

Management Discussion and Analysis

Financial Performance Summary

	1H 2025 HK\$ million	1H 2024 HK\$ million	Change
Revenue	2,216	2,058	+8%
Net customer service revenue	1,822	1,760	+4%
• Local service revenue	1,423	1,452	-2%
• Roaming service revenue	399	308	+30%
Hardware and other product revenue	394	298	+32%
Net customer service margin	1,522	1,521	-
Net customer service margin %	84%	86%	-2% points
Standalone hardware and other product sales margin	3	2	+50%
Total margin	1,525	1,523	-
- CACs	(182)	(208)	+13%
- Less: Bundled sales revenue	97	116	-16%
CACs (net of hardware and other product revenue)	(85)	(92)	+8%
Operating expenses	(694)	(731)	+5%
Operating expenses as a % of net customer service margin	46%	48%	+2% points
Share of EBITDA of a joint venture	25	28	-11%
EBITDA ⁽¹⁾	771	728	+6%
Service EBITDA ⁽¹⁾	768	726	+6%
Service EBITDA ⁽¹⁾ margin %	42%	41%	+1% point
CAPEX (excluding telecommunications licences)	(174)	(166)	-5%
EBITDA ⁽¹⁾ less CAPEX	597	562	+6%
Depreciation and amortisation ⁽³⁾	(765)	(758)	-1%
EBIT/(LBIT) ⁽²⁾	6	(30)	+120%
Service EBIT/(LBIT) ⁽²⁾	3	(32)	+109%
Net interest and other finance income ⁽³⁾	42	52	-19%
Profit before taxation	48	22	+118%
Taxation ⁽³⁾	(42)	(34)	-24%
Profit/(loss) attributable to shareholders	6	(12)	+150%

Notes:

- (1) 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.
- (2) 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.
- (3) Depreciation and amortisation, net interest and other finance income and taxation include the Group's share of joint venture's respective items.

Management Discussion and Analysis

Review of Financial Results

Driven by favourable tourism dynamics in Hong Kong, the Group recorded continued growth in outbound and inbound roaming service revenue in the first half of 2025. With the strong market uptake of the Group's comprehensive roaming offerings and positive momentum in outbound roaming service revenue, total roaming service revenue increased by HK\$91 million or 30% year-on-year to HK\$399 million, surpassing pre-pandemic levels. This growth has more than offset the 2% decline in local service revenue, which was impacted by the continued competitive landscape and evolving consumer spending patterns during the first half of 2025. Net customer service revenue increased by HK\$62 million or 4% year-on-year to HK\$1,822 million.

Hardware revenue also saw an uplift of HK\$96 million or 32%, which was attributed to increased sales volume of flagship mobile devices compared to the same period the previous year. Consequently, the Group's total revenue increased by HK\$158 million or 8% against the same period the previous year. Total margin remained stable at HK\$1,525 million, supported by improvements in both net customer service revenue and hardware revenue.

Operating expenses reduced by HK\$37 million or 5% to HK\$694 million (1H 2024: HK\$731 million), mainly driven by effective and disciplined cost management for network operations. CACs decreased by 8% against the same period the previous year.

EBITDA rose by HK\$43 million or 6% year-on-year to HK\$771 million, primarily driven by the aforementioned reduction in operating expenses and CACs.

Building on the EBIT momentum established in the second half of 2024, the Group sustained its profitability in the first half of 2025, reporting an EBIT of HK\$6 million. This represented a gradual turnaround from the LBIT reported in the same period the previous year, largely attributable to improved EBITDA performance, while the depreciation and amortisation expenses remained broadly stable.

The Group's profit attributable to shareholders and earnings per share were HK\$6 million (1H 2024: loss of HK\$12 million) and 0.12 HK cents (1H 2024: loss per share of 0.25 HK cents) respectively for the period ended 30 June 2025, marking a gradual turnaround from the loss recorded in the same period the previous year, primarily driven by the aforesaid positive developments.

Key Performance Indicators

	1H 2025	1H 2024	Change
Number of postpaid customers ('000)	1,399	1,444	-3%
Number of prepaid customers ('000)	4,735	2,827	+67%
Total customers ('000)	6,134	4,271	+44%
Postpaid customers to total customer base (%)	23%	34%	-11% points
Postpaid customers' contribution to net customer service revenue (%)	79%	83%	-4% points
Monthly churn rate of postpaid customers (%)	0.9%	1.0%	+0.1% point
Postpaid gross ARPU (HK\$)	181	184	-2%
Postpaid net ARPU (HK\$)	171	168	+2%
Postpaid net AMPU (HK\$)	146	148	-1%

As at 30 June 2025, the Group's customer base reached approximately 6.1 million, underpinned by prepaid subscriber growth across both local and overseas markets. Leveraging its robust and advanced 5G network, the Group's 5G penetration rate deepened by 6% points to 57%, reflecting the strength of its service offerings and network infrastructure. The monthly churn rate of postpaid customers saw a modest improvement of 0.1% point to 0.9%. (1H 2024: 1.0%), reinforcing the effectiveness of the Group's customer engagement and retention strategies and demonstrating the Group's ability to maintain strong customer relationships in a competitive market environment. Postpaid net ARPU increased by 2% to HK\$171 compared to the same period the previous year, primarily driven by strong performance in roaming service revenue.

Net Interest and Other Finance Income

Net interest and other finance income (with share of a joint venture) amounted to HK\$42 million in the first half of 2025 (1H 2024: HK\$52 million), with overall bank interest income decreased by 12% due to the reduction in bank deposit interest rate.

The Group continues to maintain a healthy financial position with cash and bank balances of HK\$3,754 million as of 30 June 2025 (31 December 2024: HK\$3,679 million).

Capital Expenditure

Capital expenditure on property, plant and equipment, which accounted for 10% (1H 2024: 9%) of the net customer service revenue of the Group, slightly increased by 5% or HK\$8 million as a result of strategic investments for network optimisation. The Group enforces rigorous cost discipline in capital expenditures, ensuring meticulous investment evaluation and optimal resource allocation to meet operational, technological and strategic objectives.

Summary of Spectrum Investment (as of 30 June 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⁾	2028 ⁽³⁾
	2.6 GHz	10 MHz ⁽²⁾	2039
	3.3 GHz	30 MHz	2034
	3.5 GHz	40 MHz	2035
	26 GHz	600 MHz	2034
Macau	900 MHz	10 MHz	2028 ⁽⁴⁾
	1.8 GHz	20 MHz	2028

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) In coordination with the termination of 3G services in Macau starting 5 June 2025, the Group reformed its existing 900 MHz band to provide 4G services with the licence period being extended to 23 June 2028.