



**PCCW**<sup>®</sup>

# Interim Report 2022

Stock Code: 0008

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## CORPORATE PROFILE

PCCW Limited 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.

PCCW Solutions is a leading IT and business process outsourcing provider in Hong Kong, mainland China and Southeast Asia.

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

Employing a staff of over 21,200, PCCW maintains a presence in Hong Kong, mainland China as well as other parts of the world.

PCCW shares are listed on The Stock Exchange of Hong Kong Limited (SEHK: 0008) and traded in the form of American Depositary Receipts ("ADRs") on the OTC Markets Group Inc. in the U.S. (Ticker: PCCWY).

## STATEMENT FROM THE CHAIRMAN

Impacted by the fifth COVID-19 wave, Hong Kong and its residents have faced tremendous challenges in the first half of the year, leaving the city in search of more innovative ways to bolster its operations. As a member of the community, PCCW Limited (“PCCW”) strived its best to support its people and businesses, devising novel applications for technology to present a suite of the latest products and services in a bid to inject momentum into everyday life.

Tailoring its content for the Viu-er, our pan-regional over-the-top (“OTT”) Viu video entertainment service remained a leader across Southeast Asia in monthly active users (“MAUs”) and streaming minutes, recording a 31% rise in paid subscribers and contributing to a 23% increase in OTT video revenue which helped the OTT business attain positive EBITDA for the first time. On top of well-curated content such as Korean programmes, its Viu Originals localised for markets such as Thailand, Malaysia, Indonesia and the Philippines continued to captivate its respective audiences, while expanding revenue through syndication to global partners. Domestically, our free ViuTV service continued to progress with sustained growth in its advertising revenue and app download.

The Group established a strategic partnership with Lenovo Group Limited (“Lenovo”) to create PCCW Lenovo Technology Solutions Limited with a view to creating a technology solutions powerhouse in Asia Pacific. Leveraging Lenovo’s global presence, the partnership is set to expand the business across China and Southeast Asia, while PCCW Solutions continues to focus on its existing system integration and application development in Hong Kong.

Under HKT Limited (“HKT”), we became the first in Hong Kong to launch 2500M fibre-to-the-home (“FTTH”), and integrated our broadband, Wi-Fi, television and Smart Living services into the HKT Home proposition to cater for the whole family. Utilising the 5G spectrum we own across the low, mid and high bands, we were also the first to provide 5G service for the MTR East Rail Line Cross-Harbour Extension, covering all MTR lines with transmission that is high in speed, capacity and area.

Contributing to smart city development, we applied HealthTech to expand our DrGo services to 25 additional areas such as paediatrics, while utilising FinTech to support the Consumption Voucher Scheme (“CVS”) through Tap & Go, establishing a loyal customer base particularly among Gen Z and Millennials. For members of The Club, our new app and portal provided enhanced loyalty rewards and shopping experience.

PCCW and HKT have also partnered with The Sandbox to become the first Hong Kong-based integrated communications, media and technology (“CMT”) organisation to join the metaverse, in support of Web3 development.

Continuing our support for the community, we mobilised staff and resources to distribute much-needed supplies during the intensive COVID outbreaks. Going forward, in line with our steadfast belief in the collective effort, PCCW will remain a resilient pillar of strength to bolster the recovery, growth and evolution of our city and the region.

**Richard Li**  
Chairman  
12 August 2022

# STATEMENT FROM THE ACTING GROUP MANAGING DIRECTOR

For Hong Kong, the first half of the year was shrouded in the repercussions of the severe epidemic outbreak. The Group dedicated its capabilities to supporting the city throughout its fight against the virus, with a view to bolstering not only our businesses but also the greater community.

## Content-driven growth

Viu, our leading OTT video entertainment unit, has remained among the top three platforms on the competitive landscape in Southeast Asia, placing first in terms of MAUs and streaming volume while the business continued to demonstrate strong growth in Thailand, Indonesia and the Philippines as well as the Middle East. Its paid subscribers have also registered a significant increase of 31% to attain a total of 9.1 million, while MAUs grew by 23% to reach 60.7 million, attributed to its strategic focus on both the subscription and digital advertising models. This, in turn, saw Viu turning EBITDA positive in the first half of 2022, with its revenue attaining an overall increase of 22% to hit US\$100 million.

Our domestic free television service, ViuTV, saw a 33% growth in advertising revenue with a notable increase in digital revenue, underpinned by strong content and viewership. At the same time, its audienceship maintained a stable rise, with popular programmes achieving prime-time viewership of as high as 10 points and enjoyed by the audience not only via television but also digitally, evident in the 19% growth in our ViuTV app download.

Building on our competitive edge, the Group dedicated more resources to strengthening our repertoire of international content, for not just the local audience but also markets abroad. Continuing its strong Asian content proposition, Viu Original productions in Korean as well as those produced in local languages continued to deliver top performance in Thailand, Malaysia, Indonesia and the Philippines. In a bid to expand revenue channels, selected Viu Original productions have been syndicated to over 20 global partners.

## Partners in technology

In June 2022, PCCW and Lenovo announced a strategic partnership to form a technology solutions powerhouse in Asia Pacific, leveraging their highly synergetic service offerings, operational expertise, go-to-market strategies, technical development capabilities, and talent pool to create the new entity of PCCW Lenovo Technology Solutions Limited (“PLTS”). The transaction has closed in August 2022. PLTS will benefit from Lenovo’s global presence to grow in reach and competitiveness in markets across the Asia Pacific region, while PCCW Solutions will remain committed to dedicating its strengths in system integration and application development to deliver digital and managed services to existing customers in Hong Kong.

The Group regards talent development as essential to our future as an enterprise and community. Hence, we have continued to impart our knowledge, experience and expertise in technology through partnerships with educational and research organisations.

## Progress from integration

Demonstrating robust performance in the first half of 2022, HKT leveraged top-notch technology to elevate the customer experience from the home and beyond, offering efficiency and enhancements.

Our established NETVIGATOR, Now TV, Now E, Smart Living and eye services have come together to form HKT Home, offering quality, comprehensive solutions for work and play from the comfort of one’s home. From the launch of our 2500M FTTH to our Home of Sports broadcast of Premier League, Formula One®, Tennis Grand Slams and Golf Majors, our offerings are impressive and constantly updated. The launch of our Now H1 Android TV box adds a cutting-edge element to home entertainment, with voice control over Google Play apps and content as well as smart home devices. The little ones are equally ready to benefit from technology, through interacting with our new eye AI Robot for language learning and STEM activities that stimulate the growing mind.

In addition to increasing our post-paid 5G penetration reach to 26%, we extended 5G service to MTR East Rail Line Cross-Harbour Extension as the first mobile operator to provide 5G coverage along all MTR lines. Maximising our HealthTech applications, we expanded the services offered via our DrGo telemedicine platform to paediatrics, mental health and more. On the FinTech front, the increasing ubiquity of Tap & Go as a stored value facility selected for CVS has helped boost the adoption of e-payment as a part of smart city development. Despite increased competition, its popularity among the Gen Z and Millennial segments has established loyalty to help sustain Tap & Go's performance, while the continued rise in merchant uptake maintained the strength of the SmartPOS one-stop payment acceptance device to underscore the advantage of our comprehensive services in the digital ecosystem.

### Outlook

Viu Original Studio, with international collaborations in the pipeline, is poised for more wide-ranging developments, including localising popular classics for different markets to expand Viu's content asset range and widen audience appeal.

Alongside HKT, PCCW became The Sandbox's first Hong Kong-based integrated CMT partner in its foray into the metaverse. Leveraging the Group's comprehensive digital ecosystem, we are well placed to facilitate our customers' enjoyment of the Web3 immersive Internet experience.

With the number of COVID cases hovering in the thousands, the second half of the year is shaping up to be a balance between prudent defence and growth exploration. Nevertheless, the Group is positioning itself in the line of opportunities, synergising its businesses and resources for long-term value creation for our shareholders.



**Susanna Hui**

Acting Group Managing Director  
12 August 2022

# BOARD OF DIRECTORS

## EXECUTIVE DIRECTORS

### **LI Tzar Kai, Richard**

#### Chairman

Mr Li, aged 55, 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 57, 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 23 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 member of the Council of The Hong Kong Management Association, the General Committee of Employers' Federation of Hong Kong as well as the Hong Kong Trade Development Council Belt and Road & Greater Bay Area Committee and its Greater Bay Area Task Force on Innovation and Technology. She is also 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 84, 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 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.

### **MENG Shusen**

#### Non-Executive Director

Ms Meng, aged 49, 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 51, 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 and the General Manager of the Data Operations and Financial Shared Service Center 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 51, 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 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, Hitevision 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 an executive director of Zall Smart Commerce Group Ltd., and a non-executive director of JNBY Design Limited.

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 75, 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, and an Independent Non-Executive Director of Pacific Century Regional Developments Limited.

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 57, 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, Head of Business Development and Co-Head of Fundraising and Investor Relations of Silver Lake. He assists in driving new investments primarily in the Asia region for Silver Lake Partners and managing the Silver Lake Kraftwerk portfolio. Previously, he was a Managing Director of Credit Suisse Group AG (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 Eka Software Solutions, Peloton Computer Enterprises and Carbon, Inc., in addition to being responsible for Silver Lake Kraftwerk's investment in Didi Chuxing and Omio (formerly GoEuro). Previously, he served on the board of Quorum Business Solutions. Mr Lee graduated from Stanford University.

**Lars Eric Nils RODERT**

**Independent Non-Executive Director**

Mr Rodert, aged 61, was appointed an Independent Non-Executive Director of PCCW in November 2012. He is also 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. 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 65, was appointed an Independent Non-Executive Director of PCCW and the Independent Non-Executive Chairman and Director of PCCW Media Limited, a subsidiary of PCCW in November 2013. He is also a member of the Regulatory Compliance Committee of the Board.

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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- Revenue increased 1% to HK\$18,256 million
  - HKT total revenue up 3% to HK\$16,157 million
  - OTT Business revenue up 22% to HK\$786 million
  - Free TV & Related Business revenue up 52% to HK\$388 million
  - Solutions Business revenue up 2% to HK\$2,548 million
- EBITDA increased 5% to HK\$5,787 million
  - HKT EBITDA up 2% to HK\$5,834 million
  - OTT Business EBITDA turned positive to HK\$18 million
  - Free TV & Related Business EBITDA was HK\$79 million
  - Solutions Business EBITDA up 35% to HK\$372 million
- Consolidated loss attributable to equity holders of the Company for the period was HK\$88 million
- Interim dividend of 9.56 HK cents per ordinary share

### MANAGEMENT REVIEW

Impacted by the fifth wave of COVID-19 (the “fifth wave”), Hong Kong and its residents have faced tremendous challenges in the first half of the year leaving the city in search of more innovative ways to bolster its operations. As a member of the community, we strived to support its people and businesses, devising novel applications for technology and to present a suite of the latest products and services in a bid to inject momentum into everyday life.

Our Media Business continued to scale with an increase of 22% and 52% in revenue for the over-the-top (“OTT”) Business and Free TV & Related Business to HK\$786 million and HK\$388 million respectively. Viu, the main component of the OTT Business, consolidated its position as one of the leading video streaming services in Southeast Asia. With its dual revenue model of advertising and subscription, Viu continued to focus on driving expansion in both its monthly active users (“MAUs”) and paid subscribers which reached 60.7 million and 9.1 million respectively as of 30 June 2022. Underpinning this growth was Viu’s offering of high-quality content appealing to users in its respective markets and also providing opportunities for syndication to international partners. On the back of the enlarged revenue base, the OTT Business turned EBITDA positive, generating HK\$18 million for the six months ended 30 June 2022.

The Free TV & Related Business continued to attract viewers with quality local content that led to a 24% improvement in prime-time ratings and growth in the number of advertisers and total advertising revenue despite the weak local economic environment. ViuTV also witnessed a 19% growth in app downloads bolstering our reach to viewers, particularly in the younger, digitally savvy segment. EBITDA was HK\$79 million for the six months ended 30 June 2022.

The Solutions Business delivered 2% growth in revenue to HK\$2,548 million for the six months ended 30 June 2022 while EBITDA increased 35% to HK\$372 million at a margin of 15% due to the enhanced productivity levels. Secured orders as of 30 June 2022 were steady at HK\$24,006 million. The Solutions Business has completed the formation of a strategic partnership with Lenovo Group Limited (“Lenovo”) to create a leading technology solutions powerhouse. The Solutions Business will continue to deliver its services to existing customers in Hong Kong while the partnership will benefit from Lenovo’s global presence to grow in reach and competitiveness in markets across the Asia Pacific region.

### MANAGEMENT REVIEW (CONTINUED)

HKT Limited's ("HKT") total revenue increased by 3% to HK\$16,157 million while total revenue excluding Mobile product sales grew by 5% to HK\$14,868 million. Revenue growth was driven by continued strong demand for our reliable, high-speed broadband services alongside the growing adoption of our 5G services by both consumer and enterprise customers. HKT's total EBITDA increased by 2% to HK\$5,834 million due to the steady performance of its Telecommunications Services ("TSS") and Mobile businesses and sustained operating efficiencies.

Overall, the Group's revenue increased by 1% to HK\$18,256 million and increased by 3% to HK\$16,967 million excluding Mobile product sales. EBITDA increased by 5% to HK\$5,787 million for the six months ended 30 June 2022. Consolidated loss attributable to equity holders of the Company for the period was HK\$88 million.

The board of Directors (the "Board") declared an interim dividend of 9.56 HK cents per ordinary share for the six months ended 30 June 2022.

### OUTLOOK

Viu Original Studio, with international collaborations in the pipeline, is poised for more wide-ranging developments, including localising popular classics for different markets to expand Viu's content asset range and widen audience appeal.

The Solutions Business through its partnership with Lenovo will accelerate the expansion of its business across the Asia Pacific region drawing upon their respective strengths. At the same time it will remain dedicated and fully committed to delivering digital and managed services for its existing customers in Hong Kong, particularly those in the public sector.

Alongside HKT, PCCW became The Sandbox's first Hong Kong-based integrated communications, media and technology partner in its foray into the metaverse. Leveraging the Group's comprehensive digital ecosystem, we are well placed to facilitate our customers' enjoyment of the Web3 immersive Internet experience.

With the number of COVID cases hovering in the thousands, the second half of the year is shaping up to be a balance between prudent defence and growth exploration. Nevertheless, the Group is positioning itself in the line of opportunities, synergising its businesses and resources for long-term value creation for our shareholders.

## FINANCIAL REVIEW BY SEGMENT

For the six months ended HK\$ million	30 Jun 2021 <sup>5</sup>	31 Dec 2021	30 Jun 2022	Better/ (Worse) y-o-y
<b>Continuing operations<sup>5</sup></b>				
<b>Revenue</b>				
HKT	15,643	18,318	<b>16,157</b>	3%
HKT (excluding Mobile Product Sales)	14,112	15,919	<b>14,868</b>	5%
Mobile Product Sales	1,531	2,399	<b>1,289</b>	(16)%
OTT Business	646	834	<b>786</b>	22%
Free TV & Related Business	256	544	<b>388</b>	52%
Solutions Business	2,501	2,393	<b>2,548</b>	2%
Eliminations	(1,048)	(1,433)	<b>(1,623)</b>	(55)%
<b>Consolidated revenue</b>	17,998	20,656	<b>18,256</b>	1%
<b>Cost of sales</b>	(9,804)	(11,465)	<b>(9,845)</b>	–
<b>Operating costs before depreciation, amortisation, and (losses)/gains on disposal of property, plant and equipment and right-of-use assets, net</b>	(2,700)	(2,376)	<b>(2,624)</b>	3%
<b>EBITDA<sup>1</sup></b>				
HKT	5,715	7,018	<b>5,834</b>	2%
OTT Business	(20)	(3)	<b>18</b>	n/a
Free TV & Related Business	(44)	138	<b>79</b>	n/a
Solutions Business	275	381	<b>372</b>	35%
Other Businesses	(237)	(301)	<b>(375)</b>	(58)%
Eliminations	(195)	(418)	<b>(141)</b>	28%
<b>Consolidated EBITDA<sup>1</sup></b>	5,494	6,815	<b>5,787</b>	5%
<b>Consolidated EBITDA<sup>1</sup> Margin</b>	31%	33%	<b>32%</b>	
Depreciation	(1,474)	(1,527)	<b>(1,436)</b>	3%
Amortisation	(2,171)	(2,454)	<b>(2,408)</b>	(11)%
(Losses)/Gains on disposal of property, plant and equipment and right-of-use assets, net	(1)	34	–	n/a
Other gains/(losses), net	17	(62)	<b>336</b>	>500%
Interest income	27	42	<b>43</b>	59%
Finance costs	(687)	(714)	<b>(721)</b>	(5)%
Share of results of associates and joint ventures	(30)	602	<b>(162)</b>	(440)%
<b>Profit before income tax</b>	1,175	2,736	<b>1,439</b>	22%
Income tax	(436)	(629)	<b>(508)</b>	(17)%
<b>Profit for the period from continuing operations</b>	739	2,107	<b>931</b>	26%
Holders of perpetual capital securities	(109)	(117)	<b>(118)</b>	(8)%
Non-controlling interests	(853)	(1,381)	<b>(901)</b>	(6)%
<b>(Loss)/Profit attributable to equity holders of the Company from Continuing Operations</b>	(223)	609	<b>(88)</b>	61%
<b>Consolidated (loss)/profit attributable to equity holders of the Company</b>	(315)	1,354	<b>(88)</b>	72%

## 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 2022.*

*Note 5 Results reflect the continuing operations of the Company following the divestment of the Data Centre Business and deconsolidation of Pacific Century Premium Developments Limited ("PCPD"). The comparative figures presented were restated to reflect the reclassification between continuing operations and discontinued operations of the Group accordingly.*

## HKT

For the six months ended HK\$ million	30 Jun 2021	31 Dec 2021	<b>30 Jun 2022</b>	Better/ (Worse) y-0-y
<b>HKT revenue</b>				
TSS	11,030	12,369	<b>11,596</b>	5%
– Local TSS Services	7,713	8,680	<b>7,968</b>	3%
– International Telecommunications Services	3,317	3,689	<b>3,628</b>	9%
Mobile	5,108	6,640	<b>4,936</b>	(3)%
– Mobile Services	3,577	4,241	<b>3,647</b>	2%
– Mobile Product Sales	1,531	2,399	<b>1,289</b>	(16)%
Other Businesses	408	464	<b>567</b>	39%
Eliminations	(903)	(1,155)	<b>(942)</b>	(4)%
<b>Total HKT revenue</b>	15,643	18,318	<b>16,157</b>	3%
<b>HKT EBITDA<sup>1</sup></b>	5,715	7,018	<b>5,834</b>	2%
<b>HKT EBITDA<sup>1</sup> margin</b>	37%	38%	<b>36%</b>	
<b>HKT Adjusted Funds Flow<sup>4</sup></b>	2,326	3,187	<b>2,377</b>	2%

The Hong Kong economy entered a pronounced slowdown in the first half of 2022 caused by the onset of the fifth wave. HKT remained focused on its strategic priorities in serving both the consumer and business segments and managed to achieve steady growth during the period although at a level lower than we had expected.

With the subdued consumer sentiment in the first half of 2022, the Mobile business recorded a 2% growth in services revenue to HK\$3,647 million for the six months ended 30 June 2022. Local core revenue grew by 2%, benefiting from continued 5G adoption, growth in our post-paid customer base as well as higher revenue contribution from Mobile enterprise solutions. Comparatively lower Mobile product sales were recorded during the period as a result of elevated sales in the first half of 2021 following the delayed launch of popular handset models and the adverse impact of supply chain disruptions. EBITDA from the Mobile segment increased by 2% to HK\$2,122 million during the period, in line with growth in Mobile services revenue.

As individuals, households and enterprises returned to hybrid arrangements during the onset of the fifth wave, the TSS business continued to benefit on the back of its reliable and extensive fixed network with revenue growing by 5% to HK\$11,596 million. The consumer broadband business witnessed further uptake of its high-speed fibre-to-the-home (“FTTH”) services and Home Wi-Fi solutions helping to lift average revenue per user. The enterprise segment continued to demonstrate robust growth as both private enterprises and the public sector accelerated their digital transformation and smart city initiatives. As a result, the local data services business registered a solid revenue growth of 6% during the period. The International Telecommunications Services business achieved 9% growth in revenue, driven by increased global voice revenue, resilient data revenue supported by recent cable projects as well as the growing adoption of our Console Connect platform. Total TSS EBITDA increased by 2% to HK\$4,104 million.

As a result, HKT’s total revenue for the six months ended 30 June 2022 increased by 3% to HK\$16,157 million, while total revenue excluding Mobile product sales increased by 5% to HK\$14,868 million. Total EBITDA for the period increased by 2% year-on-year to HK\$5,834 million.

Profit attributable to holders of share stapled units of the HKT Trust and HKT (“Share Stapled Units”) was HK\$1,910 million for the period, an increase of 1% over the previous year. Profit growth was impacted by higher depreciation and amortisation expenses primarily arising from mobile spectrum re-assignment. Basic earnings per Share Stapled Unit was 25.22 HK cents.

**HKT (CONTINUED)**

Adjusted funds flow for the six months ended 30 June 2022 rose to HK\$2,377 million, an increase of 2% over the previous year. Adjusted funds flow per Share Stapled Unit<sup>4</sup> was 31.36 HK cents.

HKT declared an interim distribution of 31.36 HK cents per Share Stapled Unit.

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 HKT's profit before income tax, please refer to its 2022 interim results announcement released on 11 August 2022.

**OTT Business**

For the six months ended HK\$ million	30 Jun 2021	31 Dec 2021	<b>30 Jun 2022</b>	Better/ (Worse) y-o-y
<b>OTT Business revenue</b>	646	834	<b>786</b>	22%
<b>OTT Business EBITDA<sup>1</sup></b>	(20)	(3)	<b>18</b>	n/a

The OTT Business continued to scale with a 22% increase in revenue to HK\$786 million in the first half of 2022 spurred primarily by growth in our video streaming service, Viu.

With its dual revenue model of advertising and subscriptions, Viu is focused on driving growth in MAUs as well as paid subscribers. For the six months ended 30 June 2022, MAUs grew by 23% year-on-year to reach 60.7 million while Viu's paid subscribers increased 31% year-on-year to 9.1 million. Supported by strong content offerings and expanded partner ecosystem, growth in MAUs and paid subscribers was most notable in the Indonesian, Thailand and Philippines markets.

In terms of content, Viu's strategy is to offer locally relevant content to complement its core strength in Korean dramas. During the first six months of the year, Viu achieved success with a number of Viu Original titles including *Pretty Little Liars (Season 2)* in Indonesia, which was also dubbed in Thai and Tagalog, *She was Pretty* in Malaysia and *Remember 15* in Thailand. *Pretty Little Liars (Season 2)* charted to be one of the "top 10" titles in terms of aggregate viewership across Indonesia, Malaysia, Thailand, and the Philippines. Riding on the earlier success of Korean Viu Original productions, Viu launched five additional titles in the first half of 2022 aiming at broadening the appeal of Korean content to users.

Our high-quality Viu Original productions also provided international syndication opportunities. A number of Viu Original titles were distributed to regional and global media partners in the first half of the year, including *Assalamualaikum Calon Imam (My Future Husband)*, a Viu Original title produced in Indonesia and distributed to Singapore in partnership with Mediacorp.

On the back of the enlarged revenue base, the OTT Business turned EBITDA positive for the first time since the launch of Viu, generating HK\$18 million in the first half of 2022.

Going forward, the OTT Business will continue its strategy in offering locally relevant content, adding ecosystem partners and expanding its international syndication efforts to drive MAUs, paid subscription and revenue.

## Free TV & Related Business

For the six months ended HK\$ million	30 Jun 2021	31 Dec 2021	<b>30 Jun 2022</b>	Better/ (Worse) y-0-y
<b>Free TV &amp; Related Business revenue</b>	256	544	<b>388</b>	52%
<b>Free TV &amp; Related Business EBITDA<sup>1</sup></b>	(44)	138	<b>79</b>	n/a

Despite the challenges of a weak macroeconomic environment, Free TV & Related Business recorded a 52% increase in revenue year-on-year to HK\$388 million in the first half of 2022 of which advertising revenue increased by 33% year-on-year.

ViuTV received increased spending from a growing base of returning and new advertisers that span a diverse range of industries including banking and investment, insurance and household goods. Advertisers were attracted by our growing prime-time ratings which increased by 24% in the first half of 2022 as well as the unique demographics of our viewers which tended to be younger and digitally savvy. This was evident in the 19% increase in the number of ViuTV app downloads during the period.

As a result of the growth in viewership and revenue, the Free TV & Related Business generated EBITDA of HK\$79 million for the six months ended 30 June 2022, a second consecutive six month period of positive EBITDA.

Going forward, the Free TV & Related Business will continue to deliver quality content, rigorously enhance its operations and expand its partnership outside of the Group's businesses leveraging opportunities such as the upcoming FIFA World Cup Qatar 2022™ later this year.

## Solutions Business

For the six months ended HK\$ million	30 Jun 2021 <sup>5</sup>	31 Dec 2021	<b>30 Jun 2022</b>	Better/ (Worse) y-0-y
<b>Solutions Business revenue</b>	2,501	2,393	<b>2,548</b>	2%
<b>Solutions Business EBITDA<sup>1</sup></b>	275	381	<b>372</b>	35%
<b>Solutions Business EBITDA<sup>1</sup> margin</b>	11%	16%	<b>15%</b>	

Revenue for the Solutions Business increased by 2% to HK\$2,548 million for the six months ended 30 June 2022 as we progressed and completed mission critical IT projects for customers including Airport Authority Hong Kong and government agencies in Singapore.

Driven by higher productivity, the Solutions Business's EBITDA increased by 35% to HK\$372 million with the EBITDA margin improving from 11% to 15% for the six months ended 30 June 2022.

Secured orders as of 30 June 2022 totalled HK\$24,006 million. New contract wins included smart city initiatives in building infrastructure to enable automated car parking at the boundary crossing facilities at the Hong Kong International Airport and the provision of agency facilities management services for multiple government agencies in Singapore.

The Solutions Business has completed the formation of strategic partnership with Lenovo to create an Asia Pacific IT powerhouse to address the fast growing regional IT services market. The partnership combines Lenovo's global footprint in more than 180 markets, broad portfolio of end-to-end solutions, solid pedigree in innovation, and strong go-to-market and delivery capabilities with Solutions Business's strengths in systems integration and application development, operational expertise, and highly skilled talent pool. Together, the partnership provides one-stop customer solutions that integrate IT services, devices, and digital infrastructure to address complex IT issues and transformation needs of customers across the region. The Solutions Business will remain dedicated and fully committed to delivering digital and managed services for existing customers in Hong Kong, particularly those in the public sector and via this partnership will fuel the expansion of the business across the Asia Pacific region.

## Other Businesses

Other Businesses primarily comprise corporate support functions. The EBITDA cost of the Group's Other Businesses for the six months ended 30 June 2022 was HK\$375 million (30 June 2021: HK\$237 million), with the increase mainly due to one-off expenses incurred for strategic corporate projects.

## Costs

### Cost of Sales

For the six months ended HK\$ million	30 Jun 2021 <sup>5</sup>	31 Dec 2021	<b>30 Jun 2022</b>	Better/ (Worse) y-o-y
HKT	7,550	9,179	<b>8,134</b>	(8)%
Consolidated	9,804	11,465	<b>9,845</b>	–

HKT's cost of sales for the six months ended 30 June 2022 increased by 8% year-on-year to HK\$8,134 million, reflecting the relatively higher costs associated with international voice revenues and in delivering enterprise projects. Cost of sales for the OTT and Free TV & Related Business increased mainly from the growth in content and event-related costs. Cost of sales for the Solutions Business decreased by 2%, benefiting from the increased in productivity. As a result, cost of sales was steady at HK\$9,845 million.

### General and Administrative Expenses

For the six months ended 30 June 2022, operating costs before depreciation, amortisation and gains/losses on disposal of property, plant and equipment and right-of-use assets, net ("operating costs") decreased by 3% to HK\$2,624 million, reflecting primarily HKT's continued focus on operating efficiency across each of the business lines through digitalising business processes as well as optimising offline-to-online sales channels and retail footprint. Overall operating costs-to-revenue ratio for the period improved to 14.4% versus 15.0% a year earlier.

Depreciation and amortisation expenses for the period increased by 5% to HK\$3,844 million, largely due to a rise in amortisation expenses of 11% to HK\$2,408 million. The higher amortisation expenses were attributable to an increase at HKT from the amortisation of the 1800MHz mobile spectrum licences arising from the re-assignment in 2021 and an increase in amortisation related to content for the Media Business. Content-related amortisation increased to HK\$738 million for the period as compared to HK\$629 million a year ago.

In total, general and administrative expenses increased by 2% year-on-year to HK\$6,468 million for the six months ended 30 June 2022.

## Eliminations

Eliminations for the six months ended 30 June 2022 were HK\$1,623 million (30 June 2021 (restated): HK\$1,048 million), reflecting collaboration among members of the Group on both internal and external projects.

### EBITDA<sup>1</sup>

Overall, EBITDA for the six months ended 30 June 2022 increased by 5% to HK\$5,787 million, with the margin expanding to 32%, primarily due to positive EBITDA from the OTT Business and Free TV & Related Business, increase in EBITDA for the Solutions Business and stable contribution from HKT.

### Other Gains/(Losses), Net

Net other gains for the six months ended 30 June 2022 was HK\$336 million, compared to HK\$17 million a year ago, due to the gain from the partial disposal of the interests in an associate.

### Interest Income and Finance Costs

Interest income for the six months ended 30 June 2022 was HK\$43 million while finance costs increased to HK\$721 million as a result of an increase in the average cost of debt to 2.7% reflecting the overall higher interest rate levels. As a result, net finance costs increased by 3% year-on-year from HK\$660 million (restated) to HK\$678 million for the six months ended 30 June 2022.

### Share of Results of Associates and Joint Ventures

Share of results of associates and joint ventures increased to a loss of HK\$162 million from a loss of HK\$30 million in the same period a year ago primarily reflecting the recognition of the loss associated with the Group's 30.1% interests in PCPD following its deconsolidation in the second half of 2021.

### Income Tax

Income tax expense for the six months ended 30 June 2022 was HK\$508 million, as compared to HK\$436 million (restated) a year ago. The increase in income tax expense was mainly due to an increase in operating profit during the period.

### Non-controlling Interests for Continuing Operations

Non-controlling interests for continuing operations were HK\$901 million for the six months ended 30 June 2022 (30 June 2021 (restated): HK\$853 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 2022 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.

### Consolidated Loss Attributable to Equity Holders of the Company

Consolidated loss attributable to equity holders of the Company for the six months ended 30 June 2022 was HK\$88 million (30 June 2021: HK\$315 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 debt<sup>2</sup> was HK\$49,974 million as at 30 June 2022 (31 December 2021: HK\$47,006 million). Cash and short-term deposits totalled HK\$2,915 million as at 30 June 2022 (31 December 2021: HK\$5,036 million).

As at 30 June 2022, the Group had a total of HK\$41,807 million in bank loan facilities available for liquidity management and investments, of which HK\$19,238 million remained undrawn. Of these bank loan facilities, HKT accounted for HK\$31,406 million, of which HK\$13,688 million remained undrawn.

The Group's gross debt<sup>2</sup> to total assets was 54% as at 30 June 2022 (31 December 2021: 50%).

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

As at 30 June 2022, CAS Holding No. 1 Limited, a direct wholly-owned subsidiary of the Company, had investment grade ratings with Moody's Investors Services ("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<sup>3</sup>

Group capital expenditure for the six months ended 30 June 2022 was HK\$1,207 million (30 June 2021 (restated): HK\$1,233 million), of which HKT accounted for about 98% (30 June 2021 (restated): 98%). As a result, the capital expenditure to revenue ratio was approximately 6.6% for the period.

Capital expenditure for HKT's Mobile business declined during the period, reflecting the completion of our territory-wide 5G coverage rollout. TSS capital expenditure was steady during the period, of which the majority was incurred to support continued demand for our FTTH services and customised solutions for enterprises. Capital expenditure for the Media and Solutions Businesses remained steady.

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 2022, 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 2022, no assets of the Group (31 December 2021: nil) were pledged to secure banking facilities for the Group.

## CONTINGENT LIABILITIES

HK\$ million	As at 31 Dec 2021 (Audited)	As at 30 Jun 2022 (Unaudited)
Performance guarantees	1,570	1,610
Others	160	40
	1,730	1,650

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 21,200 employees as at 30 June 2022 (30 June 2021 (restated): 21,500) located in 24 countries and cities. About 60% of these employees work in Hong Kong and the others are based mainly in mainland China, Singapore and the Philippines. 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 9.56 HK cents (30 June 2021: 9.36 HK cents) per ordinary share for the six months ended 30 June 2022 to shareholders whose names appear on the register of members of the Company on Tuesday, 30 August 2022, payable on or around Friday, 9 September 2022.

# CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

In HK\$ million (except for loss per share)	Note(s)	2021 (Restated)	2022 (Unaudited)
<b>Continuing operations</b>			
Revenue	3	17,998	<b>18,256</b>
Cost of sales		(9,804)	<b>(9,845)</b>
General and administrative expenses		(6,346)	<b>(6,468)</b>
Other gains, net	4	17	<b>336</b>
Interest income		27	<b>43</b>
Finance costs		(687)	<b>(721)</b>
Share of results of associates		(20)	<b>(153)</b>
Share of results of joint ventures		(10)	<b>(9)</b>
Profit before income tax	3, 5	1,175	<b>1,439</b>
Income tax	6	(436)	<b>(508)</b>
Profit for the period from continuing operations		739	<b>931</b>
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	2	(363)	–
<b>Profit for the period</b>		<b>376</b>	<b>931</b>
Profit/(Loss) attributable to:			
Equity holders of the Company		(315)	<b>(88)</b>
Holders of perpetual capital securities		109	<b>118</b>
Non-controlling interests		582	<b>901</b>
		376	<b>931</b>
Loss attributable to equity holders of the Company arising from:			
Continuing operations		(223)	<b>(88)</b>
Discontinued operations		(92)	–
		(315)	<b>(88)</b>
Loss per share			
Loss per share	8		
Basic loss per share arising from:			
Continuing operations		(2.89) cents	<b>(1.14) cents</b>
Discontinued operations		(1.19) cents	–
		(4.08) cents	<b>(1.14) cents</b>
Diluted loss per share arising from:			
Continuing operations		(2.89) cents	<b>(1.14) cents</b>
Discontinued operations		(1.19) cents	–
		(4.08) cents	<b>(1.14) cents</b>

The notes on pages 28 to 46 form an integral part of this unaudited condensed consolidated interim financial information.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

In HK\$ million	2021 (Restated)	2022 (Unaudited)
Profit for the period	376	<b>931</b>
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	(317)	<b>(83)</b>
– exchange differences on translating foreign operations of associates and joint ventures	13	<b>(195)</b>
– reclassification of currency translation reserve on partial disposal of interests in an associate	–	<b>(33)</b>
Cash flow hedges:		
– effective portion of changes in fair value	(90)	<b>101</b>
– transfer from equity to consolidated income statement	21	<b>(42)</b>
Costs of hedging	(2)	<b>34</b>
Other comprehensive loss for the period	(375)	<b>(218)</b>
Total comprehensive income for the period	1	<b>713</b>
Attributable to:		
Equity holders of the Company	(464)	<b>(314)</b>
Holders of perpetual capital securities	109	<b>118</b>
Non-controlling interests	356	<b>909</b>
Total comprehensive income for the period	1	<b>713</b>
Total comprehensive loss for the period attributable to equity holders of the Company arising from:		
Continuing operations	(258)	<b>(314)</b>
Discontinued operations	(206)	–
	(464)	<b>(314)</b>

The notes on pages 28 to 46 form an integral part of this unaudited condensed consolidated interim financial information.

# CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022

In HK\$ million	The Group		(Additional information)	
	As at		The Company	
	31 December Note* 2021 (Audited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)	30 June 2022 (Unaudited)
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Property, plant and equipment	25,866	<b>26,333</b>	–	–
Right-of-use assets	2,341	<b>2,221</b>	–	–
Interests in leasehold land	329	<b>316</b>	–	–
Goodwill	18,248	<b>17,979</b>	–	–
Intangible assets	18,572	<b>17,664</b>	–	–
Fulfilment costs	1,512	<b>1,620</b>	–	–
Customer acquisition costs	879	<b>825</b>	–	–
Contract assets	300	<b>281</b>	–	–
Interests in subsidiaries	–	–	35,723	<b>35,789</b>
Interests in associates	2,095	<b>1,631</b>	–	–
Interests in joint ventures	397	<b>353</b>	–	–
Financial assets at fair value through other comprehensive income	124	<b>124</b>	–	–
Financial assets at fair value through profit or loss	1,731	<b>2,046</b>	–	–
Other financial assets	1,341	<b>1,350</b>	–	–
Derivative financial instruments	146	<b>348</b>	–	<b>5</b>
Deferred income tax assets	788	<b>706</b>	–	–
Other non-current assets	933	<b>862</b>	–	–
	75,602	<b>74,659</b>	35,723	<b>35,794</b>
<b>Current assets</b>				
Amounts due from subsidiaries	–	–	1,857	<b>7,240</b>
Inventories	1,444	<b>1,673</b>	–	–
Prepayments, deposits and other current assets	3,137	<b>3,125</b>	74	<b>40</b>
Contract assets	2,977	<b>1,986</b>	–	–
Trade receivables, net	9	<b>4,819</b>	–	–
Amounts due from related companies	34	<b>42</b>	–	–
Derivative financial instruments	25	<b>66</b>	25	–
Tax recoverable	20	<b>7</b>	–	–
Restricted cash	187	<b>455</b>	–	–
Short-term deposits	472	<b>471</b>	–	–
Cash and cash equivalents	4,564	<b>2,194</b>	1,430	<b>241</b>
	18,621	<b>14,838</b>	3,386	<b>7,521</b>
Assets of disposal group classified as held for sale	10	<b>3,757</b>	–	–
	18,621	<b>18,595</b>	3,386	<b>7,521</b>

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2022

In HK\$ million	The Group		(Additional information)		
	As at		The Company		
	Note*	31 December 2021 (Audited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)	30 June 2022 (Unaudited)
<b>Current liabilities</b>					
Short-term borrowings		(2,419)	(3,965)	–	–
Trade payables	11	(5,770)	(4,474)	–	–
Accruals and other payables		(8,170)	(8,503)	(11)	(10)
Derivative financial instruments		–	(90)	(4)	–
Carrier licence fee liabilities		(315)	(321)	–	–
Amounts due to related companies		(66)	(61)	–	–
Advances from customers		(270)	(281)	–	–
Contract liabilities		(1,658)	(1,526)	–	–
Lease liabilities		(1,120)	(1,123)	–	–
Current income tax liabilities		(1,827)	(1,921)	–	(6)
		(21,615)	(22,265)	(15)	(16)
Liabilities of disposal group classified as held for sale	10	–	(370)	–	–
		(21,615)	(22,635)	(15)	(16)
<b>Non-current liabilities</b>					
Long-term borrowings	12	(44,404)	(45,834)	–	(4,825)
Amounts due to subsidiaries		–	–	(6,902)	(6,972)
Derivative financial instruments		(128)	(76)	–	–
Deferred income tax liabilities		(4,267)	(4,439)	–	–
Defined benefit retirement schemes liability		(103)	(97)	–	–
Carrier licence fee liabilities		(3,449)	(3,517)	–	–
Contract liabilities		(1,159)	(1,093)	–	–
Lease liabilities		(1,273)	(1,143)	–	–
Other long-term liabilities		(2,343)	(2,019)	–	–
		(57,126)	(58,218)	(6,902)	(11,797)
<b>Net assets</b>		15,482	12,401	32,192	31,502
<b>CAPITAL AND RESERVES</b>					
Share capital	13	12,954	12,954	12,954	12,954
Reserves		(4,477)	(6,933)	19,238	18,548
<b>Equity attributable to equity holders of the Company</b>		8,477	6,021	32,192	31,502
<b>Perpetual capital securities</b>		5,886	5,887	–	–
<b>Non-controlling interests</b>		1,119	493	–	–
<b>Total equity</b>		15,482	12,401	32,192	31,502

\* The notes referenced above pertain solely to the consolidated statement of financial position. The above Company statement of financial position as at 30 June 2022 and 31 December 2021 is presented only as additional information to this unaudited condensed consolidated interim financial information.

The notes on pages 28 to 46 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 2022

In HK\$ million

2021  
(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 2021	12,954	(7)	66	(40)	136	1	(339)	(2,838)	9,933	-	3,621	13,554
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	(315)	(315)	109	582	376
Profit/(Loss) for the period	-	-	-	-	-	-	-	(315)	(315)	109	582	376
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	-	-	-	(129)	-	-	-	-	(129)	-	(188)	(317)
- exchange differences on translating foreign operations of associates and joint ventures	-	-	-	13	-	-	-	-	13	-	-	13
Cash flow hedges:												
- effective portion of changes in fair value	-	-	-	-	(47)	-	-	-	(47)	-	(43)	(90)
- transfer from equity to consolidated income statement	-	-	-	-	8	3	-	-	11	-	10	21
Costs of hedging	-	-	-	-	-	3	-	-	3	-	(5)	(2)
Other comprehensive (loss)/income for the period	-	-	-	(116)	(39)	6	-	-	(149)	-	(226)	(375)
Total comprehensive income/(loss) for the period	-	-	-	(116)	(39)	6	-	(315)	(464)	109	356	1
Transactions with equity holders												
Issue of perpetual capital securities	-	-	-	-	-	-	-	-	-	5,776	-	5,776
Purchases of shares of PCCW Limited ("PCCW Shares") under share award scheme	-	(11)	-	-	-	-	-	-	(11)	-	(1)	(12)
Employee share-based compensation	-	-	22	-	-	-	-	-	22	-	7	29
Vesting of PCCW Shares and share stapled units of HKT Trust and HKT Limited ("Share Stapled Units") under share award schemes	-	17	(42)	-	-	-	-	24	(1)	-	1	-
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))	-	-	-	-	-	-	-	(1,776)	(1,776)	-	-	(1,776)
Distribution/Dividends declared and paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,507)	(1,507)
Total contributions by and distributions to equity holders	-	6	(24)	-	-	-	-	(1,752)	(1,770)	5,776	(1,500)	2,506
Decrease in interests in subsidiaries that does not result in a loss of control	-	-	-	69	-	-	-	(205)	(136)	-	500	364
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	-	-	-	-	-	-	(9)	-	(9)	-	-	(9)
Total transactions with equity holders	-	6	(24)	69	-	-	(9)	(1,957)	(1,915)	5,776	(1,000)	2,861
As at 30 June 2021	12,954	(1)	42	(87)	97	7	(348)	(5,110)	7,554	5,885	2,977	16,416

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

For the six months ended 30 June 2022

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 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 - exchange differences on translating foreign operations of associates and joint ventures - reclassification of currency translation reserve on partial disposal of interests in an associate Cash flow hedges: - effective portion of changes in fair value - transfer from equity to consolidated income statement Costs of hedging	-	-	-	(48)	-	-	-	-	(48)	-	(35)	(83)
	-	-	-	(194)	-	-	-	-	(194)	-	(1)	(195)
	-	-	-	(33)	-	-	-	-	(33)	-	-	(33)
	-	-	-	-	52	-	-	-	52	-	49	101
	-	-	-	-	(25)	3	-	-	(22)	-	(20)	(42)
	-	-	-	-	-	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 PCCW Shares under share award scheme (note 13(a))	-*	-	-	-	-	-	-	-	-*	-	-	-*
Purchases/Subscription of PCCW Shares under share award schemes	-	(5)	-	-	-	-	-	-	(5)	-	(1)	(6)
Purchases/Subscription of 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

The notes on pages 28 to 46 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 2022

In HK\$ million	2021 (Unaudited)	2022 (Unaudited)
<b>Net cash generated from operating activities</b>	3,529	<b>3,158</b>
<b>Investing activities</b>		
Investments in associates	(311)	<b>(175)</b>
Proceeds from partial disposal of interests in an associate	–	<b>594</b>
Other investing activities	(3,091)	<b>(3,864)</b>
<b>Net cash used in investing activities</b>	(3,402)	<b>(3,445)</b>
<b>Financing activities</b>		
New borrowings raised	16,086	<b>17,299</b>
Proceeds from issuance of perpetual capital securities, net	5,776	–
Other financing activities (including repayments of borrowings)	(18,930)	<b>(19,357)</b>
<b>Net cash generated from/(used in) financing activities</b>	2,932	<b>(2,058)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	3,059	<b>(2,345)</b>
Exchange differences	(23)	<b>(25)</b>
Cash and cash equivalents as at 1 January	4,081	<b>4,564</b>
<b>Cash and cash equivalents as at 30 June</b>	7,117	<b>2,194</b>
Analysis of cash and cash equivalents:		
Total cash and bank balances	7,804	<b>3,120</b>
Less: restricted cash	(219)	<b>(455)</b>
Less: short-term deposits	(468)	<b>(471)</b>
<b>Cash and cash equivalents as at 30 June</b>	7,117	<b>2,194</b>

The notes on pages 28 to 46 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 2022

## 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 2021.

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 12 August 2022.

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 2021 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 2021 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 2021.

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 2021, 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 2022 as described below.

## 1 BASIS OF PREPARATION (CONTINUED)

The following amended HKFRSs and HKASs are adopted for the financial year beginning 1 January 2022, but have no material effect on the Group's reported results and financial position for the current and prior accounting periods.

- HKAS 16 (Amendments), *Property, Plant and Equipment*
- HKAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets*
- HKFRS 3 (Revised) (Amendments), *Business Combinations*
- Annual Improvements to HKFRSs 2018 – 2020

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 2022, the current liabilities of the Group exceeded its current assets by HK\$4,040 million. Included in the current liabilities were short-term borrowings of HK\$3,965 million, which mainly represented the reclassification of borrowings from non-current liabilities to current liabilities in the current period as their maturity dates fall due within the next 12-month period. The Group has arrangements to refinance this balance via long-term borrowings. As at 30 June 2022, the Group had a total undrawn banking facilities amounted to HK\$19,238 million, which would be sufficient to enable the Group 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

Pursuant to the share purchase agreement dated 26 July 2021, the divestment of the Group's entire interests in data centre business in Hong Kong and Malaysia comprising the provision of carrier-neutral colocation services carried on by PCCW Powerbase Data Center Services (HK) Limited and PCCW Solutions Data Centers Malaysia Sdn. Bhd. (the "Discontinued Data Centre Business") was completed on 3 December 2021.

Pursuant to the sale and purchase agreement dated 23 December 2021, the Group completed the sale of approximately 1.1% equity interest in Pacific Century Premium Developments Limited ("PCPD") on 29 December 2021, and the Group's equity interest in PCPD was reduced to approximately 30.1% accordingly. Following the completion of the sale and a change of directorship in the board of directors of PCPD, the Group was no longer considered having de facto control over PCPD with effect from 29 December 2021, and PCPD ceased to be a subsidiary and became an associate of the Group.

The comparative figures for the six months ended 30 June 2021 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 Discontinued Data Centre Business and PCPD to discontinued operations in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

**2 DISCONTINUED OPERATIONS (CONTINUED)****a. Analysis of the results of discontinued operations is as follows:**

In HK\$ million	Six months ended 30 June 2021 (Unaudited)
Revenue ( <i>note i</i> )	597
Loss before income tax	(333)
Income tax	(30)
Loss for the period from discontinued operations	(363)
Attributable to:	
Equity holders of the Company	(92)
Non-controlling interests	(271)
	(363)
In HK\$ million	Six months ended 30 June 2021 (Unaudited)
Loss for the period from discontinued operations	(363)
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	(295)
Total comprehensive loss for the period from discontinued operations	(658)
Attributable to:	
Equity holders of the Company	(206)
Non-controlling interests	(452)
	(658)

## 2 DISCONTINUED OPERATIONS (CONTINUED)

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

#### i. Revenue of discontinued operations

In HK\$ million	Six months ended 30 June 2021 (Unaudited)
External revenue from contracts with customers:	
– recognised at a point in time	36
– recognised over time	334
External revenue – rental income	88
Internal revenue	139
	597
Attributable to:	
– PCPD segment	212
– Solutions Business segment	385
	597

#### ii. EBITDA\* of discontinued operations

In HK\$ million	Six months ended 30 June 2021 (Unaudited)
Attributable to:	
– PCPD segment	(102)
– Solutions Business segment	216
	114

\* 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 2021 (Unaudited)
Net cash used in operating activities	(207)
Net cash used in investing activities	(26)
Net cash generated from financing activities	3,168
	2,935

### 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 telecommunications and related services which include local telephony, local data and broadband, international telecommunications, mobile, enterprise solutions, FinTech, e-commerce, big data analytics, media entertainment including the provision of interactive pay-TV services, and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting, and contact centres. 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 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 the development of content, talent and events.
- Solutions Business is a leading IT and business process outsourcing provider in Hong Kong, mainland China and Southeast Asia.

The segment information for the six months ended 30 June 2021 was restated to exclude the operating results of the Discontinued Data Centre Business in Solutions Business and PCPD which were classified as discontinued operations as disclosed in note 2.

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.

### 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 2021 (Restated)						
	Reportable segments					Other <sup>#</sup>	Consolidated
	HKT	Media Business	Solutions Business	Eliminations	Total		
<b>REVENUE</b>							
External revenue	15,096	794	2,108	–	17,998	–	17,998
Inter-segment revenue	547	108	393	(1,048)	–	–	–
<b>Total revenue</b>	<b>15,643</b>	<b>902</b>	<b>2,501</b>	<b>(1,048)</b>	<b>17,998</b>	<b>–</b>	<b>17,998</b>
External revenue from contracts with customers:							
Timing of revenue recognition							
At a point in time	2,917	173	36	–	3,126	–	3,126
Over time	12,153	621	2,072	–	14,846	–	14,846
External revenue from other sources:							
Rental income	26	–	–	–	26	–	26
	15,096	794	2,108	–	17,998	–	17,998
<b>RESULTS</b>							
EBITDA	5,715	(64)	275	(195)	5,731	(237)	5,494

  

In HK\$ million	Six months ended 30 June 2022 (Unaudited)						
	Reportable segments					Other <sup>#</sup>	Consolidated
	HKT	Media Business	Solutions Business	Eliminations	Total		
<b>REVENUE</b>							
External revenue	15,159	1,069	2,028	–	18,256	–	18,256
Inter-segment revenue	998	105	520	(1,623)	–	–	–
<b>Total revenue</b>	<b>16,157</b>	<b>1,174</b>	<b>2,548</b>	<b>(1,623)</b>	<b>18,256</b>	<b>–</b>	<b>18,256</b>
External revenue from contracts with customers:							
Timing of revenue recognition							
At a point in time	2,535	273	27	–	2,835	–	2,835
Over time	12,590	796	1,999	–	15,385	–	15,385
External revenue from other sources:							
Rental income	34	–	2	–	36	–	36
	15,159	1,069	2,028	–	18,256	–	18,256
<b>RESULTS</b>							
EBITDA	5,834	97	372	(141)	6,162	(375)	5,787

<sup>#</sup> Other primarily comprises corporate support functions.

For the six months ended 30 June 2022

### 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	
	2021 (Restated)	2022 (Unaudited)
Total segment EBITDA	5,494	5,787
Losses on disposal of property, plant and equipment, net	(1)	–
Depreciation and amortisation	(3,645)	(3,844)
Other gains, net	17	336
Interest income	27	43
Finance costs	(687)	(721)
Share of results of associates and joint ventures	(30)	(162)
Profit before income tax from continuing operations	1,175	1,439

### 4 OTHER GAINS, NET

In HK\$ million	Six months ended 30 June	
	2021 (Restated)	2022 (Unaudited)
Fair value gains/(losses) on financial assets at FVPL <sup>1</sup>	12	(38)
Fair value movement of derivative financial instruments	(9)	51
Gain on partial disposal of interests in an associate, net	–	300
Others	14	23
	17	336

Note:

<sup>1</sup> “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	
	2021 (Restated)	2022 (Unaudited)
Cost of inventories sold	2,715	2,758
Cost of sales, excluding inventories sold	7,089	7,087
Impairment loss for trade receivables	113	131
Depreciation of property, plant and equipment	685	660
Depreciation of right-of-use assets	789	776
Amortisation of land lease premium – interests in leasehold land	9	9
Amortisation of intangible assets	1,469	1,657
Amortisation of fulfilment costs	190	201
Amortisation of customer acquisition costs	503	541
Finance costs on borrowings	617	697

## 6 INCOME TAX

In HK\$ million	Six months ended 30 June	
	2021 (Restated)	2022 (Unaudited)
Current income tax:		
Hong Kong profits tax	196	207
Overseas tax	28	32
Movement of deferred income tax	212	269
	436	508

Hong Kong profits tax is provided at the rate of 16.5% (2021: 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	
	2021 (Unaudited)	2022 (Unaudited)
Interim dividend declared after the end of the interim period of 9.56 HK cents (2021: 9.36 HK cents) per ordinary share	723	740

At the meeting held on 12 August 2022, the board of directors of the Company (the “Board”) declared an interim dividend of 9.56 HK cents per ordinary share for the year ending 31 December 2022. This interim dividend is not reflected as a dividend payable in this unaudited condensed consolidated interim financial information.

For the six months ended 30 June 2022

## 7 DIVIDENDS (CONTINUED)

### b. Dividend approved and paid during the interim period

In HK\$ million	Six months ended 30 June	
	2021 (Unaudited)	2022 (Unaudited)
Final dividend declared in respect of the previous financial year, approved and paid during the interim period of 27.69 HK cents (2021: 23 HK cents) per ordinary share	1,778	2,143
Less: dividend for PCCW Shares held by share award schemes	(2)	(4)
	1,776	2,139

## 8 LOSS PER SHARE

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

	Six months ended 30 June	
	2021 (Restated)	2022 (Unaudited)
<b>Loss</b> (in HK\$ million)		
Loss for the purpose of basic and diluted loss per share arising from:		
Continuing operations	(223)	(88)
Discontinued operations	(92)	–
	(315)	(88)
<b>Number of shares</b>		
Weighted average number of ordinary shares	7,729,638,249	7,733,174,161
Effect of PCCW Shares held under the Company's share award schemes	(9,434,537)	(9,898,810)
Weighted average number of ordinary shares for the purpose of basic loss per share	7,720,203,712	7,723,275,351
Effect of PCCW Shares awarded under the Company's share award schemes	–*	–*
Weighted average number of ordinary shares for the purpose of diluted loss per share	7,720,203,712	7,723,275,351

\* The effect of PCCW 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 2021 and 2022.

## 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 2021 (Audited)	30 June 2022 (Unaudited)
1 – 30 days	3,831	<b>3,314</b>
31 – 60 days	679	<b>443</b>
61 – 90 days	284	<b>268</b>
91 – 120 days	288	<b>151</b>
Over 120 days	1,087	<b>967</b>
	6,169	<b>5,143</b>
Less: loss allowance	(408)	<b>(324)</b>
Trade receivables, net	5,761	<b>4,819</b>

As at 30 June 2022, included in trade receivables, net were amounts due from related parties of HK\$80 million (as at 31 December 2021: HK\$43 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 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

For the purpose of forming a strategic partnership with an independent third party (the "Partner"), an indirect wholly-owned subsidiary of the Company (the "Seller") entered into a share purchase agreement (the "SPA") with the Partner on 14 June 2022. Pursuant to the SPA, the Seller has agreed to sell to the Partner (i) 80% interest in PCCW Lenovo Technology Solutions Limited ("PLTS", formerly known as Digital Era Enterprises Limited), an indirect wholly-owned subsidiary of the Company which would serve as the holding company of part of the IT solutions business (the "ITS Business", which comprises the provision of information technology services, including but not limited to digital and managed services, technology services and business process outsourcing) following the reorganisation of the ITS Business; and (ii) a 20% interest in PCCW Network Services Limited, which following the reorganisation would hold a 100% interest in PCCW Solutions Limited (whose principal business is the provision of solutions and services to public sector customers in Hong Kong) and 20% interest in PLTS, for a total consideration of US\$614 million (equivalent to approximately HK\$4,786 million), subject to certain post-completion adjustments. Of the total consideration, US\$514 million (equivalent to approximately HK\$4,006 million) will be settled in cash, and US\$100 million (equivalent to approximately HK\$780 million) will be settled by the issue to the Group of 86,424,677 new shares of the Partner.

As at 30 June 2022, the consolidated assets and liabilities of PLTS and its subsidiaries were presented as held for sale in the Group's consolidated statement of financial position. On 12 August 2022, the transaction was completed and PLTS ceased to be a subsidiary of the Company.

**10 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)****a. Assets of disposal group classified as held for sale**

In HK\$ million	As at 30 June 2022 (Unaudited)
Property, plant and equipment, right-of-use assets and interests in leasehold land	129
Goodwill	271
Intangible assets	1,033
Deferred income tax assets	26
Inventories	152
Prepayments, deposits and other assets	136
Contract assets	1,188
Trade receivables, net	572
Cash and cash equivalents	250
	<b>3,757</b>

**b. Liabilities of disposal group classified as held for sale**

In HK\$ million	As at 30 June 2022 (Unaudited)
Trade payables	160
Contract liabilities	45
Lease liabilities	76
Current income tax liabilities	30
Deferred income tax liabilities	41
Other liabilities	18
	<b>370</b>

**c. Cumulative other comprehensive loss relating to disposal group classified as held for sale**

In HK\$ million	As at 30 June 2022 (Unaudited)
Translation exchange differences	(16)

## 11 TRADE PAYABLES

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

In HK\$ million	As at	
	31 December 2021 (Audited)	30 June 2022 (Unaudited)
1 – 30 days	2,544	2,320
31 – 60 days	807	745
61 – 90 days	890	379
91 – 120 days	561	284
Over 120 days	968	746
	5,770	4,474

As at 30 June 2022, included in trade payables were amounts due to related parties of HK\$49 million (as at 31 December 2021: HK\$37 million).

## 12 LONG-TERM BORROWINGS

On 18 January 2022, HKT Capital No. 6 Limited, an indirect non-wholly owned subsidiary of the Company, issued US\$650 million 3.00% guaranteed notes due 2032, 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.

## 13 SHARE CAPITAL

	Six months ended 30 June			
	2021		2022	
	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	7,729,638,249	12,954
PCCW Shares issued (note a)	–	–	10,000,000	–
As at 30 June	7,729,638,249	12,954	7,739,638,249	12,954

- 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 14).
- The Company had total distributable reserves of HK\$18,528 million as at 30 June 2022 (as at 31 December 2021: HK\$19,219 million).

For the six months ended 30 June 2022

**14 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 2022.

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 2021	
	Number of PCCW Shares (Unaudited)	Number of Share Stapled Units (Unaudited)
As at 1 January 2021	10,618,861	4,765,851
Purchases from the market by the trustee at weighted average market price of HK\$4.39 per PCCW Share	2,714,000	–
PCCW Shares/Share Stapled Units vested	(7,973,417)	(2,314,964)
As at 30 June 2021	5,359,444	2,450,887
	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 (note 13(a))	10,000,000	–
New Share Stapled Units jointly issued by HKT Trust and HKT at issue price of 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

The weighted average fair values of the PCCW Shares and the Share Stapled Units awarded during the six months ended 30 June 2022 at the dates of award were HK\$4.50 (2021: HK\$4.53) per PCCW Share and HK\$10.86 (2021: HK\$11.06) 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.

## 15 COMMITMENTS

### a. Capital

In HK\$ million	As at	
	31 December 2021 (Audited)	30 June 2022 (Unaudited)
Authorised and contracted for	1,356	1,675

Included in the capital commitments were commitments of HK\$820 million and HK\$1,226 million for the acquisition of property, plant and equipment as at 31 December 2021 and 30 June 2022 respectively.

Additions of property, plant and equipment were HK\$1,353 million and HK\$1,207 million for the six months ended 30 June 2021 and 2022 respectively.

### b. Others

In HK\$ million	As at	
	31 December 2021 (Audited)	30 June 2022 (Unaudited)
Purchase of rights to broadcast certain TV content	962	1,614
Operating expenditure commitments	776	527
	1,738	2,141

## 16 CONTINGENT LIABILITIES

In HK\$ million	As at	
	31 December 2021 (Audited)	30 June 2022 (Unaudited)
Performance guarantees	1,570	1,610
Others	160	40
	1,730	1,650

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.

## 17 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	
		2021 (Unaudited)	2022 (Unaudited)
Telecommunications service fees, facility management service charges and interest income received or receivable from joint ventures	a	20	17
Telecommunications service fees, connectivity service fees, interest income, contact centre services charges, equipment sales, consultancy service charges, advertising fees, insurance premium and other costs recharge received or receivable from associates	a	11	35
Telecommunications service fees, system integration service fees and data centre service fees received or receivable from a substantial shareholder	a	93	82
Telecommunications service fees, outsourcing fees, rental charges and interest expense paid or payable to joint ventures	a	130	135
Telecommunications service fees, data centre service fees and facility management service charges paid or payable to a substantial shareholder	a	62	71
Telecommunications service fees, data centre service fees, connectivity service fees, equipment sales, insurance premium, insurance agency service charges, rental income, 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	54	52
Insurance premium and rental charges paid or payable to related parties under a common shareholder with the Company	a	47	142
Disposal of assets classified as held for sale to a related party under a common shareholder with the Company	c	132	–
Key management compensation	b	61	69

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	
	2021 (Unaudited)	2022 (Unaudited)
Salaries and other short-term employee benefits	51	58
Share-based compensation	9	10
Post-employment benefits	1	1
	61	69

c. The consideration was determined after arm's length negotiation between the contracting parties on the basis of comparable market prices.

## 18 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 2021. There have been no material changes in the financial management policies and practices since 31 December 2021.

### 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.

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

In HK\$ million	As at 31 December 2021 (Audited)			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Financial assets at FVOCI <sup>1</sup> (non-current)				
– Unlisted securities	–	–	124	124
Financial assets at FVPL (non-current)				
– Listed securities	61	–	–	61
– Unlisted securities	–	–	1,670	1,670
Derivative financial instruments (non-current)	–	146	–	146
Derivative financial instruments (current)	–	25	–	25
<b>Total assets</b>	<b>61</b>	<b>171</b>	<b>1,794</b>	<b>2,026</b>
<b>Liabilities</b>				
Derivative financial instruments (non-current)	–	(128)	–	(128)
<b>Total liabilities</b>	<b>–</b>	<b>(128)</b>	<b>–</b>	<b>(128)</b>

## 18 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: (continued)

In HK\$ million

	As at 30 June 2022 (Unaudited)			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Financial assets at FVOCI <sup>1</sup> (non-current)				
– Unlisted securities	–	–	124	124
Financial assets at FVPL (non-current)				
– Listed securities	44	–	–	44
– Unlisted securities	–	–	2,002	2,002
Derivative financial instruments (non-current)	–	348	–	348
Derivative financial instruments (current)	–	66	–	66
<b>Total assets</b>	<b>44</b>	<b>414</b>	<b>2,126</b>	<b>2,584</b>
<b>Liabilities</b>				
Derivative financial instruments (current)	–	(90)	–	(90)
Derivative financial instruments (non-current)	–	(76)	–	(76)
<b>Total liabilities</b>	<b>–</b>	<b>(166)</b>	<b>–</b>	<b>(166)</b>

Note:

<sup>1</sup> "FVOCI" refers to fair value through other comprehensive income

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.

Instruments included in level 3 comprised investments in unlisted instruments classified as financial assets at FVOCI or financial assets at FVPL and the OTT Preference Shares Derivative (as defined in note 41(a) of the Group's annual consolidated financial statements for the year ended 31 December 2021) classified as derivative financial instruments.

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.
- The fair value of the OTT Preference Shares Derivative is determined using the with and without method, which includes key inputs of the underlying preference share price, a marketability discount and the probability of certain liquidity events.

## 18 FINANCIAL INSTRUMENTS (CONTINUED)

### b. Estimation of fair values (continued)

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 2021 and 2022.

There were no material changes in valuation techniques during the six months ended 30 June 2021 and 2022.

The following tables present the changes in level 3 assets/(liabilities):

In HK\$ million	Six months ended 30 June 2021 (Unaudited)		
	Financial assets at FVOCI – unlisted securities	Financial assets at FVPL – unlisted securities	Derivative financial instruments – OTT Preference Shares Derivative
As at 1 January	124	653	(9)
Additions	–	367	–
Fair value gain recognised in other gains, net	–	13	–
Disposals	–	(86)	–
As at 30 June	124	947	(9)

For the six months ended 30 June 2022

## 18 FINANCIAL INSTRUMENTS (CONTINUED)

### b. Estimation of fair values (continued)

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 loss recognised in other gains, net	–	(21)
Disposals	–	(10)
As at 30 June	124	2,002

### 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 2021 and 30 June 2022 except as follows:

In HK\$ million	As at			
	31 December 2021 (Audited)		30 June 2022 (Unaudited)	
	Carrying amount	Fair value	Carrying amount	Fair value
Other financial assets	1,341	1,334	1,350	1,281
Short-term borrowings	2,419	2,428	3,965	3,990
Long-term borrowings	44,404	45,409	45,834	44,518

The fair values of other financial assets, short-term borrowings 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.

# 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 2022, 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	10,069,976	–	–	2,608,602 <i>(Note 2)</i>	12,678,578	0.16%
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, 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 Subsidiary**".
- 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	–	–	66,247,614 (Note 1(a))	158,764,423 (Note 1(b))	225,012,037	2.97%
Hui Hon Hing, Susanna	4,965,278	–	–	1,066,399 (Note 2)	6,031,677	0.08%
Tse Sze Wing, Edmund	–	246,028 (Note 3)	–	–	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 and Eisner held 46,020,000 Share Stapled Units.
  - (b) These interests represented:
    - (i) a deemed interest in 13,159,619 Share Stapled Units held by PCGH. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 13,159,619 Share Stapled Units held by PCGH; and
    - (ii) a deemed interest in 145,604,804 Share Stapled Units held by PCRD. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 145,604,804 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 Subsidiary”.
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 2022, 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 SUBSIDIARY

### 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 2022.

#### 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 existing term of each of the PCCW Share Award Schemes is due to expire 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 will remain unchanged and shall continue in full force and effect after such extension.

In respect of the Purchase Scheme, during the six months ended 30 June 2022, an aggregate of 3,044,748 Shares and 1,131,178 Share Stapled Units were awarded pursuant to the Purchase Scheme subject to certain vesting conditions, including awards in respect of 2,128,882 Shares and 563,510 Share Stapled Units made to Hui Hon Hing, Susanna, a director of the Company. Additionally, 118,910 Shares have lapsed and/or been forfeited and 3,168,089 Shares have vested; and 29,066 Share Stapled Units have lapsed and/or been forfeited and 769,672 Share Stapled Units have vested during the period. As at 30 June 2022, 4,056,190 Shares and 1,517,379 Share Stapled Units awarded pursuant to the Purchase Scheme remained unvested.

In respect of the Subscription Scheme, during the six months ended 30 June 2022, an aggregate of 4,503,804 Shares were awarded pursuant to the Subscription Scheme subject to certain vesting conditions. Additionally, 291,719 Shares have lapsed and/or been forfeited and 3,641,970 Shares have vested during the period. As at 30 June 2022, 6,330,874 Shares awarded pursuant to the Subscription Scheme remained unvested. During the six months ended 30 June 2022, no Share Stapled Units have been awarded to any employees of the Company and/or its subsidiaries under the Subscription Scheme. As at 1 January 2022 and 30 June 2022, no Share Stapled Units awarded pursuant to the Subscription Scheme remained unvested.

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 14 to the unaudited condensed consolidated interim financial information.

## SHARE OPTION SCHEMES AND SHARE AWARD SCHEMES OF THE COMPANY AND ITS SUBSIDIARY

(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 2022.

#### 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.

In respect of the HKT Share Stapled Units Purchase Scheme, during the six months ended 30 June 2022, an aggregate of 425,428 Share Stapled Units were awarded pursuant to the HKT Share Stapled Units Purchase Scheme subject to certain vesting conditions, including an award in respect of 311,239 Share Stapled Units made to Hui Hon Hing, Susanna, a director of the Company. Additionally, 47,271 Share Stapled Units have lapsed and/or been forfeited and 398,614 Share Stapled Units have vested during the period. As at 30 June 2022, an aggregate of 634,156 Share Stapled Units awarded pursuant to the HKT Share Stapled Units Purchase Scheme remained unvested.

## SHARE OPTION SCHEMES AND SHARE AWARD SCHEMES OF THE COMPANY AND ITS SUBSIDIARY

(CONTINUED)

### 2. HKT Trust and HKT Limited (continued)

#### B. Share Stapled Units Award Schemes (continued)

In respect of the HKT Share Stapled Units Subscription Scheme, during the six months ended 30 June 2022, an aggregate of 1,200,674 Share Stapled Units were awarded pursuant to the HKT Share Stapled Units Subscription Scheme subject to certain vesting conditions. Additionally, 87,266 Share Stapled Units have lapsed and/or been forfeited and 1,039,078 Share Stapled Units have vested during the period. As at 30 June 2022, an aggregate of 1,720,253 Share Stapled Units awarded pursuant to the HKT Share Stapled Units Subscription Scheme remained unvested.

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 14 to the unaudited condensed consolidated interim financial information.

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 2022, 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
<b>Long Positions</b>			
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 2022, 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
<b>Long Positions</b>		
Ocean Star Investment Management Limited ( <i>Note</i> )	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 2022.

**PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 June 2022, 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 2022. 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 (the “CG Code”) in each case as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2022.

As disclosed in the announcement of the Company dated 24 June 2022 in relation to the resignation of Mr David Lawrence Herzog as an Independent Non-Executive Director of the Company and thereby as a member of various committees of the Board, the Company will make a further announcement upon an appointment to the Nomination Committee in compliance with Rule 3.27A of the Listing Rules.

Having regard to the mandatory global travel restrictions in connection with the COVID-19 pandemic, certain directors of the Company participated in the annual general meeting of the Company on 13 May 2022 by video/audio conferencing, and such directors, including the chairpersons of the Board committees, were available to answer questions at the meeting pursuant to code provision F.2.2 of the CG Code.

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 2022 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  
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

## 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 2022

This Interim Report 2022 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](http://www.pccw.com/ir)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

Shareholders who:

- received the Interim Report 2022 using electronic means through the website of the Company may request a printed copy, or
- received the Interim Report 2022 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](mailto: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 2022) using electronic means through the Company's website and who, for any reason, have difficulty in receiving or gaining access to the Interim Report 2022 will promptly, upon request in writing or by email to the Company's Share Registrar, be sent the Interim Report 2022 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	0008
Reuters	0008.HK
Bloomberg	8 HK
ADRs	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](http://www.computershare.com/hk/contact)

## ADR DEPOSITARY

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](mailto:citibank@shareholders-online.com)  
Website: [www.citi.com/dr](http://www.citi.com/dr)

## SHARE INFORMATION

Board lot:	1,000 shares
Issued shares as at 30 June 2022:	7,739,638,249 shares

## DIVIDEND

Interim dividend per ordinary share for the six months ended 30 June 2022:	9.56 HK cents
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## FINANCIAL CALENDAR

Announcement of 2022 Interim Results	12 August 2022
Closure of register of members (for determination of shareholders who qualify for 2022 interim dividend)	29-30 August 2022 (both days inclusive)
Record date for 2022 interim dividend	30 August 2022
Payment of 2022 interim dividend	On or around 9 September 2022

## INVESTOR RELATIONS

Marco Wong  
PCCW Limited  
41st Floor, PCCW Tower  
Taikoo Place, 979 King's Road  
Quarry Bay, Hong Kong  
Telephone: +852 2514 5084  
Email: [ir@pccw.com](mailto:ir@pccw.com)

## WEBSITE

[www.pccw.com](http://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)

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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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