PCCW Limited
電訊盈科有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 00008)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

The directors ("Directors") of PCCW Limited ("PCCW" or the "Company") hereby announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2026. This condensed consolidated interim financial information has not been audited, but has been reviewed by the Company's Audit Committee and, in accordance with the Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants, by the Company's independent auditor, PricewaterhouseCoopers.

- Viu's paid subscriber base grew to 15.3 million, fuelling a 5% rise in subscription revenue; content portfolio was enriched with the addition of over 300 new micro dramas alongside premium long-form titles

- ViuTV recorded 3.4 million digital memberships, with a strong pipeline of flagship content, events and major group concerts slated for the second half of the year

- Revenue grew by 7% to HK$20,204 million
  - HKT revenue rose by 8% to HK$18,685 million
  - OTT Business revenue was HK$1,110 million
  - Free TV & Related Business revenue grew by 8% to HK$370 million

- EBITDA increased by 3% to HK$6,182 million
  - HKT EBITDA was up by 3% to HK$6,586 million
  - OTT Business EBITDA was HK$317 million
  - Free TV & Related Business EBITDA amounted to HK$22 million

- Consolidated profit for the period increased by 27% to HK$959 million

- Loss attributable to equity holders of the Company significantly narrowed by 38% to HK$276 million, driven by lower finance costs and higher contribution from associates and investments

- Interim dividend of 9.77 HK cents per ordinary share

LETTER TO SHAREHOLDERS

Dear Shareholders,

In the first half of 2026, PCCW advanced its strategic priorities by optimising content curation, deepening audience engagement, expanding multi-channel distribution and accelerating the application of artificial intelligence ("AI") across the Group. Backed by HKT Limited's ("HKT") stable and resilient performance, PCCW delivered robust financial results and remains well positioned to capitalise on the long-term growth opportunities presented by AI across industries.

Viu – Optimising Content Mix, Expanding Market Reach and Unlocking AI-Powered Growth

Viu's paid subscriber base increased to 15.3 million as at 30 June 2026, sustaining subscription revenue growth of 5% despite intense competition in the video streaming market. This performance was underpinned by a compelling content portfolio and expanded distribution partnerships, which further deepened penetration in core Southeast Asia ("SEA") markets such as Thailand and Malaysia.

Building on the success of our content strategy, Viu continued to refine its slate with a focus on high-performing programmes. In addition to a strong line-up of Chinese and Korean dramas, tentpole Viu Originals helped fuel subscriber growth. Global English-language drama *The Season* topped charts across SEA and achieved strong viewership in the United States via its distribution on Hulu, while original Korean production *Reborn Rookie* ranked number one in viewership in multiple markets. Viu Shorts, our new micro drama offering leveraging a mix of live-action and AI-generated content ("AIGC"), has become a new engine for user engagement. We have released more than 300 micro dramas since launch, establishing an early-mover advantage in SEA. Viu Shorts reached 18% user penetration in the first half of 2026, demonstrating strong traction.

Viu's expanding partnership ecosystem continued to deepen its market penetration. Long-standing collaborations with True and AIS in Thailand and CelcomDigi in Malaysia remained important growth channels. Following the success of our distribution partnership with HBO Max last year, we plan to introduce streaming bundles with iQIYI across select SEA markets in the second half of 2026 to further enrich our Chinese content offerings, drive cross-selling and support efficient subscriber acquisition.

AI is transforming the way Viu creates, localises, distributes and monetises content. AI sub-titling and dubbing have significantly reduced costs while accelerating content rollout across multiple markets. AI-powered customer relationship management ("CRM") capabilities, together with dynamic content recommendation including the recently launched AI Thematic Channel, have proven effective in boosting user engagement. Going forward, AI will continue to unlock new opportunities through AI-assisted, ad-funded projects, new content genres, and the cost-effective repurposing of long-form IPs into new content formats, supporting revenue growth and margin expansion.

ViuTV and MakerVille – Nurturing Talent and Enriching Entertainment Offerings

Celebrating its 10th anniversary, ViuTV further consolidated its position as Hong Kong's distinctive free-to-air broadcaster, with relatable and authentic storytelling that resonates with audiences in its home market and its programmes also gaining popularity across the region. First-half highlights included a number of acclaimed original dramas and variety shows, as well as the exclusive free-to-air broadcast of select FIFA World Cup 2026™ matches, which generated strong viewership and advertising opportunities and energised Hong Kong's sporting culture. Digital membership grew by 4% year-on-year to 3.4 million, expanding the scope of addressable advertising inventory beyond linear television. In addition, several ViuTV programmes secured distribution on leading third-party platforms including Netflix and Tencent Video. Looking ahead, a strong second-half slate, headlined by local adaptation of the iconic Asian drama *Long Vacation* (*悠長假期*), is expected to further increase viewership, engagement and monetisation.

In the first half of 2026, our artiste management, live events and production business, MakerVille, continued to build strong momentum, creating exciting new opportunities for our roster of more than 70 artistes. This included new music releases from established artistes as well as debut tracks from promising new talent. We further strengthened our creative pipeline while expanding our artistes' regional presence through high-profile film roles that highlighted their growing versatility and appeal. Our live entertainment business also delivered five concert series in Hong Kong, organised overseas tours for our top-tier artistes across four markets, and broadened its footprint into theatre productions and musicals, setting the stage for a more dynamic second half including major group concerts scheduled for late 2026.

Benefitting from HKT's Market Leadership and Resilience

In the first half of 2026, HKT demonstrated resilience, supported by its next-generation, AI-ready infrastructure, disciplined execution and relentless focus on innovation. By accelerating the incorporation of AI across its network, operations and services, HKT has enhanced efficiency and unlocked new growth opportunities. This technology leadership is also strengthening its consumer business, where superior connectivity, premium service quality, increasingly personalised digital lifestyle offerings and AI bundled services are driving average revenue per user uplift and enhancing customer stickiness. In the enterprise segment, HKT's comprehensive portfolio of integrated solutions that streamline workflows and support mission-critical operations has made it a trusted partner for companies navigating AI transformation. Combined with prudent capital management, these efforts have driven robust financial performance, with total revenue expanding by 8% to HK$18,685 million, EBITDA rising by over 3% to HK$6,586 million, and adjusted funds flow ("AFF") increasing by 3% to HK$2,639 million.

Sustainable Shareholder Returns under a Disciplined Dividend Policy

PCCW delivered solid financial performance, with revenue rising by 7% to HK$20,204 million and EBITDA increasing by 3% to HK$6,182 million. The Board of Directors has declared an interim dividend of 9.77 HK cents per ordinary share for the six months ended 30 June 2026.

While PCCW continues to benefit from HKT's steady growth, we remain committed to maintaining a disciplined dividend policy that strengthens our financial position, supports sustainable growth and delivers shareholder returns. This policy will be reviewed regularly to reflect changing circumstances and optimise shareholder value.

Susanna Hui
Group Managing Director
Hong Kong, 30 July 2026

FINANCIAL REVIEW BY SEGMENT

For the six months ended **HK$ million**	**30 Jun 2025**	**31 Dec 2025**	**30 Jun 2026**	Better/ (Worse) y-o-y
Revenue				
HKT	17,322	19,231	**18,685**	8%
HKT (excluding Mobile Product Sales)	16,311	16,705	**16,831**	3%
Mobile Product Sales	1,011	2,526	**1,854**	83%
OTT Business	1,194	1,385	**1,110**	(7)%
Free TV & Related Business	343	691	**370**	8%
Other Businesses	743	1,202	**1,214**	63%
Eliminations	(680)	(1,179)	**(1,175)**	(73)%
Consolidated revenue	18,922	21,330	**20,204**	7%
Cost of sales	(9,978)	(11,553)	**(11,163)**	(12)%
Net operating costs before depreciation, amortisation, and gains on disposal of property, plant and equipment and right-of-use assets, net ("operating costs")	(2,934)	(2,497)	**(2,859)**	3%
EBITDA[1]				
HKT	6,380	7,854	**6,586**	3%
OTT Business	346	274	**317**	(8)%
Free TV & Related Business	47	106	**22**	(53)%
Other Businesses	(364)	(373)	**(379)**	(4)%
Eliminations	(399)	(581)	**(364)**	9%
Consolidated EBITDA[1]	6,010	7,280	**6,182**	3%
Consolidated EBITDA[1] Margin	*32%*	*34%*	***31%***	
Depreciation	(1,257)	(1,136)	**(1,131)**	10%
Amortisation	(2,412)	(2,925)	**(2,891)**	(20)%
Gains on disposal of property, plant and equipment and right-of-use assets, net	1	3	**2**	100%
Operating Profit	2,342	3,222	**2,162**	(8)%
Other gains, net & others	125	168	**224**	79%
Interest income	45	51	**56**	24%
Finance costs	(1,185)	(1,199)	**(1,094)**	8%
Share of results of associates and joint ventures	(123)	(23)	**43**	n.a.
Profit before income tax	1,204	2,219	**1,391**	16%
Income tax	(446)	(362)	**(432)**	3%
Holders of perpetual capital securities	(115)	(111)	**(182)**	(58)%
Non-controlling interests	(1,088)	(1,554)	**(1,053)**	3%
(Loss)/Profit attributable to equity holders of the Company	(445)	192	**(276)**	38%

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 HKFRS Accounting Standards and should not be considered as representing net cash flows from operating activities. The computation of the Group's EBITDA may not be comparable to similarly titled measures of other companies.*

Note 2 *Gross debt refers to the principal amount of short-term borrowings and long-term borrowings.*

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 HKFRS Accounting Standards and should not be considered as representing net cash flows or any other similar measures derived in accordance with HKFRS Accounting Standards, or an alternative to cash flow from operations or a measure of liquidity. HKT's AFF is computed in accordance with the above definition using financial information derived from HKT's audited consolidated financial statements. The AFF may be used for debt repayment and the repurchase of share stapled units of the HKT Trust and HKT ("Share Stapled Units").*

HKT

For the six months ended HK$ million	30 Jun 2025	31 Dec 2025	30 Jun 2026	Better/ (Worse) y-o-y
HKT revenue	17,322	19,231	**18,685**	8%
TSS	12,527	12,601	**12,913**	3%
- Local TSS Services	8,714	9,071	**9,014**	3%
- International Telecommunications Services	3,813	3,530	**3,899**	2%
Mobile	5,200	7,494	**6,248**	20%
- Mobile Services	4,189	4,968	**4,394**	5%
- Mobile Product Sales	1,011	2,526	**1,854**	83%
Other Businesses	570	311	**568**	-
Eliminations	(975)	(1,175)	**(1,044)**	(7)%
HKT EBITDA[1]	6,380	7,854	**6,586**	3%
HKT EBITDA[1] margin	*37%*	*41%*	***35%***	
HKT Adjusted Funds Flow[4]	2,562	3,637	**2,639**	3%

For the six months ended 30 June 2026, HKT once again demonstrated resilience and delivered solid interim results across key business segments, underpinned by its AI-ready infrastructure, disciplined execution and relentless focus on innovation. Furthermore, by accelerating the incorporation of AI into its network and operational processes and embedding AI into its services for both consumer and enterprise customers, HKT enhanced productivity and service quality and created new growth opportunities.

Broadband revenue increased by 3% during the period, underpinned by sustained demand for our high-speed, ultra-low latency fibre services as households increasingly require high-bandwidth and enhanced network reliability to support digital entertainment, hybrid work, smart home applications and AI-powered services. Fibre-to-the-home connections reached 1.101 million at the end of June 2026, representing a net increase of 46,000 or 4% growth from a year earlier, and accounting for 74% of our consumer broadband base of 1.497 million. Our enterprise business continued to achieve robust growth, with local data revenue increasing by 8% year-on-year as we delivered end-to-end solutions that help enterprises to achieve operational transformation, improve efficiency, and create new value in the rapidly evolving digital economy. AI deployments, together with our broader portfolio of mission-critical enterprise solutions, helped us secure multiple project wins in the first half of 2026, with the total contract value exceeding HK$2.2 billion. Our exclusive broadcast of the FIFA World Cup 2026™ was one of the highlights of the first half of 2026, providing opportunities to up-sell and cross-sell tailored promotions, while attracting new customers, particularly non-HKT customers. The total installed base of Now TV increased to 1.490 million versus 1.448 million a year earlier. Consequently, Local Telecommunications Services ("TSS") revenue grew by 3% to HK$9,014 million.

For the six months ended 30 June 2026, International Telecommunications Services revenue grew by 2% to HK$3,899 million mainly driven by higher data and wholesale global voice revenues, alongside growing customer demand for Console Connect, our software defined cloud connectivity platform. In particular, we witnessed healthy growth in demand from Chinese Mainland OTT customers with their revenue growing by over 50%.

HKT (CONTINUED)

For the six months ended 30 June 2026, the Mobile business recorded a 20% increase in revenue to HK$6,248 million. Mobile services revenue grew by 5% to reach HK$4,394 million, driven by sustained growth in roaming services, an expanding 5G post-paid customer base and increasing demand for mobile solutions from enterprise customers. Supported by strong outbound travel demand and increasing visitor arrivals to Hong Kong, our consumer outbound roaming and inbound roaming revenues recorded healthy growth of 11% and 28% respectively in the first half of 2026, resulting in total roaming revenue growth of 8% year-on-year. The 5G mobile customer base also continued to expand, increasing by 16% year-on-year to 2.2 million users as at the end of June 2026, representing 62% of our total post-paid base. Mobile product sales increased by 83% year-on-year to HK$1,854 million for the six months ended 30 June 2026, driven by higher demand for the latest flagship handsets, which became available towards the end of 2025.

HKT's total revenue increased by 8% to HK$18,685 million for the six months ended 30 June 2026. Total revenue excluding Mobile product sales also rose by 3% to HK$16,831 million.

For the six months ended 30 June 2026, operating costs decreased by 4% to HK$1,851 million, reflecting HKT's deployment of AI to reshape its workflows and network management and continued efforts in IT platform modernisation.

Growth in TSS and Mobile services revenue coupled with further operating efficiencies lifted total HKT EBITDA by over 3% to HK$6,586 million for the six months ended 30 June 2026 versus HK$6,380 million a year earlier. The overall EBITDA margin was at 35% during the period. Total EBITDA excluding Mobile product sales also increased by 3% to HK$6,581 million with a margin of 39%.

Profit attributable to holders of Share Stapled Units for the six months ended 30 June 2026 increased by 4% year-on-year to HK$2,153 million. Basic earnings per Share Stapled Unit was 28.41 HK cents.

HKT's adjusted funds flow increased by 3% to HK$2,639 million for the six months ended 30 June 2026 from HK$2,562 million for the six months ended 30 June 2025.

HKT declared an interim distribution of 34.80 HK cents per Share Stapled Unit for the six months ended 30 June 2026.

For a more detailed review of the performance of HKT, including detailed reconciliation between HKT's EBITDA and adjusted funds flow as well as EBITDA and profit before income tax, please refer to its 2026 interim results announcement released on 29 July 2026.

OTT Business

For the six months ended HK$ million	30 Jun 2025	31 Dec 2025	30 Jun 2026	Better/ (Worse) y-o-y
OTT Business revenue	1,194	1,385	**1,110**	(7)%
OTT Business EBITDA[1]	346	274	**317**	(8)%
OTT Business EBITDA[1] margin	*29%*	*20%*	***29%***	

For the six months ended 30 June 2026, the OTT Business recorded revenue of HK$1,110 million. Fuelled by continued content optimisation and deeper partnerships with telecom operators, Viu's subscription revenue grew by a healthy 5% year-on-year. However, this was offset by lower advertising and sponsorship revenue in the Middle East as well as fewer events held in the first half of 2026.

During the first half of 2026, Viu further refined its content strategy. Our carefully curated portfolio – comprising premium Chinese and Korean titles, Viu Originals and a rapidly expanding library of micro dramas – is designed to maximise pan-regional reach. We stepped up investment in Chinese titles alongside broader localisation for non-Chinese-speaking markets, while Korean dramas continued to serve as an engagement driver. Flagship Viu Originals also fuelled subscriber growth. Global English-language drama *The Season* topped charts across SEA and achieved strong viewership in the United States via its distribution on Hulu. Original Korean production *Reborn Rookie* ranked number one in terms of viewership in multiple markets, while local-language hits such as *Ticket to Heaven* and *Seriously Letting Go* strengthened our position in strategic markets such as Thailand and Indonesia. We also diversified our content formats through the launch of the first two Viu Original variety shows co-funded with the Korea Creative Content Agency. Meanwhile, micro dramas emerged as a new growth engine. With more than 300 titles released, Viu Shorts achieved user penetration of 18% in the first half of 2026, demonstrating strong traction. This refined content mix enhanced audience engagement and supported growth in Viu's paid subscriber base to 15.3 million by June 2026.

Our distribution ecosystem has been instrumental in scaling subscriber acquisition. We further strengthened carrier partnerships, including those with True and AIS in Thailand and CelcomDigi in Malaysia, to boost penetration in core SEA markets. Following our successful distribution partnership with HBO Max last year, we entered into a new strategic collaboration with iQIYI to roll out streaming bundles across Indonesia, Thailand, the Philippines and Malaysia in the second half of 2026. These selective cross-platform tie-ups complement our established telco partnerships, improving user retention and accelerating more cost-effective subscriber acquisition.

AI is reshaping the economics across production, localisation, engagement and monetisation. AI-powered sub-titling and dubbing have reduced costs by up to 50% and significantly accelerated cross-market content launches. AI-enabled CRM capabilities and real-time content recommendation generated 2.4x user engagement compared with traditional methods. In addition, our newly launched AI Thematic Channel meaningfully increased both platform screen time and video views by enhancing content discovery experience for users. The incorporation of AI also unlocks new monetisation opportunities, such as AI-assisted, ad-funded projects. Looking ahead, we expect AI to broaden Viu's creative opportunities by supporting new genres, lowering production costs and enabling repurposing of long-form IPs into new content formats, thereby enhancing revenue growth, margin expansion and long-term customer value.

For the six months ended 30 June 2026, the OTT Business recorded EBITDA of HK$317 million impacted by softer revenue with the margin remaining stable at 29%. Moving into the second half, a sharpened content strategy, the scaling of Viu Shorts and deeper AI integration are expected to drive renewed top-line growth and further margin improvement.

Free TV & Related Business

For the six months ended HK$ million	**30 Jun 2025**	**31 Dec 2025**	**30 Jun 2026**	Better/ (Worse) y-o-y
Free TV & Related Business revenue	343	691	**370**	8%
Free TV & Related Business EBITDA[1]	47	106	**22**	(53)%
Free TV & Related Business EBITDA[1] margin	*14%*	*15%*	***6%***	

In the first half of 2026, the Free TV & Related Business achieved solid revenue growth of 8% to HK$370 million. This increase was primarily driven by robust advertising performance, underpinned by the exclusive broadcast of the FIFA World Cup 2026™ in conjunction with Now TV. Leveraging our integrated capabilities across production, multi-platform distribution, artiste management and live entertainment, we continued to deliver differentiated solutions to advertisers, with growing demand from the financial services, restaurant and food delivery, and business services verticals.

Celebrating its 10th anniversary this year, ViuTV further solidified its position as Hong Kong's distinctive free-to-air broadcaster. First-half content highlights included the successful return of *In Geek We Trust 2.0 (IT 狗 2.0)*, which generated streaming views double the average for dramas; the critically acclaimed legal drama *COURT!*, produced by Milkyway Image under the leadership of award-winning director Johnnie To (*杜琪峯*), also delivered strong ratings. Most notably, the exclusive free-to-air broadcast of 25 FIFA World Cup 2026™ matches including the grand finale, garnered robust advertising demand and boosted average daily unique viewership by 25%, energising Hong Kong's sporting culture. Digital membership rose by 4% year-on-year to 3.4 million, expanding the scope of our addressable advertising inventory beyond linear television. Performance in regional markets also accelerated, with *The Other Side (消失的裂痕)* licensed to Netflix in select territories and *What If (三命)* distributed on WASU, Migu and Tencent Video. We have a strong second-half content pipeline, headlined by local adaptation of the iconic Asian classic *Long Vacation (悠長假期)*, which will continue to strengthen audience connection and support advertising growth.

Our artiste management, live events and production business, MakerVille, gained strong traction in the first half of the year. We built a steady pipeline of proprietary talent by releasing new music from established groups and debut tracks from promising artistes. Building on this progress, we also raised our artistes' regional profile through high-impact film roles, including *We're Nothing At All (我們不是什麼)* and *Secret in the Box (紙盒藏迷)*, which premiered at regional film festivals, alongside major local blockbusters *Night King (夜王)* and *Cold War 1994 (寒戰 1994)*.

Live entertainment remained a core strategic priority. During the period, we staged five concert series, expanded our artistes' reach through tours across four overseas markets, and broadened our footprint into theatre productions and musicals, including a 29-show theatre run of *The Magic Hour (魔幻時刻)*. These achievements have built strong momentum and fuelled fan anticipation for second-half events and major group concerts scheduled for late 2026, which are set to further stimulate engagement and drive top-line growth.

For the six months ended 30 June 2026, the Free TV & Related Business recorded EBITDA of HK$22 million. This reflects our increased investments in content production, promotional activities associated with ViuTV's 10th anniversary and the broadcast of the FIFA World Cup 2026™, and the development of new talent. With a strong line-up of flagship content, events and group concerts scheduled for the second half, we are confident that profitability will improve.

Other Businesses

Other Businesses primarily comprise the remaining IT solutions business and corporate support functions. It recorded an increase in revenue to HK$1,214 million for the period from HK$743 million a year earlier in line with the progress milestones of the IT solutions projects. EBITDA cost for the six months ended 30 June 2026 was HK$379 million compared to HK$364 million a year ago primarily due to higher costs from corporate support functions.

Eliminations

Eliminations for the six months ended 30 June 2026 were HK$1,175 million, 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 2025**	**31 Dec 2025**	**30 Jun 2026**	Better/ (Worse) y-o-y
HKT	9,021	10,119	**10,248**	(14)%
Consolidated	9,978	11,553	**11,163**	(12)%

HKT's cost of sales for the six months ended 30 June 2026 increased by 14% year-on-year to HK$10,248 million, reflecting a change in its revenue mix and the significant growth in Mobile product sales during the period. The cost of sales for the Media Business decreased in line with the reduced number of offline events organised by the OTT Business during the first half. In total, the Group's cost of sales increased by 12% to HK$11,163 million for the six months ended 30 June 2026.

General and Administrative Expenses

For the six months ended 30 June 2026, the Group's operating costs declined by 3% to HK$2,859 million driven by operating cost savings at HKT. Through deploying AI to reshape its workflows and network management and continued efforts in IT platform modernisation, HKT boosted productivity and reduced operating costs by 4% to HK$1,851 million. Operating costs for the Media Business increased, primarily due to investments in content production, promotional activities for certain key events and the development of new talent. Overall operating costs-to-revenue ratio improved from 15.5% to 14.2% for the six months ended 30 June 2026.

Depreciation and amortisation expenses for the six months ended 30 June 2026 increased by 10% to HK$4,022 million as compared to HK$3,669 million a year ago. Lower depreciation expenses reflected recent capital expenditure levels, while higher amortisation costs are primarily linked to increased investments in research and development and intellectual property for various enterprise projects including AI, automation and cybersecurity at HKT as well as intellectual property investments at our IT solutions business.

Overall, general and administrative expenses increased by 4% to HK$6,879 million for the six months ended 30 June 2026.

EBITDA[1]

Overall, consolidated EBITDA for the six months ended 30 June 2026 increased by 3% to HK$6,182 million, and the EBITDA margin was 31%. The growth in EBITDA is driven by solid performance and operating efficiencies at HKT, where the economic benefits of AI have yet to be fully realised, as the dual costs associated with the new platform and parallel operation of the legacy system were incurred. These benefits are expected to materialise progressively as the transition is completed and AI-enabled revenue growth gains momentum.

Other Gains, Net

Net other gains for the six months ended 30 June 2026 were HK$224 million, mainly representing mark-to-market revaluations of the Group's investment portfolio.

Interest Income and Finance Costs

Interest income for the six months ended 30 June 2026 was HK$56 million, while finance costs decreased meaningfully by 8% to HK$1,094 million, driven by the downward trend in HIBOR during the period. During the period, the average cost of debt for the Group decreased from 4.05% to 3.75%. As a result, net finance costs decreased by 9% year-on-year from HK$1,140 million to HK$1,038 million for the six months ended 30 June 2026.

Income Tax

Income tax expense for the six months ended 30 June 2026 was HK$432 million, as compared to HK$446 million a year ago. The decrease in the effective tax rate for the period was primarily due to the share of results of associates turning profitable.

Profit Attributable to Non-controlling Interests

Profit attributable to non-controlling interests was HK$1,053 million for the six months ended 30 June 2026 (30 June 2025: HK$1,088 million), primarily representing the share of results attributable to the non-controlling shareholders of HKT and Viu International Limited.

Profit Attributable to Holders of Perpetual Capital Securities

Profit of HK$182 million for the six months ended 30 June 2026 was attributable to the holders of the perpetual capital securities, which represented distributions payable to the holders of the perpetual capital securities as accrued on the principal amount of both the perpetual capital securities issued in 2021, which was fully redeemed in July 2026, as well as the new perpetual capital securities issued in January 2026.

Loss Attributable to Equity Holders of the Company

Loss attributable to equity holders of the Company for the six months ended 30 June 2026 narrowed to HK$276 million (30 June 2025: HK$445 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.

In January 2026, CAS Capital No. 2 Limited, an indirect wholly-owned subsidiary of the Company, issued US$675 million in aggregate principal amount of perpetual subordinated guaranteed securities, which are listed on the Singapore Exchange Securities Trading Limited. The proceeds were used to redeem the US$750 million perpetual subordinated guaranteed securities issued in 2021 (the "2021 Securities") by CAS Capital No. 1 Limited, an indirect wholly-owned subsidiary of the Company, including US$581 million purchased under a concurrent tender offer. Following the completion of the tender offer, the outstanding amount of the 2021 Securities was reduced from US$713 million to approximately US$132 million and was reclassified as short-term debt as at 30 June 2026. The outstanding principal amount of the 2021 Securities was fully redeemed in July 2026.

In June 2026, HKT issued US$650 million 10-year senior unsecured notes under the US$3 billion guaranteed medium term note programme to pre-finance the US$750 million 10-year senior unsecured notes due in July.

The Group's gross debt[2] was HK$65,266 million as at 30 June 2026 (as at 31 December 2025: HK$59,180 million). Cash and short-term deposits increased to HK$4,056 million as at 30 June 2026 (as at 31 December 2025: HK$3,067 million).

As at 30 June 2026, the Group had a total of HK$69,229 million in banking facilities available for liquidity management and investments, of which HK$29,668 million remained undrawn. Of these banking facilities, HKT accounted for HK$47,594 million, of which HK$23,328 million remained undrawn.

The Group's gross debt[2] to total assets was 60% as at 30 June 2026 (as at 31 December 2025: 56%).

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

As at 30 June 2026, CAS Holding No. 1 Limited, a direct wholly-owned subsidiary of the Company, had investment grade ratings with Moody's Investors Service Hong Kong Limited ("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 EXPENDITURE[3]

Group capital expenditure for the six months ended 30 June 2026 was HK$1,073 million (30 June 2025: HK$1,106 million), of which HKT accounted for approximately 97% (30 June 2025: 97%). The capital expenditure to revenue ratio was approximately 5.3% for the six months ended 30 June 2026 (30 June 2025: 5.8%).

Capital expenditure for HKT's Mobile business was 2% lower during the period, reflecting the efficiency gains from capacity upgrades and network maintenance. TSS capital expenditure was 3% lower during the period, with investments largely to support growing demand for integrated fixed-mobile solutions for enterprise customers as well as AI network infrastructure. Capital expenditure for the Media Business remained stable after completion of its new production studio facilities in late 2025.

The Group will continue to invest in further upgrading its network infrastructure and building digital capabilities to support its existing businesses and enable its growth in new areas, with pre-funding support from anchor customers and 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 2026, 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 impact of these operational and financial risks to the Group is considered not material.

CHARGE ON ASSETS

As at 30 June 2026, no assets of the Group (as at 31 December 2025: nil) were pledged to secure banking facilities for the Group.

CONTINGENT LIABILITIES

HK$ million	As at 31 Dec 2025 (Audited)	**As at 30 Jun 2026 (Unaudited)**
Performance guarantees	1,201	**1,120**
Others	15	**14**
	1,216	**1,134**

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.

As at 30 June 2026, the Group had not given a partial guarantee to a bank in respect of a credit facility granted to an associate of the Group (as at 31 December 2025: HK$575 million of which HK$575 million had been utilised by the associate). The Group's share of guarantee for the utilised amount as at 31 December 2025 was approximately HK$173 million determined based on the percentage of interest held by the Group in the associate.

HUMAN RESOURCES

The Group had over 14,500 employees as at 30 June 2026 (as at 30 June 2025: 14,400) located in 25 countries and cities. About 66% of these employees work in Hong Kong and the others are based mainly in Chinese Mainland. 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 2025: 9.77 HK cents) per ordinary share for the six months ended 30 June 2026 to shareholders whose names appear on the register of members of the Company on Tuesday, 18 August 2026, payable on or around Friday, 4 September 2026.

CLOSURE OF REGISTER OF MEMBERS

The record date for the interim dividend will be Tuesday, 18 August 2026. The Company's register of members will be closed from Monday, 17 August 2026 to Tuesday, 18 August 2026 (both days inclusive) in order to determine entitlements to the interim dividend. During such period, no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4.30pm on Friday, 14 August 2026. Dividend warrants will be despatched to shareholders of the Company on or around Friday, 4 September 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2026, 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 2026. Such condensed consolidated interim financial information has not been audited but has been reviewed by the Company's independent auditor.

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 code provisions of the applicable Corporate Governance Code in each case as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2026.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.pccw.com/ir) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2026 interim report will be despatched to shareholders of the Company and available on the above websites in due course.

By order of the Board of
PCCW Limited
Cheung Hok Chee, Vanessa
Group General Counsel and Company Secretary

Hong Kong, 30 July 2026

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2026

In HK$ million (except for loss per share)	Note(s)	2025 (Unaudited)	**2026 (Unaudited)**
Revenue	2	18,922	**20,204**
Cost of sales		(9,978)	**(11,163)**
General and administrative expenses		(6,602)	**(6,879)**
Other gains, net	3	125	**224**
Interest income		45	**56**
Finance costs		(1,185)	**(1,094)**
Share of results of associates		(118)	**50**
Share of results of joint ventures		(5)	**(7)**
Profit before income tax	2, 4	1,204	**1,391**
Income tax	5	(446)	**(432)**
Profit for the period		758	**959**
Profit/(Loss) attributable to:			
Equity holders of the Company		(445)	**(276)**
Holders of perpetual capital securities		115	**182**
Non-controlling interests		1,088	**1,053**
		758	**959**
Loss per share	7		
Basic		(5.75) cents	**(3.57) cents**
Diluted		(5.75) cents	**(3.57) cents**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

In HK$ million	2025 (Unaudited)	**2026 (Unaudited)**
Profit for the period	758	**959**
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	(246)	**(29)**
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	142	**(5)**
- exchange differences on translating foreign operations of associates and joint ventures	89	**165**
Cash flow hedges:		
- effective portion of changes in fair value	(215)	**274**
- transfer from equity to consolidated income statement	(402)	**(110)**
Costs of hedging	4	**(25)**
Share of other comprehensive income of associates	11	**3**
Other comprehensive (loss)/income for the period	(617)	**273**
Total comprehensive income for the period	141	**1,232**
Attributable to:		
Equity holders of the Company	(782)	**(52)**
Holders of perpetual capital securities	115	**182**
Non-controlling interests	808	**1,102**
Total comprehensive income for the period	141	**1,232**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2026

In HK$ million	Note	As at 31 December 2025 (Audited)	**As at 30 June 2026 (Unaudited)**
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		30,121	**30,708**
Right-of-use assets		2,658	**2,899**
Interests in leasehold land		260	**254**
Goodwill		18,007	**18,014**
Intangible assets		24,463	**25,280**
Fulfilment costs		2,298	**2,446**
Customer acquisition costs		951	**876**
Contract assets		236	**228**
Interests in associates		1,964	**2,189**
Interests in joint ventures		322	**323**
Financial assets at fair value through other comprehensive income		169	**140**
Financial assets at fair value through profit or loss		3,517	**4,335**
Derivative financial instruments		121	**78**
Deferred income tax assets		751	**698**
Other non-current assets		910	**850**
		86,748	**89,318**
Current assets			
Inventories		1,705	**1,842**
Prepayments, deposits and other current assets		5,284	**5,504**
Contract assets		2,417	**1,844**
Trade receivables, net	8	4,502	**4,997**
Amounts due from related companies		645	**649**
Derivative financial instruments		44	**238**
Other financial assets		808	**–**
Tax recoverable		2	**17**
Restricted cash		187	**177**
Short-term deposits		475	**480**
Cash and cash equivalents		2,592	**3,576**
		18,661	**19,324**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 30 June 2026

In HK$ million	Note	As at 31 December 2025 (Audited)	**As at 30 June 2026 (Unaudited)**
Current liabilities			
Short-term borrowings		(5,884)	**(8,693)**
Trade payables	9	(10,240)	**(11,150)**
Accruals and other payables		(8,131)	**(8,738)**
Derivative financial instruments		(42)	**(31)**
Carrier licence fee liabilities		(384)	**(387)**
Amounts due to related companies		(139)	**(144)**
Advances from customers		(313)	**(309)**
Contract liabilities		(1,840)	**(1,639)**
Lease liabilities		(969)	**(1,009)**
Current income tax liabilities		(2,213)	**(1,898)**
		(30,155)	**(33,998)**
Non-current liabilities			
Long-term borrowings	10	(53,038)	**(56,345)**
Derivative financial instruments		(835)	**(555)**
Deferred income tax liabilities		(5,425)	**(5,649)**
Defined benefit retirement schemes liability		(24)	**(15)**
Carrier licence fee liabilities		(3,494)	**(3,342)**
Contract liabilities		(937)	**(1,050)**
Lease liabilities		(1,643)	**(1,654)**
Amount due to a non-controlling interest		(337)	**(305)**
Other long-term liabilities		(2,715)	**(2,467)**
		(68,448)	**(71,382)**
Net assets		6,806	**3,262**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 30 June 2026

In HK$ million	Note	As at 31 December 2025 (Audited)	**As at 30 June 2026 (Unaudited)**
CAPITAL AND RESERVES			
Share capital	11	12,954	**12,954**
Reserves		(14,920)	**(17,161)**
Equity attributable to equity holders of the Company		(1,966)	**(4,207)**
Perpetual capital securities	12	5,590	**5,141**
Non-controlling interests		3,182	**2,328**
Total equity		6,806	**3,262**

NOTES

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 D2 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 2025.

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 30 July 2026.

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 2025 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 2025 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 2025.

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 2025, except for the adoption of the following amended HKFRS Accounting Standards which are first effective for accounting periods beginning on or after 1 January 2026 as described below.

1. BASIS OF PREPARATION (CONTINUED)

The following amended HKFRS Accounting Standards are adopted for the financial year beginning 1 January 2026, but have no material effect on the Group's reported results and financial position for the current and prior accounting periods.

- Hong Kong Financial Reporting Standard ("HKFRS") 7 (Amendments), *Financial Instruments: Disclosures*
- HKFRS 9 (Amendments), *Financial Instruments*
- Annual Improvements to HKFRS Accounting Standards – Volume 11

The Group has not early adopted any new or amended HKFRS Accounting Standards that are not yet effective for the current accounting period.

As at 30 June 2026, the current liabilities of the Group exceeded its current assets by HK$14,674 million. After considering the Group's ability to generate net operating cash inflows and raise additional debt financing, and the undrawn banking facilities available as at 30 June 2026, 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. 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, mobile services, total home solutions, media entertainment and other new businesses such as loyalty platform, financial services and healthtech services. It operates primarily in Hong Kong, and also serves customers in Chinese Mainland and other parts of the world.

- Media Business provides over-the-top ("OTT") digital media entertainment services in Hong Kong, the Asia Pacific region, and other parts of the world, in addition to offering domestic free television service in Hong Kong. It is also engaged in content production, as well as artiste and event management.

- Other businesses of the Group ("Other Businesses") primarily comprise corporate support functions, other IT solutions businesses and others.

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.

2. 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 2025 (Unaudited)				
	HKT	Media Business	Other Businesses	Eliminations	Consolidated
REVENUE					
External revenue	16,942	1,290	690	–	18,922
Inter-segment revenue	380	247	53	(680)	–
Total revenue	17,322	1,537	743	(680)	18,922
External revenue from contracts with customers:					
Timing of revenue recognition					
At a point in time	4,477	257	–	–	4,734
Over time	12,434	1,033	690	–	14,157
External revenue from other sources:					
Rental income	31	–	–	–	31
	16,942	1,290	690	–	18,922
RESULTS					
EBITDA	6,380	393	(364)	(399)	6,010

In HK$ million	**Six months ended 30 June 2026 (Unaudited)**				
	HKT	**Media Business**	**Other Businesses**	**Eliminations**	**Consolidated**
REVENUE					
External revenue	**17,895**	**1,172**	**1,137**	**–**	**20,204**
Inter-segment revenue	**790**	**308**	**77**	**(1,175)**	**–**
Total revenue	**18,685**	**1,480**	**1,214**	**(1,175)**	**20,204**
External revenue from contracts with customers:					
Timing of revenue recognition					
At a point in time	**4,943**	**273**	**–**	**–**	**5,216**
Over time	**12,922**	**899**	**1,137**	**–**	**14,958**
External revenue from other sources:					
Rental income	**30**	**–**	**–**	**–**	**30**
	17,895	**1,172**	**1,137**	**–**	**20,204**
RESULTS					
EBITDA	**6,586**	**339**	**(379)**	**(364)**	**6,182**

2. 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 2025 (Unaudited)	Six months ended 30 June 2026 (Unaudited)
Total segment EBITDA	6,010	**6,182**
Gains on disposal of property, plant and equipment and right-of-use assets, net	1	**2**
Depreciation and amortisation	(3,669)	**(4,022)**
Other gains, net	125	**224**
Interest income	45	**56**
Finance costs	(1,185)	**(1,094)**
Share of results of associates and joint ventures	(123)	**43**
Profit before income tax	1,204	**1,391**

3. OTHER GAINS, NET

In HK$ million	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026 (Unaudited)
Fair value movement of financial assets at FVPL[1]	68	**57**
Fair value movement of derivative financial instruments	10	**100**
Others	47	**67**
	125	**224**

Note:
[1] "FVPL" refers to fair value through profit or loss

4. PROFIT BEFORE INCOME TAX

Profit before income tax was stated after charging the following:

In HK$ million	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026 (Unaudited)
Cost of inventories sold	4,243	**4,851**
Cost of sales, excluding inventories sold	5,735	**6,312**
Impairment loss for trade receivables	160	**131**
Depreciation of property, plant and equipment	572	**485**
Depreciation of right-of-use assets	685	**646**
Amortisation of land lease premium – interests in leasehold land	8	**6**
Amortisation of intangible assets	1,635	**2,001**
Amortisation of fulfilment costs	230	**196**
Amortisation of customer acquisition costs	539	**688**
Finance costs on borrowings	1,079	**1,123**

5. INCOME TAX

In HK$ million	Six months ended 30 June 2025 (Unaudited)	**Six months ended 30 June 2026 (Unaudited)**
Current income tax:		
Hong Kong profits tax	156	**104**
Overseas tax	37	**53**
Movement of deferred income tax	253	**275**
	446	**432**

Hong Kong profits tax is provided at the rate of 16.5% (2025: 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.

In December 2021, the Organisation for Economic Co-operation and Development released the Global Anti-Base Erosion rules, also known as Pillar Two, aimed at reforming international corporate taxation. Hong Kong passed legislation to implement Pillar Two, with the Hong Kong minimum top-up tax and Income Inclusion Rule effective retroactively from 1 January 2025. The Group is within the scope of this legislation.

Following the amendments to HKAS 12 *Income Taxes* issued by the HKICPA in July 2023, the Group has applied the mandatory temporary exception under paragraph 4 of the amendments to HKAS 12 and has not recognised or disclosed deferred income tax assets and liabilities related to Pillar Two Income Taxes.

For the six months ended 30 June 2026, the Group has completed its assessment and has not identified any material current Pillar Two tax exposure.

6. DIVIDENDS

a. Dividend attributable to the interim period

In HK$ million	Six months ended 30 June 2025 (Unaudited)	**Six months ended 30 June 2026 (Unaudited)**
Interim dividend declared after the end of the interim period of 9.77 HK cents (2025: 9.77 HK cents) per ordinary share	756	**757**

At the meeting held on 30 July 2026, 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 2026. This interim dividend is not recognised as a liability in this unaudited condensed consolidated interim financial information.

6. DIVIDENDS (CONTINUED)

b. Dividend approved and paid during the interim period

In HK$ million	Six months ended 30 June 2025 (Unaudited)	**Six months ended 30 June 2026 (Unaudited)**
Final dividend declared in respect of the previous financial year, approved and paid during the interim period of 28.48 HK cents (2025: 28.48 HK cents) per ordinary share	2,205	**2,207**
Less: dividend for shares held by share award schemes	(2)	**(3)**
	2,203	**2,204**

7. LOSS PER SHARE

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

	Six months ended 30 June 2025 (Unaudited)	**Six months ended 30 June 2026 (Unaudited)**
Loss (in HK$ million)		
Loss for the purpose of basic and diluted loss per share	(445)	**(276)**
Number of shares		
Weighted average number of ordinary shares	7,741,063,374	**7,747,762,518**
Effect of shares held under the Company's share award schemes	(7,917,715)	**(9,373,653)**
Weighted average number of ordinary shares for the purpose of basic loss per share	7,733,145,659	**7,738,388,865**
Effect of shares awarded under the Company's share award schemes	–*	**–***
Weighted average number of ordinary shares for the purpose of diluted loss per share	7,733,145,659	**7,738,388,865**

* The effect of shares awarded under the Company's share award schemes would result in anti-dilutive effect on loss per share during the six months ended 30 June 2025 and 2026.

8. 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 2025 (Audited)	**As at 30 June 2026 (Unaudited)**
1 – 30 days	2,829	**2,894**
31 – 60 days	610	**423**
61 – 90 days	427	**439**
91 – 120 days	168	**333**
Over 120 days	830	**1,267**
	4,864	**5,356**
Less: loss allowance	(362)	**(359)**
Trade receivables, net	4,502	**4,997**

As at 30 June 2026, included in trade receivables, net were amounts due from related parties of HK$228 million (as at 31 December 2025: HK$129 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.

9. TRADE PAYABLES

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

In HK$ million	As at 31 December 2025 (Audited)	**As at 30 June 2026 (Unaudited)**
1 – 30 days	4,031	**5,180**
31 – 60 days	2,861	**3,193**
61 – 90 days	1,166	**668**
91 – 120 days	1,074	**756**
Over 120 days	1,108	**1,353**
	10,240	**11,150**

As at 30 June 2026, included in trade payables were amounts due to related parties of HK$255 million (as at 31 December 2025: HK$265 million).

10. LONG-TERM BORROWINGS

On 10 June 2026, HKT Capital Limited, an indirect non-wholly owned subsidiary of the Company, issued US$650 million 5.125% notes due 2036 under the US$3 billion guaranteed medium term note programme, which are listed on the Singapore Exchange Securities Trading Limited. The notes are irrevocably and unconditionally guaranteed by HKT Group Holdings Limited ("HKTGH") and Hong Kong Telecommunications (HKT) Limited ("HKTL"), both being indirect non-wholly owned subsidiaries of the Company, and rank pari passu with all other outstanding unsecured and unsubordinated obligations of HKTGH and HKTL.

11. SHARE CAPITAL

	Six months ended			
	30 June 2025		**30 June 2026**	
	Number of shares (Unaudited)	Share capital (Unaudited) HK$ million	**Number of shares (Unaudited)**	**Share capital (Unaudited) HK$ million**
Ordinary shares of no par value, issued and fully paid:				
As at 1 January and 30 June	7,741,063,374	12,954	**7,747,762,518**	**12,954**

The Company had total distributable reserves of HK$16,411 million as at 30 June 2026 (as at 31 December 2025: HK$17,180 million).

12. PERPETUAL CAPITAL SECURITIES

On 13 January 2026, CAS Capital No. 2 Limited, an indirect wholly-owned subsidiary of the Company, issued US$675 million perpetual subordinated guaranteed securities. The securities are non-callable in the first 5 years and entitle its holders distributions at a distribution rate of 6.25% per annum with reset every 5 years from year 5.25 and fixed step-up margins at year 10.25 and year 25.25. CAS Capital No. 2 Limited has the right to redeem the securities from holders and defer the payment of distributions under certain circumstances in accordance with the terms and conditions of the securities. The securities are listed on the Singapore Exchange Securities Trading Limited and are irrevocably and unconditionally guaranteed by CAS Holding No. 1 Limited, a direct wholly-owned subsidiary of the Company. The securities will be accounted for as equity instruments in the consolidated financial statements of the Group.

On 14 January 2026, CAS Holding No. 1 Limited completed a tender offer by purchasing an aggregate principal amount of approximately US$581 million for cash in respect of US$750 million perpetual subordinated guaranteed securities issued by CAS Capital No. 1 Limited, an indirect wholly-owned subsidiary of the Company, and irrevocably and unconditionally guaranteed by CAS Holding No. 1 Limited (the "Securities"). Following the completion of the tender offer, the outstanding amount of the Securities was further reduced from US$713 million to approximately US$132 million and was reclassified as short-term liabilities as at 30 June 2026. The outstanding principal amount of the Securities was fully redeemed in July 2026.

13. CHANGE IN INTERESTS IN SUBSIDIARIES WITHOUT A LOSS OF CONTROL

On 30 March 2026, the Company's indirect non-wholly owned subsidiary, Apex Link Communications Holdings Limited (the "Seller"), entered into a share purchase agreement with Pegasus Investment BidCo Limited (the "Purchaser"). The Purchaser is controlled and managed by China Merchants Capital Holdings Co., Ltd.*, which controls and manages another company holding 40% of the issued share capital of Regional Link Telecom Services Holdings Limited (the "Target"), an indirect non-wholly owned subsidiary of the Company. Pursuant to the agreement, the Purchaser shall purchase (i) 9% of the entire issued share capital of the Target as at completion; and (ii) a receivable in the amount of 9% of the total amounts owing from Fiber Link Global Limited, an indirect non-wholly owned subsidiary of the Company, to the Seller and the initial investor (a company controlled and managed by China Merchants Capital Holdings Co., Ltd.*) outstanding as at the completion date, for a total consideration of US$209,452,500 (the "Transaction"). As at 30 June 2026, the Transaction has not been completed, subject to the satisfaction or waiver of certain conditions.

* For identification purpose only

As at the date of this announcement, the Directors are as follows:

Executive Directors
Li Tzar Kai, Richard (Chairman) and Hui Hon Hing, Susanna (Group Managing Director and Group Chief Financial Officer)

Non-Executive Directors
Tse Sze Wing, Edmund, GBS; Tang Yongbo (Deputy Chairman); Feng Lanxiao; Zhao Xingfu and Wei Zhe, David

Independent Non-Executive Directors
Aman Mehta; Frances Waikwun Wong; Bryce Wayne Lee; Lars Eric Nils Rodert; David Christopher Chance and Sharhan Mohamed Muhseen Mohamed

Forward-Looking Statements

This announcement may contain certain 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 operates.