



2011 Annual Results

For the year ended December 31, 2011

February 27, 2012 – Hong Kong



HKT - a PCCW Group member



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 HKT'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 HKT about the business, the industry and the markets in which HKT operates. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond HKT'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

2011 AFF Beats Forecasts

(US\$ million)	<u>2010</u>	<u>2011</u>	% change	<u>Forecast*</u> <u>2011</u>
<i>Adjusted Funds Flow</i>	259	306	+ 18%	302
<i>Annual Adjusted Funds Flow</i>				
<i>Per Share Stapled Unit</i>				
<i>(HK cents)</i>	<i>n/a</i>	37.20		36.72

**** A Final Distribution of 3.36 HK cents per Share Stapled Unit is recommended,
Subject to Approval of Unitholders**

* Forecasts as stipulated in the global offering prospectus

** 2011 Final Distribution is calculated based on the Annual AFF of US\$306m in 2011, multiplied by the number of listing days in 2011 (i.e. 33 days) and divided by the number of calendar days in 2011 (i.e. 365 days).

Financial Review

Susanna Hui

Group Chief Financial Officer

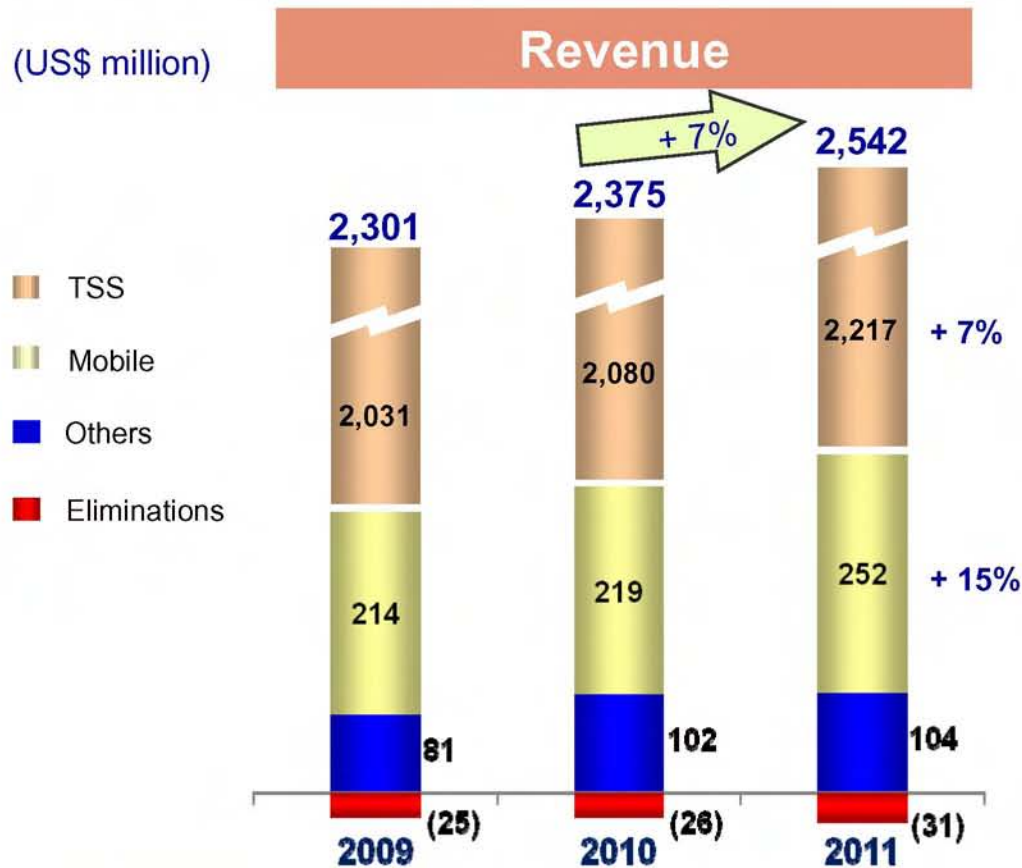
Delivering Strong Financial Performance

(US\$ million)	<u>2010</u>	<u>2011</u>	% change	<u>Forecast*</u> <u>2011</u>
<i>Adjusted Funds Flow</i>	259	306	+ 18%	302
<i>Revenue</i>	2,375	2,542	+ 7%	
<i>EBITDA</i>	929	950	+ 2%	947
<i>Profit</i> <i>Attributable to Holders of</i> <i>Share Stapled Units</i>	119	157	+ 32%	120

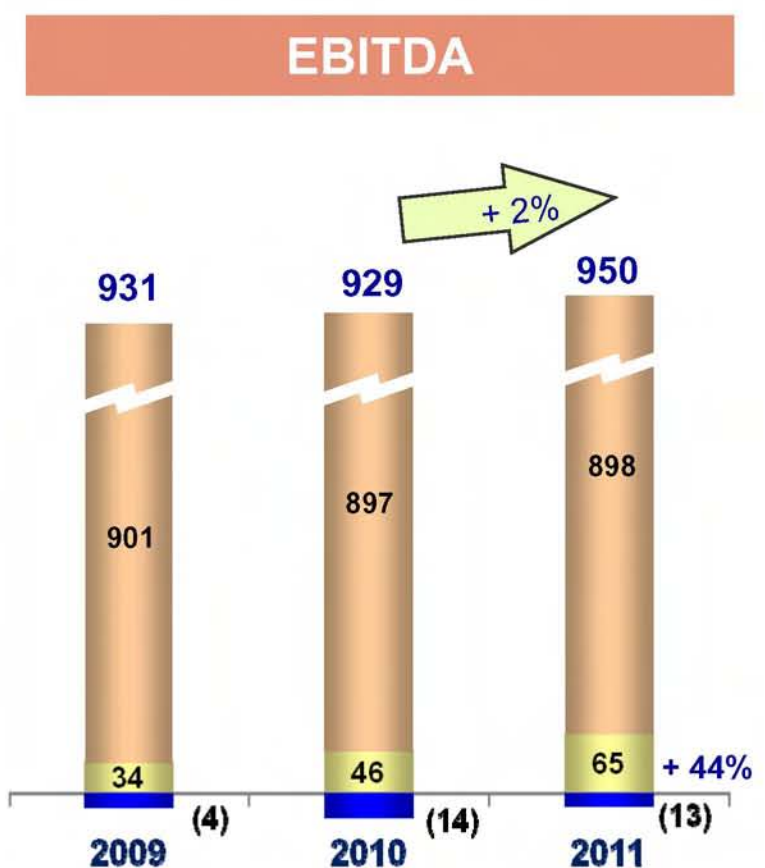
* Forecasts as stipulated in the global offering prospectus

Growth Underpinned by Successful Business Strategy

(US\$ million)



- Mobile revenue made up 10% of total HKT revenue
- Mobile revenue growth alone accounted for 20% of total uplift (7% in 2010)

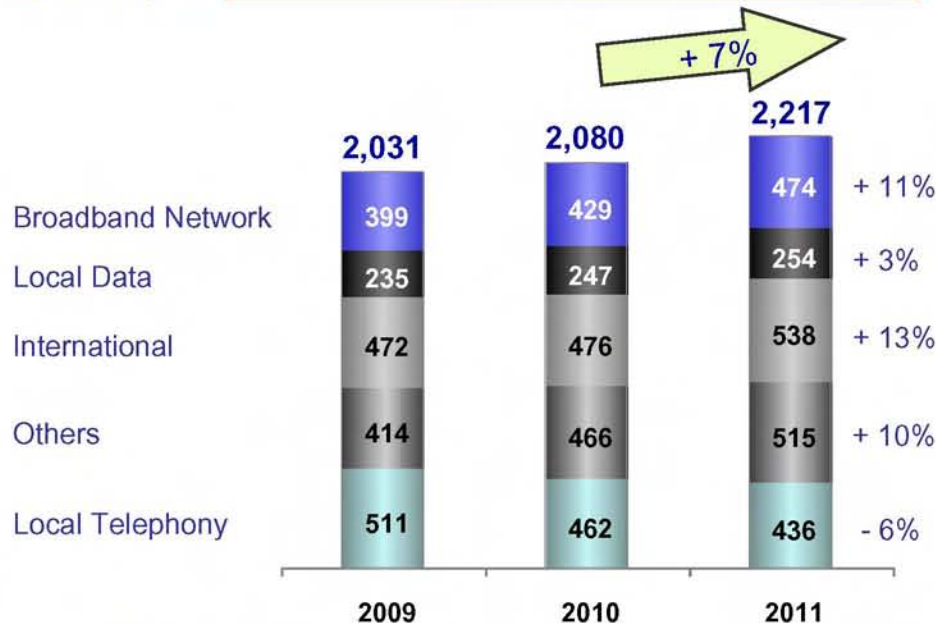


- Mobile represented 7% of total EBITDA, its growth contributing substantially to HKT's EBITDA growth

TSS Transformation Drives Revenue and Stabilizes EBITDA

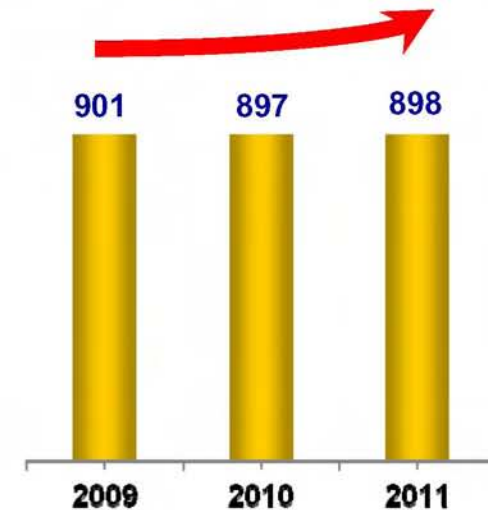
(US\$ million)

TSS Revenue



- Significant 11% growth in Broadband with aggressive rollout of fiber service
- Continued steady growth momentum in local data
- International growth driven by increased connectivity demand from business and wholesale carriers worldwide, especially from the emerging markets
- CPE sales and telecom projects benefitted from a relatively benign local economy
- LTS showed improvement in H2 over H1, putting a brake on the 3-year declining trend

TSS EBITDA

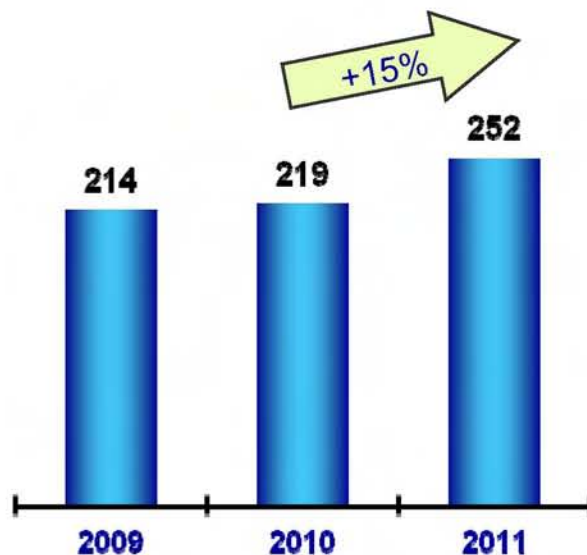


- EBITDA stabilized in 2011, providing a strong and steady cash flow
- EBITDA is poised to grow as HKT continues its focus on data revenues to offset the decline in traditional voice revenues

Mobile is the Key Growth Driver

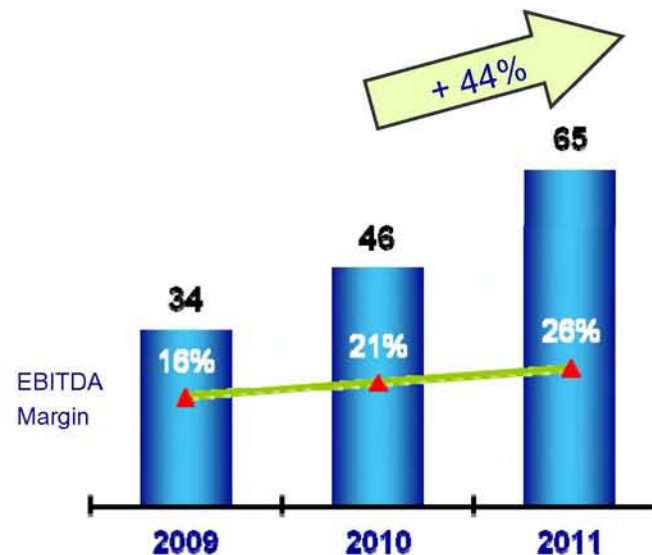
(US\$ million)

Mobile Revenue



- Total revenue surged by 15%
- Service revenue recorded an even higher 17% growth – with data revenue jumping 69% (ARPU 29% higher at HK\$184) on an enlarged base of quality 3G subscribers

Mobile EBITDA

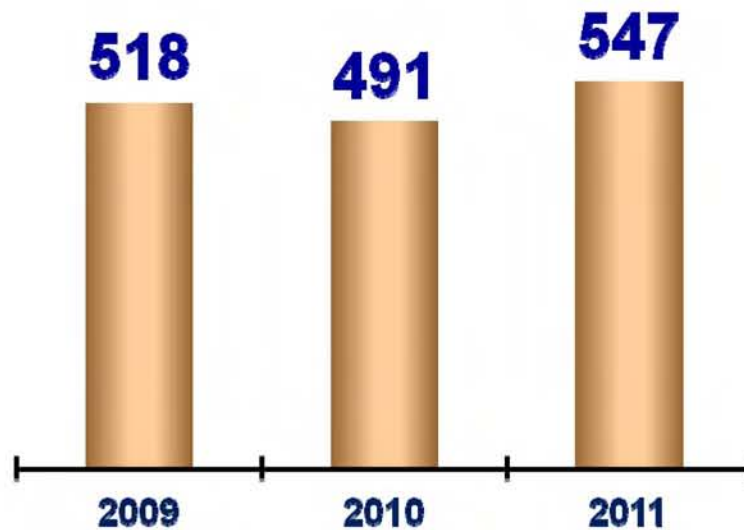


- EBITDA margin strengthened to 26% due to our unique cost advantages and operating efficiencies on our integrated fixed-mobile network

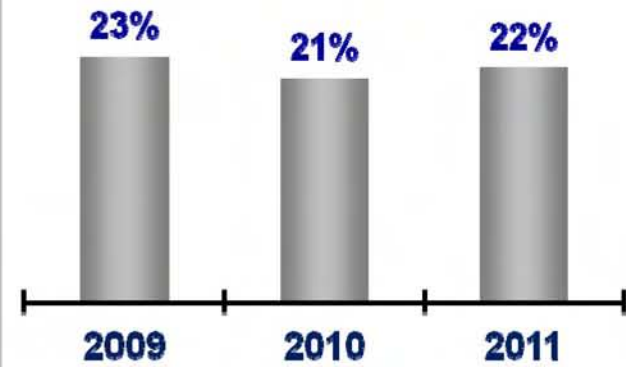
Opex to Support Revenue Growth

(US\$ million)

Operating Expenses



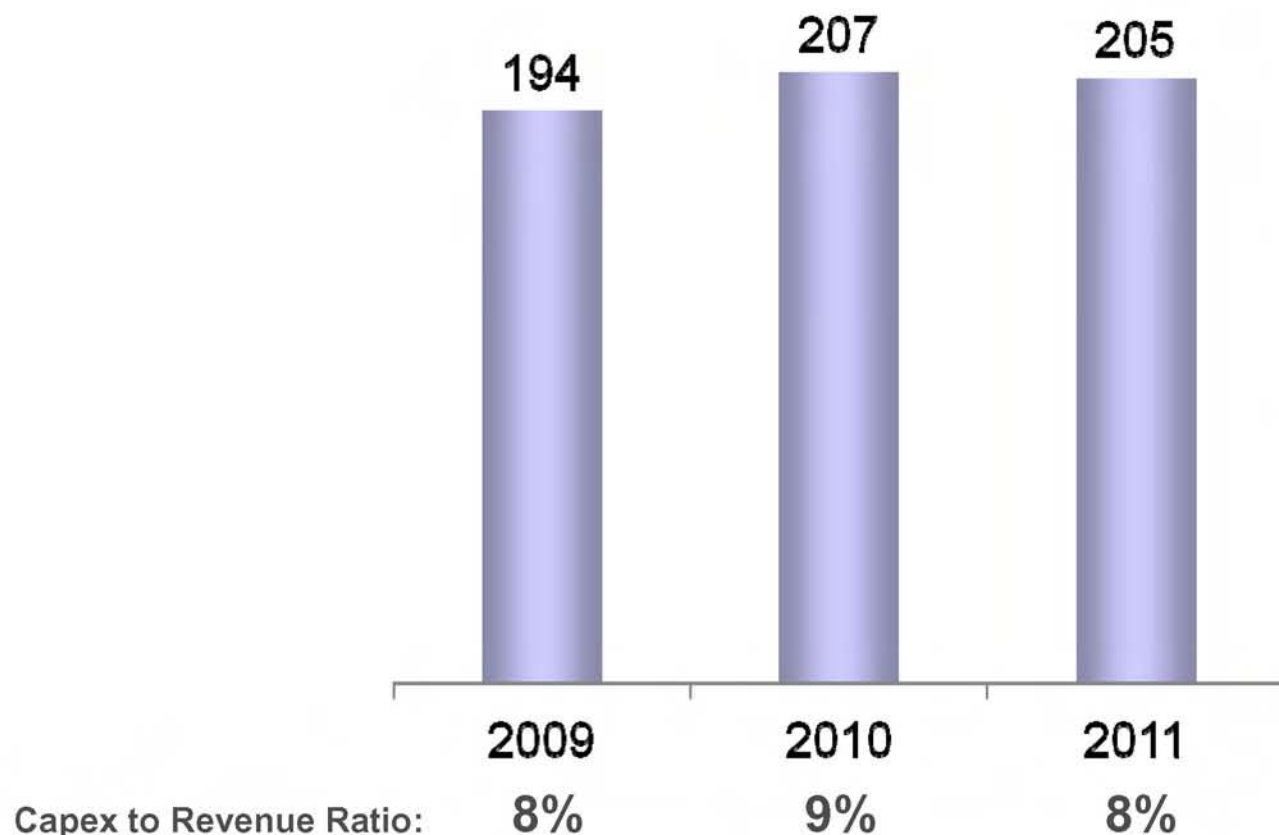
Opex to Revenue Ratio



- Non-recurring P&P expenses for new services and corporate branding
- Higher staff cost for increased headcount and quality staff to support improved service for higher quality customers
- Expect to harvest on our new initiatives with greater cost efficiencies achieved

Disciplined Demand-driven Capex

(US\$ million)



- Capex to revenue ratio guidance is below 10%
- 2011 ratio of 8% stayed well within guidance
- Capex mostly demand-driven, focusing on mobile and fiber broadband networks which generate higher ARPU and returns

Adjusted Funds Flow

(US\$ million)	Actual 2010	Actual 2011	Forecast 2011
EBITDA	929	950	947
Less cash outflows in respect of:			
Customer acquisition costs and licence fees	(135)	(181)	(149)
Capital expenditures	(201)	(201)	(205)
Adjusted Funds Flow before tax paid, net finance costs paid and changes in working capital	593	568	n/d
Adjusted for:			
Tax payment	(6)	(17)	n/d
Net finance costs paid	(203)	(170)	n/d
Changes in working capital	(125)	(75)	n/d
Adjusted Funds Flow for the year	259	306	302
Annual Adjusted Funds Flow per Share Stapled Unit	n/a	37.20	36.72

n/d: Not disclosed in global offering prospectus

Income Statement

(US\$ million)	FY 2010	FY 2011	
Turnover	2,375	2,542	+ 7%
Cost of sales	(955)	(1,045)	
Opex	(491)	(547)	
EBITDA	929	950	+ 2%
Depreciation & Amortization Expenses	(552)	(544)	
Net other gains / (losses)	5	(4)	
Net finance costs	(200)	(193)	
Share of results of associates & JVs	(9)	(2)	
Profit before income tax	173	207	
Income tax	(48)	(44)	
Effective tax rate	28%	21%	
Profit for the year	125	163	
Attributable to:			
Holders of Share Stapled Units	119	157	+ 32%
Non-controlling interests	6	6	

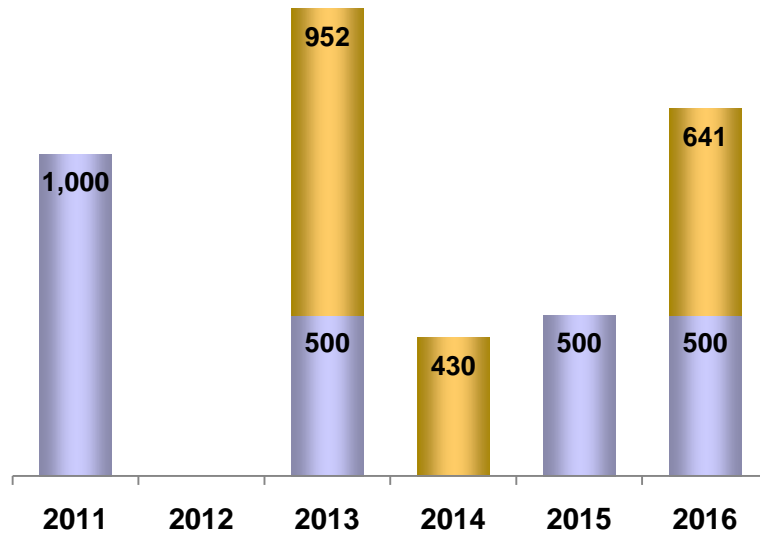
Substantial Deleveraging

Pre – HKT Trust Listing

(US\$ million)

Long-term Bank Loans
US\$ Bonds

Gross debt: US\$4,528m
Net debt: US\$3,858m

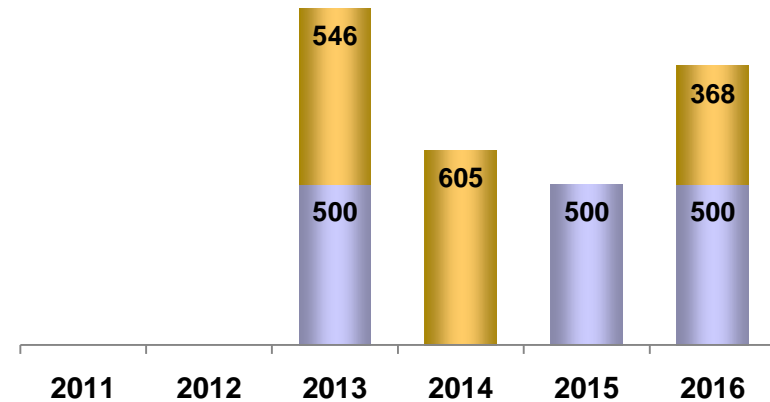


Post – HKT Trust Listing

(US\$ million)

Long-term Bank Loans
US\$ Bonds

Gross debt: US\$3,023m
Net debt: US\$2,738m

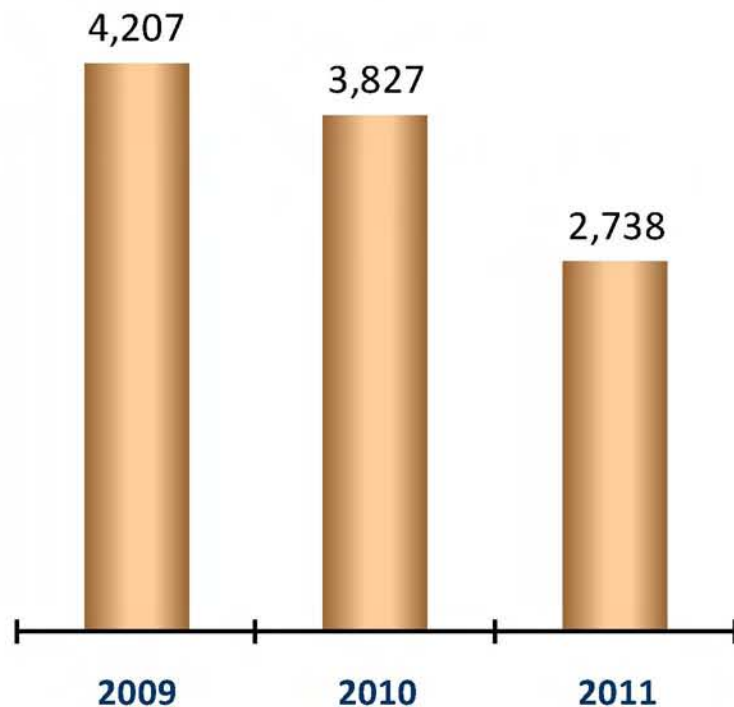


- Repaid 2011 US\$1 billion Yankee bond with funds raised from listing; also repaid US\$500 million debt from existing cash
- Ample liquidity with US\$1.1 billion undrawn bank facilities to meet foreseeable obligations and fund future growth
- Effective interest rate reduced to 3.6%, expected to fall to 2.7%

Ratings Confirmed with Stable Outlook

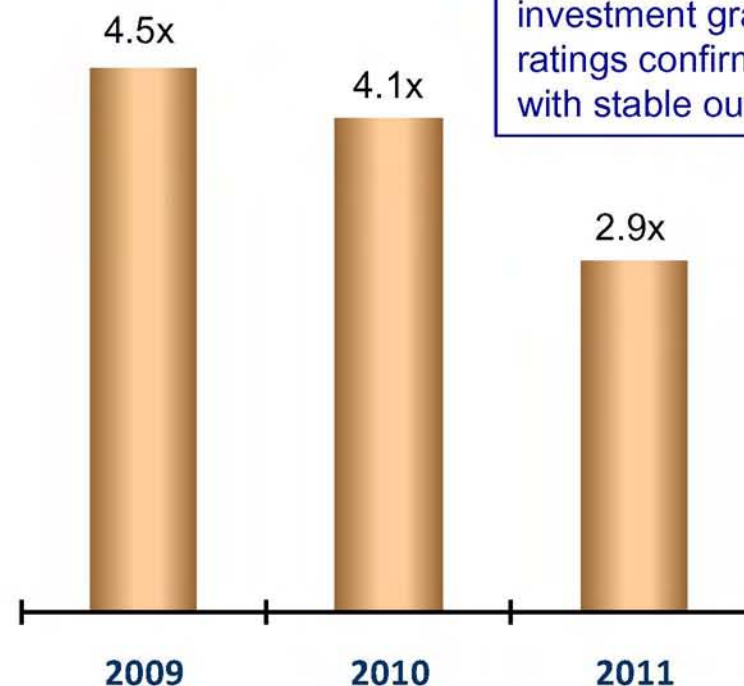
HKT⁽¹⁾ Net Debt⁽²⁾

(US\$ million)



HKT Net Debt/EBITDA⁽³⁾

BBB/Baa2
investment grade
ratings confirmed
with stable outlook



(1) HKT denotes HKT Trust and HKT Limited

(2) Net debt refers to the principal amount of short-term and long-term borrowings minus cash and cash equivalents

(3) Based on net debt as at year end divided by EBITDA for the year

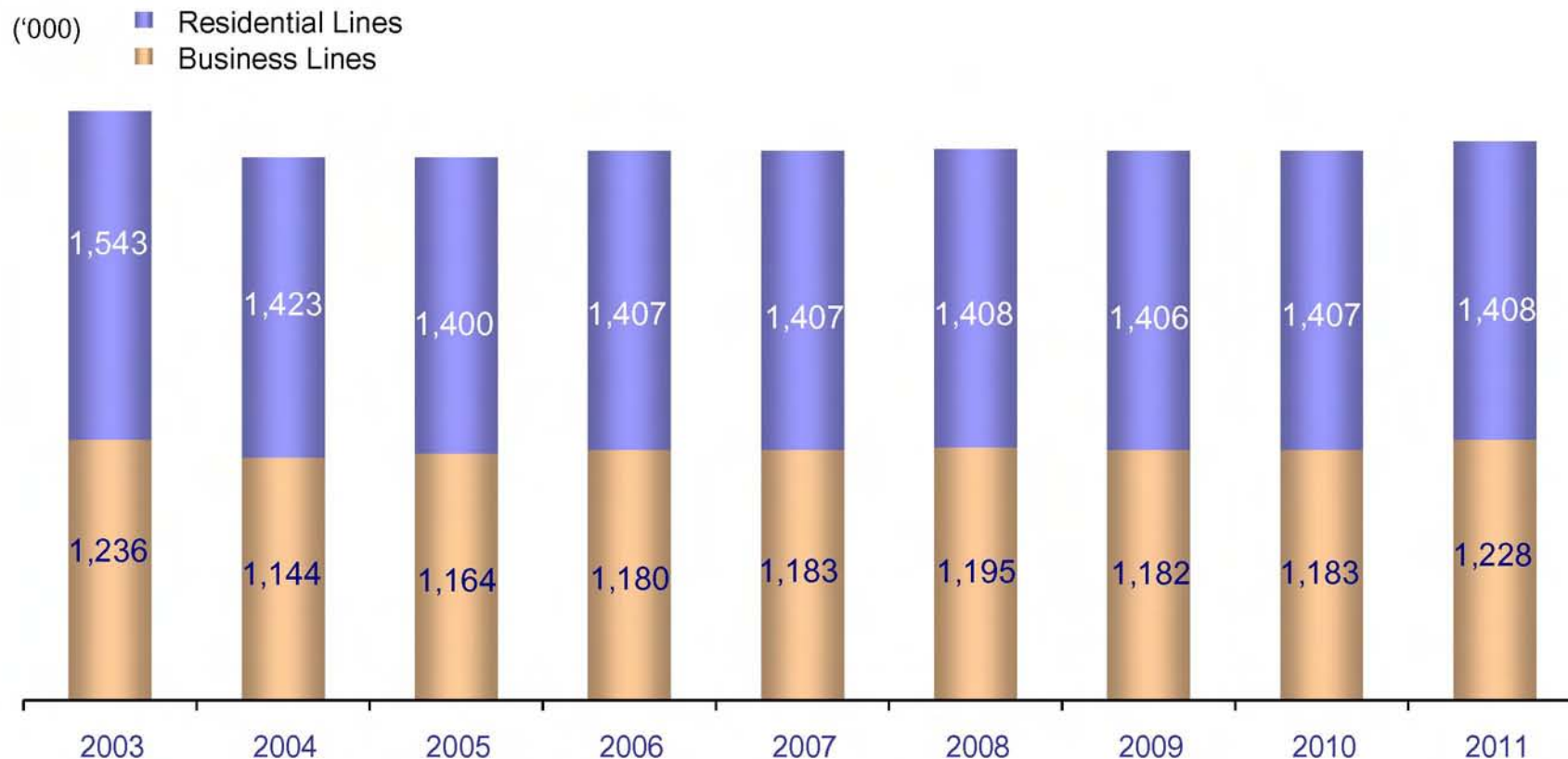
Business Review

Alex Arena

Group Managing Director

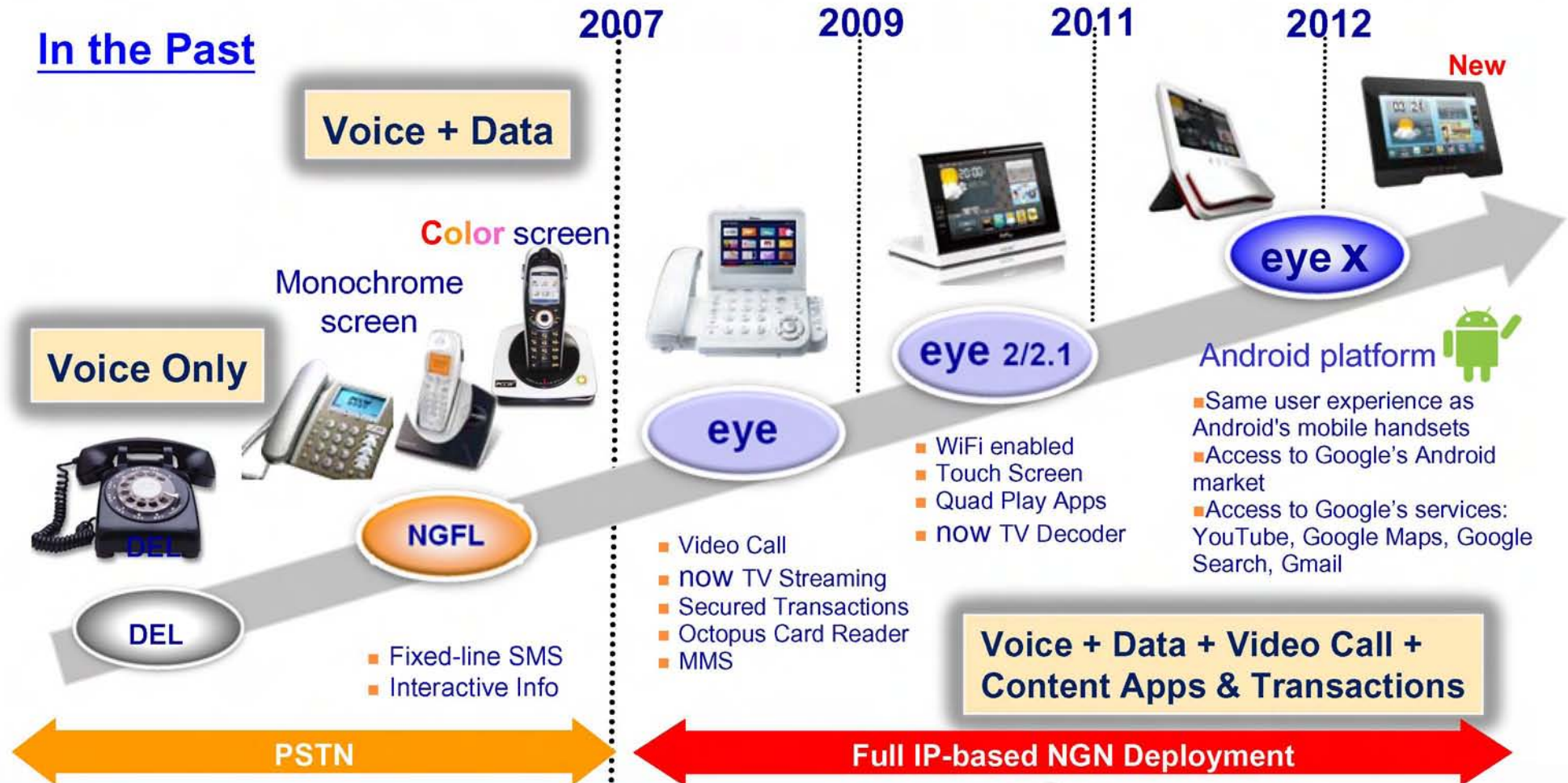
Stable Fixed-line Business

Solid Customer Base Maintained Since 2004



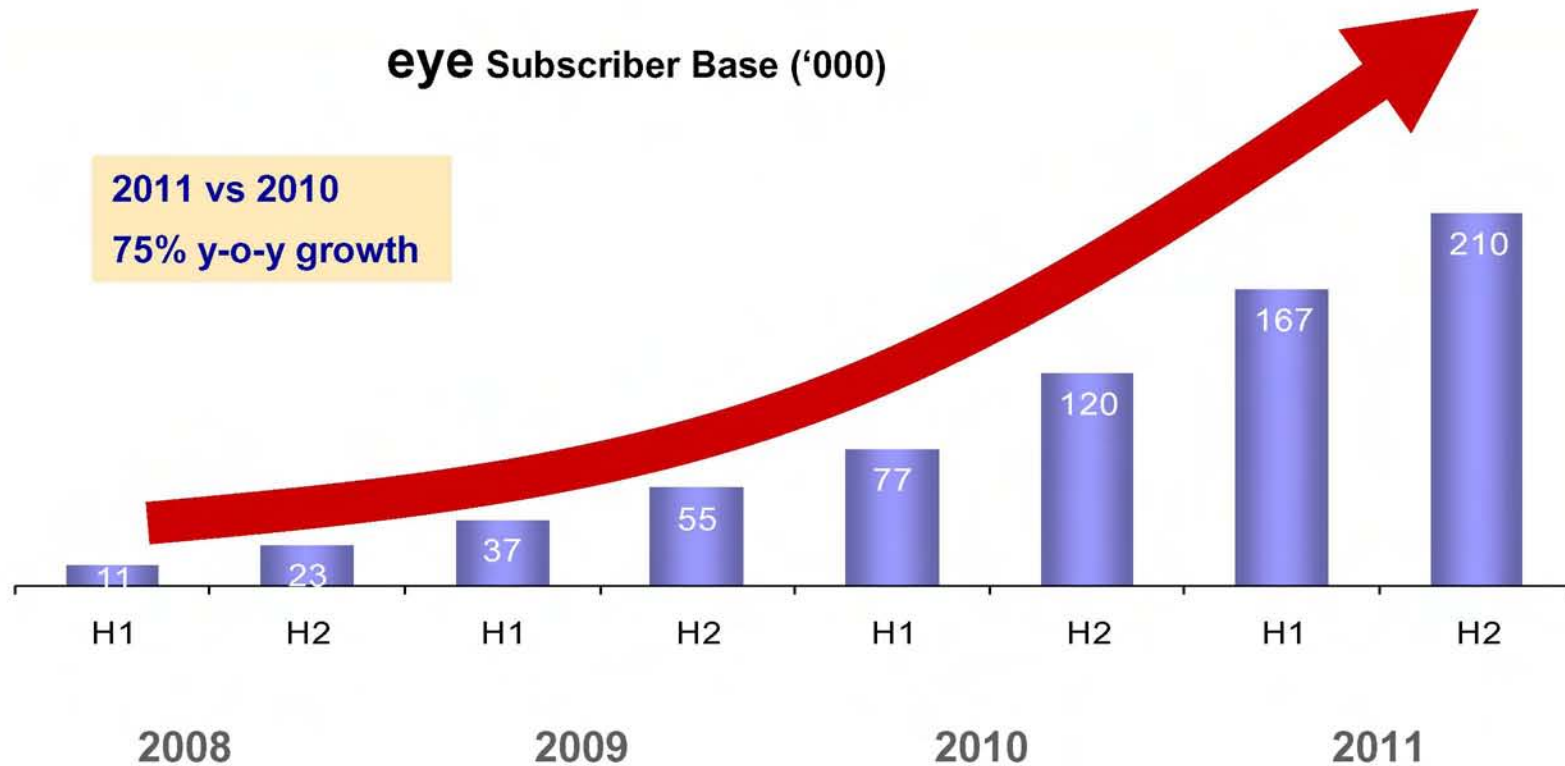
Evolving from Voice to Multimedia Communications

eye x : Android-based Tablet Series Addressing Different Segments



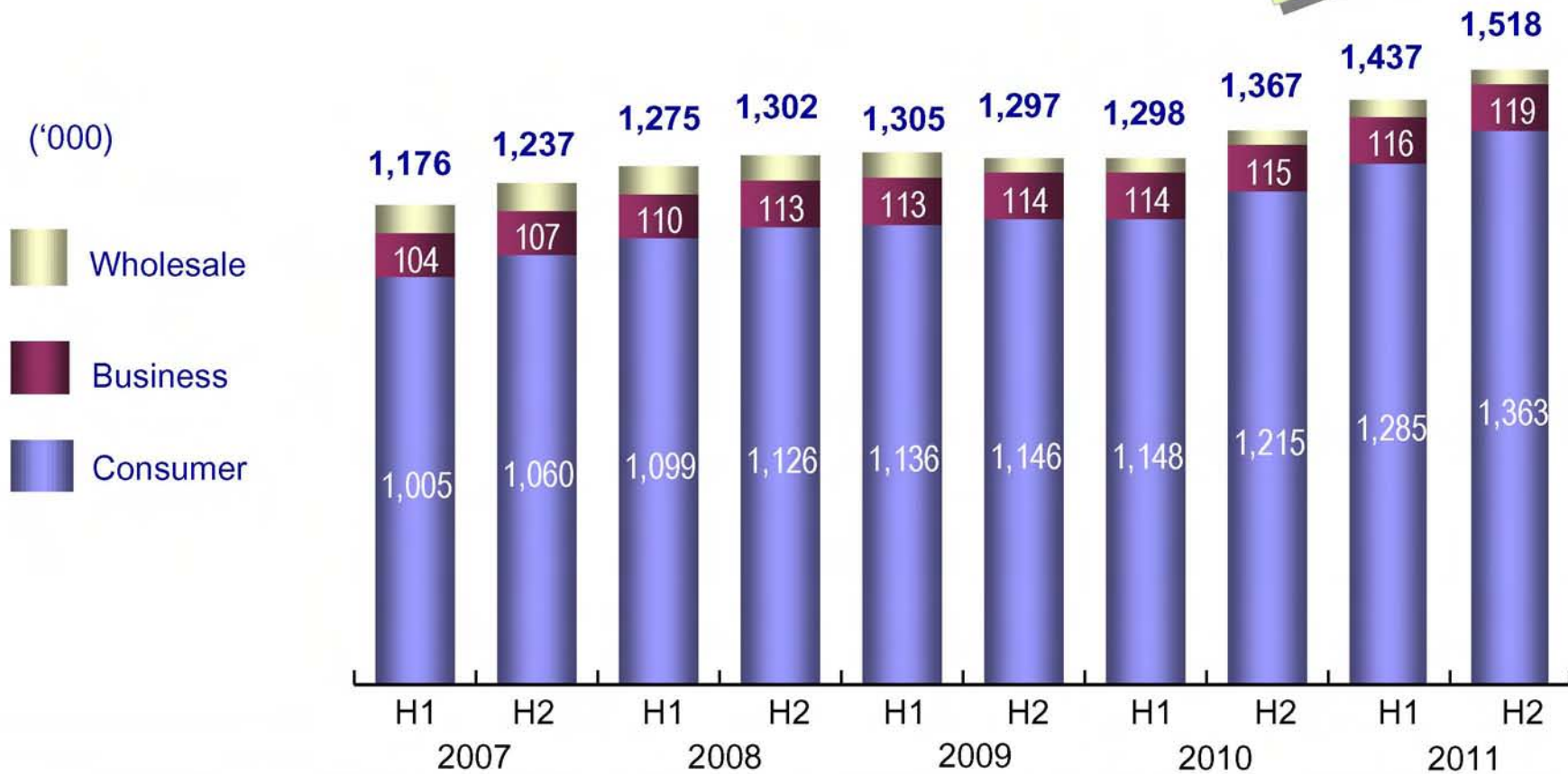
eye Customer Base

Rapid Growth of eye Customer Base with Higher ARPU



Market Leader in Broadband

- Broadband grows 11% despite intensive price competition
- Churn maintained at less than 1%



A Leader in High-Speed Broadband with Multiple Technologies and Speed

 PCCW®



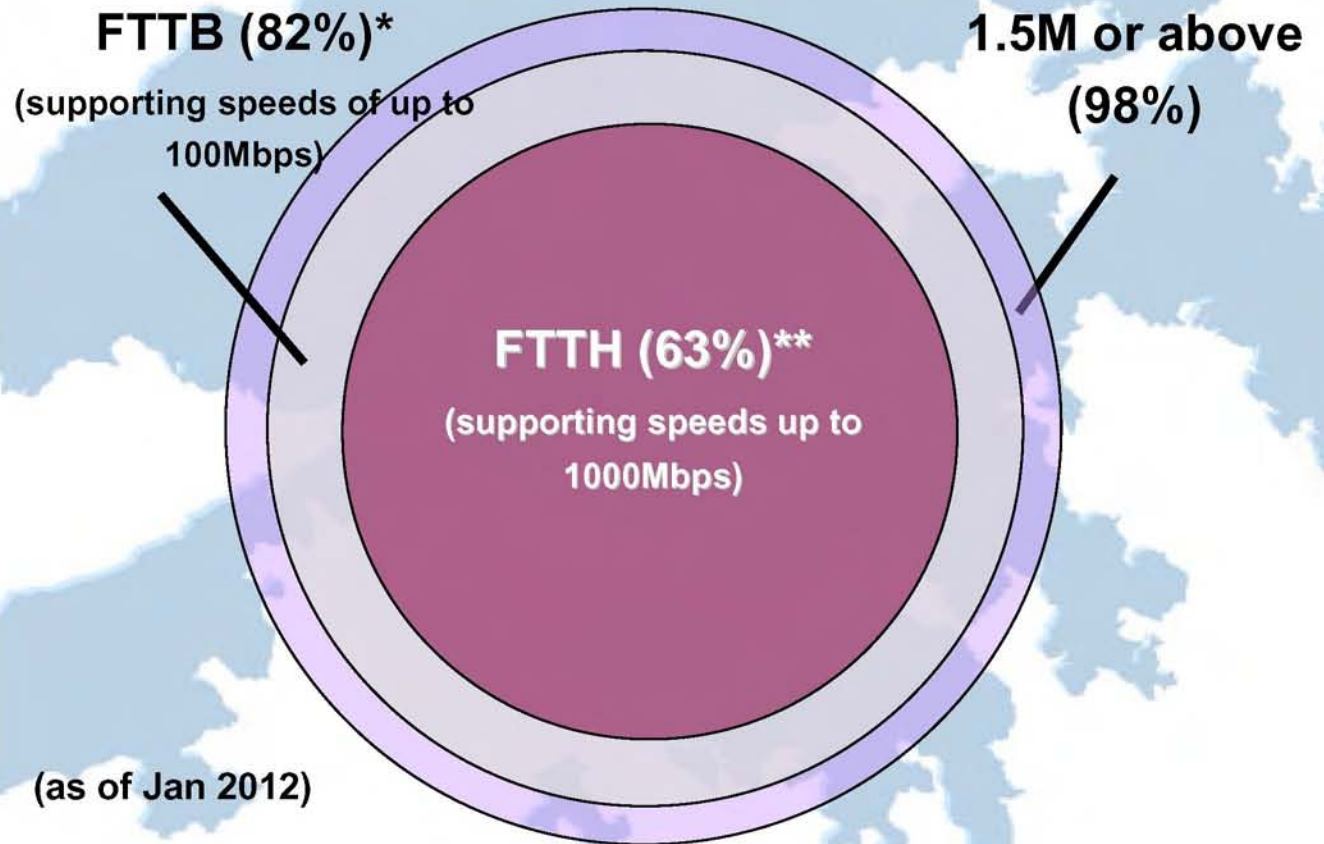
Staying ahead with our superb fiber network and unparalleled coverage



Ahead of the rest

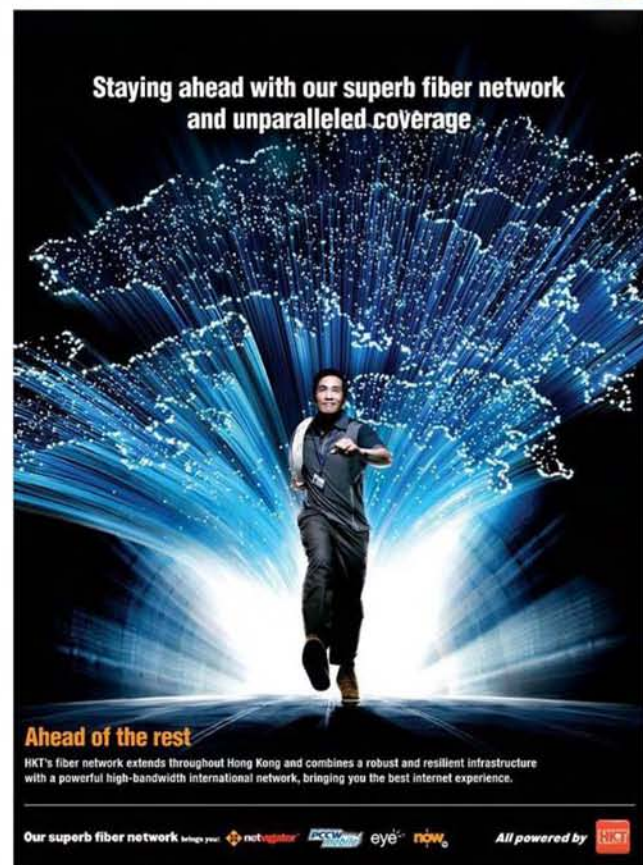
HKT's fiber network extends throughout Hong Kong and combines a robust and resilient infrastructure with a powerful high-bandwidth international network, bringing you the best internet experience.

Our superb fiber network brings you:     All powered by 

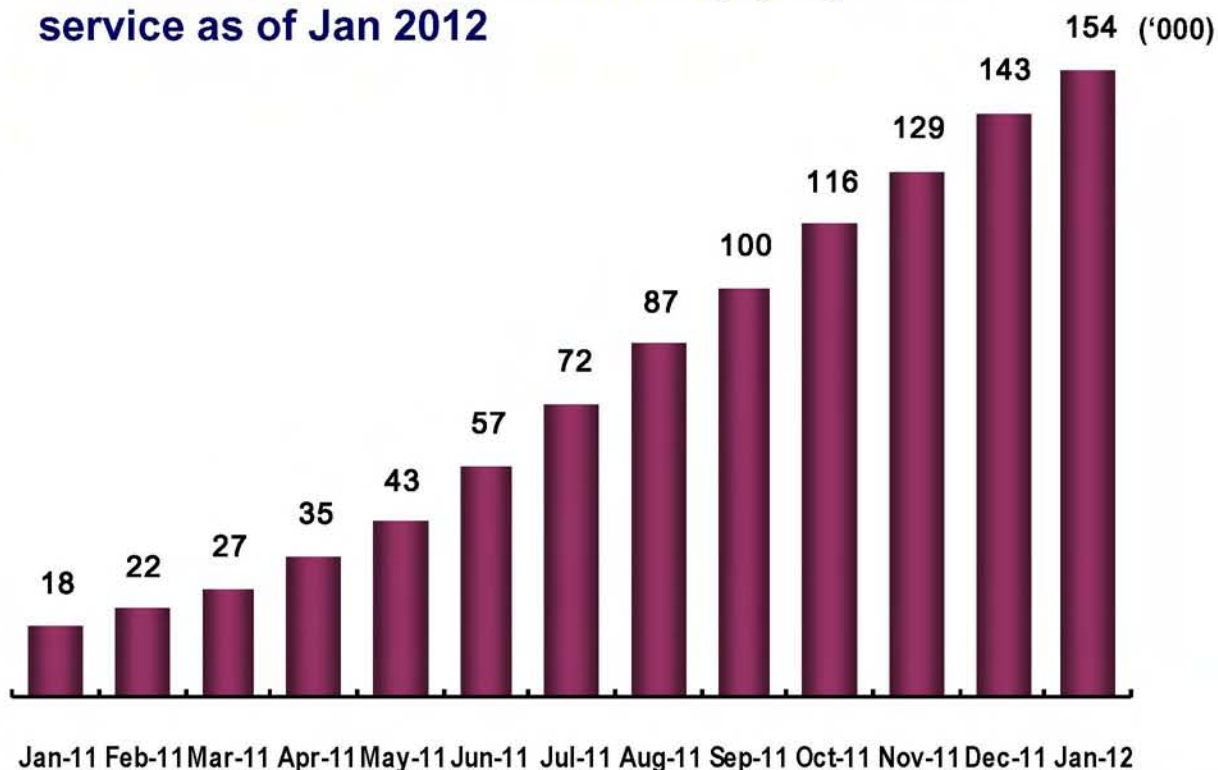


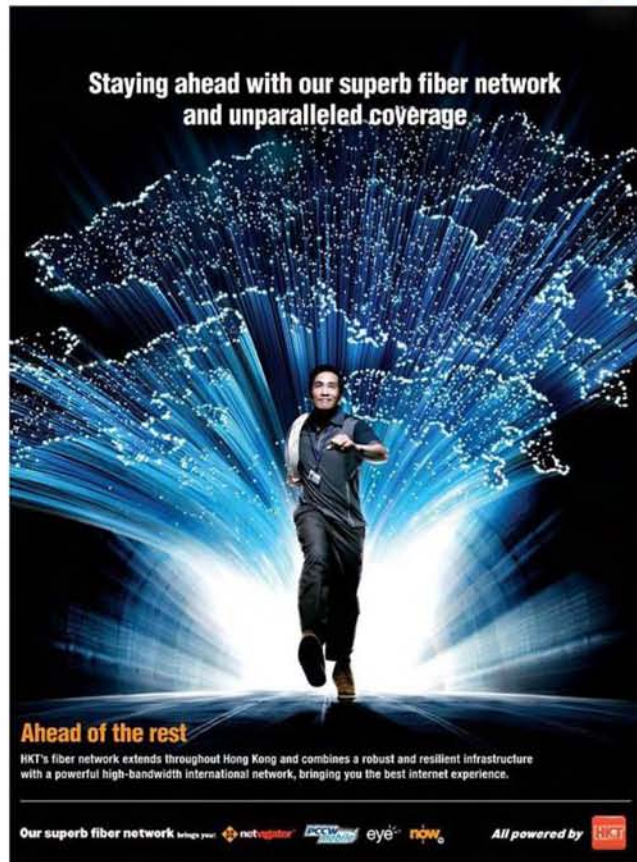
* FTTB ready means FTTH service can be available within 29 days of receiving a service order, building management access permitting

** FTTH ready means FTTH service can be available within 4 days of receiving a service order

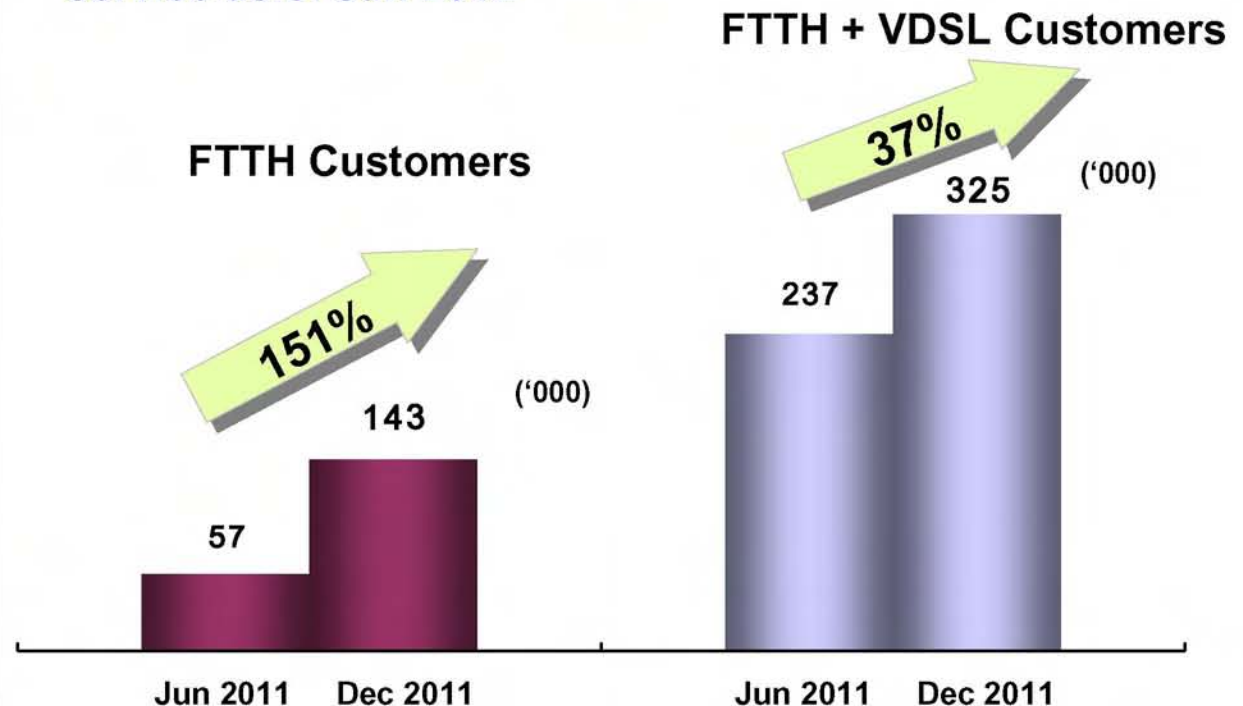


- The mass launch of Fiber-To-The-Home service continued to attract new customers and existing customers for service upgrade
- 154K NETVIGATOR customers enjoying FTTH service as of Jan 2012





- Rapid growth of FTTH customers continued in 2H 2011, representing 151% growth in 6 months
- Leveraging multiple technologies in our network infrastructure, 335K customers enjoying high speed service as of Jan 2012





全新PCCW uHub
採用雲端科技
一人一匣子 電腦資料
隨時任放任擱！

uHub
uHub匣子雲端儲存服務

- 更方便 一指私人儲存空間，讓你集中存放相片、影片、文件，隨時任放任擱
- 更安心 多重保護機制的手機及平板電腦，包括Android、iPhone、iPad等，萬一不慎遺失亦可繼續使用
- 更輕鬆 選擇你使用的手機及平板電腦，自動轉換影片格式，一指即擱
- 更安全 資料直接本地儲存，不經海外互聯網，保證更有保障

25G uHub超大雲端儲存空間，只需半部PCCW SMART 4即可開通！

中環專線 **2888 1888** 或親臨電訊盈科專門店查詢

Powered by **PCCW NEXTGEN**

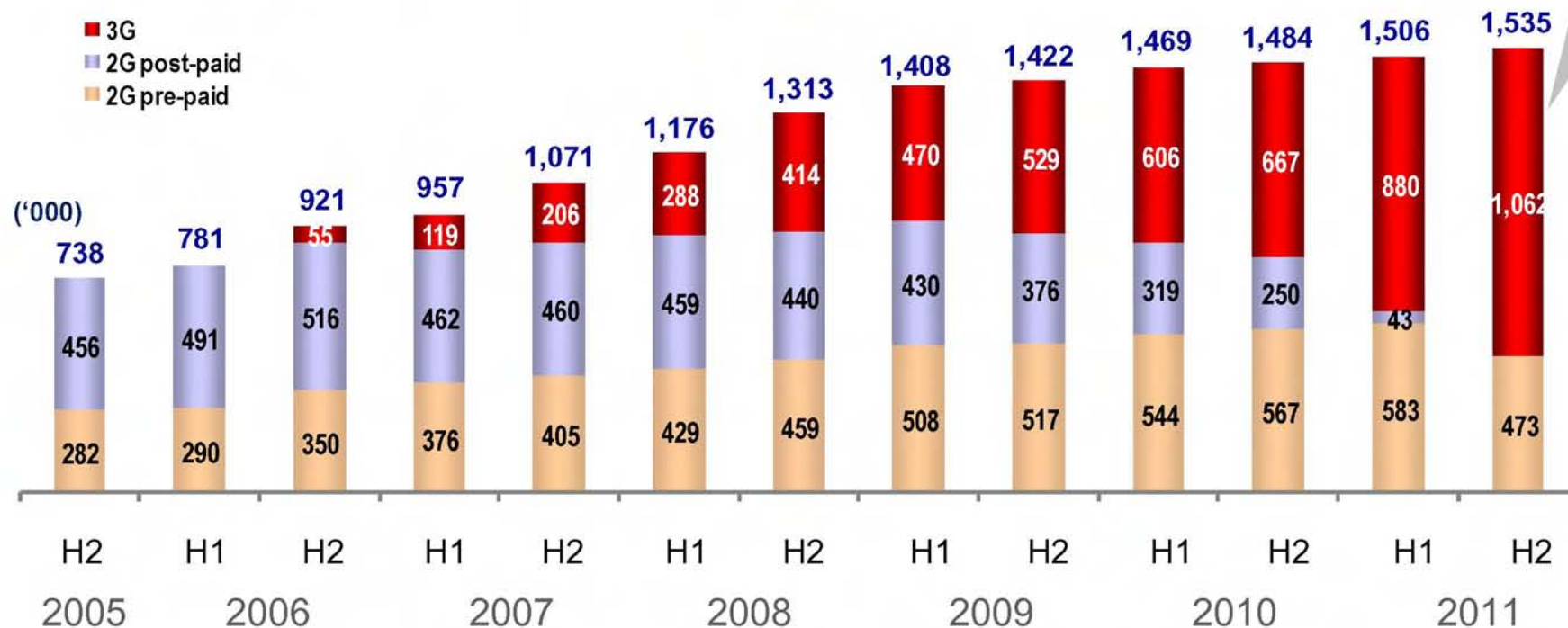
- NETVIGATOR provides more than just broadband access service. With our **uHub** cloud storage service, upload and retrieval of personal files are unprecedentedly convenient and fast
- 83,000 subscribers are now enjoying **uHub** service since launch in September 2011
- Upload speed to **uHub** via NETVIGATOR FTTH 1000M service is 50% faster than other 1000M service by other ISPs

uHub Upload Speed Comparison	Times faster than Cloud Service Provider A	Times faster than Cloud Service Provider B	Times faster than Cloud Service Provider C
 網上行 netvigator Fiber Direct 1000M	158 Times	59 Times	40 Times

Note: Tests were performed on same computer hardware configuration at busy Internet traffic hours between the period of Dec 2011 and Jan 2012.

PCCW mobile Targets High-end Customers

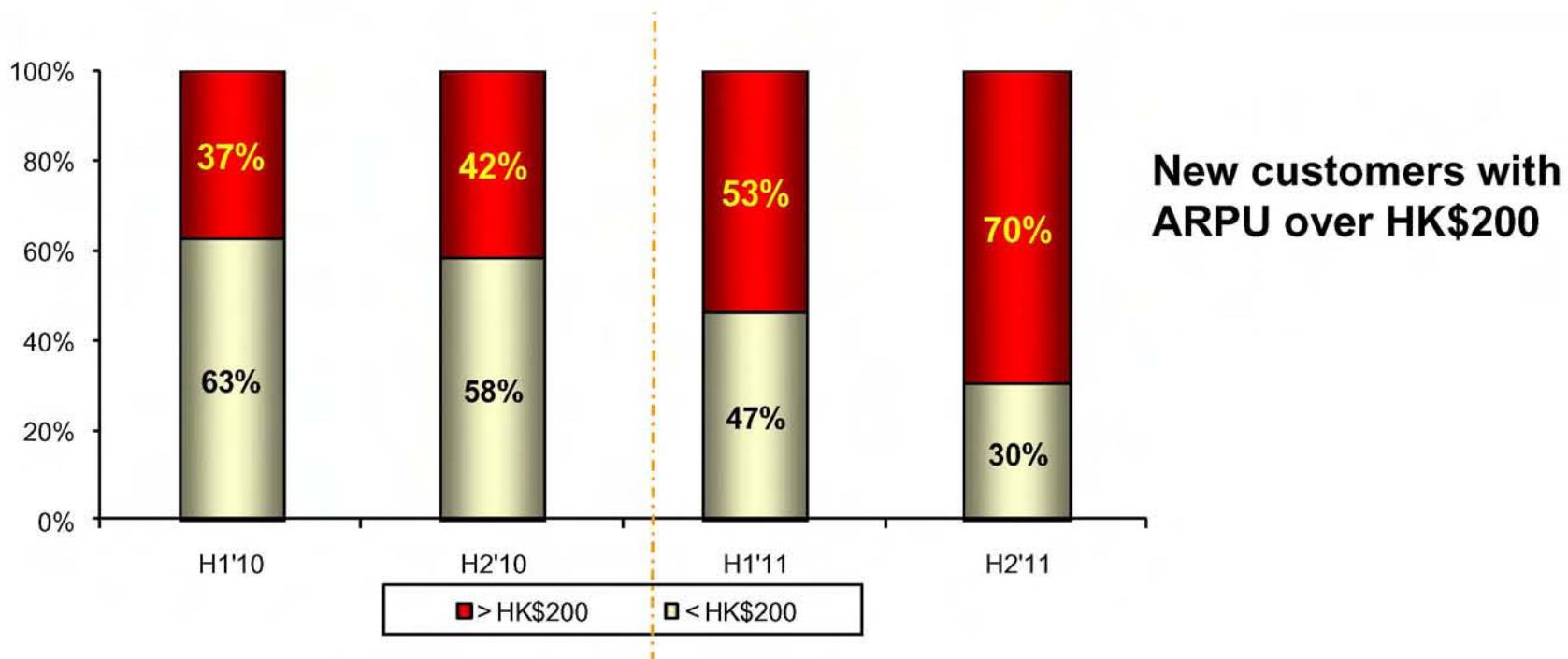
- 3G subscriber base is over 1m, up 59% y-o-y
- Total subscriber base reached 1.54m, up 3% y-o-y
- Post-paid exit ARPU increased y-o-y to HK\$184 from HK\$143



Focusing resources on quality, high-end smart device users to drive profitability

Successful Acquisition of Quality Customers

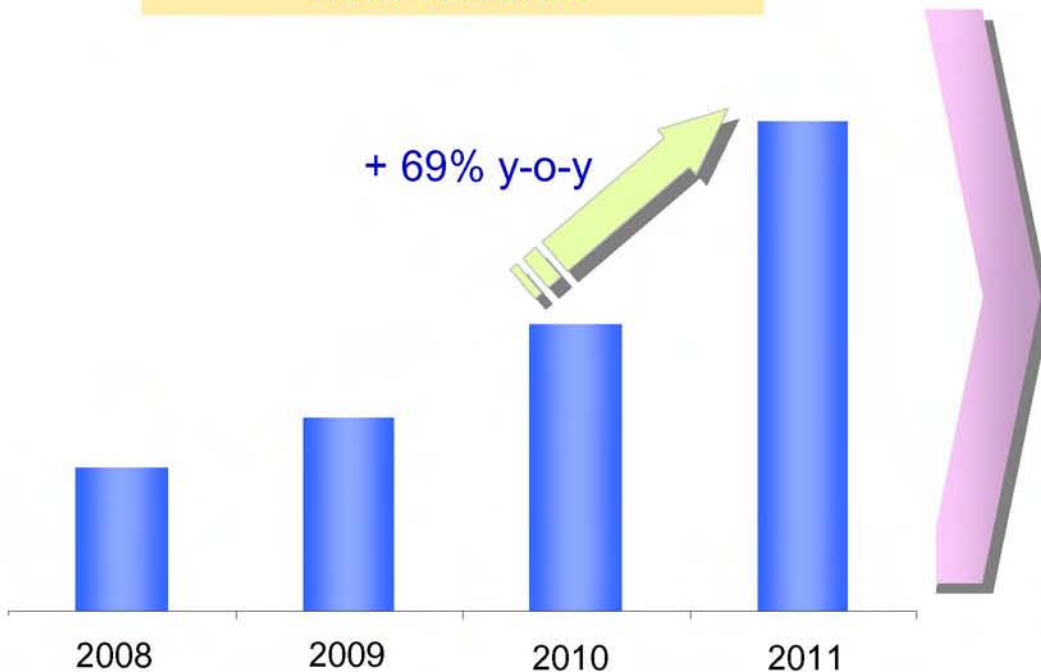
70% of new customers in 2011 with **ARPU over HK\$200** driven by continuous quality-focused acquisition strategy



Continued Data Revenue Growth

Higher data revenue accounting for 59% of service revenue

Data Revenue



- Data revenue grew by 69% y-o-y
- Continuous growth in data revenue due to increased acquisition of quality smartphone and tablet customers
- Over 90% of new handset plan subscribers are smartphone users

唯有PCCW mobile
最強Wi-Fi配流動數據
兩者兼備 全城最強!

GREAT NETWORK

月費\$199, 盡享5GB數據服務,
PCCW Wi-Fi任用, 必然之選!

PCCW Wi-Fi面面俱到

- 光纖骨幹網絡支援, 極速100M
- 9000+ Wi-Fi熱點遍佈全港, 獨家覆蓋MTR
- Auto Connect智能連網, HSPA+及PCCW Wi-Fi網絡任意穿梭

升級推廣, 優惠期有限! 自由約, 無束縛, 立即上台!

Great Roaming | Great Network | Great Service | Great Apps **It's GREAT!**

2888 1888 (港語) 或致電電訊盈科專門店 上座 www.pccwmobile.com

- The unique combination of HKT's mobile HSPA+, fiber backhaul and Wi-Fi network ensures customers' demand on mobile data can be comfortably met
- Leveraging on the ubiquitous fixed and wireless networks, PCCW mobile leads the market in launching "Top-up" data plans bundled with unlimited PCCW Wi-Fi
- New "Top-up" plans provide the best wireless package supported by the strongest Wi-Fi network in town:
 - Over 9,500 hotspots; incl. exclusive MTR coverage
 - Fiber-based Wi-Fi network supporting speed up to 100M
 - Auto-connection between HSPA and Wi-Fi networks provides the best seamless data experience

**Optimize mobile & Wi-Fi network resources utilization,
thereby giving mobile data customers the best user experience**

“Top-up” Plans Supported with Customer Tools

New “Top-up” mobile data plans launched with tools to ensure customers have control of their usage, complete peace-of-mind and no bill shock.



Data Calculator



Smart choice of high / mid / low usage plans after data calculations



My Account Check



Offers peace-of-mind for usage checking anytime anywhere



Friendly Usage Alert

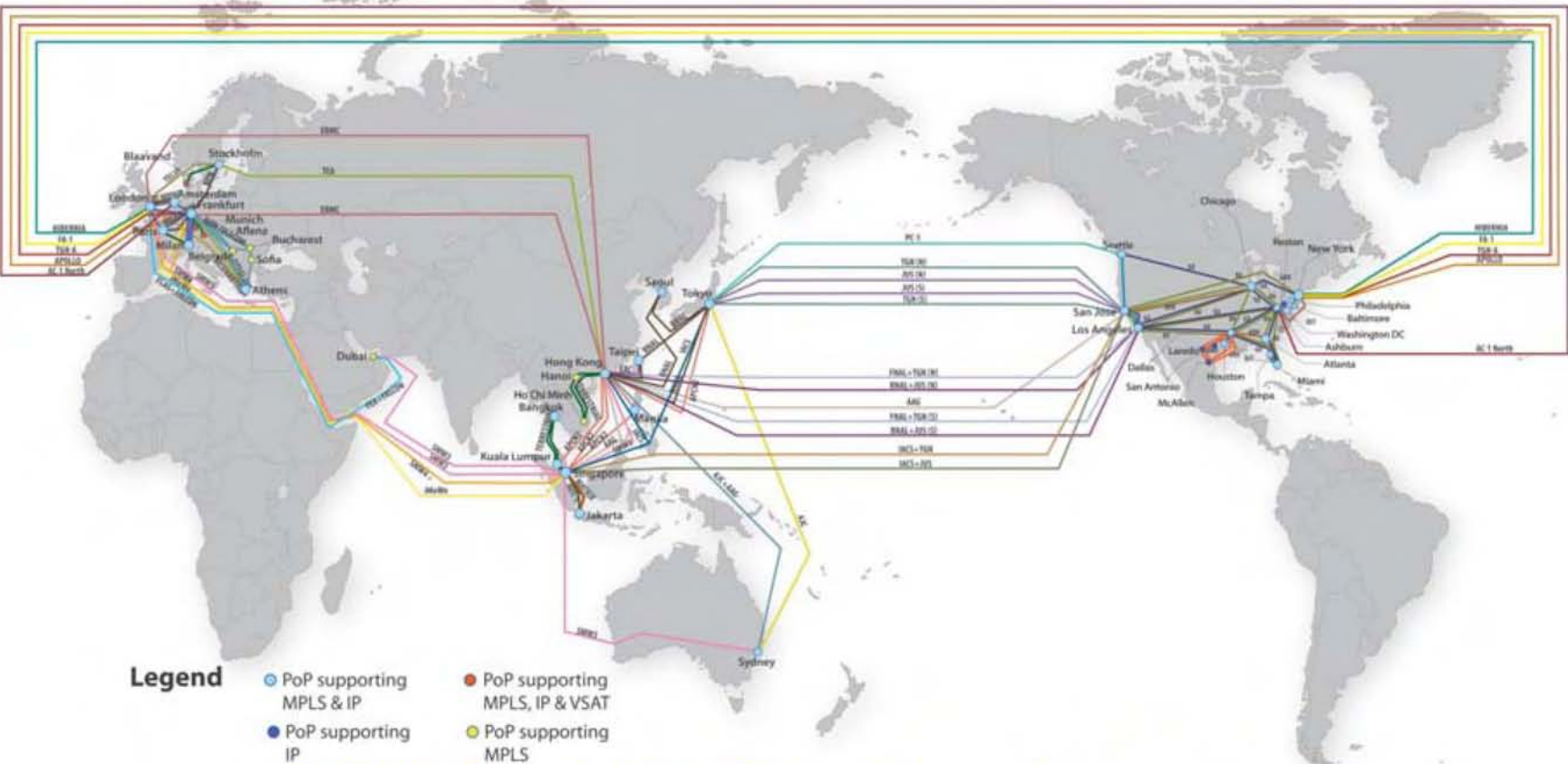


Friendly instant usage alert to remind usage control and ensure smooth experience

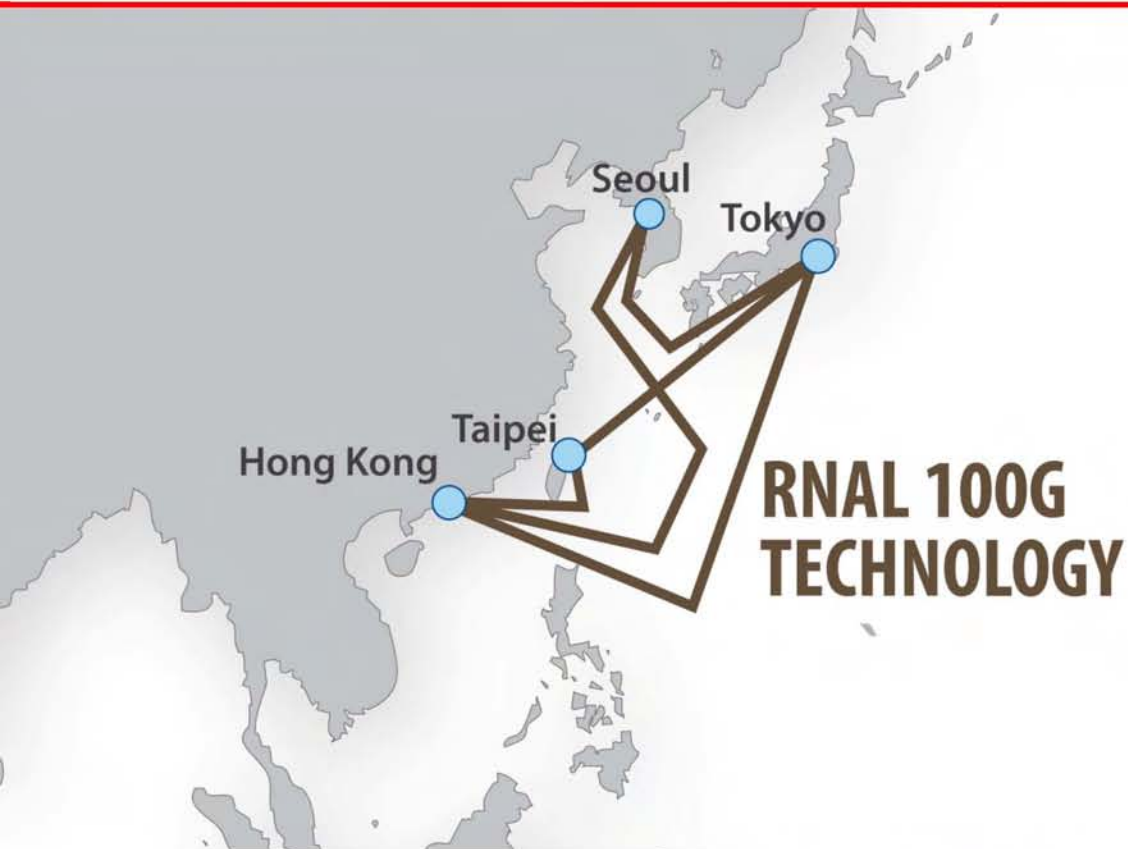
“Top-up” only when consent & need



More flexible monthly spending on data as extra charge applies only upon Top-up consent

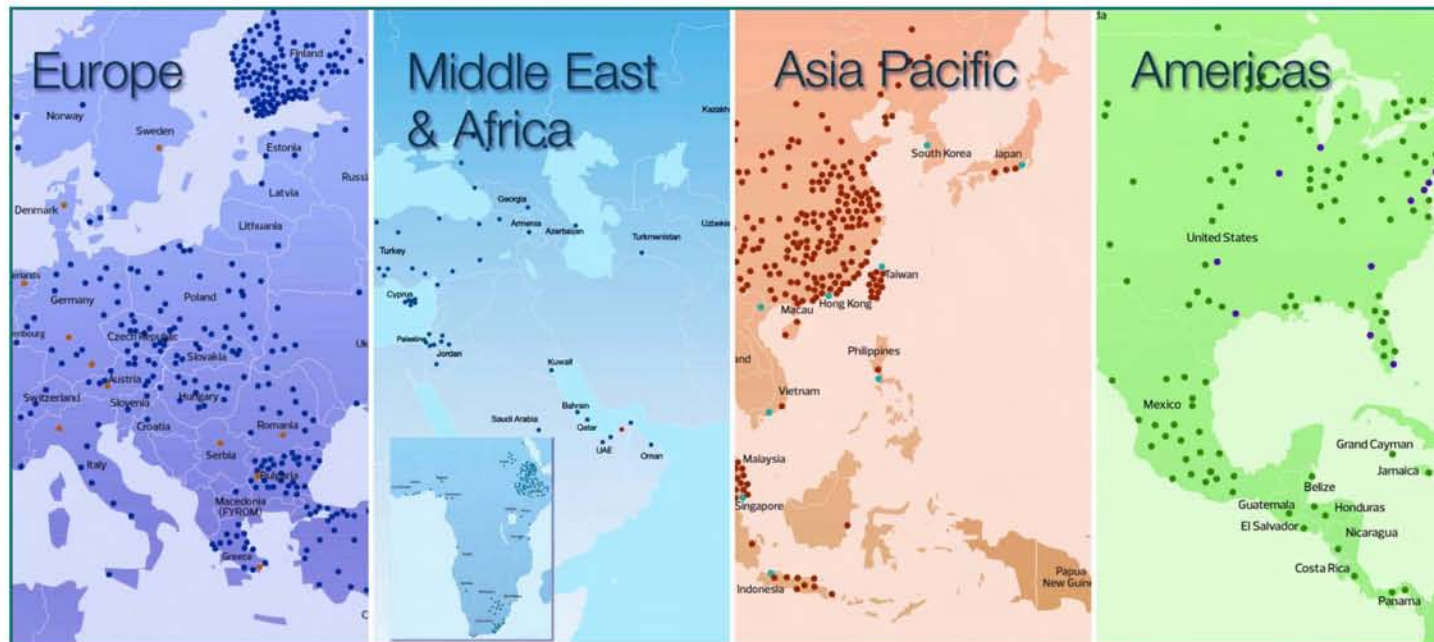


**PCCW Global AS3491 backbone has surpassed
1 Tera-bps i.e. over 1000 GB**



- Being Asia's early adopter in deploying undersea 100G coherent technology
- This network expansion will facilitate the deployment of the most advanced technological capability

- Leveraging on our PCCW Global AS3491 IPv6 enabled Backbone, we have successfully enhanced MPLS and Ethernet ICI Partners. These interconnects serve the most robust coverage needs of expanding Enterprise needs
- Enabling wide coverage to reach 1,600+ cities and over 120 countries worldwide



Successful Business Strategy Delivering Strong Financial Results

(US\$ million)	<u>2010</u>	<u>2011</u>	% change	<u>Forecast*</u> <u>2011</u>
<i>Adjusted Funds Flow</i>	259	306	+ 18%	302
<i>Revenue</i>	2,375	2,542	+ 7%	
<i>EBITDA</i>	929	950	+ 2%	947
<i>Profit</i> <i>Attributable to Holders of</i> <i>Share Stapled Units</i>	119	157	+ 32%	120

* Forecasts as stipulated in the global offering prospectus