



PCCW[®]

2008 Interim Results

For the period ended June 30, 2008

August 21, 2008 - Hong Kong

Forward-Looking Statements

This presentation may contain "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

2008 H1 Financial Performance

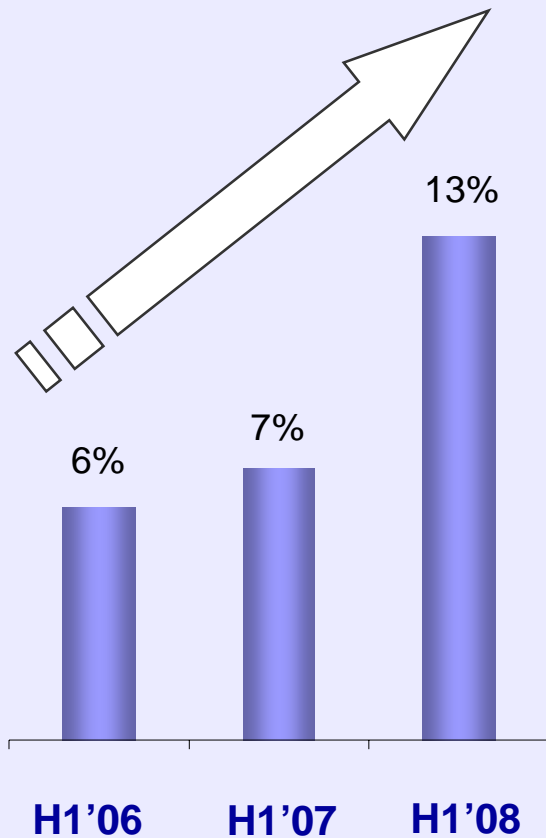
(US\$ million)	H1'07	H1'08	% Change
Revenue	1,488	1,458	
Core Business*	1,219	1,379	+ 13%
EBITDA	463	441	
Core Business*	394	432	+ 10%
Profit Attributable to Equity Holders	105	84	- 20%
Profit Attributable to Equity Holders (Core Business*)	59	85	+ 45%

* Core business includes telecom, media and ICT businesses

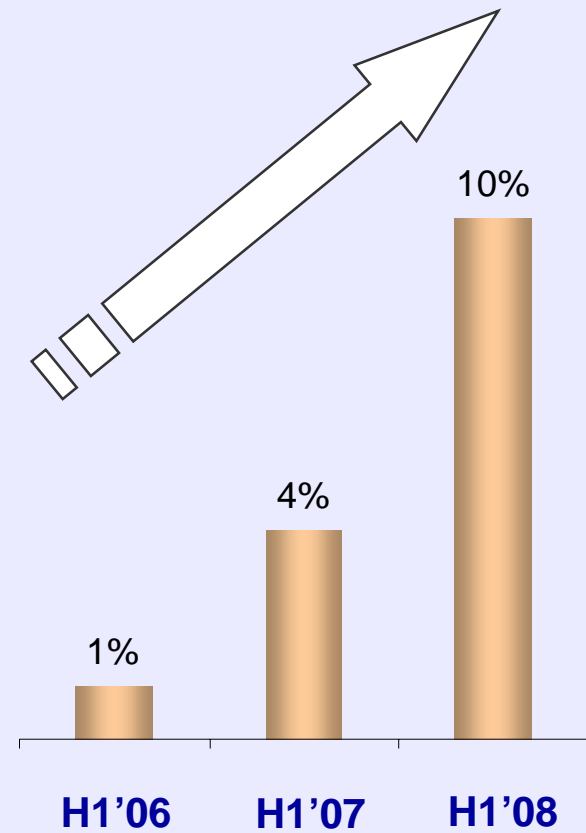
**The Board Has Declared an Interim Dividend of
7 HK Cents Per Share**

Core Business Growth Accelerating

Core Business Revenue Growth



Core Business EBITDA Growth



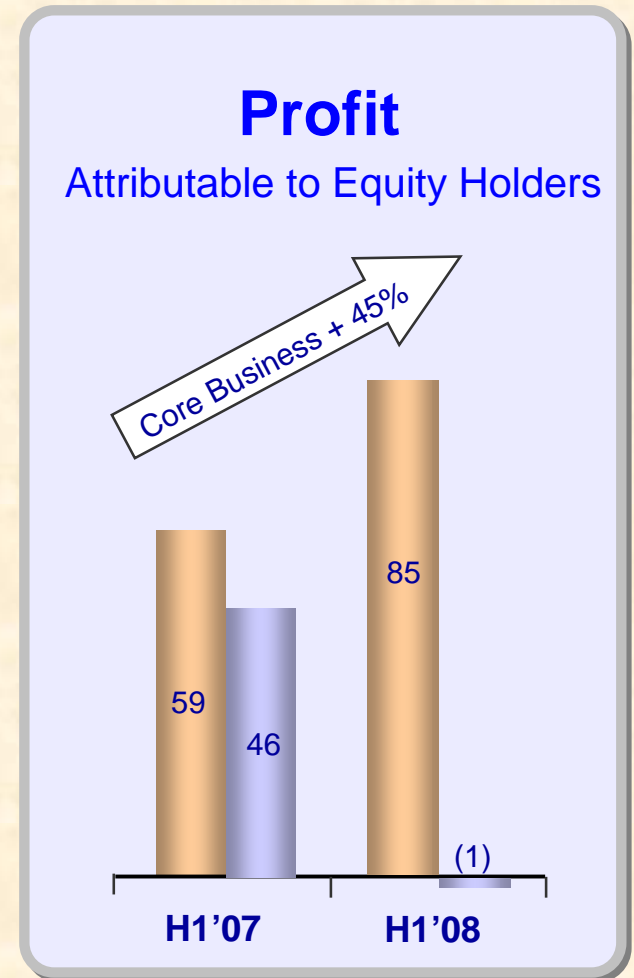
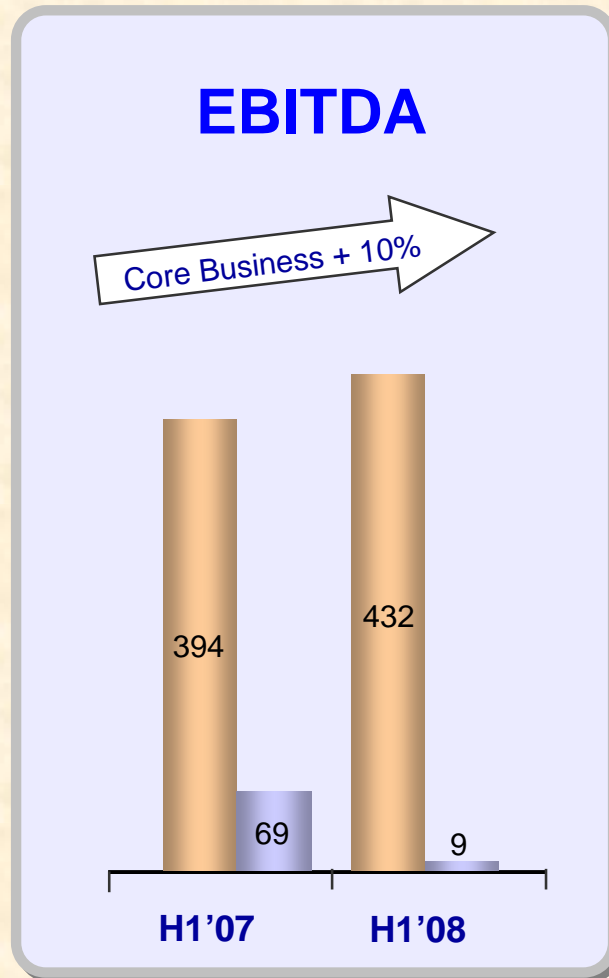
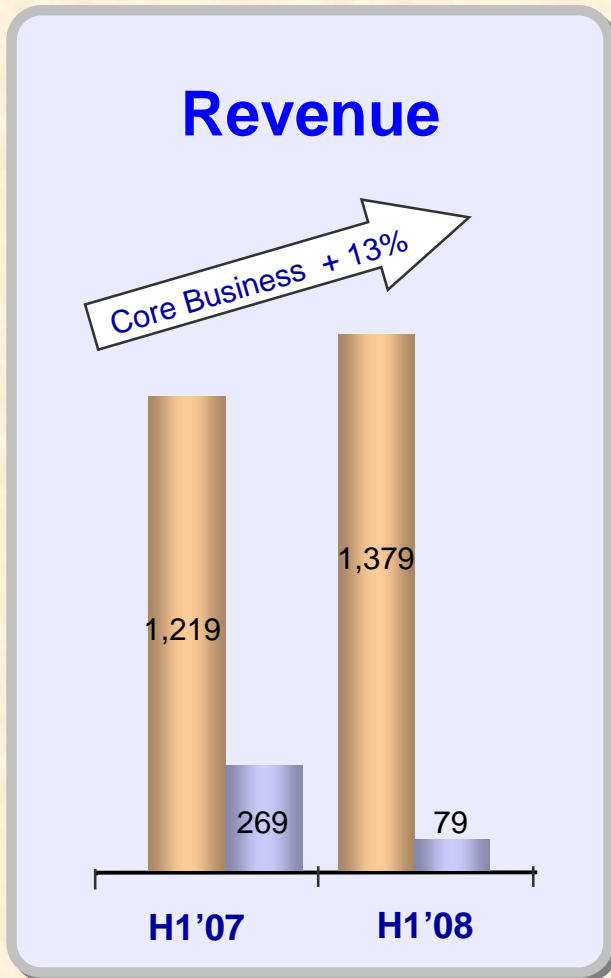
Financial Review

Susanna Hui

Group Chief Financial Officer

Continued Robust Double-Digit Growth

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



* Core business includes telecom, media and ICT businesses

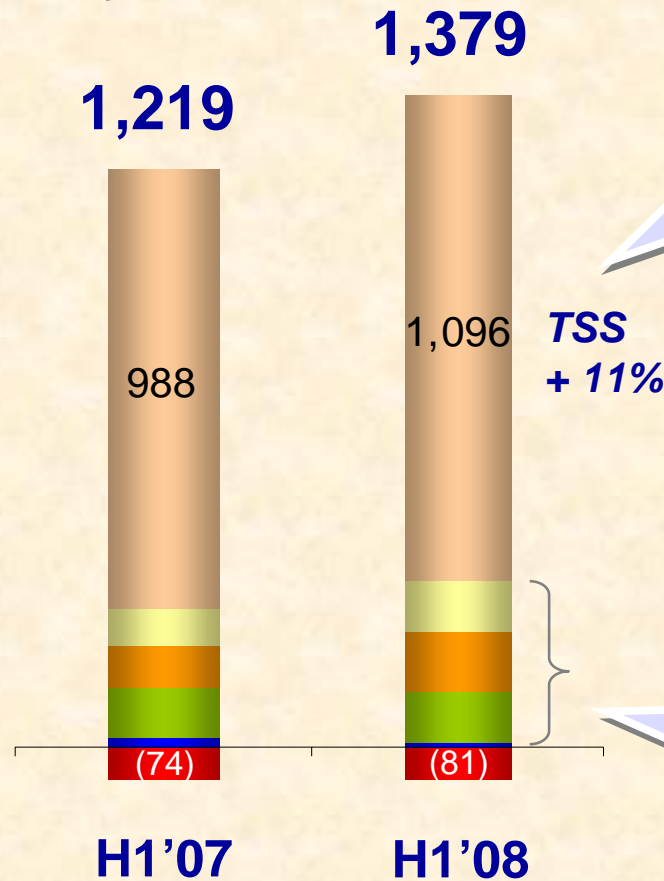
Impressive Performance in All Core Segments

(US\$ million)

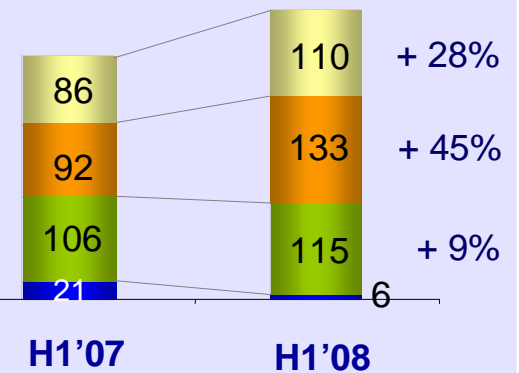
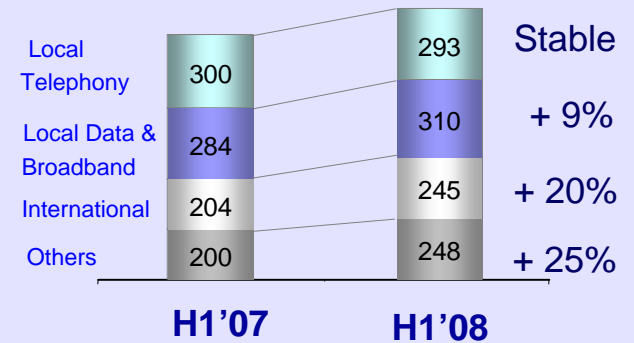
Core Revenue

+ 13% y-o-y

- TSS
- Mobile
- TV & Content
- PCCW Solutions
- Other Businesses
- Eliminations



TSS Breakdown

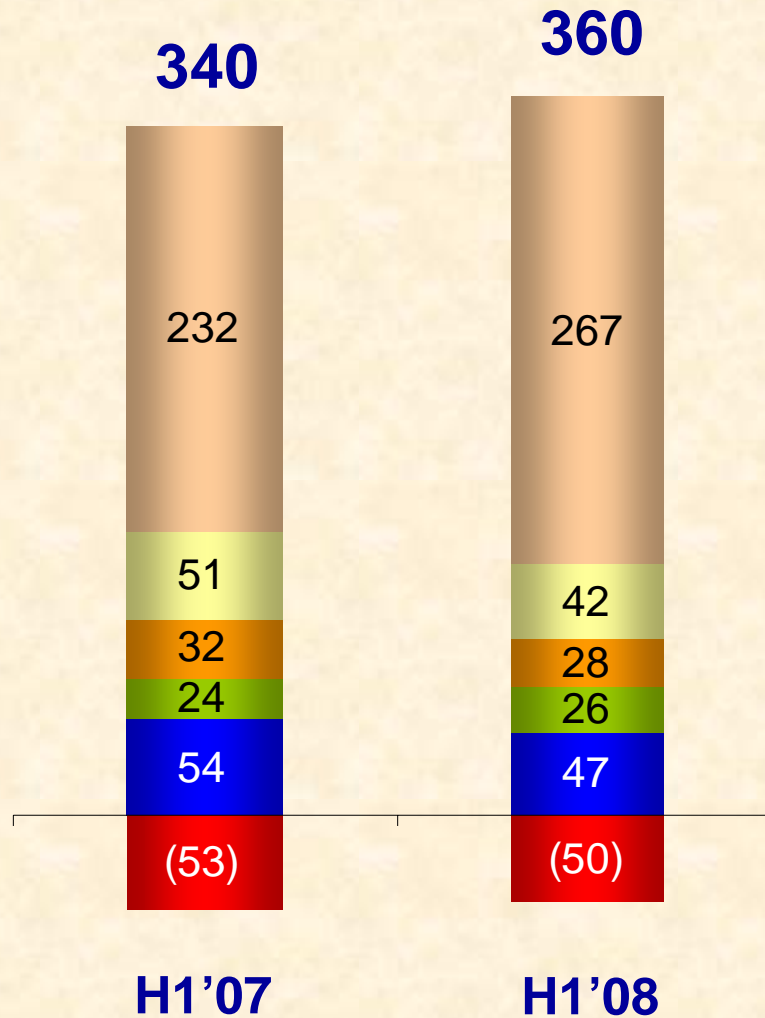


QuadPlay Synergies Enhanced Cost Efficiency

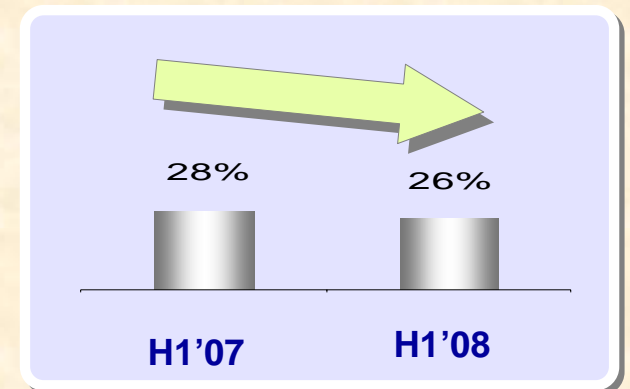
Core Operating Expenses

(US\$ million)

- TSS
- Mobile
- TV & Content
- PCCW Solutions
- Other Businesses
- Eliminations



Core Opex to Revenue Ratio



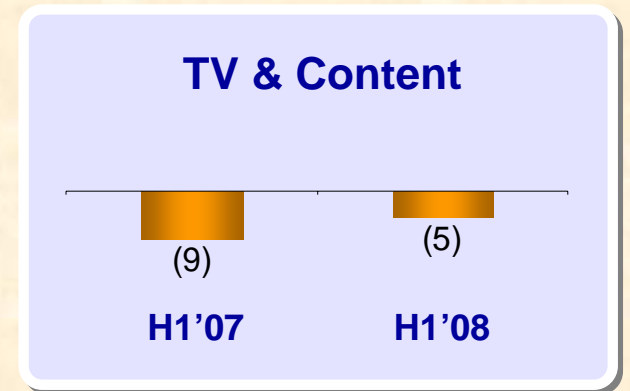
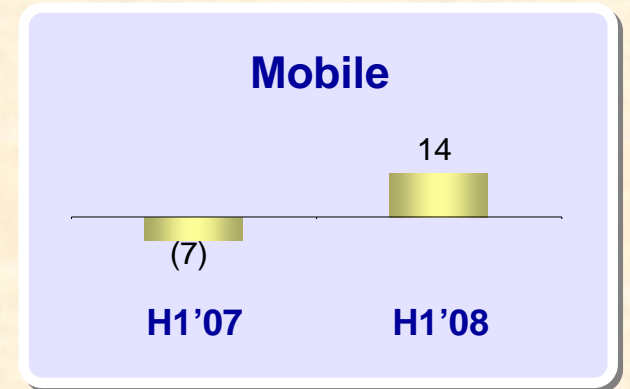
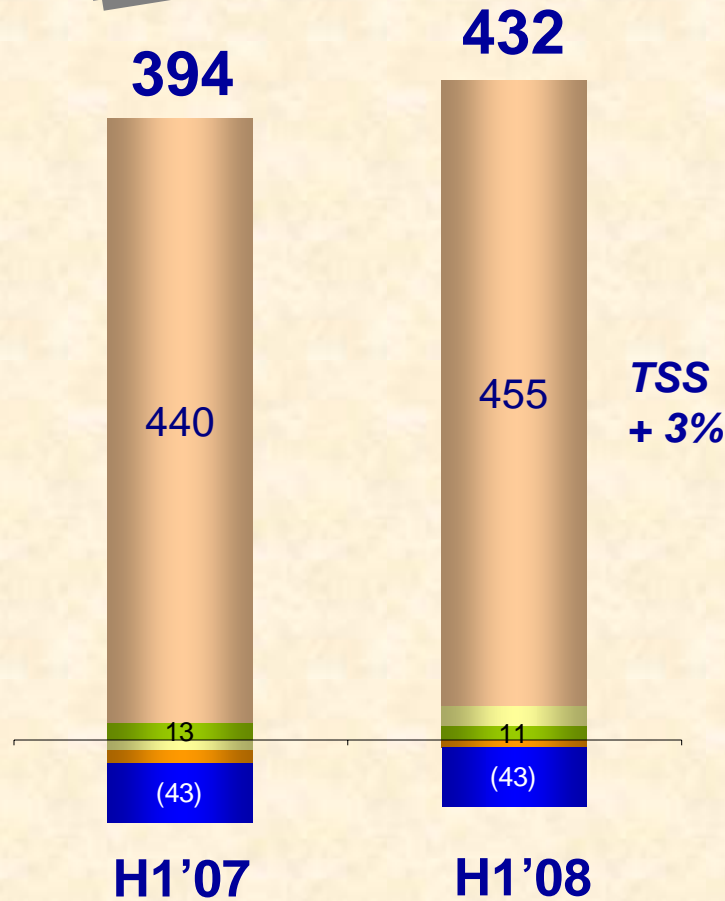
Uplifting Trend in Mobile & TV Clearly Emerging

(US\$ million)

Core EBITDA

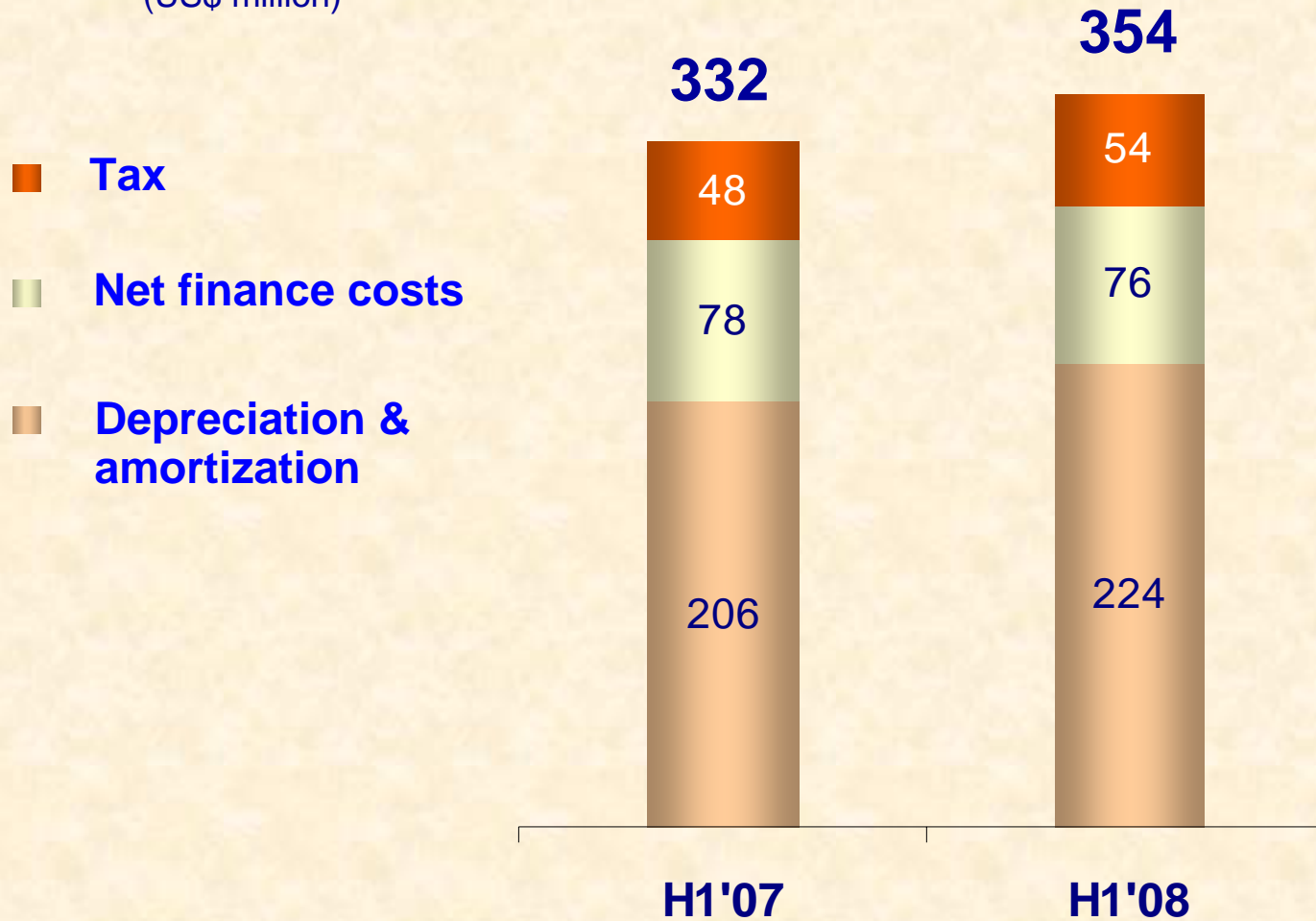
+ 10% y-o-y

- TSS
- Mobile
- TV & Content
- PCCW Solutions
- Other Businesses



Other Expenses In Line With Business Growth

(US\$ million)



Group Performance

(US\$ million)	H1'07	H1'08	% change
Revenue	1,488	1,458	
Core Business	1,219	1,379	up 13%
Cost of sales	(666)	(633)	
Operating expenses	(359)	(384)	
EBITDA	463	441	
Core Business	394	432	up 10%
Depreciation and amortization	(206)	(224)	
Operating profit	257	217	
Other gains, net	7	2	
Finance costs, net	(78)	(76)	
Share of results of associates & jointly controlled companies	0	(1)	
Profit before taxation	186	142	
Taxation	(48)	(54)	
Minority interests	(33)	(4)	
Profit attributable to equity holders of the Company	105	84	
Basic earnings per share (HK cents)	12.16	9.68	

Prudent Debt Management

(US\$ million)

■ Revolving Credit Facilities
■ US\$ Bonds

Gross debt: US\$3,509m

As of June 30, 2008



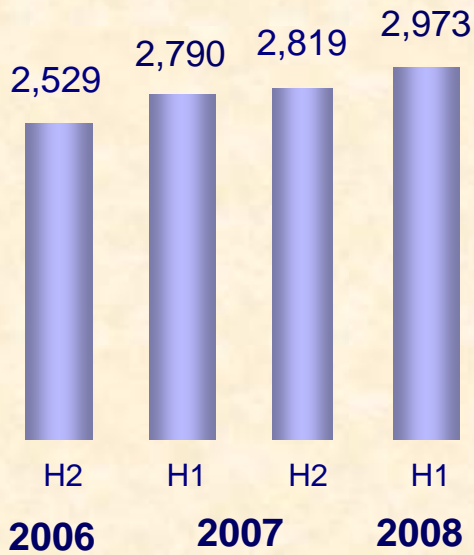
Update

- Average cost of debt reduced to approximately 4.8% p.a.
- Average debt maturity at approximately 4.4 years

Sound Credit Fundamentals

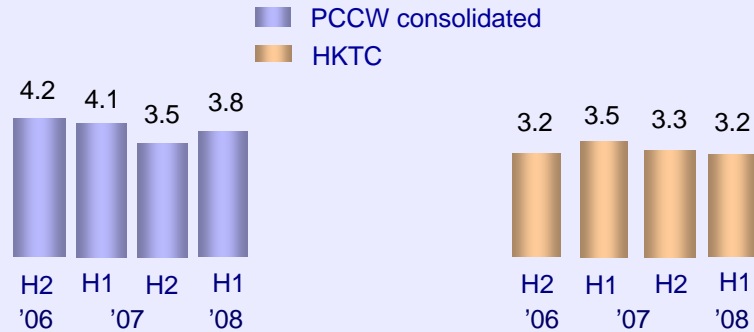
Net Debt

(US\$ million)

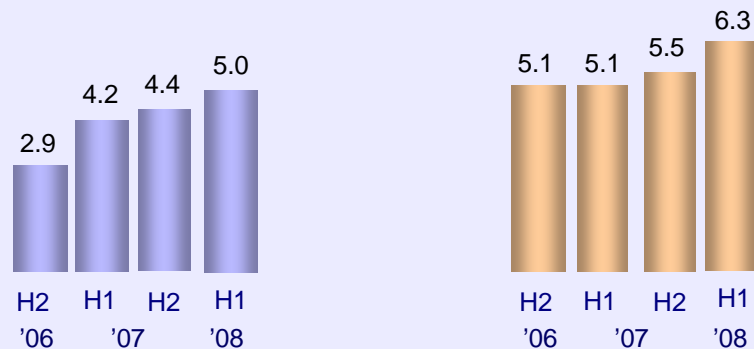


Gross Debt down 1% y-o-y to US\$3,509m
 Net Debt up 7% y-o-y to US\$2,973m ⁽³⁾
 Net Debt/EBITDA ⁽¹⁾ as of June 30, 2008 was 3.3x

Gross Debt/EBITDA ⁽¹⁾



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

Business Review

Alex Arena

Group Managing Director

QuadPlay Performance Update

Fixed line

PCCW Fixed Line®



IPTV

now TV



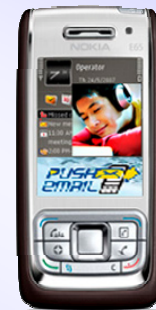
Broadband

netvigator®



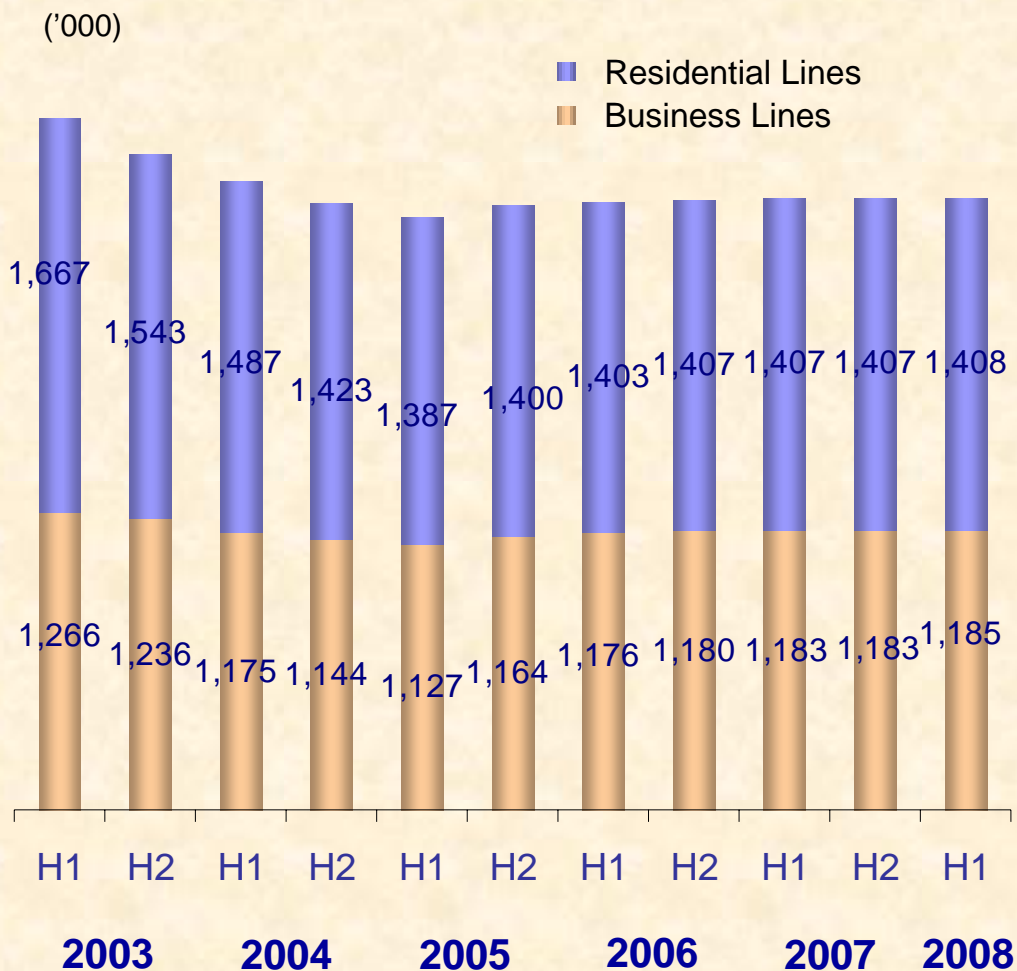
Mobile

PCCW mobile



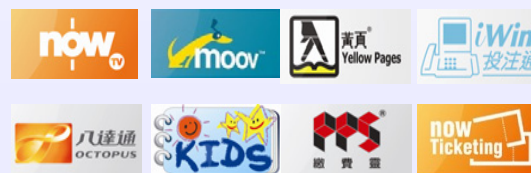
Stable Fixed-line Business

Fixed Lines



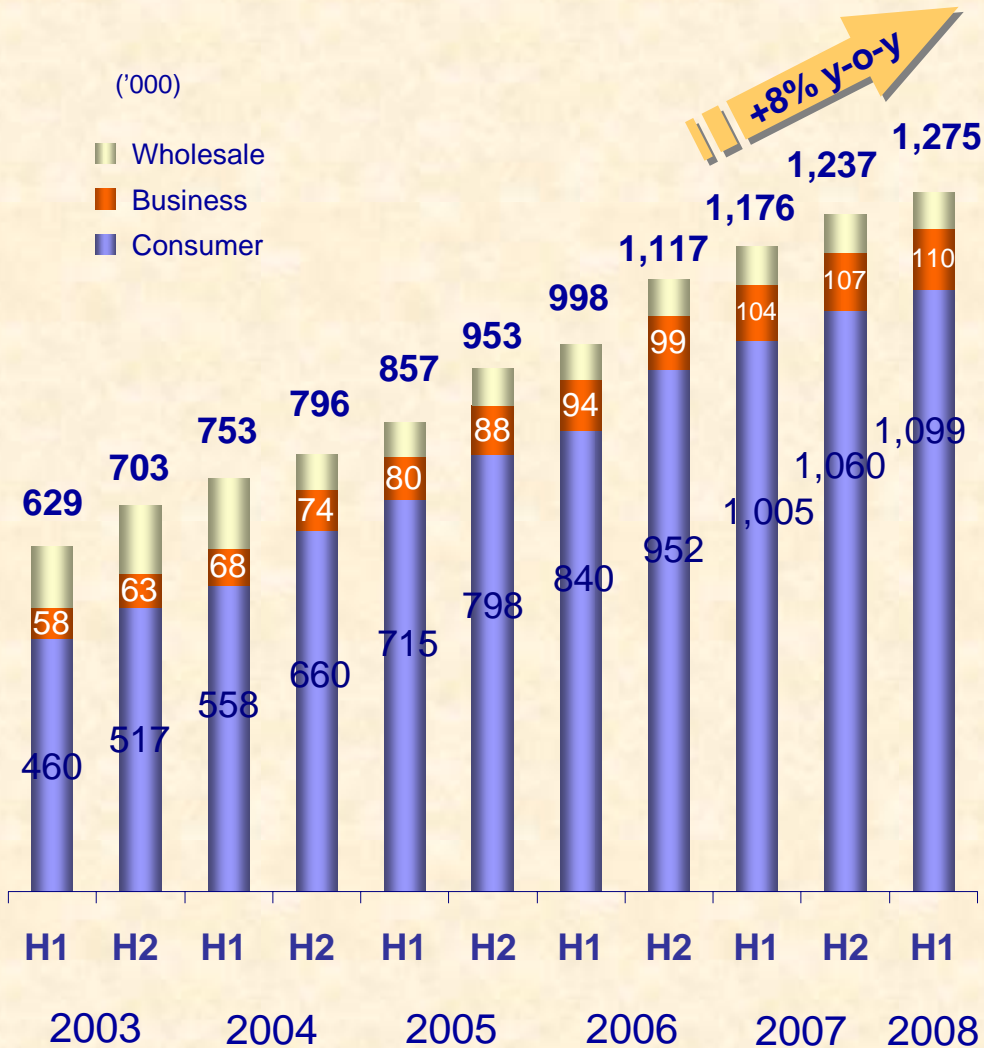
Update

- **Solid customer base maintained since 2005**
 - Firm ARPU trend continues
- **eye- home multimedia service**
 - Subscribers growth increased significantly in H1'08 induced by enhanced content and applications
 - High usage on key services such as now TV, MOOV, HKJC, Kids Interactive Learning, Yellow Pages and video call
- Many customers treat eye- as a second TV



Market Leader in Broadband

Broadband Lines Continue to Grow



Achievements

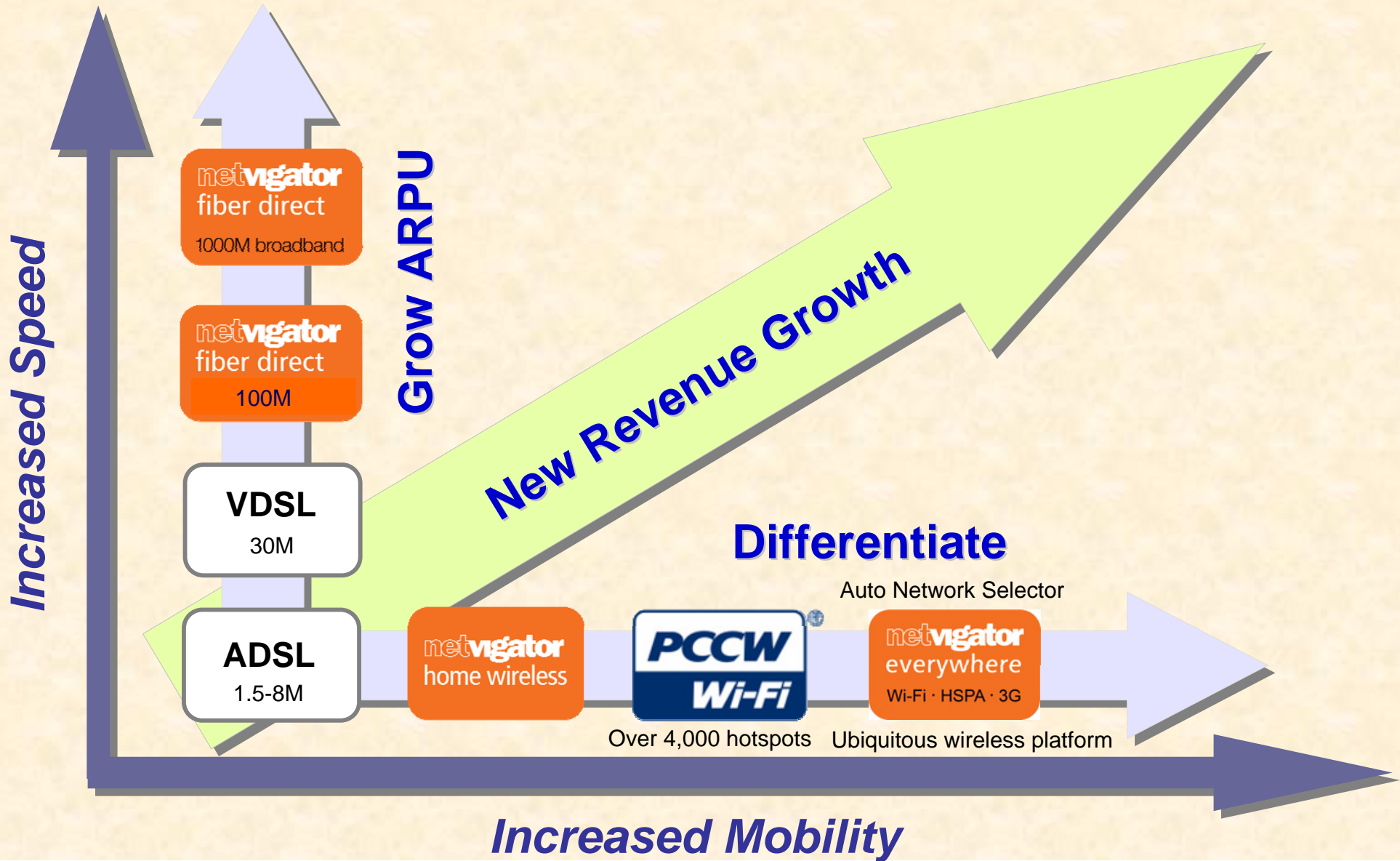
- NETVIGATOR led the broadband market, growing 8% y-o-y despite high market penetration
- Exclusive and unique content plus innovative applications continue driving broadband growth



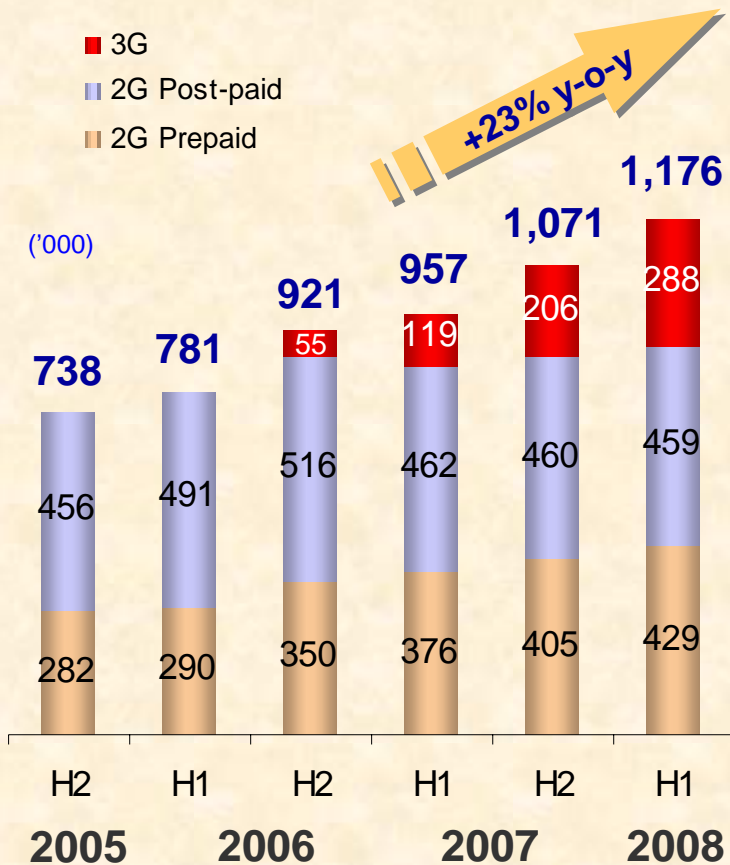
- New high speed and mobility products further differentiate our premium position and for growing ARPU and subscription



High Speed and Mobility Products Differentiate & Drive Broadband Growth



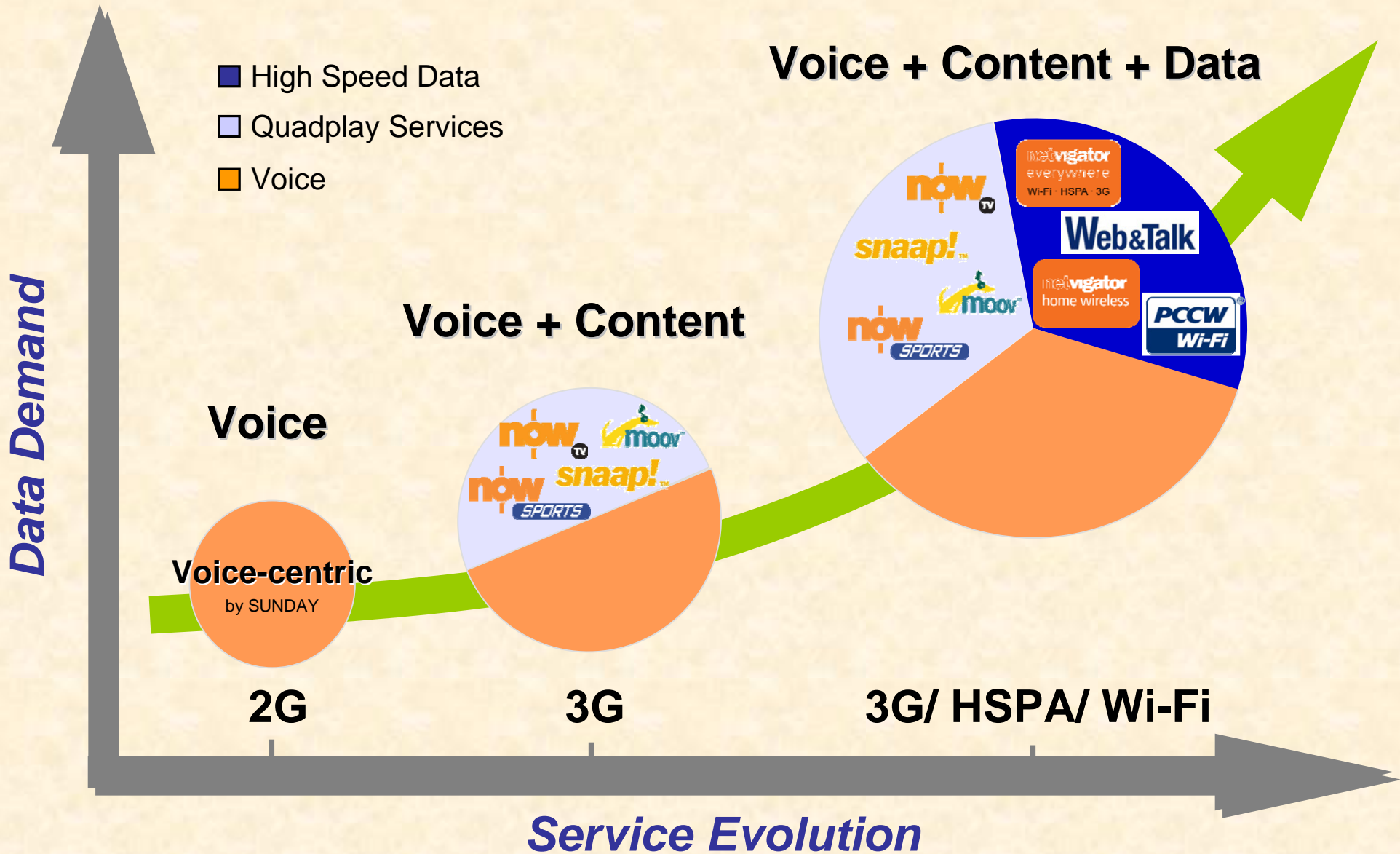
Growing Mobile Customer Base



Improvements

- **Total customer base reached 1.176m, up 23% y-o-y**
 - **Leading market** net gain from mobile number portability
- **3G customers doubled to 288,000 from H1'07**
- **An uplifting ARPU trend**
 - 3G exit ARPU enhanced to \$222
 - Blended (2G + 3G) post-paid exit ARPU \$156
- **Service innovation evolved from Quadplay**
 - Launched 27 HD TV channels including news, sports, MOOV music TV/concert and other entertainment
 - Web & Talk plan to capture data centric users as the market moves into the mobile content/data era

Robust Growth in 3G Customer Acquisition



PC

NETVIGATOR Everywhere

- **Ubiquitous** wireless platform integrating 3G, 7.2Mbps HSPA and WiFi with **Auto Network Selector**
- Riding on the **largest local Wi-Fi network** to provide service **cost-effectively**

netvigator
everywhere
Wi-Fi · HSPA · 3G

NETVIGATOR Go Wireless too

- One-stop solution for customer to enjoy **wireless broadband, at home and on-the-move** at an affordable price
- Penetrating **largest residential broadband** customer base to grow mobile data segment



Mobile Phone

Web&Talk

- **Mobile data usage** gained tremendous momentum in the past year
 - Increasing supply of **smart gadgets** has aroused customer awareness thereby driving demand in data usage
 - **Easy to use** interfaces
 - More **popular applications** expanded from PC to mobile for mass market



- Package includes voice, content, mobile data and unlimited Wi-Fi usage

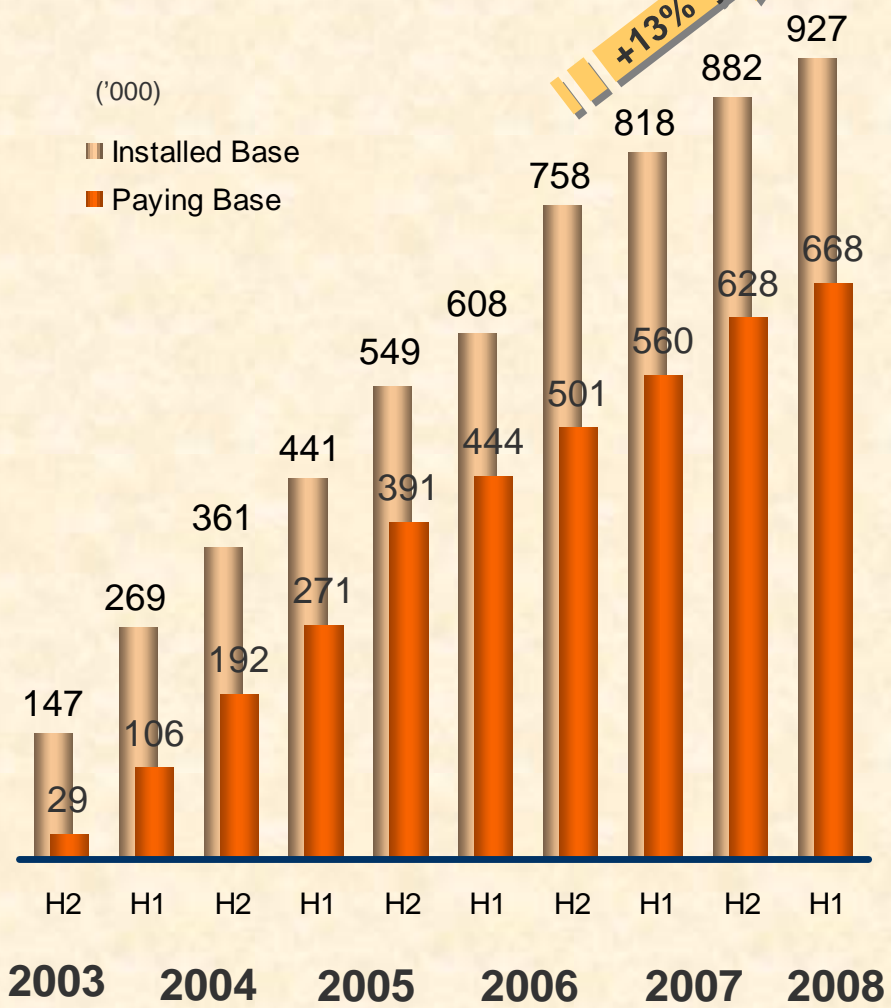



Momentum Continues

now TV *Continues to Grow*

now TV *Drivers*

Over 932K reached at end of July '08

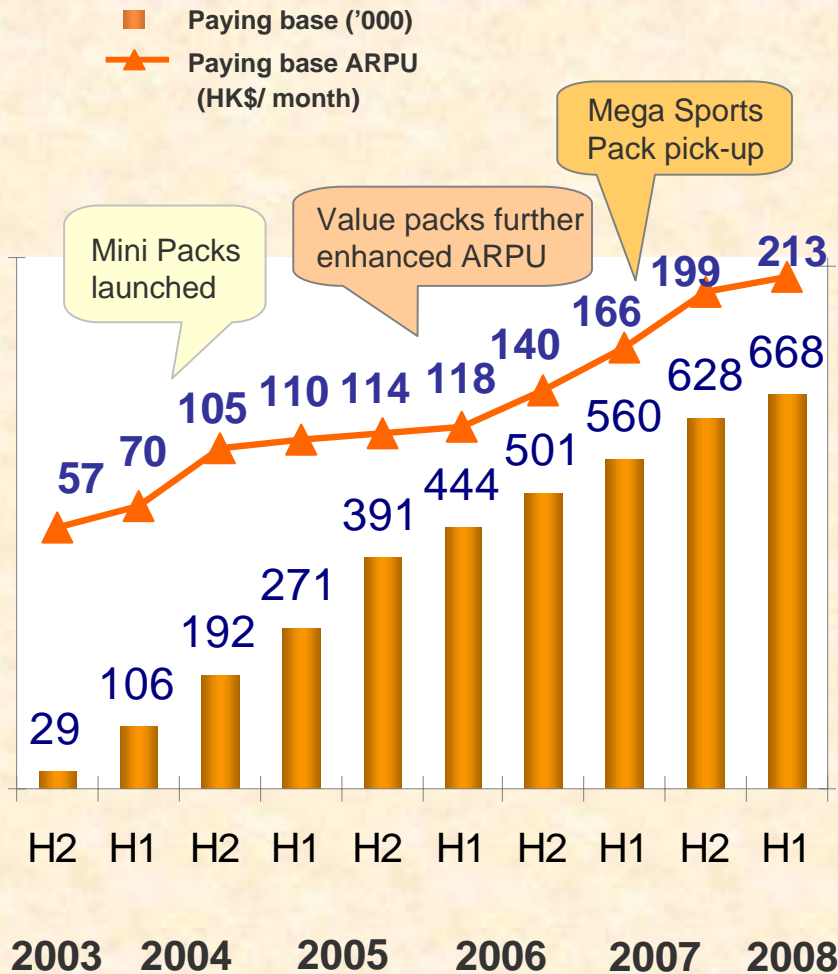


- **Strongest line-up of international and local content with over 160 channels**
 - Over 85 **exclusive** world-class movies, sports, news and general entertainment channels
 - Enhanced line-up across all genres:
- 
- **Most attractive integrated HD offer in town**
 - Well received **All-In-One HD and DTT STB** with access to free-to-air DTT HD channels
 - Widest selection of premium HD content and more
 - **Expand penetration in targeted segments**
 - Tap the **mass** market through popular local content
 - Introduce attractively priced 2nd set-top-box offer to **premium and mid-tier** customers



ARPU Accelerates

Paying Base & ARPU Strengthens



now ARPU Drivers

- Continue to enhance ARPU by **up-selling** customers onto premium content and new services, high value plans and buy-all packages
- **Re-priced** and **re-packaged** selected channels to generate incremental value
- Develop new revenue stream through **All-In-One-HD and DTT STB** using DTT reception capability as main customer draw
- Drive **new subscriptions** and **expand customer share of wallet** by acquiring / developing new content with strong customer appeal
- Advertising revenues **achieved new heights** with the availability of UEFA EURO 2008



Solid Performance on Four Platforms of PCCW Quadruple Play

Solid Performance

- **Fixed Line** - Stable customer base with firm ARPU
- **Broadband** - Leading market with high speed and mobility
- **Mobile** - Fastest growing 3G, positive EBITDA
- **now TV** - Largest local pay-TV operator and growing

Appendix

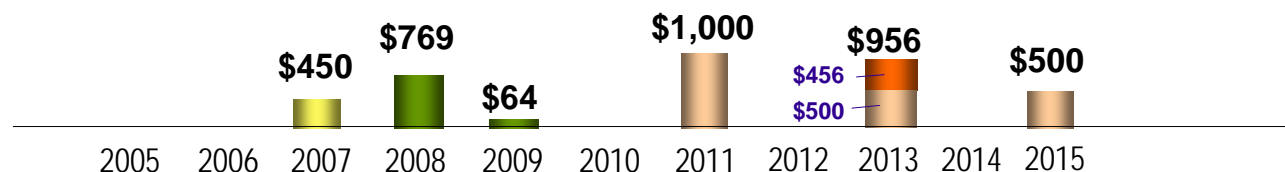
PCCW Consolidated Debt Maturity Profile

(US\$ million)

Dec 2005

Net Debt = 2,498

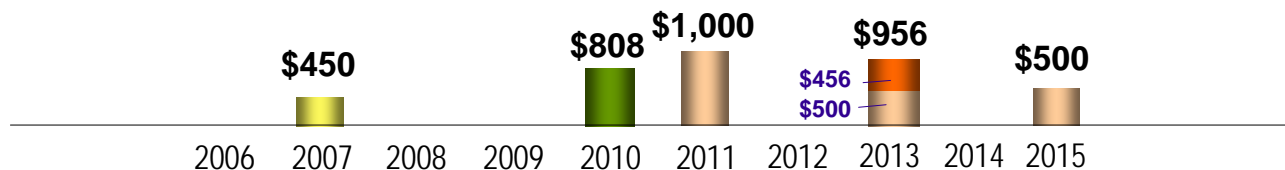
Debt to EBITDA = (3,739 / 853) = 4.38x



Dec 2006

Net Debt = 2,529

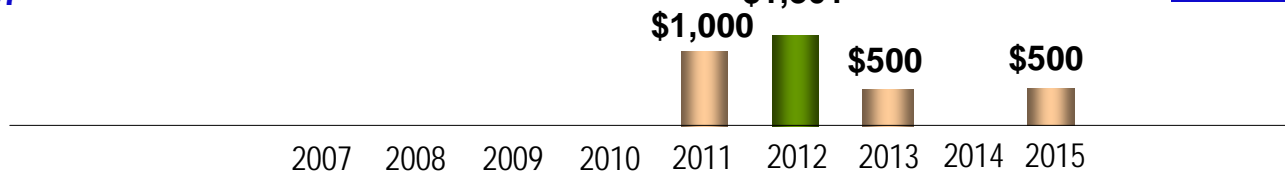
Debt to EBITDA = (3,715 / 875) = 4.25x



Dec 2007

Net Debt = 2,819

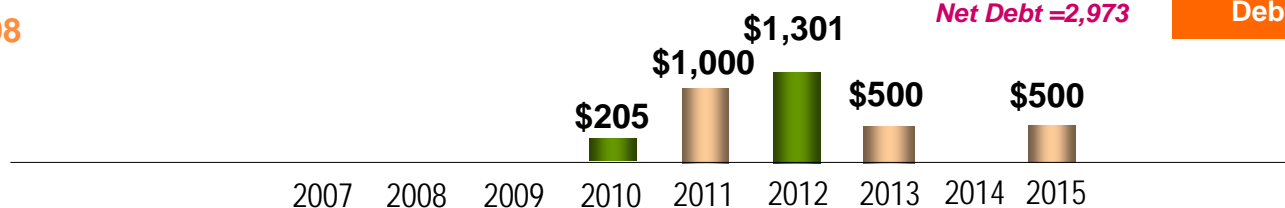
Debt to EBITDA = (3,304 / 935) = 3.53x







Jun 2008

Net Debt = 2,973

Debt to EBITDA = (3,509 / 913) = 3.84x



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

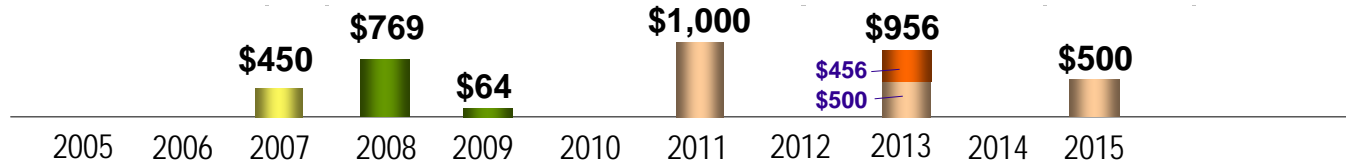
HKTC Debt Maturity Profile

(US\$ million)

Dec 2005

Net Debt = 3,709

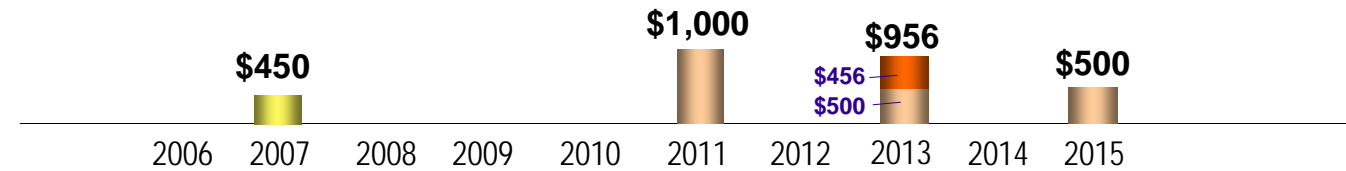
HKTC Debt to EBITDA = (3,739 / 876) = 4.27x



Dec 2006

Net Debt = 2,888

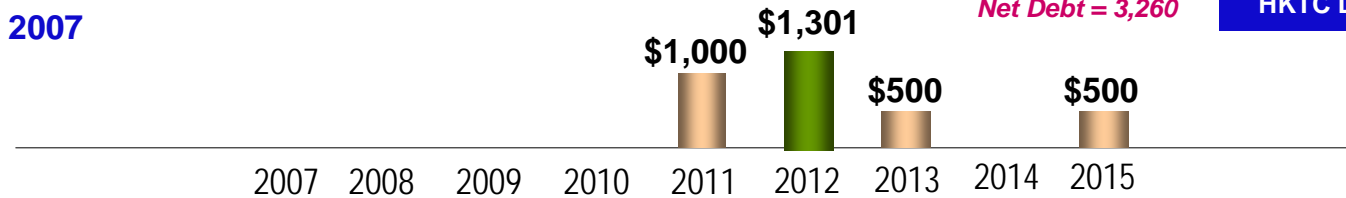
HKTC Debt to EBITDA = (2,906 / 908) = 3.20x



Dec 2007

Net Debt = 3,260

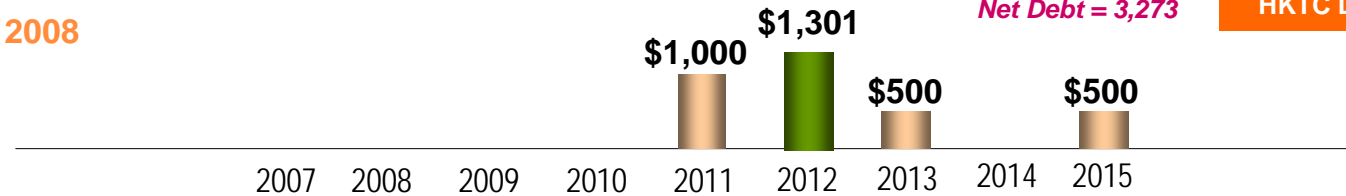
HKTC Debt to EBITDA = (3,301 / 1,006) = 3.28x



Jun 2008

Net Debt = 3,273

HKTC Debt to EBITDA = (3,301 / 1,042) = 3.17x



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