

# PCCW at a Glance

## Telecommunications Services (TSS)

TSS provides local telephony and data, international telecommunications and other services

### Local telephony

Services include network infrastructure design, build-out and maintenance, consulting solutions, customer installation and maintenance services, project management, operating systems development and maintenance and technical support

### International telecommunications

Provides outgoing IDD, retail international data services and termination of incoming international calls

### Local data

Provides data and network services, with wholesale broadband access lines utilizing PCCW's fiber-optic network

### Internet Access Services

Provides broadband and narrowband Internet access and value-added services

## Business eSolutions

Provides end-to-end solutions from systems integration, application development, network integration, outsourcing and application management services and enterprise applications to meet requirements across Asia

### Internet Data Centers

Provides managed hosting, security, network and facilities management and monitoring services to Greater China customers through the *Powerbase* brand

## Infrastructure

PCCW Infrastructure manages an infrastructure and property portfolio in Hong Kong and China. Activities include developments such as Hong Kong's technology-themed Cyberport

## REACH

REACH, a 50-50 venture formed with Australia's Telstra, is Asia's largest international carrier of combined voice, private line and IP data services

## 2002 Highlights

- HK\$18,007 million (approximately US\$2,309 million) in revenues
  - Creation of Cascade, one of Asia's leading technical services companies
  - Implemented efficiency improvements and improved marketing efforts to reduce costs and enhance customer service
- HK\$6,849 million (approximately US\$879 million) in revenues, a decrease of 9 percent year on year
  - Became the first technical services provider in Asia to hold TL9000 certification
- HK\$3,557 million (approximately US\$456 million) in revenues, a reduction of 20 percent from 2001. This was mainly due to significant price competition in the retail IDD market and downward pricing pressure on international data products
- HK\$4,457 million (approximately US\$571 million) in revenues, representing an increase of 4 percent over previous year
- A total broadband and narrowband Internet-access customer base of approximately 780,000 in Hong Kong as of end 2002
  - Introduced four new value-added services for NETVIGATOR customers
- Revenues of HK\$2,234 million (approximately US\$286 million) up 15 percent from 2001
  - Hong Kong contracts include Hong Kong Special Administrative Region Smart Identity Card and Cyberport IT Infrastructure project
- Integrated into Business eSolutions to provide customers with seamless IT systems and hosting services
- Revenues of HK\$685 million (approximately US\$88 million) as of year end 2002
  - 173-room le Meridien Hotel 'topping-out' ceremony staged at Cyberport
- Revenues of HK\$9,854 million (approximately US\$1,263 million) as of year end 2002
  - PCCW's 50 percent share of profit before tax for 2002 was HK\$738 million compared to HK\$706 million for the 11-month period ended December 31, 2001

## 2003 Objectives

- HK\$8,903 million (approximately US\$1,142 million) in EBITDA
- Continued rebalance of business, reducing reliance on IDD revenues to focus on growth through investments in value-added services, data, and broadband access services

- Maximise profitability in competitive environment
- Cascade to work on capturing additional contracts throughout Asia
- Continued emphasis on quality and innovation – reinforce premium brand awareness

- Became first in Hong Kong to launch local IP services
- Established itself as a leader in Asia Pacific IP-Virtual Private Network (IP-VPN) services by launching regional IP-VPN offerings in early 2002

- Continued world-class service levels

- The Group has been able to sustain its market share in the competitive IDD market in 2002 through customer retention and win-back programs

- Sharper focus on promotions to retain and win back customers in this fiercely competitive market

- Local bandwidth sold increased by 23 percent from approximately 140 Gigabits per second (Gbps) to approximately 172 Gbps year-on-year

- Continue to increase bandwidth sales

- 39 percent growth in broadband access lines
- Created more than 200 wi-fi (wireless LAN) hotspots

- Continued growth in broadband market
- Grow wi-fi, wireless broadband, offerings

- Pivotal role in creation of major IT&T alliances in mainland China

- Continued IT expansion into Greater China
- Continued emphasis on fast-growing sectors – finance, enterprise, telecoms and public sector

- **Powerbase** won service contracts to design and build Internet data centers for a major telecoms provider (March 2002) and a major mobility provider (December 2002) in mainland China

- Extend the **Powerbase** brand into Greater China through alliances and ventures

- Phase-one of the Cyberport commercial sector completed
- Improved financial returns from PCCW's property assets while reducing real-estate costs of other business units

- Positive start to Cyberport residential (Residence Bel-Air) sales
- Remainder of commercial portion of Cyberport to be completed in 2003 and 2004

- PCCW wrote down the value of its 50 percent investment in REACH by HK\$8,263 million

- REACH remains a strategic asset for PCCW