guaranteed notes in January 2007. Interest income decreased by 24% year-on-year to HK$236 million. Net finance cost remained stable during the period. Average cost of debt for the six months ended June 30, 2007 improved to 6% and average debt maturity was approximately 5 years.

Share of Results of Jointly Controlled Companies and Associates

Share of net losses of jointly controlled companies and associates was HK$1 million for the six months ended June 30, 2007 (June 30, 2006: a profit of HK$18 million), which was mainly due to the share of losses from 網通寬帶網絡有限責任公司, a jointly controlled company, in the first half of 2007. The share of results of associates for the first half of 2006 primarily included the share of profits from Great Eastern Telecommunications Limited.

Taxation

Taxation expenses for the six months ended June 30, 2007 decreased by 38% year-on-year to HK$377 million and the Group's effective tax rate for the six months ended June 30, 2007 was 26% (June 30, 2006: 36%). The reduction of taxation expenses and effective tax rate was mainly due to the recognition of deferred tax assets for tax losses and a reduction of the corporate income tax rate in the People's Republic of China (see Note 6 of the Financial Statements for details). This rate is higher than the statutory tax rate of 17.5%, mainly due to the fact that losses of some companies cannot be offset against profits of other companies for Hong Kong tax purposes and the disallowance of financing costs relating to the financing of non-income-producing assets. Excluding these factors, the Group would have an effective tax rate around the statutory tax rate of 17.5%.

Minority Interests

Minority interests of HK$253 million primarily represented the net profit attributable to the minority shareholders of PCPD.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders of the Company for the six months ended June 30, 2007 increased by 3% from the corresponding period a year ago to HK$822 million (June 30, 2006: HK$796 million).

LIQUIDITY AND CAPITAL RESOURCES

Net cash generated from operating activities for the six months ended June 30, 2007 increased to HK$1,899 million (June 30, 2006: HK$1,497 million) primarily due to lower tax paid and higher receipts from the Cyberport project during the period.

The Group's gross debt[7] totaled HK$27,775 million as at June 30, 2007 (December 31, 2006: HK$28,977 million). Cash and cash equivalents decreased to HK$4,538 million (December 31, 2006: HK$4,951 million). The Group's net debt[7] was HK$21,765 million as at June 30, 2007 compared to HK$19,725 million as at December 31, 2006. The increase in net debt was mainly due to the payment of the 2006 final dividend and investments made during the period.

The Group continued to prudently manage its debt profile. On January 24, 2007, the Group exercised an option under the US$456 million 7.88% guaranteed notes due 2013 and redeemed the notes in full. On January 29, 2007, the Group further redeemed in full the US$450 million 1% guaranteed convertible bonds upon maturity.

As at June 30, 2007, the Group had a total of HK$16,724 million in committed banking facilities available for liquidity and debt retirement, of which HK$4,550 million remained undrawn.

The Cyberport project continued to generate surplus proceeds from the sale of Bel-Air units. Net surplus proceeds distributed to the Group over the course of the Cyberport project have totaled HK$4,624 million, including HK$992 million received in the first half of 2007.

The Group's gross debt[7] to total assets improved to 56% as at June 30, 2007.

Credit Ratings of PCCW-HKT Telephone Limited

In July 2007, subsequent to a review of the Group's strategy and the performance of its core business, all three rating agencies revised the rating outlook on PCCW-HKT Telephone Limited ("HKTC"), an indirect wholly-owned subsidiary of the Company, and affirmed their investment grade ratings assigned to HKTC as follows:

- Moody's Investors Service revised the outlook to positive from stable and affirmed the rating at Baa2;
- Standard & Poor's Ratings Services revised the outlook to positive from stable and affirmed the rating at BBB; and
- Fitch Ratings revised the outlook to stable from negative and affirmed the rating at BBB+.

CAPITAL EXPENDITURE[8]

Group capital expenditure for the six months ended June 30, 2007 decreased to HK$1,036 million (June 30, 2006: HK$1,070 million). The majority of capital expenditure was spent on meeting the demand for new products and services, such as now TV, broadband network expansion, mobile network enhancement and new initiatives, including the next generation fixed-line services.

PCCW has made significant investments in its fixed-line and mobile networks in previous years. These include the upgrade and expansion of network coverage, and the building of a platform for broadband and fast developing IP initiatives. PCCW will continue to invest prudently, 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 Finance and Management Committee, a sub-committee of the Executive Committee of the Board, 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 policies and guidelines approved by the Finance and Management Committee and the Executive Committee, which are reviewed on a regular basis.

In the normal course of business, the Group enters into forward contracts and other derivative contracts in order to limit its exposure to adverse fluctuations in foreign currency exchange rates and interest rates. These instruments are executed with creditworthy financial institutions, and all contracts are denominated in currencies of major industrial countries. As at June 30, 2007, all cross currency swap contracts were designated as cash flow hedges for the Group’s foreign currency denominated long-term liabilities.

CHARGE ON ASSETS

As at June 30, 2007, certain assets of the Group with an aggregate carrying value of HK$1,454 million (December 31, 2006: HK$119 million) were pledged to secure loans and banking facilities of the Group.

CONTINGENT LIABILITIES

HK$ million	**As at Jun 30, 2007 (Unaudited)**	As at Dec 31, 2006 (Audited)
Performance guarantee	**616**	611
Others	**102**	29
	718	640

a. HKTC is in dispute with Hong Kong's Inland Revenue Department (the "IRD") regarding the deductibility of certain finance expenses. The IRD had raised assessments for part of the disputed finance expenses for the years of assessment 2000/01 to 2005/06 on April 21, 2005, February 3, 2006 and February 5, 2007. HKTC had lodged objections to the assessments and requested to hold over the tax assessed through the purchase of Tax Reserve Certificates. Based on the information available to the Group to date, HKTC has made a provision based on the best estimate of the amount that may ultimately be required to settle the dispute. The unprovided tax expense as at June 30, 2007 in respect of the subject dispute was approximately HK$220 million. The Directors consider that the impact of any unprovided amounts which may materialize is immaterial.

b. The Group is subject to certain corporate guarantee obligations to guarantee performance of its wholly-owned 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

As at June 30, 2007, the Group had approximately 15,354 employees (June 30, 2006: 14,453). About three quarters of these employees work in Hong Kong and the others are based outside of Hong Kong, primarily in mainland China. The Company has established incentive bonus schemes designed to motivate and reward employees at all levels to achieve the Company's business performance targets. Payment of bonuses is generally based on achievement of EBITDA[2] and net profit after tax target for the Group as a whole, and revenue and EBITDA[2] targets for the Company's individual businesses. The Company also operates a discretionary employee share option scheme and two share award schemes to motivate employee performance to enhance shareholders' value.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of 6.5 HK cents (June 30, 2006: 6.5 HK cents) per share for the six months ended June 30, 2007 to shareholders of the Company whose names appear on the Register of Members of the Company on September 27, 2007, payable on or around October 8, 2007.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlements to the interim dividend, the Register of Members will be closed from September 24, 2007 to September 27, 2007 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for the interim dividend of 6.5 HK cents per share, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Transfer Office, 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 September 21, 2007. Dividend warrants will be dispatched to shareholders of the Company on or around October 8, 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2007, neither the Company nor its subsidiaries purchased, sold or redeemed any of its listed securities.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the unaudited interim financial statements of the Group for the six months ended June 30, 2007. Such interim financial statements have not been audited but have been reviewed by the Company's auditor.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance and strives for a transparent, responsible and value-driven management focused on enhancing the value of the Company to its shareholders. The corporate governance principles of the Company place emphasis on upholding a high standard of ethics and integrity in all aspects of its business, and on ensuring that affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended June 30, 2007.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.pccw.com) and Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk). The 2007 interim report will be dispatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board
PCCW Limited
Philana WY Poon
Group General Counsel and Company Secretary

Hong Kong, August 29, 2007

CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, 2007

In HK$ million (except for earnings per share)	Note	**2007 (Unaudited)**	2006 (Unaudited)
Turnover	3	**11,607**	14,124
Cost of sales		**(5,199)**	(7,555)
General and administrative expenses		**(4,398)**	(4,386)
Other gains, net	4	**55**	98
Losses on property, plant and equipment		**(2)**	–
Interest income		**236**	312
Finance costs		**(846)**	(928)
Share of results of jointly controlled companies		**(8)**	–
Share of results of associates		**7**	18
Profit before taxation	5	**1,452**	1,683
Income tax	6	**(377)**	(609)
Profit for the period	3	**1,075**	1,074
Attributable to:			
Equity holders of the Company		**822**	796
Minority interests		**253**	278
Profit for the period		**1,075**	1,074
Interim dividend declared after the interim period	7(a)	**440**	438
Earnings per share	8		
Basic		**12.16 cents**	11.83 cents
Diluted		**11.96 cents**	11.79 cents

CONSOLIDATED BALANCE SHEET

As at June 30, 2007

In HK$ million	*Note*	**As at June 30, 2007 (Unaudited)**	As at December 31, 2006 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**16,107**	16,497
Investment properties		**3,761**	3,639
Interests in leasehold land		**627**	1,140
Properties under development		**808**	2,039
Goodwill		**3,140**	3,140
Intangible assets		**1,387**	1,349
Interest in jointly controlled companies		**320**	10
Interest in associates		**640**	637
Held-to-maturity investments		**7**	12
Available-for-sale financial assets		**615**	496
Amounts due from related companies		**12**	16
Net lease payments receivable		**114**	203
Deferred tax assets		**208**	174
Other non-current assets		**445**	359
		28,191	29,711
Current assets			
Properties under development		**6,795**	1,231
Properties for sale		**97**	290
Sales proceeds held in stakeholders' accounts		**3,472**	3,472
Restricted cash		**1,907**	5,128
Prepayments, deposits and other current assets		**1,747**	1,361
Inventories		**617**	544
Amounts due from related companies		**26**	44
Derivative financial instruments		**82**	–
Financial assets at fair value through profit or loss		**41**	50
Accounts receivable, net	9	**2,432**	2,580
Tax recoverable		**–**	64
Cash and cash equivalents		**4,538**	4,951
		21,754	19,715

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at June 30, 2007

In HK$ million	*Note*	**As at June 30, 2007 (Unaudited)**	As at December 31, 2006 (Audited)
Current liabilities			
Short-term borrowings		**(12,174)**	(13,995)
Derivative financial instruments		**(20)**	(555)
Accounts payable	10	**(1,005)**	(1,022)
Accruals, other payables and deferred income		**(3,974)**	(4,989)
Provisions		**(1,463)**	(1,914)
Mobile carrier licence fee liabilities		**(63)**	(58)
Amounts due to related companies		**(607)**	(886)
Gross amount due to customers for contract work		**–**	(7)
Advances from customers		**(2,479)**	(1,437)
Taxation		**(398)**	(794)
		(22,183)	(25,657)
Net current liabilities		**(429)**	(5,942)
Total assets less current liabilities		**27,762**	23,769
Non-current liabilities			
Long-term liabilities		**(15,523)**	(15,438)
Amounts due to minority shareholders of subsidiaries		**(11)**	(11)
Deferred tax liabilities		**(2,047)**	(2,179)
Deferred income		**(1,084)**	(1,015)
Defined benefit liability		**(10)**	(11)
Provisions		**(4,581)**	(1,591)
Mobile carrier licence fee liabilities		**(567)**	(539)
Other long-term liabilities		**(46)**	(86)
		(23,869)	(20,870)
Net assets		**3,893**	2,899
CAPITAL AND RESERVES			
Share capital		**1,693**	1,688
Deficit		**(535)**	(1,258)
Equity attributable to equity holders of the Company		**1,158**	430
Minority interests		**2,735**	2,469
Total equity		**3,893**	2,899

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended June 30, 2007

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of PCCW Limited (the "Company") and its subsidiaries (collectively the "Group") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated financial statements have 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 auditor.

The preparation of the unaudited condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The accounting policies and methods of computation used in preparing these unaudited condensed consolidated financial statements are consistent with those followed in preparing the Group's annual financial statements for the year ended December 31, 2006, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards, HKASs and Interpretations ("Int") (collectively "new HKFRSs") which are effective for accounting periods beginning on or after January 1, 2007:

- HK(IFRIC)-Int 8 Scope of HKFRS 2
- HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives
- HK(IFRIC)-Int 10 Interim Financial Reporting and Impairment

The adoption of these new HKFRSs has no material effect on the Group's results and financial position for the current or prior periods.

2. MATERIAL TRANSACTIONS

a. On March 2, 2006, PCCW IMS China Development Company Limited ("PCCW IMS China"), an indirect wholly-owned subsidiary of the Company, as purchaser, initially entered into a sale and purchase agreement with China Network Communications Group Corporation ("China Netcom"), a state-owned enterprise established under the laws of the People's Republic of China (the "PRC"), and 中國網絡通信（控股）有限公司, a state-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of China Netcom, together as vendors, and 網通寬帶網絡有限責任公司 ("CNCBB"), a limited liability company established under the laws of the PRC and a subsidiary of China Netcom, as the target company, whereby PCCW IMS China agreed to acquire from the vendors an aggregate of 50% of the registered capital of CNCBB after the completion of CNCBB's group reorganization at a consideration of RMB318 million, which was funded by internal resources of the Company and was paid according to an agreed payment schedule. On December 21, 2006, PCCW IMS China transferred all of its rights of and interests in the above sale and purchase agreement to PCCW Teleservices (Hong Kong) Limited ("PCCW Teleservices"), an indirect wholly-owned subsidiary of the Company. The transaction was completed, and on January 11, 2007, PCCW Teleservices became a shareholder of CNCBB.

b. On January 24, 2007, PCCW Capital No. 3 Limited, an indirect wholly-owned subsidiary of the Company, redeemed in full the US$456 million 7.88% guaranteed notes due 2013.

c. On January 29, 2007, PCCW Capital No. 2 Limited, an indirect wholly-owned subsidiary of the Company, redeemed in full the US$450 million 1% guaranteed convertible bonds due 2007 upon its scheduled maturity in cash, which was equivalent to 119.383% of the principal amount, plus accrued interest as at January 29, 2007, and not by conversion into ordinary shares of the Company.

3. SEGMENT INFORMATION

An analysis of turnover and contribution to the Group's results by business segment is set out below:

For the six months ended June 30, 2007
(In HK$ million)

	Telecommunications Services ("TSS") (Unaudited)	TV & Content* (Unaudited)	Mobile (Unaudited)	PCCW Solutions (Unaudited)	Pacific Century Premium Developments Limited ("PCPD") (Unaudited)	Other Businesses* (Unaudited)	Eliminations (Unaudited)	Consolidated (Unaudited)
TURNOVER	**7,706**	**715**	**668**	**826**	**2,100**	**165**	**(573)**	**11,607**
RESULTS								
Segment results	**2,392**	**(150)**	**(361)**	**73**	**531**	**(422)**	**–**	**2,063**
Interest income								**236**
Finance costs								**(846)**
Share of results of jointly controlled companies and associates	**(1)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**
Profit before taxation								**1,452**
Income tax								**(377)**
Profit for the period								**1,075**

For the six months ended June 30, 2006
(In HK$ million)

	TSS (Unaudited)	TV & Content* (Unaudited)	Mobile (Unaudited)	PCCW Solutions (Unaudited)	PCPD (Unaudited)	Other Businesses* (Unaudited)	Eliminations (Unaudited)	Consolidated (Unaudited)
TURNOVER	7,405	505	585	737	5,276	162	(546)	14,124
RESULTS								
Segment results	2,401	(211)	(292)	62	701	(380)	–	2,281
Interest income								312
Finance costs								(928)
Share of results of associates	18	–	–	–	–	–	–	18
Profit before taxation								1,683
Income tax								(609)
Profit for the period								1,074

3. SEGMENT INFORMATION (CONTINUED)

* Certain comparative figures have been restated to conform with the business segment presentation in the current period since the Group's directories business, previously included in Other Businesses, has been reclassified to TV & Content.

4. OTHER GAINS, NET

In HK$ million	**Six months ended June 30, 2007 (Unaudited)**	June 30, 2006 (Unaudited)
Net realized (losses)/gains on disposals of available-for-sale financial assets and financial assets at fair value through profit or loss	**(21)**	15
Net unrealized gains/(losses) on financial assets at fair value through profit or loss	**3**	(5)
Net realized and unrealized fair value gains/(losses) on derivative financial instruments	**69**	(19)
Dividend income	**–**	2
Write back of provision for loss on legal claims	**–**	105
Unclaimed dividend payable by a subsidiary written back	**2**	–
Others	**2**	–
	55	98

5. PROFIT BEFORE TAXATION

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

In HK$ million	**Six months ended June 30, 2007 (Unaudited)**	June 30, 2006 (Unaudited)
Crediting:		
Revenue from properties sold	**1,939**	5,123
Gain on disposal of property, plant and equipment, investment properties and interests in leasehold land	**11**	–
Charging:		
Cost of sales, excluding properties sold	**3,833**	3,172
Cost of properties sold	**1,366**	4,383
Depreciation of property, plant and equipment	**1,432**	1,350
Amortization of intangible assets	**165**	104
Amortization of land lease premium	**13**	13
Loss on disposal of property, plant and equipment, investment properties and interests in leasehold land	–	2
Finance costs on borrowings	**813**	900
Staff costs	**1,342**	1,444

6. INCOME TAX

In HK$ million	Six months ended June 30, 2007 (Unaudited)	June 30, 2006 (Unaudited)
Current income tax:		
Hong Kong profits tax	**534**	699
Overseas tax	**21**	(26)
Recovery of deferred taxation	**(178)**	(64)
	377	609

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the period. Overseas taxation has been calculated on the estimated assessable profits for the period at the rates prevailing in the respective jurisdictions.

On March 16, 2007, the National People's Congress of the PRC approved the Corporate Income Tax Law (the "new CIT Law"). The new CIT Law reduces the corporate income tax rate applicable to the Group's operations in the PRC from 33% to 25% with effect from January 1, 2008. Accordingly, the deferred tax liabilities for the Group's operations in the PRC as at June 30, 2007 is provided at the rate of 25% on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases. The effect on the change in corporate income tax rate applicable to the Group's operations in the PRC was recognized in the income statement for the current period.

7. DIVIDENDS

a. Dividend attributable to the interim period

In HK$ million	Six months ended June 30, 2007 (Unaudited)	June 30, 2006 (Unaudited)
Interim dividend declared after the interim period of 6.5 HK cents (2006: 6.5 HK cents) per ordinary share	**440**	438

At a meeting held on August 29, 2007, the directors declared an interim dividend of 6.5 HK cents per share for the year ending December 31, 2007. This interim dividend is not reflected as a dividend payable in these unaudited condensed consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending December 31, 2007.

7. DIVIDENDS (CONTINUED)

b. Dividend attributable to the previous financial year, approved and paid during the interim period

In HK$ million	**Six months ended**	
	June 30, 2007 (Unaudited)	June 30, 2006 (Unaudited)
Final dividend in respect of the previous financial year approved and paid during the following interim period, of 12 HK cents (2006: 12 HK cents) per ordinary share	**813**	808

8. EARNINGS PER SHARE

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

	Six months ended	
	June 30, 2007 (Unaudited)	June 30, 2006 (Unaudited)
Earnings (in HK$ million)		
Earnings for the purposes of basic and diluted earnings per share	**822**	796
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**6,758,086,867**	6,730,527,364
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**111,466,808**	20,738,311
Effect of awards of vested shares under the Company's share award schemes	**3,731,974**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**6,873,285,649**	6,751,265,675

The US$450 million 1% guaranteed convertible bonds due 2007 outstanding as at June 30, 2006 had an anti-dilutive effect on the basic earnings per share for the six months ended June 30, 2006.

9. ACCOUNTS RECEIVABLE, NET

An aging analysis of accounts receivable is set out below:

In HK$ million	**As at June 30, 2007 (Unaudited)**	As at December 31, 2006 (Audited)
0 – 30 days	**1,687**	1,759
31 – 60 days	**314**	370
61 – 90 days	**152**	143
91 – 120 days	**110**	111
Over 120 days	**462**	463
	2,725	2,846
Less: Impairment loss for doubtful debts	**(293)**	(266)
	2,432	2,580

Accounts receivable in respect of properties sold is payable by the purchasers pursuant to the terms of the sales contracts. Other accounts receivable has 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. Credit evaluations are performed on all customers requiring credit over a certain amount. Debtors who have overdue payable are requested to settle all outstanding balances before any further credit is granted.

10. ACCOUNTS PAYABLE

An aging analysis of accounts payable is set out below:

In HK$ million	**As at June 30, 2007 (Unaudited)**	As at December 31, 2006 (Audited)
0 – 30 days	**624**	598
31 – 60 days	**41**	90
61 – 90 days	**30**	16
91 – 120 days	**125**	54
Over 120 days	**185**	264
	1,005	1,022

The Directors as at the date of this announcement are as follows:

Executive Directors:
Li Tzar Kai, Richard (Chairman); Alexander Anthony Arena (Group Managing Director); Peter Anthony Allen; Chung Cho Yee, Mico; Lee Chi Hong, Robert

Non-Executive Directors:
Sir David Ford, KBE, LVO; Zhang Chunjiang; Zuo Xunsheng (Deputy Chairman); Li Fushen

Independent Non-Executive Directors:
Prof Chang Hsin-kang; Dr The Hon Sir Li Kwok Po, David, GBS, OBE, JP; Sir Roger Lobo, CBE, LLD, JP; Aman Mehta; The Hon Raymond George Hardenbergh Seitz

Forward-Looking Statements

This announcement contains certain forward-looking statements. The words “believe”, “intend”, “expect”, “anticipate”, “project”, “estimate”, “predict”, “is confident”, “has confidence” and similar expressions are intended to identify forward-looking statements. These statements are not historical facts or guarantees of future performance. Actual results could differ materially from those expressed, implied or forecasted in such forward-looking statements. Such forward-looking statements are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of PCCW about the business, the industry and the market in which PCCW operates, and are subject to risks, uncertainties and other factors that could significantly affect expected results.