



2007 Interim Results

For the period ended June 30, 2007

August 29, 2007 - Hong Kong

Forward-Looking Statements

This presentation contains "forward-looking statements" that are not historical in nature. These forward-looking statements, which include, without limitation, statements regarding PCCW's future results of operations, financial condition or business prospects, 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 markets in which PCCW operates. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond PCCW's control and are difficult to predict. Actual results could differ materially from those expressed, implied or forecasted in these forward-looking statements for a variety of factors.

Overview

Alex Arena

Group Managing Director

2007 H1 Financial Performance

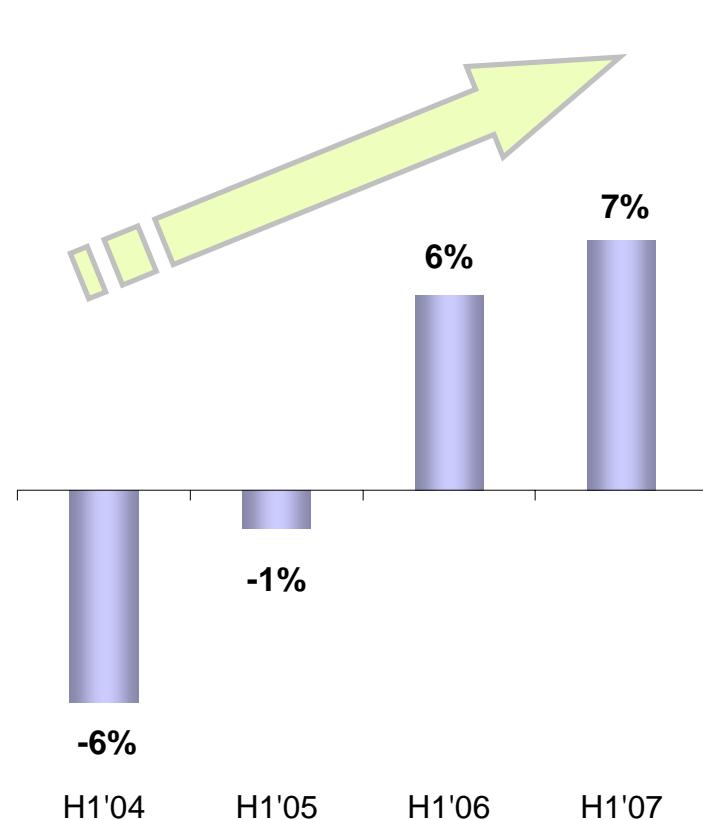
(US\$ million)	H1'06	H1'07	% Change
Revenue	1,811	1,488	
Core Business*	1,135	1,219	+ 7%
EBITDA	468	463	
Core Business*	377	394	+ 4%
Profit Attributable to Equity Holders	102	105	+ 3%

* Core business includes telecom, media and ICT businesses

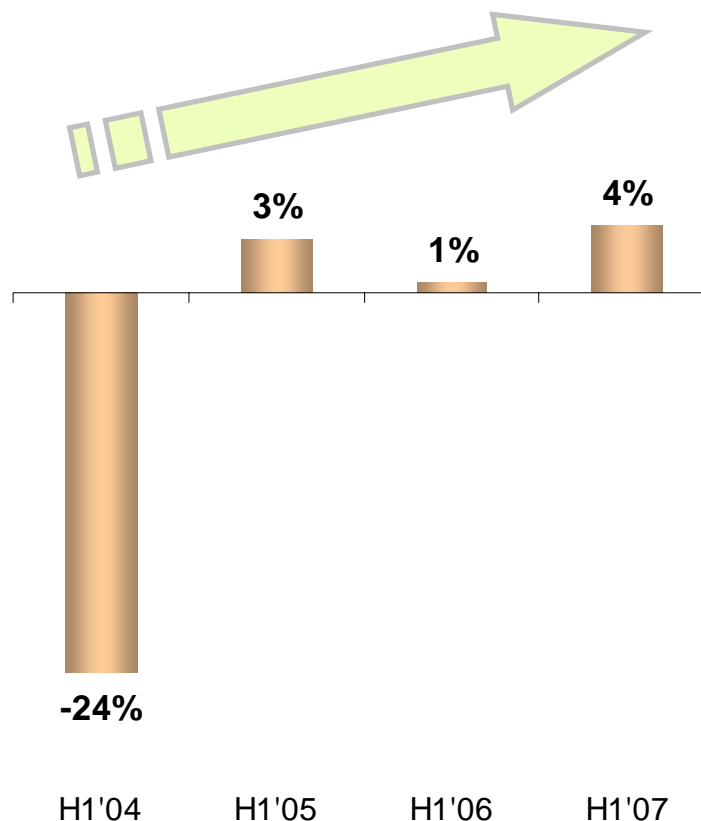
**The Board Has Declared an Interim Dividend of
6.5 HK Cents Per Share**

Core Business Has Returned to Growth

Core Business Revenue Growth



Core Business EBITDA Growth



Financial & Business Review

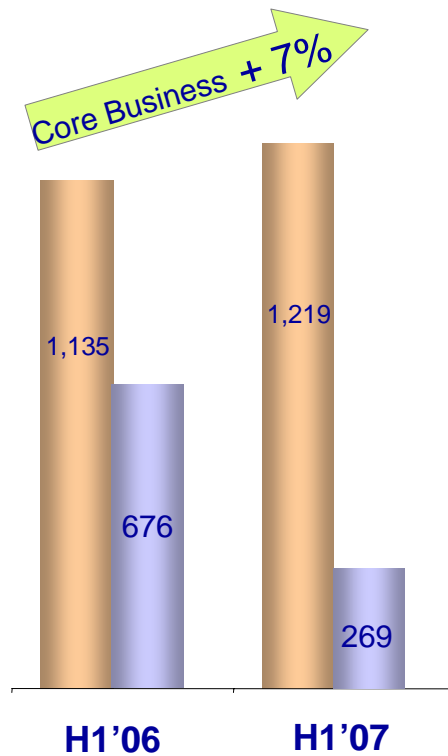
Susanna Hui

Group Chief Financial Officer

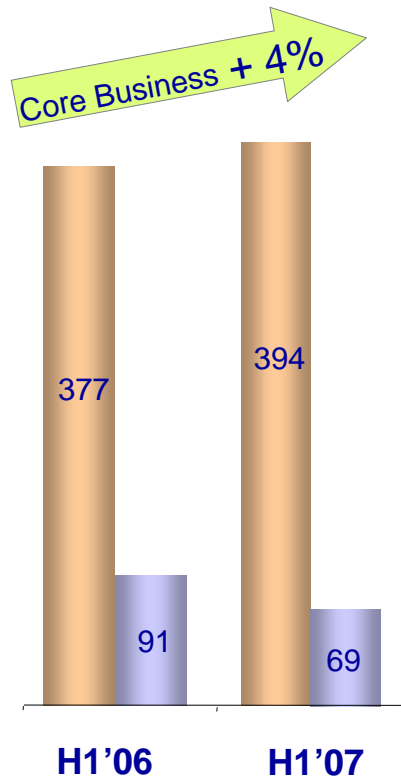
Growing Core Business

(US\$ million) ■ Core Business* ■ PCPD

Revenue

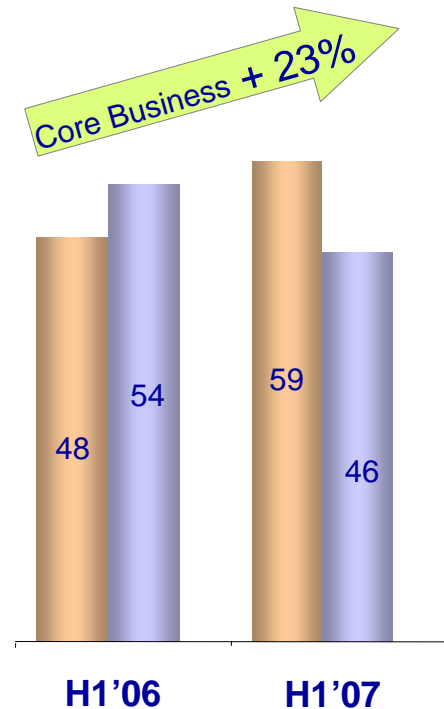


EBITDA



Profit

Attributable to Equity Holders



* Core business includes telecom, media and ICT businesses

Core Business Revenue

(US\$ million)

TSS

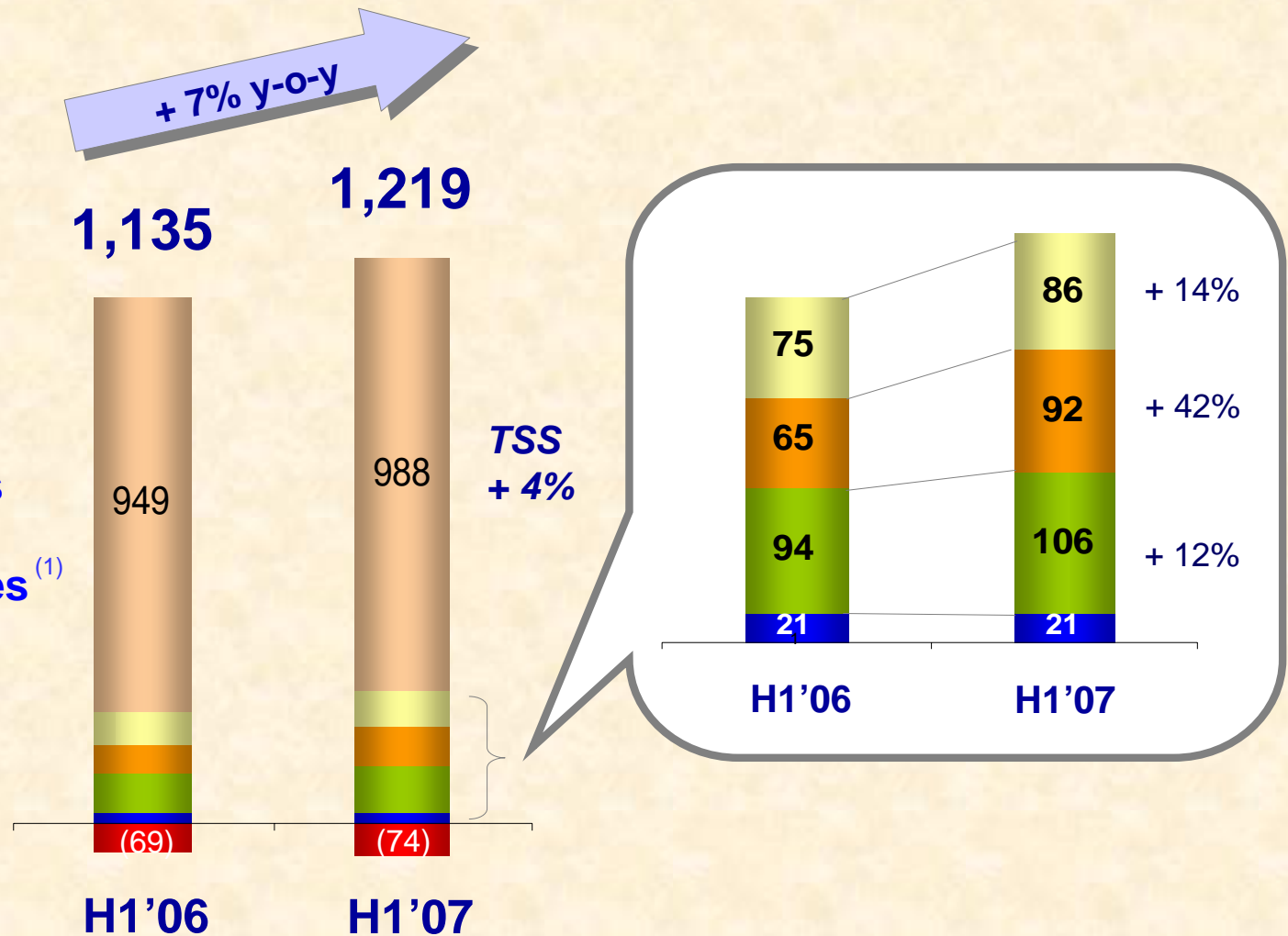
Mobile

TV & Content ⁽¹⁾

PCCW Solutions

Other Businesses ⁽¹⁾

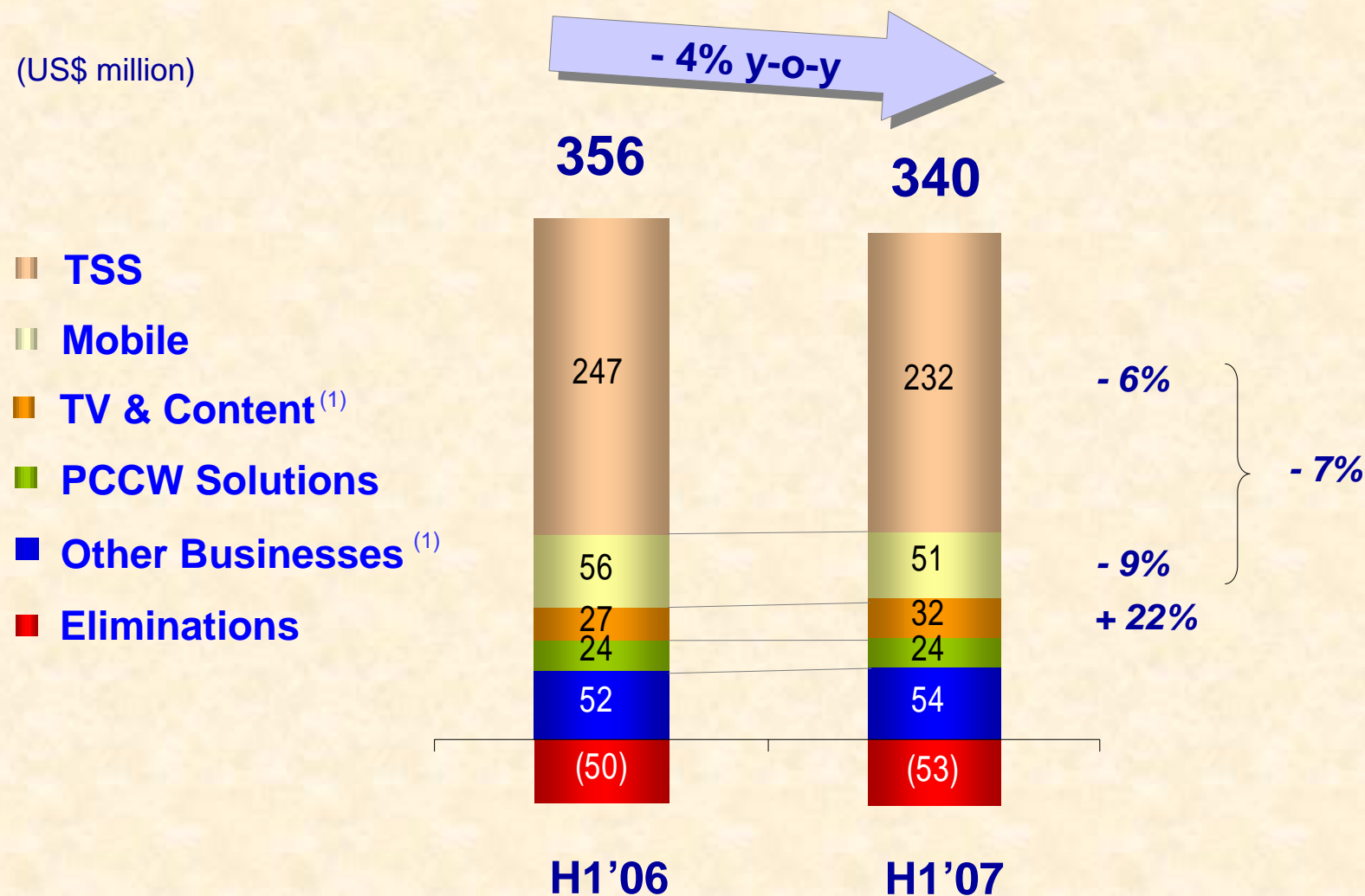
Elimination



(1) 2006 TV & Content restated to include the Group's directories business

Core Business Operating Expenses

(US\$ million)

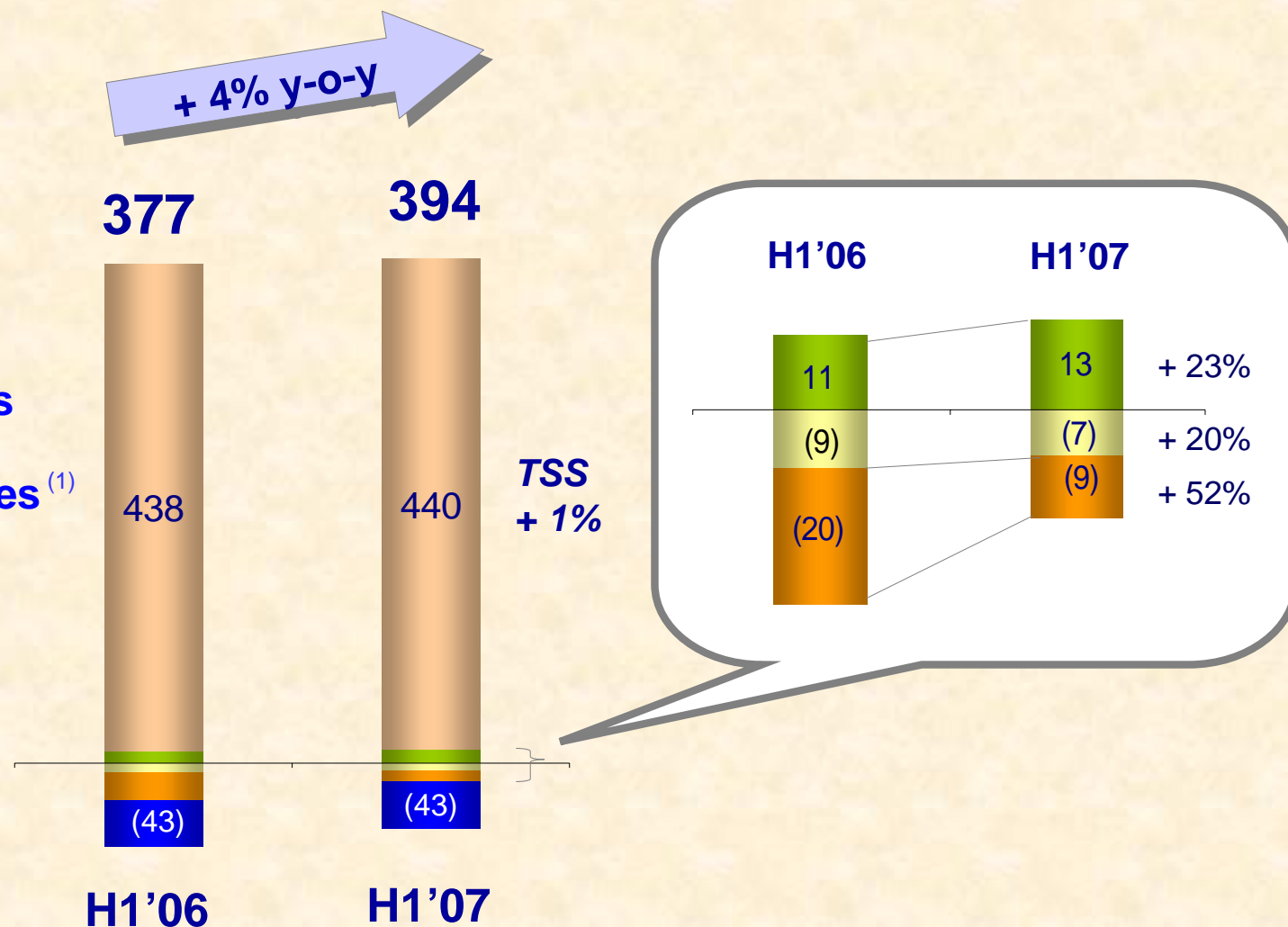


(1) 2006 TV & Content restated to include the Group's directories business

Core Business EBITDA

(US\$ million)

- TSS
- Mobile
- TV & Content ⁽¹⁾
- PCCW Solutions
- Other Businesses ⁽¹⁾



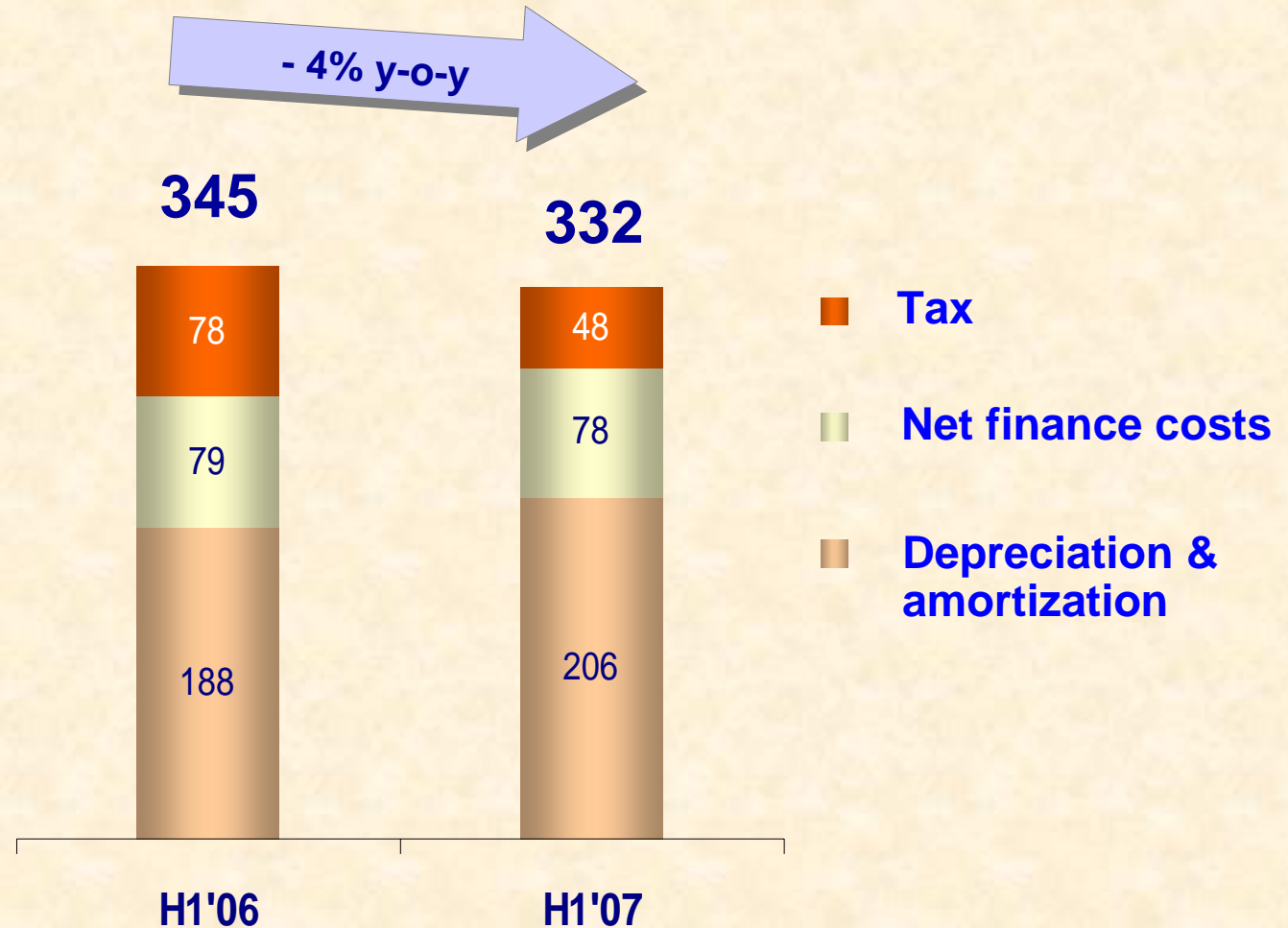
(1) 2006 TV & Content restated to include the Group's directories business

Group Performance

(US\$ million)	H1 2006	H1 2007	% change
Revenue	1,811	1,488	
Core Business	1,135	1,219	up 7%
Cost of sales	(969)	(666)	
Operating expenses	(374)	(359)	down 4%
EBITDA	468	463	
Core Business	377	394	up 4%
Depreciation and amortization	(188)	(206)	
Operating profit	280	257	
Other gains, net	13	7	
Finance costs, net	(79)	(78)	
Share of results of associates & jointly controlled companies	2	0	
Profit before taxation	216	186	
Taxation	(78)	(48)	
Minority interests	(36)	(33)	
Profit attributable to equity holders of the Company	102	105	up 3%

Other Expenses

(US\$ million)



Group Performance

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Debt Profile

(US\$ million)

■ Revolving Credit Facilities
■ US\$ Bonds

Gross debt: US\$3,561m

As of June 30, 2007



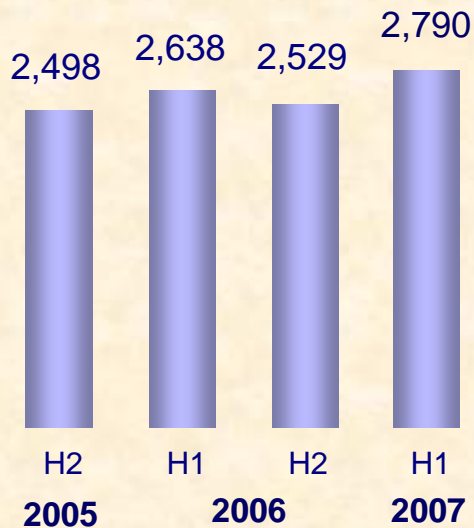
Update

- US\$450m convertible bonds due 2007 and US\$456m guaranteed notes due 2013 redeemed in January 2007
- Repaid US\$103m revolving credit lines in July 2007
- Average debt maturity at approximately 5 years
- Average cost of debt approximately 6.1% p.a.
- Total committed revolving credit lines US\$2.1bn available for liquidity and debt retirement

Credit Fundamentals

Net Debt

(US\$ million)



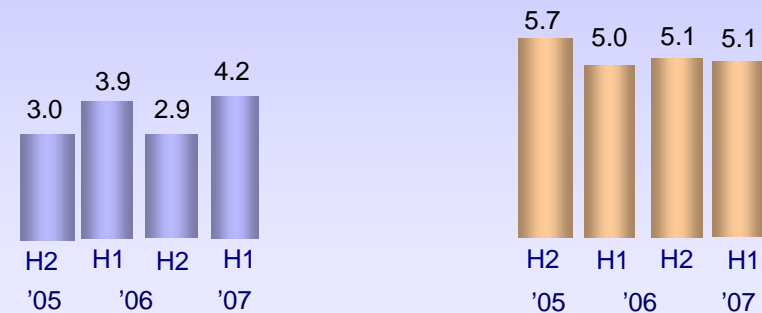
Gross Debt down 9% y-o-y to US\$3,561m
 Net Debt up 6% y-o-y to US\$2,790m ⁽³⁾
 Net Debt/EBITDA ⁽¹⁾ as of June 30, 2007 was 3.2x

Gross Debt/EBITDA ⁽¹⁾

■ PCCW consolidated
 ■ HKTC



EBITDA/Interest ⁽²⁾



(1) Based on gross debt/net debt as at period end divided by EBITDA for the 12-month period

(2) Based on EBITDA for the period divided by gross interest plus finance fees

(3) Net debt refers to the principal amount of short-term and long-term borrowings, minus cash and cash equivalent and certain restricted cash

Operational & Strategic Review

Alex Arena

Group Managing Director

Quad Play Performance Update

Fixed-line

PCCW Fixed Line



IPTV

now TV



Broadband


netvigator®



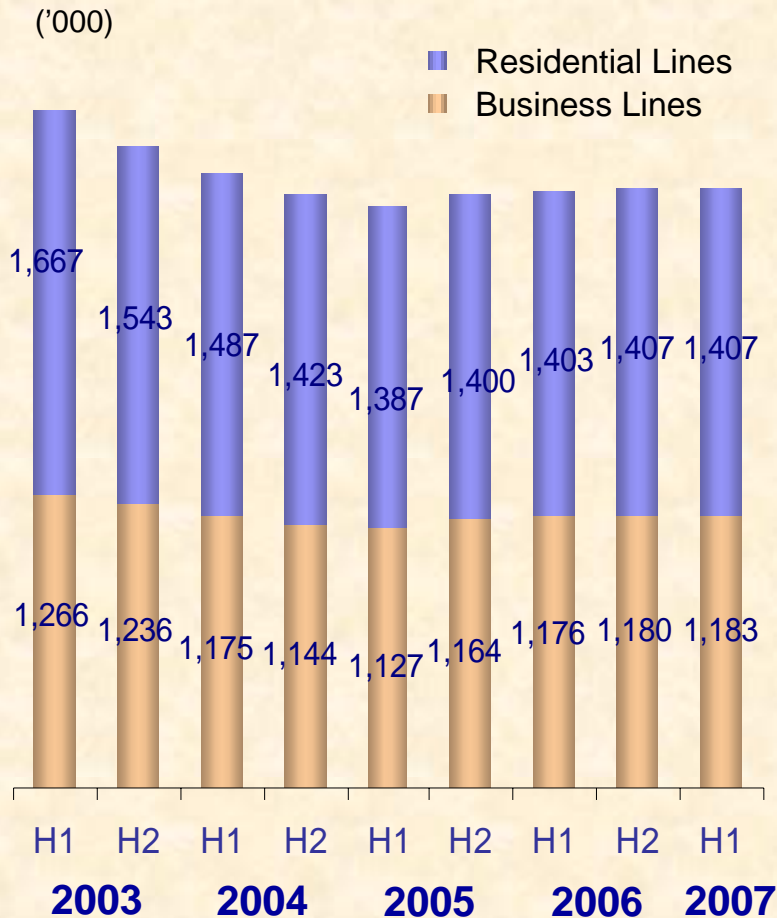
Mobile

PCCW mobile®



Stable Fixed-line Business

Fixed Lines



Solid Customer Base & ARPU

- **Market share maintained at 67%**
 - Monthly churn rate less than 1%
- **ARPU firmed and outlook positive**
- **New innovative services launched**

- **one** Communications:



- Asia's first integrated fixed/mobile solution
- Everyday business conducted seamlessly on fixed line, fax, broadband and mobile

- **eye**

- Multimedia service platform



New Multimedia Service Platform

Unique interactive multimedia service platform revolutionizes fixed-line experience



ONLY PCCW

New Quadplay Platform

- An easy to use multimedia service platform to enjoy PCCW's quadplay services



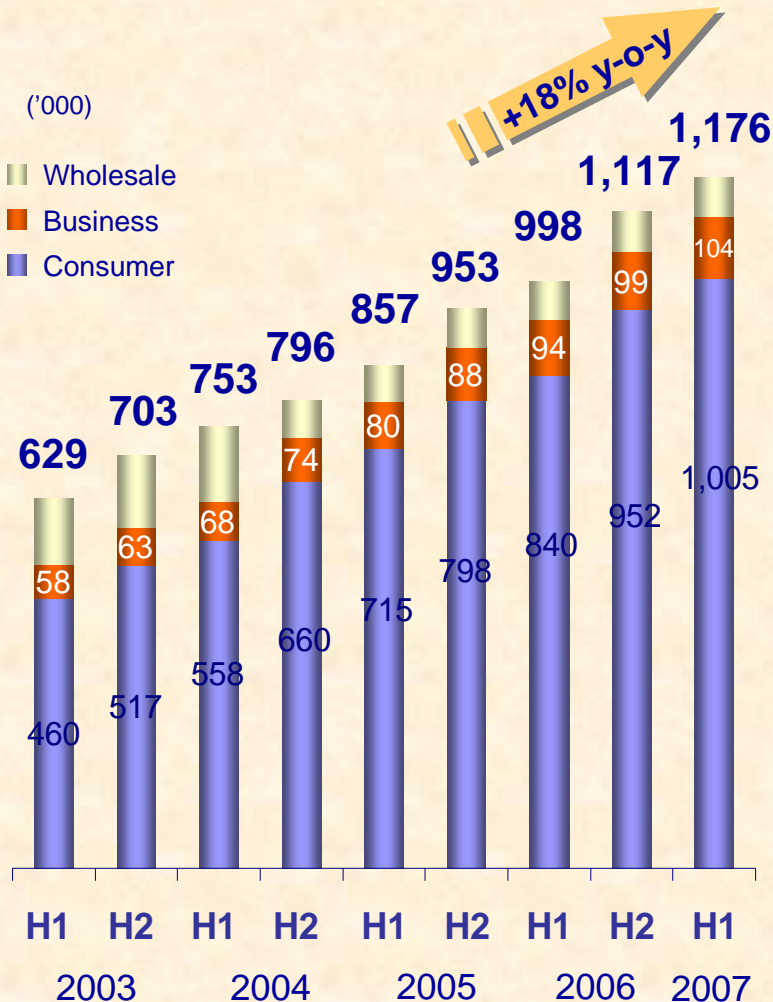
- Retrieve information, enjoy entertainment & ticketing service, and bill payment convenience etc.

- Strategic partners include




- More development under way

Broadband Lines Continue to Grow



Achievements

- Broadband lines grew 18% y-o-y with less than 1% churn rate
- Innovative applications and content driving broadband demand
 - 
- Deployed dedicated 30Mb/s VDSL and 18Mb/s ADSL2+ services for high bandwidth applications
- 3,000+ Wi-Fi hotspots deployed - expanded to MTR & phone kiosks
- Launched **NETVIGATOR Everywhere**
 - Riding on PCCW's integrated networks – 3G, 7.2Mbps HSDPA and Wi-Fi
 - Auto Network Selector detects the best network available for customers

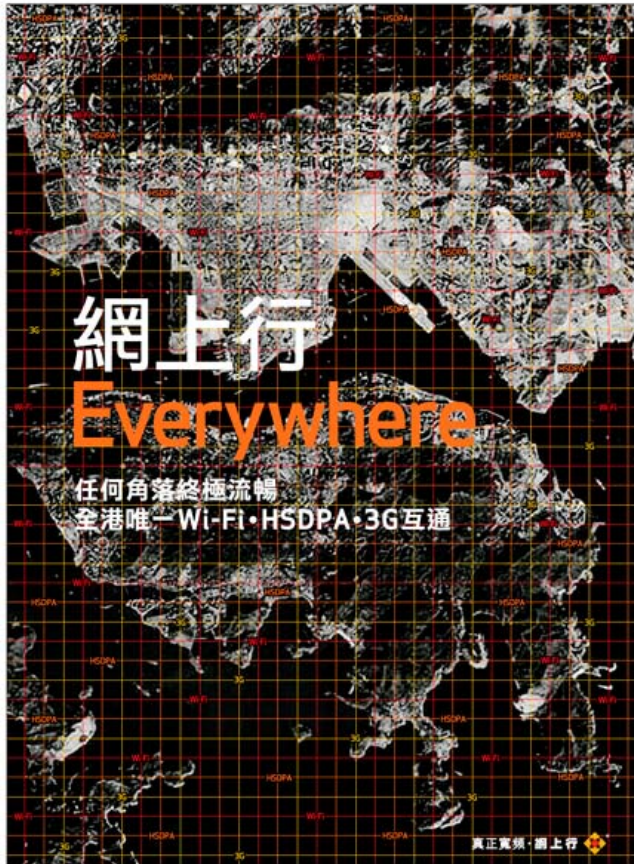




PCCW®

Wireless Strategy


net**vigator** everywhere



24小時
熱線 2888 1888
查詢電話及專門服務
www.netvigatoreverywhere.com

ONLY PCCW

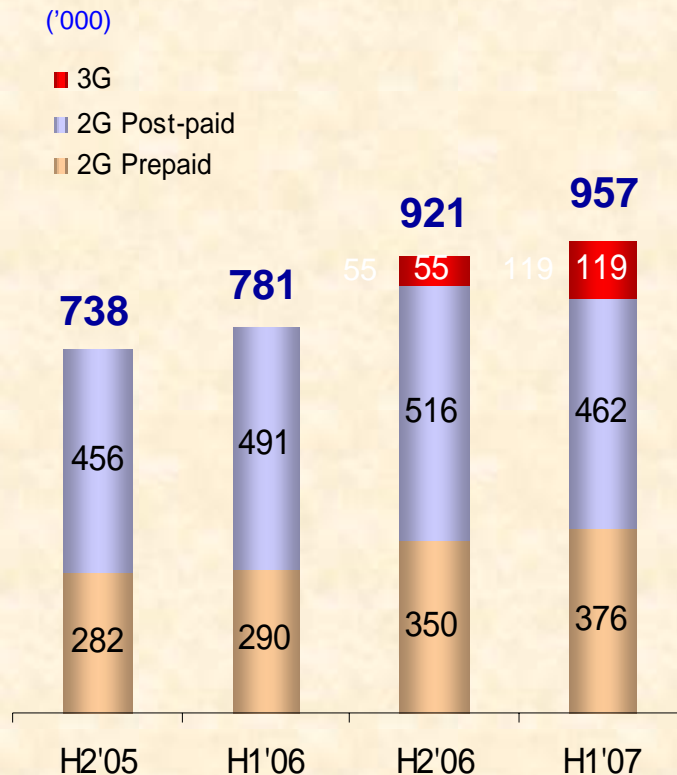
An Integrated Wireless Strategy

- Integrate 3G, 7.2Mbps HSDPA and Wi-Fi with auto-selecting capability to create a powerful wireless platform
- Develop best content and applications to deliver across PCCW's fixed & wireless networks
- Enable customers to enjoy PCCW's unique content & applications and services everywhere
- Wi-Fi usage has tripled since  launch in January 2007

PCCW Creating More Than Just a Mobile Experience

PCCW mobile[®] Performance

Growing Mobile Customer Base



Improvements

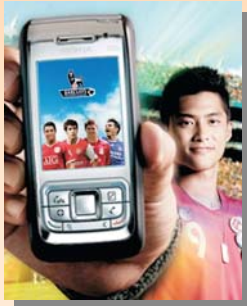
- **Customers increased and market share rising**
 - Net gain from mobile number portability
- **PCCW 3G customers doubled to 119k**
- **ARPU increased**
 - 3G exit ARPU up 14% to \$229
 - Blended (2G + 3G) post-paid ARPU \$158 up 7%
 - Supported by higher quality customer base
- **Quadplay provides service differentiation**
 - Leveraging unique quadplay content: NOW TV, Barclays Premier League Live, NOW SPORTS HD, **snaap!**, & “moov on mobile” etc.
- **Becoming a leader in messaging services**
 - One Communications, PUSH eMail & Blackberry etc

Mobile Service Playing a Key Role in PCCW's Integrated Wireless Strategy

Latest **PCCW** mobile® Innovations



- Exclusive “**now** SPORTS HD on mobile” 
 - High quality H.264 standard with double resolution
 - Live video streaming over HSDPA/ Wi-Fi/ 3G networks seamlessly
- Strongest exclusive live football and sports events
 - First live BPL on mobile in HK
- Most comprehensive football information & betting package



- Leading total messaging solutions provider
- First-in-HK launch of PUSH eMail on mobile phone
- Support both POP3 and enterprise solutions
- Simple tariff bundled with voice minutes, 3G service and unlimited emails
- Send and receive emails with attachment anytime anywhere



- First music performances simulcast on mobile and web



- 100,000+ songs & music videos in library
- Over 30 top music labels, local and international

Strongest music labels partnership



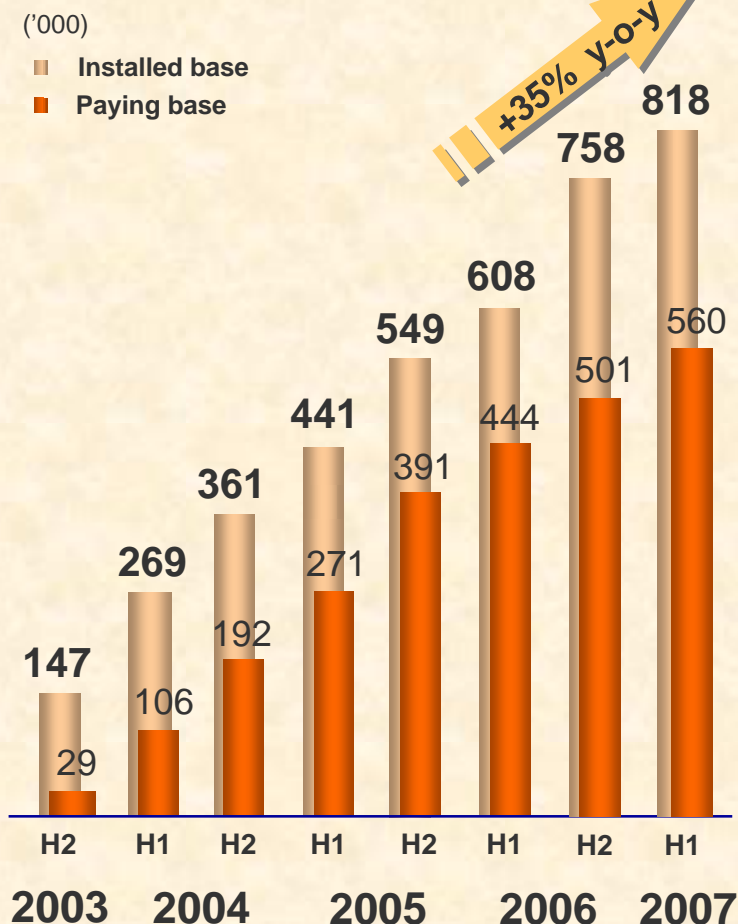


Momentum Continues

Strong Demand for **now TV**

Over 850K
reached
in Aug '07

now TV Drivers

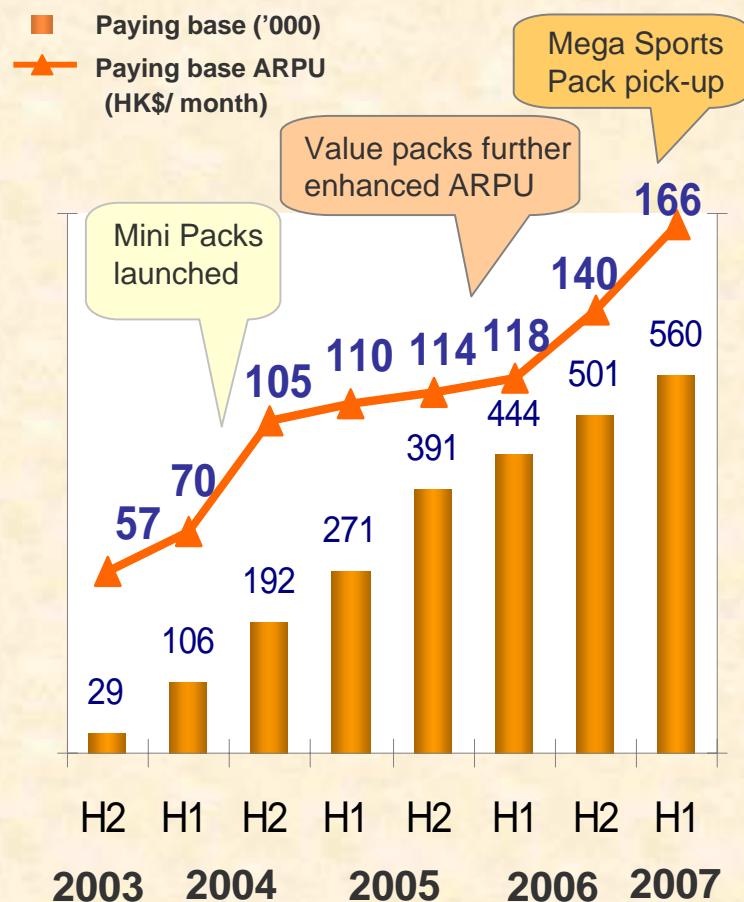


- Strongest ever content line up - 150 local & international channels today
 - **Mega Sports Pack** – 14 Standard Definition and Hi-Definition channels
-     
- Over 70 **exclusive** world-class movie, sports, news and general entertainment channels
 - Enhanced TV viewing experience with advanced interactivity
 - Split-screen with 4 live BPL matches on one channel, football betting, & network based PVR (in Q4'07)
 - HDTV: First to market in Hong Kong starting July 2007



ARPU Accelerates

Strong Paying Base & ARPU Growth



now TV ARPU Drivers

- Highly popular Mega Sports Pack now at \$218
 - Driven by premium sports content and high quality production
- Successful up-selling of customers to mini-packs & value plans, with minimum entry of \$184 and \$368, respectively
- Introduction of one-off installation and set-top-box rental fees
- Advertising revenues building momentum
- Stock trading debuted on PCCW's Business News Channel in August 2007



Enhanced Viewing Experience



- 1st in Hong Kong to introduce High Definition TV multicast
- Exclusive sports content on **now SPORTS HD** include: Barclays Premier League, UEFA EURO 2008™, Italian Serie A & NHL
- Other exciting content including **VOOM HD** and more to come in Q4'07



- Simulcast live matches on as many as 7 **now SPORTS** channels delivered over PCCW's quadplay: **now TV**, PCCW *mobile*, *eye* and NETVIGATOR services
- Advanced interactivity developed such as: split-screen view, "in-play" betting, live match data and voting features
- High Definition available for the 92 best match-ups

now TV 4-Game Split Screen



- 1st in Hong Kong to introduce **4-game split screen** for live sports coverage
- Free **interactive feature** allowing viewers to watch 4 matches simultaneously
- **Commentary** provided for the highlighted channel

now TV Advanced Interactivity a Reality

- **Sports Barker** – viewers can watch promotional videos of sports programming and view live match fixtures of all now SPORTS channels
- **Live Match Info** – head-to-head statistics, team line-up, player profiles, team fixtures, live match scores of all games available at a glance
- **Player-of-the-Match Voting** – instant voting and results available



Sports Barker



Live Match Info



Player-of-the-Match Voting

Quadplay - ***ONLY PCCW***



Broadband



Mobile

PCCW mobile®



Fixed Line

IPTV

PCCW Fixed Line

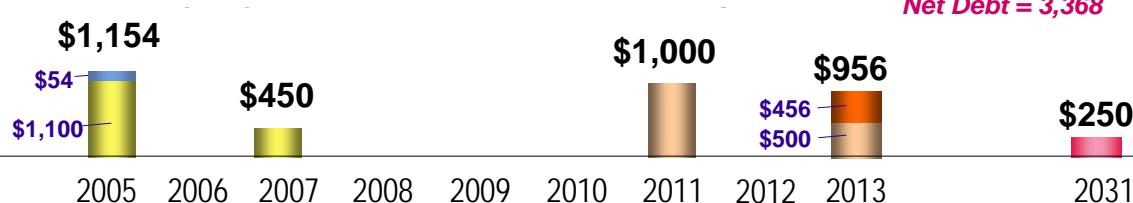


Appendix

PCCW Consolidated Debt Maturity Profile

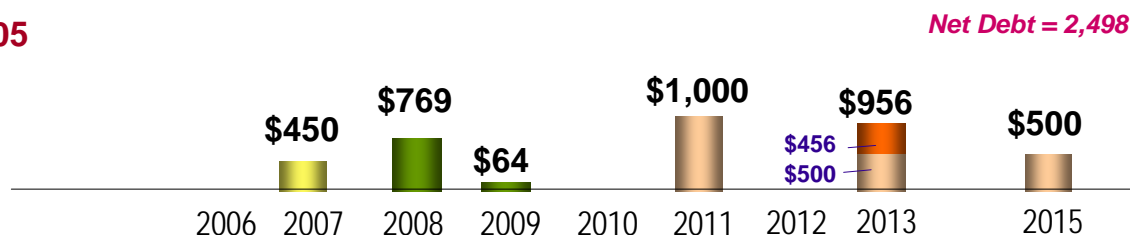
(US\$ million)

Dec 2004



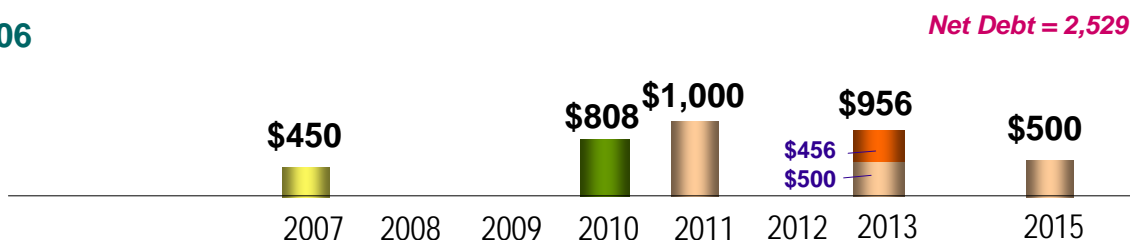
Debt to EBITDA = (3,816 / 842) = 4.53x

Dec 2005



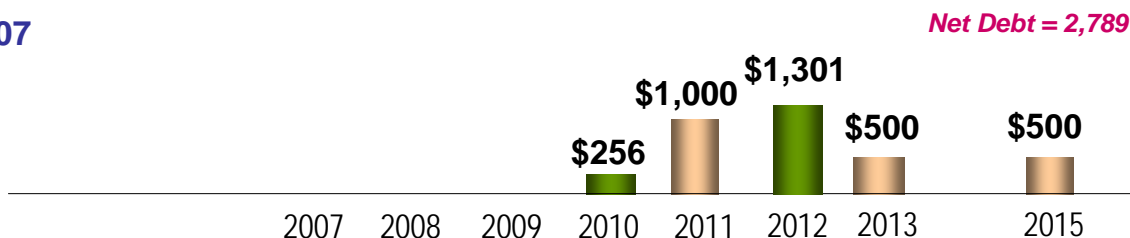
Debt to EBITDA = (3,739 / 853) = 4.38x

Dec 2006



Debt to EBITDA = (3,715 / 875) = 4.25x

Jun 2007



Debt to EBITDA = (3,561 / 869) = 4.1x

■ Mandatory Convertible Note
■ Japanese Yen Bond
■ 7.88% Guaranteed Note

■ Convertible Bonds
■ US\$ Bond
■ Revolving Credit Facilities

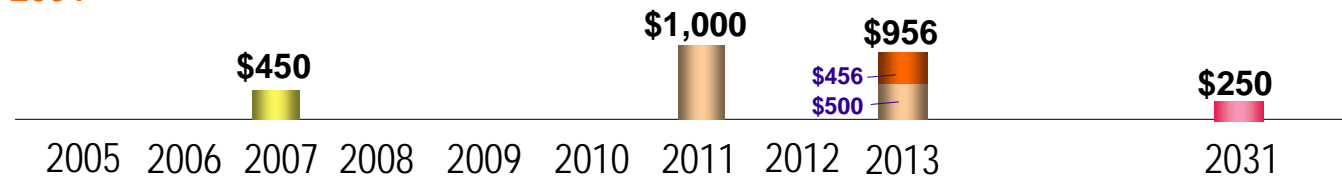
HKTC Debt Maturity Profile

(US\$ million)

Dec 2004

Net Debt = 2,621

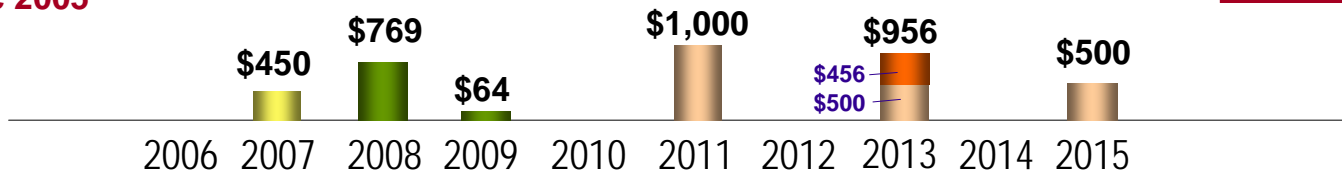
HKTC Debt to EBITDA = (2,656 / 889) = 2.99X



Dec 2005

Net Debt = 3,709

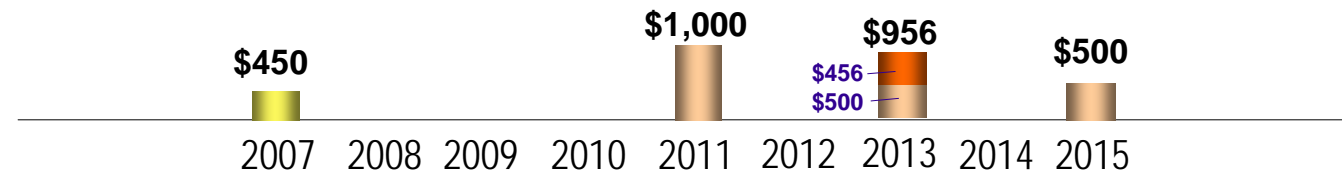
HKTC Debt to EBITDA = (3,739 / 876) = 4.27X



Dec 2006

Net Debt = 2,888

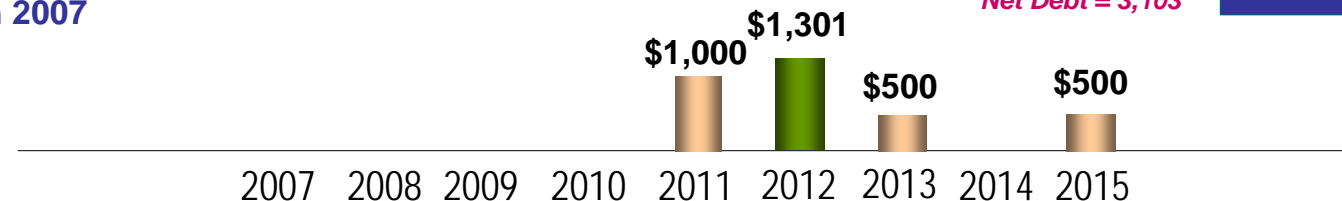
HKTC Debt to EBITDA = (2,906 / 908) = 3.20X



Jun 2007

Net Debt = 3,103

HKTC Debt to EBITDA = (3,301 / 951) = 3.47x



- Revolving Credit Facilities
- Convertible Bonds
- Japanese Yen Bond
- US\$ Bond
- 7.88% Guaranteed Note