Management Discussion and Analysis

Business Highlights for Hong Kong Operations

Financial Performance Summary	1H 2026 HK$ million	1H 2025 [1] HK$ million	Change
Revenue	2,846	2,151	+32%
Net customer service revenue	1,866	1,759	+6%
• Local service revenue	1,389	1,376	+1%
• Roaming service revenue	477	383	+25%
Hardware and other product revenue	980	392	+150%
Net customer service margin	1,390	1,462	-5%
Net customer service margin %	*74%*	*83%*	*-9% points*
Standalone hardware and other product sales margin	32	3	+967%
Total margin	1,422	1,465	-3%
- CACs	(190)	(175)	-9%
- Less: Bundled sales revenue	99	95	+4%
CACs (net of hardware and other product revenue)	(91)	(80)	-14%
Operating expenses	(594)	(644)	+8%
Operating expenses as a % of net customer service margin	*43%*	*44%*	*+1% point*
Share of EBITDA of a joint venture	26	25	+4%
EBITDA [2]	763	766	-
Service EBITDA [2]	731	763	-4%
Service EBITDA [2] margin %	*39%*	*43%*	*-4% points*
CAPEX (excluding telecommunications licences)	(169)	(172)	+2%
EBITDA [2] less CAPEX	594	594	-
Depreciation and amortisation [4]	(745)	(749)	+1%
EBIT [3]	18	17	+6%
Service (LBIT)/EBIT [3]	(14)	14	-200%
Net interest and other finance income [4]	34	42	-19%
Profit before taxation	52	59	-12%
Taxation [4]	(43)	(42)	-2%
Profit attributable to shareholders	9	17	-47%

Notes:

(1) Results for the period ended 30 June 2025 have been restated to conform with current year presentation to reflect the sale of the entire interests of the Group in a subsidiary which engaged in the mobile telecommunications business in Macau on 12 January 2026. Consequently, the entire mobile telecommunications business in Macau is reported as discontinued operations in the Group's condensed consolidated financial statements during the periods ended 30 June 2026 and 2025.

(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$107 million, or 6% year-on-year, to HK$1,866 million, mainly driven by stable local service revenue and continued growth in roaming service revenue. During the first half of 2026, the Group upgraded its flagship World Plan with new travelling benefits and introduced a secondary SIM feature, enabling more flexible sharing of global data. In parallel, new 5G monthly plans and a suite of AI-driven products and services were launched across the consumer and enterprise markets, while integrating evolving family-centric services such as home cybersecurity care, pet healthcare and grooming, and health checkup for seniors. These initiatives reflect the Group's focus on deepening customer engagement, advancing digital lifestyle tailored for different segment needs of the market, and showcasing the "3 for You" brand value.

Hardware revenue amounted to HK$980 million, supported by continued demand for flagship mobile devices. Overall, total revenue from Hong Kong operations increased by HK$695 million, or 32% year-on-year, to HK$2,846 million. Total margin decreased slightly by HK$43 million, or 3% year-on-year, to HK$1,422 million, primarily reflecting a higher mix of low margin revenue streams, partially offset by improved hardware margin.

EBITDA from Hong Kong operations remained stable at HK$763 million, underpinned by ongoing cost-saving initiatives and efficiency gains from digitalisation and AI-assisted workplace tools, which partially offset the impact of the lower total margin. Operating expenses decreased by 8% year-on-year, reflecting the Group's continued commitment to cost discipline.

EBIT from Hong Kong operations was HK$18 million, representing an increase of HK$1 million or 6%, compared with the corresponding period in 2025, primarily attributable to lower depreciation and amortisation expenses. Together with a lower net interest income of HK$34 million as a result of lower bank deposit interest rates, profit from Hong Kong operations for the six months ended 30 June 2026 was HK$9 million, a decrease of 47% compared to the same period last year.

Key Performance Indicators

	1H 2026	1H 2025 (1)	**Change**
Number of postpaid customers ('000)	**1,304**	1,297	**+1%**
Number of prepaid customers (2) ('000)	**1,922**	1,899	**+1%**
Total customers ('000)	**3,226**	3,196	**+1%**
Postpaid customers to total customer base (%)	**40%**	41%	**-1% point**
Postpaid customers' contribution to net customer service revenue (%)	**72%**	78%	**-6% points**
Monthly churn rate of postpaid customers (%)	**0.9%**	0.9%	**-**
Postpaid gross ARPU (HK$)	**184**	188	**-2%**
Postpaid net ARPU (HK$)	**173**	176	**-2%**
Postpaid net AMPU (HK$)	**142**	151	**-6%**

Notes:

(1) Results for the period ended 30 June 2025 have been restated to conform with current year presentation to reflect the sale of the entire interests of the Group in a subsidiary which engaged in the mobile telecommunications business in Macau on 12 January 2026. Consequently, the entire mobile telecommunications business in Macau is reported as discontinued operations in the Group's condensed consolidated financial statements during the periods ended 30 June 2026 and 2025.

(2) Number of prepaid customers has been adjusted to align with the presentation basis of CK Hutchison Holdings Limited.

As at 30 June 2026, the Group's customer base reached approximately 3.2 million. The Group's 5G penetration rate reached 64% (30 June 2025: 57%), underscoring the robust appeal of its service offerings and network infrastructure. The monthly postpaid churn rate stood at 0.9% (1H 2025: 0.9%), demonstrating effective customer engagement and retention in a competitive market landscape. Postpaid net ARPU decreased by 2% to HK$173 compared to the same period last year, primarily due to continued market competition.

Net Interest and Other Finance Income

Net interest and other finance income (with share of a joint venture) amounted to HK$34 million in the first half of 2026 (1H 2025: HK$42 million), with overall bank interest income decreased by 12% due to the reduction in bank deposit interest rates.

Hong Kong operations continue to maintain a healthy financial position with cash and bank balances of HK$3,748 million as of 30 June 2026 (31 December 2025: HK$3,747 million).

Capital Expenditure

Capital expenditure on property, plant and equipment, which accounted for 9% (1H 2025: 10%) of the net customer service revenue from Hong Kong operations, slightly decreased by 2% or HK$3 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 2026)

	Spectrum band	Bandwidth	Year of expiry
Hong Kong	700 MHz	20 MHz	2037
	900 MHz	10 MHz	2041
	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 20 MHz spectrum in the 2.3 GHz band from 2027 to 2042 upon the expiry of the existing licence.

(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.