



INTERIM REPORT 2023
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ABOUT PCCW

PCCW is a global company headquartered in Hong Kong which holds interests in telecommunications, media, IT solutions, property development and investment, and other businesses.

The Company holds a majority stake in the HKT Trust and HKT Limited, Hong Kong's premier telecommunications service provider and leading operator of fixed-line, broadband, mobile communication and media entertainment services. HKT delivers end-to-end integrated solutions employing emerging technologies to assist enterprises in transforming their businesses. HKT has also built a digital ecosystem integrating its loyalty programme, e-commerce, travel, insurance, big data analytics, fintech and healthtech services to deepen its relationship with customers.

PCCW owns a fully integrated multimedia and entertainment group in Hong Kong engaged in the provision of over-the-top ("OTT") video service locally and in other regions, as well as content production, artiste management and the event business.

Through HK Television Entertainment Company Limited, PCCW also operates a domestic free TV service in Hong Kong.

In addition, PCCW holds a stake in Pacific Century Premium Developments Limited and other overseas investments.

STATEMENT FROM THE CHAIRMAN

Supported by the steady development of its media and HKT businesses, PCCW Group reported solid operating performance in the first half of 2023. Meanwhile, we remain dedicated to contributing towards the revival of our economy.

Viu, our pan-regional over-the-top (“OTT”) video streaming service, has seen healthy growth, sustaining its positive EBITDA and market leadership. Having formed a strategic partnership with CANAL+, a leading content creator and distributor in Europe and Africa, Viu is set to benefit from extended market reach and global synergies to achieve accelerated growth.

On top of captivating the audience with a diverse programme line-up, ViuTV has stepped up its online presence to capture the expanding digital advertising market. Our content, artiste management and event business has broadened its market reach and built up its content library to attract a wider audience through quality productions and collaborations with renowned partners.

HKT’s comprehensive portfolio of businesses reinforced its all-round support for Hong Kong’s connectivity needs to bolster smart city development. Our mobile data roaming service addressed the incline in demand from travellers. Our 5G customer base approached 1.2 million in June. Netvigator continued to enhance its offerings by launching the city’s first 5000M fibre-to-the-home (“FTTH”) service to meet the increasing bandwidth needs of consumers, while momentum continued for 2500M upgrades.

Supported by the Government’s efforts to extend fibre-based networks to remote areas, HKT completed the construction of its optic-fibre cable to Lamma Island, facilitating residents’ online work, education and entertainment.

HKT Enterprise Solutions utilised artificial intelligence (“AI”)-enabled and cloud-based services to help businesses accelerate their digital transformation and Greater Bay Area expansion. Our 5G applications have penetrated into new industries, enabling smart campus and property and empowering smart living through innovation.

HKT is proud to support the Hong Kong Monetary Authority’s efforts to prepare for a potential e-HKD. As part of a consortium, we have been selected to participate in its e-HKD Pilot Programme, utilising our experience and wallet infrastructure to contribute to this important initiative.

Meanwhile, our digital wallet, Tap & Go, continues to support the Government’s Consumption Voucher Scheme, boosting e-payment use to advance Hong Kong’s digital economy.

Committed to contributing to the multifaceted growth of Hong Kong, we have revitalised traditional phone booths to create Smart Kiosks that provide free Wi-Fi and community information, and presented HKT x WestK Popfest, the city’s largest music festival, in West Kowloon.

Going forward, PCCW remains dedicated to building the city’s sustainable future, leveraging our diverse repertoire to foster progress and create value for our stakeholders.



Richard Li
Chairman
3 August 2023

STATEMENT FROM THE ACTING GROUP MANAGING DIRECTOR

In the first half of 2023, Hong Kong emerged from its COVID restrictions and the economy began to demonstrate positive signs of gradual recovery. With its diversified portfolio of leading media and telecom businesses, PCCW delivered solid operating performance during the period.

Localised content with global prospects

The over-the-top (“OTT”) Business recorded a significant 24% growth in its revenue to HK\$971 million. This was largely driven by Viu, our leading pan-regional video streaming service. Viu’s monthly active users (“MAU”) grew by 8% to reach 65.5 million while paid subscribers increased by 21% to 11 million year-on-year. Underpinned by its strong content line-up and dual advertising (“AVOD”) and subscription (“SVOD”) model, Viu’s revenue rose by an impressive 30% year-on-year. In the first six months of the year, Viu continued to be in top ranking positions in Southeast Asia, placing first in terms of gains in net subscribers and second in paid subscribers, MAU, and total streaming minutes across the region¹.

Viu Original series produced in various markets across the region propelled user engagement. These include Korean Viu Original *Taxi Driver 2*, which achieved top viewership across all Viu markets following its debut. In March this year, we extended the Viu experience beyond the screens with the launch of Viu Scream Dates, tapping into the demand for live events by bringing stars closer to their fans with the aim of strengthening viewer loyalty and engagement while generating digital content and new revenue streams such as ticketing and global brand sponsorships.

To accelerate Viu’s growth, a strategic partnership was formed with CANAL+. With an aggregate investment of US\$300 million, the partnership represents an affirmation of Viu’s leading position in the video streaming markets spanning Asia, the Middle East, and South Africa. Leveraging the global strength and expertise of CANAL+, we intend to unleash the potential of the Viu business at scale through collaborating on premium content productions and expanding Viu’s global market reach in distribution, among other initiatives.

Creative development for industry growth

Our Free TV & Related Business delivered steady performance, with revenue up 1% to HK\$390 million. This reflected stable advertising revenue alongside expanded events-related and artiste management revenues from their increased participation in films, music, and endorsement opportunities. As the digital advertising market continued to grow, ViuTV has focused on strengthening its digital engagement, which led to a 14% rise in registered digital members to over 3 million. On top of bolstering our line-up with the return of popular game shows and remakes of successful Korean dramas with our own fresh and unique twist, we remain committed to sustaining our momentum in content, artiste management, and event businesses by embracing the evolving landscape of the advertising market.

Enhancing consumer services alongside digital advancement

Under HKT, our consumer mobile roaming service benefitted from the lift of travel limitations. This has amplified the effects of our quality international networks from top-tier partners and useful travel information and assistance to drive the return of our outbound roaming revenue to 80% of pre-COVID levels in June. In line with Hong Kong’s smart city transformation, our 5G user total had increased to nearly 1.2 million as at the end of June to make up 35% of our post-paid customer base, and further climbed to 1.27 million or 38% of our post-paid base by the end of July. Conversion to 5G is more pronounced in our premium segment, reaching over 45% for csl and 1010.

As an industry leader, Netvigator became the first to offer 5000M fibre-to-the-home (“FTTH”) broadband service, while the market-unique symmetrical uplink and downlink speeds of its 2500M FTTH broadband service continued to spur customer upgrade momentum and acquisition. In addition to accelerating the rise of average revenue per user (“ARPU”), the upgrade introduces equipment that is ready for higher bandwidth connectivity in the future without the need for on-site visits, enhancing user experience and efficiency whilst reducing our operational cost. With 10G fibre capacity and 5G wireless-to-the-home (“WTTH”) technology, our FTTH network coverage has reached 98%.

¹ According to Media Partners Asia’s AMPD research across the five markets of Indonesia, Malaysia, the Philippines, Singapore, and Thailand, excluding YouTube and TikTok

Now TV has maintained its status as the Home of Sports, presenting three seasons of La Liga, Formula 1® and Wimbledon in 4K, as well as the exclusive broadcast of English Premier League, UEFA European Under-21 Championship, FIFA Women’s World Cup, and US Open Golf Championship. The content aggregator is also catering for all members of the family with everything from award-winning movies to simulcast dramas and popular children’s programmes to boost subscriber growth. As tourism revived, we recorded an increase in hospitality sector penetration alongside a 17% year-on-year rise in commercial subscription income.

Backed by the Government’s Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas, we completed a dedicated optic-fibre cable connection to Lamma Island in addition to those connecting Peng Chau and Cheung Chau. This prepares households on outlying islands for home broadband speeds of up to 10G while bolstering 5G mobile coverage and creating upselling opportunities.

Contributing towards ecosystem proliferation

Our commercial team has witnessed accelerating demand across different industries in Hong Kong, the Greater Bay Area and beyond for distinctive, fixed-mobile integrated HKT Enterprise Solutions services. Incorporating 5G applications into blockchain, artificial intelligence (“AI”), machine learning, and the Internet of Things (“IoT”), our solutions have prompted a 10% year-on-year growth in local data revenue while widening our penetration into smart healthcare, campus, and property management.

We also broadened our digital transformation offerings by integrating connectivity and cloud computing with AI-powered solutions and Enterprise Managed Services (“EMS”). Through single-helpdesk support with omni-channel touchpoints and modern workplace, connected audio-visual and cybersecurity solutions, we have enabled productivity and sustainability enhancements while addressing manpower shortage for government and enterprise customers from different industries. As borders reopened, we have empowered enterprises in retail, financial services, bio-pharmaceuticals and beyond in their expansion from Hong Kong to the mainland and vice versa. Providing high-quality, reliable connectivity through Multi-Protocol Label Switching (“MPLS”), Premium Internet, SD-WAN, and EMS, we achieved 21% year-on-year revenue growth in our local data business in mainland China. We are confident about accelerating demand in the mainland and Macau as it revives its gaming sector and stimulates its non-gaming economy.

On digital ventures, our mobile wallet, Tap & Go, supported the Consumption Voucher Scheme for the third consecutive year, as we continued to add new features and services to drive engagement and usage. We are also pleased to become part of a consortium participating in the Hong Kong Monetary Authority’s e-HKD Pilot Programme, which provides us with the opportunity to leverage our Tap & Go experience to help explore e-HKD use cases in Hong Kong, as part of our dedicated efforts to further fintech and digital economy development against the backdrop of Web3.

Striving for sustainable community development

As part of our community care efforts, the Group has hosted hundreds of participants and mentors from the Strive and Rise Programme at our TV production facilities and the HKT Innovation Lab to inspire the growth of young minds. We are committed to continuing our support for this meaningful programme to promote the development and upward mobility of underprivileged youth.

Promoting Hong Kong’s sustainable development, Smart Charge, our joint venture with CLP Holdings Limited, is supporting the Environmental Protection Department’s Lantau Island electric taxi trial by providing electric vehicle (“EV”)-charging service. We look forward to furthering EV uptake by devising helpful charging solutions to put into play our commitment to Hong Kong’s Climate Action Plan 2050.

In the first half of 2023, we debuted the Smart Kiosk programme, under which phone booths are revitalised to provide free Wi-Fi, USB charging, community information, as well as news for residents and tourists on top of payphone services. This also expands the reach of Dementia’s Secret Angel, an app that helps find missing dementia patients, in a bid to apply technology to enhance public well-being.

Outlook

With innovation at our core, PCCW is committed to contributing towards Hong Kong's multifaceted growth, especially in culture and technology. We will continue to apply our expertise and experience to make the most of emerging opportunities, drive our business forward, and empower the city's economic and sustainable development.



Susanna Hui

Acting Group Managing Director

3 August 2023

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

LI Tzar Kai, Richard

Chairman

Mr Li, aged 56, was appointed an Executive Director and the Chairman of PCCW in August 1999. He is the Chairman of PCCW's Executive Committee and a member of the Nomination Committee of the Board. He is also the Chairman and Chief Executive of the Pacific Century Group, a Director of certain FWD group companies, the Executive Chairman and an Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, the Chairman of HKT's Executive Committee and a member of HKT's Nomination Committee, an Executive Director of Pacific Century Premium Developments Limited (PCPD), the Chairman of PCPD's Executive Committee, a member of PCPD's Remuneration Committee and Nomination Committee, the Chairman and an Executive Director of Singapore-based Pacific Century Regional Developments Limited (PCRD), and the Chairman of PCRD's Executive Committee.

Mr Li is a member of the Center for Strategic and International Studies' International Councillors' Group in Washington, D.C., and a member of the Global Information Infrastructure Commission. Mr Li was awarded the Lifetime Achievement Award by the Cable & Satellite Broadcasting Association of Asia in November 2011.

HUI Hon Hing, Susanna

Acting Group Managing Director and Group Chief Financial Officer

Ms Hui, aged 58, was appointed an Executive Director of PCCW in May 2010 and became Acting Group Managing Director of PCCW in March 2022. She has also been the Group Chief Financial Officer of PCCW since April 2007. She is a member of PCCW's Executive Committee and holds directorships in various Group companies. She is also the Group Managing Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust and a member of HKT's Executive Committee.

Ms Hui joined Cable & Wireless HKT Limited (which was subsequently acquired by PCCW) in September 1999. Since then, she has served the PCCW Group in various capacities in the past 24 years, including as Director of Group Finance of the PCCW Group from September 2006 to April 2007, and the Director of Finance of the PCCW Group with responsibility for the telecommunications services sector and regulatory accounting. Ms Hui was also the Group Chief Financial Officer of HKT from November 2011 to August 2018, an Executive Director of Pacific Century Premium Developments Limited (PCPD) from May 2018 to December 2021 and the Chief Financial Officer of PCPD from July 2009 to November 2011.

Prior to joining Cable & Wireless HKT Limited, Ms Hui was the chief financial officer of a listed company engaged in hotel and property investment and management.

Ms Hui graduated with a bachelor's degree in social sciences from the University of Hong Kong with first class honours. She is a qualified accountant and a member of both the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

Ms Hui is a Fellow and a Council Member of The Hong Kong Management Association as well as a Vice-Chairman of Employers' Federation of Hong Kong. She is also a member of the Hong Kong Trade Development Council Belt and Road & Greater Bay Area Committee and its Greater Bay Area Task Force on Innovation and Technology. In addition, she is a non-official member of the Digital Economy Development Committee of the Hong Kong Special Administrative Region Government and a Director of Mox Bank Limited.

NON-EXECUTIVE DIRECTORS

TSE Sze Wing, Edmund, GBS

Non-Executive Director

Mr Tse, aged 85, is a Non-Executive Director of PCCW. He was an Independent Non-Executive Director of PCCW from September 2009 to March 2011 and was re-designated to a Non-Executive Director of PCCW in March 2011. He is also a member of the Regulatory Compliance Committee of the Board.

Mr Tse is the Independent Non-Executive Chairman and an Independent Non-Executive Director of AIA Group Limited. From 1996 until June 2009, Mr Tse was Director of American International Group, Inc. (AIG) and from 2001 until June 2009, he was Senior Vice Chairman-Life Insurance of AIG. From 2000 until June 2009, he was Chairman and Chief Executive Officer of American International Assurance Company, Limited and from 2005 until April 2015, he was the Chairman of AIA Philippines Life and General Insurance Company Inc. (formerly known as The Philippine American Life and General Insurance (PHILAM LIFE) Company). Mr Tse has held various senior positions and directorships in other AIG companies. Mr Tse is also the Non-Executive Chairman for Asia ex-Japan of PineBridge Investments Asia Limited and a Director of Bridge Holdings Company Limited which are asset management companies owned indirectly by Mr Li Tzar Kai, Richard, the Chairman of PCCW. Mr Tse was a Non-Executive Director of PICC Property and Casualty Company Limited from June 2004 until July 2014.

Mr Tse is a member of the Chief Executive's Council of Advisers. Mr Tse was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2001 in recognition of his outstanding efforts in respect of the development of Hong Kong's insurance industry. Mr Tse graduated with a Bachelor of Arts degree in Mathematics from the University of Hong Kong (HKU) in 1960. HKU conferred an Honorary Fellowship and an Honorary Doctorate Degree in Social Sciences on Mr Tse in 1998 and 2002 respectively. He also obtained diplomas from the College of Insurance and the Graduate School of Business of Stanford University. He has extensive management experience in the insurance market, both in Asia and globally. In 2003, Mr Tse was elected to the prestigious Insurance Hall of Fame and in 2017, Mr Tse was awarded the first ever "Lifetime Achievement Award" at the Pacific Insurance Conference in recognition of his outstanding contribution to the insurance industry. In 2018, Mr Tse was conferred an Honorary Degree of Doctor of Business Administration by Lingnan University. In 2019, Mr Tse was also conferred Fellowship by the Hong Kong Academy of Finance. Mr Tse serves many community and professional organizations as well as educational institutions. He is also a director of AIA Foundation, which supports charitable causes in Hong Kong.

TANG Yongbo

Deputy Chairman

Mr Tang, aged 49, became a Non-Executive Director of PCCW in August 2023. He is the Deputy Chairman and a member of PCCW's Executive Committee. He is also a Non-Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, and a member of HKT's Executive Committee, Nomination Committee and Remuneration Committee.

Mr Tang is a vice general manager of China United Network Communications Group Company Limited, a senior vice president of China United Network Communications Limited, a senior vice president of China Unicom (Hong Kong) Limited, and a director and a senior vice president of China United Network Communications Corporation Limited. Mr Tang also serves as a non-executive director of China Tower Corporation Limited and China Communications Services Corporation Limited.

Mr Tang previously served as a deputy general manager and a general manager of Hunan Branch of China Unicom, and a general manager of marketing department of China United Network Communications Group Company Limited. He was a deputy to the 13th National People's Congress.

Mr Tang received a master's degree in Business Administration from Central South University. Mr Tang has extensive experience in management and the telecommunications industry.

MENG Shusen

Non-Executive Director

Ms Meng, aged 50, became a Non-Executive Director of PCCW in December 2021. She is a member of the Remuneration Committee of the Board.

Ms Meng is currently the Chairwoman and President of China Unicom Global Limited (CUG), a subsidiary of China United Network Communications Group Company Limited (Unicom).

Ms Meng has served as the Deputy General Manager of Global Business Department of the Unicom group since 2008 and was promoted as the Chairwoman and President of CUG in 2017. She served as the Deputy Head of Technology Department, the General Manager of Marketing Department in China Telecom Group Beijing Corporation from 2000 to 2004; and during 2004 and 2008, she served as the Deputy General Manager of Enterprise Customer Business Unit and the Deputy Director of Board Secretariat in China Network Communications Group Corporation.

Ms Meng is a postgraduate with a doctorate degree in Electric Circuit and System. Ms Meng has extensive experience in technologies and services, sales and marketing of telecom company, and corporate governance of listed companies.

WANG Fang

Non-Executive Director

Ms Wang, aged 52, became a Non-Executive Director of PCCW in December 2021. She is a member of the Nomination Committee of the Board. She is also a Non-Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, and a member of HKT's Regulatory Compliance Committee.

Ms Wang is currently the General Manager of the Finance Department of China United Network Communications Group Company Limited (Unicom). She is also the Vice Chairman and a Director of Unicom Group Finance Company Limited (UGFCL), and the Supervisor of Unicompany Company Limited (Unicompany).

Ms Wang was the Deputy General Manager of Hebei Branch and the Finance Department of China Netcom (Group) Company Limited, the Deputy General Manager of the Finance Department of Unicom, an Executive Director, the legal representative and General Manager of Unicompany, and the General Manager of UGFCL and the General Manager of Capital Management Center.

Ms Wang is a Senior Accountant, and a university graduate with a master's degree in Business Administration. Ms Wang has extensive experience in corporate finance and investment management.

WEI Zhe, David

Non-Executive Director

Mr Wei, aged 52, is a Non-Executive Director of PCCW. He was appointed an Independent Non-Executive Director of PCCW in November 2011 and was re-designated to a Non-Executive Director of PCCW in May 2012. He is also a member of the Remuneration Committee of the Board.

Mr Wei has over 20 years of experience in both investment and operational management in the People's Republic of China. Prior to launching Vision Knight Capital (China) Fund I, L.P., a private equity investment fund in 2011, Mr Wei was an executive director and chief executive officer of Alibaba.com Limited, a leading worldwide B2B e-commerce company, from 2007 to 2011, where he successfully led the company through its initial public offering and listing on The Stock Exchange of Hong Kong Limited in 2007. Alibaba.com Limited was delisted in June 2012. Prior to Alibaba.com Limited, Mr Wei was the president, from 2002 to 2006, and chief financial officer, from 2000 to 2002, of B&Q China, the then subsidiary of Kingfisher plc, a leading home improvement retailer in Europe and Asia. Under Mr Wei's leadership, B&Q China grew to become China's largest home improvement retailer. From 2003 to 2006, Mr Wei was also the chief representative for Kingfisher's China sourcing office, Kingfisher Asia Limited. Prior to that, Mr Wei served as the head of investment banking at

Orient Securities Company Limited from 1998 to 2000, and as corporate finance manager at Coopers & Lybrand (now part of PricewaterhouseCoopers) from 1995 to 1998. Mr Wei was an executive director of Zall Smart Commerce Group Ltd.; a non-executive director of HSBC Bank (China) Company Limited, The Hongkong and Shanghai Banking Corporation Limited and Zhong Ao Home Group Limited; a director of 500.com Limited, Shanghai M&G Stationery Inc., Informa PLC, UBM plc, Hitelevision Co., Ltd. and BlueCity Holdings Limited; an independent director of Fangdd Network Group Ltd., Leju Holdings Limited and OneSmart International Education Group Limited; and also the vice chairman of China Chain Store & Franchise Association. He was voted as one of “China’s Best CEOs” by FinanceAsia magazine in 2010. Mr Wei currently serves as an executive director and the chairman of Vision Deal HK Acquisition Corp. and chairs its nomination committee. He also serves as a non-executive director of JNBY Design Limited and Polestar Automotive Holding UK PLC.

He holds a bachelor’s degree in international business management from Shanghai International Studies University and has completed a corporate finance program at London Business School.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Aman MEHTA

Independent Non-Executive Director

Mr Mehta, aged 76, became an Independent Non-Executive Director of PCCW in February 2004 and is the Chairman of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Board. He is also an Independent Non-Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, and the Chairman of HKT’s Nomination Committee.

Mr Mehta joined the Board following a distinguished career in the international banking community. Mr Mehta held the position of Chief Executive Officer of The Hongkong and Shanghai Banking Corporation Limited (HSBC) until December 2003, when he retired.

Born in India in 1946, Mr Mehta joined HSBC group in Bombay in 1967. After a number of assignments throughout HSBC group, he was appointed Manager – Corporate Planning at HSBC’s headquarters in Hong Kong in 1985. After a three-year posting to Riyadh in Saudi Arabia, he was appointed Group General Manager in 1991, and General Manager – International the following year, with responsibility for overseas subsidiaries. He subsequently held senior positions in the United States, overseeing HSBC group companies in the Americas and later becoming responsible for HSBC’s operations in the Middle East.

In 1998, Mr Mehta was reappointed General Manager – International, after which he became Executive Director International. In 1999, he was appointed Chief Executive Officer, a position he held until retirement.

Following his retirement in December 2003, Mr Mehta took up residence in New Delhi. He is an Independent Director on the board of several public companies and institutions in India and internationally. He is an Independent Non-Executive Director of Wockhardt Limited in Mumbai, India and Max Financial Services Limited in New Delhi, India. He was an Independent Non-Executive Director of Emaar MGF Land Limited, Jet Airways (India) Limited, Cairn India Limited, Vedanta Resources plc, Tata Consultancy Services Limited, Vedanta Limited, Godrej Consumer Products Limited and Tata Steel Limited; and an Independent Director on the Supervisory Board of ING Groep N.V., a Netherlands company.

Mr Mehta is also a member of the Governing Board of Indian School of Business, Hyderabad.

Frances Waikwun WONG

Independent Non-Executive Director

Ms Wong, aged 61, was appointed an Independent Non-Executive Director of PCCW effective from March 2012 and is the Chairwoman of the Regulatory Compliance Committee, and a member of the Nomination Committee and the Remuneration Committee of the Board. She is also an Independent Non-Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, and the Chairwoman of HKT’s Remuneration Committee. She was an Independent Non-Executive Director of Pacific Century Regional Developments Limited from June 2013 to April 2023.

Ms Wong is currently a financial advisor of Good Harbour Finance Limited. She began her career as a management consultant at McKinsey & Company in the United States. Ms Wong returned to Hong Kong and joined the Hutchison Whampoa group of companies in 1988, taking on various positions. She was managing director of Weatherite Manufacturing Limited, an air conditioning manufacturer. Later, Ms Wong became chief executive officer of Metro Broadcast Corporation Limited. Eventually, she became chief financial officer of Star TV, Asia's first satellite television company. After leaving the Hutchison Whampoa Group, she became group chief financial officer for the Pacific Century Group. After she resigned from the Pacific Century Group, she founded the Independent Schools Foundation in Hong Kong in 2000.

Ms Wong was educated in the United States at Stanford University where she received a Bachelor of Science degree. She holds a Master of Science degree from the Massachusetts Institute of Technology. Ms Wong was a member of the Central Policy Unit, the Government of the Hong Kong Special Administrative Region (think tank). She has served on many educational boards including the Canadian International School of Hong Kong, Hong Kong Metropolitan University and was a member of the Joint Committee on Student Finance of Student Financial Assistance Agency.

Bryce Wayne LEE

Independent Non-Executive Director

Mr Lee, aged 58, was appointed an Independent Non-Executive Director of PCCW in May 2012 and is a member of the Audit Committee and the Remuneration Committee of the Board.

Mr Lee joined Silver Lake in 2011 and is a Managing Director and Head of Business Development, Fundraising and Investor Relations of Silver Lake. In addition, he is an investment professional primarily with responsibility in the Asia region. Previously, he was a Managing Director of Credit Suisse in the Investment Banking division, serving as head of the Technology Group for the Americas and as co-head of the Alternative Energy Group.

Mr Lee was instrumental in building a number of Credit Suisse's franchises including its Asian technology investment banking business and was named to Forbes magazine's "Midas List" of the top 100 technology dealmakers in the world. He was a member of Credit Suisse's Investment Banking Committee and served on the Managing Director Evaluation Committee. Mr Lee is a member of the Council on Foreign Relations.

Mr Lee is currently on the boards of directors of Carbon, Inc., Eka Software Solutions and Peloton Computer Enterprises. Mr Lee graduated from Stanford University.

Lars Eric Nils RODERT

Independent Non-Executive Director

Mr Rodert, aged 62, was appointed an Independent Non-Executive Director of PCCW in November 2012 and is a member of the Audit Committee and the Nomination Committee of the Board.

Mr Rodert is the founder and Chief Executive Officer of ÖstVäst Advisory AB. He has served as an independent director of Brookfield Asset Management Reinsurance Partners Ltd. since November 2021. He is also a director of Brookfield Property Partners L.P.'s General Partner, and was a director of Brookfield Infrastructure Partners L.P.'s Managing General Partner from 2010 to 2013. He was previously a director of Brookfield Property REIT Inc., which was delisted in July 2021 following its merger with Brookfield Asset Management Inc. became effective. Mr Rodert is also a Board Member of Samhällsbyggnadsbolaget i Norden AB (publ). He was a Senior Portfolio Manager for Inter IKEA Treasury in North America and Europe. Prior to this role, he was most recently Chief Investment Officer, Global Equities, at SEB Asset Management and prior to that he was Head of North American Equities at the same firm. Based in Sweden, Mr Rodert has an in depth knowledge of continental European markets and is seasoned in analyzing investment opportunities. He holds a Master of Science Degree in Business and Economics from Stockholm University.

David Christopher CHANCE

Independent Non-Executive Director

Mr Chance, aged 66, was appointed an Independent Non-Executive Director of PCCW in November 2013.

He is also a member of the Regulatory Compliance Committee of the Board.

He was the Independent Non-Executive Chairman and Director of PCCW Media Limited, a subsidiary of PCCW from November 2013 to September 2022.

Mr Chance is a Non-Executive Chairman of The Really Useful Group Limited, and was the Non-Executive Chairman of Modern Times Group MTG AB and the Non-Executive Chairman of Nordic Entertainment Group AB. He has significant senior management experience particularly in the area of pay television having been formerly the Executive Chairman of Top Up TV Ltd. between 2003 and 2011, and the Deputy Managing Director of British Sky Broadcasting Group plc between 1993 and 1998. He was also a Non-Executive Director of ITV plc and O2 plc. He graduated with a Bachelor of Arts degree, a Bachelor of Science degree and a Master of Business Administration degree from the University of North Carolina.

Sharhan Mohamed MUHSEEN MOHAMED

Independent Non-Executive Director

Mr Muhseen, aged 48, was appointed an Independent Non-Executive Director of PCCW in February 2023.

Mr Muhseen is a senior investment banker with extensive experience in areas of mergers and acquisitions, corporate finance and capital markets. He has served in a senior board capacity working with company boards and senior leadership teams of corporates across Asia to help drive their strategic agenda and roadmap.

Mr Muhseen currently is the Chairman of each of CBC Finance Limited and Platinum Advisors Pte. Ltd., the Deputy Chairman and a Non-Executive Independent Director of Commercial Bank of Ceylon PLC, the Deputy Chairman of Amāna Takaful Life PLC, a Non-Executive Independent Director of Gestetner of Ceylon PLC, a Non-Executive Director of David Pieris Holdings (Private) Limited, and a Director of each of Canary Wharf Holdings Pte. Ltd. and H2O ONE.

Mr Muhseen previously worked in global investment banks including Credit Suisse, Bank of America Merrill Lynch and JPMorgan in leading regional coverage roles. He was Managing Director, Head of Asia Insurance, Head of South-East Asia Financial Institutions Group, and Country Manager Sri Lanka at Credit Suisse based in Singapore. In his investment banking career spanning over 20 years, Mr Muhseen has completed landmark mergers and capital raising transactions in excess of USD100 billion.

Mr Muhseen also has experiences at the Sri Lankan government policy level, working as a Team Leader at the National Council for Economic Development (NCED) under the Ministry of Finance as well as a Director at the TAFREN presidential task force for rebuilding the economy after the 2004 Tsunami.

Mr Muhseen holds a Masters in Economics from the University of Colombo and a Bachelor of Business Administration (Hons) from Western Michigan University.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Revenue increased 1% to HK\$16,850 million
 - HKT total revenue grew by 2% to HK\$16,400 million; 3% to HK\$15,247 million excluding Mobile product sales
 - OTT Business revenue surged 24% to HK\$971 million
 - Free TV & Related Business revenue up 1% to HK\$390 million
- EBITDA increased 2% to HK\$5,631 million
 - HKT EBITDA up 3% to HK\$6,009 million
 - OTT Business EBITDA reached HK\$165 million, up more than ninefold year-on-year
 - Free TV & Related Business EBITDA up 5% to HK\$83 million
- Completed formation of strategic partnership with CANAL+ to accelerate growth of Viu via aggregate investment of US\$300 million and various strategic collaboration initiatives
- Loss attributable to equity holders of the Company for the period was HK\$486 million
- Interim dividend of 9.77 HK cents per ordinary share

MANAGEMENT REVIEW

In the first half of 2023, Hong Kong emerged from its COVID restrictions and the economy began to demonstrate positive signs of gradual recovery. With its diversified portfolio of leading media and telecom businesses, PCCW delivered solid operating performance during the period.

Our Media Business maintained momentum across both its over-the-top (“OTT”) and Free TV & Related Business. During the six months ended 30 June 2023, the OTT Business recorded a significant growth of 24% in revenue to HK\$971 million. This was largely driven by Viu, our leading video streaming service, which saw an impressive increase of 30% in revenue underpinned by expansion in monthly active users (“MAU”) and paid subscribers of 8% and 21%, respectively. Viewer engagement remained strong on the back of an offering of high quality Viu Originals that appealed to audiences across its various markets. With this enlarged revenue base, EBITDA for the OTT Business reached HK\$165 million, up more than ninefold year-on-year reflecting the operating leverage of the business.

To accelerate Viu’s growth, we completed a strategic partnership with CANAL+ to pursue expansion in global market reach and collaboration in premium content productions, global intellectual properties and distribution network. With an aggregate investment of US\$300 million, the partnership represents an affirmation of Viu’s leading position in the video streaming markets spanning Asia, the Middle East and South Africa.

Our Free TV & Related Business delivered a steady performance with a 1% increase in revenue to HK\$390 million for the six months ended 30 June 2023. This reflected stable advertising revenue and expanded artiste management and events-related revenues from increased involvement of our artistes in films, music and endorsement opportunities. EBITDA expanded by 5% to reach HK\$83 million on the back of savings in spending on publicity and promotions.

MANAGEMENT REVIEW (CONTINUED)

HKT Limited's ("HKT") total revenue grew by 2% to HK\$16,400 million despite softer Mobile product sales. HKT revenue excluding Mobile product sales increased by 3% to HK\$15,247 million, reflecting the delivery of digital transformation projects for enterprise and government customers, continued strong demand for our reliable fibre services, gradual recovery in roaming revenue and further momentum in 5G adoption. HKT's EBITDA increased by 3% to HK\$6,009 million spurred by sustained cost efficiency initiatives across HKT.

On a consolidated basis, the Group's revenue increased by 1% to HK\$16,850 million and EBITDA increased by 2% to HK\$5,631 million with an improved margin of 33.4%. Loss attributable to equity holders of the Company for the period was HK\$486 million.

The board of Directors (the "Board") declared an interim dividend of 9.77 HK cents per ordinary share for the six months ended 30 June 2023.

OUTLOOK

With innovation at our core, PCCW is committed to contributing towards Hong Kong's smart city transformation, propelling the flow of knowledge and skills to support cross-industry growth. We will continue to apply our expertise and experience to make the most of emerging opportunities to drive business growth as well as society's advancement for a brighter future.

FINANCIAL REVIEW BY SEGMENT

For the six months ended HK\$ million	30 Jun 2022 ⁵	31 Dec 2022	30 Jun 2023	Better/ (Worse) y-o-y
Continuing operations⁵				
Revenue				
HKT	16,157	17,968	16,400	2%
HKT (excluding Mobile product sales)	14,868	15,633	15,247	3%
Mobile product sales	1,289	2,335	1,153	(11)%
OTT Business	786	1,226	971	24%
Free TV & Related Business	388	522	390	1%
Other Businesses	400	272	369	(8)%
Eliminations	(993)	(661)	(1,280)	(29)%
Consolidated revenue	16,738	19,327	16,850	1%
Cost of sales	(8,149)	(9,765)	(8,292)	(2)%
Operating costs before depreciation, amortisation, and losses on disposal of property, plant and equipment and right-of-use assets, net	(3,084)	(2,679)	(2,927)	5%
EBITDA¹				
HKT	5,834	7,230	6,009	3%
OTT Business	18	160	165	>800%
Free TV & Related Business	79	18	83	5%
Other Businesses	(285)	(364)	(294)	(3)%
Eliminations	(141)	(161)	(332)	(135)%
Consolidated EBITDA¹	5,505	6,883	5,631	2%
Consolidated EBITDA¹ Margin	33%	36%	33%	
Depreciation	(1,342)	(1,418)	(1,308)	3%
Amortisation	(2,340)	(2,633)	(2,499)	(7)%
Losses on disposal of property, plant and equipment and right-of-use assets, net	–	(2)	–	n/a
Other gains/(losses), net	316	(367)	218	(31)%
Interest income	43	58	87	102%
Finance costs	(721)	(1,105)	(1,153)	(60)%
Share of results of associates and joint ventures	(162)	(116)	(102)	37%
Profit before income tax	1,299	1,300	874	(33)%
Income tax	(474)	(198)	(362)	24%
Holders of perpetual capital securities	(118)	(117)	(118)	0%
Non-controlling interests	(901)	(1,467)	(880)	2%
Loss attributable to equity holders of the Company from continuing operations	(194)	(482)	(486)	(151)%

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Note 1 EBITDA represents earnings before interest income, finance costs, income tax, depreciation and amortisation, gains/losses on disposal of property, plant and equipment, interests in leasehold land, right-of-use assets and intangible assets, 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 joint ventures, and the Group's share of results of associates and joint ventures. 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 ("HKFRSs") 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.

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

Note 4 Adjusted funds flow is defined as EBITDA less capital expenditures, customer acquisition costs and licence fees paid, taxes paid, finance costs and interest expense paid, and adjusted for interest income received and changes in working capital. It is not presented as a measure of leverage or liquidity in accordance with HKFRSs and should not be considered as representing net cash flows or any other similar measures derived in accordance with HKFRSs, or an alternative to cash flow from operations or a measure of liquidity. HKT's adjusted funds flow is computed in accordance with the above definition using financial information derived from HKT's unaudited condensed consolidated interim financial information. The adjusted funds flow may be used for debt repayment.

Adjusted funds flow per Share Stapled Unit is calculated by dividing the adjusted funds flow for the period by the number of Share Stapled Units in issue as at 30 June 2023.

Note 5 Figures are restated to exclude the part of the Solutions Business injected into Lenovo PCCW Solutions Limited, a strategic partnership with Lenovo Group Limited (which is referred to as the ITS Business⁶); such business was reclassified as discontinued operations.

Note 6 ITS Business comprises the IT solutions business including but not limited to digital and managed services, technology services and business process outsourcing of Lenovo PCCW Solutions Limited, of which 80% interests thereon were transferred to Lenovo Group Limited in August 2022.

HKT

For the six months ended HK\$ million	30 Jun 2022	31 Dec 2022	30 Jun 2023	Better/ (Worse) y-o-y
HKT revenue	16,157	17,968	16,400	2%
TSS	11,596	12,376	11,685	1%
– Local TSS Services	7,968	8,535	8,159	2%
– International Telecommunications Services	3,628	3,841	3,526	(3)%
Mobile	4,936	6,630	4,968	1%
– Mobile Services	3,647	4,295	3,815	5%
– Mobile Product Sales	1,289	2,335	1,153	(11)%
Other Businesses	567	314	596	5%
Eliminations	(942)	(1,352)	(849)	10%
HKT EBITDA¹	5,834	7,230	6,009	3%
HKT EBITDA¹ margin	36%	40%	37%	
HKT Adjusted Funds Flow⁴	2,377	3,271	2,429	2%

Hong Kong started to witness economic recovery in the first half of 2023 with the Government unveiling a series of initiatives and the reopening of borders creating upward momentum for local consumption and travel-related spending. Leveraging our leading telecom infrastructure and continual innovation to offer appealing customer-centric services, HKT delivered resilient results for the six months ended 30 June 2023 and is poised to benefit from the continued growth in consumer spending and business investment.

The Mobile business started to record accelerated growth in services revenue of 5% to HK\$3,815 million for the six months ended 30 June 2023. This reflected the gradual recovery in roaming revenue and further 5G adoption by our post-paid customer base. As travel resumed with the full border reopening in the first quarter, the Mobile business witnessed a return in demand for roaming services, particularly outbound roaming. Notably, the number of roamers and consumer outbound roaming revenue in June 2023 surpassed pre-COVID levels. This drove outbound roaming revenue in June 2023 to hit 80% of pre-COVID levels, although cautious sentiment has held back business related travel. As such, total roaming revenue in the first half of 2023 soared by 166% year-on-year, albeit from a low base. 5G penetration continued, although at a slower pace, with the customer base reaching almost 1.2 million, 35% of our total post-paid customers as of 30 June 2023. Total revenue, including Mobile product sales, grew by 1% to HK\$4,968 million, despite softer handset sales although we expect an uplift in the second half as the economic recovery gains momentum and new handsets are released. EBITDA from the Mobile segment increased by 3% to HK\$2,194 million during the period.

Demand for our services from enterprises in Hong Kong, as well as in mainland China, was robust as they accelerated upgrades to their infrastructure and systems in anticipation of the continued recovery of the economy. As a result, local data revenue registered impressive growth of 10% during the period. With continued demand for high-speed, reliable broadband solutions from individuals, households and enterprises in the new normal, broadband revenue increased by 2% year-on-year which was spurred by the further uptake of fibre connectivity and value-added services such as Home Wi-Fi solutions. Our Pay TV business delivered a steady performance in the first half of the year as the appeal of Now TV's diverse content offering, in particular live sporting events, has driven steady growth in customer subscription particularly in the hospitality sector. Consequently, revenue in the Local Telecommunications Services ("TSS") segment grew by 2% to HK\$8,159 million.

Total TSS revenue grew by 1% year-on-year to HK\$11,685 million reflecting steady performance in Local TSS Services revenue which was partially offset by lower revenue in International Telecommunications Services business due to the absence of one-off capacity sales. Total TSS EBITDA increased by 3% to HK\$4,219 million with an improved margin of 36%.

On a consolidated basis, HKT's total revenue, excluding Mobile product sales, for the six months ended 30 June 2023 increased by 3% to HK\$15,247 million, while total revenue increased by 2% to HK\$16,400 million.

HKT (CONTINUED)

Operating costs improved by 4% as a result of enhanced operating efficiencies across HKT, which lifted total EBITDA by 3% year-on-year to HK\$6,009 million with margin improving from 36% to 37%.

Profit attributable to holders of share stapled units of the HKT Trust and HKT ("Share Stapled Units") was HK\$1,952 million for the period, an increase of 2.2% over the previous year. Basic earnings per Share Stapled Unit was 25.77 HK cents.

Adjusted funds flow for the six months ended 30 June 2023 rose to HK\$2,429 million, an increase of 2.2% over the previous year. Adjusted funds flow per Share Stapled Unit⁴ was 32.05 HK cents.

HKT declared an interim distribution of 32.05 HK cents per Share Stapled Unit for the six months ended 30 June 2023.

For a more detailed review of the performance of HKT, including detailed reconciliation between HKT's EBITDA and adjusted funds flow as well as HKT's EBITDA and profit before income tax, please refer to its 2023 interim results announcement released on 2 August 2023.

OTT Business

For the six months ended HK\$ million	30 Jun 2022	31 Dec 2022	30 Jun 2023	Better/ (Worse) y-o-y
OTT Business revenue	786	1,226	971	24%
OTT Business EBITDA¹	18	160	165	>800%

The OTT Business registered a significant growth of 24% in revenue, reaching HK\$971 million for the six months ended 30 June 2023. This was primarily due to a 30% year-on-year increase in revenue at Viu, which consolidated its position as one of the top OTT video streaming services in the region. Viu's MAU grew by 8% year-on-year to reach 65.5 million with notable expansion in Indonesia and South Africa. Paid subscribers increased by 21% to 11.0 million as at 30 June 2023, attributable to a deliberate paywall strategy and new distribution partnerships with leading partners such as Astro in Malaysia and Shoprite in South Africa.

Viewer engagement continued to be strong with Viu ranked second in streaming minutes by Media Partners Asia for the 13th consecutive quarter. This was underpinned by the curation and production of high-quality Viu Originals that were well-received throughout the region. Korean drama *Taxi Driver 2* achieved top viewership across all Viu markets for nine consecutive weeks following its debut, along with other Viu Originals in local languages that also topped charts in Indonesia, Thailand, and Malaysia.

Building upon our Viu Originals, Viu Scream Date events have been introduced to provide fans with the opportunity to meet their favourite stars in person. These events help create an enhanced experience beyond screens and strengthen viewer loyalty and engagement, in addition to generating digital content and new revenue streams such as ticketing and sponsorship from global brands. We launched the first Viu Scream Date in March featuring leading Korean actor Lee Je-hoon from the *Taxi Driver* series.

With the enlarged revenue base, EBITDA of the OTT Business reached HK\$165 million, up more than ninefold year-on-year reflecting the operating leverage of the business.

To accelerate Viu's growth, a strategic partnership was formed with CANAL+ to leverage their global strength and expertise to collaborate on premium content productions and content creation, expand Viu's global market reach and further improve the user experience. With an aggregate investment of US\$300 million, the partnership represents an affirmation of Viu's leading position in the video streaming markets spanning Asia, the Middle East and South Africa.

Free TV & Related Business

For the six months ended HK\$ million	30 Jun 2022	31 Dec 2022	30 Jun 2023	Better/ (Worse) y-o-y
Free TV & Related Business revenue	388	522	390	1%
Free TV & Related Business EBITDA¹	79	18	83	5%

Revenue for the Free TV & Related Business increased slightly by 1% to HK\$390 million for the six months ended 30 June 2023. This reflected stable advertising revenue and expanded artiste management and events-related revenues from increased involvement of our artistes in films, music and endorsement opportunities.

As Hong Kong emerged from its prior COVID restrictions, there has been resumption of events during the first half of 2023. ViuTV's artistes have been actively participating in these events, both locally as well as internationally. These included the "HKT x WESTK POPFEST" in Hong Kong and overseas music festivals such as the "One Love Asia Festival" in Malaysia, among others.

During the first half of 2023, there was a shift in TV advertising expenditure from the banking and insurance sectors towards the restaurant and wellness sectors, which immediately benefited from the relaxation of COVID restrictions. As advertising spending continued to shift to digital, ViuTV focused on strengthening its digital engagement which led to a 14% rise year-on-year to reach over 3 million in registered digital members.

Due to savings in spending on publicity and promotions, EBITDA increased by 5% to HK\$83 million for the six months ended 30 June 2023.

ViuTV will continue to foster and invest in its talent and offer a more robust content line-up in the second half of the year. This includes the return of popular game shows and remakes of successful Korean dramas with our own fresh and unique twist. We are committed to sustaining our momentum in content production, artiste management, and event businesses by embracing the evolving landscape of the advertising market.

Other Businesses

Other Businesses primarily comprise the remaining Solutions Business following the deconsolidation of the ITS Business⁶ in 2022 and corporate support functions. It recorded HK\$369 million in revenue and an EBITDA cost of HK\$294 million for the six months ended 30 June 2023.

Eliminations

Eliminations for the six months ended 30 June 2023 were HK\$1,280 million versus HK\$993 million (restated) a year earlier, reflecting collaboration among members of the Group on both internal and external projects.

Costs

Cost of Sales

For the six months ended HK\$ million	30 Jun 2022 ⁵	31 Dec 2022	30 Jun 2023	Better/ (Worse) y-0-y
HKT	8,134	8,960	8,279	(2)%
Consolidated	8,149	9,765	8,292	(2)%

HKT's cost of sales for the six months ended 30 June 2023 increased by 2% year-on-year to HK\$8,279 million, which was in line with the revenue growth during the period. The cost of sales for our Media Business also increased due to the rise in content and event related costs that were necessary to support the growth of the business.

General and Administrative Expenses

For the six months ended 30 June 2023, the Group's operating costs before depreciation, amortisation and losses on disposal of property, plant and equipment and right-of-use assets, net ("operating costs") decreased by 5% to HK\$2,927 million largely due to the improvement in HKT's operating costs which declined by 4% to HK\$2,112 million, reflecting HKT's continued focus on operating efficiency across each of the business lines through digitalising business processes as well as optimising O2O sales channels and retail footprint to drive higher sales efficiency. Overall, operating costs-to-revenue ratio decreased from 18% to 17% for the six months ended 30 June 2023.

Depreciation and amortisation expenses for the six months ended 30 June 2023 increased by 3% to HK\$3,807 million, largely due to a 7% increase in amortisation expenses. The higher amortisation expenses were attributable to investments in the content library of our Media Business for the local Hong Kong market as well as overseas distribution. Content-related amortisation increased to HK\$1,019 million for the period as compared to HK\$738 million a year ago.

Overall, general and administrative expenses was stable at HK\$6,734 million for the six months ended 30 June 2023.

EBITDA¹

Consolidated EBITDA for the six months ended 30 June 2023 increased by 2% to HK\$5,631 million with the margin improving to 33.4% from 32.9% due to enhanced operating efficiencies at HKT and the significant improvement of the EBITDA margin in the Media Business, primarily driven by OTT.

Other Gains, Net

Net other gains for the six months ended 30 June 2023 was HK\$218 million, mainly represented returns from mark-to-market revaluations of the Group's investments.

Interest Income and Finance Costs

Interest income for the six months ended 30 June 2023 was HK\$87 million while finance costs increased by 60% to HK\$1,153 million. The increase in finance costs was largely driven by increases in HIBOR during the period. As a result, net finance costs increased by 57% year-on-year from HK\$678 million to HK\$1,066 million for the six months ended 30 June 2023.

Share of Results of Associates and Joint Ventures

Share of results of associates and joint ventures, primarily included the share of results from the Group's interests in Lenovo PCCW Solutions Limited and Pacific Century Premium Developments Limited, was a loss of HK\$102 million for the six months ended 30 June 2023.

Income Tax

Income tax expense for the six months ended 30 June 2023 was HK\$362 million, as compared to HK\$474 million (restated) a year ago. The decrease in income tax expense was primarily due to an increase in deferred income tax asset recognition during the period and the expiration of tax loss in a company during the same period in the prior year.

Non-controlling Interests for Continuing Operations

Non-controlling interests for continuing operations were HK\$880 million for the six months ended 30 June 2023 (30 June 2022: HK\$901 million), representing primarily the net profit attributable to the non-controlling shareholders of HKT.

Holders of Perpetual Capital Securities

Profit of HK\$118 million for the six months ended 30 June 2023 was attributable to the holders of the perpetual capital securities, which represented distributions payable to the holders of the securities as accrued at 4% per annum on the US\$750 million principal amount of the perpetual capital securities issued by the Group in January 2021.

Loss Attributable to Equity Holders of the Company from Continuing Operations

Loss attributable to equity holders of the Company for the six months ended 30 June 2023 from continuing operations was HK\$486 million (30 June 2022 (restated): HK\$194 million).

LIQUIDITY AND CAPITAL RESOURCES

The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholder return and sound capital position. Adjustments are made, when necessary, to maintain an optimal capital structure in light of changes in economic conditions and to reduce the cost of capital.

The Group's gross debt² was HK\$51,597 million as at 30 June 2023 (31 December 2022: HK\$49,899 million).

Cash and short-term deposits totalled HK\$2,563 million as at 30 June 2023 (31 December 2022: HK\$3,125 million).

As at 30 June 2023, the Group had a total of HK\$48,811 million in banking facilities available for liquidity management and investments, of which HK\$20,719 million remained undrawn. Of these banking facilities, HKT accounted for HK\$33,211 million, of which HK\$10,819 million remained undrawn.

The Group's gross debt² to total assets was 56% as at 30 June 2023 (31 December 2022: 52%).

CREDIT RATINGS OF CAS HOLDING NO. 1 LIMITED AND HONG KONG TELECOMMUNICATIONS (HKT) LIMITED

As at 30 June 2023, CAS Holding No. 1 Limited, a direct wholly-owned subsidiary of the Company, had investment grade ratings with Moody's Investors Service ("Moody's") (Baa3) and S&P Global Ratings ("S&P") (BBB-). Hong Kong Telecommunications (HKT) Limited, an indirect non-wholly owned subsidiary of the Company, had investment grade ratings with Moody's (Baa2) and S&P (BBB).

CAPITAL EXPENDITURE³

Group capital expenditure for the six months ended 30 June 2023 was HK\$1,141 million (30 June 2022 (restated): HK\$1,199 million), of which HKT accounted for about 99% (30 June 2022 (restated): 99%). As a result, capital expenditure relative to revenue was 6.8% for the six months ended 30 June 2023 (30 June 2022 (restated): 7.2%).

Capital expenditure for HKT's Mobile business declined during the period reflecting the completion of our territory-wide 5G coverage rollout in 2022, with spending focused on capacity upgrades and indoor coverage enhancement. TSS capital expenditure dropped slightly during the period, with majority of the spending to support growing demand for our unique integrated fixed-mobile solutions including smart city solutions for enterprises. Capital expenditure for Media Business declined marginally during the period.

The Group will continue to invest in building digital capabilities to support its existing businesses and enable its growth in new areas, and prudently invest in expanding its 5G network while taking into account the prevailing market conditions using assessment criteria including internal rate of return, net present value and payback period.

HEDGING

Market risk arises from foreign currency and interest rate exposure related to investments and financing. 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.

Around three quarters of the Group's consolidated revenue and costs are denominated in Hong Kong dollars. For those operations with revenues denominated in foreign currencies, the related costs and expenses are usually denominated in the same foreign currencies and hence provide a natural hedge against each other. Therefore, the Group is not exposed to significant foreign currency fluctuation risk from operations.

A significant portion of the Group's financing is denominated in foreign currencies including United States dollars. Accordingly, the Group has entered into forward and swap contracts in order to manage its exposure to adverse fluctuations in foreign currency exchange rates and interest rates. These instruments are executed with creditworthy financial institutions. As at 30 June 2023, the majority of the forward and swap contracts were designated as cash flow hedges for the related financing of the Group.

As a result, the impacts of these operational and financial risks to the Group are considered not material.

CHARGE ON ASSETS

As at 30 June 2023, no assets of the Group (31 December 2022: nil) were pledged to secure banking facilities for the Group.

CONTINGENT LIABILITIES

HK\$ million	As at 31 Dec 2022 (Audited)	As at 30 Jun 2023 (Unaudited)
Performance guarantees	1,440	1,449
Others	45	42
	1,485	1,491

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 will not materially affect the financial position of the Group.

HUMAN RESOURCES

The Group had over 16,200 employees as at 30 June 2023 (30 June 2022: 21,200) located in 25 countries and cities. About 66% of these employees work in Hong Kong and the others are based mainly in mainland China. The Group has established performance-based bonus and incentive schemes designed to motivate and reward employees at all levels to achieve the Group's business performance targets. Payment of performance bonuses is generally based on achievement of revenue, EBITDA and free cash flow targets for the Group as a whole and for each of the individual business units and performance ratings of employees.

INTERIM DIVIDEND

The Board declared an interim dividend of 9.77 HK cents (30 June 2022: 9.56 HK cents) per ordinary share for the six months ended 30 June 2023 to shareholders whose names appear on the register of members of the Company on Tuesday, 22 August 2023, payable on or around Wednesday, 6 September 2023.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

In HK\$ million (except for (loss)/earnings per share)	Note(s)	2022 (Restated)	2023 (Unaudited)
Continuing operations			
Revenue	3	16,738	16,850
Cost of sales		(8,149)	(8,292)
General and administrative expenses		(6,766)	(6,734)
Other gains, net	4	316	218
Interest income		43	87
Finance costs		(721)	(1,153)
Share of results of associates		(153)	(93)
Share of results of joint ventures		(9)	(9)
Profit before income tax	3, 5	1,299	874
Income tax	6	(474)	(362)
Profit for the period from continuing operations		825	512
Discontinued operations			
Profit for the period from discontinued operations	2	106	–
Profit for the period		931	512
Profit/(Loss) attributable to:			
Equity holders of the Company		(88)	(486)
Holders of perpetual capital securities		118	118
Non-controlling interests		901	880
		931	512
(Loss)/Profit attributable to equity holders of the Company arising from:			
Continuing operations		(194)	(486)
Discontinued operations		106	–
		(88)	(486)
(Loss)/Earnings per share			
	8		
Basic (loss)/earnings per share arising from:			
Continuing operations		(2.51) cents	(6.29) cents
Discontinued operations		1.37 cents	–
		(1.14) cents	(6.29) cents
Diluted (loss)/earnings per share arising from:			
Continuing operations		(2.51) cents	(6.29) cents
Discontinued operations		1.37 cents	–
		(1.14) cents	(6.29) cents

The notes on pages 30 to 45 form an integral part of this unaudited condensed consolidated interim financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

In HK\$ million	2022 (Restated)	2023 (Unaudited)
Profit for the period	931	512
Other comprehensive (loss)/income		
Items that will not be reclassified subsequently to consolidated income statement:		
Changes in the fair value of financial assets at fair value through other comprehensive income	–	12
Items that have been reclassified or may be reclassified subsequently to consolidated income statement:		
Translation exchange differences:		
– exchange differences on translating foreign operations of subsidiaries	(83)	4
– exchange differences on translating foreign operations of associates and joint ventures	(195)	(8)
– reclassification of currency translation reserve on partial disposal of interests in an associate	(33)	–
Cash flow hedges:		
– effective portion of changes in fair value	101	18
– transfer from equity to consolidated income statement	(42)	(177)
Costs of hedging	34	(33)
Other comprehensive loss for the period	(218)	(184)
Total comprehensive income for the period	713	328
Attributable to:		
Equity holders of the Company	(314)	(578)
Holders of perpetual capital securities	118	118
Non-controlling interests	909	788
Total comprehensive income for the period	713	328
Total comprehensive (loss)/income for the period attributable to equity holders of the Company arising from:		
Continuing operations	(407)	(578)
Discontinued operations	93	–
	(314)	(578)

The notes on pages 30 to 45 form an integral part of this unaudited condensed consolidated interim financial information.

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023

In HK\$ million	The Group		(Additional information) The Company		
	As at		As at		
	Note*	31 December 2022 (Audited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2023 (Unaudited)
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment		26,832	27,344	–	–
Right-of-use assets		2,040	1,865	–	–
Interests in leasehold land		308	299	–	–
Goodwill		17,971	17,977	–	–
Intangible assets		18,341	18,612	–	–
Fulfilment costs		1,658	1,713	–	–
Customer acquisition costs		864	922	–	–
Contract assets		285	286	–	–
Interests in subsidiaries		–	–	35,789	36,738
Interests in associates		2,506	2,187	–	–
Interests in joint ventures		327	320	–	–
Financial assets at fair value through other comprehensive income		701	147	–	–
Financial assets at fair value through profit or loss		2,804	3,370	–	–
Other financial assets		1,596	1,481	–	–
Derivative financial instruments		27	32	–	–
Deferred income tax assets		985	1,001	–	–
Other non-current assets		773	783	–	–
		78,018	78,339	35,789	36,738
Current assets					
Amounts due from subsidiaries		–	–	7,356	6,783
Inventories		2,065	1,987	–	–
Prepayments, deposits and other current assets		3,835	3,382	38	39
Contract assets		2,235	1,245	–	–
Trade receivables, net	9	4,602	3,309	–	–
Amounts due from related companies		751	626	–	–
Derivative financial instruments		58	–	–	–
Restricted cash		375	375	–	–
Short-term deposits		116	79	–	–
Cash and cash equivalents		3,009	2,484	531	189
		17,046	13,487	7,925	7,011

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2023

In HK\$ million	The Group		(Additional information)		
	As at		The Company		
	Note*	31 December 2022 (Audited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2023 (Unaudited)
Current liabilities					
Short-term borrowings		(3,950)	(1,035)	–	–
Trade payables	10	(6,074)	(5,161)	–	–
Accruals and other payables		(8,660)	(6,361)	(18)	(25)
Derivative financial instruments		(98)	(122)	–	–
Carrier licence fee liabilities		(331)	(327)	–	–
Amounts due to related companies		(54)	(65)	–	–
Advances from customers		(286)	(288)	–	–
Contract liabilities		(1,606)	(1,690)	–	–
Lease liabilities		(1,130)	(1,074)	–	–
Current income tax liabilities		(2,185)	(2,150)	(4)	(9)
		(24,374)	(18,273)	(22)	(34)
Non-current liabilities					
Long-term borrowings		(45,571)	(50,320)	(4,907)	(5,664)
Amounts due to subsidiaries		–	–	(6,956)	(7,013)
Derivative financial instruments		(241)	(289)	(4)	(5)
Deferred income tax liabilities		(4,585)	(4,730)	–	–
Defined benefit retirement schemes liability		(69)	(60)	–	–
Carrier licence fee liabilities		(3,340)	(3,275)	–	–
Contract liabilities		(1,031)	(1,033)	–	–
Lease liabilities		(994)	(861)	–	–
Other long-term liabilities		(2,094)	(2,204)	–	–
		(57,925)	(62,772)	(11,867)	(12,682)
Net assets		12,765	10,781	31,825	31,033
CAPITAL AND RESERVES					
Share capital	11	12,954	12,954	12,954	12,954
Reserves		(7,400)	(9,151)	18,871	18,079
Equity attributable to equity holders of the Company		5,554	3,803	31,825	31,033
Perpetual capital securities		5,886	5,886	–	–
Non-controlling interests		1,325	1,092	–	–
Total equity		12,765	10,781	31,825	31,033

* The notes referenced above pertain solely to the consolidated statement of financial position. The above Company statement of financial position as at 30 June 2023 and 31 December 2022 is presented only as additional information to this unaudited condensed consolidated interim financial information.

The notes on pages 30 to 45 form an integral part of this unaudited condensed consolidated interim financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

In HK\$ million

2022
(Unaudited)

	Attributable to equity holders of the Company									Perpetual capital securities	Non-controlling interests	Total equity
	Share capital	Treasury stock	Employee share-based compensation reserve	Currency translation reserve	Hedging reserve	Costs of hedging reserve	Other reserves	Accumulated losses	Total			
As at 1 January 2022	12,954	(11)	58	179	133	(9)	(357)	(4,470)	8,477	5,886	1,119	15,482
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	(88)	(88)	118	901	931
Profit/(Loss) for the period	-	-	-	-	-	-	-	(88)	(88)	118	901	931
Other comprehensive (loss)/income												
Items that have been reclassified or may be reclassified subsequently to consolidated income statement:												
Translation exchange differences:												
- exchange differences on translating foreign operations of subsidiaries	-	-	-	(48)	-	-	-	-	(48)	-	(35)	(83)
- exchange differences on translating foreign operations of associates and joint ventures	-	-	-	(194)	-	-	-	-	(194)	-	(1)	(195)
- reclassification of currency translation reserve on partial disposal of interests in an associate	-	-	-	(33)	-	-	-	-	(33)	-	-	(33)
Cash flow hedges:												
- effective portion of changes in fair value	-	-	-	-	52	-	-	-	52	-	49	101
- transfer from equity to consolidated income statement	-	-	-	-	(25)	3	-	-	(22)	-	(20)	(42)
Costs of hedging	-	-	-	-	-	19	-	-	19	-	15	34
Other comprehensive (loss)/income for the period	-	-	-	(275)	27	22	-	-	(226)	-	8	(218)
Total comprehensive income/(loss) for the period	-	-	-	(275)	27	22	-	(88)	(314)	118	909	713
Transactions with equity holders												
Issue of shares of PCCW Limited ("PCCW Shares") under share award scheme (note 11(a))	*	-	-	-	-	-	-	-	*	-	-	*
Purchases/Subsorption of PCCW Shares under share award schemes	-	(5)	-	-	-	-	-	-	(5)	-	(1)	(6)
Purchases/Subsorption of share stapled units of HKT Trust and HKT Limited ("Share Stapled Units") under share award schemes	-	-	-	-	-	-	-	(5)	(5)	-	(1)	(6)
Employee share-based compensation	-	-	21	-	-	-	-	-	21	-	7	28
Vesting of PCCW Shares and Share Stapled Units under share award schemes	-	12	(36)	-	-	-	-	24	-	-	-	-
Distribution/Dividend for PCCW Shares and Share Stapled Units granted under share award schemes	-	-	(4)	-	-	-	-	-	(4)	-	-	(4)
Dividend paid in respect of previous year (note 7(b))	-	-	-	-	-	-	-	(2,139)	(2,139)	-	-	(2,139)
Distribution/Dividends declared and paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,540)	(1,540)
Distributions paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	-	(117)	-	(117)
Total contributions by and distributions to equity holders	-	7	(19)	-	-	-	-	(2,120)	(2,132)	(117)	(1,535)	(3,784)
Accretion on put option to the non-controlling shareholder of an indirect non-wholly owned subsidiary that does not result in a loss of control	-	-	-	-	-	-	(10)	-	(10)	-	-	(10)
Total transactions with equity holders	-	7	(19)	-	-	-	(10)	(2,120)	(2,142)	(117)	(1,535)	(3,794)
As at 30 June 2022	12,954	(4)	39	(96)	160	13	(367)	(6,678)	6,021	5,887	493	12,401

* Amount of HK\$100,000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2023

In HK\$ million

2023
(Unaudited)

	Attributable to equity holders of the Company										Perpetual capital securities	Non-controlling interests	Total equity
	Share capital	Treasury stock	Employee share-based compensation reserve	Currency translation reserve	Hedging reserve	Costs of hedging reserve	Financial assets at FVOCI ¹ reserve	Other reserves	Accumulated losses	Total			
As at 1 January 2023	12,954	(9)	56	(141)	155	(60)	(60)	(82)	(7,259)	5,554	5,886	1,325	12,765
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	(486)	(486)	118	880	512
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	(486)	(486)	118	880	512
Other comprehensive (loss)/income	-	-	-	-	-	-	-	-	-	-	-	-	-
Items that will not be reclassified subsequently to consolidated income statement:													
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	12	-	-	12	-	-	12
Transfer of loss on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	48	-	(48)	-	-	-	-
Items that have been reclassified or may be reclassified subsequently to consolidated income statement:													
Translation exchange differences:													
- exchange differences on translating foreign operations of subsidiaries	-	-	-	4	-	-	-	-	-	4	-	-	4
- exchange differences on translating foreign operations of associates and joint ventures	-	-	-	(7)	-	-	-	-	-	(7)	-	(1)	(8)
Cash flow hedges:													
- effective portion of changes in fair value	-	-	-	-	9	-	-	-	-	9	-	9	18
- transfer from equity to consolidated income statement	-	-	-	-	(96)	4	-	-	-	(92)	-	(85)	(177)
Costs of hedging	-	-	-	-	-	(18)	-	-	-	(18)	-	(15)	(33)
Other comprehensive (loss)/income for the period	-	-	-	(3)	(87)	(14)	60	-	(48)	(92)	-	(92)	(184)
Total comprehensive income/(loss) for the period	-	-	-	(3)	(87)	(14)	60	-	(534)	(578)	118	788	328
Transactions with equity holders													
Purchases of PCCW Shares under share award scheme	-	(6)	-	-	-	-	-	-	-	(6)	-	(1)	(7)
Purchases of Share Stapled Units under share award schemes	-	-	-	-	-	-	-	-	(5)	(5)	-	(1)	(6)
Employee share-based compensation	-	-	16	-	-	-	-	-	-	16	-	6	22
Vesting of PCCW Shares and Share Stapled Units under share award schemes	-	9	(31)	-	-	-	-	-	22	-	-	-	-
Distribution/Dividend for PCCW Shares and Share Stapled Units granted under share award schemes	-	-	(3)	-	-	-	-	-	-	(3)	-	-	(3)
Dividend paid in respect of previous year (note 7(b))	-	-	-	-	-	-	-	-	(2,201)	(2,201)	-	-	(2,201)
Distribution/Dividends declared and paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,565)	(1,565)
Distributions paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(118)	-	(118)
Total contributions by and distributions to equity holders	-	3	(18)	-	-	-	-	-	(2,184)	(2,199)	(118)	(1,561)	(3,878)
Change in interests in subsidiaries that does not result in a loss of control (note 17)	-	-	-	-	-	-	-	-	1,026	1,026	-	540	1,566
Total transactions with equity holders	-	3	(18)	-	-	-	-	-	(1,158)	(1,173)	(118)	(1,021)	(2,312)
As at 30 June 2023	12,954	(6)	38	(144)	68	(74)	-	(82)	(8,951)	3,803	5,886	1,092	10,781

Note:

¹ "FVOCI" refers to fair value through other comprehensive income

The notes on pages 30 to 45 form an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

In HK\$ million	2022 (Unaudited)	2023 (Unaudited)
Net cash generated from operating activities	3,158	5,046
Investing activities		
Investment in an associate	(175)	(137)
Investment in a joint venture	–	(30)
Proceeds from partial disposal of interests in an associate	594	–
Other investing activities	(3,864)	(2,426)
Net cash used in investing activities	(3,445)	(2,593)
Financing activities		
New borrowings raised	17,299	20,523
Proceeds from partial disposal of interests in subsidiaries that does not result in a loss of control	–	1,566
Other financing activities (including repayments of borrowings)	(19,357)	(25,061)
Net cash used in financing activities	(2,058)	(2,972)
Net decrease in cash and cash equivalents	(2,345)	(519)
Exchange differences	(25)	(6)
Cash and cash equivalents as at 1 January	4,564	3,009
Cash and cash equivalents as at 30 June	2,194	2,484
Analysis of cash and cash equivalents:		
Total cash and bank balances	3,120	2,938
Less: restricted cash	(455)	(375)
Less: short-term deposits	(471)	(79)
Cash and cash equivalents as at 30 June	2,194	2,484

The notes on pages 30 to 45 form an integral part of this unaudited condensed consolidated interim financial information.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of PCCW Limited (the “Company”) and its subsidiaries (collectively the “Group”) has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This unaudited condensed consolidated interim financial information should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

This unaudited condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated. This unaudited condensed consolidated interim financial information was approved for issue on 3 August 2023.

The unaudited condensed consolidated interim financial information has been reviewed by the Company’s Audit Committee and, in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA, by the Company’s independent auditor.

The financial information relating to the year ended 31 December 2022 that is included in this unaudited condensed consolidated interim financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).
- The Company’s auditor has reported on those financial statements of the Group. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

The preparation of the unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

The accounting policies, basis of presentation and methods of computation used in preparing this unaudited condensed consolidated interim financial information are consistent with those followed in preparing the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following amended Hong Kong Financial Reporting Standards (“HKFRSs”) and HKASs which are first effective for accounting periods beginning on or after 1 January 2023 as described below.

1 BASIS OF PREPARATION (CONTINUED)

The following amended HKFRSs and HKASs are adopted for the financial year beginning 1 January 2023, but have no material effect on the Group's reported results and financial position for the current and prior accounting periods.

- HKAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors*
- HKAS 12 (Amendments), *Income Taxes*
- HKFRS 17 and HKFRS 17 (Amendments), *Insurance Contracts*

The Group has not early adopted any new or amended HKFRSs, HKASs and Interpretations that are not yet effective for the current accounting period.

As at 30 June 2023, the current liabilities of the Group exceeded its current assets by HK\$4,786 million. Included in the current liabilities were (i) short-term borrowings of HK\$1,035 million, which represented borrowings with maturity dates fall due within the next 12-month period and the Group has arrangements to refinance this balance via long-term borrowings; and (ii) current portion of contract liabilities of HK\$1,690 million recognised for which no direct cash settlement is required but will gradually reduce over the contract terms through the satisfaction of performance obligations. Also, considering the Group's ability to generate net operating cash inflows and raise additional debt financing, and the undrawn banking facilities totalling HK\$20,719 million as at 30 June 2023, management considers the Group is able to meet its liabilities as and when they fall due within the next 12-month period. Accordingly, this unaudited condensed consolidated interim financial information has been prepared on a going concern basis.

2 DISCONTINUED OPERATIONS

For the purpose of forming a strategic partnership with an independent third party (the "Partner A"), an indirect wholly-owned subsidiary of the Company (the "Seller") entered into a share purchase agreement (the "SPA") with Partner A on 14 June 2022 that, among other things, the Seller has agreed to sell to Partner A 80% interest in Lenovo PCCW Solutions Limited, a then indirect wholly-owned subsidiary of the Company which served as the holding company of part of the IT solutions business (the "ITS Business", which comprised the provision of information technology services, including but not limited to digital and managed services, technology services and business process outsourcing). The transaction was completed on 12 August 2022.

The comparative figures for the six months ended 30 June 2022 in the Group's consolidated income statement and consolidated statement of comprehensive income were restated to reflect the reclassification of the operating results of the ITS Business discontinued (the "Discontinued ITS Business") to discontinued operations in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

a. Analysis of the results of discontinued operations is as follows:

In HK\$ million	Six months ended 30 June 2022 (Unaudited)
Revenue (note i)	2,148
Cost of sales	(1,866)
General and administrative expenses	(162)
Other gains, net	20
Profit before income tax	140
Income tax	(34)
Profit from discontinued operations attributable to equity holders of the Company	106

2 DISCONTINUED OPERATIONS (CONTINUED)

a. Analysis of the results of discontinued operations is as follows: (continued)

In HK\$ million	Six months ended 30 June 2022 (Unaudited)
Profit from discontinued operations	106
Other comprehensive loss	
Items that have been reclassified or may be reclassified subsequently to consolidated income statement:	
Translation exchange differences:	
– exchange differences on translating foreign operations of subsidiaries	(13)
Total comprehensive income from discontinued operations attributable to equity holders of the Company	93

i. Revenue of discontinued operations

In HK\$ million	Six months ended 30 June 2022 (Unaudited)
External revenue from contracts with customers:	
– recognised at a point in time	27
– recognised over time	1,601
Internal revenue	520
Revenue attributable to Solutions Business segment[#]	2,148
EBITDA* attributable to Solutions Business segment[#]	282

[#] As set out in note 7 of the Group's annual consolidated financial statements for the year ended 31 December 2022

* As defined in note 3

b. Analysis of the cash flows of discontinued operations is as follows:

In HK\$ million	Six months ended 30 June 2022 (Unaudited)
Net cash generated from operating activities	4
Net cash used in investing activities	(25)
Net cash used in financing activities	(56)
Net cash outflow from discontinued operations	(77)

3 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 and the segment information is reported below in accordance with this internal reporting.

The CODM considers the business from the product perspective and assesses the performance of the following segments:

- HKT Limited (“HKT”) is Hong Kong’s premier telecommunications service provider. The principal activities of HKT and its subsidiaries are the provision of technology and telecommunications and related services including enterprise solutions, consumer mobile, total home solutions, digital ventures, healthtech services, and media entertainment. It operates primarily in Hong Kong, and also serves customers in mainland China and other parts of the world.
- Media Business offers over-the-top (“OTT”) digital media entertainment services in Hong Kong, the Asia Pacific region, and other parts of the world, in addition to domestic free television service in Hong Kong. It is also engaged in content production, artiste management, and event businesses.
- Other businesses of the Group (“Other Businesses”) primarily comprise remaining solutions business following the discontinuation of ITS Business and corporate support functions.

The segment information for the six months ended 30 June 2022 was restated to (i) exclude the operating results of the Discontinued ITS Business (as disclosed in note 2), which were previously classified as part of the Solutions Business segment; and (ii) reallocate other Solutions Business retained to Other Businesses segment.

The CODM assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortisation (“EBITDA”). EBITDA represents earnings before interest income, finance costs, income tax, depreciation and amortisation, gains/losses on disposal of property, plant and equipment, interests in leasehold land, right-of-use assets and intangible assets, 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 joint ventures, and the Group’s share of results of associates and joint ventures.

Segment revenue, expense and segment performance include transactions between segments. Inter-segment pricing is based on similar terms to 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

3 SEGMENT INFORMATION (CONTINUED)

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

In HK\$ million	Six months ended 30 June 2022 (Restated)				
	HKT	Media Business	Other Businesses	Eliminations	Consolidated
REVENUE					
External revenue	15,266	1,072	400	–	16,738
Inter-segment revenue	891	102	–	(993)	–
Total revenue	16,157	1,174	400	(993)	16,738
External revenue from contracts with customers:					
Timing of revenue recognition					
At a point in time	2,535	273	–	–	2,808
Over time	12,697	799	398	–	13,894
External revenue from other sources:					
Rental income	34	–	2	–	36
	15,266	1,072	400	–	16,738
RESULTS					
EBITDA	5,834	97	(285)	(141)	5,505
In HK\$ million	Six months ended 30 June 2023 (Unaudited)				
	HKT	Media Business	Other Businesses	Eliminations	Consolidated
REVENUE					
External revenue	15,335	1,146	369	–	16,850
Inter-segment revenue	1,065	215	–	(1,280)	–
Total revenue	16,400	1,361	369	(1,280)	16,850
External revenue from contracts with customers:					
Timing of revenue recognition					
At a point in time	2,503	272	–	–	2,775
Over time	12,791	874	367	–	14,032
External revenue from other sources:					
Rental income	41	–	2	–	43
	15,335	1,146	369	–	16,850
RESULTS					
EBITDA	6,009	248	(294)	(332)	5,631

3 SEGMENT INFORMATION (CONTINUED)

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

In HK\$ million	Six months ended 30 June	
	2022 (Restated)	2023 (Unaudited)
Total segment EBITDA	5,505	5,631
Depreciation and amortisation	(3,682)	(3,807)
Other gains, net	316	218
Interest income	43	87
Finance costs	(721)	(1,153)
Share of results of associates and joint ventures	(162)	(102)
Profit before income tax from continuing operations	1,299	874

4 OTHER GAINS, NET

In HK\$ million	Six months ended 30 June	
	2022 (Restated)	2023 (Unaudited)
Fair value movement of financial assets at FVPL ¹	(38)	187
Fair value movement of derivative financial instruments	51	(13)
Gain on partial disposal of interests in an associate, net	300	–
Others	3	44
	316	218

Note:

¹ “FVPL” refers to fair value through profit or loss

5 PROFIT BEFORE INCOME TAX

Profit before income tax was stated after charging the following:

In HK\$ million	Six months ended 30 June	
	2022 (Restated)	2023 (Unaudited)
Cost of inventories sold	2,789	2,553
Cost of sales, excluding inventories sold	5,360	5,739
Impairment loss for trade receivables	86	106
Depreciation of property, plant and equipment	615	621
Depreciation of right-of-use assets	727	687
Amortisation of land lease premium – interests in leasehold land	9	9
Amortisation of intangible assets	1,589	1,655
Amortisation of fulfilment costs	201	215
Amortisation of customer acquisition costs	541	620
Finance costs on borrowings	697	1,098

6 INCOME TAX

In HK\$ million	Six months ended 30 June	
	2022 (Restated)	2023 (Unaudited)
Current income tax:		
Hong Kong profits tax	200	212
Overseas tax	24	21
Movement of deferred income tax	250	129
	474	362

Hong Kong profits tax is provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the period.

Overseas tax is calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the respective jurisdictions.

7 DIVIDENDS**a. Dividend attributable to the interim period**

In HK\$ million	Six months ended 30 June	
	2022 (Unaudited)	2023 (Unaudited)
Interim dividend declared after the end of the interim period of 9.77 HK cents (2022: 9.56 HK cents) per ordinary share	740	756

At the meeting held on 3 August 2023, the board of directors of the Company (the "Board") declared an interim dividend of 9.77 HK cents per ordinary share for the year ending 31 December 2023. This interim dividend is not recognised as a liability in this unaudited condensed consolidated interim financial information.

7 DIVIDENDS (CONTINUED)

b. Dividend approved and paid during the interim period

In HK\$ million	Six months ended 30 June	
	2022 (Unaudited)	2023 (Unaudited)
Final dividend declared in respect of the previous financial year, approved and paid during the interim period of 28.48 HK cents (2022: 27.69 HK cents) per ordinary share	2,143	2,204
Less: dividend for PCCW Shares held by share award schemes	(4)	(3)
	2,139	2,201

8 (LOSS)/EARNINGS PER SHARE

The calculations of basic and diluted (loss)/earnings per share were based on the following data:

	Six months ended 30 June	
	2022 (Restated)	2023 (Unaudited)
(Loss)/Earnings (in HK\$ million)		
(Loss)/Earnings for the purpose of basic and diluted (loss)/earnings per share arising from:		
Continuing operations	(194)	(486)
Discontinued operations	106	–
	(88)	(486)
Number of shares		
Weighted average number of ordinary shares	7,733,174,161	7,739,638,249
Effect of PCCW Shares held under the Company's share award schemes	(9,898,810)	(13,060,754)
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	7,723,275,351	7,726,577,495
Effect of PCCW Shares awarded under the Company's share award schemes	5,783,947*	5,538,979*
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	7,729,059,298	7,732,116,474

* The effect of PCCW Shares awarded under the Company's share award schemes would result in anti-dilutive effect on loss per share of continuing operations during the six months ended 30 June 2022 and 2023.

9 TRADE RECEIVABLES, NET

The ageing of trade receivables based on the date of invoice is set out below:

In HK\$ million	As at	
	31 December 2022 (Audited)	30 June 2023 (Unaudited)
1 – 30 days	2,816	2,192
31 – 60 days	736	215
61 – 90 days	256	156
91 – 120 days	162	216
Over 120 days	920	846
	4,890	3,625
Less: loss allowance	(288)	(316)
Trade receivables, net	4,602	3,309

As at 30 June 2023, included in trade receivables, net were amounts due from related parties of HK\$87 million (as at 31 December 2022: HK\$66 million).

The Group's normal credit period for customers is 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 balances are requested to settle all outstanding balances before any further credit is granted.

10 TRADE PAYABLES

The ageing of trade payables based on the date of invoice is set out below:

In HK\$ million	As at	
	31 December 2022 (Audited)	30 June 2023 (Unaudited)
1 – 30 days	2,248	3,218
31 – 60 days	1,235	554
61 – 90 days	1,236	433
91 – 120 days	593	247
Over 120 days	762	709
	6,074	5,161

As at 30 June 2023, included in trade payables were amounts due to related parties of HK\$390 million (as at 31 December 2022: HK\$578 million).

11 SHARE CAPITAL

	Six months ended 30 June			
	2022	2023		
	Number of PCCW Shares (Unaudited)	Share capital (Unaudited) HK\$ million	Number of PCCW Shares (Unaudited)	Share capital (Unaudited) HK\$ million
Ordinary shares of no par value, issued and fully paid:				
As at 1 January	7,729,638,249	12,954	7,739,638,249	12,954
PCCW Shares issued (<i>note a</i>)	10,000,000	–	–	–
As at 30 June	7,739,638,249	12,954	7,739,638,249	12,954

- a. During the six months ended 30 June 2022, the Company issued and allotted 10,000,000 new fully paid PCCW Shares for an aggregate consideration of HK\$100,000 (HK\$0.01 per PCCW Share) under general mandate for grant of awards pursuant to the PCCW Subscription Scheme (as disclosed in note 12).
- b. The Company had total distributable reserves of HK\$18,059 million as at 30 June 2023 (as at 31 December 2022: HK\$18,851 million).

12 SHARE AWARD SCHEMES OF THE COMPANY AND SHARE STAPLED UNITS AWARD SCHEMES OF HKT

Pursuant to the two share incentive award schemes of the Company, namely the PCCW Purchase Scheme and the PCCW Subscription Scheme (collectively the “PCCW Share Award Schemes”) and the two award schemes of HKT, namely the HKT Share Stapled Units Purchase Scheme and the HKT Share Stapled Units Subscription Scheme (collectively the “Share Stapled Units Award Schemes”), the Company and HKT have awarded a number of PCCW Shares and Share Stapled Units to selected participants (including any director or employee of the Company and its participating companies for the PCCW Share Award Schemes, and any director or employee of HKT or any of its subsidiaries for the Share Stapled Units Award Schemes) during the six months ended 30 June 2023.

A summary of movements in the number of PCCW Shares and Share Stapled Units held under the PCCW Share Award Schemes and the Share Stapled Units Award Schemes are as follows:

	Six months ended 30 June 2022	
	Number of PCCW Shares (Unaudited)	Number of Share Stapled Units (Unaudited)
As at 1 January 2022	8,307,283	3,520,757
Purchases from the market by the trustee at weighted average market price of HK\$4.39 per PCCW Share/HK\$10.61 per Share Stapled Unit	1,288,000	568,000
New PCCW Shares issued by the Company at issue price of HK\$0.01 per PCCW Share (<i>note 11(a)</i>)	10,000,000	–
New Share Stapled Units jointly issued by HKT Trust and HKT at issue price of approximately HK\$10.84 per Share Stapled Unit	–	4,000,000
PCCW Shares/Share Stapled Units vested	(6,810,059)	(2,207,364)
As at 30 June 2022	12,785,224	5,881,393

12 SHARE AWARD SCHEMES OF THE COMPANY AND SHARE STAPLED UNITS AWARD SCHEMES OF HKT (CONTINUED)

	Six months ended 30 June 2023	
	Number of PCCW Shares (Unaudited)	Number of Share Stapled Units (Unaudited)
As at 1 January 2023	14,322,224	6,612,393
Purchases from the market by the trustee at weighted average market price of HK\$3.92 per PCCW Share/HK\$10.32 per Share Stapled Unit	1,673,000	579,000
PCCW Shares/Share Stapled Units vested	(5,859,101)	(2,157,743)
As at 30 June 2023	10,136,123	5,033,650

The weighted average fair values of the PCCW Shares and the Share Stapled Units awarded during the six months ended 30 June 2023 at the dates of award were HK\$4.01 (2022: HK\$4.50) per PCCW Share and HK\$10.06 (2022: HK\$10.86) per Share Stapled Unit respectively, which were measured by the respective quoted market prices of the PCCW Shares and the Share Stapled Units at the respective award dates.

13 COMMITMENTS

a. Capital

In HK\$ million	As at	
	31 December 2022 (Audited)	30 June 2023 (Unaudited)
Authorised and contracted for	1,691	1,939

Included in the capital commitments were commitments of HK\$1,276 million and HK\$1,562 million for the acquisition of property, plant and equipment as at 31 December 2022 and 30 June 2023 respectively.

Additions of property, plant and equipment were HK\$1,199 million (restated) and HK\$1,141 million for the six months ended 30 June 2022 and 2023 respectively.

b. Others

In HK\$ million	As at	
	31 December 2022 (Audited)	30 June 2023 (Unaudited)
Purchase of rights to broadcast certain TV content	1,400	1,204
Operating expenditure commitments	507	511
	1,907	1,715

14 CONTINGENT LIABILITIES

In HK\$ million	As at	
	31 December 2022 (Audited)	30 June 2023 (Unaudited)
Performance guarantees	1,440	1,449
Others	45	42
	1,485	1,491

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 will not materially affect the financial position of the Group.

15 RELATED PARTY TRANSACTIONS

During the period, the Group had the following significant transactions with related parties:

In HK\$ million	Note	Six months ended 30 June	
		2022 (Unaudited)	2023 (Unaudited)
Telecommunications service fees, IT development and support service charges, contact centre service charges, hotline services fees, consultancy service charges, interest income and other cost recharge received or receivable from joint ventures	a	17	25
Telecommunications service fees, connectivity service fees, interest income, contact centre services charges, equipment sales, customer acquisition services fees, consultancy service charges, advertising fees, insurance premium, transitional service fees, management fee, travel agency service fees, licence fees and other costs recharge received or receivable from associates	a	35	64
Telecommunications service fees, system integration service fees, data centre service fees and contact centre service charges received or receivable from a substantial shareholder	a	82	94
Telecommunications service fees, outsourcing fees, rental charges and interest expense paid or payable to joint ventures	a	135	144
IT charges, logistic charges, other contractor service fees, transitional service fees, rental charges and licence fees paid or payable to associates	a	–	676
Telecommunications service fees, data centre service fees and facility management service charges paid or payable to a substantial shareholder	a	71	80
Telecommunications service fees, data centre service fees, connectivity service fees, equipment sales, insurance premium, insurance agency service charges, system integration services fees, advertising fees, interest income and other costs recharge received or receivable from related parties under a common shareholder with the Company	a	52	81
Insurance premium and rental charges paid or payable to related parties under a common shareholder with the Company	a	142	125
Purchase of guaranteed notes issued by an associate	c	–	13
Key management compensation	b	69	53

15 RELATED PARTY TRANSACTIONS (CONTINUED)

- a. The above transactions were carried out after negotiations between the Group and the related parties in the ordinary course of business and on the basis of estimated market value as determined by the directors. In respect of transactions for which the price or volume has not yet been agreed with the relevant related parties, the directors have determined the relevant amounts based on their best estimation.

b. Details of key management compensation

In HK\$ million	Six months ended 30 June	
	2022 (Unaudited)	2023 (Unaudited)
Salaries and other short-term employee benefits	58	45
Share-based compensation	10	7
Post-employment benefits	1	1
	69	53

- c. The guaranteed notes were purchased at quoted market price from open market.

16 FINANCIAL INSTRUMENTS**a. Financial risk factors**

Exposure to credit, liquidity and market risk (including foreign currency risk and interest rate risk) arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities. Exposure to these risks is controlled by the Group's financial management policies and practices.

This unaudited condensed consolidated interim financial information does not include all financial risk management information and disclosures as required in the Group's annual consolidated financial statements. It should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. There have been no material changes in the financial management policies and practices since 31 December 2022.

b. Estimation of fair values

Financial instruments carried at fair value are analysed by valuation method and the different levels are defined as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for the financial assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted securities.

16 FINANCIAL INSTRUMENTS (CONTINUED)

b. Estimation of fair values (continued)

The following tables present the Group's financial assets and liabilities that were measured at fair value:

In HK\$ million	As at 31 December 2022 (Audited)			Total
	Level 1	Level 2	Level 3	
Assets				
Financial assets at FVOCI (non-current)				
– Listed securities	554	–	–	554
– Unlisted securities	–	–	147	147
Financial assets at FVPL (non-current)				
– Listed securities	19	–	–	19
– Unlisted securities	–	–	2,785	2,785
Derivative financial instruments (non-current)	–	27	–	27
Derivative financial instruments (current)	–	58	–	58
Total assets	573	85	2,932	3,590
Liabilities				
Derivative financial instruments (current)	–	(98)	–	(98)
Derivative financial instruments (non-current)	–	(241)	–	(241)
Total liabilities	–	(339)	–	(339)
In HK\$ million	As at 30 June 2023 (Unaudited)			Total
	Level 1	Level 2	Level 3	
Assets				
Financial assets at FVOCI (non-current)				
– Unlisted securities	–	–	147	147
Financial assets at FVPL (non-current)				
– Listed securities	19	–	–	19
– Unlisted securities	–	–	3,351	3,351
Derivative financial instruments (non-current)	–	32	–	32
Total assets	19	32	3,498	3,549
Liabilities				
Derivative financial instruments (current)	–	(122)	–	(122)
Derivative financial instruments (non-current)	–	(289)	–	(289)
Total liabilities	–	(411)	–	(411)

Instruments included in level 1 comprised investments in listed instruments classified as financial assets at FVPL.

Instruments included in level 2 comprised mainly cross currency swap contracts, interest rate swap contracts and foreign exchange forward contracts classified as derivative financial instruments.

16 FINANCIAL INSTRUMENTS (CONTINUED)

b. Estimation of fair values (continued)

Instruments included in level 3 comprised investments in unlisted instruments classified as financial assets at FVOCI or financial assets at FVPL.

Specific valuation techniques used to value financial instruments include:

- In measuring the swap transactions, the fair value is the net present value of the estimated future cash flows discounted at the market quoted swap foreign exchange rates and interest rates.
- The fair value of the foreign exchange forward contracts is calculated based on the prevailing market foreign exchange rates quoted for contracts with the same notional amounts adjusted for maturity differences.

Investments in unlisted investment funds that are not traded in an active market are valued based on information derived from individual fund reports, or audited reports received from respective fund managers and adjusted by other relevant factors if deemed necessary. For other investments in unlisted instruments, the Group establishes the fair value by using valuation techniques including the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The key assumptions adopted in the valuation models include market multiples and discount rates which are based on historical patterns and industry trends of comparable companies. The fair values of these level 3 instruments may differ significantly if there are material changes to the underlying assumptions applied in the relevant fair valuation models.

The main level 3 input used by the Group for the valuations of unlisted investments included in level 3 instruments pertains to the use of recent arm's length transactions, reference to portfolio statements, and reference to other listed instruments that are substantially the same.

There were no transfers of financial assets and liabilities between fair value hierarchy classifications during the six months ended 30 June 2022 and 2023.

There were no material changes in valuation techniques during the six months ended 30 June 2022 and 2023.

The following tables present the changes in level 3 assets:

In HK\$ million

	Six months ended 30 June 2022 (Unaudited)	
	Financial assets at FVOCI – unlisted securities	Financial assets at FVPL – unlisted securities
As at 1 January	124	1,670
Additions	–	363
Fair value movement recognised in other gains, net	–	(21)
Disposals	–	(10)
As at 30 June	124	2,002

16 FINANCIAL INSTRUMENTS (CONTINUED)

b. Estimation of fair values (continued)

In HK\$ million	Six months ended 30 June 2023 (Unaudited)	
	Financial assets at FVOCI – unlisted securities	Financial assets at FVPL – unlisted securities
As at 1 January	147	2,785
Additions	–	396
Fair value movement recognised in other gains, net	–	187
Disposals	–	(17)
As at 30 June	147	3,351

c. Group's valuation process

The Group performs and monitors the valuations of financial instruments required for financial reporting purposes, including level 3 fair values. Material movements in valuations are reported to senior management immediately. Valuation results are reviewed by senior management at least on a semi-annual basis.

d. Fair values of financial instruments measured at amortised cost

All financial instruments were carried at amounts not materially different from their fair values as at 31 December 2022 and 30 June 2023 except as follows:

In HK\$ million	As at			
	31 December 2022 (Audited)		30 June 2023 (Unaudited)	
	Carrying amount	Fair value	Carrying amount	Fair value
Other financial assets	1,596	1,393	1,481	1,250
Short-term borrowings	3,950	3,945	1,035	1,035
Long-term borrowings	45,571	43,428	50,320	48,441

The fair values of other financial assets, short-term and long-term borrowings are the net present value of the estimated future cash flows discounted at the prevailing market rates. The fair values are within level 2 of the fair value hierarchy.

17 CHANGE IN INTERESTS IN SUBSIDIARIES WITHOUT A LOSS OF CONTROL

On 21 June 2023, the Company's wholly-owned subsidiary, PCCW Media Holdings Limited, and Viu International Limited ("Viu", a wholly-owned subsidiary of PCCW Media Holdings Limited), entered into a share subscription agreement with an independent third party (the "Partner B"), pursuant to which Partner B shall subscribe for ordinary shares of Viu for an aggregate amount of US\$300 million (subject to the satisfaction or waiver of certain conditions), of which initial subscription of US\$200 million was completed on 21 June 2023. Upon completion of the initial subscription of US\$200 million, the Company's economic interest in Viu decreased from 100% to approximately 73.9%, resulting in an increase in non-controlling interests attributable to Viu of HK\$540 million. Viu is engaged in the provision of OTT video streaming service in Asia, the Middle East and South Africa.

GENERAL INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, SHARE STAPLED UNITS, UNDERLYING SHARES, UNDERLYING SHARE STAPLED UNITS AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the directors and chief executives of the Company and their respective close associates had the following interests or short positions in the shares, share stapled units jointly issued by HKT Trust and HKT Limited (the "Share Stapled Units"), underlying shares, underlying Share Stapled Units and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"):

1. Interests in the Company

The table below sets out the aggregate long positions in the shares of the Company (the "Shares") held by the directors and chief executives of the Company:

Name of Director/Chief Executive	Personal interests	Number of ordinary Shares held			Total	Approximate percentage of the total number of Shares in issue
		Family interests	Corporate interests	Other interests		
Li Tzar Kai, Richard	–	–	462,287,134 <i>(Note 1(a))</i>	1,928,842,224 <i>(Note 1(b))</i>	2,391,129,358	30.89%
Hui Hon Hing, Susanna	11,852,645	–	–	984,938 <i>(Note 2)</i>	12,837,583	0.17%
Tse Sze Wing, Edmund	–	367,479 <i>(Note 3)</i>	–	–	367,479	0.005%

Notes:

- Of these Shares, Pacific Century Diversified Limited ("PCD"), a wholly-owned subsidiary of Chiltonlink Limited ("Chiltonlink"), held 269,471,956 Shares, Eisner Investments Limited ("Eisner") held 38,222,413 Shares, and Trade Champion Limited, a wholly-owned subsidiary of Excel Global Holdings Limited ("Excel Global"), held 154,592,765 Shares. Li Tzar Kai, Richard owned 100% of the issued share capital of Chiltonlink, Eisner and Excel Global.
 - These interests represented:
 - a deemed interest in 175,312,270 Shares held by Pacific Century Group Holdings Limited ("PCGH"). Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 175,312,270 Shares held by PCGH; and
 - a deemed interest in 1,753,529,954 Shares held by Pacific Century Regional Developments Limited ("PCRD"), a company in which PCGH had, through itself and certain wholly-owned subsidiaries being Anglang Investments Limited, Pacific Century Group (Cayman Islands) Limited, Pacific Century International Limited and Borsington Limited, an aggregate of 88.63% interest. Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 1,753,529,954 Shares held by PCRD. Li Tzar Kai, Richard was also deemed to be interested in 1.06% of the issued share capital of PCRD through Hopestar Holdings Limited ("Hopestar"), a company wholly-owned by Li Tzar Kai, Richard.
- These interests represented awards made to Hui Hon Hing, Susanna, which were subject to certain vesting conditions pursuant to an award scheme of the Company, namely the Purchase Scheme, the details of which are set out in the section below headed "**Share Option Schemes and Share Award Schemes of the Company and its Subsidiaries**".
- These Shares were held by the spouse of Tse Sze Wing, Edmund.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, SHARE STAPLED UNITS, UNDERLYING SHARES, UNDERLYING SHARE STAPLED UNITS AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(CONTINUED)*

2. Interests in the Associated Corporations of the Company

A. HKT Trust and HKT Limited

The table below sets out the aggregate long positions in the Share Stapled Units held by the directors and chief executives of the Company:

Name of Director/Chief Executive	Personal interests	Number of Share Stapled Units held			Total	Approximate percentage of the total number of Share Stapled Units in issue
		Family interests	Corporate interests	Other interests		
Li Tzar Kai, Richard	–	–	67,655,964 <i>(Note 1(a))</i>	152,795,631 <i>(Note 1(b))</i>	220,451,595	2.91%
Hui Hon Hing, Susanna	5,692,306	–	–	404,706 <i>(Note 2)</i>	6,097,012	0.08%
Tse Sze Wing, Edmund	–	246,028 <i>(Note 3)</i>	–	–	246,028	0.003%

Each Share Stapled Unit confers an interest in:

- (a) one voting ordinary share of HK\$0.0005 in HKT Limited (“HKT”); and
- (b) one voting preference share of HK\$0.0005 in HKT,

for the purposes of Part XV of the SFO, in addition to an interest in one unit in the HKT Trust.

Under the trust deed dated 7 November 2011 constituting the HKT Trust entered into between HKT Management Limited (in its capacity as the trustee-manager of the HKT Trust) (the “Trustee-Manager”) and HKT (as supplemented, amended or substituted from time to time) and the articles of association of HKT (as amended and restated from time to time), the number of ordinary shares and preference shares of HKT in issue must be the same at all times and must also, in each case, be equal to the number of units of the HKT Trust in issue; and each of them is equal to the number of Share Stapled Units in issue.

Notes:

1. (a) Of these Share Stapled Units, PCD held 20,227,614 Share Stapled Units, Eisner held 46,020,000 Share Stapled Units and Hopestar held 1,408,350 Share Stapled Units.
- (b) These interests represented:
 - (i) a deemed interest in 130,511,730 Share Stapled Units held by PCGH. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 130,511,730 Share Stapled Units held by PCGH; and
 - (ii) a deemed interest in 22,283,901 Share Stapled Units held by PCRD. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 22,283,901 Share Stapled Units held by PCRD.
2. These interests represented awards made to Hui Hon Hing, Susanna, which were subject to certain vesting conditions pursuant to the relevant award schemes of the Company and HKT, namely the Purchase Scheme and the HKT Share Stapled Units Purchase Scheme, the details of which are set out in the section below headed “**Share Option Schemes and Share Award Schemes of the Company and its Subsidiaries**”.
3. These Share Stapled Units were held by the spouse of Tse Sze Wing, Edmund.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, SHARE STAPLED UNITS, UNDERLYING SHARES, UNDERLYING SHARE STAPLED UNITS AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (CONTINUED)

2. Interests in the Associated Corporations of the Company (continued)

B. Pacific Century Premium Developments Limited ("PCPD")

The table below sets out the aggregate long positions in the shares of PCPD (the "PCPD Shares") held by the directors and chief executives of the Company:

Name of Director/Chief Executive	Personal interests	Number of ordinary PCPD Shares held			Total	Approximate percentage of the total number of shares of PCPD in issue
		Family interests	Corporate interests	Other interests		
Li Tzar Kai, Richard	–	–	207,267,814 (Note 1(a))	402,164,972 (Note 1(b))	609,432,786	29.90%
Tse Sze Wing, Edmund	–	59,531 (Note 2)	–	–	59,531	0.003%

Notes:

1. (a) Of these PCPD Shares, PCD held 181,520,587 shares and Eisner held 25,747,227 shares.
- (b) These interests represented:
 - (i) a deemed interest in 118,093,122 PCPD Shares held by PCGH. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 118,093,122 PCPD Shares held by PCGH; and
 - (ii) a deemed interest in 284,071,850 PCPD Shares held by PCRD. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 284,071,850 PCPD Shares held by PCRD.
2. These PCPD Shares were held by the spouse of Tse Sze Wing, Edmund.

Save as disclosed in the foregoing, as at 30 June 2023, none of the directors or chief executives of the Company or their respective close associates had any interests or short positions in any shares, Share Stapled Units, underlying shares, underlying Share Stapled Units and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

SHARE OPTION SCHEMES AND SHARE AWARD SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES

1. The Company

A. Share Option Scheme

The Company operates a share option scheme which was adopted by the shareholders of the Company at the annual general meeting of the Company held on 8 May 2014 (the “2014 Scheme”). Under the 2014 Scheme, the board of directors of the Company (the “Board”) shall be entitled to offer to grant a share option to any eligible participant whom the Board may, at its absolute discretion, select.

No share options have been granted under the 2014 Scheme since its adoption and up to and including 30 June 2023.

As at each of 1 January 2023 and 30 June 2023, the number of Share options available for grant under the 2014 Scheme mandate was 728,229,465.

B. Share Award Schemes

The Company adopted two share incentive award schemes, namely the Purchase Scheme and the Subscription Scheme (collectively the “PCCW Share Award Schemes”) with the purposes and objectives to recognise the contributions by eligible participants and to give incentives thereto in order to retain them for the continual operation and development of the Company and its subsidiaries (the “Group”) and to attract suitable personnel for further development of the Group.

Subject to the relevant scheme rules, each scheme provides that prior to the vesting of the awards under the relevant scheme to selected participants, the relevant Shares/Share Stapled Units will be held in trust by an independent trustee for such selected participants, and will be vested over a period of time determined by the Board, any committee or sub-committee of the Board and/or any person delegated with the power and authority to administer all or any aspects of the respective PCCW Share Award Schemes (the “Approving Body”), provided that each selected participant shall remain at all times up to and including the relevant vesting date (or, as the case may be, each relevant vesting date) an employee or a director of the Company or the relevant participating company, and satisfies any other conditions specified at the time the award is made, notwithstanding that the Approving Body shall be at liberty to waive such conditions. Other than satisfying the vesting conditions, selected participants are not required to provide any consideration in order to acquire the Shares/Share Stapled Units awarded to him/her under the schemes.

The previous term of each of the PCCW Share Award Schemes expired on 14 November 2022. In order to enable the Company to continue granting awards of Shares and/or Share Stapled Units under the PCCW Share Award Schemes, on 12 August 2022, the Board approved the extension of the duration of each of the PCCW Share Award Schemes for a period of 10 years from 15 November 2022. As a result of such extension, each of the PCCW Share Award Schemes shall be valid and effective for a further term of 10 years commencing from 15 November 2022, expiring on 14 November 2032. Save as disclosed above, all other terms and conditions of the PCCW Share Award Schemes remain unchanged and continue in full force and effect after such extension.

SHARE OPTION SCHEMES AND SHARE AWARD SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

1. The Company (continued)

B. Share Award Schemes (continued)

Details of the Share/Share Stapled Unit awards granted and movements during the six months ended 30 June 2023 are as follows:

Name or category of participants	Date of grant	Vesting period	Fair value at the date of grant ^(a) HK\$	Unvested as at 1 January 2023	Granted during the period	Number of Share awards			Unvested as at 30 June 2023
						Lapsed/ Forfeited during the period	Vested during the period		
(I) Purchase Scheme (Shares)									
Director/Chief Executive									
Hui Hon Hing, Susanna	16 April 2021	16 April 2021 to 16 April 2023	4.53	582,225	-	-	(582,225) ^(b)	-	-
	28 April 2021	28 April 2021 to 28 April 2023	4.52	56,500	-	-	(56,500) ^(b)	-	-
	19 April 2022	19 April 2022 to 16 April 2023	4.52	159,005	-	-	(159,005) ^(b)	-	-
	19 April 2022	19 April 2022 to 19 April 2023	4.52	905,436	-	-	(905,436) ^(b)	-	-
	19 April 2022	19 April 2022 to 19 April 2024	4.52	905,436	-	-	-	-	905,436
	20 September 2022	20 September 2022 to 19 April 2023	3.85	79,503	-	-	(79,503) ^(b)	-	-
	20 September 2022	20 September 2022 to 19 April 2024	3.85	79,502	-	-	-	-	79,502
Employee Participants									
In aggregate	16 April 2021	16 April 2021 to 16 April 2023	4.53	566,525	-	(1,087)	(565,438) ^(b)	-	-
	4 March 2022	4 March 2022 to 16 April 2023	4.34	34,803	-	-	(34,803) ^(b)	-	-
	19 April 2022	19 April 2022 to 19 April 2023	4.52	237,389	-	(1,093)	(236,296) ^(b)	-	-
	19 April 2022	19 April 2022 to 19 April 2024	4.52	608,871	-	(1,092)	-	-	607,779
	1 September 2022	1 September 2022 to 19 April 2023	3.86	101,124	-	-	(101,124) ^(b)	-	-
	1 September 2022	1 September 2022 to 19 April 2024	3.86	101,124	-	-	-	-	101,124
	19 April 2023	19 April 2023 to 19 April 2024	4.01	-	13,422 ^(b)	-	-	-	13,422
	19 April 2023	19 April 2023 to 19 April 2025	4.01	-	13,417 ^(b)	-	-	-	13,417
	30 May 2023	30 May 2023 to 30 May 2024	4.02	-	249,366 ^(c)	-	-	-	249,366
	30 May 2023	30 May 2023 to 30 May 2025	4.02	-	660,593 ^(c)	-	-	-	660,593
	1 June 2023	1 June 2023 to 1 June 2024	3.97	-	4,301 ^(c)	-	-	-	4,301
	1 June 2023	1 June 2023 to 1 June 2025	3.97	-	4,298 ^(c)	-	-	-	4,298
	23 June 2023	23 June 2023 to 23 June 2024	3.85	-	22,379 ^(d)	-	-	-	22,379
	23 June 2023	23 June 2023 to 23 June 2025	3.85	-	22,378 ^(d)	-	-	-	22,378
Service Providers									
In aggregate	16 April 2021	16 April 2021 to 16 April 2023	4.53	829,359	-	-	(829,359) ^(b)	-	-
	19 April 2022	19 April 2022 to 19 April 2023	4.52	725,190	-	-	(725,190) ^(b)	-	-
	19 April 2022	19 April 2022 to 19 April 2024	4.52	500,448	-	-	-	-	500,448
	15 August 2022	15 August 2022 to 19 April 2023	4.15	494,483	-	-	(494,483) ^(b)	-	-
	15 August 2022	15 August 2022 to 19 April 2024	4.15	494,482	-	-	-	-	494,482
	30 May 2023	30 May 2023 to 30 May 2024	4.02	-	586,475 ^(c)	-	-	-	586,475
	30 May 2023	30 May 2023 to 30 May 2025	4.02	-	586,454 ^(c)	-	-	-	586,454
	23 June 2023	23 June 2023 to 23 June 2024	3.85	-	71,865 ^(d)	-	-	-	71,865
	23 June 2023	23 June 2023 to 23 June 2025	3.85	-	71,865 ^(d)	-	-	-	71,865
Total				7,461,405	2,306,813	(3,272)	(4,769,362)		4,995,584

SHARE OPTION SCHEMES AND SHARE AWARD SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES

(CONTINUED)

1. The Company (continued)

B. Share Award Schemes (continued)

Name or category of participants	Date of grant	Vesting period	Fair value at the date of grant ^(a) HK\$	Unvested as at 1 January 2023	Number of Share Stapled Unit awards			
					Granted during the period	Forfeited during the period	Vested during the period	Unvested as at 30 June 2023
(II) Purchase Scheme (Share Stapled Units)								
Director/Chief Executive								
Hui Hon Hing, Susanna	16 April 2021	16 April 2021 to 16 April 2023	11.06	74,356	-	-	(74,356) ⁽ⁱ⁾	-
	28 April 2021	28 April 2021 to 28 April 2023	11.22	22,732	-	-	(22,732) ⁽ⁱ⁾	-
	19 April 2022	19 April 2022 to 16 April 2023	10.86	65,334	-	-	(65,334) ⁽ⁱ⁾	-
	19 April 2022	19 April 2022 to 19 April 2023	10.86	216,421	-	-	(216,421) ⁽ⁱ⁾	-
	19 April 2022	19 April 2022 to 19 April 2024	10.86	216,420	-	-	-	216,420
	20 September 2022	20 September 2022 to 19 April 2023	10.22	32,668	-	-	(32,668) ⁽ⁱ⁾	-
	20 September 2022	20 September 2022 to 19 April 2024	10.22	32,667	-	-	-	32,667
Employee Participants								
In aggregate	16 April 2020	16 April 2020 to 16 April 2023	11.86	38,731	-	-	(38,731) ⁽ⁱ⁾	-
	16 April 2020	16 April 2020 to 16 April 2024	11.86	38,730	-	-	-	38,730
	16 April 2021	16 April 2021 to 16 April 2023	11.06	109,861	-	(1,315)	(108,546) ⁽ⁱ⁾	-
	2 July 2021	2 July 2021 to 16 April 2023	10.56	40,369	-	-	(40,369) ⁽ⁱ⁾	-
	2 July 2021	2 July 2021 to 16 April 2024	10.56	40,369	-	-	-	40,369
	2 July 2021	2 July 2021 to 16 April 2025	10.56	40,369	-	-	-	40,369
	19 April 2022	19 April 2022 to 19 April 2023	10.86	149,285	-	(2,699)	(146,586) ⁽ⁱ⁾	-
	19 April 2022	19 April 2022 to 19 April 2024	10.86	149,186	-	(2,978)	-	146,208
	19 April 2022	19 April 2022 to 19 April 2025	10.86	41,413	-	-	-	41,413
	19 April 2022	19 April 2022 to 19 April 2026	10.86	41,412	-	-	-	41,412
	19 April 2023	19 April 2023 to 19 April 2024	10.18	-	74,250 ⁽ⁱ⁾	(837)	-	73,413
	19 April 2023	19 April 2023 to 19 April 2025	10.18	-	74,145 ⁽ⁱ⁾	(836)	-	73,309
	30 May 2023	30 May 2023 to 30 May 2024	9.98	-	94,677 ⁽ⁱ⁾	-	-	94,677
	30 May 2023	30 May 2023 to 30 May 2025	9.98	-	94,674 ⁽ⁱ⁾	-	-	94,674
	30 May 2023	30 May 2023 to 30 May 2026	9.98	-	42,674 ⁽ⁱ⁾	-	-	42,674
	30 May 2023	30 May 2023 to 30 May 2027	9.98	-	42,673 ⁽ⁱ⁾	-	-	42,673
	23 June 2023	23 June 2023 to 23 June 2024	9.05	-	10,651 ⁽ⁱ⁾	-	-	10,651
	23 June 2023	23 June 2023 to 23 June 2025	9.05	-	10,645 ⁽ⁱ⁾	-	-	10,645
Service Providers								
In aggregate	16 April 2021	16 April 2021 to 16 April 2023	11.06	333,683	-	-	(333,683) ⁽ⁱ⁾	-
	19 April 2022	19 April 2022 to 19 April 2023	10.86	205,652	-	-	(205,652) ⁽ⁱ⁾	-
	19 April 2022	19 April 2022 to 19 April 2024	10.86	205,634	-	-	-	205,634
	15 August 2022	15 August 2022 to 19 April 2023	11.00	203,181	-	-	(203,181) ⁽ⁱ⁾	-
	15 August 2022	15 August 2022 to 19 April 2024	11.00	203,181	-	-	-	203,181
	30 May 2023	30 May 2023 to 30 May 2024	9.98	-	224,336 ⁽ⁱ⁾	-	-	224,336
	30 May 2023	30 May 2023 to 30 May 2025	9.98	-	224,315 ⁽ⁱ⁾	-	-	224,315
	23 June 2023	23 June 2023 to 23 June 2024	9.05	-	27,488 ⁽ⁱ⁾	-	-	27,488
	23 June 2023	23 June 2023 to 23 June 2025	9.05	-	27,488 ⁽ⁱ⁾	-	-	27,488
Total				2,501,654	948,016	(8,665)	(1,488,259)	1,952,746

SHARE OPTION SCHEMES AND SHARE AWARD SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

1. The Company (continued)

B. Share Award Schemes (continued)

Name or category of participants	Date of grant	Vesting period	Fair value at the date of grant ^(a) HK\$	Unvested as at 1 January 2023	Number of Share awards			Unvested as at 30 June 2023
					Granted during the period	Lapsed/ Forfeited during the period	Vested during the period	
(III) Subscription Scheme (Shares)								
Employee Participants								
In aggregate	16 April 2020	16 April 2020 to 16 April 2023	4.64	100,787	-	-	(100,787) ^(b)	-
	16 April 2020	16 April 2020 to 16 April 2024	4.64	100,786	-	-	-	100,786
	11 May 2020	11 May 2020 to 16 April 2023	4.77	20,448	-	-	(20,448) ^(b)	-
	16 April 2021	16 April 2021 to 16 April 2023	4.53	1,219,141	-	(25,869)	(1,193,272) ^(b)	-
	2 July 2021	2 July 2021 to 16 April 2023	4.09	131,656	-	-	(131,656) ^(b)	-
	2 July 2021	2 July 2021 to 16 April 2024	4.09	100,336	-	-	-	100,336
	2 July 2021	2 July 2021 to 16 April 2025	4.09	100,335	-	-	-	100,335
	4 March 2022	4 March 2022 to 16 April 2023	4.34	228,771	-	-	(228,771) ^(b)	-
	4 March 2022	4 March 2022 to 16 April 2024	4.34	153,131	-	-	-	153,131
	19 April 2022	19 April 2022 to 19 April 2023	4.52	1,500,623	-	(42,496)	(1,458,127) ^(b)	-
	19 April 2022	19 April 2022 to 19 April 2024	4.52	1,499,619	-	(68,916)	-	1,430,703
	19 April 2022	19 April 2022 to 19 April 2025	4.52	100,787	-	-	-	100,787
	19 April 2022	19 April 2022 to 19 April 2026	4.52	100,786	-	-	-	100,786
	15 August 2022	15 August 2022 to 19 April 2023	4.15	5,710	-	-	(5,710) ^(b)	-
	15 August 2022	15 August 2022 to 19 April 2024	4.15	5,710	-	-	-	5,710
	19 April 2023	19 April 2023 to 19 April 2024	4.01	-	1,375,409 ^(b)	(26,498)	-	1,348,911
	19 April 2023	19 April 2023 to 19 April 2025	4.01	-	1,374,524 ^(b)	(26,477)	-	1,348,047
	30 May 2023	30 May 2023 to 30 May 2024	4.02	-	623,698 ^(c)	-	-	623,698
	30 May 2023	30 May 2023 to 30 May 2025	4.02	-	623,689 ^(c)	-	-	623,689
	30 May 2023	30 May 2023 to 30 May 2026	4.02	-	111,568 ^(c)	-	-	111,568
	30 May 2023	30 May 2023 to 30 May 2027	4.02	-	111,565 ^(c)	-	-	111,565
	23 June 2023	23 June 2023 to 23 June 2024	3.85	-	77,849 ^(d)	-	-	77,849
	23 June 2023	23 June 2023 to 23 June 2025	3.85	-	77,783 ^(d)	-	-	77,783
Total				5,368,626	4,376,085	(190,256)	(3,138,771)	6,415,684

SHARE OPTION SCHEMES AND SHARE AWARD SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES

(CONTINUED)

1. The Company (continued)

B. Share Award Schemes (continued)

Notes:

- (a) The fair value of the awards granted is measured by the quoted market price of the Shares/Share Stapled Units at the respective dates of grant. A description of the basis for fair value measurement is set out in note 2(ac)(iii) to the consolidated financial statements for the year ended 31 December 2022.
- (b) The closing price of the Shares immediately before the date on which the awards were granted was HK\$4.06 per Share.
- (c) The closing price of the Shares immediately before the date on which the awards were granted was HK\$4.00 per Share.
- (d) The closing price of the Shares immediately before the date on which the awards were granted was HK\$3.85 per Share.
- (e) The closing price of the Share Stapled Units immediately before the date on which the awards were granted was HK\$10.28 per Share Stapled Unit.
- (f) The closing price of the Share Stapled Units immediately before the date on which the awards were granted was HK\$10.00 per Share Stapled Unit.
- (g) The closing price of the Share Stapled Units immediately before the date on which the awards were granted was HK\$9.06 per Share Stapled Unit.
- (h) The weighted average closing price of the Shares immediately before the dates on which the awards vested was HK\$4.07 per Share.
- (i) The weighted average closing price of the Share Stapled Units immediately before the dates on which the awards vested was HK\$10.44 per Share Stapled Unit.

As at 1 January 2023 and 30 June 2023, the number of Share awards available for grant under the PCCW Subscription Scheme mandate was 72,027,756 and 70,980,698 respectively.

Please also refer to the summary of movements in the number of Shares and Share Stapled Units held under the above schemes which is set out in note 12 to the unaudited condensed consolidated interim financial information.

The number of Shares that may be issued in respect of Share options granted under the 2014 Scheme and Share awards granted under the Subscription Scheme during the period divided by the weighted average number of Shares in issue for the period is 0.06%.

SHARE OPTION SCHEMES AND SHARE AWARD SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES

(CONTINUED)

2. HKT Trust and HKT Limited

A. Share Stapled Units Option Scheme

HKT Trust and HKT operate a Share Stapled Units option scheme which was adopted by the holders of Share Stapled Units and the shareholders of the Company at their annual general meetings held on 7 May 2021 (the “HKT 2021-2031 Option Scheme”). Under the HKT 2021-2031 Option Scheme, the board of directors of the Trustee-Manager (the “Trustee-Manager Board”) and the board of directors of HKT (the “HKT Board”) shall be entitled to offer to grant a Share Stapled Unit option to any eligible participant whom the Trustee-Manager Board and the HKT Board may, at their absolute discretion, select.

No Share Stapled Unit options have been granted under the HKT 2021-2031 Option Scheme since its adoption and up to and including 30 June 2023.

As at each of 1 January 2023 and 30 June 2023, the number of Share Stapled Unit options available for grant under the HKT 2021-2031 Option Scheme mandate was 757,574,233.

B. Share Stapled Units Award Schemes

On 11 October 2011, HKT adopted two award schemes pursuant to which awards of Share Stapled Units may be made, namely the HKT Share Stapled Units Purchase Scheme and the HKT Share Stapled Units Subscription Scheme (collectively the “HKT Share Stapled Units Award Schemes”). The purposes of the HKT Share Stapled Units Award Schemes are to incentivise and reward participants for their contribution to the growth of HKT and its subsidiaries (collectively the “HKT Limited Group”) and to provide the HKT Limited Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the participants.

Subject to the relevant scheme rules, each scheme provides that prior to the vesting of the awards under the relevant scheme to selected participants, the relevant Share Stapled Units will be held in trust by an independent trustee for such selected participants, and will be vested over a period of time determined by the HKT Board, any committee or sub-committee of the HKT Board and/or any person delegated with the power and authority to administer all or any aspects of the respective HKT Share Stapled Units Award Schemes (the “HKT Approving Body”), provided that each selected participant shall remain at all times up to and including the relevant vesting date (or, as the case may be, each relevant vesting date) an employee or a director of the HKT Limited Group, and satisfies any other conditions specified at the time the award is made, notwithstanding that the HKT Approving Body shall be at liberty to waive such conditions. Other than satisfying the vesting conditions, selected participants are not required to provide any consideration in order to acquire the Share Stapled Units awarded to him/her under the schemes.

The previous term of each of the HKT Share Stapled Units Award Schemes expired on 10 October 2021. In order to enable HKT to continue granting awards of Share Stapled Units under the HKT Share Stapled Units Award Schemes, on 5 August 2021, the HKT Board approved the extension of the duration of each of the HKT Share Stapled Units Award Schemes for a period of 10 years from 11 October 2021. As a result of such extension, each of the HKT Share Stapled Units Award Schemes shall be valid and effective for a further term of 10 years commencing from 11 October 2021, expiring on 10 October 2031. Save as disclosed above, all other terms and conditions of the HKT Share Stapled Units Award Schemes remain unchanged and continue in full force and effect after such extension.

SHARE OPTION SCHEMES AND SHARE AWARD SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES

(CONTINUED)

2. HKT Trust and HKT Limited (continued)

B. Share Stapled Units Award Schemes (continued)

Details of the Share Stapled Unit awards granted and movements during the six months ended 30 June 2023 are as follows:

Name or category of participants	Date of grant	Vesting period	Fair value at the date of grant ^(a) HK\$	Unvested as at 1 January 2023	Number of Share Stapled Unit awards			
					Granted during the period	Lapsed/ Forfeited during the period	Vested during the period	Unvested as at 30 June 2023
(I) HKT Share Stapled Units Purchase Scheme								
Director/Chief Executive								
Hui Hon Hing, Susanna	16 April 2021	16 April 2021 to 16 April 2023	11.06	159,897	-	-	(159,897) ^(a)	-
	19 April 2022	19 April 2022 to 19 April 2023	10.86	155,620	-	-	(155,620) ^(a)	-
	19 April 2022	19 April 2022 to 19 April 2024	10.86	155,619	-	-	-	155,619
Employee Participants								
In aggregate	16 April 2021	16 April 2021 to 16 April 2023	11.06	48,831	-	(437)	(48,394) ^(a)	-
	19 April 2022	19 April 2022 to 19 April 2023	10.86	57,097	-	(449)	(56,648) ^(a)	-
	19 April 2022	19 April 2022 to 19 April 2024	10.86	57,092	-	(449)	-	56,643
	19 April 2023	19 April 2023 to 19 April 2024	10.18	-	5,135 ^(b)	-	-	5,135
	19 April 2023	19 April 2023 to 19 April 2025	10.18	-	5,132 ^(b)	-	-	5,132
	30 May 2023	30 May 2023 to 30 May 2024	9.98	-	49,393 ^(c)	-	-	49,393
	30 May 2023	30 May 2023 to 30 May 2025	9.98	-	49,390 ^(c)	-	-	49,390
	1 June 2023	1 June 2023 to 1 June 2024	9.96	-	1,646 ^(c)	-	-	1,646
	1 June 2023	1 June 2023 to 1 June 2025	9.96	-	1,645 ^(c)	-	-	1,645
Total				634,156	112,341	(1,335)	(420,559)	324,603
(II) HKT Share Stapled Units Subscription Scheme								
Employee Participants								
In aggregate	11 May 2020	11 May 2020 to 16 April 2023	12.86	7,858	-	-	(7,858) ^(a)	-
	16 April 2021	16 April 2021 to 16 April 2023	11.06	440,667	-	(9,090)	(431,577) ^(a)	-
	2 July 2021	2 July 2021 to 16 April 2023	10.56	12,601	-	-	(12,601) ^(a)	-
	4 March 2022	4 March 2022 to 16 April 2023	10.60	8,537	-	-	(8,537) ^(a)	-
	19 April 2022	19 April 2022 to 19 April 2023	10.86	543,311	-	(14,790)	(528,521) ^(a)	-
	19 April 2022	19 April 2022 to 19 April 2024	10.86	542,398	-	(25,339)	-	517,059
	15 August 2022	15 August 2022 to 19 April 2023	11.00	2,347	-	-	(2,347) ^(a)	-
	15 August 2022	15 August 2022 to 19 April 2024	11.00	2,346	-	-	-	2,346
	19 April 2023	19 April 2023 to 19 April 2024	10.18	-	452,085 ^(b)	(9,024)	-	443,061
	19 April 2023	19 April 2023 to 19 April 2025	10.18	-	451,298 ^(b)	(9,006)	-	442,292
	30 May 2023	30 May 2023 to 30 May 2024	9.98	-	78,560 ^(c)	-	-	78,560
	30 May 2023	30 May 2023 to 30 May 2025	9.98	-	78,548 ^(c)	-	-	78,548
	23 June 2023	23 June 2023 to 23 June 2024	9.05	-	27,726 ^(c)	-	-	27,726
	23 June 2023	23 June 2023 to 23 June 2025	9.05	-	27,666 ^(c)	-	-	27,666
	Total				1,560,065	1,115,883	(67,249)	(991,441)

SHARE OPTION SCHEMES AND SHARE AWARD SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

2. HKT Trust and HKT Limited (continued)

B. Share Stapled Units Award Schemes (continued)

Notes:

- (a) The fair value of the awards granted is measured by the quoted market price of the Share Stapled Units at the respective dates of grant.
- (b) The closing price of the Share Stapled Units immediately before the date on which the awards were granted was HK\$10.28 per Share Stapled Unit.
- (c) The closing price of the Share Stapled Units immediately before the date on which the awards were granted was HK\$10.00 per Share Stapled Unit.
- (d) The closing price of the Share Stapled Units immediately before the date on which the awards were granted was HK\$9.06 per Share Stapled Unit.
- (e) The weighted average closing price of the Share Stapled Units immediately before the dates on which the awards vested was HK\$10.45 per Share Stapled Unit.

As at 1 January 2023 and 30 June 2023, the number of Share Stapled Unit awards available for grant under the HKT Share Stapled Units Subscription Scheme mandate was 74,237,358 and 74,180,165 respectively.

Please also refer to the summary of movements in the number of Share Stapled Units held under the above schemes which is set out in note 12 to the unaudited condensed consolidated interim financial information.

The number of Share Stapled Units that may be issued in respect of Share Stapled Unit options granted under the HKT 2021-2031 Option Scheme and Share Stapled Unit awards granted under the HKT Share Stapled Units Subscription Scheme during the period, divided by the weighted average number of Share Stapled Units in issue for the period, is 0.01%.

Save as disclosed above, at no time during the period under review was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement that may enable the directors of the Company to acquire benefits by means of the acquisition of shares or Share Stapled Units in, or debentures of, the Company or any other body corporate and none of the directors or chief executives of the Company or their spouses or children under 18 years of age had any right to subscribe for equity or debt securities of the Company or any of its associated corporations or had exercised any such right during the period under review.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2023, the following persons (other than directors or chief executives of the Company) were substantial shareholders of the Company and had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of shareholder	Note(s)	Number of Shares/underlying Shares held	Approximate percentage of the total number of Shares in issue
Long Positions			
PCRD		1,753,529,954	22.66%
PCGH	1	1,928,842,224	24.92%
Star Ocean Ultimate Limited	2 and 3	1,928,842,224	24.92%
The Ocean Trust	2	1,928,842,224	24.92%
The Starlite Trust	2	1,928,842,224	24.92%
OS Holdings Limited	2	1,928,842,224	24.92%
Ocean Star Management Limited	2	1,928,842,224	24.92%
The Ocean Unit Trust	2	1,928,842,224	24.92%
The Starlite Unit Trust	2	1,928,842,224	24.92%
Star Ocean Ultimate Holdings Limited	3	1,928,842,224	24.92%
Fung Jenny Wai Ling	4	1,928,842,224	24.92%
Huang Lester Garson	4	1,928,842,224	24.92%
China United Network Communications Group Company Limited ("Unicom")	5	1,424,935,885	18.41%

Notes:

- These interests represented (i) PCGH's beneficial interests in 175,312,270 Shares; and (ii) PCGH's interests (through itself and its controlled corporations, being its wholly-owned subsidiaries, Borsington Limited, Pacific Century International Limited, Pacific Century Group (Cayman Islands) Limited and Anglang Investments Limited, which together controlled 88.63% of the issued share capital of PCRD) in 1,753,529,954 Shares held by PCRD.
- On 18 April 2004, Li Tzar Kai, Richard transferred the entire issued share capital of PCGH to Ocean Star Management Limited as trustee of The Ocean Unit Trust and The Starlite Unit Trust. The entire issued share capital of Ocean Star Management Limited was held by OS Holdings Limited. The Ocean Trust and The Starlite Trust held all units of The Ocean Unit Trust and The Starlite Unit Trust respectively. Star Ocean Ultimate Limited was the discretionary trustee of The Ocean Trust and The Starlite Trust.
- On 4 November 2013, Star Ocean Ultimate Limited became a controlled corporation of Star Ocean Ultimate Holdings Limited.
- Fung Jenny Wai Ling and Huang Lester Garson were deemed to be interested in such Shares under the SFO as each of them controlled the exercise of one-third or more of the voting power at general meetings of each of Ocean Star Investment Management Limited, OS Holdings Limited and Star Ocean Ultimate Holdings Limited.
- Unicom indirectly held these interests through China Unicom Group Corporation (BVI) Limited, a company wholly-owned by Unicom.

INTERESTS AND SHORT POSITIONS OF OTHER PERSONS REQUIRED TO BE DISCLOSED UNDER THE SFO

As at 30 June 2023, the following person (other than directors or chief executives or substantial shareholders (as disclosed in the previous section headed “**Interests and Short Positions of Substantial Shareholders**”) of the Company) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name	Number of Shares/underlying Shares held	Approximate percentage of the total number of Shares in issue
Long Positions		
Ocean Star Investment Management Limited (Note)	1,928,842,224	24.92%

Note:

Ocean Star Investment Management Limited was deemed interested under the SFO in the Shares by virtue of it being the investment manager of The Ocean Unit Trust and The Starlite Unit Trust which together held 100% of PCGH (see the notes to the previous section headed “**Interests and Short Positions of Substantial Shareholders**”).

Save as disclosed above in this section and the previous section headed “**Interests and Short Positions of Substantial Shareholders**”, the Company has not been notified of any other persons (other than directors or chief executives of the Company) who had an interest or a short position in the Shares, underlying Shares or debentures of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO as at 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2023, 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 unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2023. Such condensed consolidated interim financial information has not been audited but has been reviewed by the Company’s independent auditor.

MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES

The Company has adopted its own code of conduct regarding securities transactions, namely the PCCW Code of Conduct for Securities Transactions (the “PCCW Code”), which applies to all directors and employees of the Company on terms no less exacting than the required standard indicated by the Model Code as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry of all directors of the Company, confirmations have been received of compliance with the required standard set out in the Model Code and the PCCW Code during the period.

CORPORATE GOVERNANCE CODE

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 its business, and to ensure that its affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles, and complied with all applicable code provisions of the Corporate Governance Code in each case as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2023.

During the period covered by this report, in support of their responsibility for the risk management and internal control systems, the directors of the Company have sought and received from the Company’s management a report on the risk management and internal control systems, including an assurance that, based on the Company’s ongoing assessment and validation activities, they are not aware of any material risks or internal control deficiencies which are not being adequately and appropriately mitigated and/or managed.

INVESTOR RELATIONS

DIRECTORS

The directors of the Company as at the date of the announcement of the 2023 Interim Results are:

Executive Directors:

Li Tzar Kai, Richard (*Chairman*)

Hui Hon Hing, Susanna (*Acting Group Managing Director and Group Chief Financial Officer*)

Non-Executive Directors:

Tse Sze Wing, Edmund, GBS

Tang Yongbo (*Deputy Chairman*)

Meng Shusen

Wang Fang

Wei Zhe, David

Independent Non-Executive Directors:

Aman Mehta

Frances Waikwun Wong

Bryce Wayne Lee

Lars Eric Nils Rodert

David Christopher Chance

Sharhan Mohamed Muhseen Mohamed

GROUP GENERAL COUNSEL AND COMPANY SECRETARY

Cheung Hok Chee, Vanessa

REGISTERED OFFICE

41st Floor, PCCW Tower

Taikoo Place, 979 King's Road

Quarry Bay, Hong Kong

Telephone: +852 2888 2888

Fax: +852 2877 8877

INTERIM REPORT 2023

This Interim Report 2023 in both English and Chinese is now available in printed form from the Company and the Company's Share Registrar, and in accessible format on the websites of the Company (www.pccw.com/ir) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

Shareholders who:

- A) received the Interim Report 2023 using electronic means through the website of the Company may request a printed copy, or
- B) received the Interim Report 2023 in either English or Chinese may request a printed copy of the other language version

by writing or sending email to the Company c/o the Company's Share Registrar at:

Computershare Hong Kong Investor Services Limited

Investor Communications Centre

17M Floor, Hopewell Centre

183 Queen's Road East, Wan Chai, Hong Kong

Telephone: +852 2862 8688

Fax: +852 2865 0990

Email: pccw@computershare.com.hk

Shareholders who have chosen (or are deemed to have agreed) to receive the corporate communications of the Company (including but not limited to the Interim Report 2023) using electronic means through the Company's website and who, for any reason, have difficulty in receiving or gaining access to the Interim Report 2023 will promptly, upon request in writing or by email to the Company's Share Registrar, be sent the Interim Report 2023 in printed form, free of charge.

Shareholders may change their choice of language and/or means of receipt of the Company's future corporate communications at any time, free of charge, by reasonable prior notice in writing or by email to the Company's Share Registrar.

LISTINGS

The Company's shares are listed on The Stock Exchange of Hong Kong Limited and traded in the form of American Depositary Receipts ("ADRs") on the OTC Markets Group Inc. in the United States. Each ADR represents 10 ordinary shares of the Company. Certain guaranteed notes and securities issued by subsidiaries of the Company are listed on the Singapore Exchange Securities Trading Limited and the Taipei Exchange (as the case may be).

Additional information and specific inquiries concerning the Company's ADRs should be directed to the Company's ADR Depository at the address given on this page.

Other inquiries regarding the Company should be addressed to Investor Relations at the address given on this page.

STOCK CODES

The Stock Exchange of Hong Kong Limited

Reuters

Bloomberg

ADRs

0008

0008.HK

8 HK

PCCWY

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre

183 Queen's Road East, Wan Chai, Hong Kong

Telephone: +852 2862 8555

Fax: +852 2865 0990

Website: www.computershare.com/hk/contact

ADR DEPOSITORY

Citibank, N.A.

PCCW American Depositary Receipts

Citibank Shareholder Services

P.O. Box 43077

Providence, Rhode Island 02940-3077, USA

Telephone: +1 877 248 4237 (toll free within USA)

Telephone: +1 781 575 4555

Email: citibank@shareholders-online.com

Website: www.citi.com/dr

SHARE INFORMATION

Board lot:

1,000 shares

Issued shares as at 30 June 2023:

7,739,638,249 shares

DIVIDEND

Interim dividend per ordinary share

for the six months ended 30 June 2023:

9.77 HK cents

FINANCIAL CALENDAR

Announcement of 2023 Interim Results

3 August 2023

Closure of register of members

(for determination of shareholders who qualify for 2023 interim dividend)

21-22 August 2023

(both days inclusive)

Record date for 2023 interim dividend

22 August 2023

Payment of 2023 interim dividend

On or around 6 September 2023

INVESTOR RELATIONS

Marco Wong

PCCW Limited

41st Floor, PCCW Tower

Taikoo Place, 979 King's Road

Quarry Bay, Hong Kong

Email: ir@pccw.com

WEBSITE

www.pccw.com

Forward-Looking Statements

This interim report contains forward-looking statements. These forward-looking statements include, without limitation, statements relating to revenues, earnings and prospects. 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 Group operates.

These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. Consequently, actual results could differ materially from those expressed, implied or forecasted in the forward-looking statements. Factors that could cause actual results to differ materially from those reflected in the forward-looking statements include:

- our ability to execute our business strategy to expand our businesses locally and overseas, including entering into business combinations, strategic investments and acquisitions and challenges in growing business organically;
- our ability to develop our growth businesses in media and other areas;
- possible negative effects of potentially new regulatory developments;
- increased competition in the media and other markets in which PCCW Group operates;
- increased content costs, changes in customer viewing habits or changes in technology;
- increased competition in the Hong Kong telecommunications market;
- our ability to obtain additional capital;
- our ability to implement our business plan as a consequence of our substantial debt;
- our exposure to interest rate risk; and
- possible negative market disruptions to the performance and prospects of our businesses resulting from macro-economic, public health and geopolitical uncertainties and other risks and factors beyond our control.

Reliance should not be placed on these forward-looking statements, which reflect the views of the directors and management of PCCW as at the date of this interim report only. We undertake no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after publication of this interim report.

PCCW Limited (Incorporated in Hong Kong with limited liability)

41/F, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
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PCCW shares are listed on The Stock Exchange of Hong Kong Limited (SEHK: 0008),
and traded in the form of American Depositary Receipts on the OTC Markets Group Inc. in the US (Ticker: PCCWY).

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