PCCW Limited
電訊盈科有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0008)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

The directors ("Directors") of PCCW Limited ("PCCW" or the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended December 31, 2011.

- Core revenue increased by 5% to HK$22,512 million; consolidated revenue including PCPD increased by 7% to HK$24,638 million
- Core EBITDA increased by 3% to HK$7,252 million; consolidated EBITDA including PCPD increased by 3% to HK$7,585 million
- Consolidated profit attributable to equity holders of the Company was HK$1,607 million; basic earnings per share amounted to 22.10 HK cents
- Final dividend of 10.6 HK cents per share

Note:
Core revenue refers to consolidated revenue excluding Pacific Century Premium Developments Limited ("PCPD"), the Group's property development and investment business; core EBITDA refers to consolidated EBITDA excluding PCPD; earnings for the core business refers to consolidated profit attributable to equity holders of the Company excluding the Group's share of PCPD's profit after tax and effects of eliminations.

MANAGEMENT REVIEW

In November 2011, the telecommunications business of PCCW was spun off and separately listed on The Stock Exchange of Hong Kong Limited (the "HKT Global Offering") and share stapled units were jointly issued by HKT Limited and the HKT Trust (collectively, "HKT"). Following the HKT Global Offering, PCCW continues to hold a majority interest in HKT. The latter's financial results therefore will continue to be consolidated into the Group's results.

With growth across the core business segments - namely HKT, the Media business and the Solutions business - PCCW reported core revenue increase of 5% to HK$22,512 million for the year ended December 31, 2011. Core EBITDA was 3% higher year-on-year to HK$7,252 million. The strong performance lifted core business earnings by 11% to HK$1,588 million.

Revenue and EBITDA contributions from PCPD were higher at HK$2,126 million and HK$333 million respectively, compared with HK$1,495 million and HK$284 million a year earlier. Consolidated revenue for the year ended December 31, 2011, therefore, increased by 7% to HK$24,638 million, while consolidated EBITDA increased by 3% to HK$7,585 million. Consolidated profit attributable to equity holders of the Company was HK$1,607 million. Basic earnings per share was 22.10 HK cents.

The board of Directors (the "Board") has recommended the payment of a final dividend of 10.6 HK cents per share for the year ended December 31, 2011.

OUTLOOK

In the coming year, HKT will build on its established strengths to gain a more prominent leadership position in the markets that it operates. PCCW will continue to consolidate the financial results of HKT, and the latter is expected to provide the Group with a stable cash distribution.

The Media Business continues to show significant growth momentum riding on its strong brand and premium content, its multi-screen strategy, as well as the Group's technology capability which enables us to constantly innovate. The Media Business' strategic investment in local production and co-production has paved the way for growth that extends our reach beyond the television to new media devices, and from Hong Kong to other overseas Chinese communities, taking advantage of our expertise as a leading pay-TV operator and as a significant producer of high quality Chinese-language content.

Solutions Business is well-positioned to capture the increasing demand for data center services from international enterprises moving into Hong Kong and the growth in mainland China. With a long list of satisfied customers of its IT services, Solutions Business' capability to offer the full spectrum of cloud computing services represents another key building block for further business development.

We are optimistic about the future of the Group given the solid HKT contributions and the growth potential of the Media and Solutions businesses. We will continue to exercise prudent financial management and remain committed to delivering on the dividend pledge that the Company made to shareholders upon the listing of HKT.

FINANCIAL REVIEW BY SEGMENTS

For the year ended December 31, HK$ million	**2010**			**2011**			Better/ (Worse)
	H1	**H2**	**Full Year**	**H1**	**H2**	**Full Year**	y-o-y
Revenue[4]							
HKT	9,206	9,321	**18,527**	9,537	10,288	**19,825**	7%
Media Business	1,179	1,204	**2,383**	1,189	1,518	**2,707**	14%
Solutions Business	1,058	981	**2,039**	1,090	1,119	**2,209**	8%
Other Businesses	13	27	**40**	35	39	**74**	85%
Eliminations	(724)	(798)	**(1,522)**	(915)	(1,388)	**(2,303)**	(51)%
Core revenue	10,732	10,735	**21,467**	10,936	11,576	**22,512**	5%
PCPD	1,070	425	**1,495**	1,250	876	**2,126**	42%
Consolidated revenue	11,802	11,160	**22,962**	12,186	12,452	**24,638**	7%
Cost of sales	(5,484)	(5,049)	**(10,533)**	(5,499)	(5,898)	**(11,397)**	(8)%
Operating costs before depreciation, amortization, and (loss)/gain on disposal of property, plant and equipment	(2,596)	(2,480)	**(5,076)**	(2,912)	(2,744)	**(5,656)**	(11)%
EBITDA[1, 4]							
HKT	3,523	3,726	**7,249**	3,623	3,788	**7,411**	2%
Media Business	43	189	**232**	231	400	**631**	172%
Solutions Business	139	145	**284**	157	226	**383**	35%
Other Businesses	(336)	(360)	**(696)**	(476)	(366)	**(842)**	(21)%
Eliminations	–	–	**–**	–	(331)	**(331)**	NA
Core EBITDA[1]	3,369	3,700	**7,069**	3,535	3,717	**7,252**	3%
PCPD	353	(69)	**284**	240	93	**333**	17%
Consolidated EBITDA[1]	3,722	3,631	**7,353**	3,775	3,810	**7,585**	3%
Core EBITDA Margin[1]	*31%*	*34%*	***33%***	*32%*	*32%*	***32%***	
Consolidated EBITDA Margin[1]	*32%*	*33%*	***32%***	*31%*	*31%*	***31%***	
Depreciation and amortization	(1,883)	(1,917)	**(3,800)**	(1,962)	(1,987)	**(3,949)**	(4)%
(Loss)/Gain on disposal of property, plant and equipment	(2)	(43)	**(45)**	1	–	1	NA
Net other gains	33	1,181	**1,214**	99	44	**143**	(88)%
Interest income	9	18	**27**	33	38	**71**	163%
Finance costs	(806)	(781)	**(1,587)**	(763)	(802)	**(1,565)**	1%
Share of results of associates and jointly controlled companies	(13)	(69)	**(82)**	(8)	40	**32**	NA
Profit before income tax	1,060	2,020	**3,080**	1,175	1,143	**2,318**	(25)%

Note 1 *EBITDA represents earnings before interest income, finance costs, income tax, depreciation of property, plant and equipment, amortization of land lease premium and intangible assets, gain/loss on disposal of property, plant and equipment, investment properties and interests in leasehold land, net other gains/losses, losses on property, plant and equipment, restructuring costs, impairment losses on goodwill, tangible and intangible assets and interests in associates and jointly controlled companies, and the Group's share of results of associates and jointly controlled companies. While EBITDA is commonly used in the telecommunications industry worldwide as an indicator of operating performance, leverage and liquidity, it is not presented as a measure of operating performance in accordance with the Hong Kong Financial Reporting Standards and should not be considered as representing net cash flows from operating activities. The computation of the Group's EBITDA may not be comparable to similarly titled measures of other companies.*

Note 2 *Gross debt refers to the principal amount of short-term borrowings and long-term borrowings. Net debt refers to the principal amount of short-term borrowings and long-term borrowings minus cash and cash equivalents and certain restricted cash.*

Note 3 *Group capital expenditure includes additions to property, plant and equipment, investment properties and interests in leasehold land.*

Note 4 *During the year ended December 31, 2011, the Group has completed an internal reorganization in connection with the HKT Global Offering. As a result, management has made changes to the Group's internal reporting that caused changes to reportable segments and segment presentation. The prior year's segment information has been restated to conform with the revised presentation.*

HKT

For the year ended December 31, HK$ million	2010 H1	2010 H2	2010 Full Year	2011 H1	2011 H2	2011 Full Year	Better/ (Worse) y-o-y
HKT Revenue	9,206	9,321	**18,527**	9,537	10,288	**19,825**	7%
HKT EBITDA[1]	3,523	3,726	**7,249**	3,623	3,788	**7,411**	2%
HKT EBITDA margin[1]	*38%*	*40%*	***39%***	*38%*	*37%*	***37%***	

HKT delivered a solid set of financial results in 2011, exceeding the key forecasts provided in the HKT Global Offering prospectus.

For the year ended December 31, 2011, HKT revenue displayed strong momentum, rising 7% to HK$19,825 million. The increase in revenue was mainly attributable to significant growth in the local data business with the full rollout of fiber broadband, growing demand for international telecommunications services, and an impressive performance from the mobile business. Mobile data revenue in particular was boosted by the rapidly increasing popularity of smartphones and tablets, as HKT recorded an enlarged 3G subscriber base with a higher average revenue per user (“ARPU”).

HKT EBITDA for the year was HK$7,411 million, an increase of 2% over the previous year, which exceeded the forecast of HK$7,385 million as disclosed in the prospectus. The growth in EBITDA was substantially contributed by the mobile segment, which benefited from the lower incremental operating costs due to efficiencies of its integrated network.

Annual adjusted funds flow for the year ended December 31, 2011 reached HK$2,387 million, an increase of 18% over the previous year and again above the forecast of HK$2,356 million. Annual adjusted funds flow per share stapled unit was 37.20 HK cents.

For more information about the performance of HKT, please refer to its 2011 annual results released on February 27, 2012.

Media Business

For the year ended December 31, HK$ million	2010			2011			Better/ (Worse)
	H1	**H2**	**Full Year**	**H1**	**H2**	**Full Year**	y-o-y
Media Business Revenue	1,179	1,204	**2,383**	1,189	1,518	**2,707**	14%
Media Business EBITDA[1]	43	189	**232**	231	400	**631**	172%
Media Business EBITDA margin[1]	*4%*	*16%*	***10%***	*19%*	*26%*	***23%***	

Media business had an encouraging financial performance in 2011, delivering a broader revenue base and higher ARPU on the back of now TV's strong brand, attractive premium content, innovative services and multi-screen strategy. Revenue grew 14% to HK$2,707 million for the year ended December 31, 2011. With higher levels of operating efficiencies achieved, EBITDA surged by 172% to HK$631 million. EBITDA margin was 23% in 2011, a substantial increase from 10% a year earlier.

As the leader in the Hong Kong pay-TV market, now TV offers more than 180 television channels, video-on-demand and new media content services. During the year, a greater variety of premium sports programming including exclusive content was launched, reinforcing the ARPU of the sports package.

now TV's installed subscriber base continued to expand by 10% to 1,140,000 at the end of December 2011. The installed base ARPU also improved further in the second half of 2011, rebounding to HK$169 at the end of December 2011 (2010: HK$165), as customers took up more premium content and new media services.

During the year, advertising revenue also grew strongly as more attractive local content was produced. Currently, now TV produces more than 20 Chinese-language channels of general news, financial news, sports, entertainment and music.

Solutions Business

For the year ended December 31, HK$ million	2010			2011			Better/ (Worse)
	H1	**H2**	**Full Year**	**H1**	**H2**	**Full Year**	y-o-y
Solutions Business Revenue	1,058	981	**2,039**	1,090	1,119	**2,209**	8%
Solutions Business EBITDA[1]	139	145	**284**	157	226	**383**	35%
Solutions Business EBITDA margin[1]	*13%*	*15%*	***14%***	*14%*	*20%*	***17%***	

PCCW Solutions, as a leading IT service provider in Hong Kong and mainland China, continued to demonstrate excellent growth momentum, with notable increases in both revenue and EBITDA in 2011.

Revenue for the year ended December 31, 2011 increased by 8% to HK$2,209 million, as the business benefited from the increase in demand for cloud computing-related and data center services. Revenue growth was also driven by the fact that PCCW Solutions continued to secure more IT service contracts from both the public and private sectors in Hong Kong and mainland China, some of which providing long-term, recurring revenues.

As a forerunner in the provision of a full spectrum of cloud computing services, PCCW Solutions managed to capitalize on the fast expanding cloud computing needs. Having built an eminent reputation in mainland China over the past decade, PCCW Solutions is also well positioned to capture significant growth opportunities in the vast mainland market. It has gained customers in various industries including telecommunications, aviation, banking, and finance.

Because of enhanced utilization of its data center facilities and greater operating efficiencies during the year, EBITDA increased by 35% to HK$383 million and EBITDA margin further improved to 17% in 2011.

PCPD

PCPD recorded total revenue of HK$2,126 million and EBITDA of HK$333 million for the year ended December 31, 2011, compared with HK$1,495 million and HK$284 million, respectively, a year earlier.

In Hong Kong, eight houses at Villa Bel-Air were sold during the year. Pacific Century Place, PCPD’s investment property in Beijing, enjoyed an average occupancy rate of approximately 88% for the year ended December 31, 2011.

As for overseas projects, PCPD has been working on the design for the Hanazono all-season resort project in Hokkaido, Japan, following the approval of the residential portion by the Japanese authorities. The master plan for the project in Phang-nga, Thailand, has also reached an advanced stage.

For more information about the performance of PCPD, please refer to its 2011 annual results released on February 28, 2012.

Other Businesses

Other Businesses primarily comprised the wireless broadband business in the United Kingdom and all corporate support functions. Revenue from Other Businesses was HK$74 million for the year ended December 31, 2011. The cost to the Group's Other Businesses amounted to HK$842 million in 2011, which included considerable non-recurring costs incidental to the spin-off of HKT and higher marketing expenses in association with the corporate branding of HKT and PCCW during the year.

Eliminations

Eliminations was HK$2,303 million for the year ended December 31, 2011, as compared to HK$1,522 million a year ago. Eliminations mainly represented eliminations of intra-group sale and transfer of rights to use certain equipment and assets in the ordinary course of business on an arm's length basis.

Costs

Cost of Sales

For the year ended December 31, HK$ million	**2010**			**2011**			Better/ (Worse)
	H1	**H2**	**Full Year**	**H1**	**H2**	**Full Year**	y-o-y
The Group (excluding PCPD)	4,932	4,837	**9,769**	4,743	5,369	**10,112**	(4)%
PCPD	552	212	**764**	756	529	**1,285**	(68)%
Group Total	5,484	5,049	**10,533**	5,499	5,898	**11,397**	(8)%

The Group's consolidated total cost of sales for the year ended December 31, 2011 increased by 8% to HK$11,397 million mainly due to the higher cost of sales on the property side. Gross margin remained stable at 54% in 2011.

As core revenue increased, the Group's cost of sales excluding PCPD also increased to HK$10,112 million.

General and Administrative Expenses

The Group continued to implement cost management measures appropriate for the challenging operating environment, while at the same time investing for business growth in 2011. Operating expenses before depreciation and amortization, and gain/loss on disposal of property, plant and equipment increased by 11% to HK$5,656 million for the year ended December 31, 2011. The increase in expenses was primarily due to considerable non-recurring costs incidental to the spin-off of HKT, higher marketing expenses in association with the corporate branding of HKT and PCCW, and increased rental expenses for retail shops during the year. Taking into account the depreciation and amortization expenses of HK$3,949 million, general and administrative expenses increased by 8% to HK$9,604 million in 2011.

EBITDA[1]

Solid performance in all core segments led to an overall core EBITDA improvement in 2011. Core EBITDA increased by 3% to HK$7,252 million for the year ended December 31, 2011. Together with PCPD's EBITDA of HK$333 million for the year, consolidated EBITDA including PCPD also increased by 3% to HK$7,585 million.

Interest Income and Finance Costs

Interest income increased by 163% to HK$71 million for the year ended December 31, 2011 due to a higher average cash balance and a higher average deposit income rate in 2011. Coupled with the interest savings after the repayment in November 2011 of the US$1 billion notes due 2011, net finance costs dropped by 4% to HK$1,494 million for the year ended December 31, 2011.

Income Tax

Income tax expenses for the year ended December 31, 2011 decreased to HK$542 million, as compared to HK$756 million a year ago. The effective tax rate was 23% (2010: 25%). The decrease in tax expenses was primarily due to the utilization of previously unrecognized tax losses as certain loss-making companies had turned profitable, and the decrease in certain deferred income tax expenses during the year. The rate is higher than the statutory tax rate of 16.5%, mainly due to the higher tax rates for overseas entities.

Non-controlling Interests

Non-controlling interests of HK$169 million primarily represented the net profit attributable to the non-controlling shareholders of HKT and PCPD.

Consolidated Profit Attributable to Equity Holders of the Company

Consolidated profit attributable to equity holders of the Company for the year ended December 31, 2011 was HK$1,607 million (2010: HK$1,926 million). The reduction of consolidated profit attributable to equity holders of the Company during the year was primarily due to the decrease of non-operating gain on valuation of investment properties, which were primarily held by PCPD, by HK$1,130 million as compared with 2010.

LIQUIDITY AND CAPITAL RESOURCES

The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholders' return and a sound capital position. The Group also makes adjustments to maintain an optimal capital structure in light of changes in economic conditions and to reduce the cost of capital.

The HKT Global Offering completed in November 2011 generated net proceeds of HK$8,684 million, HK$7,800 million of which was used towards repayment of the Group's debt.

In November 2011, the Group redeemed US$1,000 million in bonds which came due on maturity. During the year, the Group also reduced its outstanding bank loans by another HK$3,923 million. As a result, the Group's gross debt[2] was reduced to HK$23,592 million as at December 31, 2011 (December 31, 2010: HK$35,315 million). Cash and cash equivalents totaled HK$5,365 million as at December 31, 2011 (December 31, 2010: HK$8,101 million). The Group's net debt[2] was HK$18,195 million as at December 31, 2011 (December 31, 2010: HK$27,182 million).

As at December 31, 2011, the Group had a total of HK$23,851 million in committed bank loan facilities available for liquidity management, of which HK$11,955 million remained undrawn.

The Group's gross debt[2] to total assets was 51% as at December 31, 2011 (2010: 73%).

CREDIT RATINGS OF HONG KONG TELECOMMUNICATIONS (HKT) LIMITED

As at December 31, 2011, Hong Kong Telecommunications (HKT) Limited, an indirect non-wholly-owned subsidiary of the Company, had investment grade ratings with Moody's Investors Service (Baa2) and Standard & Poor's Ratings Services (BBB).

CAPITAL EXPENDITURE[3]

Group capital expenditure for the year ended December 31, 2011 was HK$1,991 million (2010: HK$1,847 million), of which HKT accounted for about 80% in 2011 (2010: 87%). In addition, the Group received fixed assets of HK$629 million from the integration of Reach. Major outlays for the year were mainly expanded investments and network enhancement in meeting demand for high-speed broadband services, quadruple-play and international networks.

Going forward, the Group will continue to invest in its delivery platform and networks taking into account the prevailing market conditions, and using assessment criteria including internal rate of return, net present value and payback period.

HEDGING

Market risk arises from foreign currency and interest rate exposures related to cash investments and borrowings. As a matter of policy, the Group continues to manage the market risk directly relating to its operations and financing and does not undertake any speculative derivative trading activities. The Group determines appropriate risk management activities with the aim of prudently managing the market risk associated with transactions undertaken in the normal course of the Group's business. All treasury risk management activities are carried out in accordance with the Group's policies and guidelines, which are reviewed on a regular basis.

In the normal course of business, the Group enters into forward contracts and other derivative contracts in order to limit its exposure to adverse fluctuations in foreign currency exchange rates and interest rates. These instruments are executed with creditworthy financial institutions, and all contracts are denominated in currencies of major industrial countries. As at December 31, 2011, all cross currency swap contracts were designated as cash flow hedges and fair value hedges for the Group's foreign currency denominated long-term borrowings.

CHARGE ON ASSETS

As at December 31, 2011, certain assets of the Group with an aggregate carrying value of HK$5,476 million (2010: HK$5,193 million) were pledged to secure loans and bank loan facilities of the Group.

CONTINGENT LIABILITIES

As at December 31, HK$ million	2010	**2011**
Performance guarantees	377	**444**
Others	44	**31**
	421	**475**

The Group is subject to certain corporate guarantee obligations to guarantee the performance of its subsidiaries in the normal course of their businesses. The amount of liabilities arising from such obligations, if any, cannot be ascertained but the Directors are of the opinion that any resulting liability would not materially affect the financial position of the Group.

HUMAN RESOURCES

As at December 31, 2011, the Group had approximately 20,100 employees (2010: 19,300). About 60% of these employees work in Hong Kong and the others are based mainly in the PRC, the United States and the Philippines. The Company has established incentive bonus schemes designed to motivate and reward employees at all levels to achieve the Company's business performance targets. Payment of bonuses is generally based on achievement of EBITDA[1] and free cash flow targets for the Group as a whole and for each of the individual business units.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 10.6 HK cents (2010: 10.2 HK cents) per ordinary share for the year ended December 31, 2011 subject to the approval of shareholders of the Company at the forthcoming annual general meeting. An interim dividend of 5.3 HK cents (2010: 5.1 HK cents) per ordinary share for the six months ended June 30, 2011 was paid by the Company on October 7, 2011. The Company will in due course issue a notice of closure of the register of members and the date of annual general meeting as well as the record date and the approximate payment date for the proposed final dividend.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended December 31, 2011.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended December 31, 2011.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.pccw.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2011 annual report will be despatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
PCCW Limited
Chu Mee Lai, Helen
Company Secretary

Hong Kong, February 28, 2012

AUDITED CONSOLIDATED INCOME STATEMENT
For the year ended December 31, 2011
(In HK$ million except for earnings per share)

	Note(s)	2010	**2011**
Turnover	2	22,962	**24,638**
Cost of sales		(10,533)	**(11,397)**
General and administrative expenses		(8,924)	**(9,604)**
Other gains, net	3	1,217	**143**
Interest income		27	**71**
Finance costs		(1,587)	**(1,565)**
Share of results of associates		47	**44**
Share of results of jointly controlled companies		(129)	**(12)**
Profit before income tax	2, 4	3,080	**2,318**
Income tax	5	(756)	**(542)**
Profit for the year		2,324	**1,776**
Attributable to:			
Equity holders of the Company		1,926	**1,607**
Non-controlling interests		398	**169**
Profit for the year		2,324	**1,776**
Earnings per share	7		
Basic		27.75 cents	**22.10 cents**
Diluted		27.75 cents	**22.10 cents**

AUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS

As at December 31, 2011
(In HK$ million)

	Note	The Group 2010	The Group **2011**	The Company 2010	The Company **2011**
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment		15,452	**15,477**	–	**–**
Investment properties		5,085	**5,384**	–	**–**
Interests in leasehold land		552	**530**	–	**–**
Properties held for/under development	8	1,052	**1,105**	–	**–**
Goodwill		3,170	**3,170**	–	**–**
Intangible assets		2,388	**2,812**	–	**–**
Investments in subsidiaries		–	**–**	12,089	**12,089**
Interests in associates		233	**402**	–	**–**
Interests in jointly controlled companies		477	**515**	–	**–**
Held-to-maturity investments		2	**2**	–	**–**
Available-for-sale financial assets		281	**575**	–	**–**
Derivative financial instruments		152	**275**	–	**–**
Deferred income tax assets		78	**148**	–	**–**
Other non-current assets		465	**514**	–	**–**
		29,387	**30,909**	12,089	**12,089**
Current assets					
Properties for sale	8	772	**455**	–	**–**
Amounts due from subsidiaries		–	**–**	18,262	**17,423**
Sales proceeds held in stakeholders’ accounts	9	845	**632**	–	**–**
Restricted cash	10	2,281	**735**	32	**32**
Prepayments, deposits and other current assets		3,226	**3,497**	10	**10**
Inventories		957	**1,166**	–	**–**
Amounts due from related companies		2	**–**	–	**–**
Derivative financial instruments		17	**–**	–	**–**
Trade receivables, net	11	2,529	**3,084**	–	**–**
Tax recoverable		16	**7**	–	**–**
Cash and cash equivalents		8,101	**5,365**	194	**87**
		18,746	**14,941**	18,498	**17,552**

AUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS (CONTINUED)
As at December 31, 2011
(In HK$ million)

		The Group		The Company	
	Note	2010	**2011**	2010	**2011**
Current liabilities					
Short-term borrowings		(7,800)	**(40)**	–	**–**
Trade payables	12	(1,705)	**(1,777)**	–	**–**
Accruals and other payables		(4,005)	**(4,134)**	(7)	**(19)**
Amount payable to the Government under the Cyberport Project Agreement	13	(1,606)	**(603)**	–	**–**
Carrier licence fee liabilities		(143)	**(187)**	–	**–**
Amounts due to related companies		(57)	**(27)**	–	**–**
Advances from customers		(1,860)	**(1,750)**	–	**–**
Current income tax liabilities		(568)	**(786)**	–	**–**
Dividend payable		–	**(1,443)**	–	**(1,443)**
		(17,744)	**(10,747)**	(7)	**(1,462)**
Net current assets		1,002	**4,194**	18,491	**16,090**
Total assets less current liabilities		30,389	**35,103**	30,580	**28,179**
Non-current liabilities					
Long-term borrowings		(27,041)	**(23,470)**	–	**–**
Derivative financial instruments		(102)	**–**	–	**–**
Deferred income tax liabilities		(2,109)	**(2,222)**	–	**–**
Deferred income		(727)	**(893)**	–	**–**
Defined benefit liability		(4)	**(3)**	–	**–**
Carrier licence fee liabilities		(895)	**(815)**	–	**–**
Other long-term liabilities		(119)	**(120)**	–	**–**
		(30,997)	**(27,523)**	–	**–**
Net (liabilities)/assets		(608)	**7,580**	30,580	**28,179**
CAPITAL AND RESERVES					
Share capital		1,818	**1,818**	1,818	**1,818**
(Deficit)/Reserves		(5,081)	**4,286**	28,762	**26,361**
Equity attributable to equity holders of the Company		(3,263)	**6,104**	30,580	**28,179**
Non-controlling interests		2,655	**1,476**	–	**–**
Total equity		(608)	**7,580**	30,580	**28,179**

NOTES

1. BASIS OF PREPARATION AND CRITICAL ACCOUNTING ESTIMATES

The accounting policies and methods of computation used in preparing the financial information extracted from the audited consolidated financial statements are consistent with those followed in preparing the annual financial statements of PCCW Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended December 31, 2010, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which are relevant to the Group's operation and are effective for accounting periods beginning on or after January 1, 2011. The HKFRSs include all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

- HKFRS 1 (Revised) (Amendments), "First-time Adoption of Hong Kong Financial Reporting Standards'.
- HKAS 24 (Revised), 'Related Party Disclosures'.
- HKAS 32 (Amendments), 'Financial Instruments: Presentation'.
- HK(IFRIC) – Int 14 (Amendments), 'HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'.
- HK(IFRIC) – Int 19, 'Extinguishing Financial Liabilities with Equity Instruments'.
- Improvements to HKFRSs 2010 issued in May 2010 by the HKICPA.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Key sources of estimation uncertainty are discussed below:

i. Useful lives of property, plant and equipment and intangible assets (other than goodwill)

The Group has significant property, plant and equipment and intangible assets (other than goodwill). The Group is required to estimate the useful lives of property, plant and equipment and intangible assets (other than goodwill) in order to ascertain the amount of depreciation and amortization charges for each reporting period.

The useful lives are estimated at the time of purchase of these assets after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including declines in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

During the year ended December 31, 2011, the Group performed a review to reassess the useful lives of certain exchange equipment, transmission plant and other plant and equipment of the Group, based on the expectations of the Group's operational management and technological trend. The reassessment has resulted in a change in the estimated useful lives of these assets. The Group considers this to be a change in accounting estimate and has therefore accounted for the change prospectively from January 1, 2011. As a result of this change in accounting estimate, the Group's profit for the year ended December 31, 2011 has been increased by HK$67 million and the net assets as at December 31, 2011 have been increased by HK$67 million.

1. BASIS OF PREPARATION AND CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

ii. Impairment of assets (other than investments in debt and equity securities and other receivables)

At each balance sheet date, the Group reviews internal and external sources of information to identify indications that the following classes of asset may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;
- interests in leasehold land;
- intangible assets;
- investments in associates and jointly controlled companies;
- goodwill; and
- investments in subsidiaries (at Company level).

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment. An impairment loss is recognized in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

The sources utilized to identify indications of impairment are often subjective in nature and the Group is required to use judgement in applying such information to its business. The Group's interpretation of this information has a direct impact on whether an impairment assessment is performed as at any given balance sheet date. Such information is particularly significant as it relates to the Group's telecommunications services and infrastructure businesses in Hong Kong.

If an indication of impairment is identified, such information is further subject to an exercise that requires the Group to estimate the recoverable value, representing the greater of the asset's fair value less cost to sell or its value in use. Depending on the Group's assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable value, the Group may perform such assessments utilizing internal resources or the Group may engage external advisors to counsel the Group. Regardless of the resources utilized, the Group is required to make many assumptions to make these assessments, including the utilization of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable value of any asset.

iii. Revenue recognition

Telecommunications service revenue based on usage of the Group's network and facilities is recognized when the services are rendered. Telecommunications revenue for services provided for fixed periods is recognized on a straight-line basis over the respective period. In addition, up-front fees received for installation of equipment and activation of customer service are deferred and recognized over the expected customer relationship period. The Group is required to exercise considerable judgement in revenue recognition particularly in the areas of customer discounts and customer disputes. Significant changes in management estimates may result in material revenue adjustments.

1. BASIS OF PREPARATION AND CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

iii. Revenue recognition *(continued)*

The Group offers certain arrangements whereby a customer can purchase telecommunications equipment together with a fixed period of telecommunications service arrangement. When such multiple-element arrangements exist, the amount recognized as revenue upon the sale of the telecommunications equipment is the fair value of the equipment in relation to the fair value of the arrangement taken as a whole. The revenue relating to the service element, which represents the fair value of the servicing arrangement in relation to the fair value of the arrangement taken as a whole, is recognized over the service period. The fair values of each element are determined based on the current market price of each of the elements when sold separately.

Where the Group is unable to determine the fair value of each of the elements in an arrangement, it uses the residual value method. Under this method, the Group determines the fair value of the delivered element by deducting the fair value of the undelivered element from the total contract consideration.

To the extent that there is a discount on the arrangement, such discount is allocated between the elements of the contract in such a manner as to reflect the fair value of the elements.

iv. Sales recognition on properties sold

When the inflow of economic benefits associated with a property sales transaction is assessed to be probable and significant risks and rewards of ownership of properties are transferred to purchasers, the Group recognizes revenue in respect of the properties sold.

Management also required to make judgement on when significant risks and rewards of ownership of properties are transferred to purchasers. Risk and rewards of ownership of properties are transferred to purchasers upon execution of legally binding unconditional sales contracts upon which the beneficial interest in the properties passes to the purchasers.

The judgement on when the transfer of risks and rewards of ownership of properties would affect the Group’s profit for the year and the carrying value of properties under development/held for sale.

v. Amount payable to the Government under the Cyberport Project Agreement

Pursuant to an agreement dated May 17, 2000 entered into with the Government of Hong Kong (the “Government”) in respect of the Cyberport project (the “Cyberport Project Agreement”), the Government is entitled to receive approximately 65% of the surplus cash flow earned from the Cyberport project. The amounts paid and payable to the Government are part of the Group’s costs of developing the Cyberport project.

The amount payable to the Government is a financial liability that is measured at amortized cost. Borrowing costs associated with this liability are capitalized as part of the properties under development.

The estimated cost of developing the Cyberport project, including construction costs and the amounts paid and payable to the Government, is allocated to the cost of properties sold on a systematic basis over the life of the project using a relative value approach. This approach considers the value of development costs attributable to phases for which revenue has been recognized to date relative to the total expected value of development costs for the development as a whole. The revision of estimates of these relative values during the year ended December 31, 2011 has resulted in the costs of properties sold recorded in the year ended December 31, 2011 being decreased by HK$151 million.

1. BASIS OF PREPARATION AND CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

vi. Deferred income tax

While deferred income tax liabilities are provided in full on all taxable temporary differences, deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. In assessing the amount of deferred income tax assets that need to be recognized, the Group considers future taxable income and ongoing prudent and feasible tax planning strategies. In the event that the Group's estimates of projected future taxable income and benefits from available tax strategies are changed, or changes in current income tax regulations are enacted that would impact the timing or extent of the Group's ability to utilize the tax benefits of net operating loss carry-forwards in the future, adjustments to the recorded amount of net deferred income tax assets and income tax expense would be made.

vii. Current income tax

The Group makes a provision for current income tax based on estimated taxable income for the year. The estimated income tax liabilities are primarily computed based on the tax computations as prepared by the Group. Nevertheless, from time to time, there are cases of disagreements with the tax authorities of Hong Kong and elsewhere on the tax treatment of items included in the tax computations and certain non-routine transactions. If the Group considers it probable that these disputes or judgements will result in different tax positions, the most likely amounts of the outcome will be estimated and adjustments to the income tax expense and income tax liabilities will be made accordingly.

viii. Recognition of intangible asset – Carrier licences

In order to measure the intangible assets, HKAS 39 (revised) "Financial Instruments: Recognition and Measurement" is applied for recognition of the minimum annual fee and royalty payments as they constitute contractual obligations to deliver cash and, hence, should be considered as financial liabilities. To establish the fair value of the minimum annual fee and royalty payments for the right of use of the carrier licences, the discount rate used is an indicative incremental borrowing rate estimated by the Group. Had a different discount rate been used to determine the fair value, the Group's results of operations and financial position could be materially different.

ix. Estimated valuation of investment properties

The best evidence of fair value is current prices in an active market for similar leases and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair values estimates. In making its estimates, the Group considers both (i) information from the valuations of investment properties performed by external professional valuers by using the market value approach and (ii) other principal assumptions including the receipt of contractual rentals, expected future market rentals in view of the current usage and condition of the investment properties, supported by the terms of any existing leases and other contracts, and discount rates to determine the fair value of the investment properties. Had the Group used different future market rentals, discount rates and other assumptions, the fair value of the investment properties would be different and thus caused impact to the consolidated income statement. As at December 31, 2011, the fair value of the investment properties was HK$5,384 million.

2. SEGMENT INFORMATION

The chief operating decision-maker (the “CODM”) is the Group’s senior executive management. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the business from both geographic and product perspectives. From a product perspective, management assesses the performance of the following segments:

- HKT Limited (“HKT”) is the leading provider of telecommunications and related services including local telephony, local data and broadband, international telecommunications, mobile, customer premises equipment sale, outsourcing, consulting and contact centers primarily in Hong Kong, mainland China and elsewhere in the world.

- Media Business includes interactive pay-TV service, Internet portal multimedia entertainment platform and the Group’s directories operations in Hong Kong and mainland China.

- Solutions Business offers Information and Communications Technologies services and solutions in Hong Kong and mainland China.

- Pacific Century Premium Developments Limited (“PCPD”) covers the Group’s property portfolio in Hong Kong and mainland China, including the Cyberport development in Hong Kong, and elsewhere in Asia.

- Other Businesses include the Group’s wireless broadband business in the United Kingdom and all corporate support functions.

The CODM assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortization (“EBITDA”). The EBITDA represents earnings before interest income, finance costs, income tax, depreciation of property, plant and equipment, amortization of land lease premium and intangible assets, gain/loss on disposal of property, plant and equipment, investment properties and interests in leasehold land, net other gains/losses, losses on property, plant and equipment, restructuring costs, impairment losses on goodwill, tangible and intangible assets and interests in associates and jointly controlled companies, and the Group’s share of results of associates and jointly controlled companies.

Segment revenue, expense and segment performance include transactions between segments. Inter-segment pricing is based on similar terms as those available to other external parties for similar services. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated income statement.

2. SEGMENT INFORMATION (CONTINUED)

Information regarding the Group's reportable segments as provided to the Group's CODM is set out below:

For the year ended December 31, 2010
(In HK$ million)

	*HKT	Media Business	*Solutions Business	*Other Businesses	PCPD	Eliminations	Consolidated
REVENUE							
Total Revenue	18,527	2,383	2,039	40	1,495	(1,522)	22,962
RESULTS							
EBITDA	7,249	232	284	(696)	284	–	7,353

For the year ended December 31, 2011
(In HK$ million)

	HKT	**Media Business**	**Solutions Business**	**Other Businesses**	**PCPD**	**Eliminations**	**Consolidated**
REVENUE							
Total Revenue	**19,825**	**2,707**	**2,209**	**74**	**2,126**	**(2,303)**	**24,638**
RESULTS							
EBITDA	**7,411**	**631**	**383**	**(842)**	**333**	**(331)**	**7,585**

* During the year ended December 31, 2011, the Group has completed an internal reorganization in connection with the global offering of share stapled units of HKT Trust and HKT Limited (the "HKT Trust"). As a result, management has made changes to the Group's internal reporting that caused changes to reportable segments and segment presentation. The prior year's segment information has been restated to conform with the revised presentation.

A reconciliation of total segment EBITDA to profit before income tax is provided as follows:

In HK$ million	2010	**2011**
Total segment EBITDA	7,353	**7,585**
(Loss)/Gain on disposal of property, plant and equipment	(45)	**1**
Depreciation and amortization	(3,800)	**(3,949)**
Other gains, net	1,217	**143**
Interest income	27	**71**
Finance costs	(1,587)	**(1,565)**
Share of results of associates and jointly controlled companies	(82)	**32**
Restructuring costs recognized	(3)	**–**
Profit before income tax	3,080	**2,318**

2. SEGMENT INFORMATION (CONTINUED)

The following table sets out information about the geographical location of the Group's revenue from external customers. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

In HK$ million	**Revenue from external customers**	
	2010	**2011**
Hong Kong (place of domicile)	19,308	**20,776**
Mainland China (excluding Hong Kong) and Taiwan	1,783	**2,013**
Others	1,871	**1,849**
	22,962	**24,638**

3. OTHER GAINS, NET

In HK$ million	2010	**2011**
Net realized gains on disposal of available-for-sale financial assets	10	**–**
Realized gain from investment in available-for-sale financial assets	21	**–**
Net realized gains on disposal of an associate	1	**–**
Provision for impairment of investments	(21)	**–**
Fair value gains on investment properties	1,155	**25**
Recovery of impairment loss on an interest in a jointly controlled company	–	**104**
Impairment loss on an interest in a jointly controlled company	–	**(16)**
Net gain on cash flow hedging instruments transferred from equity	41	**39**
Others	10	**(9)**
	1,217	**143**

4. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging and crediting the following:

In HK$ million	2010	**2011**
Crediting:		
Revenue from properties sold	1,100	**1,710**
Gain on disposal of property, plant and equipment	–	**1**
Charging:		
Cost of inventories sold	2,056	**2,272**
Cost of properties sold	640	**1,219**
Cost of sales, excluding inventories and properties sold	7,837	**7,906**
Depreciation of property, plant and equipment	2,678	**2,549**
Operating costs of property, plant and equipment, net	100	**454**
Amortization of intangible assets	1,099	**1,378**
Amortization of land lease premium	23	**22**
Loss on disposal of property, plant and equipment	45	**–**
Interest on borrowings	1,500	**1,473**
Staff costs	2,590	**2,619**

5. INCOME TAX

In HK$ million	2010	**2011**
Hong Kong profits tax	(68)	**470**
Overseas tax	14	**58**
Movement of deferred income tax	810	**14**
	756	**542**

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the year. Overseas tax has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the respective jurisdictions.

6. DIVIDENDS

In HK$ million	2010	**2011**
Interim dividend declared and paid in respect of current year of 5.3 HK cents (2010: 5.1 HK cents) per ordinary share	370	**385**
Final dividend declared in respect of previous financial year, approved and paid during the year of 10.2 HK cents (2010: 13.3 HK cents) per ordinary share	901	**742**
Special dividend in specie (2010: nil)	–	**1,443**
	1,271	**2,570**
Final dividend proposed after the balance sheet date of 10.6 HK cents (2010: 10.2 HK cents) per ordinary share	742	**771**

During the year ended December 31, 2011, PCCW declared a conditional special dividend to be satisfied by way of two distributions in specie of share stapled units of HKT Trust representing an aggregate of approximately 5% of the share stapled units in issue immediately following the completion of the global offering of share stapled units of the HKT Trust ("Distribution in Specie"). The Distribution in Specie became unconditional upon the listing of share stapled units of the HKT Trust on the Main Board of The Stock Exchange of Hong Kong Limited on November 29, 2011. Accordingly, estimated dividend payable of approximately HK$1,443 million was recorded, which is measured at the fair value of approximately 5% of the share stapled units of the HKT Trust to be distributed on the date when the Distribution in Specie became unconditional.

The first distribution in specie represents a distribution of 158,080,457 share stapled units of the HKT Trust on the basis of 1 share stapled unit of HKT Trust for every integral multiple of 46 ordinary shares of the Company, and will be transferred to eligible shareholders on or around March 2, 2012.

The second distribution in specie represents a distribution of approximately 2.5% of the share stapled units in issue immediately following the completion of the global offering of share stapled units of the HKT Trust and will be transferred to eligible shareholders, in proportion to their shareholdings in the Company on March 20, 2012, on or around May 22, 2012.

The final dividend proposed after the balance sheet date for 2011 has not been recognized as a liability as at the balance sheet date.

7. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the following data:

	2010	**2011**
Earnings (in HK$ million)		
Earnings for the purpose of basic and diluted earnings per share	1,926	**1,607**
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	6,940,787,805	**7,272,294,654**

8. PROPERTIES HELD FOR/UNDER DEVELOPMENT/FOR SALE

In HK$ million	2010	**2011**
Properties under development *(note a)*	428	**487**
Properties held for development *(note b)*	624	**618**
	1,052	**1,105**
Less: Properties held for/under development classified as non-current assets	(1,052)	**(1,105)**
Properties under development classified as current assets	–	**–**
Properties for sale classified as current assets *(note a)*	772	**455**
	772	**455**

a. Pursuant to the Cyberport Project Agreement, the Group was granted an exclusive right and obligation to design, develop, construct and market the Cyberport project at Telegraph Bay on the Hong Kong Island. The Cyberport project consists of commercial and residential portions. The completed commercial portion was transferred to the Government at no consideration. The associated costs incurred have formed part of the development costs of the residential portion. The construction of residential portion of the Cyberport project was completed in November 2008.

b. Properties held for development represents freehold land in Thailand, which the Group intends for future development projects.

9. SALES PROCEEDS HELD IN STAKEHOLDERS' ACCOUNTS

The balance represents proceeds from the sales of the residential portion of the Cyberport project retained in bank accounts opened and maintained by stakeholders. These amounts will be transferred to specific bank accounts, which are restricted in use, pursuant to certain conditions and procedures as stated in the Cyberport Project Agreement.

10. RESTRICTED CASH

The balance mainly represented a restricted cash balance of approximately HK$696 million as at December 31, 2011 (2010: HK$2,245 million) held in specific bank accounts, the uses of which are specified in the Cyberport Project Agreement.

11. TRADE RECEIVABLES, NET

The aging of trade receivables is set out below:

In HK$ million	2010	**2011**
0 – 30 days	1,464	**1,678**
31 – 60 days	308	**497**
61 – 90 days	185	**212**
91 – 120 days	96	**132**
Over 120 days	682	**737**
	2,735	**3,256**
Less: Impairment loss for doubtful debts	(206)	**(172)**
	2,529	**3,084**

Trade receivables in respect of properties sold are payable by the purchasers pursuant to the terms of the sales contracts. Other trade receivables have a normal credit period ranging up to 30 days from the date of invoice unless there is a separate mutual agreement on extension of the credit period. The Group maintains a well-defined credit policy and individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors who have overdue payable are requested to settle all outstanding balances before any further credit is granted.

12. TRADE PAYABLES

The aging of trade payables is set out below:

In HK$ million	2010	**2011**
0 – 30 days	901	**791**
31 – 60 days	184	**111**
61 – 90 days	30	**55**
91 – 120 days	15	**38**
Over 120 days	575	**782**
	1,705	**1,777**

13. AMOUNT PAYABLE TO THE GOVERNMENT UNDER THE CYBERPORT PROJECT AGREEMENT

In HK$ million	2011		
	Government share under the Cyberport Project Agreement	**Others**	**Total**
Beginning of year	**1,574**	**32**	**1,606**
Addition to amount payable	**1,100**	**2**	**1,102**
Settlement during the year	**(2,105)**	**–**	**(2,105)**
End of year, classified as current liabilities	**569**	**34**	**603**

Pursuant to the Cyberport Project Agreement, the Government shall be entitled to receive payments of approximately 65% of the surplus cash flow arising from the sales of the residential portion of the Cyberport project, net of certain allowable costs incurred on the project, as stipulated under certain terms and conditions of the Cyberport Project Agreement. The amount payable to the Government is included in properties under development as the amount is considered as part of the development costs of the Cyberport project. The amount payable is based on estimated sales proceeds of the residential portion of the Cyberport project and the estimated development costs of the Cyberport project. The estimated amount to be paid to the Government during the forthcoming year is classified as current liabilities.

The Directors as at the date of this announcement are as follows:

Executive Directors
Li Tzar Kai, Richard (Chairman); Chan Ching Cheong, George (Group Managing Director);
Hui Hon Hing, Susanna (Group Chief Financial Officer) and Lee Chi Hong, Robert

Non-Executive Directors
Sir David Ford, KBE, LVO; Tse Sze Wing, Edmund, GBS; Lu Yimin (Deputy Chairman);
Li Fushen and Li Gang

Independent Non-Executive Directors
Dr The Hon Sir David Li Kwok Po, GBM, GBS, OBE, JP; Aman Mehta and Wei Zhe, David

Forward-Looking Statements

This announcement may contain certain forward-looking statements. These forward-looking statements include, without limitation, statements relating to revenues and earnings. The words “believe”, “intend”, “expect”, “anticipate”, “project”, “estimate”, “predict”, “is confident”, “has confidence” and similar expressions are also intended to identify forward-looking statements. These forward-looking statements are not historical facts. Rather, the forward-looking statements are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of PCCW relating to the business, industry and markets in which PCCW operates.