

Management Discussion and Analysis

Business Highlights for Hong Kong Operations

Financial performance summary

	2025 HK\$ million	2024 ⁽¹⁾ HK\$ million	Change
Revenue	5,448	4,643	+17%
Net customer service revenue	3,619	3,425	+6%
• Local service revenue	2,764	2,772	-
• Roaming service revenue	855	653	+31%
Hardware and other product revenue	1,829	1,218	+50%
Net customer service margin	2,863	2,919	-2%
<i>Net customer service margin %</i>	79%	85%	-6% points
Standalone hardware and other product sales margin	51	21	+143%
Total margin	2,914	2,940	-1%
- CACs	(414)	(401)	-3%
- Less: Bundled sales revenue	248	238	+4%
CACs (net of hardware and other product revenue)	(166)	(163)	-2%
Operating expenses	(1,291)	(1,319)	+2%
<i>Operating expenses as a % of net customer service margin</i>	45%	45%	-
Share of EBITDA of a joint venture	51	53	-4%
EBITDA ⁽²⁾	1,508	1,511	-
Service EBITDA ⁽²⁾	1,457	1,490	-2%
<i>Service EBITDA ⁽²⁾ margin %</i>	40%	44%	-4% points
CAPEX (excluding telecommunications licences)	(433)	(431)	-
EBITDA ⁽²⁾ less CAPEX	1,075	1,080	-
Depreciation and amortisation ⁽⁴⁾	(1,490)	(1,494)	-
EBIT ⁽³⁾	18	17	+6%
Service LBIT ⁽³⁾	(33)	(4)	-725%
Net interest and other finance income ⁽⁴⁾	79	98	-19%
Profit before taxation	97	115	-16%
Taxation ⁽⁴⁾	(79)	(84)	+6%
Profit attributable to shareholders	18	31	-42%

Notes:

- (1) Annual results for the year ended 31 December 2024 have been restated to conform with current year presentation to reflect the sale of the entire interests of the Group in a subsidiary which engages in the mobile telecommunications business in Macau on 12 January 2026.
- (2) EBITDA represents the EBITDA of the Company and subsidiary companies as well as the Group's share of the EBITDA of a joint venture. EBITDA is defined as earnings before net interest and other finance income, taxation, depreciation and amortisation. Information concerning EBITDA has been included in the Group's financial information and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA is not a measure of cash liquidity or financial performance under IFRS Accounting Standards and the EBITDA measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with IFRS Accounting Standards.
- (3) EBIT/(LBIT) represents the EBIT/(LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT of a joint venture. EBIT/(LBIT) is defined as earnings or losses before net interest and other finance income and taxation. Information concerning EBIT/(LBIT) has been included in the Group's financial information and is used by many industries and investors as one measure of results from operations. The Group considers EBIT/(LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT/(LBIT) is not a measure of financial performance under IFRS Accounting Standards and the EBIT/(LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT/(LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with IFRS Accounting Standards.
- (4) Depreciation and amortisation, net interest and other finance income and taxation include the Group's share of joint venture's respective items.

Review of financial results

Net customer service revenue increased by HK\$194 million, or 6% year-on-year, to HK\$3,619 million. This was mainly driven by stabilised local service revenue and continued growth in corporate solutions revenue. Hardware revenue surged by HK\$611 million or 50% year-on-year, reflecting strong demand for new flagship mobile devices. Overall, total revenue from Hong Kong operations increased by HK\$805 million, or 17% year-on-year, to HK\$5,448 million. Despite the revenue uplift, total margin recorded a modest decline of HK\$26 million, or 1% year-on-year, to HK\$2,914 million, primarily due to a lower net customer service margin, reflecting the dilutive impact of a higher mix of low margin revenue streams, partially compensated by higher hardware margin.

EBITDA from Hong Kong operations remained stable at HK\$1,508 million, supported by a 2% reduction in operating expenses driven by cost-saving initiatives and AI-enabled efficiency enhancements.

EBIT from Hong Kong operations was HK\$18 million, representing a modest improvement of HK\$1 million or 6% compared with 2024, primarily attributable to the stabilised depreciation and amortisation expenses. Hong Kong operations reported a net interest income of HK\$79 million in 2025 compared to HK\$98 million in 2024, reflecting lower bank deposit interest rates. As a result, profit from Hong Kong operations in 2025 was HK\$18 million, a decrease of 42% compared to 2024.

Key performance indicators

	2025	2024 ⁽¹⁾	Change
Number of postpaid customers ('000)	1,289	1,316	-2%
Number of prepaid customers ('000)	6,843	3,162	+116%
Total customers ('000)	8,132	4,478	+82%
Postpaid customers to total customer base (%)	16%	29%	-13% points
Postpaid customers' contribution to net customer service revenue (%)	76%	82%	-6% points
Monthly churn rate of postpaid customers (%)	0.9%	1.0%	+0.1% point
Postpaid gross ARPU (HK\$)	187	190	-2%
Postpaid net ARPU (HK\$)	176	175	+1%
Postpaid net AMPU (HK\$)	149	153	-3%

Note 1: Annual results for the year ended 31 December 2024 have been restated to conform with current year presentation to reflect the sale of the entire interests of the Group in a subsidiary which engages in the mobile telecommunications business in Macau on 12 January 2026.

As at 31 December 2025, the postpaid customer base of Hong Kong operations was approximately 1.3 million, a decrease of 2% compared to the end of 2024. The 5G penetration rate rose 8% points to 62% compared to 2024, supported by continued customer upgrades to 5G mobile services. The monthly churn rate of postpaid customers improved slightly to 0.9% (2024: 1.0%), demonstrating the effectiveness of the Group's customer engagement initiatives and targeted retention strategies.

Net interest and other finance income

Net interest and other finance income (with share of a joint venture) amounted to HK\$79 million in 2025 (2024: HK\$98 million), mainly reflecting a decrease in overall bank interest income by HK\$21 million to HK\$160 million, as deposit interest rate declined from an average of 4.92% in 2024 to an average of 4.30% in 2025.

Hong Kong operations maintained a healthy financial position with cash and bank balances of HK\$3,747 million as of 31 December 2025.

Capital expenditure

Capital expenditure on property, plant and equipment, which accounted for 12% (2024: 13%) of the net customer service revenue from Hong Kong operations, remained stable at HK\$433 million, reflecting the Group's continued strategic emphasis on efficiency and disciplined investment. The Group upholds a prudent financial approach to capital expenditure, applying comprehensive investment assessments and ensuring optimal resource allocation to support its operational, technological and strategic objectives.

Summary of spectrum investment as of 31 December 2025

	Spectrum band	Bandwidth	Year of expiry
Hong Kong	700 MHz	20 MHz	2037
	900 MHz	10 MHz	2026 ⁽¹⁾
	900 MHz	10 MHz	2036
	1.8 GHz	30 MHz	2036
	2.1 GHz	29.6 MHz	2031
	2.3 GHz	30 MHz	2027 ⁽¹⁾
	2.6 GHz	20 MHz ⁽²⁾⁽³⁾⁽⁴⁾	2028 ⁽³⁾⁽⁴⁾
	2.6 GHz	10 MHz ⁽²⁾	2039
	3.3 GHz	30 MHz	2034
	3.5 GHz	40 MHz	2035
	26 GHz	600 MHz	2034

Notes:

- (1) As a result of the completed 2024 spectrum auction, the Group will hold 10 MHz spectrum in the 900 MHz band from 2026 to 2041 and 20 MHz spectrum in the 2.3 GHz band from 2027 to 2042 upon the expiry of the existing licences.
- (2) The spectrum band was shared under a 50/50 joint venture – Genius Brand Limited.
- (3) One of the 10 MHz spectrums in the 2.6 GHz band was transferred from another joint venture partner to the joint venture with the assignment period from March 2024 to March 2028. Upon the expiry of such assignment of spectrum in March 2028, the same joint venture partner will transfer another 10 MHz spectrum in the 2.6 GHz band to the joint venture with the assignment period from March 2028 to March 2039.
- (4) As a result of the completed 2025 spectrum auction, one of the 10 MHz spectrums in the 2.6 GHz band will be replaced by 20 MHz spectrum in the 2.6 GHz band for 11 years.