

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

Company Registration No. 196300381N

Half-Year Financial Statements And Dividend Announcement for the Period Ended 30/06/2020

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

PCCW announced its half-year results for the 6 months ended 30 June 2020 on 6 August 2020. The Group's share of the results of PCCW for half-year 2020 and the comparative figures for half-year 2019 are included in the Group's half-year results for the 6 months ended 30 June 2020.

UNAUDITED CONSOLIDATED INCOME STATEMENT - GROUP

	6 months ended		% Increase/ (decrease)
	30/06/2020 S\$'000	30/06/2019 S\$'000	
Revenue	10,757	9,847	9.2
Other income (Note 1)	167	85	96.5
Expenses			
- Depreciation and amortisation expenses	(196)	(185)	5.9
- Employee compensation	(1,211)	(1,053)	15.0
- Directors' fees	(148)	(162)	(8.6)
- Legal and other professional fees	(640)	(943)	(32.1)
- Travelling expenses	(221)	(805)	(72.5)
- Foreign exchange gain, net	872	912	(4.4)
- Subscriptions and donations	(509)	(485)	4.9
- Others	(294)	(562)	(47.7)
- Finance expenses (Note 2)	(6,382)	(4,071)	56.8
Total expenses	(8,729)	(7,354)	18.7
Changes in carrying value of associated corporations:			
- Loss on deemed dilution	(960)	-	n.m.
- Share of (loss) profit of associated corporations, net of tax of tax	(23,549)	6,732	n.m.
Gain on disposal of an associated corporation	-	3,434	n.m.
(Loss) profit before income tax	(22,314)	12,744	n.m.
Income tax credit (Note 3)	1,497	413	262.5
Total (loss) profit for the period	(20,817)	13,157	n.m.
Attributable to equity holders of the Company	(20,817)	13,157	n.m.

n.m. = not meaningful

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - GROUP

	6 months ended		
	30/06/2020 S\$'000	30/06/2019 S\$'000	% Increase/ (decrease)
Total (loss) profit for the period	(20,817)	13,157	n.m.
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains (losses), net	24,876	(13,310)	n.m.
Share of comprehensive (loss) gain of associated corporations	(3,545)	13,002	n.m.
Loss on deemed dilution of an associated corporation	45	-	n.m.
	<u>21,376</u>	<u>(308)</u>	n.m.
Items that will not be reclassified subsequently to profit or loss:			
Fair value gains on equity investments at fair value through other comprehensive income	2,443	37,662	(93.5)
Other comprehensive income, net of tax	<u>23,819</u>	<u>37,354</u>	(36.2)
Total comprehensive income for the period	<u>3,002</u>	<u>50,511</u>	(94.1)
Total comprehensive income attributable to equity holders of the Company	<u>3,002</u>	<u>50,511</u>	(94.1)

n.m. = not meaningful

DETAILED NOTES - GROUP

	6 months ended	
	30/06/2020 S\$'000	30/06/2019 S\$'000
(Note 1)		
Other income :		
Interest income	76	73
Management fee	6	6
Other income	85	6
	<u>167</u>	<u>85</u>

(Note 2)		
Finance expenses :		
Interest expense		
- bank borrowings	(5,567)	(3,157)
- finance lease liability	(5)	(4)
Finance facility fees	(810)	(910)
	<u>(6,382)</u>	<u>(4,071)</u>

(Note 3)		
Income tax credit :		
The tax credit for the 6 months ended 30 June 2020 of \$1.5 million was mainly due to :		S\$' million
The write back of deferred tax provision for distributions from HKT Trust and HKT Limited (both collectively, "HKT") which were used to pay tax exempt dividend to equity holders of the Company		1.7
Withholding tax paid on interest expense for bank borrowings		(0.2)
		<u>1.5</u>

The tax credit for the 6 months ended 30 June 2019 of \$0.4 million was mainly due to :		S\$' million
Write back of a deferred tax provision for distributions from HKT which were used to pay a tax exempt dividend to equity holders of the Company		2.9
Deferred tax expense provided on further distributions from HKT		(1.7)
Withholding tax paid on the disposal of KSH Infra Private Limited ("KIPL")		(0.7)
Withholding tax paid on interest expense for bank borrowings		(0.1)
		<u>0.4</u>

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

		Group		Company	
	Note	30/06/2020	31/12/2019	30/06/2020	31/12/2019
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	1	11,530	13,763	6,943	5,875
Trade and other receivables		77	73	82	70
Other current assets		945	1,037	546	523
		12,552	14,873	7,571	6,468
Assets classified as held -for -sale	2	94,426	107,337	-	-
		106,978	122,210	7,571	6,468
Non-current assets					
Financial assets, at fair value through other comprehensive income ("FVOCI")	3	368,080	351,710	296,645	277,849
Investments in associated corporations	4	861,919	936,487	1,056,748	1,022,240
Investments in subsidiary corporations		-	-	196,912	204,408
Property, plant and equipment		337	515	-	-
Other non-current assets		411	812	99	352
		1,230,747	1,289,524	1,550,404	1,504,849
Total assets		1,337,725	1,411,734	1,557,975	1,511,317
LIABILITIES					
Current liabilities					
Trade and other payables		4,052	4,769	177,847	188,432
Current income tax liabilities		25	60	-	-
Borrowings	5	23,349	35,822	-	-
		27,426	40,651	177,847	188,432
Non-current liabilities					
Borrowings	5	268,627	308,049	142,866	179,443
Deferred income tax liabilities	6	565	3,446	-	1,668
		269,192	311,495	142,866	181,111
Total liabilities		296,618	352,146	320,713	369,543
NET ASSETS		1,041,107	1,059,588	1,237,262	1,141,774
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		457,283	457,283	457,283	457,283
Other reserves		268,619	245,980	95,667	47,830
Retained profits		315,205	356,325	684,312	636,661
Total equity		1,041,107	1,059,588	1,237,262	1,141,774

The Group

Note 1

Cash and cash equivalents decreased by \$2.2 million mainly due to :

	S\$' million
Proceeds from disposal of financial assets, at FVOCI	5.9
Refund of capital contribution from financial assets, at FVOCI	2.0
Dividends from financial assets, at FVOCI	0.2
Dividends from HKT and PCCW	83.1
Effects of currency translation on cash and cash equivalents	<u>0.3</u>
	91.5
Less:	
Net cash outflow from borrowings net of payment of leases	(69.4)
Purchases of the Company's shares	(0.5)
Net cash used in operating activities	(3.7)
Dividend paid to equity holders of the Company	<u>(20.1)</u>
Net decrease in cash	<u>(2.2)</u>

For more details, please refer to Section 1(c), statement of cash flows.

Note 2

Assets classified as held-for-sale decreased by \$12.9 million mainly due to disposal of financial assets of \$5.5 million and decrease in the fair value, including translation differences, of the financial assets of \$7.4 million.

Note 3

Financial assets, at FVOCI increased by \$16.4 million mainly due to :

	S\$' million
Net fair value gain on the Company's holding of SSUs in HKT	18.8
Refund of capital contribution from financial assets, at FVOCI	(2.0)
Decrease in fair value, including translation differences, of the Group's other equity investments	<u>(0.4)</u>
	<u>16.4</u>

Note 4

Investments in associated corporations decreased by \$74.6 million due to :

	S\$' million
Dividends received from PCCW	(72.5)
Unrealised exchange gain on the Company's interest in Hong Kong Dollar ("HKD") denominated net assets in PCCW reflecting the strengthening of the HKD against the SGD	6.2
The Group's share of PCCW's 2020 loss	(23.9)
The Group's share of PCCW's 2020 reserves	16.5
Deemed dilution of PCCW	<u>(0.9)</u>
	<u>(74.6)</u>

Note 5

Borrowings decreased by \$51.9 million mainly due to repayment of borrowings of \$111.3 million partially offset by additional drawdowns totalling \$47.8 million mainly for dividend payments and unrealised exchange loss of \$11.6 million on the HKD denominated borrowings due to the strengthening of the HKD against the SGD.

Note 6

The decrease in deferred tax liabilities of \$2.9 million was due to deferred tax credits of \$1.2 million arising from fair value losses on certain financial assets, at FVOCI which are in the process of being disposed and write back of deferred tax provision of \$1.7 million for distributions from HKT which were used to pay a tax exempt dividend to equity holders of the Company.

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

The Group

Amount repayable in one year or less, or on demand

As at 30/06/2020 S\$'000		As at 31/12/2019 S\$'000	
Secured	Unsecured	Secured	Unsecured
<u>23,349</u>	<u>-</u>	<u>35,822</u>	<u>-</u>

Amount repayable after one year

As at 30/06/2020 S\$'000		As at 31/12/2019 S\$'000	
Secured	Unsecured	Secured	Unsecured
<u>268,627</u>	<u>-</u>	<u>308,049</u>	<u>-</u>

Details of any collateral

	30/06/2020 S\$' million	31/12/2019 S\$' million
Carrying values of shares, SSUs and bonds pledged for bank borrowings comprise:		
- shares in PCCW (at cost)	323.7	313.1
- SSUs in HKT	296.6	277.8
- FWDGRP ZERO Perpetual Corp bonds	33.2	51.6
	<u>653.5</u>	<u>642.5</u>

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Cash flow statement for the 6 months ended 30 June - Group

	Note	30/06/2020 S\$'000	30/06/2019 S\$'000
Cash flow from operating activities:			
(Loss) profit after tax		(20,817)	13,157
Adjustments for :			
- Income tax credit		(1,497)	(413)
- Depreciation and amortisation expenses		196	185
- Dividend income		(10,757)	(9,847)
- Interest income		(76)	(73)
- Finance expenses		6,382	4,071
- Unrealised currency translation gains		(663)	(1,089)
- Gain on disposal of an associated corporation		-	(3,434)
Changes in carrying value of associated corporations:			
- Loss on deemed dilution		960	-
- Share of loss (profit) of associated corporations, net of tax		23,549	(6,732)
		<u>(2,723)</u>	<u>(4,175)</u>
Change in working capital:			
- Trade and other receivables		116	(31)
- Trade and other payables		(916)	(331)
		<u>(3,523)</u>	<u>(4,537)</u>
Cash used in operations			
Interest received		76	73
Income tax paid		(266)	(790)
Net cash used in operating activities		<u>(3,713)</u>	<u>(5,254)</u>
Cash flow from investing activities:			
Purchase of property, plant and equipment		(18)	(713)
Purchase of financial assets, at FVOCI		-	(81,743)
Proceeds from disposal of financial assets, at FVOCI		5,886	-
Refund of capital contribution from financial assets, at FVOCI		1,982	5,252
Proceeds from disposal of an associated corporation		-	19,105
Dividends from financial assets, at FVOCI		166	-
Dividends from HKT		10,591	9,882
Dividends from PCCW		72,528	68,144
Net cash provided by investing activities		<u>91,135</u>	<u>19,927</u>
Cash flow from financing activities:			
Payment of finance expenses		(5,911)	(4,035)
Proceeds from borrowings		47,825	319,581
Repayment of borrowings and lease payments		(111,252)	(95,870)
Purchases of the Company's shares		(460)	-
Dividend paid to equity holders of the Company		(20,126)	(230,527)
Net cash used in financing activities		<u>(89,924)</u>	<u>(10,851)</u>
Net (decrease) increase in cash and cash equivalents	1	(2,502)	3,822
Cash and cash equivalents at beginning of period		13,763	13,109
Effects of currency translation on cash and cash equivalents		269	(132)
Cash and cash equivalents at end of period		<u>11,530</u>	<u>16,799</u>
Summary of cash and cash equivalents:			
Cash at bank and on hand		11,530	6,909
Short-term bank deposits		-	9,890
		<u>11,530</u>	<u>16,799</u>

Note 1

The net (decrease) increase in cashflows for the 6 months ended 30 June 2020 and 2019 respectively were mainly due to:

	6 months ended	
	30/06/2020	30/06/2019
	S\$' million	S\$' million
Proceeds from disposal of financial assets, at FVOCI	5.9	-
Refund of capital contribution from financial assets, at FVOCI	2.0	5.3
Proceeds from disposal of an associated corporation	-	19.1
Dividends from financial assets, at FVOCI	0.2	-
Dividends from HKT	10.6	9.8
Dividends from PCCW	72.5	68.1
Proceeds from borrowings	47.8	319.6
	139.0	421.9
Less:		
Purchase of property, plant and equipment	-	(0.7)
Purchase of financial assets, at FVOCI	-	(81.7)
Payment of finance expenses	(5.9)	(4.0)
Repayment of borrowings and lease payments	(111.3)	(95.9)
Purchases of the Company's shares	(0.5)	-
Net cash used in operating activities	(3.7)	(5.3)
Dividend paid to equity holders of the Company	(20.1)	(230.5)
Net increase (decrease) in cashflows	(2.5)	3.8

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Changes in equity for the 6 months ended 30 June

The Group	Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total equity S\$'000
Balance at 1 January 2020	457,283	245,980	356,325	1,059,588
Total comprehensive income (loss) for the period	-	23,819	(20,817)	3,002
Share of reserves of associated corporations	-	(494)	(403)	(897)
Purchase and cancellation of shares	-	-	(460)	(460)
Dividend relating to 2019 paid	-	-	(20,126)	(20,126)
Transfer upon disposal of investments	-	(686)	686	-
Balance at 30 June 2020	<u>457,283</u>	<u>268,619</u>	<u>315,205</u>	<u>1,041,107</u>
Balance at 1 January 2019	457,283	243,812	704,239	1,405,334
Total comprehensive income for the period	-	37,354	13,157	50,511
Share of reserves of associated corporations	-	(1,182)	(4,098)	(5,280)
Dividend relating to 2018 paid	-	-	(230,527)	(230,527)
Balance at 30 June 2019	<u>457,283</u>	<u>279,984</u>	<u>482,771</u>	<u>1,220,038</u>

Changes in equity for the 6 months ended 30 June

The Company	Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total equity S\$'000
Balance at 1 January 2020	457,283	47,830	636,661	1,141,774
Total comprehensive income for the period	-	47,837	68,237	116,074
Purchase and cancellation of shares	-	-	(460)	(460)
Dividend relating to 2019 paid	-	-	(20,126)	(20,126)
Balance at 30 June 2020	<u>457,283</u>	<u>95,667</u>	<u>684,312</u>	<u>1,237,262</u>
Balance at 1 January 2019	457,283	68,829	909,820	1,435,932
Total comprehensive income for the period	-	11,911	71,241	83,152
Dividend relating to 2018 paid	-	-	(230,527)	(230,527)
Balance at 30 June 2019	<u>457,283</u>	<u>80,740</u>	<u>750,534</u>	<u>1,288,557</u>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

The Company's issued share capital as at 30 June 2020 and 31 December 2019 is summarised as follows:

	30/06/2020		31/12/2019	
	No. of shares	\$	No. of shares	\$
Issued and paid up share capital including treasury shares	2,648,150,200	457,282,366	2,649,740,300	457,282,366
Issued and paid up share capital excluding treasury shares	2,648,150,200		2,649,740,300	

During H1 2020, the Company purchased a total of 1,590,100 shares in the Company on the open market for a total consideration of \$460K (including transaction costs), financed by internal funds and borrowings. These shares were cancelled immediately on purchase.

During H1 2019, the Company did not purchase any shares in the Company.

The Company does not have any convertibles or treasury shares as at 30 June 2020 and 30 June 2019.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Number of shares	
	As at 30/06/2020	As at 31/12/2019
Issued ordinary shares, excluding treasury shares	2,648,150,200	2,649,740,300

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

NIL.

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

N.A.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except for the adoption of new or amended Singapore Financial Reporting Standards (International) ("SFRS(I)s") as described in Section 5, the Group has applied the same accounting policies and methods of computation in these results as in the audited financial statements for the year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 January 2020, the Group adopted certain new or amended SFRS(I)s that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s.

The adoption of these new or amended SFRS(I)s did not result in substantial changes to the accounting policies of the Group and the Company, and had no material effect on the results reported for the current or prior financial years.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

Group		H1 2020	H1 2019
Net (loss) profit attributable to equity holders of the Company (S\$'000)		(20,817)	13,157
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)		2,648,787	2,649,740
(i) Basic (loss) earnings per share (Cents per share)		(0.786)	0.497
(ii) On a fully diluted basis (Cents per share)		(0.786)	0.497

Basic (loss) earnings per share is calculated by dividing the net (loss) profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted (loss) earnings per share is the same as basic (loss) earnings per share as there was no dilutive effect on (loss) earnings per share calculations due to the absence of any dilutive financial instruments during the period.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
Net asset value (S\$'000)	1,041,107	1,059,588	1,237,262	1,141,774
Number of issued shares excluding treasury shares ('000)	2,648,150	2,649,740	2,648,150	2,649,740
Net asset value per ordinary share based on issued share capital at the end of the period	\$0.393	\$0.400	\$0.467	\$0.431

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group's revenue mainly relates to distributions declared by HKT. The Group's revenue for H1 2020 was \$10.8 million compared to \$9.8 million in H1 2019.

Total expenses for H1 2020 amounted to \$8.7 million compared to \$7.4 million for H1 2019. The increase was mainly because of an increase in finance expenses of \$2.3 million which was mainly due to higher interest costs resulting from increased borrowings. Average monthly borrowings increased from \$189.3 million in H1 2019 to \$361.7 million in H1 2020. Borrowings as at 30 June 2020 were \$292.0 million as compared to \$237.1 million as at 30 June 2019. The increase was partially offset by decreases in legal and professional fees of \$303K, travelling expenses of \$584K and other expenses of \$268K.

The Group's share of results of associated companies for H1 2020 was a net loss of \$23.5 million as compared to a profit of \$6.7 million for H1 2019. These included the Group's share of results from PCCW for H1 2020 of a loss of \$23.9 million compared to a profit of \$6.4 million for H1 2019.

PCCW recorded a steady performance for H1 2020 despite disruptions to social and economic activities due to COVID-19. Its business continuity measures enabled PCCW to maintain operations and continue to deliver services to its customers in Hong Kong and in the region.

Despite a material decline in roaming revenue because of travel restrictions, HKT's total revenue excluding Mobile product sales held steady at \$2,456.8 million (HK\$13,636 million) due to the scale and resilience of its Telecommunications Services ("TSS") segment. HKT's total revenue decreased by 3% to \$2,631.6 million (HK\$14,606 million), reflecting softer Mobile product sales. Total EBITDA decreased by 3% to \$999.2 million (HK\$5,546 million) with stable margin.

Revenue from PCCW's Media business was stable at \$342.7 million (HK\$1,902 million), reflecting the benefits of its diversified platforms. Revenue at Now TV decreased by 6% to \$228.8 million (HK\$1,270 million), primarily due to the suspension of major sporting events around the world and reduced sales activity, but this was offset by continued growth in its Free TV and over-the-top ("OTT") businesses which recorded revenue expansions of 2% and 14% respectively from a year ago. Free TV viewership and advertising revenue continued to increase, while the OTT business improved engagement and monetisation of its growing user base.

EBITDA from Now TV dropped by 3% to \$35.7 million (HK\$198 million) with an enhanced margin year-on-year driven by streamlining of content costs and cost controls. Meanwhile, the Free TV and OTT businesses narrowed their EBITDA losses by 34% and 66% respectively from a year ago. As a result, the Media business demonstrated significant improvement generating a positive EBITDA overall.

Revenue from the Solutions business increased by 11% to \$343.6 million (HK\$1,907 million) driven by significant project wins in Southeast Asia and strong data centre demand. However, the Solutions business EBITDA suffered a setback and dropped to \$40.5 million (HK\$225 million) as government lockdowns led to a halt in the delivery of projects, low staff utilisation rates and certain bad debts.

PCPD recorded an increase in revenue to \$288.6 million (HK\$1,602 million) as the first half saw the completion and handover of the Park Hyatt Niseko Hanazono Residences ("Branded Residences"), the opening of Park Hyatt Niseko, Hanazono as well as an increase in gross rental income from Pacific Century Place, Jakarta ("PCP Jakarta"). PCPD recorded positive EBITDA of \$3.6 million (HK\$20 million) during the period.

On a consolidated basis, PCCW's revenue excluding Mobile product sales increased by 12% to \$3,119.0 million (HK\$17,311 million) and total EBITDA increased by 2% to \$975.8 million (HK\$5,416 million).

Consolidated loss attributable to equity holders of PCCW for the period was \$105.2 million (HK\$584 million) due to the absence of a non-recurring fair value gain on Network Capacity Access Right of \$66.5 million (HK\$369 million) recognised in H1 2019, increased depreciation and amortisation cost of \$74.1 million (HK\$411 million) and financing costs to support the growth of the Free TV and OTT businesses, as well as the recognition of expenses associated with the Park Hyatt Niseko, Hanazono upon the hotel's opening. Excluding other gains/losses, net consolidated loss attributable to equity holders of PCCW was \$98.6 million (HK\$547 million), compared to \$47.4 million (HK\$263 million) reported in same period last year.

The Group's share of profit of its 49.87% associated company, KSH was approximately \$326K for H1 2020 compared to \$315K for H1 2019.

A deferred tax provision of \$1.7 million was written back in H1 2020. Deferred tax previously provided on distributions from HKT was reversed after the distributions were used to pay tax exempt dividends to equity holders of the Company for the financial year ended 31 December 2019. Deferred tax provision written back in H1 2019 was \$2.9 million.

The Group recorded a loss attributable to equity holders of \$20.8 million for H1 2020 as compared to a profit of \$13.2 million for H1 2019.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

N.A.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The results of the Group are substantially dependent on the results of the Group's major investment, PCCW.

As the world attempts to gradually resume normal international sports leagues and tournaments, PCCW expects to improve subscriptions for its Now TV. ViuTV will continue to produce quality programs to sustain a stable growth of local viewership. Regionally, Viu is working to increase market penetration and engagement through its content strategy and partnership with telco partners in different markets.

PCCW Solutions is focused on driving IP-based solutions adoption and providing end-to-end outsourcing and managed services to assist large enterprises and public sector organisations to accelerate digital transformation and achieve cost efficiency and business agility.

HKT is actively driving 5G adoption by consumers and enterprises, while developing new revenue streams in digital and smart lifestyle services to complement its core telecommunications business.

The COVID-19 situation remains severe in many countries, and Hong Kong saw a wave of new cases recently. The battle seems to be far from over. Following a serious contraction in the first half of the year, Hong Kong's economy faces new uncertainties due to sanctions taken by the United States administration.

PCCW has a resilient, diversified business portfolio and prudent financial and risk management which should enable it to withstand these challenges. PCCW remains vigilant in responding to changes in the external environment and in taking timely and appropriate actions as and when necessary.

11. Dividend**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend Rate	2.3 cents per ordinary share
Tax Rate	One-tier tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

Name of Dividend

Dividend Type

Dividend Rate

Tax Rate

(c) The date the dividend is payable.

The payment date of the dividends will be announced at a later date.

(d) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

The notice of the closure of the Register of Members and Transfer Books of the Company for the purposes of determining the entitlement of the dividends will be announced at a later date.

12. If no dividend has been declared (recommended), a statement to that effect.

N.A.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group obtained a general mandate from the shareholders of the Company for interested person transactions on 28 May 2020. During the financial period under review, the following interested person transactions were entered into by the Group:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
N.A.	N.A.	None, all IPTs below \$100,000	N.A.

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results).

The Directors have confirmed that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the six months ended 30 June 2020 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

BY ORDER OF THE BOARD

Lim Beng Jin
Company Secretary
13/08/2020