

GENERAL ANNOUNCEMENT::ANNOUNCEMENT RELATING TO PCCW LIMITED - INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Issuer & Securities

Issuer/ Manager

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

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Lim Beng Jin

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Company Secretary

Description (Please provide a detailed description of the event in the box below)

The Board of Directors of Pacific Century Regional Developments Limited wishes to announce that its associated company, PCCW Limited ("PCCW"), which is listed on The Stock Exchange of Hong Kong Limited, has announced its interim results for the six months ended 30 June 2024.

The detailed announcement from PCCW is attached.

By Order of the Board

Lim Beng Jin

Company Secretary

26 July 2024

Attachments

[PCCW 2024 Interim Results Announcement.pdf](#)

Total size =495K MB

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PCCW Limited
電訊盈科有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 0008)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The directors (“Directors”) of PCCW Limited (“PCCW” or the “Company”) hereby announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2024. This condensed consolidated interim financial information has not been audited, but has been reviewed by the Company’s Audit Committee and, in accordance with the Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants, by the Company’s independent auditor, PricewaterhouseCoopers.

- Viu reached 11.7 million paid subscribers and added more than 110 new titles
- ViuTV hit 3.2 million digital membership and managing 65 performing artists
- Revenue increased 5% to HK\$17,698 million
 - HKT revenue excluding Mobile product sales increased by 3% to HK\$15,683 million
 - OTT Business revenue up 12% to HK\$1,089 million
 - Free TV & Related Business revenue up 23% to HK\$480 million
- EBITDA increased 1% to HK\$5,672 million
 - HKT EBITDA up 3% to HK\$6,168 million
 - OTT Business EBITDA up 39% to HK\$229 million
 - Free TV & Related Business EBITDA up 10% to HK\$91 million
- Interim dividend of 9.77 HK cents per ordinary share

LETTER TO SHAREHOLDERS

Dear Shareholders,

As a leader in technology, media, and telecommunications, PCCW remains committed to developing high-quality services and entertainment that appeal to our local and overseas customers. With rising disposable incomes across countries in Southeast Asia (“SEA”) and growing interest in regional content, the addressable market for our entertainment content is substantial and expanding. Our strategic focus is on driving profitable growth by prudently scaling our video streaming and domestic TV operations while benefitting from the stability and resilience of HKT Limited (“HKT”).

Cementing Viu’s regional leadership with locally relevant content

Since its launch in 2015, Viu has sustained its robust performance and established itself as a leading video streaming service provider in the region. It is currently available in 16 markets across SEA, the Middle East, and South Africa. By the end of June 2024, we reached a milestone of 11.7 million paid subscribers. The market-specific pricing and flexible terms of our subscription plans are in line with the viewing habits of today's consumers. Our localised content strategy further enhances our market penetration and user acquisition.

The addition of over 110 new titles during the period contributed to subscriber growth. On top of crowd-pleasing Korean titles, we have responded to the demand for content diversity with a growing selection of Chinese and Thai programmes, which have received critical acclaim and are gaining traction across SEA. Our Viu Originals, tailored for local audiences, continue to resonate with viewers, topping multiple charts and further strengthening our foothold in markets across SEA and the Middle East. The rebalancing of our content portfolio will also help drive the margin improvement to achieve cashflow breakeven in the near term.

We maintained a strong pipeline of live events to engage and retain Viu-ers across SEA, including fan meets with top stars in Singapore, Indonesia, and Malaysia. Having expanded our partnerships during the period, we are collaborating with telecom service providers, device manufacturers, digital payment services, and online e-commerce platforms to further extend our market reach and distribution channels.

Nurturing talent & extending the reach of our repertoire

ViuTV, our free-to-air service in Hong Kong, showcased a distinctive array of productions during the period. The captivating drama series, reality shows, and films led to an increase in viewership and reach, resulting in a 6% increase in digital membership to reach an impressive 3.2 million members.

Our movies have garnered accolades and international exposure, increasing the potential for our talent to explore broader opportunities. By distributing our content to 11 markets worldwide, we have established an international presence that paves the way for future growth.

In response to continued demand for live performances, several of our expanded roster of 65 artists performed at our sold-out concerts in Hong Kong and participated in overseas projects. We have extended our reach further by making selected performances available on our MakeALive live event streaming platform, enabling global audiences to participate simultaneously.

LETTER TO SHAREHOLDERS (CONTINUED)

Benefitting from the stability & resilience of HKT

HKT has been building upon its solid foundation to transform our business from a telecom service provider to a technology solutions enabler. Leveraging our unique integrated fibre and mobile network, we have extended our service from connectivity to a broad array of innovative solutions for our customers, whether they be individuals, households or enterprises. Our strategic initiatives have enabled us to navigate the complex economic landscape whilst our continuous progression and latest technology applications provide the fuel for our future growth.

Delivering stable financial performance & adopting a prudent dividend policy

PCCW delivered a solid set of interim results for the six months ended 30 June 2024 with 5% growth in revenue and 1% growth in EBITDA on the back of greater contributions from our Media businesses and cost efficiencies at HKT. As a result, the board of Directors has declared an interim dividend of 9.77 HK cents per ordinary share for the six months ended 30 June 2024.

Whilst PCCW continues to benefit from the steady and robust growth of HKT, we will adopt a prudent dividend policy that prioritises the strengthening of our financial position for sustainable growth while also striving to provide attractive returns for our shareholders. We will regularly review this policy in order to adapt to changing circumstances and optimising shareholder value.

Susanna Hui

Acting Group Managing Director

Hong Kong, 26 July 2024

FINANCIAL REVIEW BY SEGMENT

For the six months ended HK\$ million	30 Jun 2023	31 Dec 2023	30 Jun 2024	Better/ (Worse) y-o-y
Revenue				
HKT	16,400	17,930	16,669	2%
HKT (excluding Mobile product sales)	15,247	16,123	15,683	3%
Mobile Product Sales	1,153	1,807	986	(14)%
OTT Business	971	1,481	1,089	12%
Free TV & Related Business	390	562	480	23%
Other Businesses	369	398	373	1%
Eliminations	(1,280)	(874)	(913)	29%
Consolidated revenue	16,850	19,497	17,698	5%
Cost of sales	(8,292)	(9,824)	(8,939)	(8)%
Operating costs before depreciation, amortisation, and (losses)/gains on disposal of property, plant and equipment and right-of-use assets, net (“operating costs”)	(2,927)	(2,473)	(3,087)	(5)%
EBITDA¹				
HKT	6,009	7,391	6,168	3%
OTT Business	165	427	229	39%
Free TV & Related Business	83	107	91	10%
Other Businesses	(294)	(403)	(309)	(5)%
Eliminations	(332)	(322)	(507)	(53)%
Consolidated EBITDA¹	5,631	7,200	5,672	1%
Consolidated EBITDA¹ Margin	33%	37%	32%	
Depreciation	(1,308)	(1,495)	(1,267)	3%
Amortisation	(2,499)	(2,561)	(2,417)	3%
(Losses)/Gains on disposal of property, plant and equipment and right-of-use assets, net	-	(2)	10	n/a
Operating Profit	1,824	3,142	1,998	10%
Other gains, net	218	63	184	(16)%
Interest income	87	78	68	(22)%
Finance costs	(1,153)	(1,508)	(1,390)	(21)%
Share of results of associates and joint ventures	(102)	(150)	(183)	(79)%
Profit before income tax	874	1,625	677	(23)%
Income tax	(362)	(47)	(326)	10%
Holders of perpetual capital securities	(118)	(117)	(117)	1%
Non-controlling interests	(880)	(1,446)	(696)	21%
(Loss)/Profit attributable to equity holders of the Company	(486)	15	(462)	5%

- 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 and the repurchase of share stapled units of the HKT Trust and HKT ("Share Stapled Units").*

HKT

For the six months ended HK\$ million	30 Jun 2023	31 Dec 2023	30 Jun 2024	Better/ (Worse) y-o-y
HKT revenue	16,400	17,930	16,669	2%
TSS	11,685	12,485	12,063	3%
- Local TSS Services	8,159	8,714	8,289	2%
- International Telecommunications Services	3,526	3,771	3,774	7%
Mobile	4,968	6,340	4,976	—
- Mobile Services	3,815	4,533	3,990	5%
- Mobile Product Sales	1,153	1,807	986	(14)%
Other Businesses	596	286	552	(7)%
Eliminations	(849)	(1,181)	(922)	(9)%
HKT EBITDA¹	6,009	7,391	6,168	3%
HKT EBITDA¹ margin	37%	41%	37%	
HKT Adjusted Funds Flow⁴	2,429	3,369	2,495	3%

Although conditions remained challenging with weak retail spending in Hong Kong and cautious enterprise investments, by leveraging its unique integrated fibre and mobile network, HKT has extended its service from connectivity to a broad array of innovative solutions for its customers, whether they be individuals, households, or enterprises and delivered another set of solid interim results for the six months ended 30 June 2024.

The Mobile business recorded growth of 5% in services revenue to HK\$3,990 million for the six months ended 30 June 2024. Services revenue was lifted by higher contribution from roaming revenue, further momentum in 5G adoption and net additions to our post-paid customer base. As travel resumed, consumer outbound roaming revenue in the first half of 2024 exceeded pre-pandemic levels in 2019 driving total roaming revenue to grow 55% year-on-year. As a result, roaming revenue represented 11% of Mobile services revenue, in line with pre-pandemic levels. Our 5G customer base has further grown to 1.571 million at the end of June 2024, representing 46% of our total post-paid base and over 55% of our 1010 and csl customer base.

Total Mobile revenue was steady at HK\$4,976 million for the six months ended 30 June 2024, as Mobile product sales were comparatively softer at HK\$986 million as consumers delayed handset upgrades due to weak consumer sentiment and limited new handset features. Total Mobile EBITDA for the period increased by 5% to HK\$2,302 million from HK\$2,194 million a year earlier. The Mobile EBITDA margin improved to 46% from 44% a year earlier as the contribution from Mobile product sales was lower.

HKT (CONTINUED)

The broadband revenue grew by 2% year-on-year as demand for our high-speed, reliable fibre services continued during the period spurred by the proliferation of multiple smart, connected devices at home and the increasing bandwidth intensity of applications. Our fibre-to-the-home connections reached 1.028 million at the end of June 2024, which represented a net increase of 42,000 or 4% growth from a year earlier. On the enterprise side, our local data revenue achieved impressive growth of 7% year-on-year as HKT remains the trusted partner to enterprises, and we also secured a healthy order book during the first half of 2024 with a total contract value of over HK\$2.5 billion reflecting the continued demand for our converged solutions. With its unique position as a leading content aggregator in Hong Kong, Now TV is committed to delivering a diverse and comprehensive content portfolio including top-notch live sporting events and world-class entertainment programmes with greater subscription flexibility to our customers. As a result, the Now TV business continued to grow its installed base to 1.430 million from 1.428 million a year earlier. Consequently, Local TSS services revenue grew by 2% to HK\$8,289 million for the six months ended 30 June 2024. During the period, International Telecommunications Services revenue grew by 7% to HK\$3,774 million driven by increased global voice revenue, resilient data revenue and growing demand for our software defined cloud connectivity services. As a result, total TSS revenue rose by 3% year-on-year to HK\$12,063 million.

HKT total revenue, excluding Mobile product sales, for the six months ended 30 June 2024 increased by 3% to HK\$15,683 million, while HKT total revenue increased by 2% to HK\$16,669 million.

HKT operating costs improved by 5% to HK\$2,010 million, reflecting HKT's continued focus on operating efficiency and cost optimisation initiatives, which lifted HKT EBITDA by 3% year-on-year to HK\$6,168 million for the six months ended 30 June 2024. The HKT EBITDA margin held steady at 37% during the period.

Profit attributable to holders of Share Stapled Units for the six months ended 30 June 2024 increased by 2% year-on-year to HK\$1,990 million. Basic earnings per Share Stapled Unit was 26.27 HK cents.

HKT Adjusted funds flow increased by 3% to HK\$2,495 million for the six months ended 30 June 2024 from HK\$2,429 million for the six months ended 30 June 2023. HKT Adjusted funds flow per Share Stapled Unit was 32.92 HK cents.

HKT declared an interim distribution of 32.92 HK cents per Share Stapled Unit for the six months ended 30 June 2024.

For a more detailed review of the performance of HKT, including detailed reconciliation between HKT EBITDA and HKT Adjusted funds flow as well as HKT EBITDA and profit before income tax, please refer to its 2024 interim results announcement released on 25 July 2024.

OTT Business

For the six months ended HK\$ million	30 Jun 2023	31 Dec 2023	30 Jun 2024	Better/ (Worse) y-o-y
OTT Business revenue	971	1,481	1,089	12%
OTT Business EBITDA¹	165	427	229	39%
<i>OTT Business EBITDA¹ margin</i>	<i>17%</i>	<i>29%</i>	<i>21%</i>	

During the first half of 2024, the OTT Business recorded an impressive 12% growth in revenue to HK\$1,089 million. Viu, our leading video streaming service, was the main contributor to this growth with its revenue increasing by 16% year-on-year to HK\$948 million and representing over 87% of total revenue for the OTT Business. Growth at Viu was supported by a robust increase in subscription revenue, a core strategic focus, as well as greater advertising, sponsorship and event related revenue.

To drive revenue growth, Viu focused on enriching its content offering, enhancing viewer engagement and expanding its distribution reach. During the period, Viu added more than 110 new titles, including crowd-pleasing Korean titles as well as Chinese and Thai programmes that are gaining increasing popularity across markets throughout the region. These new titles also comprised 7 Viu Original productions that are tailored to local audiences with several achieving number one performances in several markets.

To improve subscriber acquisition and retention, we are dedicated to maintaining strong engagement that encompasses an active online-offline experience. During the period, we organised fan meets for Viu-ers in Singapore, Jakarta and Kuala Lumpur to meet their favourite stars. Our distribution ecosystem also expanded including new partnerships with Vision+ in Indonesia, Vivo and Grab in the Philippines, Mobily and du in the Middle East and MTN in South Africa.

As a result of these efforts, the number of paid subscribers reached 11.7 million by the end of June. This represented a growth rate of 11% year-on-year (excluding Myanmar) with particularly strong growth in Indonesia, Thailand and the Middle East.

With an optimised content portfolio that has cross-market appeal, the OTT Business achieved a significant increase of 39% in EBITDA to HK\$229 million. As a result, the margin expanded from 17% to 21%.

As the OTT Business gains scale and builds a balanced and diversified content portfolio, we believe that we are progressing towards cash flow breakeven and sustainable growth.

Free TV & Related Business

For the six months ended HK\$ million	30 Jun 2023	31 Dec 2023	30 Jun 2024	Better/ (Worse) y-o-y
Free TV & Related Business revenue	390	562	480	23%
Free TV & Related Business EBITDA¹	83	107	91	10%
<i>Free TV & Related Business EBITDA¹ margin</i>	<i>21%</i>	<i>19%</i>	<i>19%</i>	

During the first half of 2024, the Free TV & Related Business achieved a substantial 23% increase in revenue to HK\$480 million from HK\$390 million, driven primarily by a strong performance in our artiste and event management business segment.

Our focus at the Free TV & Related Business is to consistently make available high-quality content for our viewers across both our linear and digital channels as well as expand our in-house talent and increase the opportunities available to them. During the period, we showcased a distinctive array of productions. The captivating drama series, reality shows, and films led to an increase in viewership and reach, resulting in a 6% increase in digital membership to reach an impressive 3.2 million members. Our original shows such as "Cha Chaan Teng (茶餐廳)" and popular dramas like "Legal Affair (法與情)" garnered solid viewership on our free-to-air channel, leading to a 7% increase in unique viewers during the key weeknight timeslot when we broadcast most of our productions.

With advertising spending affected by a sluggish retail market, our artiste and event management business performed well, and our popular live events were successful in driving revenue growth. Several of our 65 in-house performing artists, including MIRROR, COLLAR and PIX3L, successfully performed a series of sold-out concerts in Hong Kong. Some of our artists also had opportunities to collaborate with international artists and participate in award-winning movies.

We have also established our presence beyond Hong Kong with selected content available in 11 international markets. We also streamed select live events overseas on our MakeALive platform to allow global audiences to simultaneously watch.

With the larger revenue base, EBITDA increased by 10% to HK\$91 million for the six months ended 30 June 2024, resulting in a 19% EBITDA margin which reflected the revenue mix shift during the period.

Other Businesses

Other Businesses primarily comprise the remaining Solutions Business and corporate support functions. It recorded HK\$373 million in revenue and an EBITDA cost of HK\$309 million for the six months ended 30 June 2024.

Eliminations

Eliminations for the six months ended 30 June 2024 were HK\$913 million, reflecting collaboration among members of the Group on both internal and external projects.

Costs

Cost of Sales

For the six months ended HK\$ million	30 Jun 2023	31 Dec 2023	30 Jun 2024	Better/ (Worse) y-o-y
HKT	8,279	9,175	8,491	(3)%
Consolidated	8,292	9,824	8,939	(8)%

HKT's cost of sales for the six months ended 30 June 2024 increased by 3 % year-on-year to HK\$8,491 million which was in line with its revenue growth during the period. The cost of sales for the Media Business increased due to increased costs in the Free TV & Related Business associated with organising concerts for our artists. In total, the Group's cost of sales increased by 8% to HK\$8,939 million for the six months ended 30 June 2024.

General and Administrative Expenses

For the six months ended 30 June 2024, the Group's operating costs increased by 5% to HK\$3,087 million. This was largely due to the increase in publicity and promotion costs in the OTT Business to drive market penetration and uptake in paid subscriptions across the region. This was partially offset by a decrease in operating costs at HKT, reflecting its continued focus on operating efficiency and cost optimisation initiatives across each of the business segments, including enhancing business processes via the adoption of generative AI ("GenAI"), consolidation of business operations and rationalisation of IT platforms. Overall operating costs-to-revenue ratio remained stable at 17.4% for the six months ended 30 June 2024.

Depreciation and amortisation expenses for the six months ended 30 June 2024 decreased by 3% to HK\$3,684 million, with depreciation decreasing by 3% to HK\$1,267 million and amortisation also decreasing by 3% to HK\$2,417 million. The decrease in amortisation expenses was due to an optimised content portfolio with content-related amortisation decreasing by 8% to HK\$939 million for the period as compared to HK\$1,019 million a year ago.

Overall, general and administrative expenses was stable at HK\$6,761 million for the six months ended 30 June 2024.

EBITDA¹

Overall, consolidated EBITDA for the six months ended 30 June 2024 increased by 1% to HK\$5,672 million due to increased contribution from the Media Business and operating efficiencies in HKT. The EBITDA margin was relatively stable at 32%.

Other Gains, Net

Net other gains for the six months ended 30 June 2024 were HK\$184 million, compared to net other gains of HK\$218 million a year ago, mainly represented mark-to-market revaluations of the Group's investments.

Interest Income and Finance Costs

Interest income for the six months ended 30 June 2024 was HK\$68 million while finance costs increased by 21% to HK\$1,390 million. The increase in finance costs was largely driven by higher HIBOR during the period with the average cost of debt for the Group increasing from 3.9% to 4.4% year-on-year. As a result, net finance costs increased by 24% year-on-year from HK\$1,066 million to HK\$1,322 million for the six months ended 30 June 2024.

Income Tax

Income tax expense for the six months ended 30 June 2024 was HK\$326 million, as compared to HK\$362 million a year ago. The decrease in income tax expense was mainly due to lower profit before tax during the period.

Profit Attributable to Non-controlling Interests

Profit attributable to non-controlling interests were HK\$696 million for the six months ended 30 June 2024 (30 June 2023: HK\$880 million), representing primarily share of results attributable to the non-controlling shareholders of HKT and Viu International Limited.

Profit Attributable to Holders of Perpetual Capital Securities

Profit of HK\$117 million for the six months ended 30 June 2024 was attributable to the holders of the perpetual capital securities, which represented distributions payable to the holders of the securities as accrued at 4% per annum on the US\$750 million principal amount of the perpetual capital securities issued by the Group in January 2021.

Loss Attributable to Equity Holders of the Company

Loss attributable to equity holders of the Company for the six months ended 30 June 2024 narrowed to HK\$462 million (30 June 2023: HK\$486 million) due to an improvement in operating profit, although this was offset by higher finance costs.

LIQUIDITY AND CAPITAL RESOURCES

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

The Group's gross debt² was HK\$56,384 million as at 30 June 2024 (as at 31 December 2023: HK\$52,329 million). Cash and short-term deposits totalled HK\$2,143 million as at 30 June 2024 (as at 31 December 2023: HK\$2,706 million).

As at 30 June 2024, the Group had a total of HK\$50,911 million in banking facilities available for liquidity management and investments, of which HK\$18,032 million remained undrawn. Of these banking facilities, HKT accounted for HK\$35,611 million, of which HK\$11,992 million remained undrawn.

The Group's gross debt² to total assets was 59% as at 30 June 2024 (as at 31 December 2023: 55%).

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

As at 30 June 2024, CAS Holding No. 1 Limited, a direct wholly-owned subsidiary of the Company, had investment grade ratings with Moody's Investors Service Hong Kong Limited ("Moody's") (Baa3) and S&P Global Ratings ("S&P") (BBB-). Hong Kong Telecommunications (HKT) Limited, an indirect non-wholly owned subsidiary of the Company, had investment grade ratings with Moody's (Baa2) and S&P (BBB).

CAPITAL EXPENDITURE³

Group capital expenditure for the six months ended 30 June 2024 was HK\$1,142 million (30 June 2023: HK\$1,141 million), of which HKT accounted for about 97% (30 June 2023: 99%). The capital expenditure to revenue ratio was approximately 6.5% for the six months ended 30 June 2024 (30 June 2023: 6.8%).

Capital expenditure for HKT's Mobile business was 5% lower during the period, reflecting the efficiency gains from capacity upgrades and network maintenance following the completion of its territory-wide 5G coverage. TSS capital expenditure was slightly lower during the period, with investments largely to support growing demand for its integrated fixed-mobile solutions for enterprises. Capital expenditure for the Media Business increased mainly due to relocation, renovation and equipment setup for its new production studio facilities.

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.

HEDGING (CONTINUED)

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 2024, 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 2024, no assets of the Group (as at 31 December 2023: nil) were pledged to secure banking facilities for the Group.

CONTINGENT LIABILITIES

HK\$ million	As at 31 Dec 2023 (Audited)	As at 30 Jun 2024 (Unaudited)
Performance guarantees	1,384	1,179
Others	41	24
	<u>1,425</u>	<u>1,203</u>

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

As at 30 June 2024, the Group had given a partial guarantee to a bank in respect of a credit facility granted to an associate of the Group amounting to HK\$780 million (as at 31 December 2023: same), of which HK\$570 million (as at 31 December 2023: HK\$470 million) had been utilised by the associate. The Group's share of guarantee for the utilised amount was approximately HK\$171 million (as at 31 December 2023: HK\$141 million) determined based on the percentage of interest held by the Group in the associate. The guarantee amount is expected to increase up to approximately HK\$235 million if the credit facility is fully utilised.

HUMAN RESOURCES

The Group had over 14,800 employees as at 30 June 2024 (as at 30 June 2023: 16,200) located in 25 countries and cities. About 65% of these employees work in Hong Kong and the others are based mainly in mainland China. The Group has established performance-based bonus and incentive schemes designed to motivate and reward employees at all levels to achieve the Group's business performance targets. Payment of performance bonuses is generally based on achievement of revenue, EBITDA and free cash flow targets for the Group as a whole and for each of the individual business units and performance ratings of employees.

INTERIM DIVIDEND

The Board declared an interim dividend of 9.77 HK cents (30 June 2023: 9.77 HK cents) per ordinary share for the six months ended 30 June 2024 to shareholders whose names appear on the register of members of the Company on Wednesday, 14 August 2024, payable on or around Wednesday, 4 September 2024.

CLOSURE OF REGISTER OF MEMBERS

The record date for the interim dividend will be Wednesday, 14 August 2024. The Company's register of members will be closed from Tuesday, 13 August 2024 to Wednesday, 14 August 2024 (both days inclusive) in order to determine entitlements to the interim dividend. During such period, no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4.30pm on Monday, 12 August 2024. Dividend warrants will be despatched to shareholders of the Company on or around Wednesday, 4 September 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2024, 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 2024. Such condensed consolidated interim financial information has not been audited but has been reviewed by the Company's independent auditor.

CORPORATE GOVERNANCE CODE

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

The Company has applied the principles, and complied with all code provisions of the applicable Corporate Governance Code in each case as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2024.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.pccw.com/ir) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2024 interim report will be despatched to shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 26 July 2024

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

In HK\$ million (except for loss per share)	Note(s)	2023 (Unaudited)	2024 (Unaudited)
Revenue	2	16,850	17,698
Cost of sales		(8,292)	(8,939)
General and administrative expenses		(6,734)	(6,761)
Other gains, net	3	218	184
Interest income		87	68
Finance costs		(1,153)	(1,390)
Share of results of associates		(93)	(175)
Share of results of joint ventures		(9)	(8)
Profit before income tax	2, 4	874	677
Income tax	5	(362)	(326)
Profit for the period		512	351
Profit/(Loss) attributable to:			
Equity holders of the Company		(486)	(462)
Holders of perpetual capital securities		118	117
Non-controlling interests		880	696
		512	351
Loss per share	7		
Basic		(6.29) cents	(5.98) cents
Diluted		(6.29) cents	(5.98) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

In HK\$ million	2023 (Unaudited)	2024 (Unaudited)
Profit for the period	512	351
Other comprehensive (loss)/income		
Items that will not be reclassified subsequently to consolidated income statement:		
Changes in the fair value of financial assets at fair value through other comprehensive income	12	(1)
Items that have been reclassified or may be reclassified subsequently to consolidated income statement:		
Translation exchange differences:		
- exchange differences on translating foreign operations of subsidiaries	4	(69)
- exchange differences on translating foreign operations of associates and joint ventures	(8)	(173)
Cash flow hedges:		
- effective portion of changes in fair value	18	(127)
- transfer from equity to consolidated income statement	(177)	56
Costs of hedging	(33)	57
Other comprehensive loss for the period	(184)	(257)
Total comprehensive income for the period	328	94
Attributable to:		
Equity holders of the Company	(578)	(682)
Holders of perpetual capital securities	118	117
Non-controlling interests	788	659
Total comprehensive income for the period	328	94

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

In HK\$ million	Note*	(Additional Information)			
		The Group		The Company	
		As at 31 December 2023 (Audited)	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)	As at 30 June 2024 (Unaudited)

ASSETS AND LIABILITIES

Non-current assets

Property, plant and equipment		27,787	28,329	—	—
Right-of-use assets		2,074	2,124	—	—
Interests in leasehold land		291	283	—	—
Goodwill		17,976	17,971	—	—
Intangible assets		20,286	20,872	—	—
Fulfilment costs		1,925	1,983	—	—
Customer acquisition costs		912	886	—	—
Contract assets		324	272	—	—
Interests in subsidiaries		—	—	36,770	36,805
Interests in associates		2,281	1,966	—	—
Interests in joint ventures		301	280	—	—
Financial assets at fair value through other comprehensive income		219	219	—	—
Financial assets at fair value through profit or loss		3,050	3,183	—	—
Other financial assets		1,369	1,370	—	—
Derivative financial instruments		29	27	—	18
Deferred income tax assets		913	879	—	—
Other non-current assets		615	1,122	—	—
		80,352	81,766	36,770	36,823

Current assets

Amounts due from subsidiaries		—	—	7,741	9,773
Inventories		1,608	2,237	—	—
Prepayments, deposits and other current assets		4,020	4,318	39	39
Contract assets		1,504	1,724	—	—
Trade receivables, net	8	4,135	3,571	—	—
Amounts due from related companies		25	28	—	—
Derivative financial instruments		—	7	—	—
Tax recoverable		2	21	—	—
Restricted cash		211	161	—	—
Short-term deposits		79	187	—	—
Cash and cash equivalents		2,627	1,956	431	131
		14,211	14,210	8,211	9,943

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2024

In HK\$ million	Note*	The Group		(Additional Information) The Company	
		As at	As at	As at	As at
		31 December 2023 (Audited)	30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2024 (Unaudited)
Current liabilities					
Short-term borrowings		(1,049)	(3,951)	—	—
Trade payables	9	(6,297)	(6,386)	—	—
Accruals and other payables		(7,917)	(7,968)	(25)	(27)
Derivative financial instruments		(151)	(40)	—	(3)
Carrier licence fee liabilities		(338)	(362)	—	—
Amounts due to related companies		(118)	(140)	—	—
Advances from customers		(279)	(287)	—	—
Contract liabilities		(1,659)	(1,449)	—	—
Lease liabilities		(1,107)	(1,085)	—	—
Current income tax liabilities		(1,853)	(1,857)	(3)	(6)
		(20,768)	(23,525)	(28)	(36)
Non-current liabilities					
Long-term borrowings		(50,997)	(52,116)	(6,701)	(9,214)
Amounts due to subsidiaries		—	—	(7,023)	(7,050)
Derivative financial instruments		(635)	(689)	(5)	—
Deferred income tax liabilities		(4,889)	(4,983)	—	—
Defined benefit retirement schemes liability		(95)	(87)	—	—
Carrier licence fee liabilities		(3,086)	(3,341)	—	—
Contract liabilities		(980)	(927)	—	—
Lease liabilities		(1,036)	(1,068)	—	—
Other long-term liabilities		(2,376)	(2,567)	—	—
		(64,094)	(65,778)	(13,729)	(16,264)
Net assets		9,701	6,673	31,224	30,466

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2024

		The Group		(Additional Information) The Company	
		As at 31 December 2023 (Audited)	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)	As at 30 June 2024 (Unaudited)
In HK\$ million	Note*				

CAPITAL AND RESERVES

Share capital	10	12,954	12,954	12,954	12,954
Reserves		(10,473)	(12,968)	18,270	17,512
Equity attributable to equity holders of the Company		2,481	(14)	31,224	30,466
Perpetual capital securities		5,886	5,885	—	—
Non-controlling interests		1,334	802	—	—
Total equity		9,701	6,673	31,224	30,466

* The notes referenced above pertain solely to the consolidated statement of financial position. The above Company statement of financial position as at 30 June 2024 and 31 December 2023 is presented only as additional information to this unaudited condensed consolidated interim financial information.

NOTES

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of PCCW Limited (the “Company”) and its subsidiaries (collectively the “Group”) has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This unaudited condensed consolidated interim financial information should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

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 26 July 2024.

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 2023 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 2023 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 2023.

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 2023, except for the adoption of the following amended Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretation which are first effective for accounting periods beginning on or after 1 January 2024 as described below.

1. BASIS OF PREPARATION (CONTINUED)

The following amended HKFRSs, HKASs and Interpretation are adopted for the financial year beginning 1 January 2024, but have no material effect on the Group's reported results and financial position for the current and prior accounting periods.

- HKAS 1 (Revised) (Amendments), *Presentation of Financial Statements*
- HKAS 7 (Amendments), *Statement of Cash Flows*
- HKFRS 7 (Amendments), *Financial Instruments: Disclosures*
- HKFRS 16 (Amendments), *Leases*
- HK Interpretation 5 (Revised), *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

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 2024, the current liabilities of the Group exceeded its current assets by HK\$9,315 million. After considering the Group's ability to generate net operating cash inflows and raise additional debt financing, and the undrawn banking facilities available as at 30 June 2024, management considers the Group is able to meet its liabilities as and when they fall due within the next 12-month period. Accordingly, this unaudited condensed consolidated interim financial information has been prepared on a going concern basis.

2. SEGMENT INFORMATION

The chief operating decision-maker (the "CODM") is the Group's senior executive management. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources and the segment information is reported below in accordance with this internal reporting.

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

- HKT Limited ("HKT") is Hong Kong's premier telecommunications service provider. The principal activities of HKT and its subsidiaries are the provision of technology and telecommunications and related services including enterprise solutions, mobile, total home solutions, media entertainment, and other new businesses such as loyalty platform and financial and healthtech services. It operates primarily in Hong Kong, and also serves customers in mainland China and other parts of the world.
- Media Business offers over-the-top ("OTT") digital media entertainment services in Hong Kong, the Asia Pacific region, and other parts of the world, in addition to domestic free television service in Hong Kong. It is also engaged in content production, artiste management, and event business.
- Other Businesses of the Group ("Other Businesses") primarily comprise remaining solutions business following the discontinuation of IT solutions business during the year ended 31 December 2022, and corporate support functions.

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

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

2. SEGMENT INFORMATION (CONTINUED)

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

In HK\$ million	Six months ended 30 June 2023 (Unaudited)				
	HKT	Media Business	Other Businesses	Eliminations	Consolidated
REVENUE					
External revenue	15,335	1,146	369	–	16,850
Inter-segment revenue	1,065	215	–	(1,280)	–
Total revenue	16,400	1,361	369	(1,280)	16,850
External revenue from contracts with customers:					
Timing of revenue recognition					
At a point in time	2,503	272	–	–	2,775
Over time	12,791	874	367	–	14,032
External revenue from other sources:					
Rental income	41	–	2	–	43
	15,335	1,146	369	–	16,850
RESULTS					
EBITDA	6,009	248	(294)	(332)	5,631
In HK\$ million	Six months ended 30 June 2024 (Unaudited)				
	HKT	Media Business	Other Businesses	Eliminations	Consolidated
REVENUE					
External revenue	16,000	1,325	373	–	17,698
Inter-segment revenue	669	244	–	(913)	–
Total revenue	16,669	1,569	373	(913)	17,698
External revenue from contracts with customers:					
Timing of revenue recognition					
At a point in time	3,259	297	–	–	3,556
Over time	12,706	1,028	371	–	14,105
External revenue from other sources:					
Rental income	35	–	2	–	37
	16,000	1,325	373	–	17,698
RESULTS					
EBITDA	6,168	320	(309)	(507)	5,672

2. SEGMENT INFORMATION (CONTINUED)

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

In HK\$ million	Six months ended	
	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)
Total segment EBITDA	5,631	5,672
Gains on disposal of property, plant and equipment and right-of-use assets, net	—	10
Depreciation and amortisation	(3,807)	(3,684)
Other gains, net	218	184
Interest income	87	68
Finance costs	(1,153)	(1,390)
Share of results of associates and joint ventures	(102)	(183)
Profit before income tax	874	677

3. OTHER GAINS, NET

In HK\$ million	Six months ended	
	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)
Fair value movement of financial assets at FVPL ¹	187	143
Fair value movement of derivative financial instruments	(13)	7
Others	44	34
	218	184

Note:

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

4. PROFIT BEFORE INCOME TAX

Profit before income tax was stated after charging the following:

In HK\$ million	Six months ended	
	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)
Cost of inventories sold	2,553	3,163
Cost of sales, excluding inventories sold	5,739	5,776
Impairment loss for trade receivables	106	159
Depreciation of property, plant and equipment	621	555
Depreciation of right-of-use assets	687	712
Amortisation of land lease premium – interests in leasehold land	9	8
Amortisation of intangible assets	1,655	1,576
Amortisation of fulfilment costs	215	233
Amortisation of customer acquisition costs	620	600
Finance costs on borrowings	1,098	1,292

5. INCOME TAX

In HK\$ million	Six months ended	
	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)
Current income tax:		
Hong Kong profits tax	212	157
Overseas tax	21	43
Movement of deferred income tax	129	126
	<u>362</u>	<u>326</u>

Hong Kong profits tax is provided at the rate of 16.5% (2023: 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.

6. DIVIDENDS

a. Dividend attributable to the interim period

In HK\$ million	Six months ended	
	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)
Interim dividend declared after the end of the interim period of 9.77 HK cents (2023: 9.77 HK cents) per ordinary share	<u>756</u>	<u>756</u>

At the meeting held on 26 July 2024, the board of directors of the Company (the “Board”) declared an interim dividend of 9.77 HK cents per ordinary share for the year ending 31 December 2024. This interim dividend is not recognised as a liability in this unaudited condensed consolidated interim financial information.

b. Dividend approved and paid during the interim period

In HK\$ million	Six months ended	
	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)
Final dividend declared in respect of the previous financial year, approved and paid during the interim period of 28.48 HK cents (2023: 28.48 HK cents) per ordinary share	2,204	2,204
Less: dividend for shares held by share award schemes	(3)	(2)
	<u>2,201</u>	<u>2,202</u>

7. LOSS PER SHARE

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

	Six months ended	
	30 June 2023	30 June 2024
	(Unaudited)	(Unaudited)
Loss (in HK\$ million)		
Loss for the purpose of basic and diluted loss per share	(486)	(462)
Number of shares		
Weighted average number of ordinary shares	7,739,638,249	7,739,638,249
Effect of shares held under the Company's share award schemes	(13,060,754)	(9,491,004)
Weighted average number of ordinary shares for the purpose of basic loss per share	7,726,577,495	7,730,147,245
Effect of shares awarded under the Company's share award schemes	—*	—*
Weighted average number of ordinary shares for the purpose of diluted loss per share	7,726,577,495	7,730,147,245

* The effect of shares awarded under the Company's share award schemes would result in anti-dilutive effect on loss per share during the six months ended 30 June 2023 and 2024.

8. TRADE RECEIVABLES, NET

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

In HK\$ million	As at 31 December 2023 (Audited)	As at 30 June 2024 (Unaudited)
1 – 30 days	2,525	2,372
31 – 60 days	652	349
61 – 90 days	231	425
91 – 120 days	191	73
Over 120 days	868	731
	4,467	3,950
Less: loss allowance	(332)	(379)
Trade receivables, net	4,135	3,571

8. TRADE RECEIVABLES, NET (CONTINUED)

As at 30 June 2024, included in trade receivables, net were amounts due from related parties of HK\$100 million (as at 31 December 2023: HK\$112 million).

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

9. TRADE PAYABLES

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

In HK\$ million	As at 31 December 2023 (Audited)	As at 30 June 2024 (Unaudited)
1 – 30 days	3,201	3,078
31 – 60 days	1,207	901
61 – 90 days	861	627
91 – 120 days	375	664
Over 120 days	653	1,116
	6,297	6,386

As at 30 June 2024, included in trade payables were amounts due to related parties of HK\$344 million (as at 31 December 2023: HK\$197 million).

10. SHARE CAPITAL

Six months ended 30 June				
	2023		2024	
	Number of shares (Unaudited)	Share capital (Unaudited) HK\$ million	Number of shares (Unaudited)	Share capital (Unaudited) HK\$ million

Ordinary shares of no par value,
issued and fully paid:

As at 1 January and 30 June	7,739,638,249	12,954	7,739,638,249	12,954
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- a. The Company had total distributable reserves of HK\$17,495 million as at 30 June 2024 (as at 31 December 2023: HK\$18,250 million).

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

- a.** On 21 June 2023, the Company's wholly-owned subsidiary, PCCW Media Holdings Limited, and Viu International Limited ("Viu", a then wholly-owned subsidiary of PCCW Media Holdings Limited), entered into a share subscription agreement with an independent third party (the "Partner A"), for subscription of ordinary shares of Viu by Partner A. During the six months ended 30 June 2024, the Company's economic interest in Viu further decreased from approximately 72.7% to approximately 63.2%, resulting in an increase in non-controlling interests attributable to Viu of HK\$406 million during the six months ended 30 June 2024.
- b.** On 26 June 2024, the Company's indirect non-wholly owned subsidiary, Apex Link Communications Holdings Limited (the "Seller") entered into a share purchase agreement with an independent third party (the "Partner B"), pursuant to which Partner B shall purchase (i) 40% interest in Fiber Link Global Limited (the "Passive Netco"), an indirect non-wholly owned subsidiary of the Company which would engage in the provision of copper and fibre connection access services in Hong Kong and the Greater Bay Area and operating, maintaining and extending the passive components of copper and fibre access networks and providing related services; and (ii) a receivable in the amount of HK\$344 million owing from Passive Netco to the Seller, for an aggregate consideration of US\$870 million (the "Transaction"). As at 30 June 2024, the Transaction has not been completed, subject to the satisfaction or waiver of certain conditions. Upon completion of the Transaction, (i) the financial results of the Passive Netco will continue to be consolidated in the consolidated financial statements of the Group; (ii) the Passive Netco will remain as an indirect subsidiary of the Company; and (iii) the total consideration received from the Partner B will be accounted for as an equity transaction and will not result in the recognition of any gain or loss in the consolidated income statement of the Group.

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

Executive Directors

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

Non-Executive Directors

Tse Sze Wing, Edmund, GBS; Tang Yongbo (Deputy Chairman); Meng Shusen and Wei Zhe, David

Independent Non-Executive Directors

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

Forward-Looking Statements

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