

## Risk Factors

The business, financial condition and results of operations of the Group are subject to various business risks and uncertainties. The factors set out below are those that the Group believes could result in the financial condition of the Group or results of operations differing materially from expected or historical results. There may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

### Market Economy

The Group operates principally in Hong Kong. As a result, the financial condition of the Group and results of operations may be influenced by the general state of the local market or economy. Any significant or protracted worsening of the financial and economic climate in Hong Kong could result in an adverse change to customer sentiment or service usage behaviour, and therefore, could adversely affect the Group's financial condition and results of operations.

### Industry Trends and Interest Rates

The Group's results are affected by trends in the telecommunications markets in which it operates. While the Group believes that its extensive customer base reduce its exposure to the industry cycles, its results have in the past been adversely affected by industry trends and volatility in interest rate. There can be no assurance that the combination of industry trends and interest rates experienced by the Group in the future will not adversely affect its financial condition and results of operations.

In particular, income from the Group's finance and treasury operations is dependent upon interest rates and market conditions, and therefore there can be no assurance that changes in these conditions will not materially and adversely affect the Group's financial condition and results of operations.

### Highly Competitive Market

The Group faces significant competition in markets which it operates. Aggressive tariff plans and customer acquisition strategies adopted by competitors may impact on pricing plans, customer acquisition and retention costs, rate of customer growth and retention prospects and hence, the service revenue the Group receives as a major provider of mobile telecommunications services. Risk of competition from alternative sources of mobile telecommunications services in the future could adversely affect the financial performance and growth prospects of the Group.

### Strategic Partners

The Group conducts some of its businesses through a joint venture, in which it shares control (in whole or in part) and has formed strategic alliances with certain leading international companies, government authorities and other strategic partners. There can be no assurance that any of these strategic or business partners will wish to continue their relationships with the Group into the future, or that the Group will be able to pursue its stated strategies with respect to its joint venture and the markets in which they operate. Furthermore, other investors in the joint venture may undergo a change of control or financial difficulties, which may negatively impact the Group's financial condition and results of operations.

### Impact of Law and Regulatory Requirements

The Group is exposed to local business risk, which could have a material adverse effect on its financial condition and results of operations. The Group is also exposed to changes in government policies, political, social, legal and regulatory requirements, these include:

- changes in taxation regulations and interpretations;
- competition law applicable to the telecommunications industry;
- changes in the process of obtaining or maintaining licences, permits and governmental approvals necessary for operations;
- telecommunications regulations; and
- environmental and safety laws, rules and regulations.

The Group is permitted to provide telecommunications services and operate networks under licences granted by regulatory authorities. All these licences have, historically, been issued for fixed terms and subsequently renewed. However, further renewals may not be guaranteed, or the terms and conditions of these licences may be changed upon renewal. All these licences contain regulatory requirements and carrier obligations regarding the way the Group must conduct its business, as well as network quality and coverage. Failure to meet these requirements could result in damage awards, fines, penalties, suspension or other sanctions including, ultimately, revocation of the licences. Decisions by regulators with respect to the granting, amendment or renewal of licences the Group or other parties (including spectrum allocation to other parties or relaxation of constraints with respect to the technology or specific service that may be deployed in the given spectrum band) could result in the Group facing unforeseen competition and/or could materially and adversely affect the Group's financial condition and results of operations.

### Accounting

The International Accounting Standards Board has issued and may in the future issue more new and revised standards, amendments and interpretations. Such factors may require adoption of new accounting policies. There can be no assurance that the adoption of new accounting policies or new IFRS will not have a significant impact on the Group's financial condition and results of operations.

### Impact of Regulatory Reviews

The Group is listed on the Stock Exchange and is subject to regulatory reviews of various filings by the Stock Exchange's regulatory bodies and/or other regulatory authorities. While the Group endeavour to comply with all regulatory requirements of the Stock Exchange, and obtain independent professional advice as appropriate, there can be no assurance that the regulatory bodies' review will not result in a disagreement with the Group's interpretations and judgements and that any required actions mandated by the authorities will not have adverse impact on the Group's financial position and results of operations.

## Rapid Technological Changes

The global telecommunications industry is characterised by rapid increases in the diversity and sophistication of the technologies and services offered. As a result, the Group may face increasing competition from technologies currently under development, or which may be developed in the future, by both existing competitors as well as new market entrants. The development and application of new technologies involve time, substantial costs and risks. The technologies employed may become obsolete or be subject to intense competition from new technologies in the future. Impairment of any assets could adversely affect the Group's financial condition and results of operations. If the Group fails to develop, or obtain timely access to, new technologies and equipment, or if the Group fails to obtain the necessary licences and spectrum to provide services using these new technologies, the Group may lose customers and market share, and therefore adversely affect the Group's financial conditions and results of operations.

## Network Performance

Some elements of the Group's networks, such as switching and data platforms, perform critical functions for broad sectors of network operations. Damage to such critical elements may cause an entire sector of network coverage to be rendered non-functional and, as a result, the Group may not be able to provide mobile telecommunications services to a substantial proportion of customer base. In the event that the Group is unable to provide mobile telecommunications services to a substantial proportion of its customers for an extended period of time, its business and results of operations will be materially and adversely affected.

## Outbreak of Highly Contagious Disease

There was an outbreak of Severe Acute Respiratory Syndrome in 2003 and there has been an outbreak of coronavirus disease since early 2020 in Hong Kong. The outbreak of the diseases had significant adverse impacts on the economies of Hong Kong. There can be no assurance that there will not be another significant outbreak of a severe communicable disease and if any highly contagious diseases spread, or are not satisfactorily contained, the Group's operations could be interrupted, which could have a material adverse effect on the Group's financial condition and results of operations.

## Natural Disasters

Some of the Group's assets and projects, and many of the Group's customers and suppliers are located in areas at risk of damage from floods, typhoons and other major natural disasters and the occurrence of any of these events could disrupt the Group's business and materially and adversely affect the Group's financial condition and results of operations.

Although the Group has not experienced any major structural damage to the Group's facilities, there can be no assurance that those natural disasters will not occur and result in major damage to the Group's facilities, which could materially and adversely affect the Group's financial condition and results of operations.

## Social Unrest

The Group has presence in Hong Kong and Macau. There can be no assurance that these two cities will remain socially stable, and social unrest in any of these cities may pose an adverse impact on the Group's financial condition and results of operations.

### Impact of Possible Economic Sanctions on Business Partners, Suppliers or Businesses in General

Governments and multinational organisations from time to time administer certain laws and regulations that impose restrictions with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of economic sanctions. There can be no assurance that such sanctions will not affect the jurisdictions in which the Group conducts its business, any of the Group's business partners or suppliers or otherwise. To the extent that any such sanction is imposed, the Group may need to cease operations and suffer losses in that regard. If any of the Group's business partners or suppliers is impacted by sanctions, provision of goods, services or support by them may be disrupted or discontinued, which may affect the Group's ability to continue to operate. If any of the Groups' business partners is affected by sanctions, the continuation or disruption of strategic alliance with such business partners may also affect the Group's ability to continue to operate and/or may result in suspension of operations. There can be no assurance that the Group will be able to obtain alternative goods, services, support or alliance it needs for the operation of its business, in a timely manner or at competitive terms, and no assurance that any compensation recoverable from business partners or suppliers for the discontinued or disrupted supply, service, support or alliance will be available or adequate. Any of these factors could have a material adverse effect on the Group's financial condition and results of operations.

### Cyber Security Risks

Cyber attacks, including through the use of malware, computer viruses, dedicated denial of services attacks, credential harvesting and other means for obtaining unauthorised access to or disrupting the operation of the networks, systems and data base of the Group or its suppliers, vendors and other service providers, could have an adverse effect on the Group's business, operations and reputation. Cyber attacks may cause equipment failures and loss or leakage of data, including personal data of customers or employees and technical and trade information, as well as disruptions to the Group's or its customers' operations. Corporate cyber attacks have increased in frequency, scale and severity in recent years. Further, the perpetrators of cyber attacks are not restricted to particular groups or persons. These attacks may be committed by company employees or external actors operating in any geography, including jurisdictions where law enforcement measures to address such attacks are unavailable or ineffective, and may even be launched by or at the behest of nation states. The measures deployed by the Group may not be able to prevent, eliminate or minimise the risks associated with cyber attacks.

Any operational impacts caused by cyber attacks to the networks, systems and data base of the Group or its suppliers, vendors and other service providers, even for a limited period of time, may result in costly remedial expenses and/or loss of business. The costs required to remedy a major cyber attack on the Group could include expensive incentives to certain existing customers and business partners, increased expenditures on cyber security measures and the use of alternate resources, lost revenues from business interruption and claims. The potential costs associated with these attacks could exceed the insurance coverage the Group maintains. In addition, a compromise of security or leakage of data, such as personal data and technical and trade information, could result in third party claims and/or regulatory claims or investigations. Any of these occurrences could damage the Group's reputation, adversely impact customer and investor confidence, and materially and adversely affect the Group's financial condition and results of operations.

## Compliance with Data Protection Legislation

In the ordinary course of its operations, various members of the Group collect, store and use data that is protected by data protection laws. As regulatory focus on privacy issues continues to increase and laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to data collection and use within the Group's business are expected to intensify.

In the event that the Group is unable to meet its obligations under applicable data protection laws, it may be subject to regulatory action or civil claims. The cost of regulatory or legal action, and any monetary and/or reputational damage suffered as a result of such action, could have a material adverse effect on the Group's financial condition and results of operations.

## Past Performance and Forward-looking Statements

The performance and the results of operations of the Group contained within this Annual Report are historical in nature, and past performance is no guarantee for the future results of the Group. Any forward-looking statements and opinions contained within this Annual Report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained within this Annual Report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.



# Environmental, Social and Governance Report

The Group acknowledges the importance of sound environmental, social and governance practices in terms of employees, customers, suppliers and anti-corruption measures, as well as environmental and community matters.

