2010 Interim Results

For the period ended June 30, 2010

August 13, 2010 - Hong Kong

Connect | Inform | Entertain | Serve

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

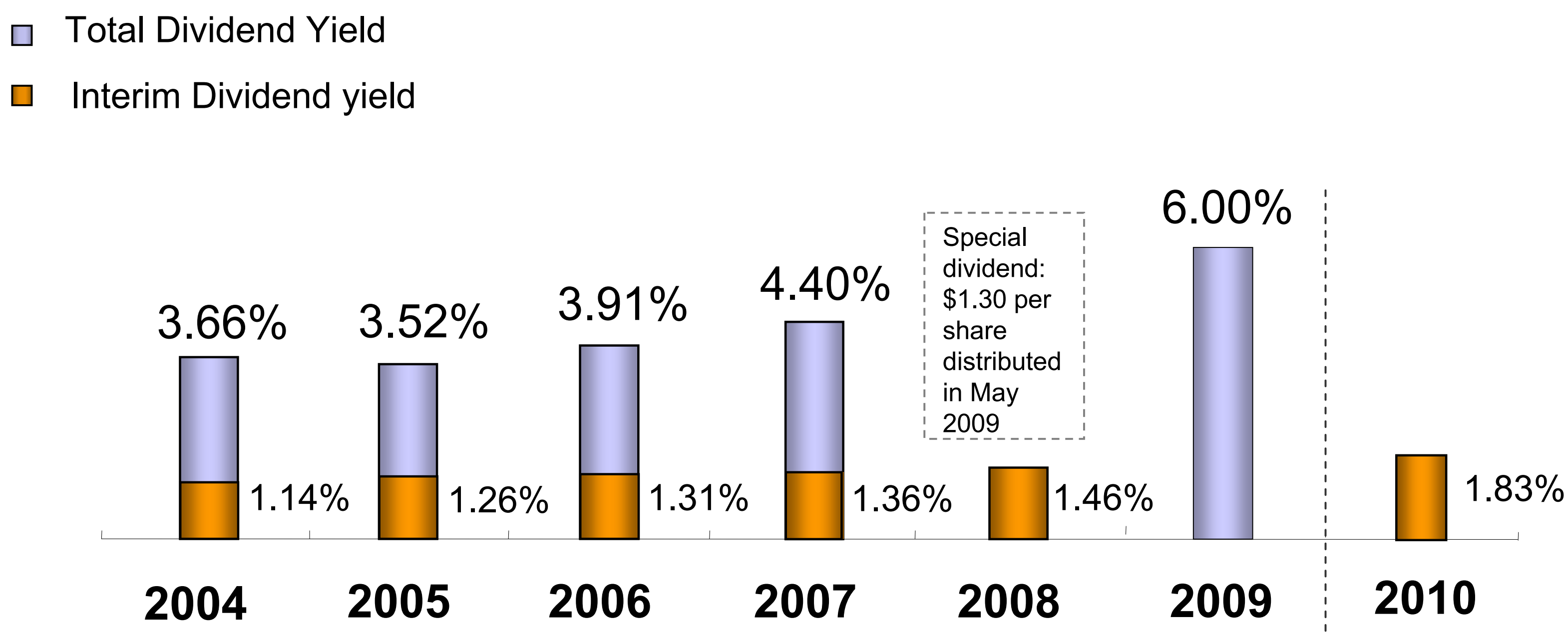
2010 H1 Financial Performance

(US$ million)	Core Business*			Consolidated		
	H1'09	H1'10	% change	H1'09	H1'10	% change
Revenue	1,342	1,376	+ 3%	1,638	1,513	- 8%
EBITDA	421	432	+ 3%	460	477	+ 4%
Profit Attributable to Equity Holders				84	98	+ 17%

The Board Has Declared an Interim Dividend of 5.10 HK Cents Per Share

* Core business includes telecom, media and ICT businesses

2010 H1 Dividend Yield

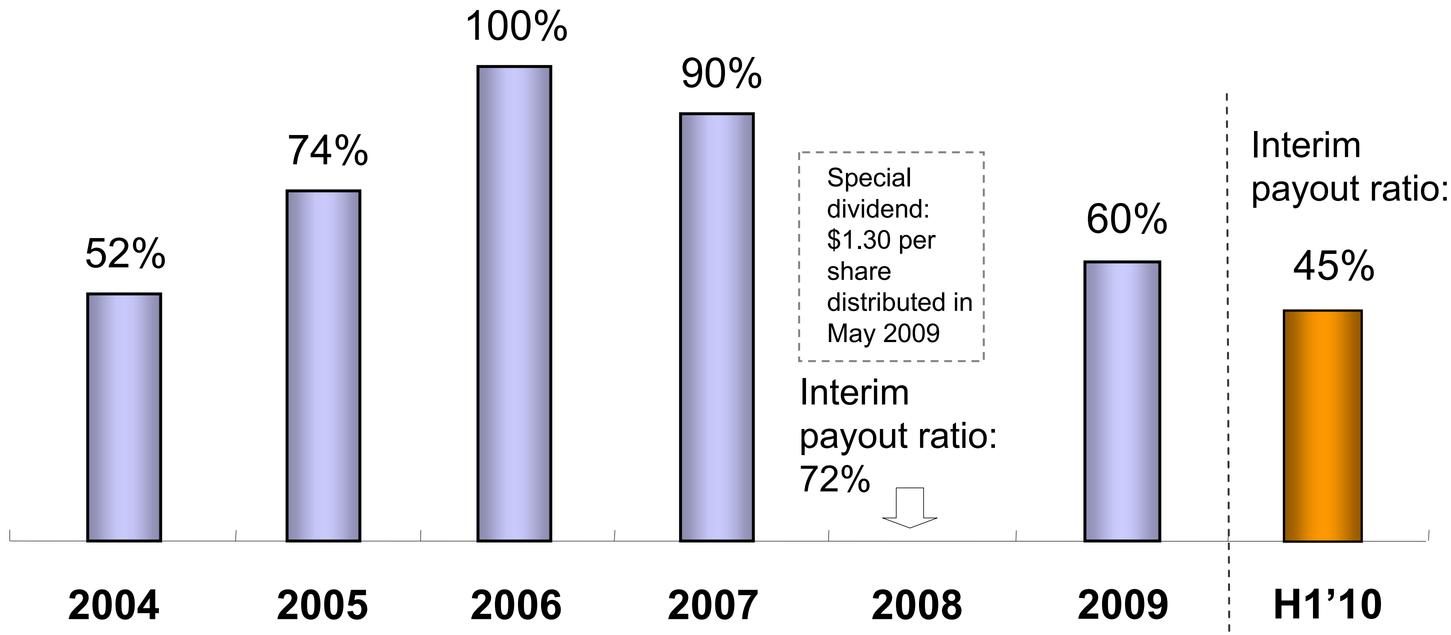


DPS (HK$)

Interim	$0.055	$0.065	$0.065	$0.065	$0.070	$ -	$0.051
Final	$0.096	$0.120	$0.120	$0.135	$ -	$0.133	
Special	$ -	$ -	$ -	$ -	$1.300	$ -	
Total	$0.151	$0.185	$0.185	$0.200	$1.370	$0.133	

PCCW®

2010 H1 Dividend Payout Ratio



DPS (HK$)

	2004	2005	2006	2007	2008	2009	H1'10
Interim	$0.055	$0.065	$0.065	$0.065	$0.070	$ -	$0.051
Final	$0.096	$0.120	$0.120	$0.135	$ -	$0.133	
Special	$ -	$ -	$ -	$ -	$1.300	$ -	
Total	$0.151	$0.185	$0.185	$0.200	$1.370	$0.133	

Financial Review

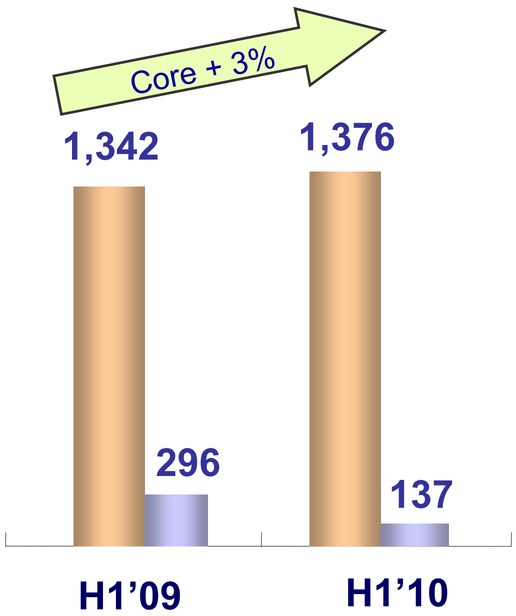
Susanna Hui

Group Chief Financial Officer

Improved Group Performance as Core Business Resumes Growth

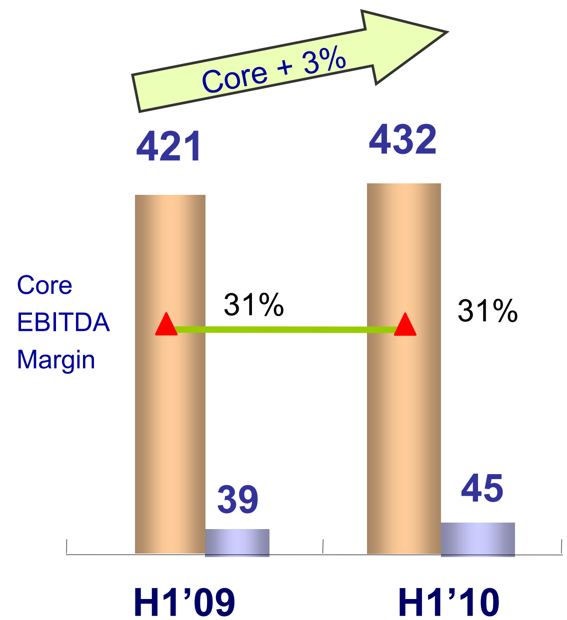
(US$ million) Core Business* PCPD

Revenue



- Core revenue further improved on resilient results last year
- PCPD revenue comprised contributions from ONE Pacific Heights and fewer units from Bel-Air

EBITDA



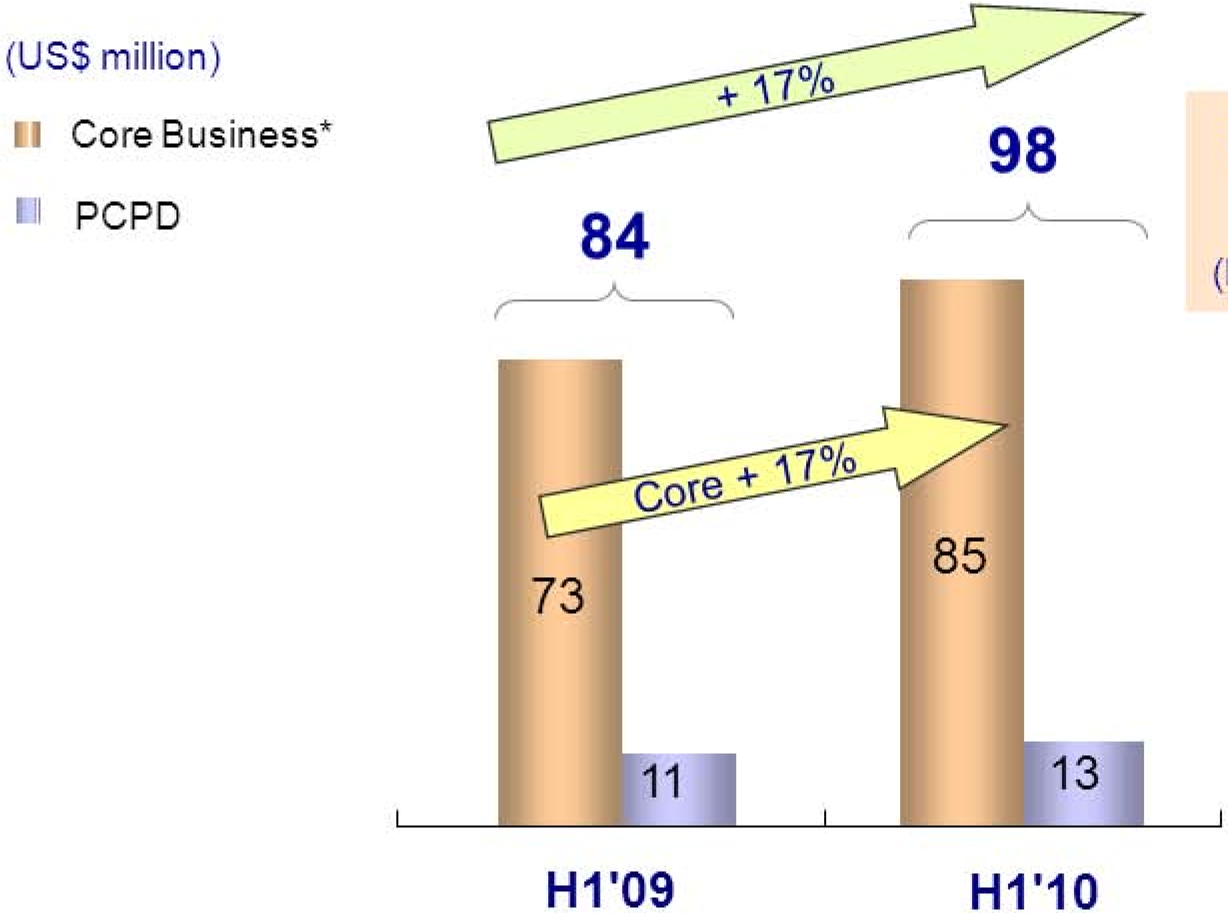
- EBITDA of both core business and PCPD increased
- Core EBITDA margin remained stable

* Core business includes telecom, media and ICT businesses

PCCW®

Solid Profit Growth for Shareholders

Profit Attributable to Equity Holders



Earnings Per Share

11.30 HK cents

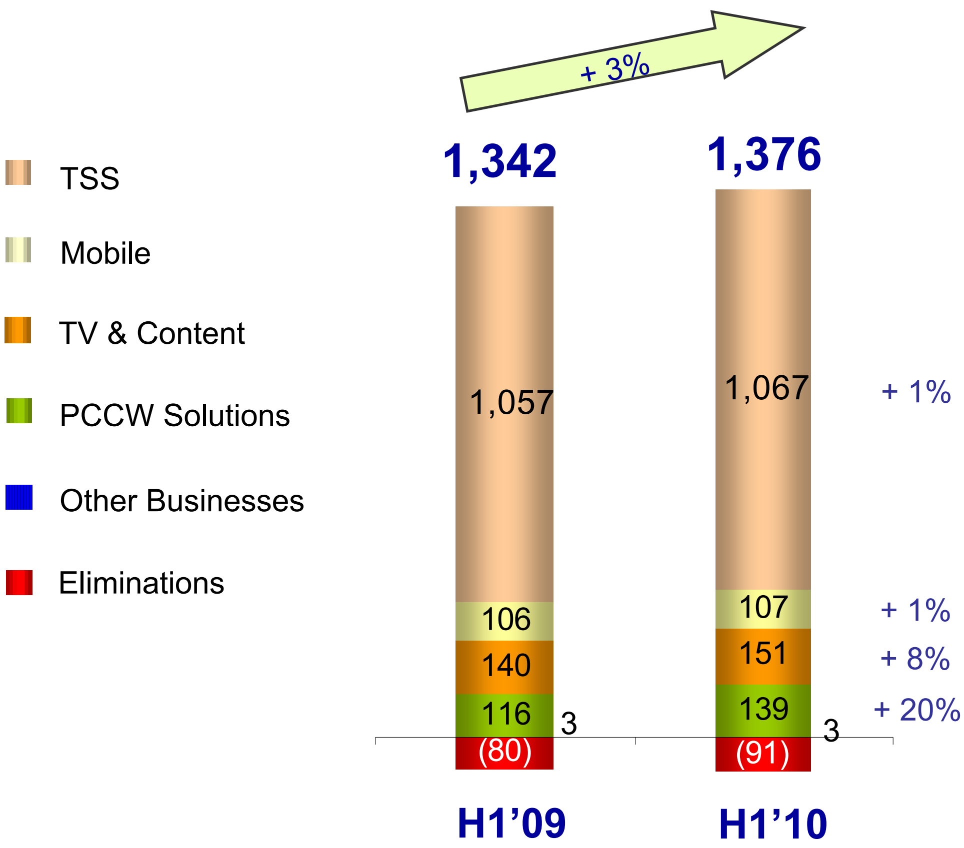
(H1'09: 9.66 HK cents)

* Core business includes telecom, media and ICT businesses

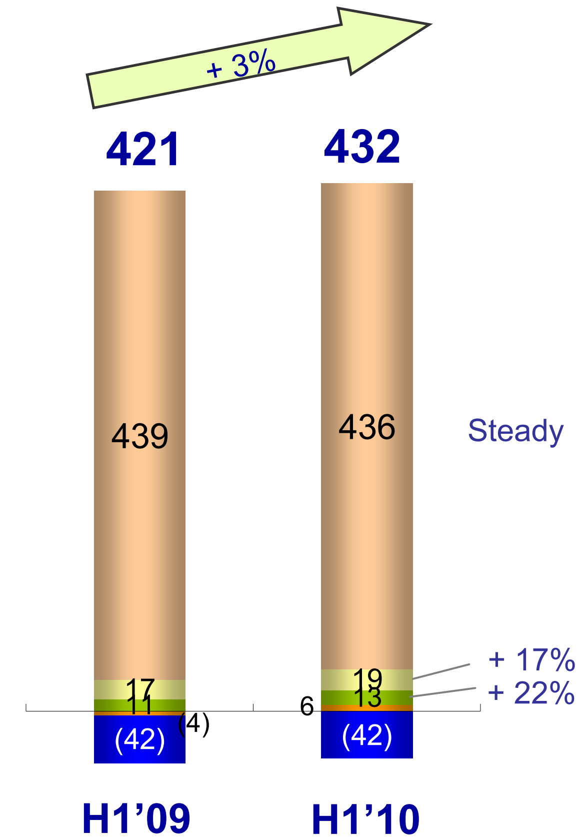
Revenue Growth in All Four Segments with Uplift in Core EBITDA

(US$ million)

Core Revenue



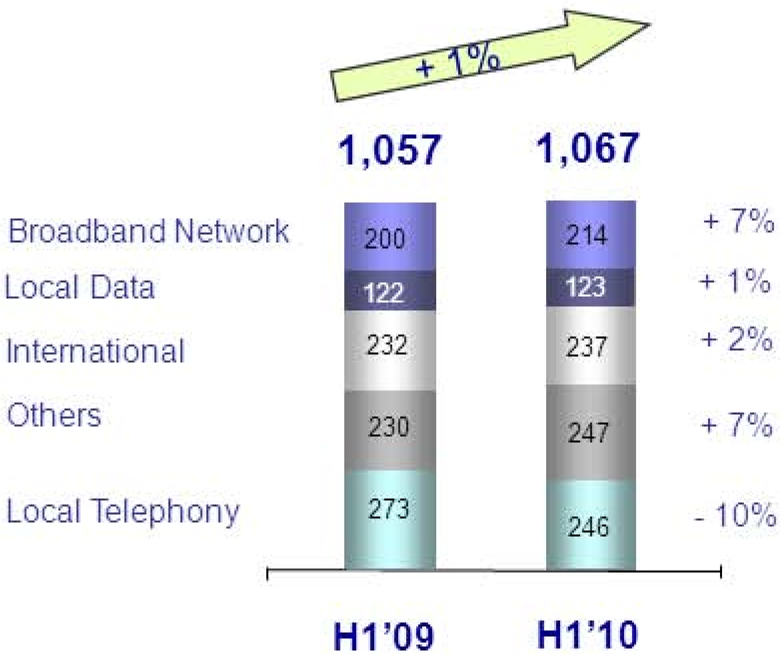
Core EBITDA



Solid TSS Performance Continues to Provide Steady Cash Flow

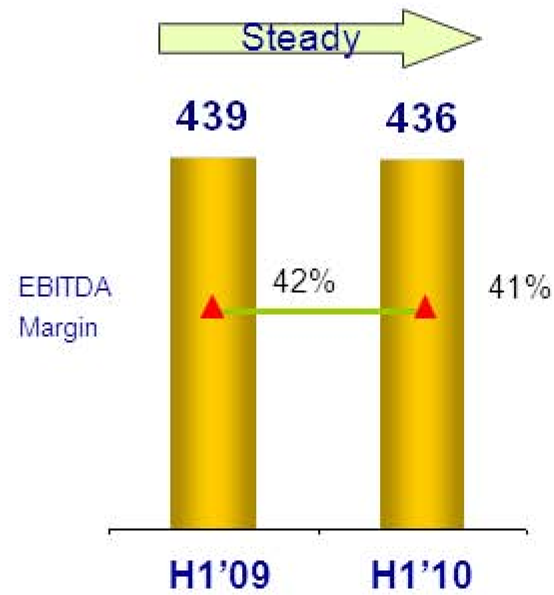
(US$ million)

TSS Revenue



- Broadband revenue up 7% y-o-y despite severe competition
- Local data and International also benefited from economic recovery
- Teleservices revenue boosted by overseas acquisition
- eye / eye gained popularity, facilitating future ARPU uplift

TSS EBITDA



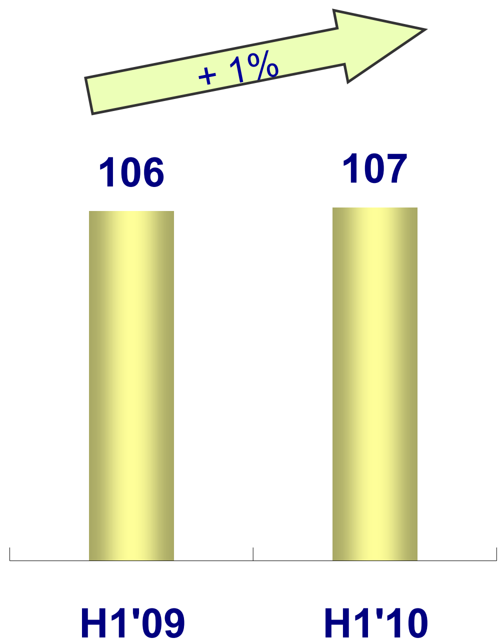
- EBITDA stable despite FMIC impact
- Solid EBITDA margin level sustained

PCCW

Strong PCCW mobile EBITDA Growth

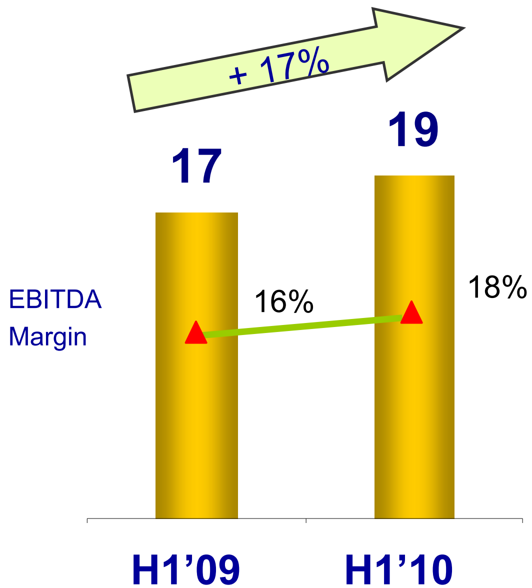
(US$ million)

Mobile Revenue



- 29% y-o-y growth in 3G customers with higher value-added service usage more than offsetting decline in voice service
- Data revenue up 31% y-o-y; data service continued to be a revenue driver

Mobile EBITDA

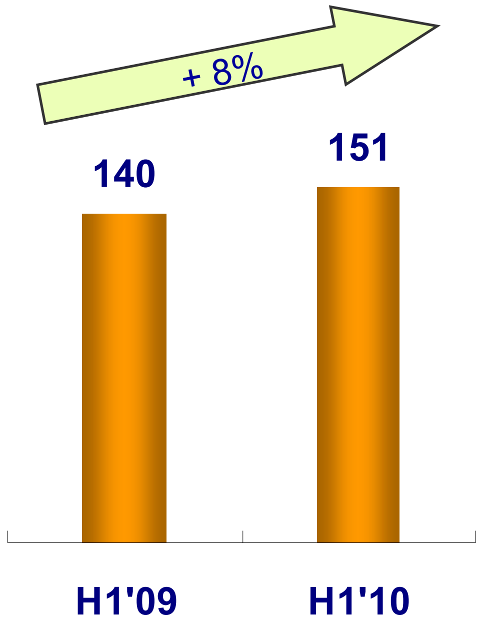


- Remarkable EBITDA growth as business focuses on high-end customers to enhance profitability
- Effective cost and resources management regarding services provisioning

TV & Content Continues Robust Growth Momentum

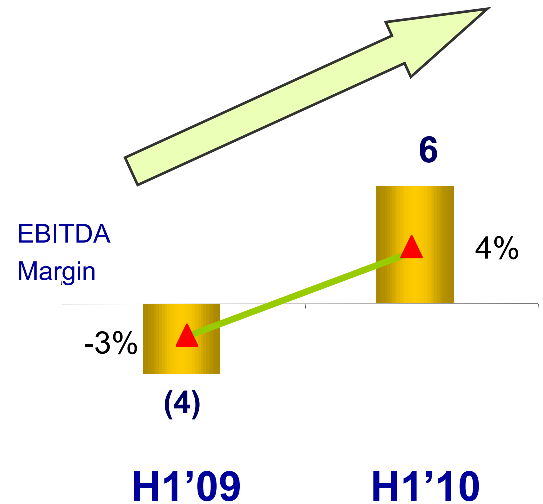
(US$ million)

TV & Content Revenue



- Market leadership reinforced with now TV customers growing 4% y-o-y
- Steady ARPU supported by a broad variety of programs in sports, entertainment, and lifestyle etc.
- Unique leverage on the Quadplay platform
- Advertising revenue rebound trend evident with better market sentiment

TV & Content EBITDA

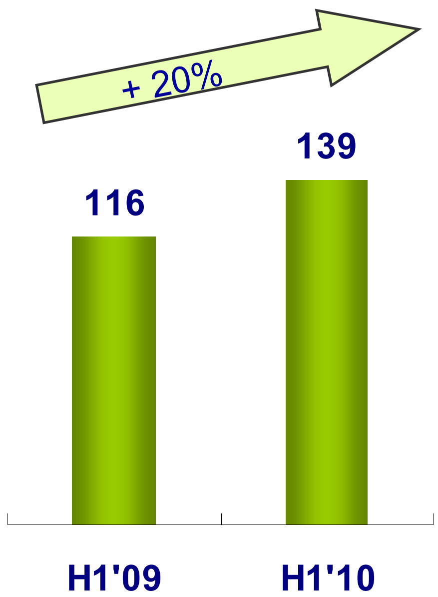


- Increased EBITDA contribution after achieving positive EBITDA in H2'09
- Gross and EBITDA margins also improved as business continued to benefit from scale
- Further content cost savings expected in H2'10

PCCW Solutions Gains from Buoyant ICT Sector in Both PRC and Hong Kong

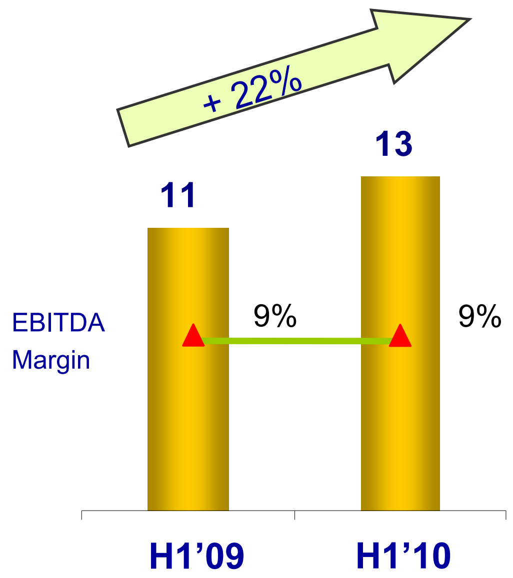
(US$ million)

PCCW Solutions Revenue



- Continued revenue growth due to market recovery and strong performance in PRC market

PCCW Solutions EBITDA

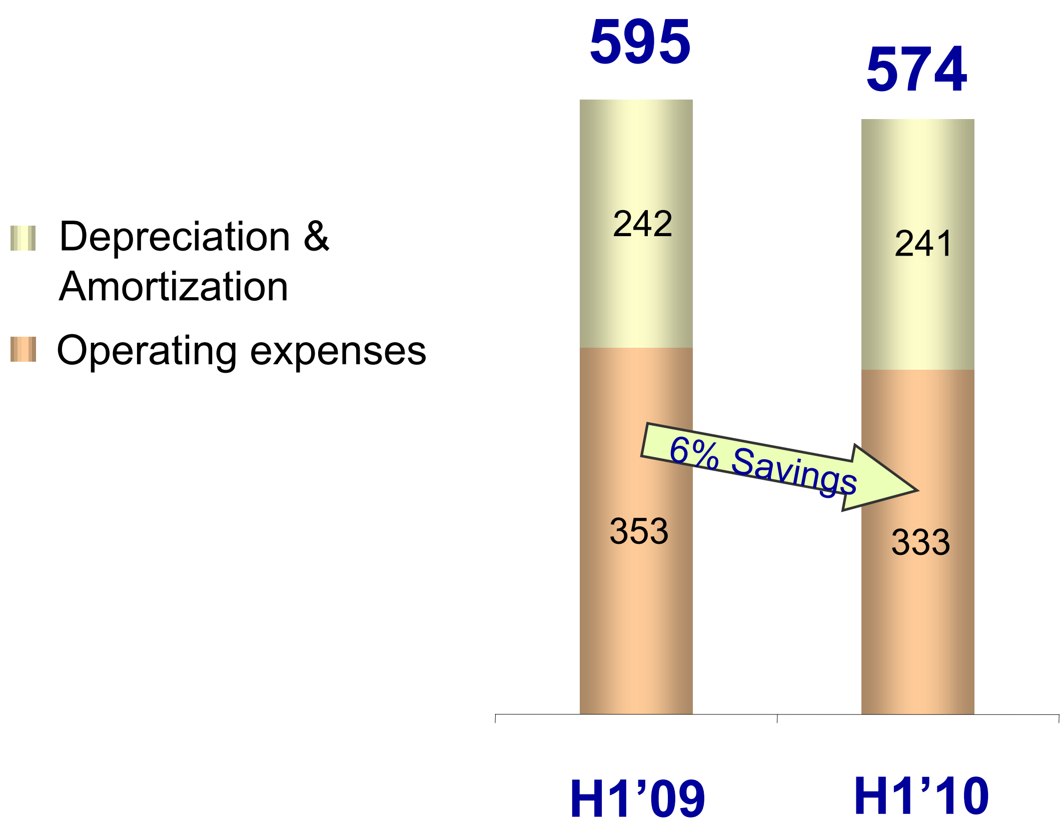


- EBITDA grew in step with revenue

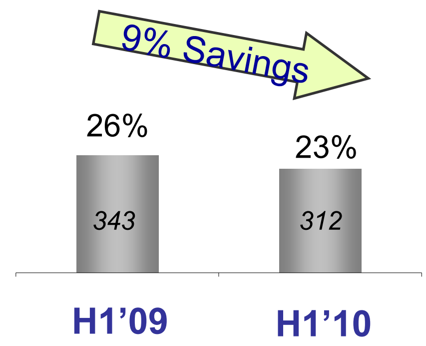
Prudent Cost Management

(US$ million)

General & Administrative Expenses



Core Opex to Revenue Ratio

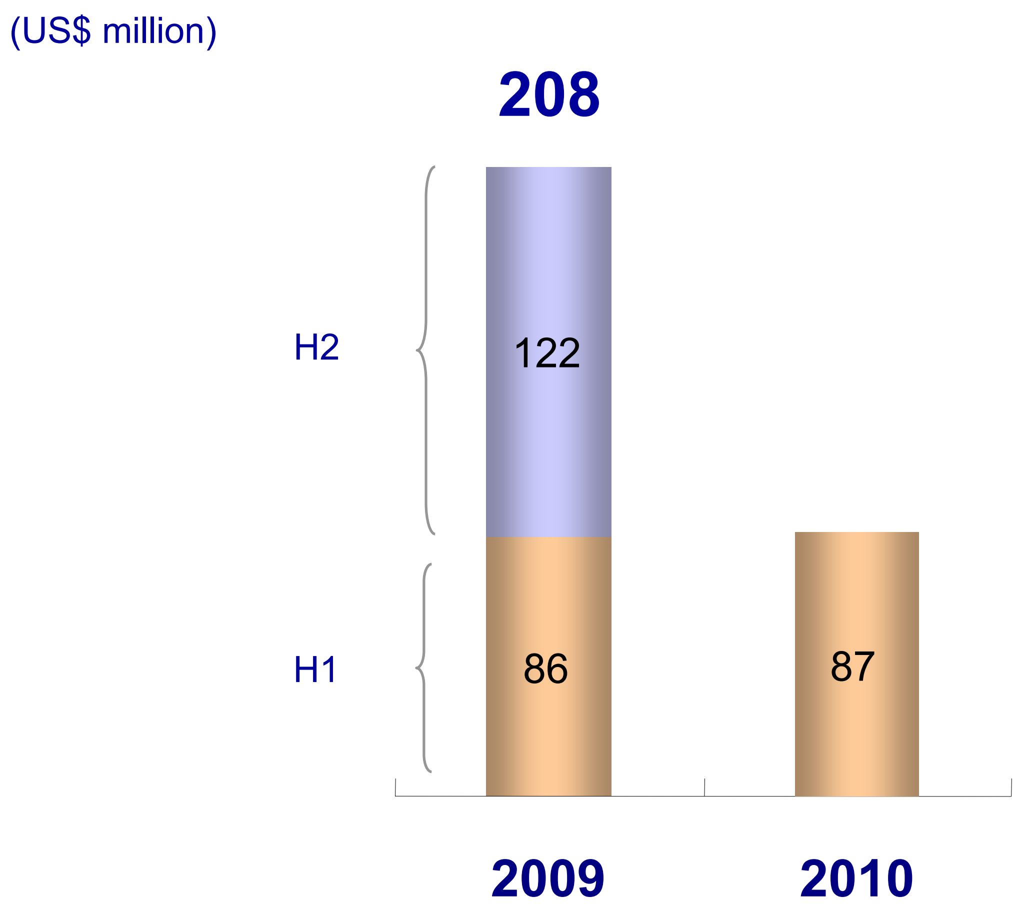


- Maintained a lean, yet strong cost base for efficient ongoing operations and future development

Group Performance

(US$ million)	H1'09	H1'10	
Revenue	**1,638**	**1,513**	
Cost of sales	(825)	(703)	
General and administrative expenses	(595)	(574)	
Net other gains/(losses) and restructuring costs	(2)	4	
Finance costs, net	**(94)**	**(102)**	Average cost of debt 4.1% (normalized)
Share of results of associates and JVs	(4)	(2)	
Profit before income tax	118	136	Effective tax rate maintained at 19%
Income tax	**(22)**	**(27)**	
Profit for the period	96	109	
Non-controlling interests	(12)	(11)	
Profit attributable to equity holders of the Company	**84**	**98**	+ 17%
EBITDA	**460**	**477**	

Demand-driven Capex (exclude PCPD)

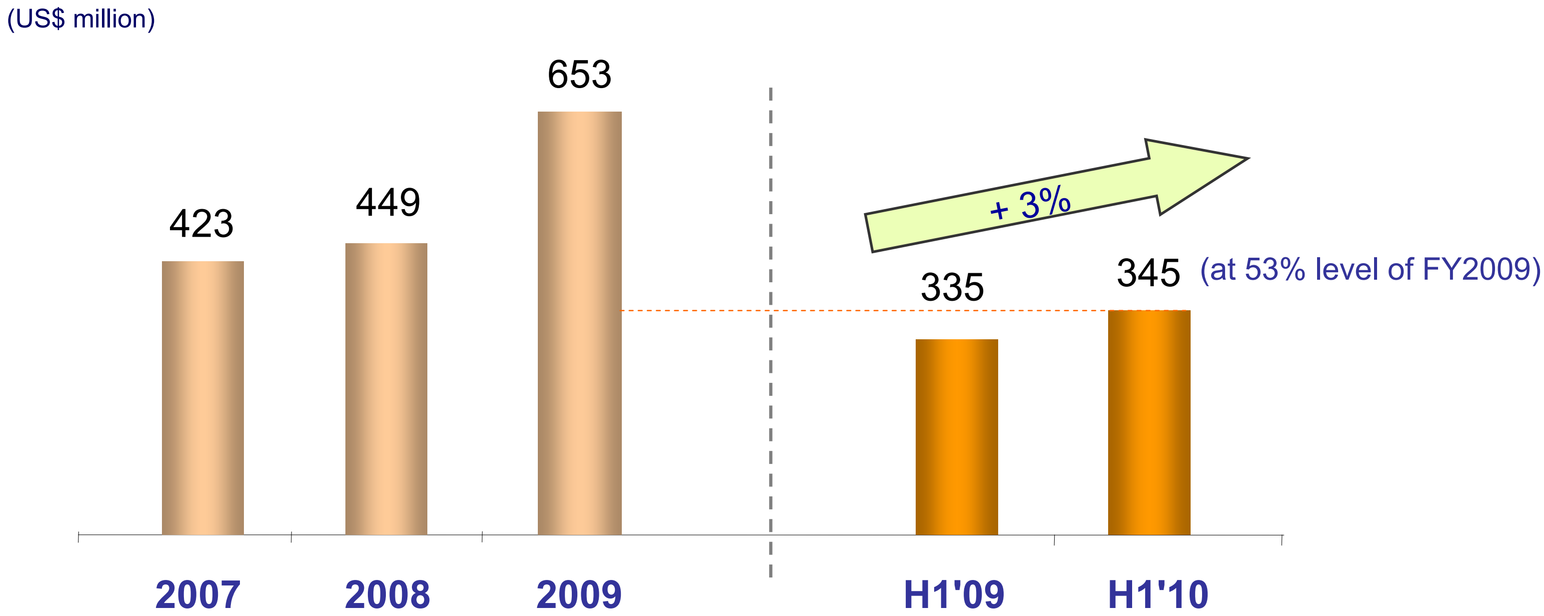


H1 Capex to Revenue Ratio: (Core Business) 6% 6%

- Capex to revenue ratio maintained within guidance
- Capex commensurate with new customer demand as infrastructure already in place

Strong & Steady Operating Cash Flow

Core Business Operating Cash Flow minus Capex*

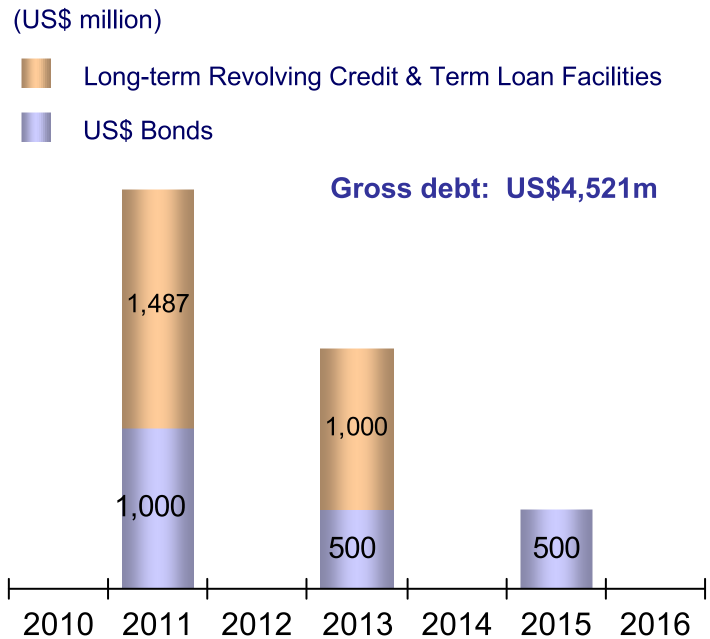


- Continued strong and steady operating cash flow from business recovery and prudent opex/capex management

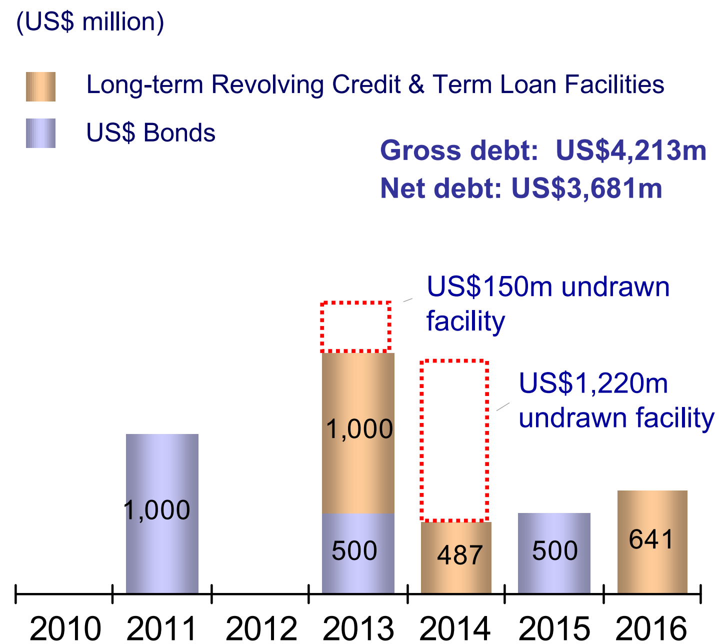
* Core Business EBITDA minus Core Business Capex

Improved Debt Profile

December 31, 2009



June 30, 2010



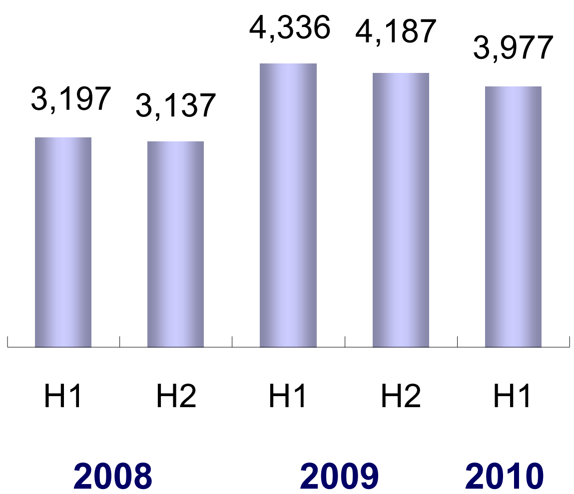
- Refinancing at lower interest rates
- Maturity profile extended from 2.9 years to 3.5 years
- Ample liquidity with US$1.37billion undrawn to meet foreseeable obligations and fund future growth

Continued Deleveraging

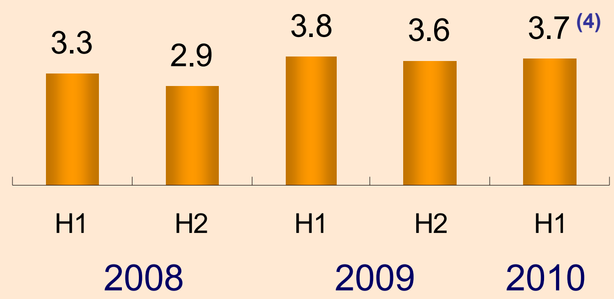
Core Business Net Debt (1)

(US$ million)

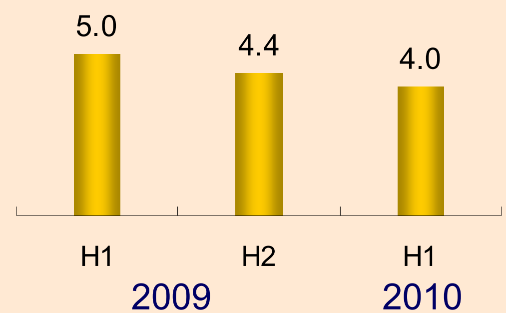
As of June 30, 2010



PCCW Group Net Debt(2)/EBITDA(3)



HKTGH Net Debt(2)/EBITDA(3)



(1) Net debt for the Group excludes PCPD

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

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

(4) Pro forma with distribution of available Cyberport project surplus cash

Business Review

Alex Arena

Group Managing Director

Quadplay Update

Fixed line

PCCW Fixed Line®

eye2

IPTV

now TV

Broadband

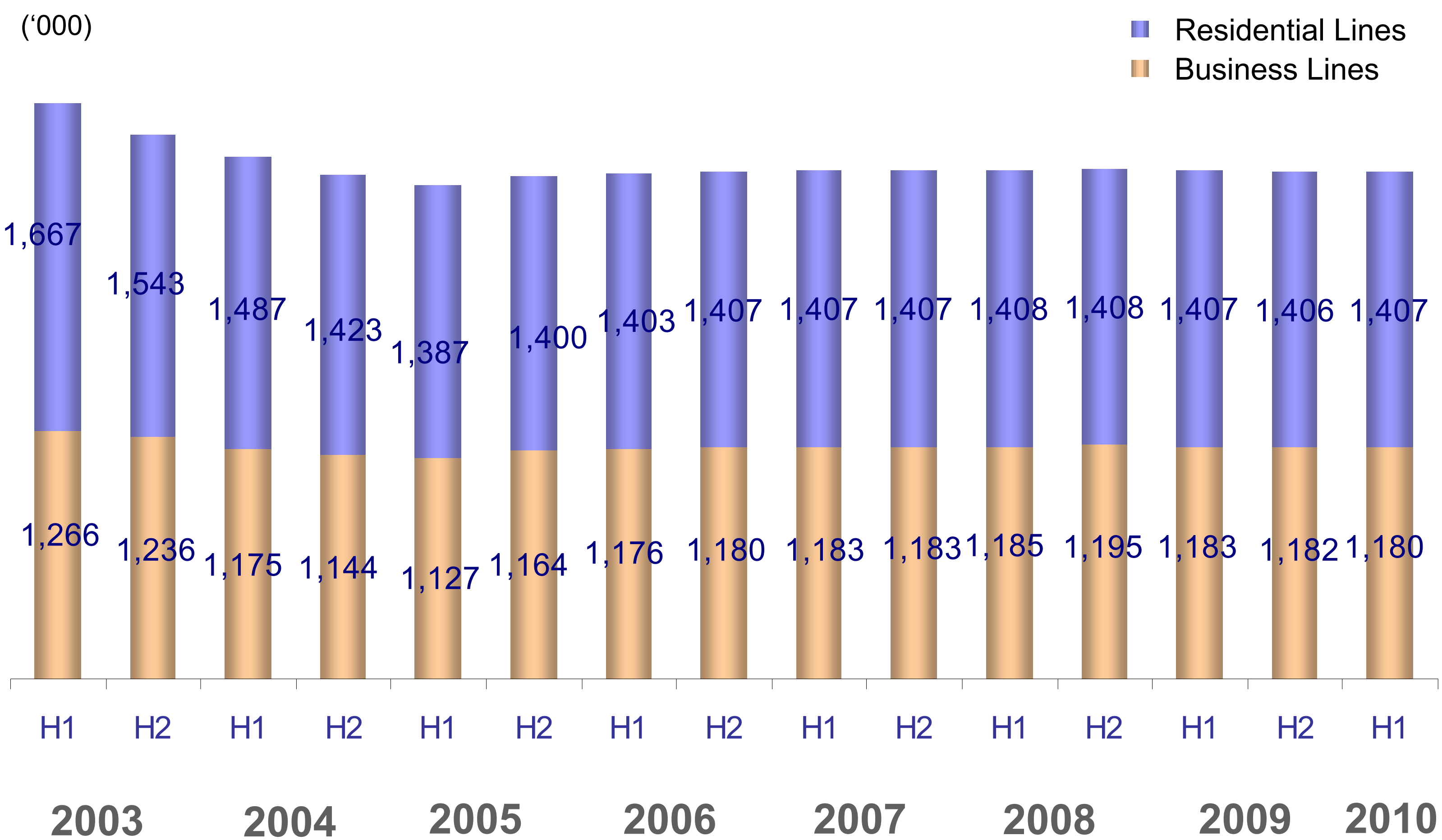
netvigator®

Mobile

PCCW mobile®

Stable Fixed-line Business

Solid Customer Base Maintained Since 2004



eye2 Service Acceleration as Fixed-line Replacement

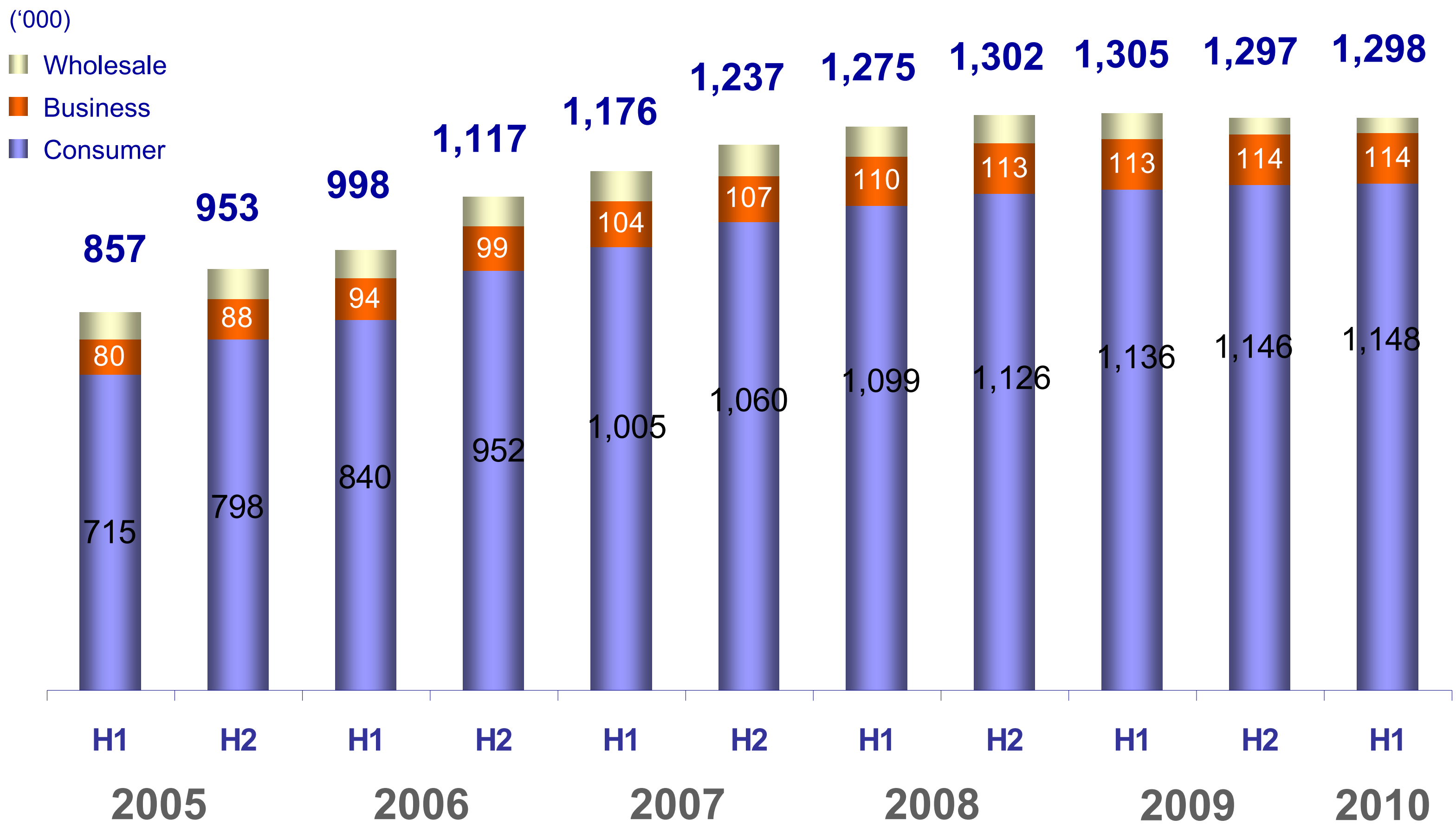
PCCW eye2

- eye2 is the standard fixed-line device for new line service
  - *Successful in transforming local voice telephony to a multimedia service and a key element in quadplay*
  - *Improving customer stickiness and facilitating ARPU uplift*
- Many loyal customers are now invited for upgrade to the newly launched 7-inch unit which provides a lower cost basis for eye2 service acceleration

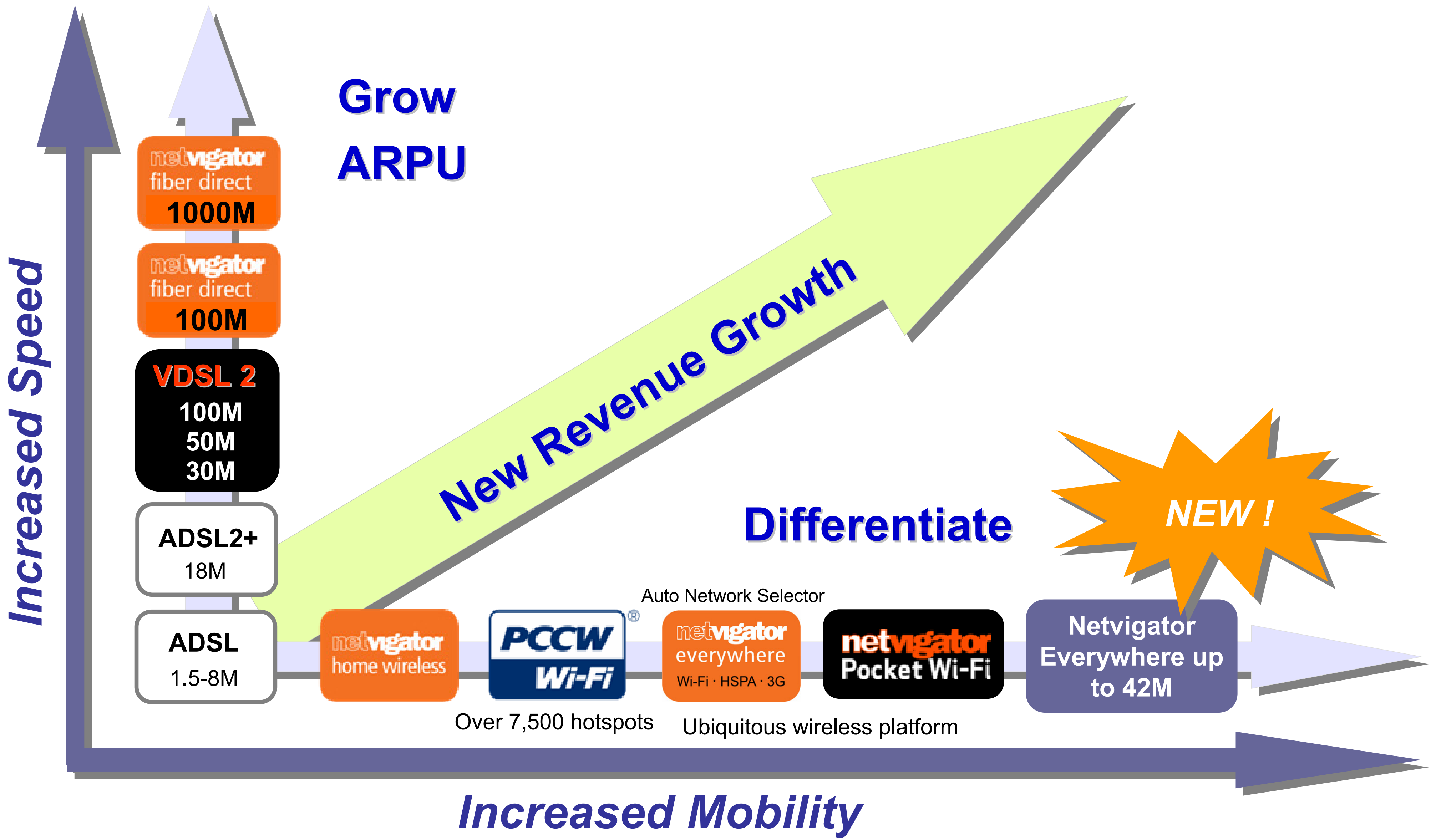
eye2

Market Leader in Broadband

- Broadband customer base continued to grow despite intense competition
- Netvigator customers are loyal to good quality services. Churn at around 1% while acquisition momentum sustained.

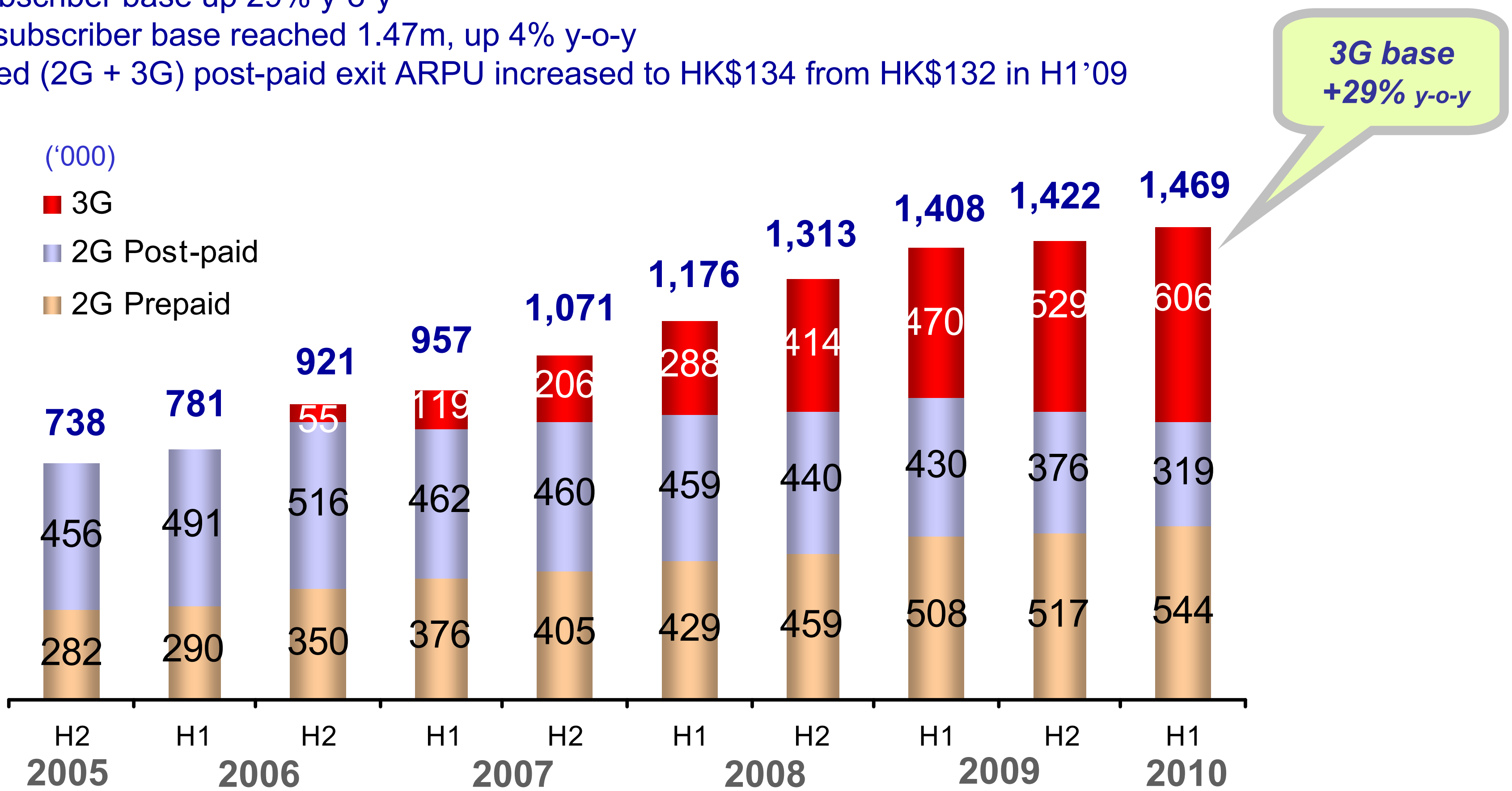


Fixed and Wireless Broadband Strategy



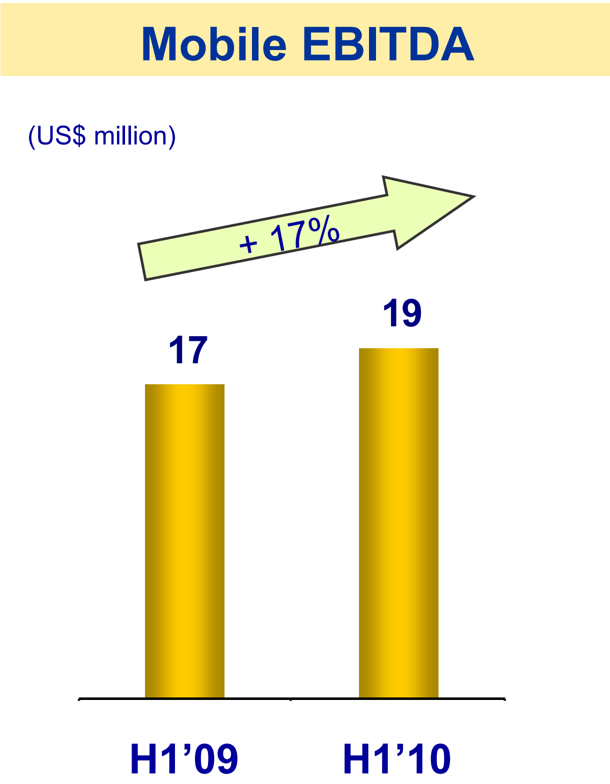
Continue Growing PCCW mobile Base

- 3G subscriber base up 29% y-o-y
- Total subscriber base reached 1.47m, up 4% y-o-y
- Blended (2G + 3G) post-paid exit ARPU increased to HK$134 from HK$132 in H1'09



Targeting High-end Customers to Enhance Profitability

Focus on Mobile EBITDA



Mobile EBITDA grew by 17%

Our Strategy:

- Focus on quality and high-end customer acquisition & retention while trading-off low-end 3G & 2G base
- Manage cost by focusing our resources on providing premium services to our valuable customers
- Tightly manage handset subsidy and put focus on SIM-only services

Recognized Data Network Services Leadership Today

PCCW High Speed Networks Dedicated to Smartphone Needs

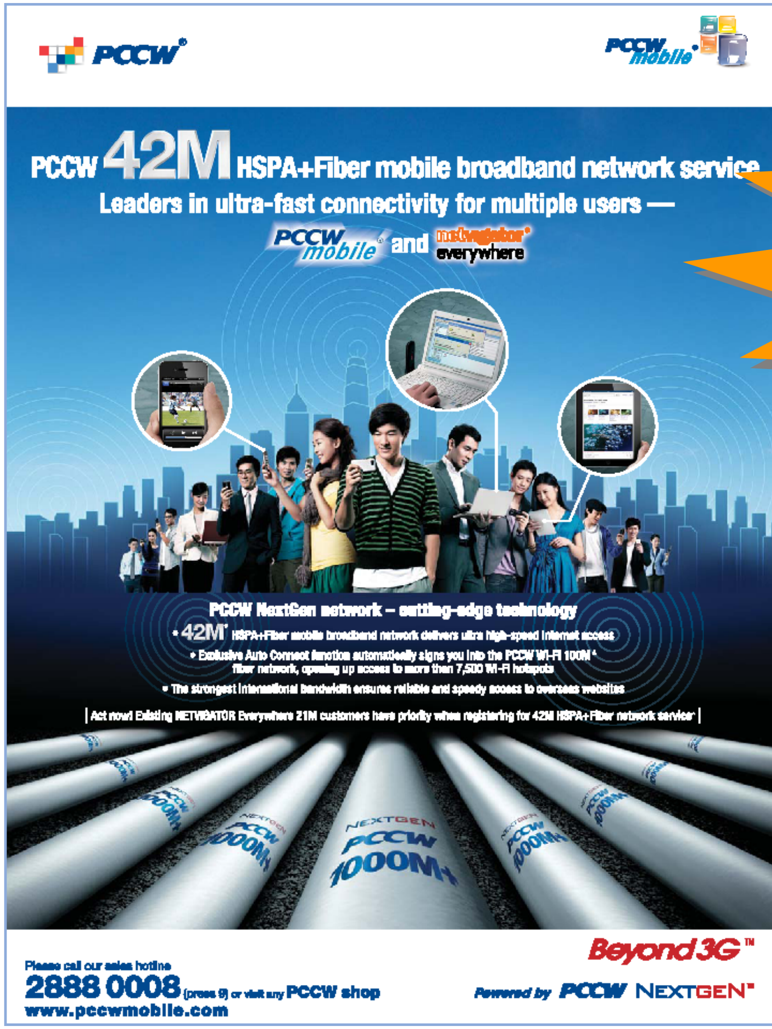
- Strongest HSPA+Fiber mobile network
- Unique PCCW Wi-Fi with over 7,500 hotspots
- Highest international bandwidth provisioning supported by PCCW Global

Best End-to-End Data Network Services Leading the Mobile Industry

Recently awarded
"Top Service Award 2010"
by Next Magazine

High Speed 42M HSPA+Fiber Mobile Network Ready

Faster Data Speed Further Enhancing Mobile Internet Experience



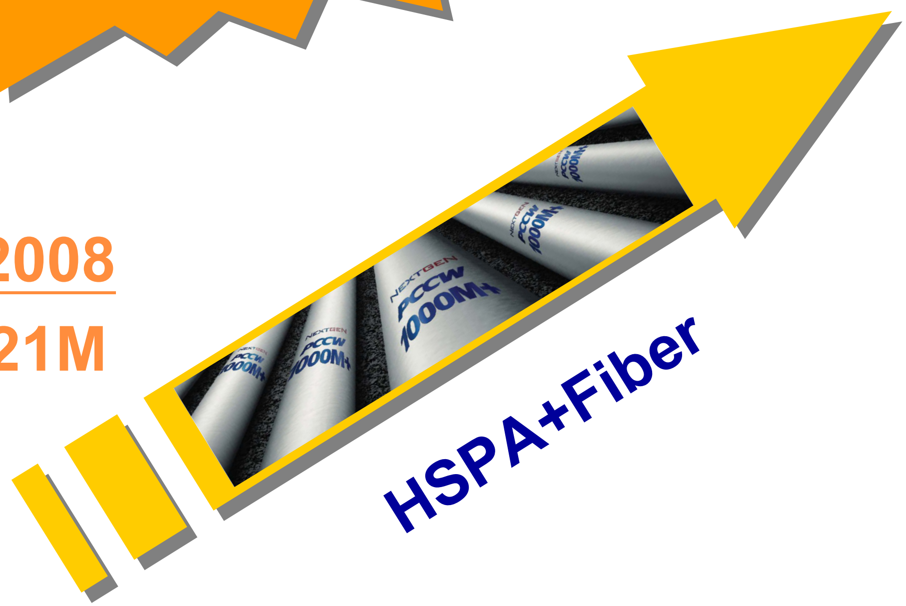
Leadership in high speed mobile technology

Today

42M

2008

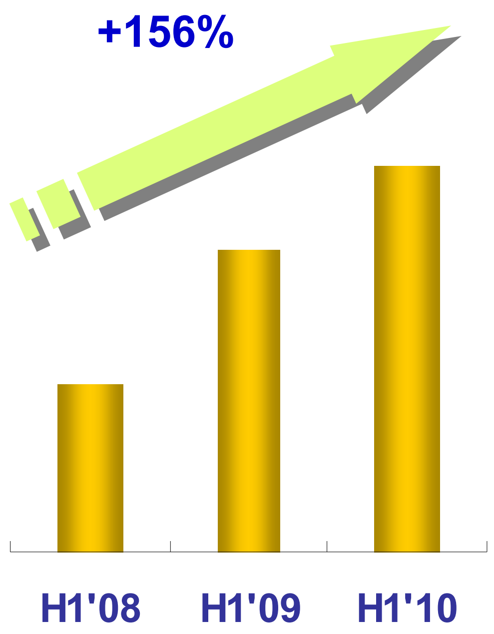
21M



Increasing Data Usage and Revenue

Growing 3G Data Revenue Accounting for 45% Service Revenue

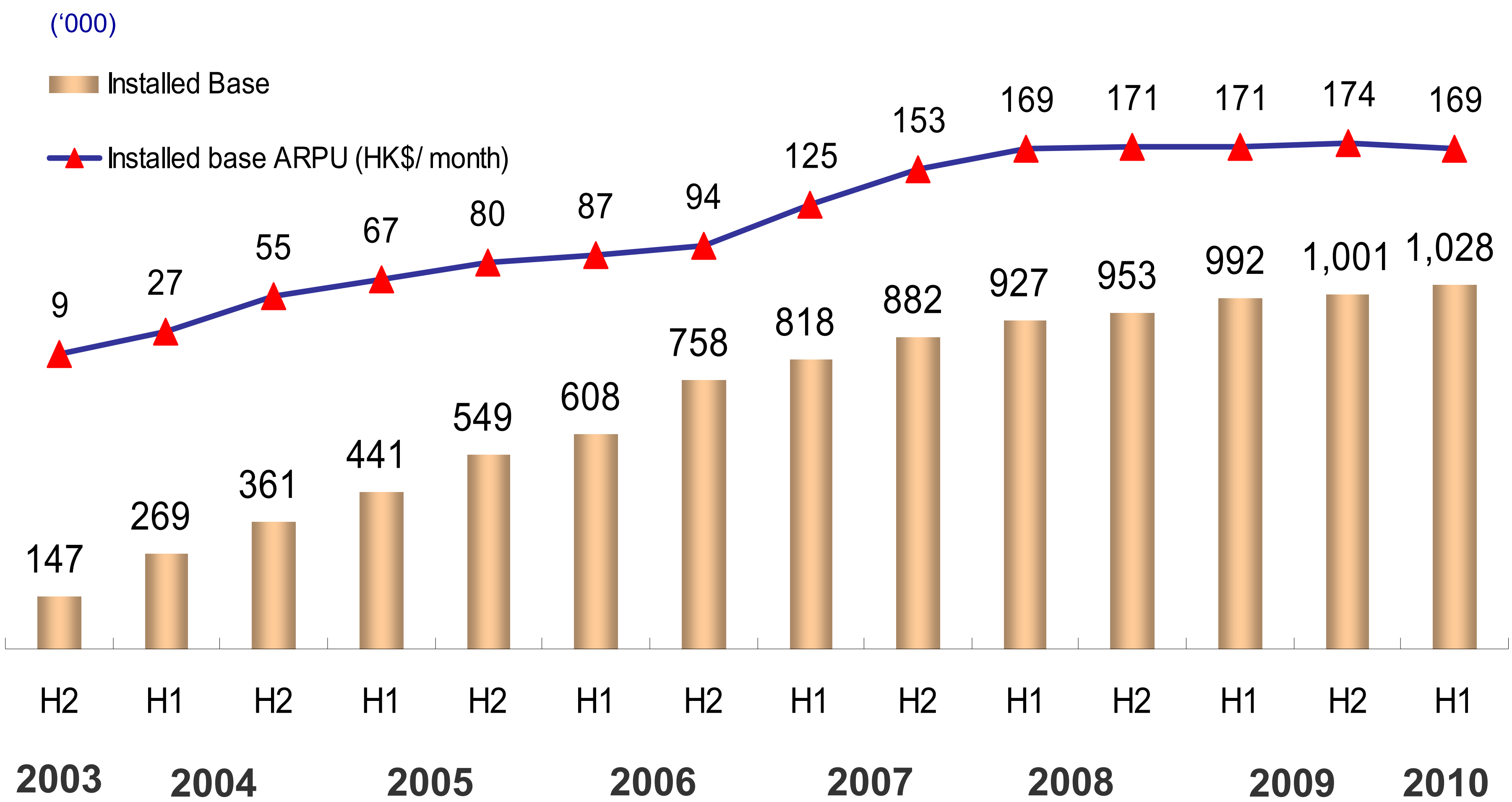
3G Data Revenue



- >80% of our new handset-plan subscribers are Smartphone users
- Leadership in wireless broadband service continues to fuel growth of mobile data usage and revenue
- Strong growth for data roaming revenue contributing 23% y-o-y increase in total roaming revenue
- 3G data revenue in H1'10 grew by 156% since smartphone & data-focused strategy launched in H1'08

now TV Growing a Profitable Business

Steady now TV Growth Momentum



PCCW

The Widest Selection of Football Line-Up

Largest Number of Leagues

with **OVER 1000** world-class live football matches a year !

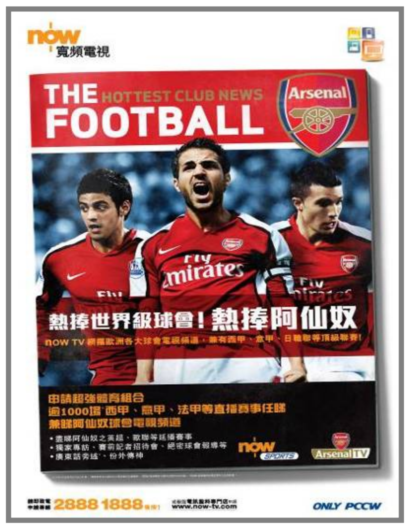
From Spain, Italy, England, France, Holland, Japan, USA, Scotland & more

Exclusive Football Club Proposition

- **Localized Club Channel Experience appeal to Mass Fan Base** - Top clubs including Manchester United, Liverpool, Chelsea, Arsenal, Manchester City, Barcelona, Real Madrid & Bayern Munich.* **Cantonese language club content.**

- **Customer Offering** - Full coverage of recorded **Premier League & UEFA Champions League** matches of key football clubs and exclusive club channel content such as pre-season friendlies, players' interviews, news features and match day build-up etc.

MUTV We are United | CHELSEA TV | LFC TV | Arsenal TV | Barca TV | Realmadrid TV | FCB.tv

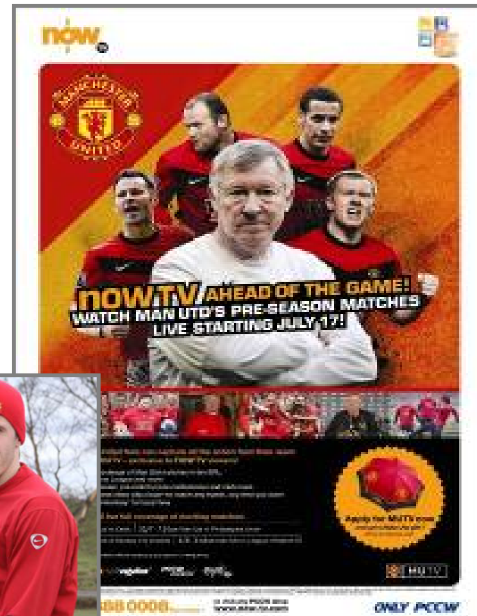


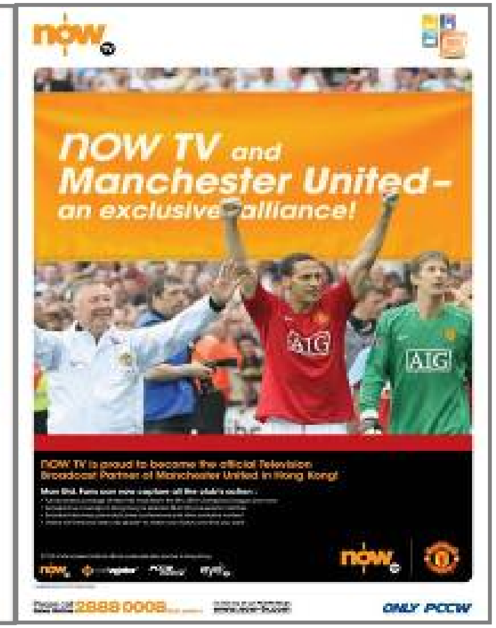
** Chelsea, Liverpool and Manchester City Club Channels available on Goal TV*

Exclusive Strategic Alliance with Manchester United

- **Exclusive strategic alliance with Manchester United** - World's most popular football club as its **Official Broadcast Partner** and **Official Integrated Telecommunications Partner** in Hong Kong.

- **Exclusive TV, Quad-play and New Media Service Offering** - exclusive broadcasting rights of MUTV, MUTV Online and MU Mobile contents across now TV, now.com.hk, PCCW mobile and PCCW eye.





Widest & Most Comprehensive Spectrum of Variety Sports

- **Unrivalled line-up of General Sports** – Tennis grand slams & tours, World Snooker Tour, World Athletics Championships, World Volleyball Championships, Badminton World Championship & tours and golf majors & tours etc.

Key International Sports Content

Key Asian Sports Content

Key Golf Content

Strongest General Entertainment Content Proposition

Over 180 channels, VOD, and Network PVR Services…..

Strongest Movie

Strongest TV Series

Strongest Kids

New Music Proposition

1st in HK

New

moov 演唱會・MV台

1st and largest concert hub in HK with **over 100 Concerts-on-demand** including exclusive MOOV Live concerts and **over 1000 MVs** per year !

PCCW

now TV Transformation & Growth

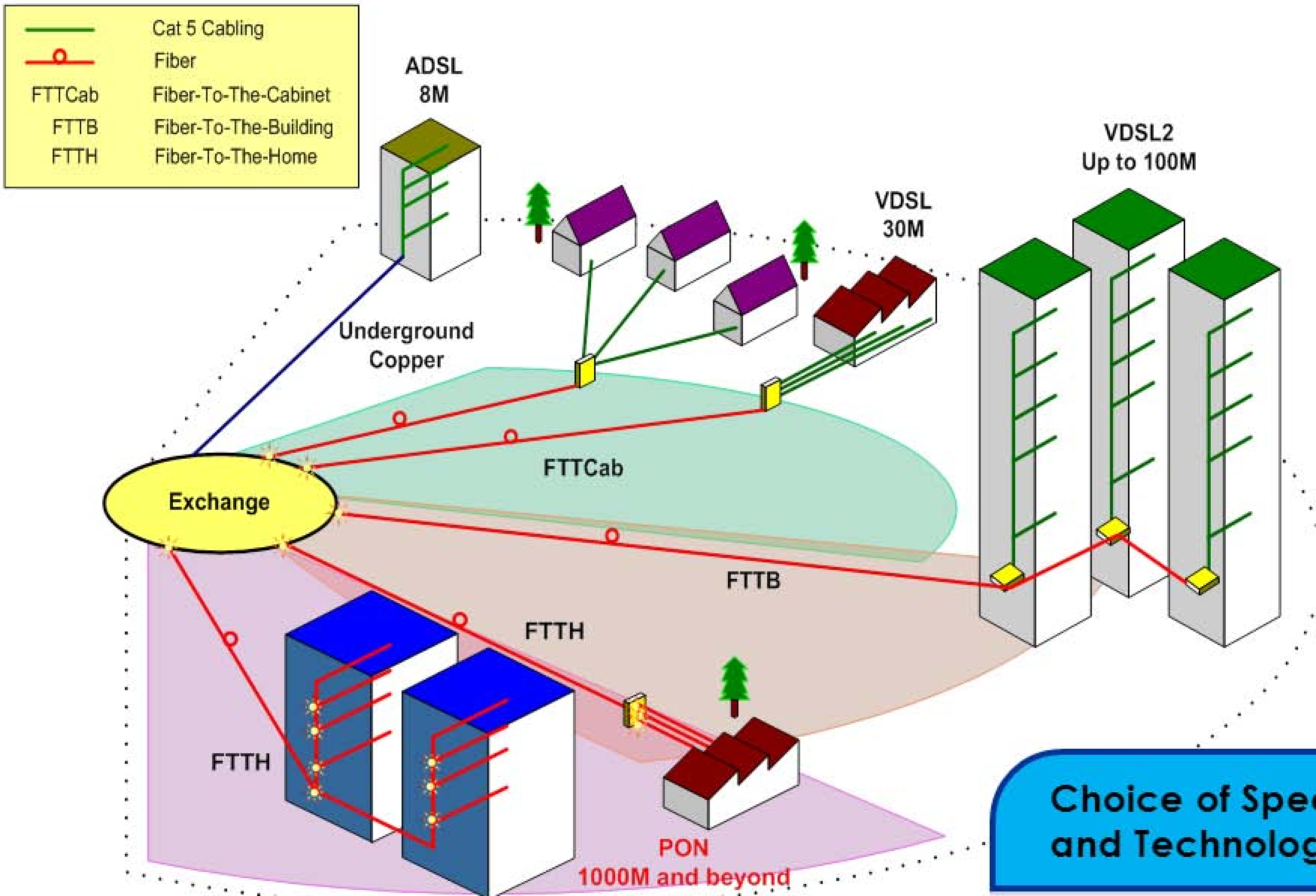
Using Technology to Meet Customer Needs

Ultimate Broadband Experience

Consumers are looking for:

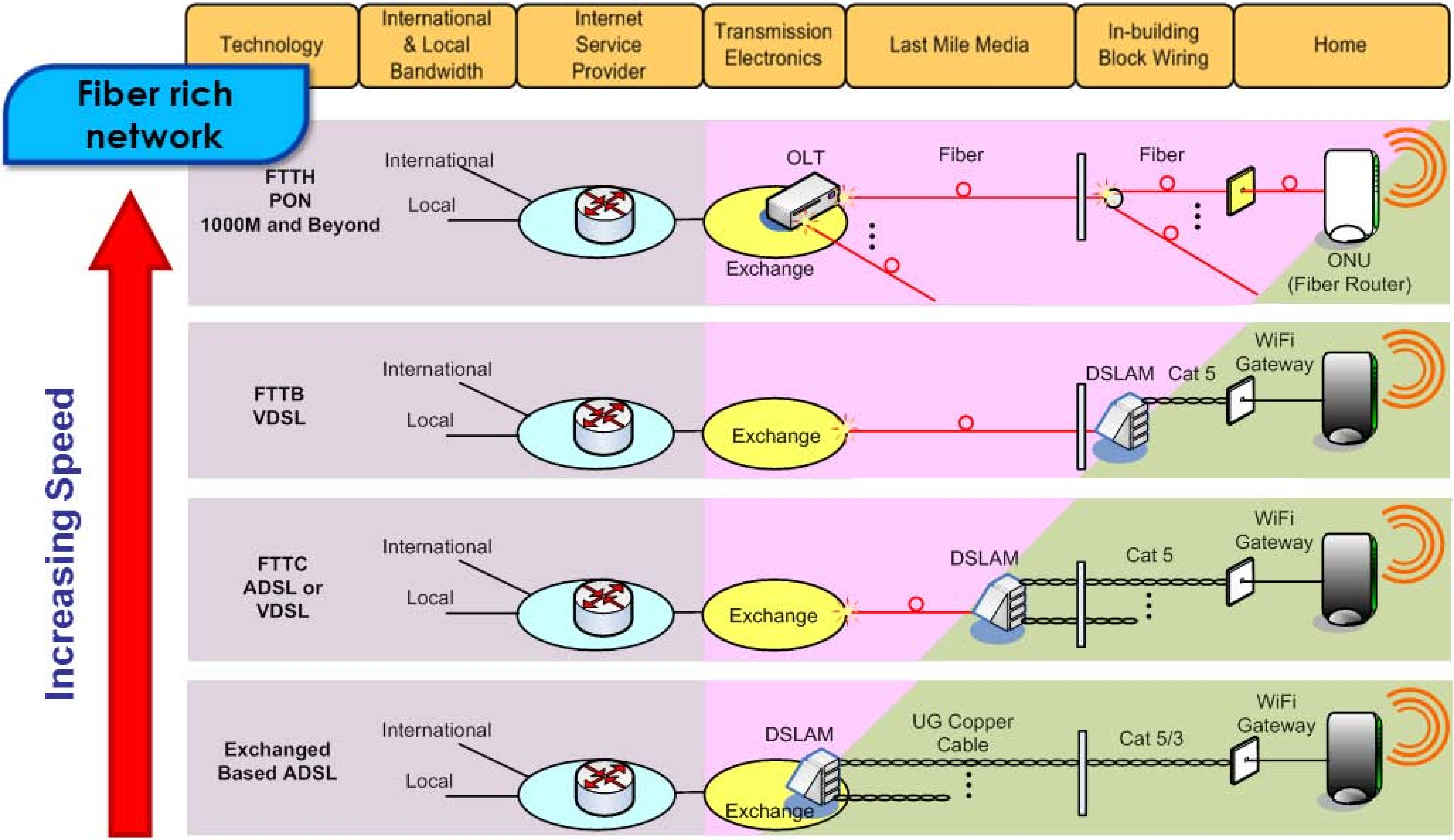
- A choice of speed
- Mobility, broadband anywhere you want it
- Fast access to overseas sites
- Ease of connection via different kinds of devices
- Excellent customer service

Our Fixed Broadband Evolution



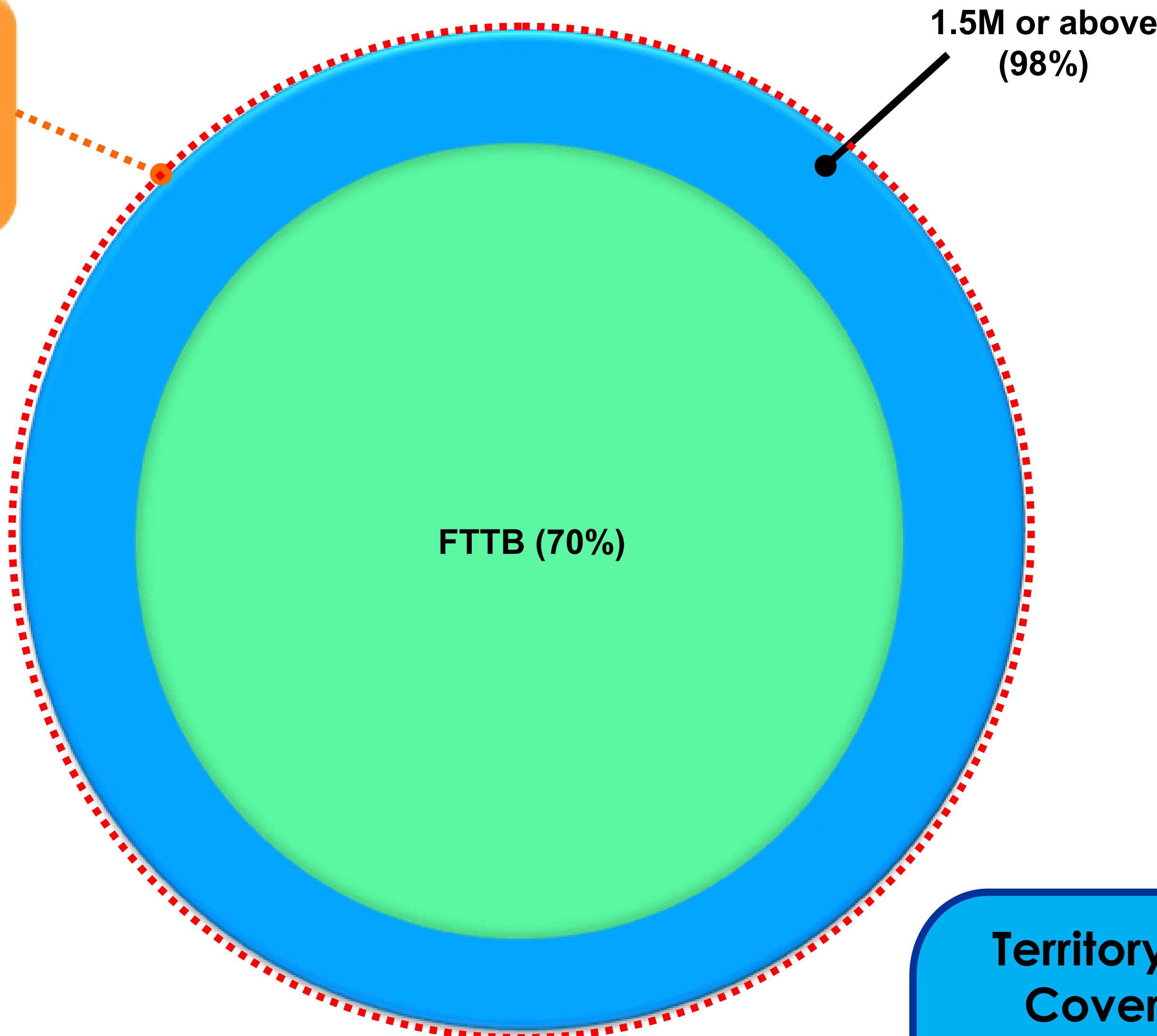
Choice of Speed and Technology!

Fiber Access Evolution



Fixed Broadband Coverage

Continue to grow - subject to actual customer demand



Territory-wide Coverage!

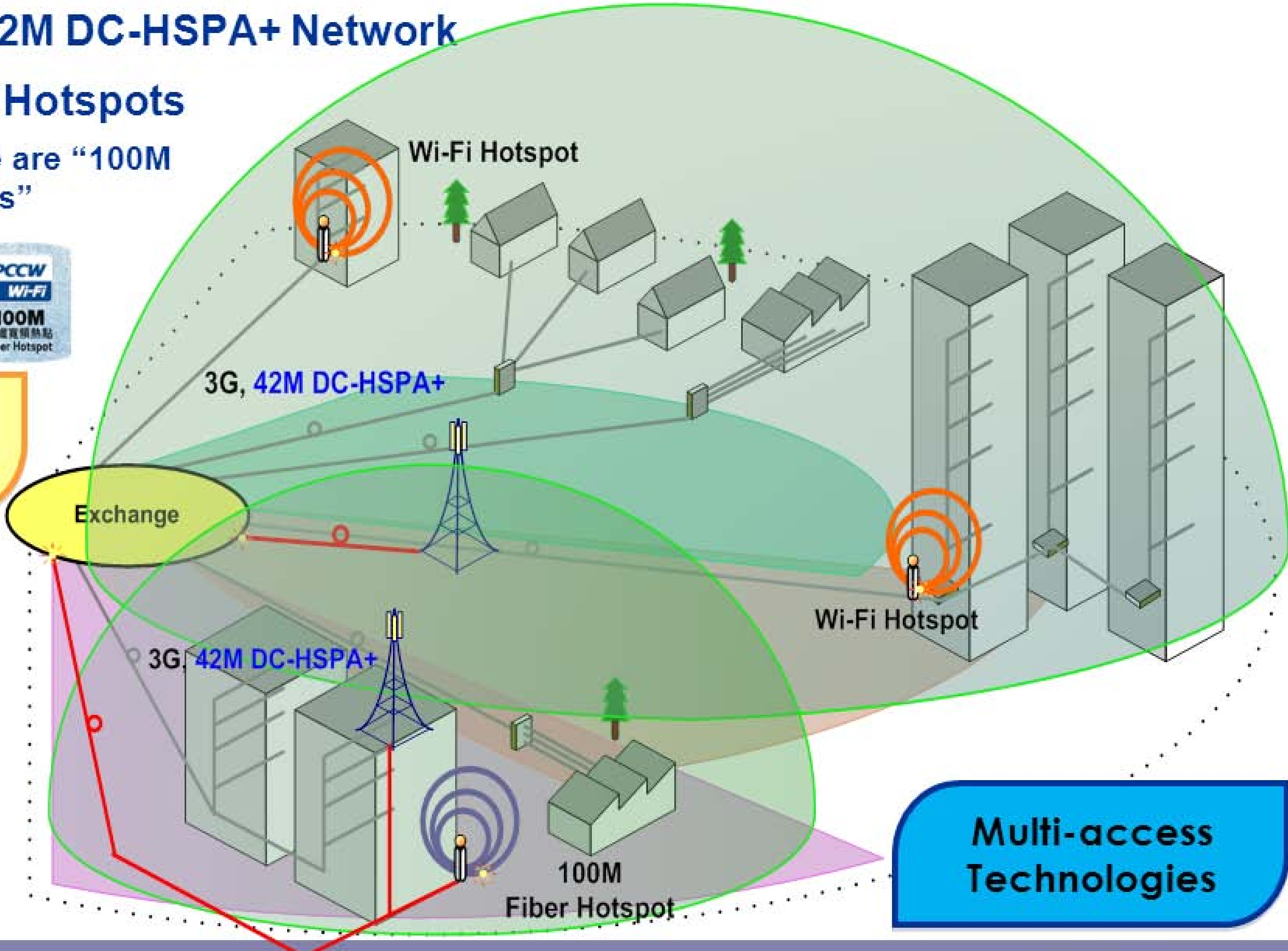
Ubiquitous Broadband Achieved by Integrating Fixed and Mobile Broadband

- Mobility 3G 42M DC-HSPA+ Network
- > 7,500 Wi-Fi Hotspots
  - 1,000 of these are "100M Fiber Hotspots"

netvigator® everywhere

PCCW Wi-Fi 100M Fiber Hotspot

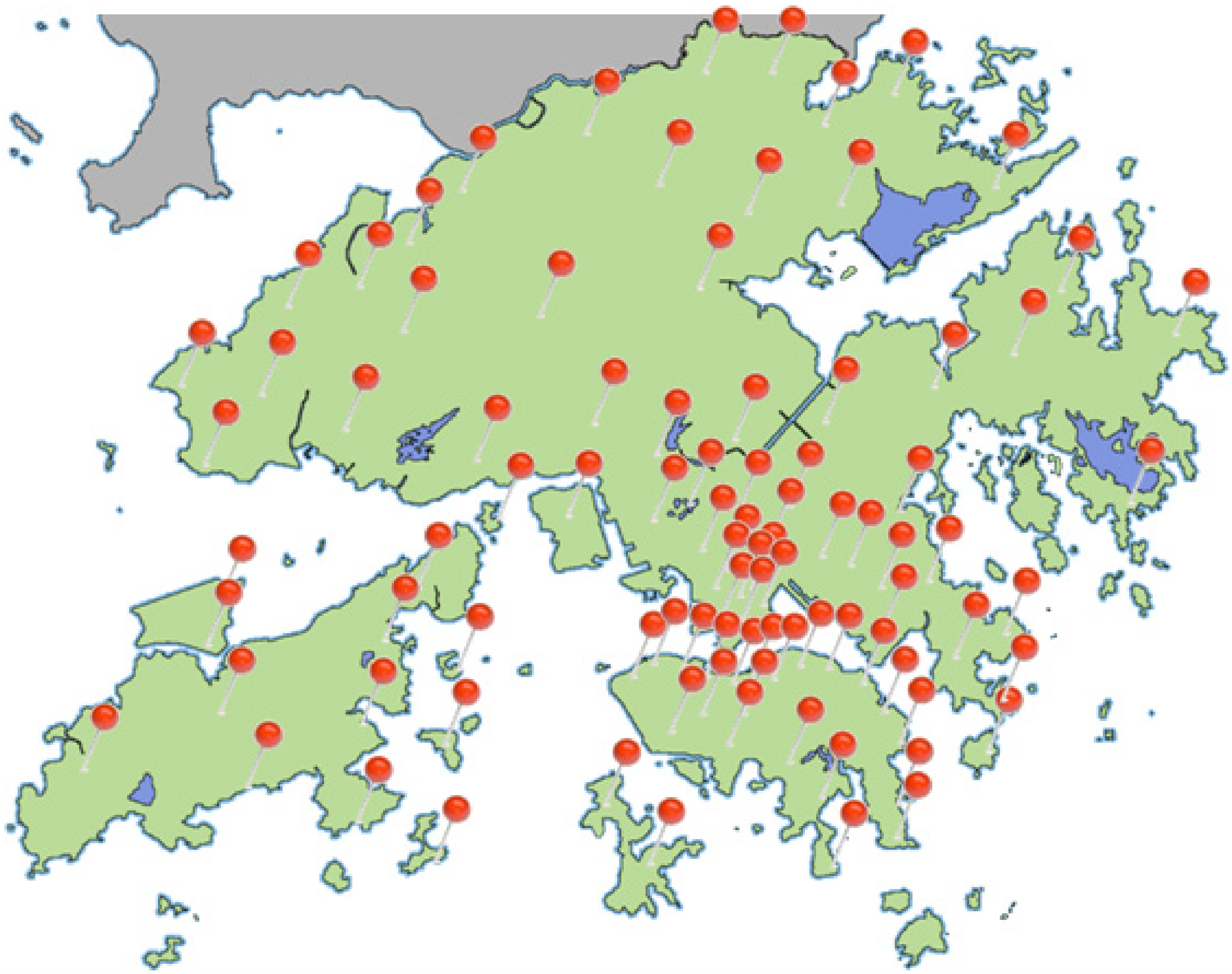
Broadband Everywhere!



Multi-access Technologies

High Network Availability

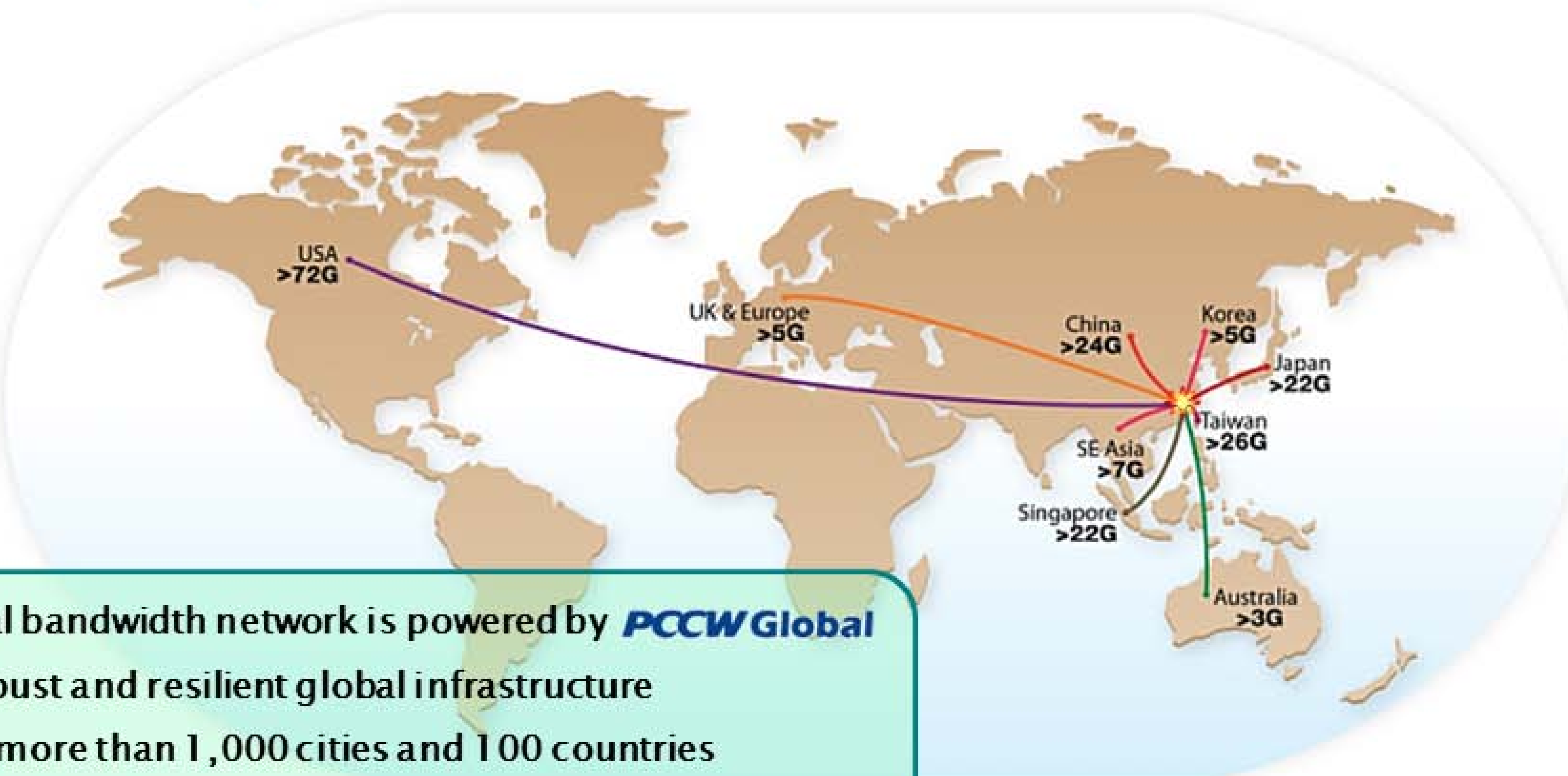
- 93 exchanges covering urban and rural areas
- Shortest transmission path to reach customers
- Facilitates provisioning
- Redundancy gives higher network reliability



Broadband Beyond Hong Kong

- **60% traffic goes beyond Hong Kong**
- **Reliable international bandwidth is critical**

netvigator® - Strongest International Bandwidth Network



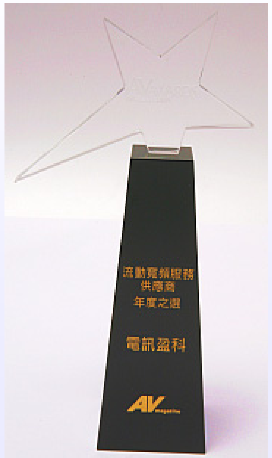
International bandwidth network is powered by **PCCW Global**

- Highly robust and resilient global infrastructure
- Reaching more than 1,000 cities and 100 countries
- PCCW Global is a business unit under PCCW

Excellent Customer Services

The Best of The Best Awards

AV Awards



Sing Tao Excellent Services Award

HK Service Awards (5 Yrs)

Top Service Awards (12 Yrs)

Best of IT Awards

E-brand Awards

Touch Brand

Yahoo! Emotive Brand Awards

Mingpao e-trend Award

Netvigator Offers Ultimate Broadband Experience

	Netvigator
A choice of speed	1.5M-1000M via mix of technologies: ADSL, ADSL2+, VDSL, VDSL2 & PON 98% coverage
Mobility, broadband anywhere you want it	Over 7,500 Wi-Fi Hotspots, up to 100M 3G, HSPA, HSPA+, DC-HSPA+ Supported by Fiber-to-the-Cellsite
Fast access to overseas sites	186G Reaching more than 1,000 cities and 100 countries
Ease of connection via different kinds of devices	Ethernet, Wi-Fi, 3G, DC-HSPA+
Excellent customer service	The Best of The Best Awards; AV Awards; Top Service Awards (12 Yrs); HK Service Awards (5 Yrs); Sing Tao Excellent Services Award