

**PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED**  
Company Registration No. 196300381N

**Second Quarter Financial Statement And Dividend Announcement for the Period Ended 30/06/2006**

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

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

**ANNOUNCEMENT OF REVISED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006**

*The directors of Pacific Century Regional Developments Limited ("PCRD" or the "Company") are pleased to announce the revised results for the six months ended 30 June 2006 of the Company.*

*PCRD initially announced its results for the six months ended 30 June 2006 on 14 August 2006. These results did not include PCRD's share of profits for the first half of 2006 for PCCW Limited ("PCCW"), the Company's associated company which is listed on the Stock Exchange of Hong Kong Limited. The Group's share of results of PCCW for the first half of 2006 were not available at that time because PCCW is only required to report its half year results within 3 months of the end of the financial half-year.*

*The results of PCCW for the first half year ended 30 June 2006 have now been announced by PCCW and the Company.*

*These revised results of the Company for the six months ended 30 June 2006 now reflect the Company's share of PCCW's first half year results on an equity accounting basis.*

*The unaudited results of the Company and its subsidiaries for the interim period ended 30 June 2006 comply with the Singapore Code on Take-overs and Mergers.*

	<b>Group 6 months ended</b>		
	30/6/2006	<sup>*</sup> Restated 30/6/2005	% Increase/ (decrease)
	S\$'000	S\$'000	
<b>Continuing operations</b>			
Turnover	198,896	203,902	(2.5)
Cost of sales	(60,423)	(68,011)	(11.2)
Gross profit	138,473	135,891	1.9
Net investment and other income	84,968	13,396	534.3
Operating and administrative expenses	(179,981)	(166,118)	8.3
Profit from operating activities	43,460	(16,831)	n.m.
Net finance costs	(26,832)	(49,089)	(45.3)
Change in carrying values of associated companies:			
-Gain on deemed dilution	4,044	15,006	(73.1)
-Share of profits of associated companies	37,591	46,319	(18.8)
Profit (loss) from continuing operations before taxation	58,263	(4,595)	n.m.
Taxation	(2,408)	(2,031)	18.6
Profit (loss) from continuing operations after taxation	55,855	(6,626)	n.m.
<b>Discontinued operations</b>			
Profit from discontinued operations, net of taxes	138	66	109.1
Profit (loss) for the period	55,993	(6,560)	n.m.
Attributable to:			
Equity holders of the Company	35,158	(4,718)	n.m.
Minority interests	20,835	(1,842)	n.m.
	55,993	(6,560)	n.m.

n.m. = not meaningful

<sup>\*</sup>Restated = restatement of comparatives due to certain reclassifications of assets and liabilities of a disposal group in Pacific Century Insurance Holdings Limited ("PCIH") to assets held-for-sale and liabilities associated with assets held-for-sale and to reflect the correction of accounting errors in investment portfolios in PCIH.

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

	<b>Group</b>	
	<b>6 months ended</b>	
	30/06/2006	Restated 30/06/2005
	S\$'000	S\$'000
<b>Net investment and other income :</b>		
Gross dividend income from quoted investments	2,567	3,038
Gain (loss) on revaluation of unquoted Investments	5,592	(618)
Fair value revaluation gain on investments (through profit or loss)	466	711
Gain on sale of quoted investments (transfer from equity)	26,730	272
Gain on sale of unquoted investments (transfer from equity)	19,992	1,236
Interest income from listed investments	16,047	17,354
Interest income from exchangeable note	2,901	-
Interest income from policy loans and staff loans	2,741	2,373
Miscellaneous income	3,848	8,070
Foreign exchange loss	(1,308)	(21,119)
Interest income on fixed deposits and managed assets	5,392	2,079
	<hr/> 84,968	<hr/> 13,396
	<hr/>	<hr/>
<b>Net finance costs :</b>		
- bank loan and overdraft interest	(12,783)	(2,405)
- finance facility fees	(9,887)	(4,999)
- exchangeable bond interest	(4,162)	(8,273)
- premium on redemption of exchangeable bond	-	(33,148)
- others	-	(264)
	<hr/> (26,832)	<hr/> (49,089)
	<hr/>	<hr/>
<b>Depreciation and amortisation :</b>		
Depreciation of property, plant and equipment	(1,918)	(1,762)
Amortisation of deferred acquisition costs	(32,422)	(30,543)
<b>Provision for other debtors</b>	(46)	(261)
<b>Adjustment for (under) over-provision of tax in respect of prior years</b>	(20)	89
<b>Fixed assets written off</b>	(45)	-
<b>Gain on disposal of fixed assets</b>	49	130

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

	<b>Group</b>		<b>Company</b>	
	30/06/2006	31/12/2005	30/06/2006	31/12/2005
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	44,828	48,762	-	-
Investments in subsidiary companies	-	-	199,798	209,718
Investments in associated companies	55,517	51,068	994,296	1,040,477
Intangibles	218,925	223,035	-	-
Investment properties	3,435	3,578	-	-
Long-term financial assets [Note 1]	50,961	162,518	1,119	1,119
Pledged time deposits	3,318	3,385	-	-
Other non-current assets	78,212	78,992	28,894	30,269
	455,196	571,338	1,224,107	1,281,583
<b>Current assets</b>				
Intangibles	59,403	61,508	-	-
Short-term investments	1,284,593	1,262,959	-	-
Short-term financial assets	1,806	2,185	-	-
Inventories	19	24	-	-
Trade and other receivables	62,712	78,342	11,838	12,877
Fixed deposits [Note 2]	284,604	50,896	42,388	1,127
Cash and bank balances [Note 2]	122,237	256,515	671	359
	1,815,374	1,712,429	54,897	14,363
Assets classified as held-for-sale	11,572	12,847	-	-
	1,826,946	1,725,276	54,897	14,363
<b>Current liabilities</b>				
Trade payables and accruals	69,562	86,265	36,391	11,245
Deposits received	16,544	17,263	-	-
Bank borrowings [Note 3]	536,779	299,998	496,911	299,998
Provision for taxation	7,894	5,990	670	701
Exchangeable bonds	273,907	281,893	273,907	281,893
	904,686	691,409	807,879	593,837
Liabilities directly associated with assets held-for-sale	3,601	4,645	-	-
	908,287	696,054	807,879	593,837
<b>Net current assets (liabilities)</b>	918,659	1,029,222	(752,982)	(579,474)
<b>Non-current liabilities</b>				
Financial liabilities	1,856	712	-	-
Policyholders' dividend and bonus	169,528	165,851	-	-
Future insurance liabilities-investments contracts	119,823	117,524	-	-
Future insurance liabilities-insurance contracts	1,105,821	1,085,581	-	-
Long-term liabilities [Note 3]	158,134	402,404	-	237,309
Deferred tax liabilities	6,183	6,471	6,183	6,471
Other liabilities	92	101	133,261	133,350
	1,561,437	1,778,644	139,444	377,130
<b>Net (liabilities) assets</b>	(187,582)	(178,084)	331,681	324,979
<b>Equity attributable to equity holders of the Company</b>				
Share capital	457,283	309,627	457,283	309,627
Share premium	-	146,286	-	146,286
Deficit	(907,096)	(934,486)	(125,602)	(130,934)
	(449,813)	(478,573)	331,681	324,979
Minority interests	262,231	300,489	-	-
<b>Total equity</b>	(187,582)	(178,084)	331,681	324,979

[Note 1]

The reduction in long-term financial assets was due to the sale by Pacific Century Insurance Holdings Limited ("PCIH") of certain of its available-for-sale investments. Certain of these assets were repurchased and classified as short-term investments.

[Note 2]

The increase in fixed deposits was mainly due to the net proceeds arising from disposal of available-for-sale investments by PCIH and the transfer of cash and bank balances to fixed deposits.

[Note 3]

The increase in bank-borrowings was due to reclassification of certain facilities and loans from long-term to current bank borrowings following the refinancing of certain of the Group's borrowings to replace certain of its loans and facilities.

#### **1(b)(ii) Aggregate amount of group's borrowings and debt securities**

##### **Amount repayable in one year or less, or on demand**

As at 30/06/2006		As at 31/12/2005	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
810,686	-	281,893	299,998

##### **Amount repayable after one year**

As at 30/06/2006		As at 31/12/2005	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
-	158,134	-	402,404

##### **Details of any collateral**

The Company's obligations in respect of secured redeemable exchangeable bonds with an aggregate value of \$239 million (2005: \$250 million) are secured by way of fixed legal mortgages in favour of the bondholders over certain shares of an associated company owned by the Company with a book cost of approximately \$249 million (2005: \$253 million).

Certain bank facilities of the Group amounting to \$530 million in aggregate are secured by way of pledges over certain shares of an associated company owned by the Company with an aggregate book cost of approximately \$617 million (2005: Nil).

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

**Cash flow statement for the six months ended 30 June**

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30/06/2006</b>	<b>30/06/2005</b>
	<b>S\$'000</b>	<b>Restated S\$'000</b>
<b>Cash flow from operating activities:</b>		
Profit (loss) from operating activities	43,460	(16,831)
Profit from discontinued operations	138	66
	43,598	(16,765)
Adjustments for:		
Amortisation of goodwill and intangibles	32,422	30,543
Depreciation of property, plant and equipment	1,918	1,762
Gain on disposal of property, plant and equipment	(49)	(130)
Fixed assets written off	45	-
Gain on sale and revaluation of investments	(52,498)	(6,837)
Equity-settled share option expenses	528	797
Provision for impairment in value of investment properties/ properties held for sale	-	400
<b>Operating profit before reinvestment in working capital</b>	<b>25,964</b>	<b>9,770</b>
(Decrease) increase in payables and accruals	(18,410)	94,052
Decrease in receivables and premiums receivable	12,939	22,228
Decrease (increase) in inventories	5	(2)
<b>Cash generated from operations</b>	<b>20,498</b>	<b>126,048</b>
Interest received	29,220	-
Interest and other finance costs paid	(25,539)	(47,637)
Income taxes paid	(108)	(4,882)
<b>Net cash generated from operating activities</b>	<b>24,071</b>	<b>73,529</b>
<b>Cash flow from investing activities:</b>		
Proceeds from disposal of properties, plant and equipment	49	19,721
Increase in intangibles	(39,029)	(24,543)
Increase in investment properties, long-term available-for-sale investments, properties held for sale and other investments	(3,526)	(2,319)
Purchase of interest in a subsidiary company	-	(7,295)
Purchase of property, plant and equipment	(127)	(1,753)
Repayment of insurance business loans	(3,047)	(4,003)
Increase in pledged time deposits	69	-
<b>Net cash used in investing activities</b>	<b>(45,611)</b>	<b>(20,192)</b>
<b>Cash flow from financing activities:</b>		
Proceeds from drawing down of bank loans, net	236,772	158,162
Payment for allotment/ repurchase of shares, net	(11,279)	(39)
Dividend paid to minority shareholders	(3,680)	(9,202)
Increase (decrease) in insurance fund	86,141	(29,963)
Loan repayment to holding company	(237,309)	-
Proceeds from associated companies	111	30,399
Redemption of exchangeable bond	-	(161,288)
<b>Net cash generated from (used in) financing activities</b>	<b>70,756</b>	<b>(11,931)</b>
<b>Exchange translation adjustment</b>	<b>50,214</b>	<b>27,121</b>
Net increase in cash and cash equivalents	99,430	68,527
Cash and cash equivalents at beginning of period	307,411	315,565
<b>Cash and cash equivalents at end of period</b>	<b>406,841</b>	<b>384,092</b>

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

**Changes in equity for the six months ended 30 June**

<b>The Group</b>	Share capital	Share premium	Revenue reserves	Other reserves	Minority interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2006	309,627	146,286	(961,947)	27,461	300,489	(178,084)
Foreign currency translation adjustment	-	-	-	23,357	(13,841)	9,516
Fair value adjustment on available-for-sale investments, net of tax	-	-	-	(27,857)	(31,173)	(59,030)
Fair value change in cash flow hedge	-	-	-	(705)	(775)	(1,480)
Adjustment arising from shares repurchased from minority shareholders	-	-	-	(2,967)	(3,239)	(6,206)
Net expenses recognised directly in equity	-	-	-	(8,172)	(49,028)	(57,200)
Profit for the period	-	-	35,158	-	20,835	55,993
Total income (expenses) recognised for the period	-	-	35,158	(8,172)	(28,193)	(1,207)
Transfer to share capital	147,656	(146,286)	-	(1,370)	-	-
Equity share compensation reserve	-	-	-	77	9	86
Change in interest in a subsidiary	-	-	1,675	-	(6,355)	(4,680)
Dividends paid by a subsidiary	-	-	-	-	(3,719)	(3,719)
Movement in equity components of convertible notes and bonds	-	-	-	22	-	22
Balance at 30 June 2006	457,283	-	(925,114)	18,018	262,231	(187,582)

**The Group (restated)**

	Share capital	Share premium	Revenue reserves	Other reserves	Minority interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2005 as previously reported	309,627	146,286	(975,083)	(6,361)	287,889	(237,642)
Effect of adopting:						
- FRS102	-	-	(1,112)	520	592	-
- FRS21	-	-	(70)	70	-	-
Balance at 1 January 2005 as restated	309,627	146,286	(976,265)	(5,771)	288,481	(237,642)
Foreign currency translation adjustment	-	-	-	26,298	7,839	34,137
Fair value gain on available-for-sale investments, net of tax	-	-	-	1,484	1,604	3,088
Fair value change in cash flow hedge	-	-	-	82	89	171
Net income recognised directly in equity	-	-	-	27,864	9,532	37,396
Loss for the period	-	-	(4,718)	-	(1,842)	(6,560)
Net (expenses) income recognised for the period	-	-	(4,718)	27,864	7,690	30,836
Equity share compensation reserve	-	-	-	372	425	797
Change in interest in a subsidiary	-	-	(131)	(82)	484	271
Dividends paid by a subsidiary	-	-	-	-	(9,202)	(9,202)
Increase in interest of a subsidiary	-	-	-	-	(8,552)	(8,552)
Balance at 30 June 2005	309,627	146,286	(979,932)	21,793	278,734	(223,492)

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

**Changes in equity for the six months ended 30 June**

<b>The Company</b>	Share capital S\$'000	Share premium S\$'000	Revenue reserves S\$'000	Other reserves S\$'000	Total equity S\$'000
Balance at 1 January 2006	309,627	146,286	(127,347)	(3,587)	324,979
Foreign currency translation adjustment	-	-	-	(15,169)	(15,169)
Profit for the period	-	-	21,871	-	21,871
Transfer to share capital	147,656	(146,286)	-	(1,370)	-
Balance at 30 June 2006	457,283	-	(105,476)	(20,126)	331,681

<b>The Company (restated)</b>	Share capital S\$'000	Share premium S\$'000	Revenue reserves S\$'000	Other reserves S\$'000	Total equity S\$'000
Balance at 1 January 2005 as previously reported	309,627	146,286	(108,509)	(3,510)	343,894
Effect of adopting FRS21	-	-	(4,880)	4,880	-
Balance at 1 January 2005 as restated	309,627	146,286	(113,389)	1,370	343,894
Loss for the period	-	-	(27,021)	-	(27,021)
Balance at 30 June 2005	309,627	146,286	(140,410)	1,370	316,873

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

During the quarter under review, there were no share options granted or cancelled under the Company's Employees' Share Option Scheme ("ESOS Scheme"). As at 30 June 2006, there were options to subscribe for 18,900,000 shares outstanding under the ESOS Scheme (as at 30 June 2005, there were options to subscribe for 19,500,000 shares outstanding). With the abolition of the concept of Authorised Share Capital when the Companies (Amendment) Act 2005 became effective on 30 January 2006, the Company's shares have no par value and the share premium and capital redemption reserve of the Company were transferred to issued and paid-up share capital of the Company.

The Company's issued share capital as at 30 June 2006 is summarised as follows: -

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

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

The figures have not been audited or reviewed.

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

N.A.

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

The Group has applied the same accounting policies and methods of computation as in the audited financial statements for the year ended 31 December 2005.

The Group continues to treat Pacific Century Insurance Holdings Limited ("PCIH"), in which the Company has a 47.7% interest, as its subsidiary because it continues to exercise control over PCIH. The results of PCIH have been consolidated as a subsidiary in the Group's financial statements.

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

N.A.



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

	H1 2006	Group Restated H1 2005
Earnings (Loss) per ordinary share:		
(i) Based on weighted average number of ordinary shares in issue	1.14 Cents	(0.15) Cents
(ii) On a fully diluted basis	1.14 Cents	(0.15) Cents

Earnings (Loss) per share is calculated by dividing the Group's earnings (loss) attributable to equity holders of \$35,158,000 (H1 2005 loss: \$4,718,000) by the weighted average of 3,096,269,100 (H1 2005: 3,096,269,100) ordinary shares in issue during the period. Fully diluted earnings (loss) per share is calculated after adjusting for those share options not yet exercised under the Company's ESOS Scheme.

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

	Group		Company	
	30/06/2006	31/12/2005	30/06/2006	31/12/2005
Net (liabilities) asset value per ordinary share based on issued share capital at the end of the period	\$ (0.15)	\$(0.15)	\$0.11	\$0.10

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

**Turnover**

The Group's turnover for H1 2006 decreased by 2.5% to \$198.9 million from \$203.9 million for H1 2005. The decrease in the Group's turnover was mainly due to the absence of turnover from property sales in 2006 as all remaining units in the Holt Road development in Singapore were fully sold in the first half of 2005. Turnover from these property sales in H1 2005 amounted to \$18.1 million.

Turnover of the Group's insurance operations under Pacific Century Insurance Holdings Limited ("PCIH") for H1 2006 was \$197.4 million compared to \$182.4 million for H1 2005. Annualised first year premiums from the life insurance business increased 28.7% to \$33.4 million, while business

in new investment contracts increased 141.7% to \$29.5 million. PCIH's single and first year premium increased 29.9% to \$33.4 million, with renewal premiums increasing 6.2% to \$161.3 million. Total premiums increased 9.6% to \$194.5 million.

### **Profit from operating activities**

Group profit from operating activities in H1 2006 was \$43.5 million compared to a loss of \$16.8 million for H1 2005. The return to profitability for the period under review was mainly due to a significant increase in net investment and other income of \$85.0 million for H1 2006 compared to \$13.4 million for H1 2005.

The improvement was primarily due an increase in investment gains and interest income from the Group's insurance business, which increased 170.4% to \$83.7 million and a decrease in foreign exchange losses.

Foreign exchange losses in H1 2006 were \$1.3 million compared to \$21.1 million in H1 2005. The significant reduction in foreign exchange losses is the result of the change in functional currency from Singapore dollars to Hong Kong dollars effective from the beginning of Q4 2005.

### **Profit (loss) before taxation**

The Group recorded a profit from continuing operations before taxation of \$58.3 million in H1 2006 compared to a loss of \$4.6 million for H1 2005.

This was mainly due to the reasons explained above as well as a decrease in net finance costs for H1 2006. Net finance costs for H1 2005 were much higher due to the one-time premium paid on the redemption of certain bonds amounting to approximately \$33.1 million.

However, this was partly offset by a fall in share of profits from associated companies for the first six months of 2006. The Group's share of profit from PCCW for H1 2006 was \$41.6 million compared to \$61.3 million for H1 2005. Profit attributable to equity holders of PCCW for the six months ended 30 June 2006 decreased to HK\$796 million (\$168.4 million) from HK\$954 million (\$203.7 million) in the first half of 2005 mainly due to lower investment gains recognised in the current period, partially offset by a higher operating profit and substantial savings in net finance costs.

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

N.A.

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

For the Group's insurance business, the demand for insurance products in Hong Kong is expected to continue to grow as the aging population in Hong Kong creates to further demand for retirement and pension products.

For PCCW, after years of intense competition in the local fixed line market there are signs of industry consolidation and improvements in retail prices. The market share of PCCW's core telecommunications business has stabilised, generating a stable operating cash flows to fund the development of new businesses. PCCW anticipates that in the second half of 2006 and beyond

its strengthened financial position and stabilisation of its core telecommunications business has laid a firm foundation on which to expand.

On 27 January 2006, the Company announced that it had entered into an implementation agreement (the "Implementation Agreement") with TPG Century Ltd ("TPG Century") and Newbridge Century Ltd ("Newbridge Century") to effect the acquisition by TPG Century and Newbridge Century through a scheme of arrangement (the "Scheme") under Section 210 of the Companies Act, Chapter 50 of Singapore of all the issued shares held by the shareholders of the Company ("Shareholders"), other than those held by Pacific Century International Limited ("PCIL"), Borsington Limited ("Borsington"), Pacific Century Group (Cayman Islands) Limited ("PCG (Cayman Islands)") and Anglang Investments Limited ("Anglang").

The Company announced on 15 June 2006 that the board of directors of the Company had on a confidential basis been given a preliminary indication of certain matters relating to the Group which may be relevant to Shareholders for their consideration of the Scheme, the Board considered that it was not appropriate for Shareholders (other than PCIL, Borsington, PCG Cayman Islands and Anglang) (the "Scheme Shareholders") to vote on the Scheme until such matters had been clarified, and the Company obtained an order from the High Court of the Republic of Singapore (the "Court") to postpone the meeting convened by the order of Court dated 25 June 2006 to consider the Scheme (the "Court Meeting") to such later date as may be announced by the Company.

On 20 June 2006 and 22 June 2006, the Company announced that PCCW had received separate non-binding expressions of interests from two independent third parties, Macquarie Bank Limited and TPG Newbridge, in relation to a possible acquisition of substantially all the telecommunications and media related assets of PCCW. On 10 July 2006, the Company announced the proposed sale (the "Sale") of its 22.7% interest in PCCW to Mr Francis Leung and Fiorlatte Limited (the "Purchaser"). On 25 July 2006, the board of directors of PCCW announced that it had determined not to pursue either non-binding expression of interest from Macquarie Bank and TPG Newbridge any further.

The Company is currently taking steps to re-convene the Court Meeting, which will entail the preparation and despatch of a supplement to the Scheme Document dated 30 May 2006 (the "Supplemental Scheme Document"). The Supplemental Scheme Document will include the updated advice from CIMB-GK Securities Pte. Ltd., the independent financial adviser (the "IFA") to the independent Directors of the Company for the purposes of the Scheme (the "Independent Directors") and the updated recommendation of the Independent Directors in connection with the Scheme. The Company will despatch the Supplemental Scheme Document and give notice of the Court Meeting to Shareholders, once Singapore Exchange Securities Trading Limited's clearance for the Supplemental Scheme Document is received.

The Sale is subject to and conditional upon, among other things, the Scheme lapsing or being withdrawn, and/or the Implementation Agreement being terminated in accordance with its terms, and the approval of Shareholders at an extraordinary general meeting ("EGM") of the Company. The EGM to consider the Sale will only be held after the Court Meeting. In the event that the Scheme is not approved by the Scheme Shareholders at the Court Meeting to be held, Shareholders approve the Sale at the EGM to be held, and all other conditions to the Sale are satisfied, the Sale would result in the recording of a significant gain in the Group's results.

## **11 Dividend**

### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

**Name of Dividend**  
**Dividend Type**  
**Dividend Rate**  
**Par value of shares**  
**Tax Rate**

**(c) Date payable**

N.A.

**(d) Books closure date**

N.A.

**12 If no dividend has been declared/recommendeded, a statement to that effect**

N.A.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

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

N.A.

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

N.A.

- 15      A breakdown of sales**

N.A.

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

N.A.

BY ORDER OF THE BOARD

Lim Beng Jin  
Company Secretary  
18/09/2006