中信國際電訊
CITIC TELECOM INTERNATIONAL

STOCK CODE:1883

ANNUAL REPORT 2024

SHAPING THE FUTURE OF DIGITAL INTELLIGENCE

ABOUT US

CITIC Telecom International Holdings Limited (the "Company", and together with its subsidiaries the "Group") was established in 1997 in Hong Kong and was listed on The Stock Exchange of Hong Kong Limited on 3 April 2007. The Group is a telecommunications enterprise providing comprehensive services.

The Company's services cover international telecommunications services, providing mobile international roaming, international voice, international messaging, international data and international value-added telecommunications services, etc. to global carriers (including mobile operators, fixed line operators, virtual network operators, internet operators and OTT operators). The Company is one of the largest telecommunications hubs in Asia Pacific, with "DataMall 自由行", the world's first mobile trading platform and SIMN as our self-developed products. The Company owns the whole CITIC Telecom Tower (with a floor area of approximately 340,000 sq. ft.) and has established two large-scale data centres in Hong Kong.

The Company's wholly-owned subsidiary, Acclivis Technologies and Solutions Pte. Ltd. ("Acclivis"), is based in Singapore with businesses in Malaysia, Indonesia, Thailand and Philippines, etc. As one of the leading IT services providers in the region, Acclivis is the trusted advisor to government and enterprise to deliver digital transformation projects and smart solutions that harness our end-to-end ICT capabilities, with focus on cloud solutions, managed services and enterprise connectivity. Acclivis also owns the reputable internet service brand "Pacific Internet" in Singapore, Thailand, Indonesia, Philippines and Malaysia, and has established data centres and cloud computing centres across key cities in Southeast Asia.

Through its wholly-owned subsidiary, CITIC Telecom International CPC Limited ("CPC"), the Group provides one-stop ICT solutions to multinational and business enterprises, including private network solutions, EPL, SD-WAN, internet access, cloud computing, information security, cloud data centre and a series of value-added services, etc. CPC is one of the most trusted partners of leading multinational and business enterprises in the Asia-Pacific region. CPC has gained a foothold in the Chinese mainland market through its subsidiary, China Enterprise ICT Solutions Limited ("CEC"), providing comprehensive ICT services for sizable multinational and business enterprises in Chinese mainland. CEC possesses various nationwide licenses in value-added telecommunications services in Chinese mainland, including nationwide Ethernet VPN, and has established cloud data centres in various cities such as Beijing, Shanghai and Guangzhou.

The Group holds 99% equity interest in Companhia de Telecomunicações de Macau, S.A. ("CTM"). CTM is one of the leading integrated telecommunications services providers in Macau, and is the only full telecommunications services provider in Macau (including mobile, internet, fixed line, data centre, enterprise ICT and international telecommunications services), as well as the major smart city operator of "Digital Macau". As a market leader, CTM has long provided quality telecommunications and ICT services to the residents, government and enterprises of Macau, and plays an important role in the ongoing development of Macau.

"Wisdom and Integrity for Fostering Prosperity" is the core value of the Group. The Group has established branch organisations in 22 countries and regions with more than 2,500 employees and almost 170 PoPs globally. The Group's business covers 160 countries and regions, and connects to over 600 operators in the world and serves over 3,000 MNCs and 40,000 local enterprises. The Group has R&D teams in various cities including Hong Kong, Macau, Zhuhai, Chengdu, etc. The Group has a number of ISO quality and network security accreditations, and also received awards and commendations from multiple organisations in recognition of caring to employees and environment for years.

CITIC Group Corporation, a large multinational conglomerate headquartered in China, is the ultimate holding company of the Company.

VISION

To become a leading digitalised and intelligentised comprehensive telecommunications company in Asia Pacific, and provide quality services for social development, corporate innovation and the better lives of people.

MISSION

- With the backing of Chinese mainland, establishing a foothold in Hong Kong and Macau, and connecting to the world.
- Focusing on international development, pursuing technological innovation, and enhancing core competitiveness.
- Customer-oriented, with value creation as our goal, providing sustainable return for our shareholders.

CONTENTS

MILESTONES 2024

JANUARY

- China Enterprise ICT Solutions Limited ("CEC") won the "Energy Supply Chain – Digitalization Pioneer Award" jointly issued by the "Energy" Magazine and the Energy Enterprise Materials Procurement Supply Chain Development Alliance

FEBRUARY

- CEC received the Honorary Credential of "2023 Digitalization Service Innovation Leadership Award" issued by the Association of Chief Information Officers of Anhui Province
- Acclivis Technologies and Solutions Pte. Ltd. ("Acclivis") was awarded the "2023 Top Emerging Partner" by Tech Data (Singapore) Pte Ltd, one of the world's largest distributors of Information Technology products and services

MARCH

- CITIC Telecom International Limited ("CITIC Telecom International") signed an agreement to join the GSMA Open Gateway initiative as a significant partner of GSMA in the Asia-Pacific region. Further enhanced platform capabilities to serve the development of the digital economy
- Companhia de Telecomunicações de Macau, S.A. (formerly known as "Companhia de Telecomunicações de Macau, S.A.R.L.") ("CTM") and a business partner signed a 5.5G Memorandum of Understanding to carry out in-depth cooperation in the field of 5.5G deployment, applications and the constructions of ecosystem, aiming to accelerate the development of "Digital Macau" smart city initiative
- CTM and Baidu signed the "Cooperation Agreement for the City Digital Economy (Macau) Innovation Center" for introducing Baidu PaddlePaddle AI platform into Macau

MILESTONES 2024

APRIL

- CITIC Telecom International CPC Limited ("CPC") became a Strategic Partner with Broadcom Inc. and listed as New VMware Cloud Service Provider (VCSP) – Pinnacle Tier Partner in the Broadcom Advantage Partner Program for multiple regions, including Hong Kong, Singapore and Japan, to help mutual enterprise customers to innovate by adopting VMware Cloud Foundation (VCF) as their private cloud infrastructure
- CPC's Research and Development team won the second prize in Innovation Application Challenge with its "AIGC-Blockchain Integrated Solutions" in "XuperCore Open Source Blockchain Innovation Competition" which jointly organised by OpenAtom Foundation, Industry and Information Technology Department of Jiangsu and Baidu Online Network Technology (Beijing) Co., Ltd.
- CPC's "AI Databank" won the "CW Innovation Awards APAC 2024" organised by Computer Weekly
- CEC's TrustCSI Managed Information Security Services won the "2023 Outstanding Recommended Product for Intelligent Manufacturing" issued by e-works
- CEC won the "2023 Outstanding Supplier of Network Security" issued by e-works
- CTM took the lead in applying 5.5G multi-network convergence technology, the world's first use of SRv6 technology to provide mobile leased lines as backup for fixed leased line service, during the "6th Ministerial Conference of the Forum for Economic and Trade Co-operation between China and Portuguese-speaking Countries (Macau)" to ensure security of communications and network services

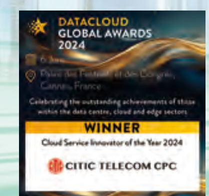
MAY

- CPC's TrustCSI™ Managed Security Services (MSS) won the award in the "Managed Security Service" category and CPC is also the winner in the "Most Innovative Cybersecurity Company" category in the "2024 Cybersecurity Excellence Awards" organised by Cybersecurity Insiders
- CPC received the "Distinguished Enterprise Cybersecurity Provider" in the "Corporate Brand Awards of Excellence 2024" organised by Hong Kong Economic Journal. It is the 8th consecutive year that CPC has won the award
- CTM's "5G Cross Regional Private Network Solution" won the "Innovation Award" issued by the International Association of Portuguese-Speaking Communications

MILESTONES 2024

JUNE

- CITIC Telecom International Holdings Limited ("the Company") won the "Best Innovative Solutions Partner Award – Technological Development" from a China operator. It is the 17th consecutive year that the company has won the award
- CITIC Telecom International won first prize in the GSMA Open Gateway Hackathon and demonstrated its innovation capability and technological superiority in this field
- CPC received the "Cloud Service Innovator of the Year 2024" at the "Datacloud Global Awards 2024" organised by the BroadGroup
- CEC won the "Best Digital Solution Service Provider" jointly issued by the China Intelligent Manufacturing CIO Summit and Qinzhe Culture Communication (Shanghai) Co., Ltd.
- CEC won the "2023 Premier Digital Transformation Solution Provider" in the "Gold Excellence Award" jointly issued by CIO TIMES and New Infrastructure Innovation Research Institute
- CEC won the "CIO Preferred Digital Service Provider" issued by CIO Association of Guangdong
- At the 2024 Mobile World Congress held in Shanghai, CTM signed a Memorandum of Understanding with GSMA to join and become a member of Open Gateway Initiative, working together with global operators and technology pioneers to accelerate the development of global digital services and applications
- CTM's Airport O&M Division won "Gold Award for the International Management Certification Recognition for Macau Enterprises" issued by Macau Productivity and Technology Transfer Center
- CTM was awarded the "Best Network and Resources Partner Award – Global Roaming" issued by a China operator

JULY

- The Company received the "Certificate of Excellence" at HKIRA 10th IR Awards 2024 organised by Hong Kong Investor Relations Association (HKIRA)
- CPC's "AI DataBank" won the "BUSINESS GOVirtual Tech Awards – Tech Company of the Year (Large Corporation) – Innovative Technology Application" at the "2024 BUSINESS GOVirtual Tech Awards" organised by Baobab Tree Event Management Company Limited
- CEC's "Cyber Threat Intelligence Platform" was listed for the TOP 50 and won the Silver Award in Public Algorithms Model Category at "The 4th Competition on Best Practices of Applied Algorithms (BPAA)"
- CEC's Canon Medical SD-WAN Optimization Project and China Resources Beer SD-WAN Optimization Project won the "2023 Best SD-WAN Application Award" jointly issued by the China Academy of Information and Communication Technology (CAICT) and the Computing and Network Convergence Industry and Standards Promotion Committee of the China Communications Standards Association (CCSA TC621)
- CTM took the lead in launching 5.5G services, marking Macau's official entry into the 5.5G era and becoming one of the first 5.5G commercialised cities in the world
- Acclivis was recognised as the 2023 Top Performing Business Partner for Security at the IBM Partner Connect & Awards Event



MILESTONES 2024

AUGUST

- CTM was bestowed the "Greater Bay Area Star Brand Award"

SEPTEMBER

- CEC in association with China Resources Beer (Holdings) Company Limited launched the "CR Beer Digitalised and Intelligentised Green Factory" and "CR Beer One-Stop Hybrid Network" projects, respectively garnered the "2024 IDC China Future Digital Industry Leader – Digital Industry/Energy" and "IDC China Future Enterprise Awards – Future Connectivity Leader" awards issued by International Data Corporation China (IDC China)

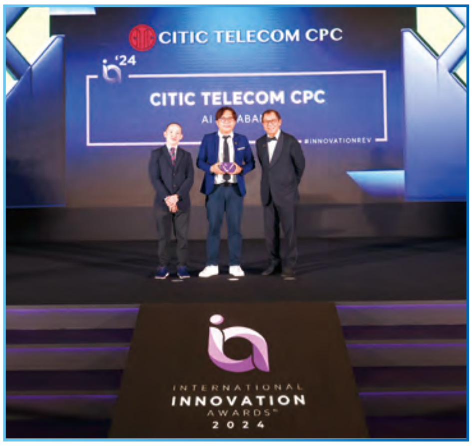
OCTOBER

- CITIC Telecom International received the "2024 STAR Award – Best Cybersecurity Solution" from CAHK
- CEC won the "Second Prize in New Energy – Energy Storage System of Battery Capacity Prediction" in the "7th Industrial Internet Data Innovation Application Competition" organised by CAICT
- CEC's TrustCSI 3.0 was awarded the "2024 Telecommunications Industry Cybersecurity Innovation Solution" certificate issued by Communications Weekly
- CEC's Information Security Threat Intelligent Detection Platform was awarded the "Technology Innovation Award" issued by the Organizing Committee of the China Computer Federation of National Annual Conference on High Performance Computing (CCF HPC China)

MILESTONES 2024

NOVEMBER

- The Company ranked in the "Top 100 Hong Kong Stock Exchanges – Top 50 Small Enterprises" organised by Top 100 Hong Kong Listed Companies Research Centre
- CPC's "AI DataBank" won the "International Innovation Award (IIA) 2024" by Enterprise Asia
- CTM awarded the "Distinguished Contribution Award" issued by World Internet Conference
- CTM's "Macau Smart Tourism + Smart Expo Solution" won the first prize in the "Greater Bay Area 5G Application Innovation Competition"



MILESTONES 2024

DECEMBER

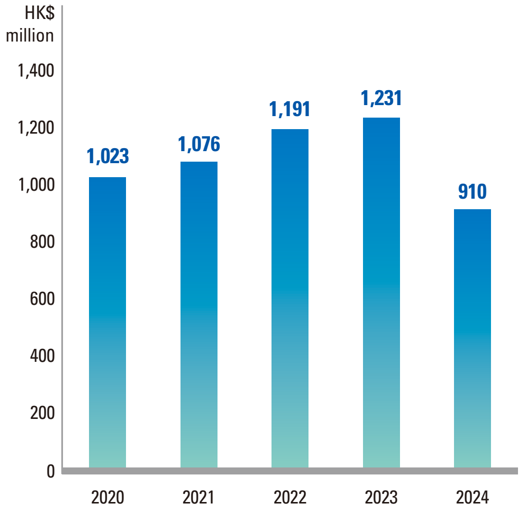
- CITIC Telecom International received "Kunlun Platform Development Ecological Alliance Member Unit" at the Kunlun Ecological Alliance Roundtable Forum organised by a China operator in Guangzhou
- CPC won the 3rd prize in the "Contradiction Identification and Vulnerability Discovery in Long Texts of Financial Rules" topic with its "Large Model and Multi-Prompt of Text Error Detection" technology in the "Advanced FinTech AI Competition (AFAC) 2024" jointly organised by the Science and Technology Commission of Shanghai Municipality (STCSM), China Computer Federation (CCF) and Shanghai Technology Innovation Center
- With the innovative solutions and technologies, CPC won 5 awards in the "iFLYTEK AI Developer Competition". The competition was jointly organised by iFLYTEK Co., Ltd. and the China Information Industry Association. Winning categories are:
    - Intelligent Extraction of Micro-needle Technology Information in Texts based on Large Language Model – Champion
    - High-precision Capture of Portrait Videos in Complex Scenarios – Champion
    - Object Detection of Vehicle Camera Images Challenge – First Runner-up
    - Pedestrian Image Identification in Agricultural Scenario Challenge – First Runner-up
    - Text Translation under Minimal Resources Challenge – Second Runner-up
- Teleone China (Zhuhai) Company Limited ("Teleone Zhuhai"), a wholly-owned software development subsidiary of CTM, has received national qualification – the 2024 Guangdong High-tech Enterprise Certification
- Acclivis received the "CyberFit Excellence in Cybersecurity Award 2024" issued by Acronis International GmbH

LEADING INTO THE DIGITAL FUTURE

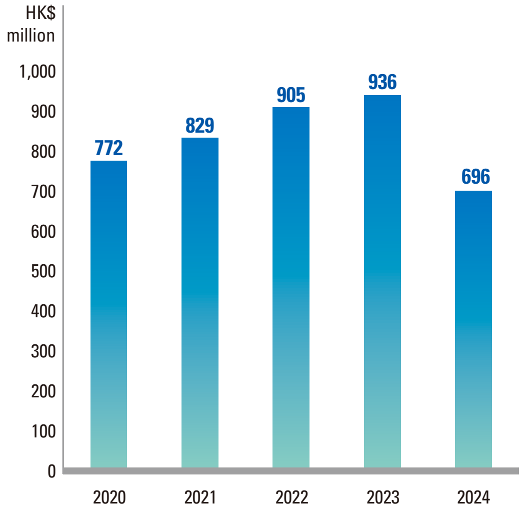
FINANCIAL HIGHLIGHTS

- Profit attributable to equity shareholders of the Company for the year 2024 amounted to HK$910 million, a year-on-year decrease of 26.1%.
- Dividends per share for the year 2024 totaled HK18.8 cents representing a dividend payout ratio of 76.4% which was similar to last year.
- The Group's total debt as at 31 December 2024 was HK$3,907 million, a slight decrease of 0.7% when compared to last year.

Profit Attributable to Equity Shareholders of the Company



Dividends Payable to Equity Shareholders of the Company Attributable to the Year



Note: The final dividend payable for the year ended 31 December 2024 was based on the number of shares in issue as at 31 December 2024, which may differ from the number of shares at the closing date of the register of members.

FINANCIAL HIGHLIGHTS

In HK$ million	2024	2023	
Revenue			
Revenue from telecommunications services	**8,045**	8,569	Decrease 6.1%
Sales of mobile handsets and equipment	**1,528**	1,418	Increase 7.8%
	9,573	9,987	Decrease 4.1%
Profit attributable to equity shareholders of the Company	**910**	1,231	Decrease 26.1%
EBITDA[1]	**2,001**	2,571	Decrease 22.2%
Earnings per share (HK cents)			
Basic	**24.6**	33.3	Decrease 26.1%
Diluted	**24.6**	33.3	Decrease 26.1%
Dividends per share (HK cents)			
Interim dividend	**6.0**	6.0	Same level as last year
Final dividend	**12.8**	19.3	Decrease 33.7%
	18.8	25.3	Decrease 25.7%
Total assets	**17,455**	17,363	Increase 0.5%
Total equity attributable to equity shareholders of the Company	**10,717**	10,756	Decrease 0.4%
Total debt[2]	**3,907**	3,934	Decrease 0.7%
Less: Cash and deposits	**(1,611)**	(1,726)	Decrease 6.7%
Net debt	**2,296**	2,208	Increase 4.0%
Net gearing ratio[3]	**18%**	17%	Increase 1.0%

1 EBITDA represents earnings before interest, taxes, depreciation and amortisation.

2 Total debt includes current and non-current bank and other borrowings.

3 $$\text{Net gearing ratio} = \frac{\text{Net debt}}{\text{Total capital}} \times 100\%$$

Total capital = Total equity attributable to equity shareholders of the Company + Net debt

LEADING THE DIGITAL LIFE

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

I hereby announce the annual operating and financial results of CITIC Telecom International Holdings Limited (the "Company", together with its subsidiaries, the "Group") for 2024.

Year 2024 has been marked by vigorous endeavours to address challenges, as we continued to face complexity and uncertainty in the macro-economic landscape. Our colleagues tackled the challenge head-on with solid and pragmatic efforts, speeding up the process of our transformation towards digitalisation and intelligentisation to increase the proportion of new businesses while consolidating the traditional businesses in close tandem with our development strategies and annual operational goals, as we continued to optimise our business mix in persistent pursuit of qualitative development guided by technological innovation. We established our presence in strategic novel businesses whilst stepping up with our effort in overseas market expansion, in a full effort to enhance our operating results and efficiencies in development.

I. FINANCIAL RESULTS

The Group reported HK$9,573 million in total revenue for 2024, representing a decrease by 4.1% compared to HK$9,987 million for the corresponding period of the previous year.

Profit attributable to equity shareholders of the Company for 2024 amounted to HK$910 million (including the revaluation loss on investment property for 2024 of HK$7 million), decreasing by 26.1% as compared to HK$1,231 million (including the revaluation gain on investment property for 2023 of HK$14 million) for the corresponding period of the previous year, representing a decrease of 24.7% when excluding the effect of investment property revaluation, compared to the corresponding period of the previous year.

Basic earnings per share for 2024 amounted to HK24.6 cents, representing a 26.1% decrease as compared to 2023. The Board recommended a final dividend of HK12.8 cents per share for 2024. Together with the 2024 interim dividend of HK6.0 cents per share, total dividends per share for 2024 amounted to HK18.8 cents, 25.7% less compared to the corresponding period of the previous year. The annual dividend payout ratio for 2024 was 76.4%.

II. REVIEW OF BUSINESS DEVELOPMENT

To address the trend of integration of new-generation digital technologies, notably cloud computing, big data and AI, the Group persisted in innovation-driven development as it expedited the process of transformation towards digitalisation and intelligentisation on all fronts to drive growth in the non-traditional and novel businesses in ongoing optimisation of its business mix.

Potential value realised through strong 5G penetration whilst broadband business upgrades assured solid foundation

We have maintained the growth momentum of our 5G user base in the Macau market and stepped up with the promotion of 5G to the mass market. As at 31 December 2024, the Group's market share in the mobile market of Macau rose to 53.3% as it continued to stay firmly atop. In particular, we registered close to 760,000 5G users that represented a penetration rate of 98.4%.

We have actively promoted the upgrade of user experience and deepened innovations in scenario operations to further solidify the foundation and value basis for sizeable growth. In 2024, the Group launched its 5.5G service in Macau, highlighted by the introduction of the innovative "GameOnTheGo" cloud gaming platform created to enhance users' sense of fulfilment and satisfaction in the superb digital life.

We have continued to advance the upgrade of our capabilities and the large-scale penetration of Gigabit Network to cement our leading position in Macau's broadband market. As at 31 December 2024, the Group stayed firmly at the top of the Macau market with a 96.8% market share.

Exploring new scenarios for applications in vertical industries with deepening cultivation in the market of government and corporate customers

Efforts to develop key sectors such as government affairs, tourism, education and medical care in Macau have been enhanced, taking advantage of basic resources and local services to achieve large-scale expansion in a number of product and service sub-segments. In 2024, the Group launched "Dr. Easy Smart Healthcare Platform", a one-stop smart healthcare solutions for medical institutions in Macau, with the application of AI technologies. Meanwhile, we launched the "Macau Tourism Smart Customer Service APP" in association with the Macao Government Tourism Office through the integration of big data technologies based on the "Baidu Wenxin Large Model", in a bid to assist Macau's tourism industry in seizing opportunities arising from smart cultural tourism.

On the back of our advantage in cloud network resources, we will drive the integration and innovation of numerous elements such as cloud, big data, AI, computing and security to enhance capabilities in industry insight, product innovation, systematic planning as well as support and delivery, with a view to the provision of total digitalisation and intelligentisation solutions for customers. In 2024, the "CR Beer Digitalised and Intelligentised Green Factory" and "CR Beer One-stop Hybrid Network" projects, launched by the Group in association with China Resources Beer (Holdings) Company Limited, respectively garnered the "2024 IDC China Future Digital Industry Leader – Digital Industry/Energy" and "IDC China Future Enterprise Awards – Future Connectivity Leader" presented by IDC China.

We have also empowered government and corporate customers in the Southeast Asian market in their informatisation development and transformation towards digitalisation and intelligentisation. In 2024, the Group implemented a number of digitalisation and intelligentisation service projects in Singapore, Malaysia and Thailand, etc., for customers in the government and medical sectors, among others.

Enhancing integration and innovation in "cloud-based cybersecurity" as products showcased further AI application capabilities

The Group has continued to enhance the broad diversity of its product lines as it advanced the full-stack deployment of a wide array of products, such as network connectivity, information security, cloud computing and cloud data centre, to construct integration digital bases for enterprises.

We have seized the trend of changing requirements on the part of corporate customers to drive the diversification and integrated development of our product portfolio. The Group actively embraced the concept of "Safe Access Service Edge" (SASE) as it innovatively forged the integrated "network+security" service complemented by customer-end management tools on the back of its technologies in stock and product advantages in the area of information security to enhance the market competitiveness of products. In line with the development of its "Software-Defined Wide-Area Network" (SD-WAN) service, the Group was stepping up with the construction of SD-WAN gateways. As at 31 December 2024, more than 60 SD-WAN gateways had commenced operation, covering Greater China, Southeast Asia and major overseas commercial regions.

We have deepened our "AI+ Cloud, Network, Security" strategy and accelerated the integration of new elements such as AI and large model into our products, with a view to consistently enhancing our product competitiveness, business value and service standards. In the cloud computing segment, the cloud-edge heterogeneous large-model management platform was launched to lower the cost of large-model applications for corporate clients, thereby enhancing the value of the cloud computing business. In the information security segment, the Group put AI technologies such as image identification to creative applications complemented by information security large models to analyse, identify and manage abnormalities. The Group's competence in "Cloud, Network, Security" was well recognised by the market as it continued to expand in the Hong Kong market, signing up reputed clients in the banking and hotel sectors during the reporting period to establish sound business relationships.

Enhancing competence in platform servicing on all fronts to cement position as international telecommunications hub

The Group has continued to enhance its platform servicing capabilities and explore platform application scenarios. In 2024, the Group completed the upgrade of its "Greater Bay Area SIMN Service Platform" to support VoLTE, as well as the online connection and commercial application of "G2G Sponsored Roaming Service Platform", to enhance the competitiveness of its mobile value-added mobile services. We advanced the upgrade of our "DataMall自由行" servicing capabilities to expand the coverage of our roaming services and users. The application of "DataMall自由行" in IoT and IoV has also been actively advanced, underpinned by development of the IoT-based "eSIM platform" tailored for the smart automobile sector to seize new opportunities presented by the overseas business development of Chinese automobile manufacturers.

Connection to and coverage of global network resources have been enhanced in ongoing consolidation of our position as an international telecommunications hub. In 2024, the Group strengthened cooperation with overseas as well as domestic carriers in joint efforts to explore IPX connectivity. Revenue from the voice and messaging businesses has been stabilised and usage by existing customers has increased as a result.

Strengthening the technology-guided approach with full strengths as innovative capabilities continued to grow

In persistent reliance on the support of technological R&D and in deep integration with the national strategy of driving development with technological innovation, the Group have imparted the principle of innovation in the full life cycle of total solutions for technologies, products and industries. During the reporting period, the Group's "Digitalised and Intelligentised Cross-border Mobile Communication Network Security Management Platform" won the "2024 STAR Award – Best Cybersecurity Solution" presented by the Communications Association of Hong Kong. Our "Macau Smart Tourism + Smart Expo Solution" won the first prize in the "Greater Bay Area 5G Application Innovation Competition" organised by the Greater Bay Area 5G Industry Alliance.

In close tracking of trends in the development and applications of frontier technologies, the Group has stepped up with the advancement strategic novel businesses and future industries. In 2024, the Group became the first operator in the Asia Pacific to have 5 GSMA Open Gateway API international accreditations, as it entered into cooperation with mainstream telecommunication carriers in the Chinese mainland, Hong Kong and Macau to capitalise on opportunities presented by the Open Gateway initiative and make pre-emptive moves in Open Gateway applications in Hong Kong and Macau.

Innovations in R&D institutions and mechanisms have been deepened to enhance motivation on the part of the technological R&D team and expedite commercialisation of R&D achievements in technologies. In 2024, the Group was granted 9 newly authorised patents and 20 new software copyrights. As at the end of December 2024, a total of 21 authorised patents and 63 software copyrights had been obtained.

Ongoing advancement of internationalisation to facilitate overseas business growth

The Group has continued to enhance its competence in international business, as it further optimised the global deployment of its resources and expedited the overseas expansion of premium and mature businesses and services, in a bid to increase cooperation in the international ecosystem of the sector and drive qualitative development of its overseas operations.

Our global distribution of network resources has been optimised to empower the global development of corporate customers. In 2024, the Group added 4 new network PoPs in Ji'an in Jiangxi, Dubai in United Arab Emirates, Hanoi in Vietnam and Amsterdam in the Netherlands, whilst adding new SD-WAN central gateways in Hanoi, Vietnam. As at 31 December 2024, the Group operated nearly 170 PoPs worldwide, connecting with more than 600 partner carriers worldwide, covering 160 countries and regions across five continents and offering robust support to service delivery capabilities that "serve locally and connect the world" as a reliable digital and intelligent partner to enterprises that seek overseas expansion and international cooperation.

We have contributed to the joint effort to develop along the "Belt and Road" with our supreme service quality, as we continued with our business development in countries and regions such as Southeast Asia, Europe and the Middle East. In 2024, the Group secured a new internet service license from the Philippines in the Southeast Asian market. As at 31 December 2024, the Group held internet service license from five countries, namely, Singapore, Malaysia, Indonesia, Thailand and the Philippines. In 2024, the Group entered into cooperation with renowned international hardware suppliers to provide server deployment for local customers in Singapore. In the European market, the Group's cloud custodian service has been extended to Ireland, the United Kingdom and Germany, etc.

Active implementation of ESG principles with meticulous improvements in corporate governance standards

The Group continued to invest in the provision of premium and reliable services to all sectors in the community. In 2024, the Group successfully completed its task in safeguarding network communication security in connection with all major activities for the celebration of the 25th anniversary of Macau's return to China and was highly commended for its performance. Thanks to its effort to deepen management of services on all fronts, the Group continued to rank among the best in the industry in terms of customer satisfaction. According to customer satisfaction polls conducted by third-party agencies, the Group ranked high with ongoing improvements in terms of customer satisfaction and loyalty for all customer groups in Macau in 2024.

The Group remained committed to the principle of integrating technology and compassionate concerns, as it actively undertook corporate social responsibilities to intelligentise and empower sustainable development of the economy and the society. Companhia de Telecomunicações de Macau, S.A. ("CTM", formerly known as "Companhia de Telecomunicações de Macau, S.A.R.L."), the Group's subsidiary, won the inaugural version of the "Outstanding Contribution Award" at the World Internet Conference 2024 as the only awardee from Hong Kong and Macau in recognition of CTM's persistent effort in driving development of communication technologies for the mass market, training talents for the communication sectors and caring for underprivileged groups.

The Group has persistently maintained high standards in corporate governance. In adherence to the corporate governance principle emphasising compliance, professionalism, efficiency and prudence, we have further enhanced the compliance culture underpinned by ongoing improvements in risk aversion to ensure more solidity in corporate operation. With a strong emphasis on investor relations management, the Group maintained close liaison with investors and listened to their voices in a proactive manner in genuine protection of the best long-term interests of the shareholders. In 2024, the Group ranked in the "Top 100 Hong Kong Stock Exchanges – Top 50 Small Enterprises" in testimony to the capital market's recognition of and confidence in the Group.

III. OUTLOOK

At present, the new-quality productivity integrating new technologies such as cloud computing, big data and AI are rapidly coming into shape, as the digital economy becomes an important pillar supporting the formation of a new pattern for development. This has presented a historic opportunity for the information and communications industry to embrace a new cycle of growth, whilst also posing higher requirements for the Group to improve the quality of its products and services and drive business mix optimisation.

To address the new landscape and new opportunities, the Group will focus on "internationalisation" and the "technology-driven approach" as its new directions and ascertain the development into a "leading digitalised and intelligentised comprehensive telecommunications enterprise in Asia Pacific" in line with its new positioning of "With the backing of Chinese mainland, establishing a foothold in Hong Kong and Macau, and connecting to the world", consistently enhancing its core competitive strengths as it drives ongoing growth in its enterprise value and achieves new heights in qualitative development.

CHAIRMAN'S STATEMENT

In future, the Group will implement the important tasks set out below:

I. Ongoing optimisation of existing business setup whilst cultivating driving force for the development of novel businesses

We will advance the upgrade of traditional industries in a coordinated manner to maintain stable growth in revenue from the traditional business. We will continue to reinforce our position as an international telecommunications hub by enhancing construction of network infrastructure and driving upgrades in existing customer services. We will cement our advantageous leading position in the Macau market with deeper efforts to explore segments such as mobile communications, broadband services and enterprise solutions, among others.

In a vigorous effort to seize new opportunities arising from the GSMA Open Gateway Initiative, "AI+" and "data elements ×", we will deepen our effort to strengthen our enterprise through technology, as we integrate the combined technological strengths of various parties to bring into play our advantage as a market-oriented company not bound to any particular carriers. We will focus on strategic novel sectors such as AI, network as a service (NaaS), low-altitude economy and data element circulation to enhance the Group's competitiveness in digitalisation and intelligentisation and impart new driving force for the qualitative development of the enterprise.

II. Increasing efficiency of the innovation regime to enhance the technology-guided approach

We will proactively position ourselves in the macro-landscape of national technological development and take full advantage of Hong Kong's favourable strengths in innovative technological research to embark on deep cooperation with renowned tertiary colleges and technological research institutions in a joint effort to advance frontier research fundamental technologies and applications such as AI, financial technology and data element, integrating with the international ecosystem chain for innovation to create opportunities for strategic cooperation.

We will further deepen reform and highlight the technology-guided and innovation-driven approach. We will enhance the driving force behind the commercialisation of achievements in technological R&D to drive the commercial application of patents and award-winning projects. The technological research regime will be optimised to inspire vigour in technological research innovation. We will also bring into play the advantage of integrated development in Hong Kong and Macau and consolidate our resources to enhance utilisation of the combined strengths of Guangdong, Hong Kong and Macau in technological research.

III. Ongoing enlargement of open cooperation to enhance brand strength

We will step up with high-standard, open cooperation and introduce innovative models for strategic cooperation, in order to construct a mutually beneficial ecosystem for the industry in terms of technological innovation, talent exchange and business ecosphere. We will actively construct an ecosystem for industry chain coordination covering telecommunications carriers and internet technology companies to enhance the leadership and influence of our brand name in the industry and the society. Through resource-sharing, technical cooperation and other means, we will strengthen the efficient coordination of various elements to maximise synergistic advantages.

IV. Enhancing global business presence to drive quality improvement and physical expansion of overseas business

We will seize opportunities in the overseas market with proactive efforts to embark on new journeys of international development. With a special focus on overseas countries or regions such as the "Belt and Road" and BRICS nations, we will deepen our strategic international presence and leverage the advantage of our international operations as well as the brand influence of CITIC Group as a trusted partner to domestic businesses seeking to overseas expansion as well as overseas businesses seeking access to China, such that we will also become the preferred digitalised and intelligentised partner to domestic companies, planning for international development or overseas companies, looking to enter the Chinese market, and empowering global development for companies across all sectors. CTM will continue to actively work with the Macau SAR Government in connection with work arrangements for the concession agreement, safeguarding shareholders' interest whilst procuring corporate development.

Finally, I would like to express sincere appreciation to all shareholders, investors, customers, partners and the public for their longstanding support for CITIC Telecom, as well as sincere gratitude to all employees for their hard work and dedication.

Luo Xicheng
Chairman
Hong Kong, 12 March 2025

LEADING THE DIGITAL WORLD

BUSINESS REVIEW

MOBILE SALES & SERVICES

Consistent improvements in primary network capabilities and ongoing growth in revenue from the mobile business.

Staying ahead in the 5.5G era to fortify leading position in the market

The Group enhanced its efforts in the construction of 5.5G (5G-Advanced) communication network infrastructure, as it launched commercial 5.5G network services ahead of its peers in Macau, providing mobile communication services with greater capacities, lower latency and broader coverage. In pace with global development, Macau became one of the first cities worldwide to commence 5.5G commercial application, which would also benefit digitalised economic integration within the Guangdong-Hong Kong-Macao Greater Bay Area. As at the end of 2024, the Group registered close to 760,000 5G users in Macau, representing a 51% growth compared to the end of 2023 and a 5G user penetration rate of 98.4%. Our market share in the overall mobile market of Macau rose to 53.3% as we continued to stay firmly atop.

Launch of 5.5G integrated fixed-line and mobile private services to forge a foundation of new-type smart city

Combining our twofold strengths in fixed-line network and mobile communication technologies, the 5.5G "Integrated Smart Network Private Line" service was launched in Macau to facilitate efficient, reliable and secure network connection for government and corporate customers with the development of additional smart application scenarios. Meanwhile, the "GameOnTheGo" cloud gaming platform catered to the market of personal users was also launched, leveraging the advantage of high-speed transmission by 5.5G network and fibre broadband to offer users a smooth gaming experience with high-definition qualities. We continued to increase the functions of CTM Buddy, our mobile phone APP, by integrating service interfaces and optimising service experience to make it a portal and hub where customers could manage all services in a comprehensive, convenient, efficient and secure manner.

Leading role in procuring 5G SA roaming in the Greater Bay Area set to enlarge coverage of the international roaming market

Companhia de Telecomunicações de Macau, S.A. ("CTM"), the Group's subsidiary, was actively engaged in the commencement of 5G standalone (5G SA) network roaming service in collaboration with leading mainstream telecom carriers in the Guangdong-Hong Kong-Macao Greater Bay Area, as it became the first provider to launch, in association with its partners, large-scale 5G SA roaming service in the Greater Bay Area, providing the most advanced communication service in the industry to cross-border residents in a bid to enhance inter-connection and communication among Guangdong, Hong Kong and Macau with the aid of premium communication service.

As at the end of 2024, CTM had launched bilateral 5G roaming services with 156 overseas network operators (covering 109 countries/regions), bilateral 4G roaming services with 395 overseas network operators (covering 223 countries/regions), bilateral VoLTE roaming services with 71 overseas network operators and incoming VoLTE roaming services with 20 overseas network operators (covering 80 countries/regions).

Continuously upgrading platform capabilities and cementing position as core regional hub for cross-border mobile services

The Group is one of the leaders in Asia-Pacific region for cross-border SIMN, Mobile Roaming Signaling SCCP, Prepaid Roaming SIM (PRS), and other platforms. With strong in-house development capabilities and extensive operational experience, the upgrades of various platforms towards 5G have been comprehensively advancing. The Group is expanding the regional coverage of its international roaming hub (IPX) platform and deploying a Secure Edge Protection Proxy (SEPP) platform that supports 5G roaming security architecture, dedicated to providing optimal connectivity for global telecom operators.

INTERNET SERVICES

We have introduced F5.5G and Wi-Fi 7 technologies and pioneered in market upgrades, driving "general speed acceleration" in Macau to embrace 1Gbps connectivity whilst anticipating 10Gbps. The CITIC Telecom Tower Data Centre attracts customers' interest following the completion of its expansion work as scheduled.

Advancing technological upgrade for fixed-line broadband as a world leader in internet connection speed

We pioneered in the introduction of industry-advanced fixed-line broadband technologies, such as F5.5G and Wi-Fi 7, in Macau to facilitate 10Gigabit-grade services that would provide superb internet connection experience for corporate and home users in Macau. We continued to be a leader in market upgrades for FTTR (Fiber-to-the-room) solutions that effectively enhanced customer value and service experience. The business segment reported notable growth compared to the end of 2023.

As at the end of 2024, the internet connection speed had reached or exceeded 100Mbps for all of the Group's broadband users in Macau, and above 1Gbps for 30% of them. According to the broadband network test report published by a professional institution, Macau ranked third in the world in terms of average fixed-line broadband downloading speed[1].

The Group continued to reinforce its leading position in Macau's broadband market with a 96.8% market share as at the end of 2024. On the back of the advantage afforded by our 5.5G mobile communication network, we were advancing smart-city development for "Digital Macau" to position the city for the era of dual 10 Gigabit.

Steadily expanding data centres and strengthening market competitiveness

The expansion project of CITIC Telecom Tower Data Centre has been completed on schedule and is now in full operation, garnering strong interest from customers. The Group continues to steadily enhance the scale of its data centre business, strengthening service capabilities in Hong Kong, Macau, and other key economic regions.

Collaborative efforts to advance technological upgrades and services for sustainable revenue growth

Seizing the opportunities of growing market demands, the Group teamed up with a number of reputed partners to leverage combined strengths. Guided by customer-centric needs and user experience, the Group expedites the innovation and upgrade of internet technologies to improve service quality. CITIC Telecom International CPC Limited ("CPC"), a subsidiary of the Group, optimised domestic and international internet footprint to strengthen the internet infrastructure. It successfully upgraded international internet bandwidth with major primary network operators and completed the deployment of 100Gbps connectivity at the critical internet exchange hubs to further enhance the stability and reliability of dedicated internet service, broadband service, and other internet services, thereby increasing revenue.

[1] Source: Broadband network test report published by international website cable.co.uk in July 2024.

INTERNATIONAL TELECOMMUNICATIONS SERVICES

Advancing technology upgrade, optimising platform functions, exploring new business opportunities in Internet of Things ("IoT") and Internet of Vehicles ("IoV"), and expanding the cross-border data roaming business of "DataMall自由行".

Strengthening the advantages of "DataMall自由行" and expanding IoT and IoV application scenarios

As the Guangdong-Hong Kong-Macao Greater Bay Area continues to integrate deeply, the demand for cross-border data roaming services is growing steadily. The Group's self-developed international mobile data trading platform, "DataMall自由行", continues to be favored by the industry and trusted by users.

In 2024, the Group successfully partnered with a second mobile operator in Chinese mainland, achieving exponential growth in user coverage. Customer purchases and service revenue increased simultaneously, with double-digit growth in several key Asia-Pacific destinations.

The Group continues to upgrade "DataMall自由行" platform capabilities, supporting 4G and 5G cross-border data roaming application scenarios, to offer more convenient, secure and stable data roaming service for cross-border business travelers. With the IoT "eSIM platform" further developing whilst the exploration of further opportunities in IoT and IoV deepening, resulting in growth in both the number of vehicles served and related revenue. The Group is dedicated to support IoT and IoV partners in exploring overseas markets.

Stabilising international voice business and enterprise messaging services

Due to changes in various external factors, some customers made corresponding adjustments to their business, resulting in a decline in international telecommunications services revenue in 2024 compared to 2023, primarily due to a reduction in enterprise messaging service revenue. The Group has adopted a range of detailed and intensive measures in business management to overcome the adverse impact, delivering consistently stable and reliable high-quality services as well as efforts to identify potential customer demands, resulting in year-on-year growth in revenue from the international voice business and revenue from enterprise messaging services is stabilising, which have showcased our strong resilience in business development.

BUSINESS REVIEW

ENTERPRISE SOLUTIONS

In view of complex and volatile international business environment, intense competition and rapid technological iterations, the Group deepened implementation of the technology-driven "AI+ Cloud, Network, Security" strategy with steadfast effort, enhancing AI-empowerment and optimising deployment along the "Belt and Road" to advance transformation and deployment of the enterprise business.

Driving AI-empowered upgrade to achieve new progress in digitalised and intelligentised innovations

In an active bid to embrace the AI revolution, we promoted using AI applications to enhance the intelligent and innovative features of our products and solutions. In connection with the cloud business, we developed the SmartCLOUD™ AI Assistant to be launched for optimising users' experience of services based on large models. Meanwhile, our self-deployed AI service platform and large-model management platform contributed to reducing users' costs. In connection with the network business, the service upgrades to a new generation of intelligent SD-WAN products to enhance market competitiveness through differentiation. In connection with information security, we trained the dedicated information security large model and launched an AI-powered penetration (AI-Pentest) testing tool to enhance information security protection.

Our capabilities in AI innovation were well recognised in the industry, as evidenced by the numerous awards we received, such as the "Cloud Service Innovator of the Year 2024" presented by BroadGroup, U.K. for our "AI Visual Security" solution and the "Technology Innovation Award" presented by the Organizing Committee of the China Computer Federation of National Annual Conference on High Performance Computing (CCF HPC China) for our Information Security Threat Intelligent Detection Platform.

Committed to the development of "Digital Macau", we were transforming ourselves into a smart-city operator of Macau, as we collaborated with a leading technology enterprise to introduce the "Baidu PaddlePaddle AI Platform", developing AI smart applications which would empower the digital transformation of Macau industries. Meanwhile, we were engaged in deep cooperation with the Macao Government Tourism Office to create the "Macau Tourism Smart Customer Service APP" for culture and tourism, while tapping into other sectors, such as smart government service, smart transportation, smart education and smart medical care, in the service of Macau's smart transformation.

In Southeast Asia, the Group has utilised AI to empower the ServiceONE IT managed services platform, facilitating optimal human resource allocation and enhancing the intelligence level of our services. The Group successfully secured IT management projects for two renowned universities in Singapore, serving over 20,000 end users. Additionally, multiple digital intelligence service projects have been implemented across Singapore, Malaysia, Thailand, etc., covering clients in various sectors such as government departments and healthcare institutions.

Optimising global network presence to further extend our business footprint

In line with our new strategic positioning of "With the backing of Chinese mainland, establishing a foothold in Hong Kong and Macau, and connecting to the world", we have optimised our business presence along the "Belt and Road" and built new network PoPs in Ji'an in Jiangxi, Dubai in United Arab Emirates, Hanoi in Vietnam and Amsterdam in the Netherlands, whilst adding new SD-WAN central gateways in Hanoi in Vietnam to further enhance our network coverage and servicing capabilities, in a bid to advance business development in Southeast Asia, Europe and the Middle East. TrueCONNECT™, our virtual private network service, covered 160 countries and regions with nearly 170 PoPs, and more than 60 SD-WAN gateways deployed across "Belt and Road" regions and BRICS nations. We have built 3 Security Operations Centres (SOCs), providing superb services to assist in customers' management of information security on a 24/7 basis, to address growing market demands in this regard.

In Southeast Asia region, the Group has obtained an internet service license in the Philippines during 2024, further solidifying its operational foundation in the region. The business scope now covers core Southeast Asian markets including Singapore, Malaysia, Indonesia, Thailand, and the Philippines.

FIXED LINE SERVICES

Decline in revenue from fixed-line services

The Group has endeavored to maintain the customer volume and business scale of the fixed-line voice service in Macau. The number of residential fixed-line customers and commercial customers declined in line with the global trend for this business.

FINANCIAL REVIEW

OVERVIEW

The Group's profit for the year ended 31 December 2024 was HK$928 million which decreased by 25.9% year-on-year, profit attributable to equity shareholders of the Company was HK$910 million which decreased by 26.1% year-on-year, and basic earnings per share was down 26.1% to HK24.6 cents when compared to last year.

The Group's total revenue decreased by 4.1% year-on-year to HK$9,573 million while revenue from telecommunications services decreased by 6.1% to HK$8,045 million when compared to last year.

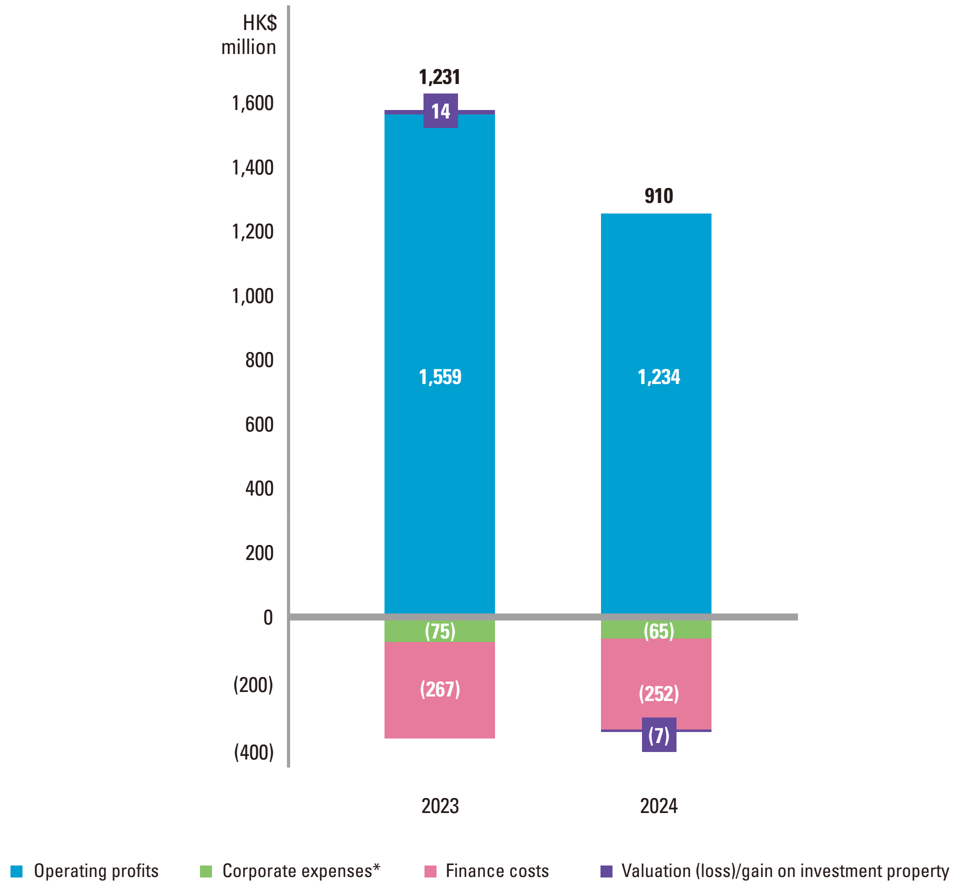
Summary of Financial Results

	Year ended 31 December			
In HK$ million	**2024**	2023	**Increase/(Decrease)**	
Revenue from telecommunications services	**8,045**	8,569	(524)	(6.1%)
Sales of mobile handsets and equipment	**1,528**	1,418	110	7.8%
Revenue	**9,573**	9,987	(414)	(4.1%)
Valuation (loss)/gain on investment property	**(7)**	14	(21)	N/A
Other income	**86**	96	(10)	(10.4%)
Cost of sales and services	**(6,022)**	(5,785)	237	4.1%
Depreciation and amortisation	**(727)**	(870)	(143)	(16.4%)
Staff costs	**(1,020)**	(1,140)	(120)	(10.5%)
Other operating expenses	**(550)**	(531)	19	3.6%
Profit from consolidated activities	**1,333**	1,771	(438)	(24.7%)
Finance costs	**(252)**	(267)	(15)	(5.6%)
Share of profit of a joint venture	**1**	1	–	–
Income tax	**(154)**	(253)	(99)	(39.1%)
Profit for the year	**928**	1,252	(324)	(25.9%)
Less: Non-controlling interests	**(18)**	(21)	(3)	(14.3%)
Profit attributable to equity shareholders of the Company	**910**	1,231	(321)	(26.1%)
EBITDA*	**2,001**	2,571	(570)	(22.2%)
Basic earnings per share (HK cents)	**24.6**	33.3	(8.7)	(26.1%)
Dividends per share (HK cents)	**18.8**	25.3	(6.5)	(25.7%)

* EBITDA represents earnings before interest, taxes, depreciation and amortisation.

FINANCIAL REVIEW

Profit Attributable to Equity Shareholders of the Company



* Corporate expenses included staff costs for corporate functions, listing fee and others.

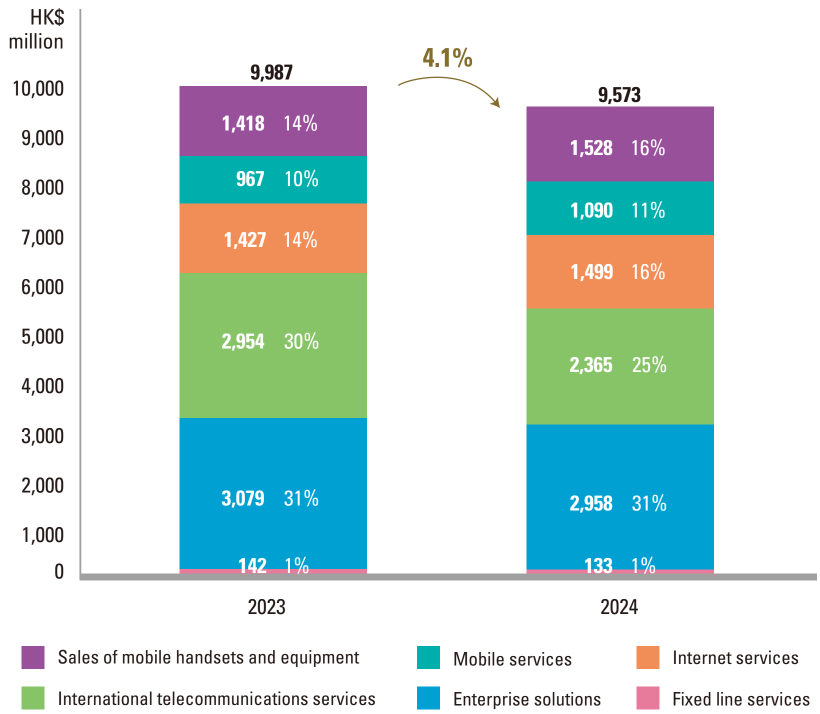
Profit attributable to equity shareholders of the Company for the year ended 31 December 2024 was HK$910 million which decreased by 26.1% or HK$321 million when compared to the previous year. Excluding the valuation loss on investment property of HK$7 million (2023: valuation gain of HK$14 million), profit attributable to equity shareholders of the Company for the year would amount to HK$917 million (2023: HK$1,217 million), representing a year-on-year decrease of 24.7%.

Revenue

The Group is engaged in the provision of telecommunications services and the sales of mobile handsets and equipment.

The Group provides telecommunications services for carriers, corporate clients and individual customers under five major business categories: mobile services, internet services, international telecommunications services, enterprise solutions and fixed line services.

The Group's total revenue including revenue from telecommunications services and the sales of mobile handsets and equipment was HK$9,573 million which decreased by 4.1% year-on-year.



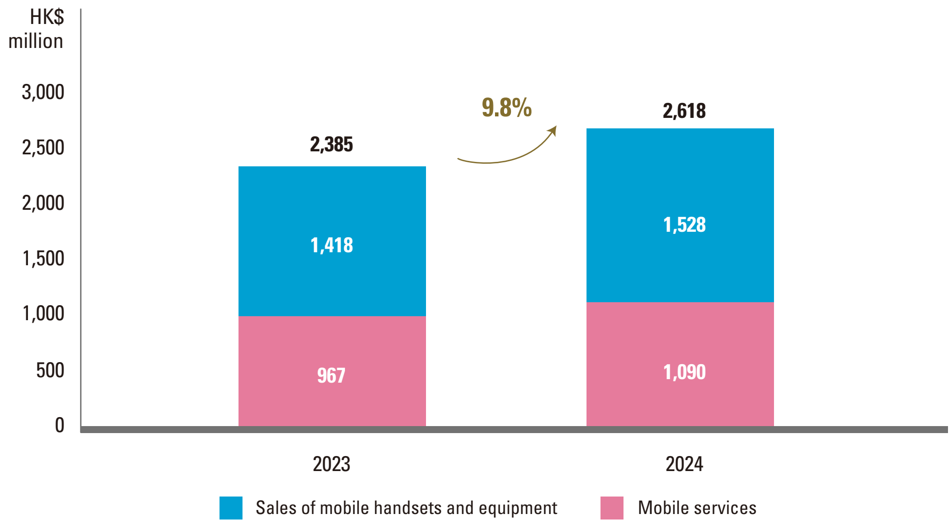
Revenue from telecommunications services for the year ended 31 December 2024 amounted to HK$8,045 million, which represented a decrease of 6.1% or HK$524 million when compared to the previous year. The decrease was mainly attributed to the decrease in revenue from enterprise solutions and messaging services revenue under international telecommunications services, but was partially offset by the increase in revenue from mobile services and internet services revenues.

Sales of mobile handsets and equipment for the year ended 31 December 2024 amounted to HK$1,528 million, which represented an increase of 7.8% or HK$110 million when compared to the previous year.

FINANCIAL REVIEW

Mobile sales & services

Mobile sales & services revenue includes the revenue from sales of mobile handsets and equipment and mobile services revenue. Sales of mobile handsets and equipment mainly consists of the sales of mobile handsets in Macau. Mobile services revenue broadly includes the revenue from mobile local and roaming services, other mobile value-added services and others.



Sales of mobile handsets and equipment increased 7.8% year-on-year to HK$1,528 million due to more stable supply of mobile handsets during the year and other factors such as the increasing trend in 5G upgrade.

Postpaid revenue was up from last year due to the increase in the number of mobile customers and mobile market shares as well as 5G penetration rate. Meanwhile, due to the stable recovery of Macau's tourism industry and measures such as "Northbound Travel for Macau Vehicles", both outbound and inbound roaming revenue and prepaid revenue also recorded an increase. Overall, mobile services revenue was up 12.7% year-on-year to HK$1,090 million.

The Group's total number of mobile subscribers as at 31 December 2024 was over 771,000 (31 December 2023: over 663,000) subscribers, showing an increase of around 16.3% resulting from the increase in postpaid customers of around 11.8% to over 570,000 (31 December 2023: approximately 510,000) subscribers and the increase in prepaid customers of around 31.4% to over 201,000 (31 December 2023: over 153,000) subscribers.

As at 31 December 2024, total number of 5G mobile subscribers reached over 759,000 (31 December 2023: over 502,000) subscribers, representing 98.4% (31 December 2023: 75.7%) of the Group's total number of mobile subscribers.

Internet services

Stable growth in the demand for internet and data centre services has led to the 5.0% or HK$72 million year-on-year increase in revenue from internet services to HK$1,499 million. Service upgraded by existing customers and around 1.0% year-on-year increase in the number of broadband subscribers to over 208,000 (31 December 2023: approximately 206,000) subscribers also contributed to the increase in internet services revenue.

As at 31 December 2024, the Group's internet market share in Macau was around 96.8% (31 December 2023: 97.1%).

International telecommunications services

International telecommunications services revenue including revenue from messaging services (including SMS), voice services and "DataMall自由行" services decreased by 19.9% or HK$589 million year-on-year to HK$2,365 million.

Since the second half of 2023, customers' adjustments to changes in various external factors has led to an adverse impact on the Group's messaging services revenue. For the year ended 31 December 2024, messaging services revenue decreased by 61.9% or HK$984 million year-on-year to HK$605 million. In response, the Group's successful efforts in increasing its voice services revenue by 30.9% or HK$381 million year-on-year to HK$1,615 million has partly compensated for the drop in messaging services revenue.

There has been a sustained growth in the revenue from "DataMall 自由行" services with an increase of 10.7% or HK$14 million to HK$145 million when compared to last year.

Enterprise solutions

Enterprise solutions broadly include enterprise solutions services, business solution projects, virtual private network services, sales of related products and others. For the year ended 31 December 2024, enterprise solutions revenue decreased by 3.9% or HK$121 million year-on-year to HK$2,958 million. Enterprise solutions revenue in Macau was similar to last year and the decrease for the year was mainly caused by the marginal drop in revenue from both the Chinese mainland and Southeast Asia market.

Fixed line services

As a result of the decrease in fixed residential and business lines, fixed line services revenue was down by 6.3% year-on-year to HK$133 million for the year ended 31 December 2024.

Results for the year

Profit attributable to equity shareholders of the Company was HK$910 million which decreased by 26.1% year-on-year or HK$321 million mainly due to the combined effect of the following factors:

Revenue

The Group's revenue from telecommunications services decreased by 6.1% or HK$524 million to HK$8,045 million. Total revenue including mobile handsets and equipment sales amounted to HK$9,573 million for the year, representing a year-on-year decrease of 4.1%.

Valuation (loss)/gain on investment property

Certain floors of the property held by the Group were leased out to third parties and an affiliate of the Group. These floors were revalued as at 31 December 2024 by the Group's independent surveyors with a valuation loss of HK$7 million (2023: valuation gain of HK$14 million).

Cost of sales and services

Cost of sales and services includes cost of provision of telecommunications services and cost of sales of mobile handsets and equipment. Cost of sales and services increased by 4.1% year-on-year or HK$237 million to HK$6,022 million. The increase in cost of sales and services was contributed by the increase in sales of mobile handsets and equipment with a comparatively lower margin together with the impact from the decrease in messaging services revenue with a comparatively higher margin.

Depreciation and amortisation

Depreciation and amortisation expenses totaled HK$727 million for the year ended 31 December 2024, representing a year-on-year decrease of 16.4%. The decrease was mainly due to certain aged networks and equipment being fully depreciated in 2024.

FINANCIAL REVIEW

Staff costs

Staff costs decreased year-on-year by 10.5% or HK$120 million to HK$1,020 million.

Other operating expenses

Other operating expenses increased year-on-year by 3.6% or HK$19 million to HK$550 million. The increase was mainly due to the increase in loss allowance on trade receivables.

Finance costs

As the Group has repaid certain bank loans in 2023, it has countered the impact from the enduring high general bank's borrowing rates. As a result, finance costs decreased by 5.6% year-on-year or HK$15 million to HK$252 million (31 December 2023: HK$267 million).

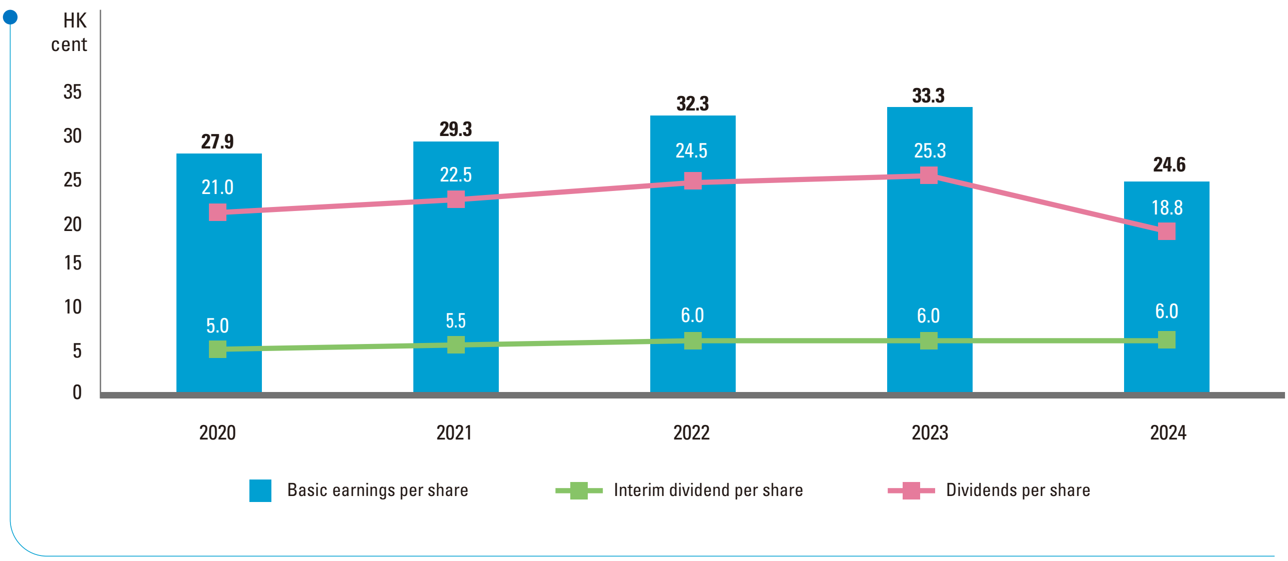
Income tax

Income tax for the year amounted to HK$154 million, a decrease of HK$99 million when compared to the previous year. Excluding finance costs, over or under-provision of taxes and any origination and reversal of temporary differences in relation to prior years, the effective tax rates for the years ended 31 December 2024 and 2023 were 13.4% and 13.6% respectively.

Earnings and Dividends per share

Both basic and diluted earnings per share were down 26.1% year-on-year respectively to approximately HK24.6 cents for the year ended 31 December 2024.

The Company's Board of Directors has resolved to recommend to shareholders the payment of final dividend of HK12.8 cents per share which, together with the interim dividend of HK6.0 cents per share already paid, makes total dividends of HK18.8 cents per share for the year ended 31 December 2024. This represents a decrease of 25.7% year-on-year.



Cash flows

In HK$ million	Year ended 31 December 2024	2023	Increase/(Decrease)	
Source of cash:				
Cash inflows from business operations	**1,560**	1,881	(321)	(17.1%)
Decrease in pledged and other deposits	**44**	83	(39)	(47.0%)
Other cash inflows	**63**	100	(37)	(37.0%)
Sub-total	**1,667**	2,064	(397)	(19.2%)
Use of cash:				
Capital expenditure*	**(404)**	(311)	93	29.9%
Dividends paid to equity shareholders and non-controlling interests	**(950)**	(915)	35	3.8%
Capital and interest elements of lease rentals paid	**(140)**	(163)	(23)	(14.1%)
Payment of borrowing costs	**(233)**	(246)	(13)	(5.3%)
Net cash outflows from borrowings	**(1)**	(604)	(603)	(99.8%)
Sub-total	**(1,728)**	(2,239)	(511)	(22.8%)
Net decrease in cash and cash equivalents	**(61)**	(175)	(114)	(65.1%)

* Included in the amounts are payments for purchase of property, plant and equipment in respect of current year additions and prior years unsettled purchases.

The Group generated HK$1,667 million cash inflow from its operations, with the use of cash mainly comprised of capital expenditure, lease payments, dividends distributions and payment of borrowing costs. In total, the Group recorded a net cash outflow of HK$61 million for the year ended 31 December 2024.

Capital expenditure

The Group's total capital expenditure for the year ended 31 December 2024 amounted to HK$410 million. During the year, HK$116 million was invested in 5G network, HK$41 million was incurred for the Group's data centre development and the remainder of the capital expenditure was mainly used for network systems upgrade and expansion.

Capital commitments

As at 31 December 2024, the Group had outstanding capital commitments of HK$118 million, mainly for 5G network development, data centre development, system upgrades, construction costs of networks, and other telecommunications equipment which had yet to be delivered to the Group. Of these commitments, HK$60 million was outstanding contractual capital commitments and HK$58 million was capital commitments authorised but for which contracts had yet to be entered into.

RISK MANAGEMENT

In accordance with the Board's instruction, the Group has established a risk management system covering various business segments to identify, assess and manage various risks in the Group's business activities. The business, operating results, financial position and profitability of the Group may be subject to a number of risk factors and uncertainties, directly or indirectly, relating to the Group. The risk factors set out below are not exhaustive and the Group, in addition to these risk factors, may also be exposed to other unknown risks or risks that may not be material at present but may become material in the future.

FINANCIAL RISK

Managing financial risks to which the Group exposed is one of the primary responsibilities of the Group's treasury function. To balance the high degree of financial control and cash management efficiency, each business unit within the Group is responsible for its own cash management which is closely monitored by the headquarters. In addition, the decision of financing activities is centralised at head office level.

1. Debt and leverage

As at 31 December 2024, the Group's total debt was HK$3,907 million, a decrease of 0.7% when compared to HK$3,934 million as at 31 December 2023. However, the Group's net debt increased to HK$2,296 million, the net gearing ratio increased slightly from 17% as at 31 December 2023 to 18% as at 31 December 2024.

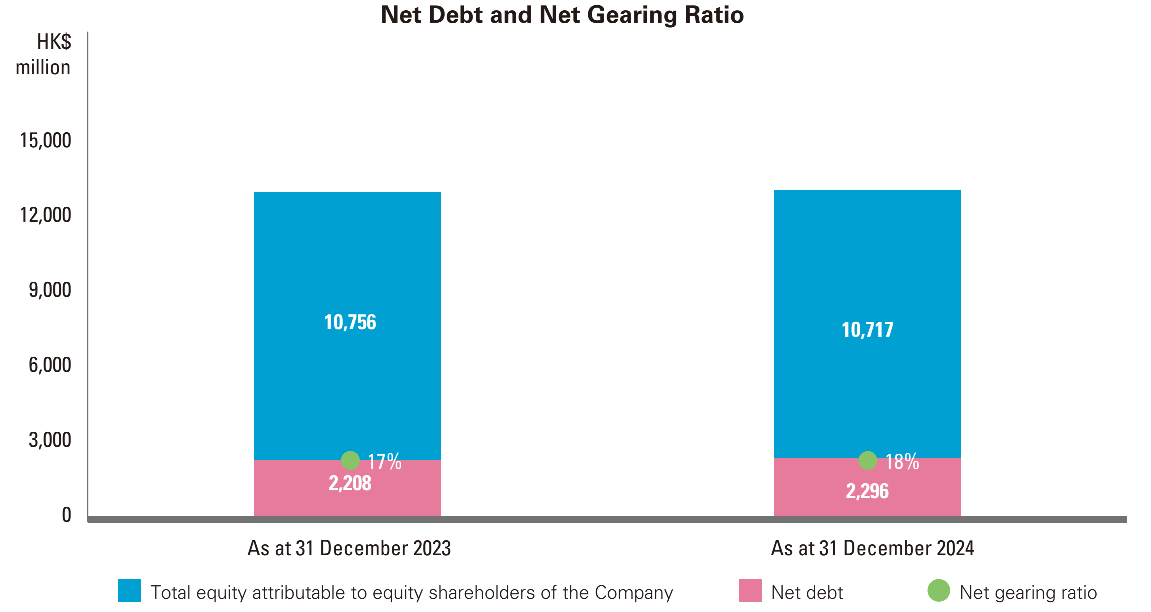
As at 31 December 2024, total debt and net debt of the Group were as follows:

	Denomination							
In HK$ million equivalents	**HKD**	**USD**	**SGD**	**MOP**	**RMB**	**EUR**	**Others**	**Total**
Total debt	–	3,561	–	–	346*	–	–	**3,907**
Less: Cash and deposits	(393)	(517)	(51)	(396)	(148)	(43)	(63)	**(1,611)**
Net debt/(cash)	**(393)**	**3,044**	**(51)**	**(396)**	**198**	**(43)**	**(63)**	**2,296**

* The Group entered into a certain amount of RMB to SGD fixed-to-fixed cross currency swap during the year to eliminate foreign exchange risk associated with the retranslation of part of the net investment in Singapore subsidiaries.

As at 31 December 2024 and 2023, the Group's net gearing ratio was as follows:

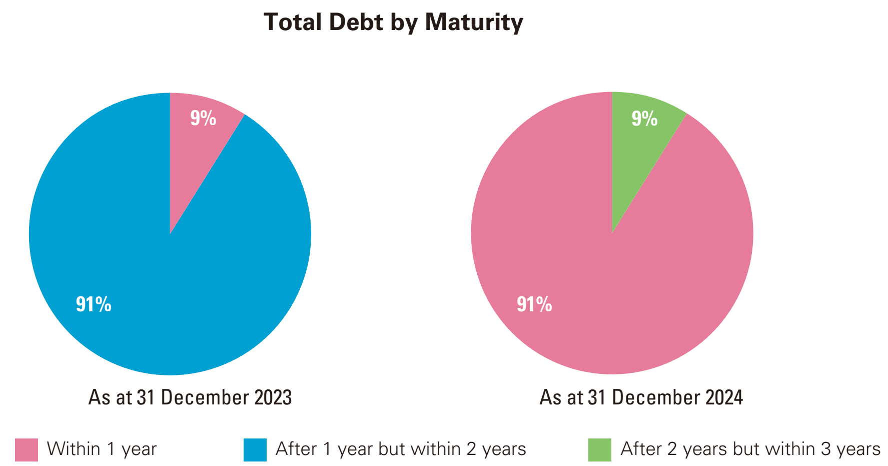
In HK$ million	**31 December 2024**	31 December 2023
Total debt	**3,907**	3,934
Less: Cash and deposits	**(1,611)**	(1,726)
Net debt	**2,296**	2,208
Total equity attributable to equity shareholders of the Company	**10,717**	10,756
Total capital	**13,013**	12,964
Net gearing ratio	**18%**	17%



The Group's total debt decreased from HK$3,934 million as at 31 December 2023 to HK$3,907 million as at 31 December 2024. During the year, the Group refinanced the other loan denominated in SGD amounted to HK$342 million with a bank loan denominated in RMB amounted to HK$341 million. The RMB denominated bank loan, together with the cross currency swap are used to hedge part of the net investment in Singapore subsidiaries.

The maturity profile of the Group's total debt which includes interest payable as at 31 December 2024 was as follows:

In HK$ million	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	Total
Bank and other loans	–	–	346	**346**
US$450 million 6.1% guaranteed bonds	3,492	–	–	**3,492**
	3,492	–	346	**3,838**
Interest payable	69	–	–	**69**
	3,561	**–**	**346**	**3,907**



* The above graph excludes the amount of interest payable.

RISK MANAGEMENT

Available sources of financing

The Group aims to maintain the cash balance and undrawn bank and other loan facilities at a reasonable level to meet the debt repayments and capital expenditure requirement in the coming year.

The Group's cash balance of HK$1,611 million and undrawn committed bank and other loan facilities of HK$9,967 million as at 31 December 2024 were more than sufficient to cover the repayments of outstanding amount of total debt (excluding interest payable) of HK$3,492 million in the coming year and contractual capital commitments of HK$60 million as at 31 December 2024.

As at 31 December 2024, the Group had available trading facilities of HK$230 million. The amount of HK$83 million was utilised as guarantees for performance to customers/the Macau Government and costs payable to telecoms operators and others.

The utilised facilities of approximately HK$1 million were required to be secured by pledged deposits as at 31 December 2024.

As at 31 December 2024, the type of facilities of the Group was summarised as follows:

In HK$ million	Total available facilities	Amount utilised	Amount unutilised
Bank and other loans			
– Committed facilities:			
Bank loans	6,820	346	6,474
Other loans	3,493	–	3,493
	10,313	346	9,967
– Uncommitted facilities:			
Short-term facilities	478	–	478
	10,791	346	10,445
Guaranteed bonds – Committed facility			
US$450 million 6.1% guaranteed bonds*	3,493	3,493	–
Trading facilities – Uncommitted facilities	230	83	147
Total	**14,514**	**3,922**	**10,592**

* After the end of the reporting date, the guaranteed bonds was fully redeemed on the maturity date of 5 March 2025.

2. Liquidity risk management

Each business unit within the Group is responsible for its own cash management, including predetermined short term investment of its cash surpluses. The raising of loans to cover its expected cash demands must be approved by the finance committee (with certain predetermined levels of authority) or the Board of Directors of the Company. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed bank and other loan facilities to meet its liquidity requirements in the short and longer term.

Cash flow is well-planned and reviewed regularly by the management of the Group, so that the Group can meet its funding needs. The cash flows from the Group's operating activities together with the undrawn bank and other loan facilities enable the Group to meet its liquidity requirements in the short and longer term.

3. Loan covenants

Committed banking facilities contain certain covenants, undertaking, financial covenants, change in control clause and/or events of default provisions, which are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants or in any case of an event of default, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2024 and 2023, the Group was in compliance with the relevant requirements.

4. Contingent liabilities

As at 31 December 2024 and 2023, the Group had no significant contingent liabilities.

5. Performance bonds, guarantees and pledged assets

As at 31 December 2024 and 2023, performance bonds and other guarantees of the Group were as follows:

In HK$ million	**31 December 2024**	31 December 2023
Performance bonds provided to the Macau Government and other customers	**78**	81
Other guarantees	**5**	2
Total	**83**	83

As at 31 December 2024, bank deposits of HK$2 million (2023: HK$2 million) were pledged to secure part of the facilities of the Group.

On 5 March 2013, CITIC Telecom International Finance Limited, a wholly-owned subsidiary of the Company, issued US$450 million (approximately HK$3,493 million) guaranteed bonds with a maturity of twelve years due on 5 March 2025 (the "Guaranteed Bonds") and the Guaranteed Bonds bore interest at 6.1% per annum. The Guaranteed Bonds were unconditionally and irrevocably guaranteed by the Company.

As at 31 December 2024, the Company issued guarantees of HK$175 million (2023: HK$381 million) for its subsidiaries in respect of the various forms of facility lines from financial institutions.

Certain property, plant and equipment of Company's subsidiary, Companhia de Telecomunicações de Macau, S.A. ("CTM") are designated for the provision of basic infrastructure of public telecommunications services. Since 1981, the concession agreement signed between CTM and the Macau Government has specified that upon the expiry of the concession period, the concession assets and investments outlined in the agreement ("Concession Assets") would be transferred to the Macau SAR. As disclosed in the announcement of the Company dated 30 September 2024, the concession period was extended for 12 months, from 1 October 2024 to 30 September 2025, and CTM and the Macau Government continue to negotiate on the operation and provision of basic infrastructure of public telecommunications network and service, and the status of the Concession Assets upon expiry of the concession period.

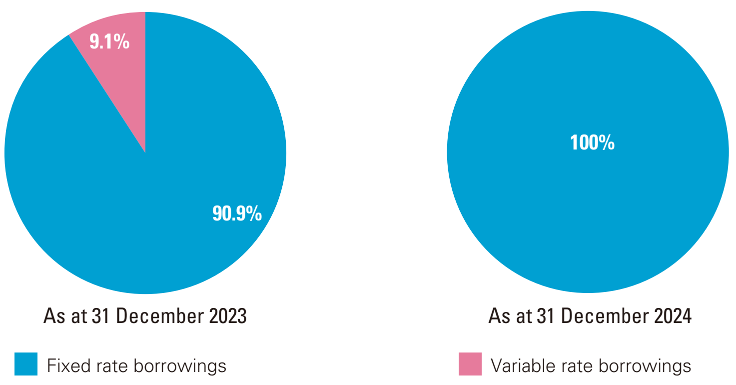
RISK MANAGEMENT

6. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group manages its interest rate risk exposures in accordance with defined policies and regular review to achieve a balance between minimising the Group's overall cost of fund and managing significant interest rate movements, as well as having regard to the floating/fixed rate mix appropriate to its current business portfolio.

Interest rate risk is managed by fixed rate borrowings or through use of the interest rate swap, if necessary. As at 31 December 2024, all (2023: approximately 90.9%) of the Group's borrowings, excluding interest payable and after taking the effect of cross currency swap arrangement, were linked to fixed interest rates. During the year, the Group did not enter into any interest rate swap arrangement for interest rate risk management.

Total Debt



* The above graph excludes the amount of interest payable.

Effective interest rates

As at 31 December 2024 and 2023, the effective interest rates, after the inclusion of amortisation of transaction costs, were as follows:

	31 December 2024	31 December 2023
Effective interest rate for fixed rate borrowings	**5.8%**	6.1%
Effective interest rate for variable rate borrowings	**N/A**	5.0%
Effective interest rate for total borrowings	**5.8%**	6.0%

7. Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash and deposits that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The major places of operating companies within the Group are located in Hong Kong and Macau, whose functional currency is either Hong Kong dollars or Macau Patacas.

A substantial portion of the Group's revenue and cost of sales and services are denominated in United States dollars, Macau Patacas, Hong Kong dollars, Renminbi and Singapore dollars. The majority of the Group's current assets, current liabilities and transactions are denominated in United States dollars, Macau Patacas, Hong Kong dollars, Renminbi and Singapore dollars. As the Hong Kong dollars is linked to the United States dollars and the Macau Patacas is pegged to the Hong Kong dollars, it will not pose significant currency risk between Hong Kong dollars, United States dollars and Macau Patacas to the Group. The Group measures its currency risk mainly by performing currency gap analysis. The Group seeks to reduce its currency risk by matching its foreign currency denominated assets with the corresponding liabilities of the same currency or by using forward contracts, cross currency swaps and other derivative instruments where appropriate, provided that hedging is only considered when there is a highly probable forecasted transaction.

During the year, the Group entered into cross currency swap and forward contracts to reduce part of the Group's currency risk exposure.

8. Credit risk

The Group's credit risk is primarily attributable to trade debtors and contract assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade debtors are due within 7 to 180 days from the date of billing. Loss allowances for trade debtors and contract assets are measured based on the expected credit loss model.

The Group has certain concentration risk in respect of trade debtors and contract assets due from the Group's five largest debtors who accounted for approximately 20.3% (2023: approximately 24.7%) of the Group's total trade debtors and contract assets as at 31 December 2024. The credit risk exposure to the balances of trade debtors and contract assets has been and will continue to be monitored by the Group on an ongoing basis.

9. Counterparty risk

The Group's exposure to credit risk arising from cash and deposits is limited because the Group mainly deals with financial institutions which have good credit ratings with prestigious credit ratings companies (such as Moody's Investors Service, Standard & Poor's and Fitch Group), or the note-issuing banks in Hong Kong and Macau, or its group companies. As at 31 December 2024, the Group has maintained cash and deposits of HK$1,611 million (2023: HK$1,726 million), among which HK$1,608 million (2023: HK$1,721 million) was placed in the above-mentioned entities, representing approximately 99.8% (2023: approximately 99.7%) of the total cash and deposits of the Group. To achieve a balance between maintaining the flexibility of the Group's operations and minimising the exposure to credit risk arising from cash and deposits, the Group has a pre-defined policy and regular review on the rest of the cash portfolio. It is considered that the Group is exposed to a low credit risk in this respect.

RISK MANAGEMENT

ECONOMIC ENVIRONMENT

The Group's primary facilities and operations are located in Hong Kong and Macau and the majority of its revenue is derived from Hong Kong, Macau and Chinese mainland respectively. The Group's results of operations and financial condition therefore depend on the economies of Hong Kong, Macau and Chinese mainland. The economies of Hong Kong and Macau are significantly affected by the developments in Chinese mainland and the Asia-Pacific region. Chinese mainland's economy may experience negative growth, and other regional economies may also deteriorate. Any reduction in telephone calls into and out of Chinese mainland as a result of diminishing business activities and, to a lesser extent, reduced international travel resulting in a decline in the provision of roaming services, have had and may continue to have a negative impact on the Group's results of operations and financial condition. As tourism and gaming industries are the backbone of Macau's economy, the setback in those industries may have negative impact on the mobile services performance of CTM.

The Group also has significant operations across the Asia-Pacific region. However, the changes in the global economic environment could potentially impact the Group's existing customer credit exposure, operations, and planned expansion, in these regions. The Group will enhance its oversight and management of this area.

OPERATIONAL RISK

The Group provides interoperable interconnections, mobile VAS and data services that are critical to the operations of its customers. The Group's system architecture is integral to its ability to process a high volume of transactions in a timely and effective manner. CTM provides mobile, fixed line and broadband services that are dependent on the performance of its network.

Operational disruptions may arise from:

- Failures in software, hardware, infrastructure, or connections;
- Data processing errors;
- Viruses or software defects;
- Security breaches, sabotage, or vandalism;
- Inability to keep pace with technological advancements.

Such issues could result in:

- Reputation damage, hindering customer retention and service marketing;
- Liability claims or contract penalties;
- Regulatory fines (e.g., from Macau regulators);
- Increased costs for corrective measures;
- Reduced customer usage or contract terminations.

These or other consequences would adversely affect the Group's revenues and performance.

CTM and Macau Government entered into a supplemental agreement to the Concession Agreement to extend the term of the Concession Agreement for 1 year from 1 October 2024 to 30 September 2025 (the "Extension Period"). During the Extension Period, CTM and Macau Government will continue to negotiate on the arrangement upon expiry of the Extension Period. The results of the negotiations could potentially affect the operations of CTM.

SECURITY OR PRIVACY BREACHES

The Group's systems may be vulnerable to physical break-ins, computer viruses, attacks by computer hackers or similar disruptive problems. If unauthorised users gain access to the Group's databases, they may be able to embezzle, publish, delete or modify sensitive information that is stored or transmitted on the Group's networks and which the Group is required by its contracts to keep confidential. A security or privacy breach could result in an interruption of service or a reduced quality of service.

Confidential internal information to the Group may also be disclosed to unauthorised personnel who may use such information in a manner adverse to the interests of the Group. The Group may therefore be required to make significant expenditures in connection with corresponding corrective or preventive measures. In addition, a security or privacy breach may harm the Group's reputation and cause its customers to reduce their use of such services, which could harm the Group's revenues and business prospects. In relation to privacy protection, we face changes in expectations from government and industry groups on issues including data availability and use, compliance with international frameworks such as the General Data Protection Regulation ("GDPR") and data breach reporting. The sanctions for breaching the GDPR are significantly higher than the previous regime, which could result in a substantial fine in the event of a breach.

In addition, the Group's revenue may be adversely affected by un-captured usage, in the event that the Group's systems are "hacked" into, resulting in transmissions that may not be detected by its billing system. Further, the increase in traffic as a result of such unauthorised "hacking" may slow or overload the Group's transmission networks, thereby adversely affecting the overall quality of services which the Group provides to its paying customers.

The Group will institute comprehensive security measures and formulate contingency plans to mitigate potential security or privacy vulnerabilities, thereby ensuring the integrity of data and the consistency of service quality.

COMPETITIVE MARKETS

The Group operates in highly competitive markets. Failure to compete in terms of product specifications, service quality, reliability or price may have an adverse impact on the Group.

– Increasing liberalisation of the telecoms industry in Hong Kong, Macau and China may continue to attract new local and foreign entrants and broaden the variety of telecoms services available in the market, thereby increasing the overall level of competition in the industry.

– Rapid changes in technology and business models to cope with the technology development from other telecommunications services providers may increase competition and render the Group's current technologies, products or services obsolete or cause the Group to lose market share.

– Rapid development of new technologies, new services and products, and new business models, including Over-the-top products such as instant voice and messaging services, may have a material adverse effect on our business, financial condition and results of operations.

Intensification of competition might result in lower product prices, narrower profit margins as well as loss of market share for the Group.

OTHER EXTERNAL RISKS AND UNCERTAINTIES

1. Impact of laws and regulations

The Group faces local business risks in different countries and regions. Such risks might have significant impacts on the financial condition, operations and business prospects of the Group in the relevant markets. The investments of the Group in countries and regions across the world might at present or in future be affected by changes in local, national or international political, social, legal, tax, regulatory and environmental requirements from time to time. In addition, new government policies or measures, if introducing changes in fiscal, tax, regulatory, environmental or other aspects that may affect competitiveness, could result in an additional or unforeseen increase in operating expenses and capital expenditures, produce risks to the overall return on investments of the Group, and delay or impede its business operations and hence adversely affect revenues and profits.

2. Impact of new accounting standards

The Hong Kong Institute of Certified Public Accountants ("HKICPA") issues new and revised Hong Kong Financial Reporting Standards ("HKFRSs") from time to time. As the accounting standards continue to evolve, HKICPA might further issue new and revised HKFRSs in the future. The new accounting policies, if required to be adopted by the Group, could have a significant impact on its financial condition and results of operations.

3. Adopting to policy environment

The impact of protectionism and unilateralism have affected the stability of the global landscape, with increasing sources of turbulence and risk points. The Group may be exposed to restrictions, sanctions or other legal or regulatory measures in different jurisdictions. The increasingly stringent regulatory environment and policies such as market entry, licence issuance, may bring risks and challenges to the Group's business development and revenue growth.

Due to changes in various external factors, some customers made corresponding adjustments to their businesses in the second half of 2023, resulting in relatively large decrease in revenue from messaging services. The Group will adapt to the changing regulatory environment and take appropriate measures to mitigate the impact of policy risks on business operations.

4. Natural disasters or events and terrorism

The integrity of the Group's data centers and infrastructure, in particular in relation to the Group's PoPs, submarine cable connections, international private lease lines, local lease lines, switches or other circuits connecting the Group with its customers, are important to the Group's provision of services. The Group may not have sufficient backup systems or facilities to allow it to receive, process and/or transmit data in the event of a loss of, or damage to, any of its data centers or infrastructure. Such loss or damage may be caused by power loss, natural disasters such as fires, earthquakes, severe storms, heavy rainfall, floods and typhoons, network software flaws, vandalism, telecoms failures such as transmission cable disruptions or other similar events that could adversely affect its customers' ability to access the Group's hub. In the event of such loss or damage, the Group may be required to make significant expenditures to repair or replace a data center and/or its other infrastructure. Any interruption to the Group's operations due to the loss of, or damage to, a data center and/or its other infrastructure could harm the Group's reputation and cause its customers to reduce their use of the Group's services, which could harm the Group's revenues and business prospects.

The entire Group is committed to constantly improving its risk monitoring and management mechanism in order to promote risk identification and assessment at all levels; strengthen risk assessment and monitoring of major projects and key businesses; and manage counterparty credit risks. The Group stays fully informed of the operations, financial condition and major business progresses of its subsidiaries through off-site monitoring, on-site inspections and other means to assess the risks that may arise. Through risk reports on weaknesses and potential risks, the Group supervises and implements risk management and control measures to improve its comprehensive risk management practices and initiatives across the Group.

FIVE YEAR SUMMARY

	As at 31 December				
	2020 HK$ million	2021 HK$ million	2022 HK$ million	2023 HK$ million	**2024 HK$ million**
Assets and liabilities					
Investment property	639	667	676	726	**668**
Property, plant and equipment	2,705	2,625	2,323	1,989	**1,931**
Right-of-use assets	706	654	599	454	**461**
Intangible assets	1,219	1,064	932	824	**732**
Goodwill	9,733	9,721	9,710	9,717	**9,696**
Interest in a joint venture	9	11	10	11	**11**
Non-current contract assets	31	23	26	27	**33**
Non-current contract costs	–	25	28	24	**21**
Non-current finance lease receivables	–	5	9	5	**2**
Non-current other receivables	181	103	150	145	**112**
Non-current derivative financial instruments	–	–	–	–	**2**
Deferred tax assets	77	72	74	63	**69**
Net current assets/(liabilities)	816	755	844	831	**(2,147)**
Defined benefit plan obligations	(29)	(12)	(61)	(48)	**(33)**
Deferred tax liabilities	(226)	(211)	(172)	(146)	**(133)**
Other non-current liabilities	(6,052)	(5,326)	(4,677)	(3,758)	**(598)**
NET ASSETS	9,809	10,176	10,471	10,864	**10,827**
Capital and reserves					
Share capital	4,646	4,704	4,720	4,756	**4,758**
Reserves	5,105	5,391	5,653	6,000	**5,959**
Total equity attributable to equity shareholders of the Company	9,751	10,095	10,373	10,756	**10,717**
Non-controlling interests	58	81	98	108	**110**
TOTAL EQUITY	9,809	10,176	10,471	10,864	**10,827**
Net debt					
Total debt[1]	5,868	5,446	4,520	3,934	**3,907**
Less: Cash and deposits	(1,519)	(1,793)	(1,986)	(1,726)	**(1,611)**
Net debt	4,349	3,653	2,534	2,208	**2,296**

	For the year ended 31 December				
	2020 HK$ million	2021 HK$ million	2022 HK$ million	2023 HK$ million	**2024 HK$ million**
Results					
Revenue	8,923	9,486	10,111	9,987	**9,573**
Profit before taxation	1,263	1,355	1,496	1,505	**1,082**
Income tax	(224)	(248)	(272)	(253)	**(154)**
Profit for the year	1,039	1,107	1,224	1,252	**928**
Attributable to:					
Equity shareholders of the Company	1,023	1,076	1,191	1,231	**910**
Non-controlling interests	16	31	33	21	**18**
Profit for the year	1,039	1,107	1,224	1,252	**928**
Basic earnings per share (HK cents)	27.9	29.3	32.3	33.3	**24.6**
Diluted earnings per share (HK cents)	27.9	29.2	32.3	33.3	**24.6**
Dividends per share					
Interim dividend (HK cents)	5.0	5.5	6.0	6.0	**6.0**
Final dividend (HK cents)	16.0	17.0	18.5	19.3	**12.8**
Total dividends per share (HK cents)	21.0	22.5	24.5	25.3	**18.8**

[1] Total debt includes current and non-current bank and other borrowings.

CORPORATE GOVERNANCE

KEY CORPORATE GOVERNANCE PERFORMANCE OVERVIEW

BOARD

- **The Board**
  Effective Board control for the best interest of the shareholders of the Company
- **Composition**
  Sufficient independent Board members to exercise independent objective judgements
- **Chairman & Chief Executive Officer ("CEO")**
  Clear segregation between the responsibilities of Chairman and CEO

EFFECTIVENESS

- **Board Performance**
  Active participation in Board matters and invaluable contribution to key issues of the Company
- **Remuneration Policy**
  Competitive reward system to reward the directors and key management

SHAREHOLDERS

- **Communications**
  Maintain regular, effective and fair communication with shareholders
- **General Meetings**
  Attended by committees' chairman and/or members

ACCOUNTABILITY

- **Internal Control**
  Independent internal control function
- **Risk Management**
  Maintain sound risk management system to safeguard shareholders' interests and the Group's assets

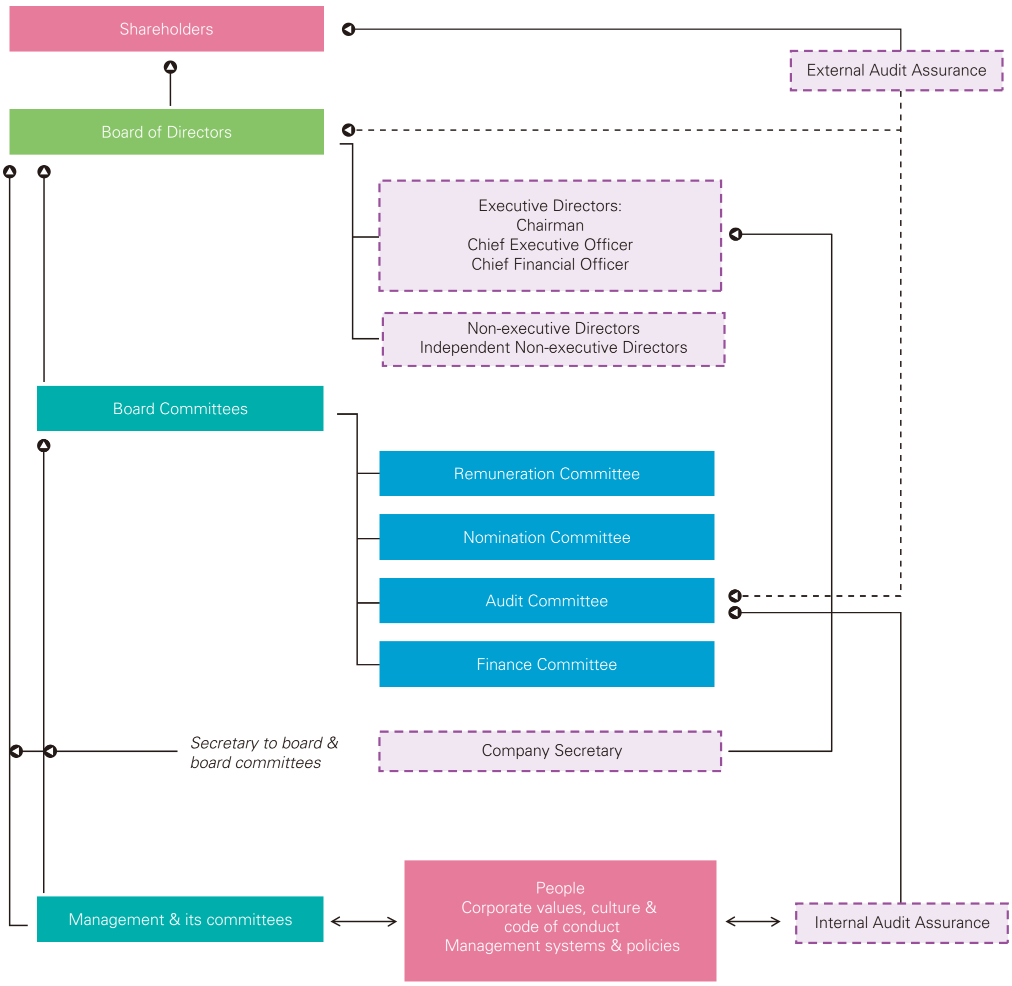
CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. The board of directors of the Company (the "Board") believes that good corporate governance practices are important to promote investor confidence and protect the interest of our shareholders. At CITIC Telecom, we attach importance to our people, our code of conduct, and our corporate policies and standards, which together form the basis of our corporate governance practices. We respect and are committed to comply with the laws, rules and regulations of each country and region in which we operate, and we strive to ensure for our people a healthy and safe working environment which is our paramount concern. We endeavour to contribute to the sustainable development of the Company, with particular focus on our accountability to shareholders and stakeholders.

This report describes how the Company has applied its corporate governance practices to its everyday activities. Save as disclosed below, throughout the year ended 31 December 2024, the Company has fully complied with the applicable code provisions in the Corporate Governance Code (the "Code") set out in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In respect of the code provision C.1.6 of the Code, Mr. Liu Jifu was unable to attend the annual general meeting of the Company held on 20 May 2024 due to other business commitments. Also, as disclosed in the 2024 Interim Report of the Company, following the resignation of Mr. Cai Dawei with effect from 31 March 2023, the Company is in the process of identifying a suitable person to fill the position of Chief Executive Officer and shall make further announcement as appropriate. Until the appointment of the new Chief Executive Officer, the management team, including the executive directors, of the Company will continue to oversee the day-to-day management of the business and operations of the Company and its subsidiaries.

Looking ahead, we will keep our governance practices under continual review to ensure their consistent application and will continue to improve our practices having regard to the latest developments.

CORPORATE GOVERNANCE STRUCTURE FOR THE YEAR ENDED 31 DECEMBER 2024



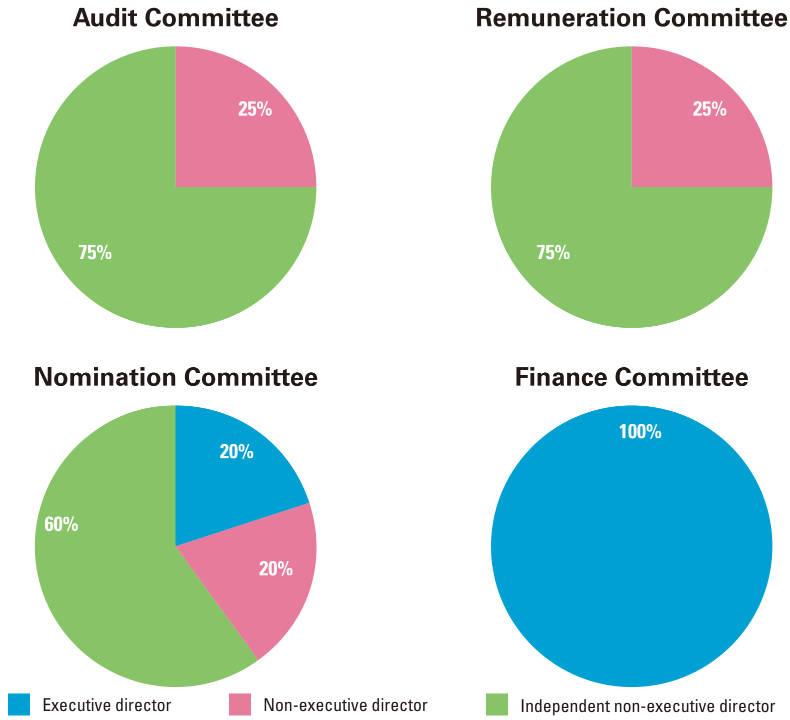
BOARD OF DIRECTORS

Key features of our Board

Independence

The Company emphasises on independence and objectivity of the Board and all committees. The Board currently consists of two executive directors, three non-executive directors and three independent non-executive directors. With the services of all Board members, the Board would have a prudential oversight on the Company's businesses and developments.

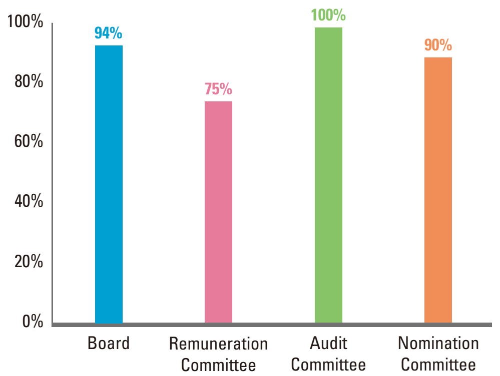
Composition as at 31 December 2024



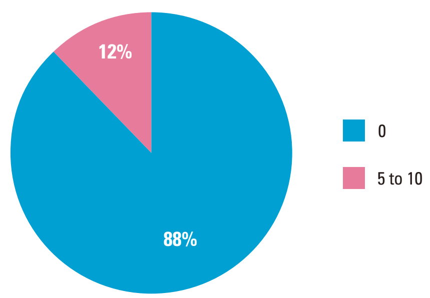
Commitment

The Company attaches importance to the level of directors' commitment to the Company and the Board. Each director has actively participated in the Board and committees' meetings with a high attendance rate. The majority of the directors hold no other directorship at other listed companies outside CITIC Group. It enables the directors to devote sufficient time to the Company and closely monitor the Company's businesses.

Attendance Rate at Meetings Held in 2024



Directors' Directorships at Other Listed Companies Outside CITIC Group as at 31 December 2024



CORPORATE GOVERNANCE

Attendance at Meetings

The following table summarises directors' attendance at Board and committee meetings and general meeting held in 2024:

✔ Attended ✘ Absent – Not Applicable

	Meetings Held/Attended				
	BOARD (Total: 4)	**REMUNERATION COMMITTEE** (Total: 1)	**AUDIT COMMITTEE** (Total: 2)	**NOMINATION COMMITTEE** (Total: 2)	**GENERAL MEETING (Note 6)** (Total: 1)
Executive Directors					
Mr. Luo Xicheng – *Chairman*	✔✔✔✔	–	– –	✔✔	✔
Mr. Luan Zhenjun – *Chief Financial Officer*	✔✔✔✔	–	✔✔ (Note 1)	– –	✔
Non-executive Directors					
Mr. Liu Jifu	✔✔✘*✘*	✘*	– –	✔ ✘*	✘
Mr. Zhang Bo (Note 2)	✔✔✔–	–	– –	– –	✔
Mr. Zhao Lei (Note 3)	– – –✔	–	– –	– –	–
Mr. Fei Yiping (Note 4)	✔✔– –	–	✔ –	– –	✔
Ms. Wang Hua (Note 5)	– –✔✔	–	– ✔	– –	–
Independent Non-executive Directors					
Mr. Zuo Xunsheng	✔✔✔✔	✔	✔✔	✔✔	✔
Mr. Lam Yiu Kin	✔✔✔✔	✔	✔✔	✔✔	✔
Mr. Wen Ku	✔✔✔✔	✔	✔✔	✔✔	✔

* Mr. Sui Chen, alternate director to Mr. Liu Jifu, attended these meetings on behalf of Mr. Liu Jifu. According to paragraph B(d) of Part 1 of Appendix C1 of the Listing Rules, these meetings were not counted as attendance by Mr. Liu Jifu.

Notes:

1. Mr. Luan Zhenjun also attended the Audit Committee meetings as the Chief Financial Officer of the Company.

2. Mr. Zhang Bo resigned as a non-executive director of the Company with effect from 6 December 2024.

3. Mr. Zhao Lei was appointed as a non-executive director of the Company with effect from 6 December 2024.

4. Mr. Fei Yiping retired as a non-executive director of the Company, and ceased to be a member of the Audit Committee, with effect from 21 May 2024.

5. Ms. Wang Hua was appointed as a non-executive director of the Company and a member of the Audit Committee with effect from 21 May 2024.

6. The Company's external auditor also attended the 2024 AGM.

Overall Accountability

Members of the Board are individually and collectively accountable to the shareholders for the success and sustainable development of the Company. The Board provides direction and approval in relation to matters concerning the Company's business strategies, policies and plans whilst the day-to-day business operations are delegated to the executive management. The Board is accountable to the shareholders and in discharging its corporate accountability, every director of the Company is required to pursue excellence in the interests of the Company's shareholders and fulfill his fiduciary duties by applying the required level of skill, care and diligence to a standard in accordance with the statutory requirements.

During the year, the Board has performed a self-evaluation of its performance and reviewed the contribution required from a director to perform his responsibilities. The Board is of the view that all directors have given sufficient time and attention to the Group's affairs and the Board operates effectively as a whole.

Roles of the Board

- Determines the overall strategies of the Company
- Monitors the performance of delegated Board Committees
- Sets strategic vision and long-term goals
- Reviews the management performance
- Oversees risks and internal controls of the Group

Board Composition

The Board currently comprises two executive directors and six non-executive directors of whom three are independent as defined in the Listing Rules. Brief biographical particulars of the current directors are set out on pages 70 to 72 of this Annual Report.

Independent non-executive directors currently constitute more than one-third and non-executive directors constitute more than half of the Board. The Company has received from each independent non-executive director a confirmation of his independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules and considers that all independent non-executive directors are independent.

Each director has entered into an appointment letter with the Company. According to Article 95 of the Articles of Association of the Company, any director appointed by the Board either to fill a casual vacancy or as an additional director is subject to re-election at the next general meeting of the Company. Also, according to Article 104(A) of the Articles of Association of the Company, one-third of the directors for the time being, or, if their number is not a multiple of three, then the number nearest to one-third, must retire from office at each annual general meeting ("AGM"). Thus, every director, including the non-executive directors, shall be subject to retirement by rotation at least once every three years. These directors are eligible for re-election. Their re-election is subject to a vote of the shareholders and separate resolutions are proposed for the election of each director.

During the year of 2024,

(i) Mr. Fei Yiping retired as a non-executive director of the Company with effect from 21 May 2024 and Ms. Wang Hua was appointed as a non-executive director of the Company in his stead; and

(ii) Mr. Zhang Bo resigned as a non-executive director of the Company with effect from 6 December 2024 and Mr. Zhao Lei was appointed as a non-executive director of the Company in his stead.

In addition, Mr. Liu Jifu retired and Mr. Yang Feng was appointed as a non-executive director of the Company in his stead with effect from 24 March 2025.

As Ms. Wang Hua, Mr. Zhao Lei and Mr. Yang Feng were appointed by the Board as directors of the Company subsequent to the 2024 AGM, in accordance with Article 95 of the Articles of Association of the Company, they will hold office only until the forthcoming AGM of the Company (the "2025 AGM") and will be eligible for re-election at the 2025 AGM.

CORPORATE GOVERNANCE

According to Article 104(A) of the Articles of Association of the Company, Messrs. Zuo Xunsheng and Lam Yiu Kin will retire by rotation at the 2025 AGM and, being eligible, offer themselves for re-election.

Mr. Zuo Xunsheng, an independent non-executive director who has served the Company for more than nine years, will retire by rotation and, being eligible, has offered himself for re-election at the 2025 AGM. During his tenure of office, he has been able to fulfil all the requirements regarding independence as an independent non-executive director. He has in-depth understanding of the Group's business and operations and has demonstrated independence by providing objective and independent views to the Company. The Nomination Committee is satisfied that Mr. Zuo has the required character, integrity and experience to continue fulfilling the role of an independent non-executive director and considers that Mr. Zuo remains independent notwithstanding that he has served on the Board for over nine years and his long service will not affect his exercise of independent judgment. In accordance with the Code, the re-election of Mr. Zuo will be subject to a separate resolution to be approved at the 2025 AGM.

Mr. Lam Yiu Kin, an independent non-executive director of the Company, will retire by rotation and, being eligible, has offered himself for re-election at the 2025 AGM. Notwithstanding Mr. Lam's engagement as an independent non-executive director for seven listed companies (including the Company), the Nomination Committee and the Board are of the view that Mr. Lam is able to devote sufficient time to act as an independent non-executive director of the Company on the basis that (i) he has confirmed he is able to and will devote sufficient time to discharge his duties and responsibilities as an independent non-executive director; (ii) he is not preoccupied with any full-time work and none of his current commitments as an independent non-executive director of the other listed companies would require his full-time involvement and he does not participate in the day-to-day operations of those listed companies; (iii) with his extensive experience and knowledge, particularly on corporate governance acquired and developed from his background and past experience (including his directorships in other listed companies), he is fully aware of the responsibilities and expected time involvement for independent non-executive directors; (iv) he has held directorships for over three years in the above listed companies; and (v) he has demonstrated that he is able to devote sufficient time to discharge his duties owed to each of these listed companies by attending board meetings and board committee meetings of these listed companies during their latest financial year, as disclosed in these listed companies' latest published annual reports. In accordance with the Code, the re-election of Mr. Lam will be subject to a separate resolution to be approved at the 2025 AGM.

Board Diversity and Balance

The Company believes that diversity in all aspects, including experience and expertise, provides the Company with a high level of corporate governance and penetrating insights into the Company's businesses and industry. The Company continues to promote and support diversity and balance of the Board to strengthen performance, promote effective decision-making and better corporate governance and monitoring.

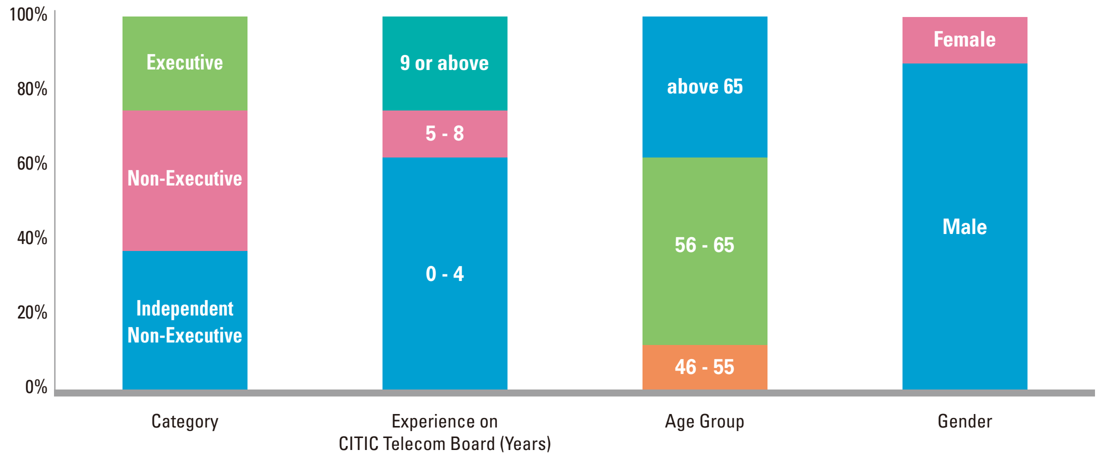
The board diversity policy of the Company sets out the approach to achieve a diverse Board which will include and make good use of the differences in skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of service and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board. All Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard to the overall effective functioning of the Board as a whole and for the benefits of diversity on the Board.

Directors of the Company are of diverse academic background in the areas of telecommunications, engineering, science, accounting, economics, business administration and management and treasury management. The Company believes that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business.

Ms. Wang Hua was appointed as a non-executive director of the Company with effect from 21 May 2024. Since then, one out of eight directors is female representing 12.5%. The Nomination Committee will review the implementation of the Company's board diversity policy on annual basis to ensure its continued effectiveness. The Company will take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management levels. The Nomination Committee acknowledges the importance of gender diversity and will pursue opportunities to increase the proportion of female members of the Board. The goal is to maintain at least the current level of female representation and improve gender diversity when suitable candidates arise.

The following chart shows the diversity profile of the Board.

Board Diversity Statistics as at 31 December 2024



Board Meetings and Attendance

The Board meets regularly to review the financial and operating performance of the Group and to discuss future strategy. Four Board meetings were held in 2024. At the Board meetings, the Board reviewed significant matters including, inter alia, the Group's annual and interim financial statements, annual budget, proposals for final and interim dividends, annual report and interim report, changes to the directors of the Company, the risk management report, the Company's Environment, Social and Governance ("ESG") matters and the adoption of internal rules of procedure. At least 14 days' notice is given to all directors for all regular Board meetings and all directors are given the opportunity to include matters for discussion in the agenda. The agenda and Board papers for each meeting are sent to all directors more than 3 days in advance of every regular Board meeting. All minutes of the Board meetings are kept by the company secretary of the Company and are available to all directors for inspection.

The attendance record of each director at the Board meetings in 2024 is set out in the table on page 52 of this Annual Report.

Board Responsibilities and Delegation

The Board collectively determines the overall strategies of the Company, monitors performance and the related risks and internal controls in pursuit of the strategic objectives of the Group. Day-to-day management of the Group is delegated to the executive directors or the officer in charge of each division and function who is required to report back to the Board. Functions reserved to the Board and those delegated to management are reviewed periodically. All Board members have separate and independent access to the senior management, and are provided with full and timely information about the conduct of the business and development of the Group, including reports and recommendations on significant matters. All Board members are provided with monthly management updates of the business operations of the Group. Should separate independent professional advice be considered necessary by the directors, independent professional services would be made available to the directors upon request. The Company will review the implementation and effectiveness of the above mechanisms on an annual basis to ensure independent views and input are available to the Board.

CORPORATE GOVERNANCE

The Board has delegated some of its functions to the Board committees. Details of the responsibilities, membership, attendance and activities during the year of each Board committee are set out on pages 51 to 62 of this Annual Report. Matters specifically reserved for the Board include approval of financial statements, dividend policy, significant changes in accounting policies, material contracts, changes to appointments such as company secretary and external auditor, terms of reference of Board committees, as well as major corporate policies.

To implement the strategies and plans approved by the Board, executive directors and senior management meet on a regular basis to review the performance of the Group and make financial and operational decisions. In addition, a Risk Management Committee, comprising the executive directors and senior management, meets regularly to discuss the risk management of the Group. A Capex Review Board is also set up in which the Chief Executive Officer and the Chief Financial Officer of the Company review the capital investments proposed by the management to ensure that the proposed investments are in the best interests of the Group both commercially and strategically.

The Company has arranged directors and officers liability and company reimbursement insurances for its directors and officers.

Chairman and Chief Executive Officer

Mr. Luo Xicheng served as the Chairman of the Company during the year. Mr. Cai Dawei resigned as the Chief Executive Officer of the Company with effect from 31 March 2023. Following the resignation of Mr. Cai Dawei with effect from 31 March 2023, the Company is in the process of identifying a suitable person to fill the position of Chief Executive Officer and shall make further announcement as appropriate. Until the appointment of the new Chief Executive Officer, the management team, including the executive directors, of the Company, will continue to oversee the day-to-day management of the business and operations of the Company and its subsidiaries.

The Chairman and Chief Executive Officer have segregated defined responsibilities whereby the Chairman is primarily responsible for leadership and effective functioning of the Board, ensuring all key and appropriate issues are addressed by the Board in a timely manner, as well as providing strategic direction of the Group, and also take primary responsibility for ensuring good corporate governance practices and procedures are established. The Chief Executive Officer is responsible for the day-to-day management of the Group and the effective implementation of corporate strategy and policies. Their respective roles and responsibilities are set out in writing, which have been approved and adopted by the Board.

Induction for Newly Appointed Directors

Each newly appointed director (including alternate director) is provided with necessary induction and information to ensure that he/she has a proper understanding of the Group's operations and businesses as well as his/her responsibilities as a director of the Company under the Listing Rules and other relevant statutes, laws, rules and regulations.

An induction session, conducted by a firm of solicitors qualified to advise of Hong Kong law, was arranged for each newly appointed director (including alternate director). During the year ended 31 December 2024, the following newly appointed directors/alternate director attended the induction session, during which he/she had obtained the legal advice referred to in Rule 3.09D of the Listing Rules:

Name of directors	Date of appointment	Date of induction session
Ms. Wang Hua – *Non-executive Director*	21 May 2024	14 May 2024
Mr. Sui Chen – *Alternate director to Mr. Liu Jifu*	21 May 2024	17 May 2024
Mr. Zhao Lei – *Non-executive Director*	6 December 2024	2 December 2024

After the induction session, each of Ms. Wang Hua, Mr. Sui Chen and Mr. Zhao Lei has confirmed in writing that he/she understood his/her obligations as a director of the Company.

Directors' Continuing Professional Development Programme

Directors' training is an ongoing process. During the year, directors are provided with monthly updates on the Group's performance, position and prospects to enable the Board as a whole and each director to discharge their duties. In addition, all directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the year, the Company has also organised a training conducted by Ernst & Young for the directors of the Company. The Company also updates directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices. The training and continuous professional development of directors and senior management during the year has been reviewed by the Board.

According to the records of the directors' participation in the continuous professional development programme kept by the Company, a summary of training received by the directors for the year ended 31 December 2024 is as follows:

Directors	Type of continuous professional development programme
Executive Directors	
Mr. Luo Xicheng	A, B, C
Mr. Luan Zhenjun	A, B, C
Non-executive Directors	
Mr. Liu Jifu	B, C
Mr. Zhang Bo (resigned with effect from 6 December 2024)	B, C
Mr. Zhao Lei (appointed with effect from 6 December 2024)	A, B, C
Mr. Fei Yiping (retired with effect from 21 May 2024)	B, C
Ms. Wang Hua (appointed with effect from 21 May 2024)	A, B, C
Mr. Sui Chen (alternate director to Mr. Liu Jifu) (appointed with effect from 21 May 2024)	A, B, C
Independent Non-executive Directors	
Mr. Zuo Xunsheng	A, B, C
Mr. Lam Yiu Kin	A, B, C
Mr. Wen Ku	A, B, C

Notes:

A: attending expert briefings, seminars, webinars and/or accessing to the web-based learning resources

B: reading materials and updates relating to the latest development of the Listing Rules, other applicable regulatory requirements, business environment and economic trends and developments, etc.

C: reading monthly updates on the Group's performance, position and prospects

CORPORATE GOVERNANCE

BOARD COMMITTEES

The Board has appointed a number of committees to discharge the Board functions. Sufficient resources are provided to enable the Board committees to undertake their specific roles. The respective role, responsibilities and activities of each Board committee are set out below:

Remuneration Committee

The principal role of the Remuneration Committee is to determine and review the remuneration packages of individual executive directors and senior management, including salaries, bonuses and share options, if any, etc. The Remuneration Committee reviews and approves the management's remuneration proposals with reference to the Board's corporate goals and objectives and considers salaries paid by comparable companies, time commitment, responsibilities and performance and employment conditions elsewhere in the Group, so as to align management incentives with shareholders' interests. In addition, the Remuneration Committee reviews and/or approves matters relating to share schemes under Chapter 17 of the Listing Rules.

The terms of reference setting out the Remuneration Committee's authority and its role and responsibilities are available on the Company's website (www.citictel.com) and the Stock Exchange's website.

The composition of the Remuneration Committee during the year as well as the meeting attendance of the committee members are as follows:

Membership and Attendance

Members	**Attendance/ Number of Meeting**
Independent Non-executive Directors	
Mr. Zuo Xunsheng – *Chairman*	1/1
Mr. Lam Yiu Kin	1/1
Mr. Wen Ku	1/1
Non-executive Director	
Mr. Liu Jifu	0*/1

* Mr. Sui Chen, alternate director to Mr. Liu Jifu, attended the meeting on behalf of Mr. Liu Jifu. According to paragraph B(d) of Part 1 of Appendix C1 of the Listing Rules, the meeting was not counted as attendance by Mr. Liu Jifu.

The Remuneration Committee held one meeting during the year. The agenda and accompanying committee papers were sent to the committee members more than 3 days prior to each meeting. The company secretary of the Company serves as the secretary of the committee and prepared full minutes with details of discussions and decisions reached. The draft and final versions of minutes were sent to all committee members within a reasonable time after each meeting.

In 2024, the Remuneration Committee has reviewed and approved the remuneration of the newly appointed senior management. The Committee has also reviewed the remuneration policies and the remuneration proposals and approved, inter alia, the salaries and bonuses of the Chairman, Chief Financial Officer, senior management and the general staff. The Remuneration Committee has communicated with the Chairman of the Company about the remuneration proposals relating to other executive directors. No director took part in any discussion about his own remuneration.

Directors' emoluments and post-employment benefits are disclosed on pages 189 to 190 and pages 214 to 219 of this Annual Report. Share options granted under the Company's share option plan are disclosed on pages 86 to 88 and pages 220 to 222 of this Annual Report.

The remuneration paid to the directors of the Company, by name, for the year ended 31 December 2024 is set out in note 7 to the financial statements. The remuneration paid to the senior management, by band, for the year ended 31 December 2024 is set out below:

Remuneration of senior management other than directors paid/ payable during the year ended 31 December 2024	
Total Remuneration Bands – Year 2024	**Number of Executives**
HK$0 – HK$3,000,000	2
HK$3,000,001 – HK$6,000,000	1
HK$12,000,001 – HK$15,000,000	1

Remuneration Policy

The Group is committed to providing a fair and competitive employee remuneration package that will attract, motivate, retain and reward employees at all levels. The Remuneration Policy has been established and implemented to support the Group's strategic development. The policy is set out in the Sustainability Report on page 119 of this Annual Report. Remuneration policy and recommendation will be annually reported to the Remuneration Committee for approval.

Audit Committee

The Audit Committee reviews financial information of the Group, monitors the effectiveness of the external audit and oversees the appointment, remuneration and terms of engagement of the Company's external auditor, as well as their independence. The Audit Committee is also responsible for reviewing the financial reporting process and the systems of risk management and internal controls, including the internal audit function as well as arrangements for concerns raised by the staff on financial reporting and other matters. The Board also delegated certain corporate governance functions to the Audit Committee, including, inter alia, the review and monitoring of the Company's policies and practices on compliance with legal and regulatory requirement, the code of conduct of the Company and the Company's policies and practices on corporate governance and its compliance with the Code and disclosures in the Corporate Governance Report, etc. In addition, the Board has also delegated ESG management duties to the Audit Committee, which include reviewing and developing the Company's policies and practices on ESG, overseeing the evaluation and management of ESG-related issues, reviewing and monitoring the progress made against ESG-related goals and targets and the Company's compliance with the Listing Rules on disclosure of ESG-related issues in the Sustainability Report. In addition, in order to strengthen the coordination and leadership of the ESG-related issues, the ESG working group comprising the Chairman of the Company as chairman, the Chief Executive Officer as vice chairman and other management members as group members was established in May 2022.

The Audit Committee meets at least twice a year. The Chief Financial Officer and the external and internal auditors attend the meetings, take part in the discussions and answer questions from the committee members. By invitation of the Audit Committee, other directors and senior executives may also attend the meetings. Sufficient resources are made available to the committee when independent legal or professional advice is required.

The terms of reference of the Audit Committee setting out the committee's authority and its role and responsibility are available on the Company's website (www.citictel.com) and the Stock Exchange's website.

CORPORATE GOVERNANCE

The composition of the Audit Committee during the year as well as the meeting attendance of the committee members are as follows:

Membership and Attendance

Members	Attendance/ Number of Meetings
Independent Non-executive Directors	
Mr. Lam Yiu Kin – *Chairman*	2/2
Mr. Zuo Xunsheng	2/2
Mr. Wen Ku	2/2
Non-executive Directors	
Mr. Fei Yiping (retired with effect from 21 May 2024)	1/1
Ms. Wang Hua (appointed with effect from 21 May 2024)	1/1

The Audit Committee held two meetings in 2024. The agenda and accompanying committee papers were sent to the committee members more than 3 days prior to each meeting. The company secretary of the Company serves as the secretary of the committee and prepared full minutes with details of discussions and decisions reached. The draft and final versions of minutes were sent to all committee members within a reasonable time after each meeting.

In 2024, the Audit Committee discussed with the management and the external auditor on the key audit matters summarised below and procedures performed by the external auditor. Please refer to pages 150 to 152 of this Annual Report for details of procedures performed by the external auditor.

Key Audit Matters	How did the Audit Committee address the matters
Impairment assessment of goodwill	The Audit Committee considered the methodology, estimates and assumptions used in assessing the impairment of goodwill. The Audit Committee was satisfied that the methodology, estimates and assumptions adopted were considered appropriate.
Use of complex IT system in revenue recognition	The Audit Committee considered the implemented policies and internal controls in connection with the Group's revenue cycles and was satisfied that adequate internal controls are in place to ensure the accuracy, existence and completeness of the Group's revenue recognition. The Audit Committee was satisfied that the key internal controls were operating effectively throughout 2024.

During 2024, the Audit Committee has considered, inter alia, the external auditor's proposed audit fees; discussed with the external auditors their independence and the nature and scope of the audit; reviewed the interim and annual financial statements of the Group, particularly judgmental areas, before submission to the Board; reviewed the risk management and internal control system and the internal audit plan, findings and management's response; reviewed the service fees for "non-assurance services"; reviewed the Group's adherence to the code provisions in the Code and reviewed the risk management report before submitting to the Board for approval. The Audit Committee reviewed the Group's Sustainability Report to ensure compliance with regulatory requirements. The Audit Committee recommended the Board to adopt the interim and annual financial statements for 2024. The Audit Committee has also performed the corporate governance duties and the ESG management duties as set out in its terms of reference.

Nomination Committee

The Nomination Committee is authorised by the Board to determine the policy for the nomination of directors, to set out the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship. The Nomination Committee is also responsible for reviewing the structure, size and diversity of the Board.

The terms of reference setting out the Nomination Committee's authority and its role and responsibilities are available on the Company's website (www.citictel.com) and the Stock Exchange's website.

The composition of the Nomination Committee during the year as well as the meeting attendance of the committee members are as follows:

Membership and Attendance

Members	**Attendance/ Number of Meetings**
Executive Director	
Mr. Luo Xicheng – *Chairman*	2/2
Non-executive Director	
Mr. Liu Jifu	1*/2
Independent Non-executive Directors	
Mr. Zuo Xunsheng	2/2
Mr. Lam Yiu Kin	2/2
Mr. Wen Ku	2/2

* Mr. Sui Chen, alternate director to Mr. Liu Jifu, attended one of the two meetings on behalf of Mr. Liu Jifu. According to paragraph B(d) of Part 1 of Appendix C1 of the Listing Rules, the meeting was not counted as attendance by Mr. Liu Jifu.

The Nomination Committee held two meetings in 2024. The agenda and accompanying committee papers were sent to the committee members more than 3 days prior to each meeting. The company secretary of the Company serves as the secretary of the committee and prepared full minutes with details of discussions and decisions reached. The draft and final versions of minutes were sent to all committee members within a reasonable time after each meeting.

The Director Nomination Policy sets out the criteria adopted by the Nomination Committee to select and recommend candidates for directorship (including the recommendation of re-election of retiring directors), including but not limited to:

(i) qualifications, skills, expertise, independence which contribute to the effective carrying out of the Board responsibilities;

(ii) commitment in respect of sufficient time and relevant interest devoted to the business and affairs of the Company; and

(iii) board diversity including but not limited to skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of service.

Upon identification of suitable candidate, the Nomination Committee reviews the candidate's biographical details covering the above factors and other applicable requirements as set out in the Listing Rules. In the case of nomination of an independent non-executive director, all information relating to the independence factors as set out in the Listing Rules are also taken into account. After the assessment and evaluation, if the Nomination Committee considers the potential candidate is suitable to be nominated as a director, it will make recommendation for the Board's consideration and approval. The Board shall approve the nomination and appoint the proposed qualified candidate as director if it agrees with the Nomination Committee's recommendation. In case of nominating or recommending for re-election of retiring directors, the above selection criteria shall be taken into account.

In 2024, the Nomination Committee reviewed the director nomination policy. The Nomination Committee has also reviewed and made recommendations to the Board on the appointment of new directors and senior management and has assessed the independence of independent non-executive directors and made recommendations to the Board on the re-election of the directors retiring at the 2024 AGM. The recommendations were made after considering the composition of the Board, the director nomination policy and the board diversity policy of the Company, with due regard to the overall effective function of the Board as a whole. The relevant members of the Nomination Committee abstained from voting when his own nomination was being considered. The Nomination Committee also reviewed the structure, size and diversity of the Board and discussed the measurable objectives, including knowledge, appropriate professional qualifications, relevant business background and experience, skills, related management expertise and agreed that these measurable objectives were achieved for the diversity on the Board which contributed to the corporate strategy and the business development of the Company.

Finance Committee

The Finance Committee is delegated the powers of the Board to establish or renew financial and credit facilities and undertake financial and credit transactions such as loans, deposits, commercial papers, bills of exchange and foreign exchange, etc., within the limit authorised by the Board.

The Finance Committee currently comprises two executive directors, namely, Mr. Luo Xicheng and Mr. Luan Zhenjun. In 2024, a few resolutions in writing were passed by the Finance Committee to approve the opening or closure of bank accounts and the financial transactions of the Company such as acceptance of banking facilities and entering into foreign exchange and cross currency swap transactions.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board recognises the importance of integrity of financial information and acknowledges its responsibility for preparing financial statements that give a true and fair view of the financial position of the Group and of its financial performance and cash flows in accordance with Hong Kong Financial Reporting Standards and the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance"). In presenting the financial information, as well as price-sensitive announcements and other financial disclosures as required by regulations, the Board endeavours to present in a timely manner to shareholders and other stakeholders a balanced and understandable assessment of the Group's performance, position and prospects. Accordingly, appropriate accounting policies are selected and applied consistently, and judgments and estimates made by the management for financial reporting purpose are prudent and reasonable. Prior to the adoption of the financial statements and the related accounting policies, the relevant financial information is discussed between the external auditor and the management, and then submitted to the Audit Committee for review.

The Board considers that the adoption of relevant amendments to financial reporting standards that became effective during the year has not had a significant impact on the Group's financial statements, details of which are disclosed in notes 1(a) and 1(c) to the financial statements.

The responsibilities of the external auditor with respect to the financial statements for the year ended 31 December 2024 are set out in the Independent Auditor's Report on pages 149 to 154 of this Annual Report.

External Auditors and their Remuneration

The external auditors provide an objective assessment of the financial information presented by the management, and is considered one of the essential elements to ensure effective corporate governance. Since 2019, PricewaterhouseCoopers ("PwC"), Certified Public Accountants and Registered Public Interest Entity Auditor, has been engaged as the Company's external auditor. Their independence and audit process are reviewed and monitored by the Audit Committee which considers the scope of the audit work, audit fees, non-audit services as well as their appointment and retention.

During the year, the fees charged by PwC for the audit of the Company and its subsidiaries amounted to approximately HK$5,000,000. In addition, approximately HK$3,000,000 was charged by PwC for non-audit services. The non-audit services mainly consist of taxation services, interim review, advisory and other professional services. The fees charged by other auditors of the Group for audit services and non-audit services during the year amounted to approximately HK$2,000,000 and less than HK$1,000,000 respectively.

Risk Management and Internal Control

Risk management and internal control are essential parts of corporate governance. The Board has overall responsibility for maintaining an adequate system of risk management and internal control and reviewing its effectiveness, while management ensures sufficient and effective operational controls over the key business processes are properly implemented with regular reviews and updates.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk management and internal control system features

The risk management and internal control system of the Group is established along the core concepts of Enterprise Risk Management – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and the Basic Standard for Enterprise Internal Control jointly issued by ministries and commissions (Ministry of Finance, China Securities Regulatory Commission, National Audit Office, China Banking Regulatory Commission and China Insurance Regulatory Commission) in 2008 as well as the relevant guidelines and government policies.

Group's risk management facilitates business development and operation of the Group by setting the appropriate risk appetite, maintaining an optimal risk level and most importantly, proactively managing risks. Business units across the Group embrace the Enterprise Risk Management framework that underpins their day-to-day business activities. The framework provides a simple and effective management process to identify and review risks across all business units of the organisation, and prioritise resources to manage those risks that arise.

Management process for significant risks

The Group takes proactive measures to identify, evaluate and manage significant risks arising from its recurrent and growth businesses and from the constantly changing business environment. Various risk management strategies have been established by management to identify, assess and mitigate risks, including in the areas of strategy, market, finance, legal and operation risks.

The Group established "Risk Management Policy" which provides guidance and procedures to business units and corporate departments of the Group for implementing risk management and internal control practices. All risks are ranked and their treatment is determined by a combination of likelihood and consequence, which takes account of risk appetite level. Each risk is evaluated by the likelihood of the identified risk and the consequences of the risk events taking into consideration the control measures in place. Business units establish their own arrangements for implementing a risk management process complied with the Risk Management Policy and capture identified risks in risk registers which are reviewed regularly.

Overall business risks of the Group are reviewed and assessed regularly. Management is required to submit a written report on the risk review exercised during the corresponding interim or annual period to the Audit Committee half-yearly. Besides, report on the effectiveness of the Group's risk management and internal control system covering the corresponding year will be submitted annually.

Moreover, an early risk flagging mechanism is established which enables the Group to proactively identify and assess emerging risks and broad areas of changes, emanating from both internal and external factors, and act on them in a timely manner. Risk owners have to flag and report immediately to the corresponding risk oversight parties when a potential risk is perceived and significant impact is expected in any business areas.

CORPORATE GOVERNANCE

The Group's significant risks can be found in the "Risk Management" section on pages 38 to 46 of this Annual Report.

Monitoring the effectiveness of risk management and internal control system

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks that the Group is willing to take in achieving its strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management system. The Audit Committee supports the Board in monitoring the Group's risk exposures, the design and operating effectiveness of the underlying risk management system.

During the year, the Audit Committee assessed the effectiveness of the risk management and internal control system on behalf of the Board. The main internal control reviews were as follows:

– The management assessed and considered the adequacy of the resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit, financial reporting functions, as well as those relating to the ESG performance and reporting.

– The management regularly assessed the risks and internal controls with reference to the five components of the COSO Enterprise Risk Management – Integrated Framework. The result of the review has been summarised and reported to the Audit Committee and the Board.

– The Audit Committee regularly reviewed the internal audit findings and opinions on the effectiveness of the Group's risk management and internal control system and reports to the Board on such reviews.

The Board and the management will establish sufficient and effective management and controls through the risk management and internal control framework of the Group, which will ensure compliance with the Listing Rules and other legal or regulatory requirements of the jurisdictions in which the Group operates, in order to improve the risk management and internal control system. The Company considered that the risk management and internal control framework of the Group are effective and adequate.

Internal Audit

The Group has continued to engage the Internal Audit Department of CITIC Pacific Limited to perform internal audits for the Group. The Internal Audit Department of CITIC Pacific Limited performs independent internal audit reviews for business units and functions in the Group on a systematic and ongoing basis. The frequency of review of individual business units or functions is determined after an assessment of the risks involved. The Audit Committee endorses the internal audit plan annually. The Internal Audit Department of CITIC Pacific Limited has unrestricted access to all parts of the business and direct access to any level of management including the Chairman of the Company and the Chairman of the Audit Committee as it considers necessary. It submits regular reports for the Audit Committee's review in accordance with the approved internal audit plan. Concerns which have been reported by the Internal Audit Department of CITIC Pacific Limited are responded by management by taking appropriate remedial actions.

BUSINESS ETHICS

Cultures and Values

Our core value is "Wisdom and Integrity for Fostering Prosperity" (智德興業). The Group is committed to adhere to high standards of corporate integrity. The Group has formulated and implemented a series of relevant policies and mechanism to foster our core value and corporate culture. Our employees are clearly communicated and well educated to strictly comply with all legal regulations and policies.

Code of conduct

To ensure the highest standard of integrity in our business, the Group adopted a code of conduct defining the ethical standards expected of all employees as well as non-discriminatory employment practices. Briefings on the code of conduct are held regularly for new employees during orientation sessions. The code of conduct can be accessed through the Company's intranet. The Audit Committee receives reports on the execution of the code of conduct and its compliance at least once a year.

Anti-corruption policy

Employees are expected to conduct business legitimately and ethically and are prohibited from accepting, offering, promising or payment of bribes from or to any individual or companies.

The Company has established an anti-corruption policy which sets out the responsibilities of all business units and employees of the Group to comply with the applicable anti-corruption laws, rules and regulations. While the Group has set in place policies, procedures, codes and guidelines to ensure that the highest standards of conduct and integrity are observed by employees, employees may still be aware of malpractice within the Group during employment. It is the obligation of all employees to report it in accordance with the procedures set out in the anti-corruption policy and the whistle-blowing policy.

Whistle-blowing policy

The Group considers the whistle-blowing channels as a useful means of identifying possible misconduct or fraud risks of a particular operation or function by encouraging employees and those who deal with it (e.g. customers and suppliers) to raise concerns in good faith. The Company has established a whistle-blowing policy setting out principles and procedures for guiding the directors, employees and parties who deal with the Group in reporting cases of fraud, corruption or misconduct in a fair and proper manner and will review the policy from time to time.

According to the whistle-blowing policy, concerns can be raised in anonymity (e.g. email or by post) to the Head of Internal Audit Department; or in writing to the Chairman of the Company or the Chairman of the Audit Committee. All allegations received shall be registered and will be evaluated to determine the credibility, materiality and verifiability. To this end, the allegation will be evaluated to determine whether there is a legitimate basis to warrant an investigation. The Head of Internal Audit Department will handle the investigation and directly report to the Chairman of the Company. Those who have conflict of interest will not be included.

Inside Information/Price-Sensitive Information

With respect to the procedures and internal controls for the handling and dissemination of inside information/ price-sensitive information, the Company is aware of its obligations under Part XIVA of the Securities and Futures Ordinance and the Listing Rules and has established the inside information/price-sensitive information disclosure policy with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 of the Listing Rules. All directors confirmed that they have complied with the required standard set out in the Model Code throughout 2024. The interests held by individual directors in the Company's securities at 31 December 2024 are set out in the Directors' Report on pages 87 to 89 of this Annual Report.

Good Employment Practices

In Hong Kong, the Group has followed the guide to good employment practices issued by the Employers' Federation of Hong Kong to ensure legally compliant, non-discriminatory and professional employment practices are implemented.

Gender diversity at workforce levels (including our senior management) is disclosed in the Sustainability Report on page 115 of this Annual Report. The Group acknowledges the importance of gender diversity and will regularly review our gender diversity at workforce level in accordance with the relevant rules, market trend and business need.

COMMUNICATION WITH SHAREHOLDERS

The Company considers effective communication with shareholders essential to enable them to have a clear assessment of the Group's performance as well as accountability of the Board. The shareholders' communication policy was adopted by the Company and is regularly reviewed. The Company considered that with multiple channels of communication, the shareholders' communication policy has been implemented effectively during the year. Major means of communication with shareholders of the Company are as follows:

Information Disclosure on Corporate Website

The Company endeavours to disclose all material information about the Group to all interested parties as widely and timely as possible. The Company maintains a corporate website at www.citictel.com where important information about the Group's activities and corporate matters such as annual reports and interim reports to shareholders, announcements, business development and operations, corporate governance practices and other information is available for review by shareholders and other stakeholders.

During 2024, the Company has issued announcements in respect of, inter alia, connected transactions, changes to the Board and inside information, which can be viewed on the Company's website (www.citictel.com).

Dividend Policy

Subject to the availability of the Company's cash and distributable reserves, the Group's investment requirements, and the Group's cashflow and working capital requirements, the directors currently intend to declare and recommend dividends which would amount to not less than 30% of the net profit, if any, from ordinary activities for the financial year ended.

General Meetings with Shareholders

The Company's AGM provides a useful platform for direct communication between the Board and shareholders. Separate resolutions are proposed on each substantially separate issue at the general meetings.

Voting by Poll

Resolutions put to vote at the general meetings of the Company (other than on procedural and administrative matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the shareholders at the commencement of each general meeting, and questions from shareholders regarding the voting procedures are answered. The poll results are posted on the websites of the Stock Exchange and the Company respectively on the same day as the poll.

Investor Relations

The Company recognises its responsibility to explain its activities to those with a legitimate interest and to respond to their questions. Investors are received and visited at appropriate times to explain the Group's business. In addition, questions received from the general public and individual shareholders are answered promptly. In all cases great care is taken to ensure that price-sensitive information is not disclosed selectively. When announcements are made through the Stock Exchange, the same information will be made available on the Company's website (www.citictel.com).

Shareholders' Rights

Set out below is a summary of certain rights of the shareholders of the Company as required to be disclosed pursuant to the mandatory disclosure requirement under the Code:

Convening of general meeting

Shareholder(s) representing at least 5% of the total voting rights of all shareholders having a right to vote at general meetings can make a request to call a general meeting pursuant to Section 566 of the Companies Ordinance.

The request –

(a) must state the general nature of the business to be dealt with at the meeting;

(b) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting;

(c) may consist of several documents in like form;

(d) may be sent in hard copy form or in electronic form to the company secretary of the Company at the Company's registered office (25th Floor, CITIC Telecom Tower, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong) or via email at contact@citictel.com; and

(e) must be authenticated by the person or persons making it.

Pursuant to Section 567 of the Companies Ordinance, directors must call a general meeting within 21 days after the date on which they become subject to the requirement and the meeting so called must be held on a date not more than 28 days after the date of the notice convening the meeting. If the directors do not do so, the shareholders who requested the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting pursuant to Section 568 of the Companies Ordinance, but the meeting must be called for a date not more than 3 months after the date on which the directors become subject to the requirement to call a general meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows:

The Company Secretary
CITIC Telecom International Holdings Limited
25th Floor, CITIC Telecom Tower, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong
Email : contact@citictel.com
Tel No. : +852 2377 8888
Fax No. : +852 2918 4838

The company secretary of the Company shall forward the shareholders' enquiries and concerns to the Board and/or relevant Board committees of the Company, where appropriate, to answer the shareholders' questions.

Procedures for putting forward proposals at general meetings by shareholders

- Circulating a resolution for an AGM

  Shareholder(s) can make a request to circulate a resolution for an AGM pursuant to Section 615 of the Companies Ordinance if they –

  (a) represent at least 2.5% of the total voting rights of all shareholders who have a right to vote on the resolution at the AGM to which the request relates; or

  (b) at least 50 shareholders who have a right to vote on the resolution at the AGM to which the request relates.

  The request –

  (a) may be sent in hard copy form or in electronic form to the company secretary of the Company at the Company's registered office (25th Floor, CITIC Telecom Tower, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong) or via email at contact@citictel.com;

  (b) must identify the resolution of which notice is to be given;

  (c) must be authenticated by the person or persons making it; and

  (d) must be received by the Company not later than 6 weeks before the AGM to which the request relates or if later, the time at which notice is given of that AGM.

- Circulating a statement at an AGM or at a general meeting

  Shareholder(s) can pursuant to Section 580 of the Companies Ordinance request the Company to circulate, to shareholders entitled to receive notice of a general meeting, a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution to be dealt with at that meeting or other business to be dealt with at that meeting, if such shareholder(s):

  (a) represent at least 2.5% of the total voting rights of all shareholders who have a relevant right to vote; or

  (b) at least 50 shareholders who have a relevant right to vote (as defined in Section 580(4) of the Companies Ordinance).

  The request –

  (a) may be sent in hard copy form or in electronic form to the company secretary of the Company at the Company's registered office (25th Floor, CITIC Telecom Tower, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong) or via email at contact@citictel.com;

  (b) must identify the statement to be circulated;

  (c) must be authenticated by the person or persons making it; and

  (d) must be received by the Company at least 7 days before the meeting to which it relates.

- Proposing a candidate for election as a Director

  Article 108 of the Company's Articles of Association provides that no person (other than a retiring director) shall, unless recommended by the Board for election, be eligible for election to the office of director at any general meeting, unless a shareholder shall have given a notice in writing of the intention to propose that person for election as a director and a notice in writing by that person of his willingness to be elected shall have been given to the Company in the period commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than 7 days prior to the date of such meeting, provided that such period shall be at least 7 days. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules.

Constitutional Documents

There are no changes in the constitutional documents of the Company in 2024.

Non-Competition Undertaking

CITIC Limited has executed a deed of non-competition dated 21 March 2007 (the "Non-competition Undertaking") in favour of the Company, details of which are set out in the prospectus of the Company, mainly to the effect that at any time during which the shares of the Company are listed on the Stock Exchange and CITIC Limited and/or its associates are regarded as a controlling shareholder of the Company under the Listing Rules, (i) CITIC Limited will not engage and will procure its subsidiaries not to engage in the provisions of telecommunications hub-based service (the "Restricted Activity") globally or in any other business that may compete with the Restricted Activity, and (ii) in the event that any opportunity is made available to CITIC Limited to invest in any independent third party's business engaging in the Restricted Activity, CITIC Limited will use its best efforts to procure that such investment opportunity is offered to the Group and the Group shall have a first right of refusal.

CITIC Limited has reviewed its business and businesses of its subsidiaries and advised that their businesses do not compete with the Restricted Activity and that during the year, there was no opportunity made available to CITIC Limited to invest in any independent third party which was engaged in the Restricted Activity. CITIC Limited has given a written confirmation to the Company that it had fully complied with the terms of the Non-competition Undertaking. The independent non-executive directors of the Company have reviewed the confirmation and concluded that CITIC Limited has made the compliance.

DIRECTORS AND SENIOR MANAGEMENT

Biographical particulars of the current directors and senior management are set out below:

DIRECTORS

Executive Directors

#△^ **Mr. Luo Xicheng**, aged 58, has been appointed as the Chairman of the Board of Directors and an executive director of the Company from 27 October 2023. Mr. Luo is also the Chairman of Companhia de Telecomunicações de Macau, S.A. ("CTM", formerly known as Companhia de Telecomunicações de Macau, S.A.R.L.) and CITIC Telecom International CPC Limited ("CPC"), both being subsidiaries of the Company. Mr. Luo obtained a Bachelor degree of Management and a Master degree of Economics. He joined in succession large state-owned enterprises in the fields of information, aviation and electronics and government research and decision-making consulting institutions as engineer, department executive and deputy chief engineer. Mr. Luo possesses extensive theoretical knowledge and practical experience and he has excellent capabilities in macro decision-making, comprehensive management, and planning and coordination. Mr. Luo keeps abreast of development trends of electronic information and has in-depth understanding in the economic development and technological innovation in the Guangdong-Hong Kong-Macao Greater Bay Area. Mr. Luo had also participated in the planning, design, and construction of many important state engineering projects. The scientific research projects he led and participated in had repeatedly won national and provincial awards. The research results and consulting reports of many major topics that he presided over had been adopted by relevant government departments.

^ **Mr. Luan Zhenjun**, aged 58, has been an executive director and Chief Financial Officer of the Company since 1 February 2022. He is also a director of CTM and CPC, and a Vice Chairman of China Enterprise ICT Solutions Limited ("CEC", a subsidiary of the Company). Prior to joining the Group, Mr. Luan was the Vice President, Treasurer of CITIC Pacific Limited[2] and a director of CITIC Pacific, certain member companies of CITIC Pacific, CITIC Pacific Special Steel Group Co., Ltd[6], certain member companies of CITIC Limited[3,8] and Dah Chong Hong Holdings Limited[7]. Mr. Luan is still a director of CITIC Finance Company Limited[5] and CITIC Finance International Limited[5]. The handover and resignation procedures in relation to these positions of Mr. Luan are in progress[Note]. Mr. Luan was also the deputy director-general of the finance department of CITIC Group Corporation[1] and the Vice President of the treasury department of CITIC Limited[3,8]. Mr. Luan has over 23 years of experience in treasury management.

Note: The above information is updated to the latest practicable date prior to the printing of this Annual Report. As for the changes after that date, the Company will make disclosures in 2025 Interim Report in accordance with the requirements of Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Non-Executive Directors

Mr. Yang Feng, aged 42, has been appointed as a director of the Company since 24 March 2025. Mr. Yang is a director and the chief financial officer of CITIC Pacific. He is also a director of certain member companies of CITIC Group, CITIC Limited[3,8] and CITIC Pacific, including, inter alia, a non-independent director of CITIC Pacific Special Steel Group Co., Ltd[6], a non-independent director of Nanjing Iron & Steel Co., Ltd.[5,10] and an executive director of CITIC Mining International Ltd[5]. Mr. Yang is also a non-executive director of Frontier Services Group Limited[8].

Mr. Yang holds a bachelor's degree in accounting and a master's degree in management from the Renmin University of China. He is a Certified Public Accountant of China, a senior accountant as well as having passed Level III of the Chartered Financial Analyst (CFA) exam. He has been working in CITIC Group for over 17 years, and has served as the senior roles in the financial department. He was also the chief financial officer of CITIC Medical & Health Group Co., Ltd.[4] and the chief financial officer of CITIC Construction Co., Ltd.[5] respectively. He has extensive experience in areas including accounting, investment and financing management. Mr. Yang has appointed Mr. Liu Kaiyuan as his alternate director on 24 March 2025.

Mr. Liu Kaiyuan, aged 46, has been appointed as an alternate director of Mr. Yang Feng, the non-executive director of the Company, since 24 March 2025. He is the general manager of business development department of CITIC Pacific, the board observer of CITIC Capital Holdings Limited and a director of CITIC Australia Pty Limited[5]. Mr. Liu holds a bachelor's degree in engineering and a master's degree in business management. He has been working in CITIC Group for over 20 years, and has served in China CITIC Bank Corporation Limited[5,8,10], CITIC Group, CITIC Resources Holdings Limited[5,8] and CITIC International Assets Management Limited. He has extensive experience in areas including financial and non-financial strategic management, budget management, mergers and acquisitions and corporate financing.

Mr. Zhao Lei, aged 58, has been appointed as a director of the Company since 6 December 2024. Mr. Zhao is currently the general manager of Technology and Digitalization Department of CITIC Group. Mr. Zhao is a Master of Economics and an engineer and has worked in several CITIC Group companies since 1993. He served as deputy general manager of CITIC Industrial Investment Group Corp., Ltd.[5]. He also served successively as president, vice chairman and executive director of CITIC Holdings Co., Ltd.[5].

*# **Ms. Wang Hua**, aged 48, has been appointed as a director of the Company since 21 May 2024. Ms. Wang obtained a Master Degree of Management. Ms. Wang has successively served as the director of Tax Division, assistant to the general manager and deputy general manager of Finance Department, the deputy general manager of Human Resources Department and other positions of CITIC Group. She is also a non-executive director of CSC Financial Co., Ltd.[8,10]. Ms. Wang has been engaged in financial work of CITIC Group for a long time and participated in significant projects including the listing of CITIC Limited[3,8]. She was also a Director (until 27 September 2022) of CITIC Heavy Industries Co., Ltd[5,10].

Independent Non-Executive Directors

*Δ# **Mr. Zuo Xunsheng**, aged 74, joined the Company as an independent non-executive director in April 2014. He obtained an EMBA degree from Guanghua School of Management of Peking University in 2004. From July 1993 to October 1997, Mr. Zuo served as the Director of the former Bureau of Telecommunications of Jinan City, Shandong Province. From October 1997 to May 2000, he served as the Director of the former Posts and Telecommunications Bureau of Shandong Province. He was the President of the former Shandong Telecommunications Company from May 2000 to April 2002.

Mr. Zuo served as the Vice President of China Network Communications Group Corporation from April 2002 to May 2008. He was the Senior Vice President of China Netcom Group Corporation (Hong Kong) Limited ("CNC HK") since July 2004; Chief Operating Officer of CNC HK since December 2005; an Executive Director and Chief Executive Officer of CNC HK from May 2006 to October 2008 and Chairman of CNC HK from May 2008 to October 2008. From October 2008 to March 2011, Mr. Zuo was the Vice Chairman and Vice President of China United Network Communications Group Company Limited; Director and Senior Vice President of China United Network Communications Corporation Limited; and Director of China United Network Communications Limited[10]. Mr. Zuo also served as an Executive Director of China Unicom (Hong Kong) Limited[8] from October 2008 to March 2011.

In addition, Mr. Zuo served as a Non-Executive Director and Deputy Chairman of PCCW Limited[8] from July 2007 to November 2011. Mr. Zuo is well experienced in telecommunications operations and has rich management experience.

*Δ# **Mr. Lam Yiu Kin**, aged 70, joined the Company as an independent non-executive director in June 2017. Mr. Lam is a fellow member of each of the Association of Chartered Certified Accountants, the Institute of Chartered Accountants in England and Wales, the Chartered Accountants of Australia and New Zealand, and Hong Kong Institute of Certified Public Accountants ("HKICPA"). He graduated from The Hong Kong Polytechnic University with a higher diploma in Accountancy in 1975. He was conferred an Honorary Fellow of The Hong Kong Polytechnic University in 2002.

Mr. Lam has over 49 years of extensive experience in accounting, auditing and business consulting. Mr. Lam was previously a member of the Listing Committee and the Financial Reporting Advisory Panel of the Stock Exchange from 1997 to 2003, a committee member of HKICPA from 1994 to 2009, and a partner of PricewaterhouseCoopers from 1993 to 2013. Mr. Lam was an adjunct professor in the School of Accounting and Finance of The Hong Kong Polytechnic University from 2008 to 2016.

Mr. Lam is currently an independent non-executive director of each of (i) Global Digital Creations Holdings Limited[9]; (ii) Spring Asset Management Limited as the manager of Spring Real Estate Investment Trust[8]; (iii) Shougang Century Holdings Limited[8]; (iv) COSCO SHIPPING Ports Limited[8]; (v) Nine Dragons Paper (Holdings) Limited[8]; and (vi) Topsports International Holdings Limited[8]. Mr. Lam was an independent non-executive director of Bestway Global Holding Inc. (until 31 December 2021, its shares were withdrawn from listing on the Stock Exchange on 12 October 2021), WWPKG Holdings Company Limited[9] (currently known as Flydoo Technology Holding Limited, until 2 August 2022) and Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.[8,11] (until 30 May 2023).

DIRECTORS AND SENIOR MANAGEMENT

*∆# **Mr. Wen Ku**, aged 64, joined the Company as an independent non-executive director in February 2022. He obtained a doctorate degree of Business Administration (DBA) from The Hong Kong Polytechnic University in 2000, a master degree of Business Administration (MBA) from Norwegian School of Management in 1998 and a master degree of Science from Beijing University of Posts and Telecommunications in 1987. Mr. Wen was granted the title of professorate senior engineer in 2000. Since 1987, Mr. Wen had successively served as the Deputy Director of the Network Management Center, Director of the Network Management Center, Director of the Data Communications Bureau, Shandong Province and the Deputy Chief Engineer of Posts and Telecommunications Administration, Shandong Province. He became the Network Management Center Director of the Directorate General of Telecommunications of the MPT[A] in 1995; the Deputy Director General of Department of Science and Technology of the MPT[A] in September 1997; the Deputy Director General of Department of Science and Technology of the MII[B] in 1998; the Deputy Director General of the Department of Telecommunications Administration Bureau of the MII[B] in 2001; the Director General of Department of Science and Technology of the MII[B] in 2002; the Director General of Department of Science and Technology of the MIIT[C] in 2008; the Director General of Information Communication Development Department of the MIIT[C] in November 2013; Vice Chairman and Secretary General of China Communications Standards Association from April 2021 to June 2022, and Chairman of China Communications Standards Association in June 2022. Mr. Wen has extensive experience in information and communications technology, development and in supervision and management in telecommunications.

A Ministry of Posts and Telecommunications in the People's Republic of China (the "PRC")
B Ministry of Information Industry
C Ministry of Industry and Information Technology

* Member of the Audit Committee
∆ Member of the Remuneration Committee
Member of the Nomination Committee
^ Member of the Finance Committee

1 *"CITIC Group", the ultimate controlling shareholder of the Company*
2 *"CITIC Pacific", the controlling shareholder of the Company and a subsidiary of CITIC Group*
3 *the controlling shareholder of the Company and a subsidiary of CITIC Group*
4 *a subsidiary of CITIC Group*
5 *a subsidiary of CITIC Limited*
6 *a fellow subsidiary of the Company and listed on the Shenzhen Stock Exchange in the PRC*
7 *"Dah Chong Hong", a fellow subsidiary of the Company whose shares were withdrawn from listing on the Stock Exchange on 10 January 2020*
8 *listed on the Main Board of the Stock Exchange*
9 *listed on the Growth Enterprise Market of the Stock Exchange*
10 *listed on the Main Board of Shanghai Stock Exchange in the PRC*
11 *listed on the STAR Market of the Shanghai Stock Exchange in the PRC*

SENIOR MANAGEMENT

Mr. Poon Fuk Hei, aged 59, is the Executive Vice President of the Company, Chief Executive Officer ("CEO") and Chairman of the Executive Committee of CTM. Mr. Poon joined CTM in 1987, who became the CEO of CTM in 2007 and has been playing a pivotal role for the sustainable development of CTM.

Mr. Poon is committed to innovation and the development of "Digital Macau", under Mr. Poon's leadership, CTM has been fully aiding Macau SAR Government and local enterprises in accelerating the digital transformation by leveraging the "3 Networks, 4 Centers, 1 Platform" constructed by CTM. In active response to the national regional development strategy, CTM is dedicated to radiate the service within the Greater Bay Area and Guangdong-Macao In-Depth Cooperation Zone in Hengqin, providing various sectors of Macau with better support to integrate into the national development.

Under the leadership of Mr. Poon, CTM has taken the lead to launch Macau's first 5.5G services in July 2024, and became the world's first-tier 5.5G service operator. CTM has been continuing to solidify the digital foundation of "Cloud, Network, Intelligence, Security", upgrading the Cloud platform capabilities unremittingly to support AI, IoT and smart application development, etc., and enhancing the network security levels. CTM is committed to promoting the development of "Human oriented and AI for good", and contributes for the local socio-economic development.

Mr. Poon appoints people by merit and attaches importance to talent cultivation, he has been cultivating batches of outstanding telecom professionals who have become the backbones of various departments, giving the strong vitality for the growth of CTM. These professionals have also become the core force of the construction and development of "Digital Macau", promoting the sustainable development of Macau's digital transformation.

Mr. Wong Ching Wa, aged 50, is the Vice President of the Company. Mr. Wong joined the Company in January 2008 as director of China business department and was responsible for China market and business development of the head office. Mr. Wong is a director of CTM, a director and the CEO of CPC and a director and President of CEC. Mr. Wong obtained a Bachelor degree of Telecom Engineering Management from Beijing Information Technology College in 1996 and a Master degree of Engineering Management from Sichuan University in 2002. Mr. Wong previously held management positions in different telecoms and technology companies in the PRC. Before joining the Company, he was the General Manager of operations management department of China Netcom (Hong Kong) Operations Limited. To date, Mr. Wong has more than 28 years experience in the telecoms industry.

Mr. Ip Hon Chung, Dickson, aged 54, is the Chief Technology Officer of the Company. Mr. Ip joined the Company in November 2006. He was responsible for the areas of engineering, information technology, business and management information system and development. He obtained a Bachelor degree in Information Engineering from the Chinese University of Hong Kong ("CUHK") in 1994 and received a Master degree in Information Engineering from CUHK in 1998. Prior to joining the Company, he held various technical positions in New World PCS Ltd. To date, Mr. Ip has over 29 years practical experience in the field of telecommunications and information technology.

Mr. Tian Yongzhi, aged 46, is the Vice President of the Company and a director of CTM. Mr. Tian joined the Company in May 2011 and was responsible for China's business development, data centre business development, data centre construction and operation, property management, general affairs management, strategic development, etc. Before joining the Company, Mr. Tian worked in China Netcom Corporation, China Netcom (Hong Kong) Operations Limited and China Unicom (Hong Kong) Operations Limited, and has accumulated a wealth of industry experience.

DIRECTORS' REPORT

The directors have pleasure in submitting their Annual Report together with the audited financial statements for the year ended 31 December 2024.

PRINCIPAL PLACE OF BUSINESS

CITIC Telecom International Holdings Limited (the "Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 25/F, CITIC Telecom Tower, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The principal activities and other particulars of the principal subsidiaries are set out in note 14 to the financial statements. A fair review of the business of the Company and further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group, important events affecting the Group occurred since the end of the financial year 2024, if any, and indication of likely future developments of the Group's business, can be found in the Chairman's Statement, the Business Review, the Financial Review and the Risk Management set out on pages 14 to 19, pages 22 to 30, pages 31 to 37 and pages 38 to 46 of this Annual Report respectively. This discussion forms part of this Directors' Report.

The environmental, employees, customers and suppliers matters and compliance with relevant laws and regulations that have a significant impact on the Company can be found in the Risk Management, the Corporate Governance and the Sustainability Report as set out on pages 38 to 46, pages 48 to 69 and pages 94 to 148 of this Annual Report respectively.

DIVIDENDS

The board of directors of the Company (the "Board") has resolved to declare an interim dividend of HK6.0 cents (2023: HK6.0 cents) per share in respect of the year ended 31 December 2024 which was paid on 27 September 2024. The Board recommended, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 21 May 2025 (the "Annual General Meeting"), the payment of a final dividend of HK12.8 cents (2023: HK19.3 cents) per share in respect of the year ended 31 December 2024 payable on 20 June 2025 to shareholders on the Register of Members at the close of business on 30 May 2025.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	7.0%	
Five largest customers in aggregate	18.0%	
The largest supplier		20.7%
Five largest suppliers in aggregate		47.9%

During the year ended 31 December 2024, the directors of the Company, their close associates or any shareholder of the Company (which to the knowledge of the directors of the Company own more than 5% of the Company's total number of issued shares) do not have any interest in these major customers and suppliers.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to approximately HK$1 million (2023: HK$1 million).

DIRECTORS

The directors of the Company who held office during the year ended 31 December 2024 and up to the date of this Directors' Report were:

Mr. Luo Xicheng
Mr. Luan Zhenjun
Mr. Liu Jifu
Mr. Zhang Bo (resigned with effect from 6 December 2024)
Mr. Zhao Lei (appointed with effect from 6 December 2024)
Mr. Fei Yiping (retired with effect from 21 May 2024)
Ms. Wang Hua (appointed with effect from 21 May 2024)
Mr. Zuo Xunsheng
Mr. Lam Yiu Kin
Mr. Wen Ku
Mr. Sui Chen (Alternate Director to Mr. Liu Jifu, appointed with effect from 21 May 2024)

Details of the directors to be re-elected at the Annual General Meeting will be set out in the circular to the shareholders of the Company prior to its forthcoming Annual General Meeting.

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended 31 December 2024 or during the period from 1 January 2025 to the date of this Report are available on the Company's website at www.citictel.com.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2024, there were no service contracts which were not determinable by the employer within one year without payment of compensation (other than statutory compensation) between any company in the Group and any director of the Company proposed for re-election at the Annual General Meeting.

PERMITTED INDEMNITY

The Company's Articles of Association provides that every director of the Company is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto so far as its provisions are not avoided by the Hong Kong Companies Ordinance. In this respect, the Company has arranged directors and officers liability and company reimbursement insurances for its directors and officers.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

At the end of the year or at any time during the year, no transactions, arrangements or contracts of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company or his connected entity had a material interest, whether directly or indirectly.

COMPETING INTERESTS

None of the directors of the Company and their respective associates had any direct or indirect interest in a business which competes or may compete with the business of the Group.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION

Continuing connected transactions and connected transaction conducted in the financial year ended 31 December 2024 are disclosed in accordance with the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as follows:

1. On 14 November 2022, the Company entered into a supplemental agreement with each of (i) China CITIC Bank International Limited ("CITIC Bank International"); (ii) CITIC Finance Company Limited ("CITIC Finance"); and (iii) CITIC Finance International Limited ("CITIC Finance International") (collectively, "2022 Supplemental Agreements") to amend and supplement each of the financial services framework agreements dated 30 September 2021 entered into with each of the above parties (collectively, "Existing Financial Services Framework Agreements"), pursuant to which members of the Group could engage CITIC Bank International, CITIC Finance and CITIC Finance International respectively for provision of deposit, settlement and credit services for a term of three years from 30 December 2022 to 29 December 2025.

   The Company also entered into a financial services framework agreement with China CITIC Bank Corporation Limited ("CITIC Bank") ("CITIC Bank Financial Services Framework Agreement") on 14 November 2022, pursuant to which members of the Group could engage CITIC Bank and its subsidiaries in the PRC for provision of deposit, settlement and credit services for a term of three years from 30 December 2022 to 29 December 2025.

   Consideration for transactions contemplated under the Existing Financial Services Framework Agreements (as amended and supplemented by 2022 Supplemental Agreements) and the CITIC Bank Financial Services Framework Agreement (collectively, "2022 Financial Services Framework Agreements") shall be paid in accordance with the specific terms as agreed in separate agreements to be entered into from time to time between the relevant member of the Group and CITIC Bank International, CITIC Finance, CITIC Finance International or CITIC Bank (and/or the relevant subsidiary of CITIC Bank in the PRC) (collectively, the "CITIC Financial Institutions").

   Financial services provided by the CITIC Financial Institutions to the Group under the 2022 Financial Services Framework Agreements are as follows:

   a) *Deposit Services*

      Pursuant to 2022 Financial Services Framework Agreements, interest rates for deposits to be placed with each of the CITIC Financial Institutions by the Group shall (i) subject to compliance with the Listing Rules, be determined at arm's length between the parties with reference to the prevailing interest rates offered by independent third parties for comparable category of deposits, or (ii) not be lower than the highest interest rates for comparable category of deposits offered by other major commercial banks with which the relevant member of the Group has established business relationship.

      Under 2022 Financial Services Framework Agreements, aggregate amounts of maximum daily outstanding balance of deposits (including accrued interests) (the "Maximum Daily Balance") to be placed by the Group with any of the CITIC Financial Institutions shall not exceed HK$1.6 billion for each of the financial year ended 31 December 2024 and the period from 1 January 2025 to 29 December 2025.

b) *Settlement Services*

Pursuant to 2022 Financial Services Framework Agreements, service fees to be charged by each of the CITIC Financial Institutions for provision of settlement services to the Group shall (i) subject to compliance with the Listing Rules, be determined at arm's length between the parties with reference to the prevailing service fees charged by independent third parties for comparable category of settlement services, or (ii) not be higher than the lowest service fees for comparable category of settlement services charged by other major commercial banks with which the relevant member of the Group has established business relationship.

Under 2022 Financial Services Framework Agreements, aggregate amounts of maximum service fees payable by the Group for settlement services provided by the CITIC Financial Institutions are expected to fall below the de minimis threshold as specified in Rule 14A.76(1) of the Listing Rules.

c) *Credit Services*

Pursuant to 2022 Financial Services Framework Agreements, interest rates for credit services to be provided by the CITIC Financial Institutions shall (i) subject to compliance with the Listing Rules, be determined at arm's length between the parties with reference to the prevailing interest rates of similar credit lines offered by independent third parties, or (ii) not be higher than the lowest interest rates for comparable grade of credit services charged by other major commercial banks with which the relevant member of the Group has established business relationship.

As credit services to be provided by the CITIC Financial Institutions to the Group under the 2022 Financial Services Framework Agreements shall be on normal commercial terms or better, and the Group only expects to engage such credit services if and when no security will be granted by the Group over its assets, such credit services, if and when they occur, are fully exempt from reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

Each of the CITIC Financial Institutions is a subsidiary of CITIC Limited, the controlling shareholder of the Company. Accordingly, each of the CITIC Financial Institutions is a connected person of the Company.

Details of the above are set out in the announcements of the Company dated 30 September 2021 and 14 November 2022 and the circular of the Company dated 9 December 2022.

For the financial year ended 31 December 2024, the Maximum Daily Balance placed by the Group with any of the CITIC Financial Institutions was approximately HK$1,377.2 million.

2. On 1 June 2021, the Company entered into a framework agreement ("2021 Framework Agreement") with CITIC Group Corporation ("CITIC Group") pursuant to which the Group, in its ordinary and usual course of business, provided Data Centre Services, VPN Services and Internet Access Services (as defined hereunder) to CITIC Group, its subsidiaries and associates (excluding the Group) (collectively, "CITIC Group Members") for a term of three years from 1 June 2021 to 31 May 2024. Additionally, from time to time, the Group, in its ordinary and usual course of business, have also provided ISM Services, CCS Services and Messaging Services (as defined hereunder) to CITIC Group Members.

   As 2021 Framework Agreement expired on 31 May 2024 and in light of the Group's proposal for more provision of ISM Services, CCS Services and Messaging Services to CITIC Group Members and China Enterprise ICT Solutions Limited ("CEC") (collectively, "CITIC Members"), the Company and CITIC Group entered into a new framework agreement ("2024 Framework Agreement") on 19 June 2024, pursuant to which the Group shall provide six categories of services as set out below to CITIC Members for a term of three years from 1 June 2024 to 31 May 2027.

a) *Internet Data Centre Services ("Data Centre Services")*

The Group provides leasing of equipment and facilities services in relation to internet data centres to customers to fulfill their data centre business needs in Hong Kong, Macau, Chinese mainland and overseas.

Data Centre Services are generally provided on the basis of the Group's standard service order form, which has incorporated the general terms and conditions of service of the Group. Subject to the guidelines and terms and conditions set out in 2021 Framework Agreement and 2024 Framework Agreement, terms and conditions of such standard service order form may be modified to cater for specific requirements of some customers, when necessary.

Key service terms such as minimum commitment period, minimum number of equipment and facilities under subscription and unit service charges are set out in individual service order form. Service charges usually include (i) a one-off set-up charge per equipment/facility, normally payable in full upon provision of service; and (ii) a monthly rental charge during the service term, comprising a fixed recurring charge and a variable charge (if any) which is determined based on number of committed and additional equipment/facility and volume of power consumption.

Under 2021 Framework Agreement, annual cap for provision of Data Centre Services for the period from 1 January 2024 to 31 May 2024 was HK$20.6 million. Annual caps for provision of Data Centre Services under 2024 Framework Agreement are set out below:

	For the period from 1 June to 31 December 2024	**For the financial years ending 31 December 2025**	**2026**	**For the period from 1 January to 31 May 2027**
HK$ (million)	18.0	42.0	53.0	26.7

b) *Virtual Private Network Services ("VPN Services")*

The Group provides VPN Services by applying multi-protocol label switching (MPLS) network. Virtual private network is a private network to connect geographically separated offices of an organisation with different classes-of-service, creating one cohesive network, for transmission of video and data applications with guaranteed quality-of-service.

VPN Services are generally provided on the basis of the Group's standard service order form, which has incorporated the general terms and conditions of service of the Group. Subject to the guidelines and terms and conditions set out in 2021 Framework Agreement and 2024 Framework Agreement, terms and conditions of such standard service order form may be modified to cater for specific requirements of some customers, when necessary.

Key service terms such as minimum commitment period, bandwidth and location of services are set out in individual service order form. Service charges usually include (i) a one-off set-up charge, normally payable in full upon provision of service; and (ii) a fixed recurring monthly service charge during the service term, which is determined with reference to subscribed bandwidth, locations, class of services and requisite support services.

Under 2021 Framework Agreement, annual cap for provision of VPN Services for the period from 1 January 2024 to 31 May 2024 was HK$35.4 million. Annual caps for the provision of VPN Services under 2024 Framework Agreement are set out below:

	For the period from 1 June to 31 December 2024	For the financial years ending 31 December 2025	2026	For the period from 1 January to 31 May 2027
HK$ (million)	22.2	44.1	48.9	22.0

c) *Internet Access Services ("Internet Access Services")*

The Group provides high-availability, high-speed Metro Ethernet/broadband local loop circuits, and related network services, which enable access to the internet among customers' designated locations, servers in data centres, and cloud computing platforms.

Internet Access Services are generally provided on the basis of the Group's standard service order form, which has incorporated the general terms and conditions of service of the Group. Subject to the guidelines and terms and conditions set out in 2021 Framework Agreement and 2024 Framework Agreement, terms and conditions of such standard service order form may be modified to cater for specific requirements of some customers, when necessary.

Key service terms such as minimum commitment period, bandwidth and location of services are set out in individual service order form. Service charges usually include (i) a one-off set-up charge, normally payable in full upon provision of service; and (ii) a fixed recurring monthly service charge during the service term, which is determined with reference to subscribed bandwidth, locations, interface of connection and requisite application services.

Under 2021 Framework Agreement, annual cap for provision of Internet Access Services for the period from 1 January 2024 to 31 May 2024 was HK$20.6 million. Annual caps for provision of Internet Access Services under 2024 Framework Agreement are set out below:

	For the period from 1 June to 31 December 2024	For the financial years ending 31 December 2025	2026	For the period from 1 January to 31 May 2027
HK$ (million)	7.4	15.4	18.7	9.4

d) *Information Security Management Services ("ISM Services")*

The Group provides enterprises and corporations with managed information security solutions. The Group's innovative cybersecurity framework delivers holistic enterprise protection that enables organisations to perform comprehensive assessment and identification of threats, covering services such as code review, vulnerability assessment, penetration testing, and security threat identification, to effectively detect anomalous network behaviours. Regional security operations centres of the Group leverages its advanced dual-core security information and its security information and event management (SIEM) platform, which rapidly detects and responds to emerging threats through large-scale intelligent data analysis.

ISM Services are generally provided on the basis of the Group's standard service order form, which has incorporated the general terms and conditions of service of the Group. Subject to the guidelines and terms and conditions set out in 2024 Framework Agreement, terms and conditions of such standard service order form may be modified to cater for specific requirements of some customers, when necessary.

Key service terms such as minimum commitment period, minimum number of equipment and facilities under subscription are set out in individual service order form. Service charges usually include (i) a one-off set-up charge, normally payable in full upon provision of service; and (ii) a fixed recurring monthly service charge during the service term, comprising a fixed recurring charge and a variable charge (if any) which is determined based on the number of committed and additional equipment/facility.

Annual caps for provision of ISM Services under 2024 Framework Agreement are set out below:

	For the period from 1 June to 31 December	**For the financial years ending 31 December**		**For the period from 1 January to 31 May**
	2024	**2025**	**2026**	**2027**
HK$ (million)	7.7	16.5	20.6	11.0

e) *Cloud Computing Solutions Services ("CCS Services")*

The Group offers comprehensive cloud computing solutions that are flexible and customisable to its customers' needs, including Infrastructure-as-a-Service (IaaS), Platform-as-a-Service (PaaS), Software-as-a-Service (SaaS), versatile managed cloud backup and disaster recovery solutions, cloud connect, multi-cloud management and other services to support enterprises to deploy their cloud services flexibly and rapidly in different business scenarios.

CCS Services are generally provided on the basis of the Group's standard service order form, which has incorporated the general terms and conditions of service of the Group. Subject to the guidelines and terms and conditions set out in 2024 Framework Agreement, terms and conditions of such standard service order form may be modified to cater for specific requirements of some customers, when necessary.

Key service terms such as minimum commitment period, computing resources, bandwidth and location of services are set out in individual service order form. Service charges usually include (i) a one-off set-up charge, normally payable in full upon provision of service; and (ii) a fixed recurring monthly service charge during the service term, which is determined with reference to subscribed computing resources, bandwidth, location of service, interface of connection and requisite application services.

Annual caps for provision of CCS Services under 2024 Framework Agreement are set out below:

	For the period from 1 June to 31 December	**For the financial years ending 31 December**		**For the period from 1 January to 31 May**
	2024	**2025**	**2026**	**2027**
HK$ (million)	5.8	12.0	14.4	7.2

f) *Messaging Services ("Messaging Services")*

The Group provides a wide range of messaging services such as Person-to-Person (P2P) SMS, Application-to-Person (A2P) SMS, Multimedia Messaging Service (MMS), Rich Media Messaging (RMS), Over-The-Top (OTT) messaging, voice passwords and other services, and is committed to improving efficiency of information communication among all sectors of the community with world-class quality services.

Messaging Services are generally provided on the basis of the Group's standard service order form, which has incorporated the general terms and conditions of service of the Group. Subject to the guidelines and terms and conditions set out in 2024 Framework Agreement, terms and conditions of such standard service order form may be modified to cater for specific requirements of some customers, when necessary.

Key service terms such as minimum commitment period and type of services are set out in individual service order form. Service charges are based on actual volume of consumption during the service term, which is determined with reference to cost, quality, volume and type of services, and are normally settled on a monthly basis.

Annual caps for provision of Messaging Services under 2024 Framework Agreement are set out below:

	For the period from 1 June to 31 December	For the financial years ending 31 December		For the period from 1 January to 31 May
	2024	**2025**	**2026**	**2027**
HK$ (million)	19.3	36.3	39.9	18.3

CITIC Group is the ultimate controlling shareholder of the Company, and therefore CITIC Group Members are connected persons of the Company. CEC is a non-wholly owned subsidiary of the Company which CITIC Group holds 45.09% equity interest, and therefore CEC is a connected subsidiary of the Company.

Details of the above are set out in the announcements of the Company dated 1 June 2021 and 19 June 2024.

Under 2021 Framework Agreement and 2024 Framework Agreement, aggregate service fees paid/payable by CITIC Group Members and CITIC Members are set out below:

	Service fees paid/payable by CITIC Group Members under 2021 Framework Agreement for the period from 1 January 2024 to 31 May 2024 approximately HK$ (million)	**Service fees paid/payable by CITIC Members under 2024 Framework Agreement for the period from 1 June 2024 to 31 December 2024** approximately HK$ (million)
Data Centre Services	10.5	16.8
VPN Services	14.1	20.0
Internet Access Services	5.2	7.4
ISM Services	N/A	7.7
CCS Services	N/A	4.8
Messaging Services	N/A	6.7

DIRECTORS' REPORT

3. On 30 December 2024, CITIC Telecom International CPC Limited ("CPC", a wholly-owned subsidiary of the Company) and CEC entered into a marketing services agreement (the "Marketing Services Agreement"), pursuant to which CEC shall engage CPC as service provider for provision of marketing and promotional services for a term of three years from 1 January 2025 to 31 December 2027.

   Under the Marketing Services Agreement, a monthly service fee shall be payable by CEC to CPC on the basis of a range of 10%-14% of the sum of (i) relevant sales amount generated by CEC; and (ii) actual costs and related marketing expenses incurred by CPC. Such service fee shall be settled within 60 days after CPC has issued the invoice.

   Annual caps for service fees payable by CEC to CPC under the Marketing Services Agreement are set out below:

	For the financial years ending 31 December		
	2025	**2026**	**2027**
RMB (million)	9.3	10.7	12.3

   Details of the above are set out in the announcement of the Company dated 30 December 2024.

4. On 23 June 2022, China Enterprise Netcom Corporation Limited ("CEC-HK", a wholly-owned subsidiary of the Company) and CPC entered into a service agreement with CEC ("2022 Service Agreement"), pursuant to which CEC-HK and CPC shall engage CEC as service provider for provision of technical and support services in the PRC to the customers of CEC-HK and CPC for a term of three years from 24 June 2022 to 23 June 2025. CEC is also responsible for arranging, operating and maintaining all necessary technical and support services in the PRC to service the customers of CEC-HK and CPC.

   Under 2022 Service Agreement, service fee payable to CEC was charged on the basis of cost plus a prevailing market rate (such prevailing market rate may vary depending on the nature and/or extent of the services required by CEC-HK and CPC) and shall be settled monthly. Under 2022 Service Agreement, annual cap for service fees payable by the Group to CEC for the year ended 31 December 2024 was RMB13.50 million.

   On 30 December 2024, CEC-HK, CPC and CEC terminated 2022 Service Agreement ahead of its expiry on 23 June 2025 and entered into a service agreement ("2024 Service Agreement") pursuant to which CEC-HK and CPC shall continue to engage CEC for provision of the abovementioned services for a term of three years from 1 January 2025 to 31 December 2027.

   Under 2024 Service Agreement, service fee payable to CEC will be charged on the basis of cost plus a prevailing market rate of 5% to 10% and shall be settled monthly. Annual caps for service fees payable by the Group to CEC under 2024 Service Agreement are set out below:

	For the financial years ending 31 December		
	2025	**2026**	**2027**
RMB (million)	186.9	243.0	291.6

   Details of the above are set out in the announcements of the Company dated 23 June 2022, 30 December 2024 and 17 January 2025.

   Under 2022 Service Agreement, aggregate service fees paid/payable by the Group to CEC for the year ended 31 December 2024 was approximately RMB6.7 million.

5. On 17 February 2023, CEC and 廣東盈通網絡投資有限公司 (Guangdong Eastern Fibernet Investment Company Limited) ("Guangdong Eastern Fibernet", an associate of CITIC Group and therefore a connected person of the Company) entered into a services agreement (the "SDH Services Agreement"), pursuant to which CEC shall engage Guangdong Eastern Fibernet as service provider for provision of Synchronous Digital Hierarchy ("SDH", a kind of telecommunications technology for signal transmission) circuit services for a term of three years from 19 February 2023 to 18 February 2026.

   For each service order under the SDH Services Agreement, Guangdong Eastern Fibernet will charge CEC service fee which shall include (i) a one-off set-up fee of RMB2,000; and (ii) a monthly service fee, the amount of which will depend on location, technology, bandwidth and distance of the SDH circuits provided by Guangdong Eastern Fibernet based on business needs of CEC and the service fee shall be settled on a monthly prepayment basis. Annual caps for service fees payable by CEC to Guangdong Eastern Fibernet under the SDH Services Agreement are set out below:

	For the financial year ended 31 December 2024	For the financial year ending 31 December 2025	For the period from 1 January to 18 February 2026
RMB (million)	14.2	17.0	2.8

   Details of the above are set out in the announcement of the Company dated 17 February 2023.

   Under the SDH Services Agreement, aggregate service fees paid/payable by CEC to Guangdong Eastern Fibernet for the year ended 31 December 2024 was approximately RMB8.9 million.

6. On 5 August 2022, CEC and 中信數字科技集團有限公司 (CITIC Digital Technology Group Co., Ltd.) ("CITIC Digital Technology", formerly known as 中信網絡有限公司 (CITIC Networks Co., Ltd.), a subsidiary of CITIC Group and therefore a connected person of the Company) entered into a telecoms services agreement (the "Telecoms Services Agreement") pursuant to which CEC shall engage CITIC Digital Technology as service provider for the provision of various telecommunications services for a term of three years from 7 August 2022 to 6 August 2025.

   Under the Telecoms Services Agreement, an estimated basic monthly service fees of approximately RMB1.90 million (subject to adjustment based on actual usage) shall be payable by CEC to CITIC Digital Technology and shall be settled monthly. Annual caps for aggregate service fees payable by CEC to CITIC Digital Technology under the Telecoms Services Agreement are set out below:

	For the financial year ended 31 December 2024	For the period from 1 January to 6 August 2025
RMB (million)	41.92	26.90

   Details of the above are set out in the announcement of the Company dated 5 August 2022.

   Under the Telecoms Services Agreement, aggregate service fees paid/payable by CEC to CITIC Digital Technology for the year ended 31 December 2024 was approximately RMB20.89 million.

DIRECTORS' REPORT

7. On 26 May 2021, Neostar Investment Limited ("Neostar", a wholly-owned subsidiary of the Company) as landlord and Dah Chong Hong Holdings Limited ("DCH Holdings", a wholly-owned subsidiary of CITIC Limited and therefore a connected person of the Company) as tenant entered into a tenancy agreement ("2021 DCH Tenancy Agreement") in respect of the whole of 7th floor to 11th floor of CITIC Telecom Tower situated at 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong ("CITIC Telecom Tower") for a term of three years from 1 June 2021 to 31 May 2024.

   Under 2021 DCH Tenancy Agreement, monthly rental (exclusive of government rent, rates and management charges and other outgoings) is HK$1,195,235 for the period from 1 June 2023 to 31 May 2024; and monthly management charges is approximately HK$199,200 (subject to revision) for the period from 1 June 2021 to 31 May 2024. Under 2021 DCH Tenancy Agreement, annual cap for fees (including aggregate rentals, management charges and other outgoings) payable by DCH Holdings to the Group for the period from 1 January 2024 to 31 May 2024 was HK$8,500,000.

   As 2021 DCH Tenancy Agreement expired on 31 May 2024, on 20 May 2024, Neostar and DCH Holdings entered into a new tenancy agreement ("2024 DCH Tenancy Agreement") to renew the tenancy for a term of three years from 1 June 2024 to 31 May 2027.

   Under 2024 DCH Tenancy Agreement, monthly rental (exclusive of government rent, rates, management charges and other outgoings) is HK$1,231,100 and monthly management charges is approximately HK$199,200 (subject to revision), payable monthly in advance on the first day of each and every calendar month. Annual caps for fees (including aggregate rentals, management charges and other outgoings) payable by DCH Holdings to the Group under 2024 DCH Tenancy Agreement are set out below:

	For the period from 1 June to 31 December 2024	**For the financial years ending 31 December 2025**	**For the financial years ending 31 December 2026**	**For the period from 1 January to 31 May 2027**
HK$ (million)	11.0	18.5	18.5	8.5

   Details of the above are set out in the announcements of the Company dated 26 May 2021 and 20 May 2024.

   Under 2021 DCH Tenancy Agreement and 2024 DCH Tenancy Agreement, aggregate amounts paid/payable by DCH Holdings to the Group for period from 1 January 2024 to 31 May 2024 and the period from 1 June 2024 to 31 December 2024 were approximately HK$7.0 million and HK$10.1 million respectively.

8. The Group, through Asia Pacific Internet Exchange Limited ("Asia Pacific", a wholly-owned subsidiary of the Company) and Neostar, has ownership over the entire CITIC Telecom Tower.

   On 21 December 2023, Asia Pacific, Neostar and Hang Luen Chong Property Management Company, Limited ("Hang Luen Chong", a wholly-owned subsidiary of CITIC Limited and therefore a connected person of the Company) entered into a management services agreement (the "Management Services Agreement"), pursuant to which Hang Luen Chong shall provide general property management services, chilled water supply, air-conditioning supply and other relevant services in respect of CITIC Telecom Tower (the "Management Services") to the Group for a term of three years from 1 January 2024 to 31 December 2026.

   Under the Management Services Agreement, general management fees are approximately HK$745,000 per month; chilled water charges are based on actual volume of chilled water used and are estimated to be approximately HK$150,000 per month; air-conditioning charges for supply during normal office hours are approximately HK$191,000 per month; air-conditioning charges for supply after normal office hours are based on actual usage and are estimated to be approximately HK$3,000 per month; other service charges for exclusive use of certain common areas of CITIC Telecom Tower are estimated to be approximately HK$15,000 per month. The above estimated monthly fees and charges payable by the Group to Hang Luen Chong are subject to increase within the relevant annual caps set out below:

	For the financial year ended 31 December	For the financial years ending 31 December	
	2024	2025	2026
HK$ (million)	14.0	15.0	17.0

   Details of the above are set out in the announcement of the Company dated 21 December 2023.

   Under the Management Services Agreement, aggregate amount paid/payable by the Group to Hang Luen Chong for the year ended 31 December 2024 was approximately HK$13.0 million.

9. On 17 September 2024, CITIC Telecom International Limited ("CTI", a wholly-owned subsidiary of the Company) as tenant and Tendo Limited ("Tendo", a wholly-owned subsidiary of CITIC Limited and therefore a connected person of the Company) as landlord entered into a tenancy agreement ("2024 Main Premises Tenancy Agreement") to renew the leases in respect of the whole of the 5th floor, a portion of the ground floor, a portion of the 3rd floor podium, a portion of the roof floor, and an area for cable duct and trunking at Ap Lei Chau Building located at No.111 Lee Nam Road, Ap Lei Chau, Hong Kong (the "Main Premises") for a term of three years from 20 September 2024 to 19 September 2027 with an aggregate monthly rental of HK$803,000 (the "Rent").

   CTI shall also pay management charges of approximately HK$93,400 per calendar month (subject to revision), utility charges, government rates and government rent in respect of the Main Premises during the term of 2024 Main Premises Tenancy Agreement. Amounts of management charges and utility charges payable monthly by CTI to Tendo under 2024 Main Premises Tenancy Agreement, and other outgoings in respect of the Main Premises (such as rentals for car parking spaces to be leased by Tendo to CTI from time to time) payable by CTI to Tendo during the term of 2024 Main Premises Tenancy Agreement (the "Other Charges") shall not exceed HK$2,000,000 for each of (1) the period from 20 September 2024 to 31 December 2024; (2) the financial year ending 31 December 2025; (3) the financial year ending 31 December 2026; and (4) the period from 1 January 2027 to 19 September 2027.

   In accordance with HKFRS 16, the Group recognised the Rent as an acquisition of right-of-use asset taking into account the aggregate discounted amount of the Rent (including an option to renew for a further term of three years), which was approximately HK$50 million. Such acquisition of right-of-use asset constituted a one-off connected transaction for the Company under Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

The Other Charges will be recognised as expenses in the Group's profit and loss accounts in the periods in which they are incurred, and payment of such expenses constitutes de minimis continuing connected transactions for the Company which are fully exempt from reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the above are set out in the announcement of the Company dated 17 September 2024.

Review of the Continuing Connected Transactions:

The independent non-executive directors of the Company have reviewed the aforesaid continuing connected transactions conducted in the year ended 31 December 2024 and confirmed that the transactions had been entered into

- in the ordinary and usual course of business of the Group;
- on normal commercial terms or better; and
- in accordance with the relevant agreements on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "*Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" and with reference to Practice Note 740 (Revised) "*Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules*" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the Continuing Connected Transactions disclosed by the Group on pages 76 to 86 of this Annual Report in accordance with Rule 14A.56 of the Listing Rules.

Related Party Transactions:

Details of material related party transactions undertaken in the normal course of business are provided under note 32 to the financial statements. None of these related party transactions is subject to disclosure requirements under Chapter 14A of the Listing Rules, except for those described in the section of "Continuing Connected Transactions and Connected Transactions", in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

SHARE OPTION PLAN

The Company adopted a share option plan (the "Plan") on 17 May 2007. The Plan was valid and effective till 16 May 2017. The major terms of the Plan are as follows:

1. The purpose of the Plan is to attract and retain the best quality personnel for the development of the Company's businesses; to provide additional incentives to Employees (as defined here below); and to promote the long term financial success of the Company by aligning the interests of grantees to shareholders.

2. The grantees of the Plan are any person employed by the Company or any of its subsidiaries and any person who is an officer or director of the Company or any of its subsidiaries (the "Employees") as the Board may, in its absolute discretion, select.

3. The total number of shares of the Company (the "Shares") issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to each grantee must not exceed 1% of the Shares in issue. Where any further grant of options to a grantee would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be subject to separate approval by the shareholders of the Company in general meeting.

4. The exercise period of any option granted under the Plan must not be more than ten years commencing on the date of grant.

5. The acceptance of an offer of the grant of the options must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee.

6. The subscription price determined by the Board will not be less than the higher of (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; and (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

As approved at the annual general meeting held on 25 April 2014, the mandate limit is refreshed so that taking into account the overriding limit of the Plan, the total number of Shares which may be issued upon the exercise of all options to be granted under the Plan, together with all outstanding options granted and yet to be exercised under the Plan, shall not exceed 333,505,276 Shares, being 10% of the number of Shares in issue as at the date of approval of the refreshment of the mandate limit.

Particulars of the outstanding share options granted under the Plan and their movements during the year ended 31 December 2024 are as follows:

Date of grant	Number of share options	Exercise period	Exercise price per share HK$
24 March 2017	45,339,500	24 March 2019 to 23 March 2024	2.45

The above share options have expired at the close of business on 23 March 2024. The above outstanding options granted and accepted under the Plan can be exercised in whole or in part within 5 years from the date of commencement of the exercise period. No options were granted nor cancelled during the year ended 31 December 2024.

A summary of the movements of the share options during the year ended 31 December 2024 is as follows:

A. Director of the Company

Name of director	Date of grant	Exercise period	Number of share options: Balance as at 1.1.2024	Exercised during the year ended 31.12.2024	Lapsed during the year ended 31.12.2024	Balance as at 31.12.2024	Percentage to the number of issued shares %
Fei Yiping *(Note 1)*	24.3.2017	24.3.2019 – 23.3.2024	500,000	–	500,000	–	–

DIRECTORS' REPORT

B. Employees of the Company working under continuous contracts (as defined in the Employment Ordinance), other than the Directors

		Number of share options			
Date of grant	Exercise period	Balance as at 1.1.2024	Exercised during the year ended 31.12.2024 *(Note 3)*	Lapsed during the year ended 31.12.2024 *(Note 4)*	Balance as at 31.12.2024
24.3.2017	24.3.2019 – 23.3.2024	3,299,500 *(Note 2)*	856,000	2,443,500	–

Notes:

1. Mr. Fei Yiping retired as a non-executive director of the Company with effect from 21 May 2024.
2. Mr. Xin Yue Jiang retired as the chairman of the Board and an executive director of the Company with effect from 27 October 2023. His remaining options (i.e. 500 share option granted on 24 March 2017) was then reclassified to section B.
3. The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$2.86.
4. These are in respect of options i) granted to some employees under continuous contracts who have subsequently resigned; or ii) lapsed upon the expiry of the relevant share options.

DIRECTORS' INTERESTS IN SECURITIES

The interests of the directors of the Company in shares of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as at 31 December 2024 as recorded in the register required to be kept under section 352 of the SFO were as follows:

1. Long positions in shares of an associated corporation

	Nature of interest	Number of shares	Percentage to the number of issued shares %
CITIC Limited			
Luo Xicheng	Beneficial owner	73,000	0.00025
Luan Zhenjun	Beneficial owner	60,000	0.00021
Liu Jifu	Beneficial owner	840,000	0.00289
Zhao Lei	Beneficial owner	13,000	0.00004
Wang Hua	Beneficial owner	109,000	0.00037

2. Share Options in the Company

The interests of the directors of the Company in the share options (being regarded as unlisted physically settled equity derivatives) of the Company are stated in detail in the preceding section of "Share Option Plan".

Save as disclosed above, as at 31 December 2024, none of the directors of the Company had nor were they taken to or deemed to have, under Part XV of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

Save as disclosed above, at no time during the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party or parties to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, the interests of the substantial shareholders, other than the directors of the Company or their respective associates, in the shares, underlying shares and debentures of the Company as recorded in the register of interests in shares and short positions required to be kept under section 336 of the SFO were as follows:

Name	**Nature of interest/capacity**	**Number of shares of the Company** *(Note 10)*	**Percentage to the number of issued shares** *(Note 9)* %
CITIC Group	Interests in controlled corporations *(Notes 1 and 2)*	2,129,345,175 (L)	57.54
CITIC Limited	Interests in controlled corporations and interests in section 317 concert party agreement *(Notes 2 and 8)*	2,129,345,175 (L)	57.54
CITIC Investment (HK) Limited ("CITIC Investment (HK)")	Interests in a controlled corporation and interests in section 317 concert party agreement *(Notes 3 and 8)*	2,129,345,175 (L)	57.54
Silver Log Holdings Ltd. ("Silver Log")	Beneficial owner and interests in section 317 concert party agreement *(Notes 2, 4 and 8)*	2,129,345,175 (L)	57.54
Ease Action Investments Corp. ("Ease Action")	Beneficial owner and interests in section 317 concert party agreement *(Notes 2, 5 and 8)*	2,129,345,175 (L)	57.54
Richtone Enterprises Inc. ("Richtone")	Beneficial owner and interests in section 317 concert party agreement *(Notes 2, 6 and 8)*	2,129,345,175 (L)	57.54

DIRECTORS' REPORT

Notes:

1. CITIC Group is the indirect holding company of CITIC Limited, holding 53.12% interest in CITIC Limited as at 31 December 2024 via two wholly-owned subsidiaries of CITIC Group: CITIC Polaris Limited (holding 27.52% interest in CITIC Limited as at 31 December 2024) and CITIC Glory Limited (holding 25.60% interest in CITIC Limited as at 31 December 2024).

2. CITIC Limited indirectly and wholly owns each of Silver Log, Ease Action, Richtone and Perfect New Holdings Limited ("Perfect New"), which in turn hold direct interests in the Company, as follows:

   Silver Log as to 611,187,500 shares.
   Ease Action as to 1,241,649,869 shares.
   Richtone as to 134,841,139 shares.
   Perfect New as to 141,666,667 shares.

3. CITIC Investment (HK) directly and wholly owns Silver Log.

4. Silver Log is an indirect wholly-owned subsidiary of CITIC Limited, via the following chain of intermediate holding companies (on a wholly-owned basis at each level): CITIC Corporation Limited and CITIC Investment (HK).

5. Ease Action is an indirect wholly-owned subsidiary of CITIC Limited, via the following chain of intermediate holding companies (on a wholly-owned basis at each level): CITIC Pacific Limited ("CITIC Pacific"), Crown Base International Limited ("Crown Base"), Effectual Holdings Corp. ("Effectual"), CITIC Pacific Communications Limited ("CP Communications"), Douro Holdings Inc. ("Douro") and Ferretti Holdings Corp., which is the direct holding company of Ease Action.

6. Richtone is an indirect wholly-owned subsidiary of CITIC Limited, via the following chain of intermediate holding companies (on a wholly-owned basis at each level): CITIC Pacific, Crown Base, Effectual, CP Communications, Douro and Peganin Corp., which is the direct holding company of Richtone.

7. Perfect New is an indirect wholly-owned subsidiary of CITIC Limited, via the following chain of intermediate holding companies (on a wholly-owned basis at each level): CITIC Pacific, Crown Base, Effectual, CP Communications, Douro and All Achieve Investments Limited, which is the direct holding company of Perfect New.

8. CITIC Limited, CITIC Investments (HK), Ease Action, Richtone and Silver Log are parties to agreements which section 317 of the SFO applies. As such, the interests of Ease Action, Richtone, Silver Log and Perfect New (all being indirect wholly-owned subsidiaries of CITIC Limited) are aggregated for disclosure purpose.

9. "Percentage to the number of issued shares" attributable to CITIC Group and/or its subsidiaries (each a "relevant reporting entity") as presented in the table above has been re-computed by the Company as follows: dividing (a) "the number of shares of the Company" as disclosed by the relevant reporting entity and as recorded in the register of interests in shares and short positions required to be kept under section 336 of the SFO, by (b) the total number of issued shares of the Company as at 31 December 2024 (i.e. 3,700,891,382 shares). Such percentage so re-computed and presented, therefore, may deviate slightly from the percentage as so recorded on the relevant register, due to intervening changes in the total number of issued shares of the Company between the date of the relevant disclosure and 31 December 2024 where such changes may or may not have triggered disclosure by the relevant reporting entity.

10. L denotes the entity's long position in the shares of the Company.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

The Company and the controlling shareholders of the Company have entered into the following contracts of significance which were subsisting during the year ended 31 December 2024:

1. Deed of non-competition dated 21 March 2007 executed by CITIC Limited in favour of the Company, mainly to the effect that at any time during which the shares of the Company are listed on the Stock Exchange and CITIC Limited and/or its associates are regarded as a controlling shareholder of the Company under the Listing Rules, (i) CITIC Limited will not engage and will procure its subsidiaries not to engage in the provisions of telecommunications hub-based service (the "Restricted Activity") globally or in any other business that may compete with the Restricted Activity, and (ii) in the event that any opportunity is made available to CITIC Limited to invest in any independent third party's business engaging in the Restricted Activity, CITIC Limited will use its best efforts to procure that such investment opportunity is offered to the Group and the Group shall have a first right of refusal.

2. Deed of Indemnity dated 21 March 2007 given by CITIC Limited in favour of the Company (and its subsidiaries), pursuant to which CITIC Limited will keep the Company and its subsidiaries indemnified against any taxation falling on it resulting from or by reference to any revenue, income, profits or gains granted, earned, accrued, received or made on the listing date of the Company or any event, transaction, act or omission occurring or deemed to occur on or before the listing date of the Company.

3. Administrative services agreement dated 20 August 2014 (the "Administrative Services Agreement") entered into between the Company and CITIC Pacific, a controlling shareholder of the Company, pursuant to which CITIC Pacific and the Company will share the company secretarial services and the internal audit services with retrospective effect from 1 July 2014. The amount payable by the Company to CITIC Pacific for the services received shall be determined on costs basis with payment terms to be agreed between the parties from time to time. The Administrative Services Agreement may be terminated if CITIC Limited, the immediate holding company of CITIC Pacific, shall hold less than 30% of the shares of the Company and is terminable by giving a six months' prior notice in writing by either party. Mr. Liu Jifu is a director of CITIC Pacific and Mr. Sui Chen is a vice president and director of CITIC Pacific. Therefore, all of them have indirect interests in the Administrative Services Agreement. A copy of the Administrative Services Agreement will be available for inspection at the Annual General Meeting.

Apart from the above and the transactions as mentioned in the section of "Continuing Connected Transactions", none of the Company or any of its subsidiaries has entered into any other contract of significance with the Company's controlling shareholders or their subsidiaries which were subsisting during the year ended 31 December 2024.

EQUITY-LINKED AGREEMENTS

Save for the share option plan of the Company as set out above in the section of "Share Option Plan", no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year, or subsisted at the end of the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company as at the latest practicable date prior to the issue of this report, the Company has maintained the amount of public float as required under the Listing Rules.

BORROWINGS AND ISSUE OF GUARANTEED BONDS

On 5 March 2013, CITIC Telecom International Finance Limited ("CITIC Telecom International Finance"), a wholly-owned subsidiary of the Company, issued US$450 million 6.1% guaranteed bonds due 2025 (the "Bonds") to professional investors pursuant to a subscription agreement made between the Company (as guarantor), CITIC Telecom International Finance and CITIC Securities Corporate Finance (HK) Limited, Deutsche Bank AG, Singapore Branch, Standard Chartered Bank and UBS AG, Hong Kong Branch on 26 February 2013 for financing part of the consideration paid by the Company in respect of the acquisition of 79% interest in Companhia de Telecomunicações de Macau, S.A.R.L. (currently known as Companhia de Telecomunicações de Macau, S.A.). The Bonds are listed on the Stock Exchange on 6 March 2013. All of the Bonds remained outstanding as at 31 December 2024. The Bonds was fully redeemed on the maturity date of 5 March 2025.

Particulars of borrowings of the Group as at 31 December 2024 are set out in notes 24 and 34(b) to the financial statements.

SHARE CAPITAL

During the year ended 31 December 2024, a total of 856,000 shares of the Company were issued upon the exercise of share options granted under the Plan as mentioned in the section of "Share Option Plan".

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31 December 2024 and the Company has not redeemed any of its shares during the year ended 31 December 2024.

CONFIRMATION OF INDEPENDENCE

The Company has received from each independent non-executive director an annual confirmation of his independence and that the Company still considers such directors to be independent pursuant to the independence guidelines under the Listing Rules.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 47 of this Annual Report.

PROPERTY

Particulars of the property held for investment of the Group are shown on page 245 of this Annual Report.

RETIREMENT SCHEMES AND OTHER POST-EMPLOYMENT BENEFITS

The Group operates a defined benefit retirement plan and several defined contribution retirement plans. The employees employed under the Hong Kong Employment Ordinance are also entitled to long service payment if the eligibility criteria are met. Particulars of these post-employment benefits are set out in note 26 to the financial statements.

UPDATE ON DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Apart from those disclosed in the section of "Directors and Senior Management", the changes in emoluments of the executive directors of the Company under their respective service contracts has been disclosed in note 7 to the financial statements pursuant to Rule 13.51B(1) of the Listing Rules.

AUDITOR

The financial statements for the year ended 31 December 2024 have been audited by Messrs. PricewaterhouseCoopers ("PwC"), Certified Public Accountants, Hong Kong, who will retire and will not seek for re-appointment as auditor of the Company upon expiration of its term of office at the Annual General Meeting. PwC has confirmed in writing that there are no matters in respect of its retirement that need to be brought to the attention of the shareholders. The Board has confirmed that there is no disagreement between PwC and the Company, and there are no other matters in respect of the proposed change of auditor that need to be brought to the attention of the shareholders.

The Board proposed to appoint Messrs. KPMG, Certified Public Accountants, Hong Kong, as the new auditor of the Company with effect from the conclusion of the Annual General Meeting and to hold office until the conclusion of the next annual general meeting of the Company. Such proposed appointment is subject to the approval of the shareholders at the Annual General Meeting.

By Order of the Board
Luo Xicheng
Chairman

Hong Kong, 12 March 2025

FORWARD LOOKING STATEMENTS

This Annual Report contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company's current expectations, beliefs, assumptions or projections concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Forward looking statements involve inherent risks and uncertainties. Readers should be cautioned that a number of factors could cause actual results to differ, in some instances materially, from those expressed, implied or anticipated in any forward looking statement or assessment of risk.

None of the Company, the directors, employees or agents assumes (a) any obligation to correct or update any forward looking statements or opinions contained in this Annual Report; and (b) any liability arising from any forward looking statements or opinions that do not materialise or otherwise prove to be incorrect.

SUSTAINABILITY REPORT

LEADING TO SUSTAINABLE DEVELOPMENT

THE GROUP ADHERES TO THE VISION AND MISSION OF THE ENTERPRISE

- **Commitment:** To conduct our business responsibly and transparently, while continuously striving to promote sustainable development.

- **Goal:** To become a market leader in high-quality telecommunications and ICT services, a responsible corporate citizen, and an ideal employer.

- **Approach:** To integrate the concepts of sustainable development into the operations of our telecommunications business, implement the Group's environmental, social, and governance policies and other major corporate policies, and create and sustain shared value with our stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGY

The Group is committed to corporate responsibility, placing strong emphasis on strategic planning in environmental, social, and governance areas. We actively promote sustainable development while creating value for society through our business operations.

To achieve sustainable development goals, the Group actively engages in environmental protection, employee training and development, operational management, and social services. We strive to gain the trust of the Group, shareholders, and customers. At the same time, we collaborate with our employees, business partners, and society to foster a supportive and inclusive business environment.

Our Vision

To become a leading digitalised and intelligentised comprehensive telecommunications company in Asia Pacific, and provide quality services for social development, corporate innovation and the better lives of people.

Our Mission

- With the backing of Chinese mainland, establishing a foothold in Hong Kong and Macau, and connecting to the world.
- Focusing on international development, pursuing technological innovation, and enhancing core competitiveness.
- Customer-oriented, with value creation as our goal, providing sustainable return for our shareholders.

BOARD STATEMENT ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUE

The Board is responsible for the Group's environmental, social, and governance (ESG) issues. It oversees the corporate ESG strategy, performance, and reporting. The Board has delegated authority to its Audit Committee to oversee, develop, and review ESG directions and strategies, as well as to monitor the identification and management of material ESG issues and track progress towards the Group's sustainability objectives. The Audit Committee also reviews our sustainability report to ensure compliance. The Audit Committee holds annual meetings to discuss the Group's ESG matters and provides reports to the Board to ensure that the Group's sustainable development efforts are effectively managed and internally controlled.

Through ongoing consultation with internal and external stakeholders, the Group identifies, assesses, and prioritises ESG issues affecting the Group and its stakeholders. Appropriate mitigation measures are developed and implemented based on priority, and key issues are disclosed in the Group's sustainability report to address stakeholders' concerns. Please refer to the "Materiality Analysis" section of this report for more details on stakeholder engagement and materiality analysis results.

2024 SUSTAINABLE DEVELOPMENT HIGHLIGHTS

Governance	
Business Ethics Policies & Practices	– Enhanced the whistle-blower system and whistle-blower protection mechanism – All employees are included in the scope of employee training on ethical standards – Enhanced the Anti-Money Laundering Policy
Social	
Labour Management	– Strengthened the performance appraisal system – Enhanced non-compensation benefits for employees
Privacy & Data Security	– Introduced new network security techniques to control external access and protect personal or sensitive data – Provided all employees with privacy and data security training – The Group's headquarters passed the upgraded certification of the new edition of ISO27001:2022 international information security management system, and the Macau subsidiary initiated an expansion of ISO/IEC27001 certification to encompass a broader range of areas to smart transformation services
Environmental	
Climate Change	– Reduced Scope 1 and Scope 3 greenhouse gas (GHG) emission intensity, with a 35.6% reduction in Scope 1 and 10.8% reduction in Scope 3 compared with last year

OUR AWARDS AND RECOGNITIONS

Corporate Governance

"Best All-round MPF Employer", "Good MPF Employer 10 Years", "e-Contribution Award" and "MPF Support Award" recognition certificates and logos

Mandatory Provident Fund Schemes Authority

Signed "Business Sector Integrity Charter"

Independent Commission Against Corruption

"Guangdong Enterprise with Integrity and Prosperity"

Guangdong Provincial Federation of enterprises, Guangdong provincial Association of Entrepreneurs

Privacy and Data Security

"Privacy-Friendly Awards – Silver Award"

The Office of the Privacy Commissioner for Personal Data, Hong Kong

"Distinguished Enterprise Cybersecurity Provider" in the Corporate Brand Awards of Excellence 2024

Hong Kong Economic Journal

"2024 Cyber Security Staff Awareness Recognition Scheme Platinum Award"

The Hong Kong Internet Registration Corporation Limited and ISACA China Hong Kong Chapter

The awards in the "Managed Security Service" category, and the "Most Innovative Cybersecurity Company" category in the 2024 Cybersecurity Excellence Awards

Cybersecurity Insiders

Respecting and Protecting Employees' Rights

"The Racial Diversity & Inclusion Charter for Employers"

Equal Opportunities Commission

Employee Training and Development

"Partner Employee Award 5+"

The Hong Kong General Chamber of Small and Medium Business

"ERB Manpower Developer Award Scheme" – "Manpower Developer" and "Super MD"

The Employees Retraining Board

Investing In Our Workforce and Caring for Their Health

"Joyful@Healthy Workplace Best Practices Award (Enterprise/Organisation Category) – Excellence Award"

Occupational Safety and Health Council, the Labor Department, the Department of Health, Pneumoconiosis Compensation Fund Board and Occupational Deafness Compensation Board

"Happy Company 10 Years+" and "Happy Company 5 Years+" Logos

Promoting Happiness Index Foundation, Hong Kong Productivity Council

"Good Employer Charter 2024" – "Supportive Family-friendly Good Employer"

Labour Department

"Sport-Friendly Action" – Certificate of Appreciation and logo

Chinese YMCA of Hong Kong

"Joyful@Healthy Workplace Charter"

Occupational Safety and Health Council, the Labor Department, the Department of Health

SUSTAINABILITY REPORT

Our Commitment to Green and Low-carbon Development

"Green Office" and "Eco-Healthy Workplace"

World Green Organisation

"BEC Net-zero Carbon Charter"

Business Environment Council

"Green Hong Kong – Carbon Audit"

Environment and Ecology Bureau

"The Hong Kong Green Organisation Certification – Energywi$e Certificate, Wastewi$e Certificate" (Good Level)

Co-organised by Environmental Campaign Committee, Environment and Ecology Bureau, and 9 organizations

"Green Mark Building – Platinum Award"

Singapore Building and Construction Authority

"Partnership Award"

Food Grace

Building a Culture of Giving

"Distinguished Contribution Award"

World Internet Conference

"Social Capital Builder Awards"

*Community Investment & Inclusion Fund,
Home and Youth Affairs Bureau*

"15 Years and 10 Years Plus Caring Company" Logos and Certificates

*The Hong Kong Council of
Social Service*

"Excellent Corporate Volunteer Award in Macao 2024"

Association of Volunteers Social Service Macao

**"Y-Care CSR Scheme – Bronze Partner" and
"Y-Care Outstanding Performance (Social) Award"**

Chinese YMCA of Hong Kong

SUSTAINABILITY GOVERNANCE STRUCTURE

A robust corporate governance structure is a key cornerstone to ensure sustained business growth. The Group has established a top-down sustainability governance structure and is committed to promoting sustainable development and creating values for its business.

Our sustainability governance structure is headed by the Board, which plays a key role in ensuring that corporate governance serves the best interests of the Group's sustainable business. Our governance structure clearly delineates the terms of reference of each level. The Board is responsible for setting our overall strategy and overseeing the Group's environmental, social and governance performance. Trainings on corporate sustainability issues are provided to the Board as appropriate to ensure sufficient expertise. At the same time, the Audit Committee under the Board is responsible for formulating sustainability strategies, reviewing the progress of targets, materiality analysis results and reporting compliance.

At business unit level, subsidiaries actively review their sustainability performance through irregular discussions under the Group's leadership, and present their annual work progress to the Group on a systematic basis.

The Group has established the "ESG Committee" to strengthen the coordination and leadership of our environmental, social and governance work. It is chaired by the Chairman of the Board, with the Chief Executive Officer as the vice chairman and other management as committee members. The Group has set up an ESG Office, with core members consisting of relevant department heads of headquarters and major subsidiaries.

STAKEHOLDER COMMUNICATION

The Group highly values stakeholder feedback, which are vital to us. To this end, our departments and business units (ESG Office) maintain close contact with stakeholders through various communication channels to understand their expectations and concerns on the Group's sustainability strategy and performance, as well as the topics of concern. We actively communicate the Group's plans and insights on sustainable development to ensure that we navigate the journey of pursuing long-term growth in collaboration with our stakeholders.

Key Shareholders	Communication channel
Stakeholders and investors	Group annual reports and announcements General meetings Investors' meetings Roadshows Group website Surveys
Customers	Regular visits and interviews Customers satisfaction surveys Collection and analysis of customer service benchmarks
Staff	Employee Seminar Staff training and development programmes Performance management system Internal communications Staff suggestion box Surveys
Suppliers and partners	Establishment of supplier and business partner management system Advocacy of green supply chain management and signing of environmental agreements with suppliers Performance evaluation Open tenders, invited to tenders and other regular meetings Surveys
Non-governmental organisations, community groups, media	Community welfare activities News releases, press conferences and presentations Regular meetings

SUSTAINABILITY REPORT

MATERIALITY ANALYSIS

Sustainability topics and their importance change dynamically as the Group's operations evolve and take into account stakeholders' expectations. We adopt a four-stage assessment process to identify the environmental, social and governance topics, as well as ranking their priorities based on their importance.

Step 1

Identification of ESG topics relevant to the Group's Business

- Identify industry-relevant ESG topics through peer benchmarking

Step 2

Materiality analysis

- Invite different stakeholders to evaluate the importance of the identified ESG topics, and analyses of results via scientific approaches

Step 3

Management validation

- CITIC Telecom's management review and endorse the result of materiality analysis

Step 4

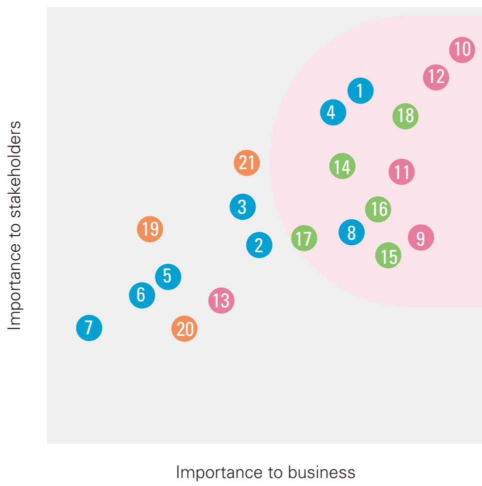
Material confirmation

- Develop the final list of material topics, and prioritise for reporting in response to stakeholder concerns

Upon completion of the assessment process and review of the results by the Group's management, we have summarised the Materiality Matrix according to "importance to stakeholders" and "importance to business":

2024 CITIC Telecom Materiality Matrix

Environmental Protection	1	Energy	Most material topic
	2	Greenhouse gas emission	Moderate material topic
	3	Air emission	Moderate material topic
	4	Waste	Most material topic
	5	Water	Moderate material topic
	6	Materials	Moderate material topic
	7	Biodiversity	Moderate material topic
	8	Climate change management	Most material topic
Employment and Labour Practices	9	Employee retention	Most material topic
	10	Occupational health and safety	Most material topic
	11	Training and development	Most material topic
	12	Diversity and equal opportunities	Most material topic
	13	Diversity and equal opportunities	Moderate material topic
Operational Practices	14	Service and product innovation	Most material topic
	15	Customers' privacy	Most material topic
	16	Responsible advertising and promotion	Most material topic
	17	Supply chain management	Most material topic
	18	Business ethics	Most material topic
Community Participation	19	Community investment	Moderate material topic
	20	Human rights protection	Moderate material topic
	21	Access to telecommunications	Moderate material topic



STRENGTHENING GOVERNANCE AND RISK MANAGEMENT

Strengthening Corporate Governance

The Group is committed to enhancing relevant policies to strengthen our governance capabilities and minimise operational risks.

Policies for Directors and Officers

The Group has a fair and equitable policy to determine and monitor the remuneration of executive directors, officers and employees. The Remuneration Committee under the Board determines and reviews the remuneration of individual executive directors and officers on behalf of the Board, which can be implemented only after being approved in accordance with the process. At the same time, the Group submits employee remuneration policies and suggestions to the Remuneration Committee for approval on an annual basis. For details of the roles and responsibilities of the Remuneration Committee, please refer to the Board Committees – Remuneration Committee section of the Annual Report (pages 58 to 59).

In order to strengthen the governance of the remuneration for officers of the Group, we have formulated the "Implementation Policy of Remuneration Clawback Mechanism" for our officers, establish the concept of remuneration with equal incentives and constraints, enhance the Group's awareness of risk management and control, and prevent illegal, irregular and irresponsible acts. According to the Policy, in case of violation of local regulatory laws and regulations, takeover by the supervised department and its dispatched office, occurrence of major risk events, adverse impact on market order, and significant damage to the property and reputation of the Group, officers and relevant responsible personnel will be subject to salary rebates.

Corporate Governance Structure	For details of our corporate governance structure, please refer to the Corporate Governance Structure section of the Annual Report (pages 50).
Composition and Operations of the Board	All directors appointed by the Board to fill a temporary vacancy or as additional members of the Board shall be re-elected at a subsequent general meeting of the Group. At each AGM one-third of the directors for the time being must retire and, accordingly, each director (including non-executive directors) must retire by rotation at least once every three years. Retired directors are eligible for re-election and are eligible for re-election only if they are re-elected by a vote of the shareholders. For details of the composition and operation of the Board, please refer to the Boards of Directors section of the Annual Report (pages 51 to 57).
Special Committees of the Board	For details of our special committees of the Board, please refer to the Board Committees of the Annual Report (pages 58 to 62).
Diversity of Board Members	For details of our diversity of board members, please refer to the Board Diversity and Balance of the Annual Report (pages 54).
Directors' Continuous Professional Development Programme	For details of our directors' continuous professional development programme, please refer to the Directors' Continuing Professional Development Programme of the Annual Report (pages 57).

Comprehensive Risk Management

The Group continues to enhance the integrity, foresight, execution and coordination of the risk management structure. Enhancement in various risk management mechanisms with a targeted manner promotes the steady and orderly operation of the system, providing security guarantees for the Group's high-quality development.

Comprehensive Risk Management Structure

Our comprehensive risk management structure is based on the Group's corporate governance structure and consists of "Four Levels" and "Three Lines of Defence". "Four Levels", namely (i) the Board and committees, (ii) Corporate Management and special task teams, (iii) departments with risk management functions, and (iv) member units. "Three Lines of Defence" means (i) first line of defence comprised of business operations at all levels, (ii) second line of defence comprised of departments with risk management functions at all levels, and (iii) third line of defence comprised of internal audit teams at all levels. The Board holds the overall responsibility for maintaining a sound, effective, and comprehensive risk management structure. On behalf of the Board, the Audit Committee monitors the Group's financial reporting system, comprehensive risk management system, reviews and monitors the effectiveness of the internal audit function, and evaluates our policies and practices on corporate governance. For details of the tasks, responsibilities, and activities of the Audit Committee, please refer to the section in the annual report under the Board Committees – Audit Committee 59 to 60. The Risk Management Department spearheads our risk management efforts. Relevant functional departments act as dedicated risk management centres for their specialised areas. Under this comprehensive risk management structure, subsidiaries are responsible for identifying, effectively managing, and reporting risks related to their operations promptly.

Risk Management Policy

Based on policies, regulatory requirements, and our practices integrating business development, management and control modes, we focus on risk appetites to set up a multi-layered and multi-category system of risk management policy, and continuously enhance its applicability and effectiveness. To determine risk aggregates, bottom lines, structures, and risk limits qualitatively and quantitatively, we implemented an integrated system of risk appetites that crosses corporate while involving multiple layers. Additionally, we implemented management mechanisms across all procedures, including setting, transmission, execution, monitoring, and reporting. The Group is dedicated to continuously optimise risk management system at all levels via our fundamental policies and systems, strengthen risk assessment and monitoring of major projects and key businesses. Through on-site inspections and off-site monitoring, we stay informed about our subsidiaries' operations, financial status and key business development. Potential risks are reported and addressed promptly, and control measures are monitored and launched proactively, enhancing the effectiveness of our comprehensive risk management structure. Our subsidiaries have also established dedicated departments or assign personnel to take charge of risk management-related matters based on their business nature and organisational scale.

Risk Management Procedure

The Group has established a comprehensive and focused risk management and control procedures. Our risk management strategies and risk preferences guide these processes. We have designed standardised and hierarchical risk management processes tailored to business characteristics to integrate policies, processes, systems, and data. We conduct regular risk identification and assessment, and strengthen risk assessment and monitoring of major projects and key businesses. The Group has established a risk reporting system to collect, analyse, report, and share risk information in a timely manner. We have also established a risk reporting mechanism for material risk events to promote risk resolution and mitigation. This will form a closed-loop risk management process that includes risk identification and assessment, monitoring and reporting, corrective action and resolution.

Standards of Business Ethics

We believe maintaining business ethics and operating with integrity is the foundation for the long-term development of the Group. The Group has established a robust structure and comprehensive policies to ensure strict compliance with the relevant laws and regulations to prevent bribery, extortion, fraud, corruption and money laundering in the jurisdictions where the Group operates. In addition, the Group requires our employees to comply with the relevant regulations in the Group's disciplinary guidelines and conflict-of-interest declaration system. The Audit Committee under the Board is chaired by an independent non-executive director overseeing matters related to the Group's business ethics standards. The Audit Committee is responsible for reviewing and monitoring the Group's compliance with laws and regulatory requirements, disciplinary codes, and corporate governance policies. The Committee reviews the implementation and compliance of the Group's disciplinary code on annual reports to ensure absolute adherence to the most rigorous standards of conduct.

Employees are required to strictly abide by the Group's "Code of Conduct" and conflict of interest declaration procedures. The Group provides a series of policy guidelines on business ethics, procurement process regulation and personal ethics to employees, including bribery, acceptance of gifts and conflicts of interest under the "Code of Conduct", reporting system on conflicts of interest, and procurement management measures. These codes and policy guidelines clearly articulate employees' commitment to uphold these values and set out the behaviour and ethical standards that the Group expects every employee to comply with at all times. At the same time, the Group has always strictly abided by local laws on the prevention of bribery, extortion, fraud and money laundering. The Group conducts annual internal and external audits on compliance with ethical standards, including comparison of existing laws and regulations, audit oversight of internal control measures, and self-assessment. The Group regularly provides supplementary information and revise the "Code of Conduct" based on the results of the audits to ensure that ethical standards are effectively enforced.

The Group has participated in the "Business Sector Integrity Charter" co-organised by the Independent Commission Against Corruption ("ICAC") and the Chinese Manufacturers' Association of Hong Kong this year. It has demonstrated the Group's commitment in actively implementing integrity management system, strengthening business integrity, creating a professional business environment and transmitting anti-corruption momentum.

The Chinese mainland subsidiary won the title of "Guangdong Enterprise with Integrity and Prosperity" awarded by Guangdong Provincial Federation of enterprises and Guangdong provincial Association of Entrepreneurs this year.

Anti-bribery and Anti-corruption Policies

The Group has formulated a series of policies and guidelines on business ethics and employee conduct to ensure that our operations align with ethical standards and integrity, including "Code of Conduct" and "Anti-corruption Policy. The "Anti-Corruption Policy" regulates and strictly requires all directors, officers and employees to comply with anti-corruption laws and regulations. When conducting the Group's business, employees should strictly observe the Group's high standards of professional and ethical code of conduct, and should comply with all applicable laws, rules and regulations of Hong Kong and other applicable jurisdictions, such as Prevention of Bribery Ordinance (Cap.201). It is clearly stated that the Group adopts a zero-tolerance attitude towards corruption to prevent unethical behaviour such as bribery, extortion, fraud and money laundering, and to ensure fair competition and honest business. The "Code of Conduct" clearly stipulates our discipline, conflict of interest declaration procedures and procurement management policy, including bribery, acceptance of gifts and conflicts of interest. We have established clear disciplinary procedures for handling violations of rules and regulations so that we can convey high ethical and integrity requirements to our employees. In addition, the Group has established "Measures for Executive's Integrity and Treatment of Violations" to prevent conflicts of interest, bribery, insider trading, acceptance of illegal gifts and commissions. We have also adopted a strict reporting mechanism, which listed out the actions to be taken on our management in case of any violation of the code of conduct according to the seriousness of the case, including reporting to the relevant government departments or the ICAC and the judiciary in accordance with the law. Relevant regulations have been uploaded to our intranet for employees' reference. Reminders and publicity campaigns to employees are conducted from time to time to raise vigilance and attention. When our employees are found to have violated our ethical policies, there are channels for reporting the cases to the executives. The Group strictly requires all employees to abide to code of conduct and observe professional ethics.

Whistle-blowing System

The Group has set out the principles and procedures in the "Whistle-blowing Policy" to ensure all employees and relevant third parties, such as customers and suppliers, could remove concerns on business ethics. Any suspected fraud, corruption, or violation may be reported anonymously to the Head of Internal Audit, the Chairman of the Group, or the Chairman of the Audit Committee through email, mail to a post office box, or in writing. The Group has set up a reporting method by mail to a post office box to protect whistle-blowers to a greater extent. In the reporting process, the Group is dedicated to maintaining the confidentiality of whistle-blowers' personal information and has a zero-tolerance policy for any retaliation, including discrimination, harassment, intimidation, punishment, or solicitation. The Group supports and encourages its employees to raise concerns in the whistle-blowing process without fear of retaliation. If complaint of retaliation is received, the Group will promptly initiate an investigation and provide appropriate protection and assistance to the whistle-blower as appropriate, while taking action and submitting recommendations to the Group's Chairman. If any retaliation is found, the employee will be subject to internal disciplinary action and refer to the judicial department for follow-up in serious cases. Employees who make false or malicious reports will be subject to disciplinary action. All reports received are documented and evaluated by the Head of Internal Audit to guarantee a fair and unbiased assessment of reported events. The Head of Internal Audit will submit their findings to the Chairman of the Group. The Audit Committee is responsible for reviewing and overseeing the whistle-blowing system. There is relevant mechanism in the system that allows whistle-blowers who are dissatisfied with the result or the action taken to escalate the case(s) to the Chairman of the Group, the Chief Executive Officer, or the Chairman of the Audit Committee for further investigation. We have uploaded the "Whistle-blowing Policy" in Company intranet for employees' reference. We will continue to implement the policy to ensure its effective operation and positive impact on the Group.

Employee Business Ethics Training

The Group attaches great importance to training on corporate business ethics and legal awareness. We regularly offer a variety of business ethics training to employees at all levels, including the Board, management, and general employees. Our training covers various topics such as enterprise risk management and compliance of the prevention of bribery rules, anti-bribery and corruption, anti-money laundering and terrorist financing, data privacy, technology and cyber security, international trade compliance and protection of whistle-blower policies. Our training programmes cover all employees of the Group, including part-time and contract staff. New employees are required to sign a statement during onboarding to indicate that they have understood and complied with the relevant provisions of the Group's "Anti-corruption Policy" and "Code of Conduct" on corporate integrity. New employees must attend anti-corruption, integrity and other relevant training during their orientation. We regularly remind our employees of relevant business ethics policies and regulations. The Group has made it clear that all employees must adhere to the "Code of Conduct" on corruption prevention and ethics to reinforce our anti-corruption culture. During the reporting period, the Group and our subsidiaries has provided a total of 1,579.5 hours of anti-corruption training to our employees, including management, sales, procurement, administration and other related departments to further strengthen their knowledge of corruption prevention, and enhance corporate governance effectiveness. We also uploaded anti-corruption and corporate integrity handouts on the online learning platform in Company intranet for employees to refer to and take interactive quizzes to enhance their understanding.

Supplier Anti-Corruption Policy

As required by the Group, we strictly prohibit soliciting or accepting illegal payments, gifts, and prevent any form of bribery from suppliers during procurement activities. We assess and select suppliers based on their abilities, pricing, quality and delivery punctuality. In addition, we are committed to ensuring transparency in the procurement process by preserving all relevant documents and records in a complete and accurate manner. We also conduct risk assessments of suppliers to consider their background, reputation and compliance records when selecting suppliers. In addition to our strict compliance with "Anti-Corruption Policy", we also encourage our related third parties, such as contractors and suppliers, to adhere to this Policy to meet high standards of business ethics throughout the supply chain, and ensure fair and transparent business communications. We have set out the anti-corruption related terms and requirements in some of our suppliers' orders. Furthermore, we will gradually expand the scope of our "Anti-Corruption Policy" and require our suppliers to establish their own anti-corruption policies and related initiatives.

Anti-Money Laundering Policy

The Group attaches great importance to ethics and has formulated the "Anti-Money Laundering Policy", which was reviewed and enhanced during the year. Through the establishment and improvement of the anti-money laundering organizational structure, we have more clearly defined the job responsibilities of the responsible departments. All responsible departments will jointly assume the responsibility for anti-money laundering supervision according to their respective duties. We specify the ways of reporting and the handling of violations under the policy, so as to ensure our employees are aware of the Group's adherence to ethical standards and strict requirements for code of conduct. The objective of the Policy is to prevent and combat money laundering and terrorist financing while ensuring that the Group and its employees comply with relevant laws and regulations. The enhanced policy has been uploaded to the company's intranet for staff reference.

For more details on the compliance and risk assessment processes, please refer to the Risk Management section of the Annual Report (pages 38 to 46).

Privacy And Data Security

Privacy and Data Security Policy

The Group's privacy and data security policy covers all business lines and subsidiaries. The Group has formulated the "Information Security Policy", which specifies security requirements across various aspects of IT management. The "Security Incident Handling Procedure" has been established. It outlines the leadership structure, basic principles, responsibilities, and workflows for handling emergencies, emphasising the prevention of incidents that could disrupt normal business operations. The Group has also published the "Privacy Policy" on its official website to regulate privacy security online, access to this website and any of its pages means that the users are agreeing to the terms set out in the Policy. By continuing to use this website following the posting of any changes to these terms will signify the users' consent to the changes made.

Consumer Data Protection

The Group strictly complies with laws and regulations such as the "Cybersecurity Law", "Personal Information Protection Law", and "Personal Data (Privacy) Ordinance". Subsidiaries are required to establish and enhance privacy protection policies. Privacy protection requirements are integrated into daily business processes, ensuring proper regulation of activities involving the collection of customer information. While providing and enhancing services, the Group safeguards customers' privacy rights and interests. Employees are required to handle personal information in compliance with data protection clauses. Customer information collection must be conducted only after the customer fully understands and consents to the purpose, reason, method, and scope of the data collection. The extent of data collection must be lawful, reasonable, and appropriate, with all customer data securely protected against unauthorised or illegal processing. Customers can access their personal information at any time. We provide channels such as customer service hotline and email for customers to query and modify their personal information. If the customer no longer continue with our services in the future, their personal data can be permanently deleted according to the terms and conditions provided by the business. All collected data is subject to defined storage periods, after which it is securely destroyed and rendered unrecoverable. Customer data is acquired through legal and reasonable means, and all personal data processing activities must have legitimate purposes to avoid excessive data collection. Our customers' personal data, which are accessed or processed by our employees in their daily work, are in compliance with the needs of legal regulation, customer service and the Group's business. Our employees will take all reasonable measures to maintain the security of personal data collected and used and disclose such data only to those within the Group who need access to such data for their original purposes. We perform all confidentiality and/or data protection obligations at all times under the Group's agreements with third parties. The Group conducts internal and external audits, as well as ISO27001 audits every year, covering data security. The Group has also organised employees to carry out annual information security awareness trainings to testify the effectiveness of our data security system.

Measures to Address Data Breaches

The Group has established a strict data grading system and a corresponding protection policy based on the sensitivity and importance of data. All data must be saved in accordance with security standards. Access control mechanisms ensure that only authorised employees have access to data relevant to their duties. We take all feasible technical and administrative measures to ensure the accuracy and security of private data.

To reduce the risk of breaches of customer data, the Group follows the minimum collection principles to ensure that the amount of personal data collected for each activity or engagement is kept to the minimum for necessary use. Personal data is collected on a restricted use basis for clear and reasonable purposes only. When collecting customer information, employees are required to clearly inform their purpose and strictly follow relevant procedures. In addition, the Group has established a retention period to ensure that the data will not exceed the time required to achieve the objectives.

The Group uses contractual or other legal measures to ensure that third-party data processors are in strict compliance with the Group's policies, standards and relevant laws and regulations on data processing and retention when they are involved. Besides, we carry out emergency drills for data security incidents on a regular basis to enhance employees' ability to respond to data leakage or other data security incidents, thus ensuring rapid response and effective risk control when data security incidents occur. In addition, the Group further safeguards data security by placing strict restrictions on user permissions to ensure that only authorised personnel have access to sensitive information.

Information Security Responsibility System

The Chief Technology Officer, member of the Corporate Management is responsible for leading information technology and data security work, supervising and guiding the implementation of policies and information security responsibilities. The Group has established an Information Technology Leadership Team responsible for ensuring information security, including the protection of customer personal information. All subsidiaries are required to develop comprehensive information security management systems. Policies such as the "Information Security Policy" and "Threat Intelligence and Vulnerability Management Policy" have been implemented to provide clear guidelines on customer information processing and security management. In 2024, new policies were introduced, including the "Cloud Service Security Policy", "Data Leakage Prevention Policy", and "Data Privacy Policy", to strictly control information transmission and publication in key areas and prevent information leakage incidents. A top-down governance structure for information security and privacy protection has been established. The Board oversees the integration of information security into corporate governance, culture, and business strategy while monitoring and evaluating related performance. Senior management is responsible for approving information security management goals and strategies. The Information Technology Leadership Team reviews information technology development plans and IT risk policies, and coordinates the resolution of major IT risks and security issues.

Training on Privacy and Data Security

Data security training covers relevant laws and regulations, external security situation, password security, anti-phishing attack, net protection action, artificial intelligence security risk and information technology security policy etc. It provides continuous data security education for all employees in order to strengthen security protection awareness, and to ensure the privacy and personal data security for both customers and employees.

Information Protection Technology

The Group is proud to announce the launch of TrustCSI™ 3.0, a ground-breaking cybersecurity solution for using AI to revolutionise Security Operations Centre (SOC) and helping enterprises to operate securely. Powered by our SOC4Future strategy, we have reshaped our core service capabilities. TrustCSI™ 3.0 transforms cybersecurity from passive defence to proactive guardianship, enabling businesses to respond to evolving cyber threats. Moreover, the Group invites independent third parties annually to conduct information security audits based on ISO standards.

Our Hong Kong subsidiary conducts monthly network vulnerability scans, regularly upgrades the malicious code base of the anti-virus gateway and the mail anti-virus gateway, timely analyses and processes the intercepted dangerous viruses or malicious codes, and enforces the multi-factor verification VPN for remote office to effectively reduce the risk exposure caused by the demand for remote office. The Hong Kong subsidiary has taken advantage of the rapidly evolving AI technology to establish its "AI Visual Security" system that employs an out-of-the-box security solution to use AI-powered algorithm, which integrates weakly supervised regularisation algorithm, visual computing, and neural network for transforming dataset into graphic image and mapping potential malwares.

In order to protect private and sensitive data, the Group has taken a variety of technical measures, including access control technologies (such as authentication, permission management and minimum permission principle), data encryption technologies (such as transmission encryption, data at rest encryption) and network security technologies (such as firewall, VPN and network segmentation). In addition, the risk of data leakage can be further reduced through logging and monitoring technologies such as Trust CSI log instant monitoring, Data Loss Prevention (DLP) technologies such as URL identification and filtering, backup and recovery technologies such as regular backup and disaster recovery planning, and physical security measures such as data centre security and access control. In addition, combined with security development practices (such as code audit and security testing), employee training and awareness enhancement (such as regular training and phishing simulation drills), a multi-level security protection system is built to ensure that personal and sensitive data are fully protected.

SUSTAINABILITY REPORT

System Certification

The Group and its subsidiaries affirmed its steadfast commitment to providing high-quality and ensuring comprehensive information security. We have obtained the ISO/IEC 27001 information security management system certification to ensure the stability and effectiveness of the information security management system. In September of this year, the Hong Kong headquarters achieved upgraded certification under the new ISO27001:2022 international standard for information security management systems. The certification covers the hosting, facility management, business continuity centre and hosting services provided by the Company to external customers, as well as IT operation and application development services provided to internal business units and internal users of the Company. Our Macau subsidiary initiated an expansion of ISO/IEC27001 certification to encompass a broader range of areas from traditional network services to smart transformation services. This achievement positions our subsidiary, as a telecom company in Macau with the broadest and most comprehensive scope of ISO/IEC 27001 Certification in Information Security Management Systems, setting a new industry standard and consistently exemplifying the role as Network Gate Keeper. In addition, our subsidiary has been the first infrastructure as a service (IaaS) provider in Hong Kong to receive ISO27017 certification and has been awarded "CMMI Maturity Level 3 Certifications (Defined)" by CMMI Institute, an international rating agency.

Honours and Awards

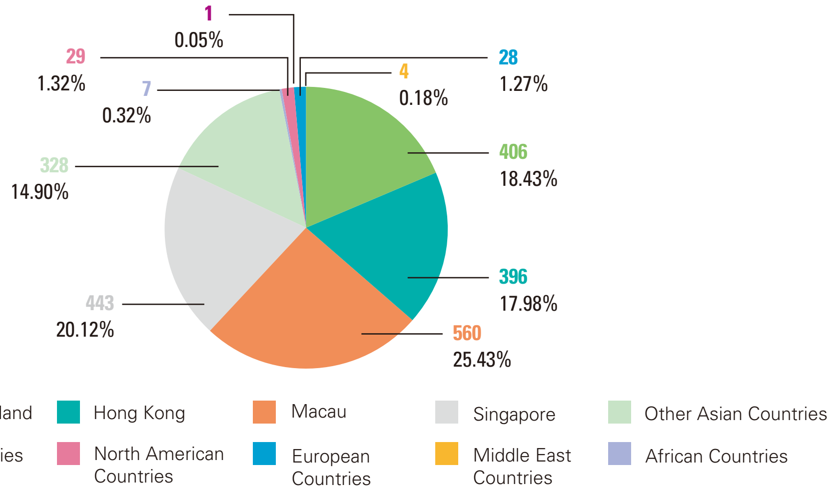
The Hong Kong subsidiary of the Group has received the "Corporate Brand Awards of Excellence 2024" by Hong Kong Economic Journal for 8 consecutive years. In this year, the subsidiary was awarded in the "Distinguished Enterprise Cybersecurity Provider" category of this award. Moreover, our TrustCSI™ MSS Managed Security Services won the award in the Managed Security Service category and our Hong Kong subsidiary is also the winner in the Most Innovative Cybersecurity Company category in the 2024 Cybersecurity Excellence Awards. In addition, the subsidiary received the prestigious Platinum Award in the 2024 Cyber Security Staff Awareness Recognition Scheme, co-organised by The Hong Kong Internet Registration Corporation Limited and ISACA China Hong Kong Chapter.

Our Chinese mainland subsidiary was selected as "Network and Communication Security – Communication Transmission Security", "Network and Communication Security – SASE/SSE" and "Network Security Services – Security Operation and Custody Services" in the "China Network Security Industry Panorama (11th Edition)" issued by Security Bull. At the same time, its Secure Access Service Edge (SASE) solution was awarded the "China Network Security Market Panorama 2024 – Secure Access Service Edge (SASE) Plate" issued by Shushu Security. The subsidiary has also been awarded the "Top Ten Representative Manufacturers in the Field of New Generation Network Security Services in 2024" by Security Bull.

Sustainable Supply Chain Management

The business of the Group covers multiple regions of the world. We have formed an extensive network of partnerships with different suppliers to jointly fulfil our business ethical commitments and social responsibilities.

Number of Suppliers and Regional Distribution in 2024[1]



To ensure fairness and impartiality in the Group's procurement process, our "Code of Conduct" clearly states that colleague in the procurement department must comply with professional ethics and anti-bribery policies. The Group has formulated the "Procurement Policy" to manage the entirely procurement process and requires that the procurement of products and services would be carried out in accordance with the highest ethical standards and to ensure that the delivered of products and services are in good quality and fulfil the requirements. The Group continues to strengthen the compliance risk and management of key areas and key links such as large-scale procurement and bidding. The whole process of bidding and procurement is monitored by the Group's internal audit department throughout the process, reviewed after the completion of bidding activities, and enhanced the management and control ability of bidding and procurement. In the case of large tender procurement activities, the Group's requirements for integrity and compliance are highlighted by the inclusion in the tender documents of a warning against anti-submitting and by requiring bidders to sign anti-submitting agreements prior to the commencement of the activities. The Group's procurement team strictly implements internal supply chain monitoring and management measures to prevent any bribery, commission kickbacks, fraud or other misconduct. It regularly reviews press releases and announcements issued by the Competition Committee, and then reviews the Group's supplier roster for misconduct. At the same time, we require employees to maintain a high level of integrity and ethical standards. Procurement personnel and participants are required to declare conflicts of interest at the beginning of procurement activities in accordance with the Group's regulations, and make annual declarations for suppliers in continuous use on an annual basis, so as to ensure that procurement and supplier management conform to high ethical standards and fair procurement principles, guarantee the integrity and transparency of the Group's procurement activities, and maintain the Group's reputation and ethical values. We encourage transparency in the declaration of interests and provide an easy way to declare them. At the same time, suppliers are required to disclose and declare any conflicts of interest of company employees involved in the relevant procurement.

1 Under the biannual review, suppliers who have not collaborated in the past fifteen months are removed from the system. Reported data reflected the number of active and available suppliers.

The Group has formulated the "Supplier Management Procedures" to standardise the process of supplier selection, review, evaluation and management to ensure the most appropriate products or services was chosen to the Group. The Group effectively monitors and controls potential risks in the supply chain. In process of supplier selection, the "Supplier Sustainability Questionnaire" will be distributed to suppliers. Procurement and related departments could assess the suppliers' sustainable development factors such as environmental, social and governance performance, quality and reliability during the review process. The Group will give priority to suppliers with professional certification and excellent sustainable development performance. In the supplier selection process, we would invite our suppliers to provide information on social responsibility management systems, environmental management systems (e.g., ISO14001), quantitative social and environmental targets, waste management measures, energy management measures, recycling service etc. We encourage suppliers to review their targets and disclose their progress on sustainable development regularly. Furthermore, the Group also takes consideration during supplier selection process whether the supplier will supply third-party certified, recycled or recyclable, non-hazardous products and packaging. The Group gives priority to suppliers, brands and product models that comply with environmental protection requirements during the purchasing process. For example, the Group considered cabinets for use in data centres that are environmentally friendly and RoHS2/REACH certified and selected the suppliers who are also certified to ISO9001 and ISO14001. Besides, the Group gives priority to purchasing TCO-certified desktop, laptop, monitor and projector models as well as the sourced printing and copying paper certified by the Forest Stewardship Council ("FSC"). In our selection of new equipment, particularly for major equipment, we specify in our requirement that the latest and environmental-friendly materials shall be used. An example is the new chiller plant replacement tender, we specify the use of refrigerant endorsed by the relevant international organisations. To accomplish the Group's responsibility for the environment and continuous enhancement of environmental performance objectives, supplier is required to sign the "Environment Guidance Notes".

We are dedicated to implement various monitoring system. The Group has formulated the "Procurement Policy" to manage the entirely procurement process and requires that the procurement of products and services would be carried out in accordance with the highest ethical standards and to ensure that the delivered of products and services are in good quality and fulfil the requirements. Apart from assessing and monitoring potential risks in the supply chain, anti-corruption related clauses are also included in the agreements with our suppliers, which prohibit any form of bribery, conflict of interest. Suppliers which breach these clauses will have their agreements terminated.

Intellectual Property Protection

The Group has established a comprehensive intellectual property protection system to stimulate the spirit of research and promote innovation in products and services. We have established the "Intellectual Property Rights Protection Policy," which stipulate our requirements for employees to follow intellectual property rules and regulations, including the copyright, trademark, and patent related regulations. We require our employees to sign written intellectual property rights agreements when intending to use any intellectual property-related products such as trademarks, logos, and only use upon obtaining official authorisation. Our employees are expected to refrain from doing anything that could result in a violation of the law or cause the Group to violate the law within their capacity. We would provide compliance training on the "Copyright Ordinance" during new employee orientation and convey the importance and requirements of protecting intellectual property rights to our employees.

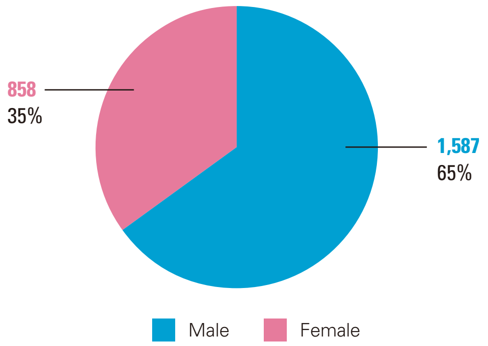
Investing in Our Workforce and Caring for Their Health

The Group upholds the principle of meritocracy, managing our talents using the 5P model of human resources management: Perception, Pick, Placement, Professional and Preservation. We believe having professional teams composed of outstanding employees is a great advantage to us. Therefore, we will continue to allocate more resources to build and maintain a "CITIC Telecom Team" with all-rounded development, flexibility and international standards.

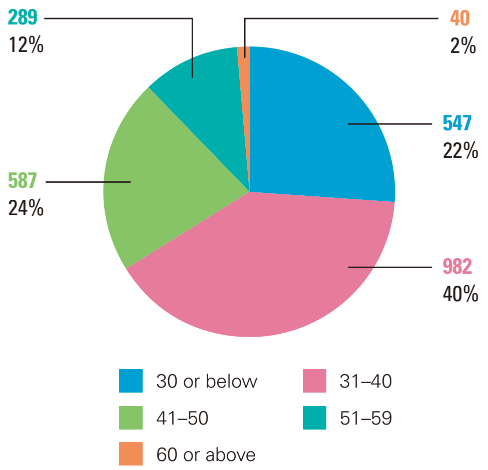
Team Composition

	2024	2023
Hong Kong	**510**	527
Chinese mainland	**752**	756
Macau	**939**	929
Singapore	**120**	126
Other Asian Countries	**124**	126
American Countries	**0**	2
European Countries and Others	**67**	68
Total Number of Employees	**2,512**	2,534

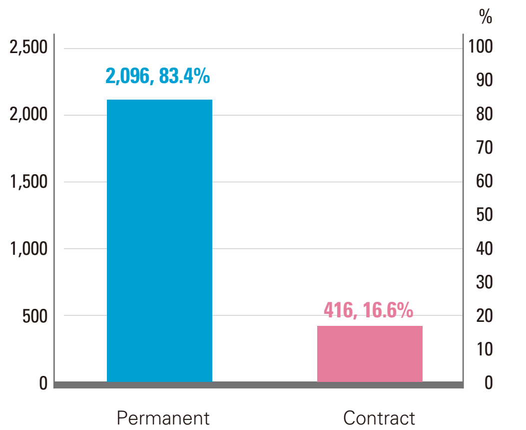
Employee distribution by gender[2]



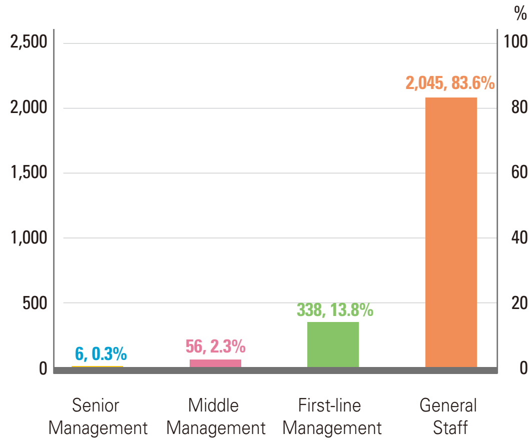
Employee distribution by age[2]



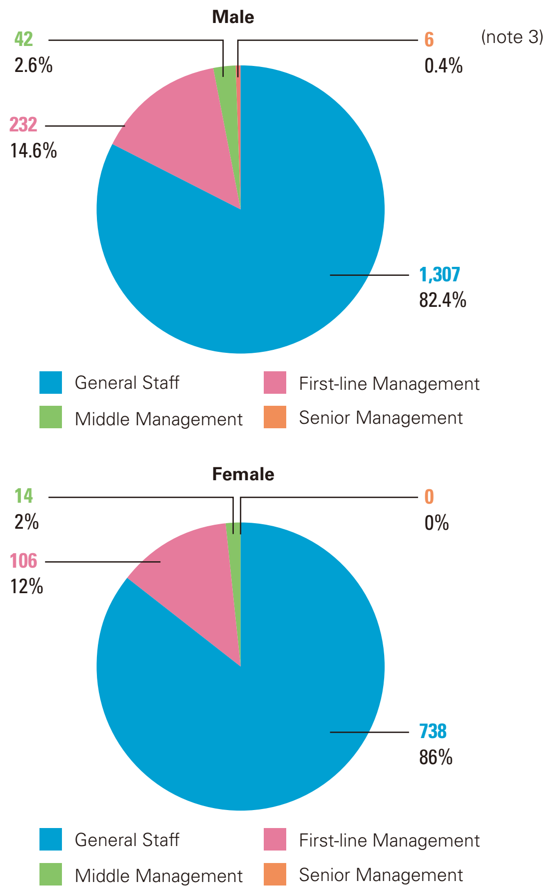
Employee distribution by employment contract



Employee distribution by employment type[2]



Employee distribution by gender and by employment type[2]



[2] As personal data privacy is protected by the General Data Protection Regulation (GDPR) and relevant regulations in the United Kingdom, the statistics of our European and British employees are not included in employee distribution and employment turnover rate by gender, by age and by employment type.

[3] These include 2 Executive Directors and 4 Senior Management of the Group as referenced to and disclosed under paragraph 12 of Appendix D2 of the Listing Rules.

Respecting and Protecting Employees' Rights

The "Code of Conduct" of the Group sets out that we respect and strictly comply with the laws of the countries where we operate. There are relevant policies under our "Employee Handbook" that requires us to comply with local law (such as Employment Ordinance in Hong Kong, Labor Law of the People's Republic of China) during recruitment and never employ child labour, forced labour and person who don't have work permit. For compliance purpose, we strictly require candidates to provide supporting documents before joining the company and we formally recruit as our employees only after our careful inspection.

Diversity and Equal Opportunities

The Group is committed to building a diverse and inclusive working environment for employees. Policies are set forth in details in our "Employee Handbook" for employees, including compensation and termination, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination, and other benefits. The Group has signed the "Racial Diversity & Inclusion Charter for Employers" to promote values like equal opportunities and diversity. We do not discriminate or tolerate discrimination of the basis of race, sex, religion, place of origin, citizenship, marital status, sexual orientation, veteran status, or otherwise. Our Human Resources and Administration Departments are responsible for implementing these policies and provide relevant trainings and support.

Equal employment is an important principle throughout the human resources management of the Group. We have strictly abided by the laws on equal opportunities and anti-discrimination, and have accelerated the implementation of a diverse, fair, and inclusive corporate culture. During the recruitment process, we comply with local regulations and provide equal employment opportunities. Related departments of the subsidiaries conduct strict control when recruiting through formal recruitment agency, ensuring job seekers do not experience any discrimination in the employment process. We provide equal opportunities to our employees and job seekers based on their abilities and do not discriminate against any candidate in recruitment, promotion, or career development based on their family status, gender, gender identity, race, age, religion, disability, or other personal differences unrelated to the requirements of the position. The capability of candidates is our priority in employee selection, and our employees would not be treated unfairly. During the reporting period, the Group has held New Employee Orientation Training, training lectures and other education programmes to raise the awareness of equal employment opportunities. We also arranged employees to participate in "Seminar on the Anti-Discrimination Ordinance" to educate and remind everyone to maintain mutual respect and inclusive. Our subsidiary has also invited experts from the Equal Opportunities Commission to give a lecture and has appointed Equal Employment Officers, who are responsible for implementing policies on equal employment.

Employee Retention

Our employees are our most important asset and our core element for driving business development. To meet the needs of business development, we actively recruit outstanding talents to build a stronger team through various channels. The Group adopts different methods to recruit talents to fill up its internal vacancies, including advertising on online recruitment channels, participating in career fairs organised by local recruitment platform and universities, and building up employer branding on different social media and recruitment platforms. We foster strong partnerships with universities, providing students with diverse opportunities to gain valuable real-world experience, including on-campus recruitment events, Greater Bay Area job fair, summer internship and workplace visits to strengthen employer branding and build up the talent pool for young generation. The Group actively leverages the advantages of the Greater Bay Area to strengthen the introduction of international and professional talents and build up a long-term and high-end talent pool through Chinese mainland recruitment platform and different talent admission policies of HKSAR government, such as Top Talent Pass Scheme, Admission Scheme for Mainland Talents and Professionals, and Immigration Arrangements for Non-local Graduates. In addition, we have organised our first "Graduate Trainee Programme 2024" to attract high potential fresh graduates and have strengthened our internal development of talents. The trainee programme combines job rotation, on-the-job training (routine and specific tasks), mentorship, cross-departmental and cross business units training to facilitate ongoing and all-rounded development of the trainees for progressive results. On the other hand, to demonstrate the Group's emphasis on employees and enhancing employees' sense of belonging, we have also adopted a series of measures to retain talents. We provide comprehensive training, career development, and promotion opportunities for our employees. We also regularly and timely review and enhance employee benefits plans. To enhance employees' job satisfaction and retention rate, the Group is open to listen to employees' voices through diversified approaches, collects employee feedback for adopting improvement measures and actively organises employee interactive activities. During the year, the number of employee leaving service was 295, a decrease of 3.91% over the previous year, and the turnover rate was 11.74%, a decrease of 0.38% over the previous year.

The Group actively recognises and expresses gratitude to our employees with outstanding performance and making significant contribution, so as to enhance the employee sense of belonging. We grant the awards of "The Best Manager" and "The Best Employee" based on the annual appraisal results and overall performance to compliment and motivate our employees for continuously achieving outstanding working performance. The Group has also set up a "Long Service Award" to convey our appreciation and recognition for employees' long-term services and contributions.

Employee Turnover Statistics

Employee turnover comparison with last year

	2024	2023	Difference
No. of employee turnover	**295**	307	-3.91%
Employee turnover rate	**11.74%**	12.12%	-0.38%

Employee turnover rate by geographical region

	2024	
	No. of employees	**Turnover rate**
Chinese mainland	**68**	**9.04%**
Hong Kong	**68**	**13.33%**
Macau	**95**	**10.12%**
Singapore	**28**	**23.33%**
Other Asian Countries	**30**	**24.19%**
American Countries	**2**	**100.00%**[4]
European Countries and Others	**4**	**5.97%**
Total	**295**	**11.74%**

4 Drop in number of employees due to reduction of business in American region.

SUSTAINABILITY REPORT

Employee turnover rate by gender[2]

	2024 No. of employees	2024 Turnover rate
Male	192	12.10%
Female	99	11.54%

Employee turnover rate by age[5]

	2024 No. of employees	2024 Turnover rate
30 or below	116	21.21%
31–40	103	10.49%
41–50	41	6.98%
51–59	12	4.15%

Open and Two-way Communication

In order to make employees feel valued and enhance their sense of success and commitment to work, the Group actively interacts and communicates with employees of various departments on business development, company reform and innovation, work environment, employee training and other issues through different channels. The main channels include the intranet communication platform established by the Hong Kong headquarters, opinion collection boxes set up on each office floor, employee questionnaire survey, and regular employee seminars.

The Group believes that it is important to have a good relationship with employees, so we are committed to increasing employee engagement. We obtain employee satisfaction in a variety of ways, including collecting activity and training evaluation forms after each employee event and training course, and conducting an annual employee opinion survey. We use these measures to help us collect feedback and suggestions from colleagues on activities and training. In addition, we hold regular employee seminars to promote direct dialogue between employees and management and ensure that employees are free to express their opinions and suggestions. After completing the employee seminar and questionnaire survey, we will develop a company plan that better meets the needs and expectations of employees based on the results. At the same time, we hold inter-departmental meetings to discuss how to respond to employee feedback at different levels and develop action plans accordingly.

In November 2024, our subsidiary conducted a satisfaction survey on employee activities and CSR activities to gain a deeper understanding of the needs and interests of our employees. The survey results show that 98% of the respondents believe that the company's activities in the past year are adequate, and more than 90% of the respondents are satisfied with the overall arrangement of activities and believe that these activities can meet their needs. We plan to refer to this feedback and results when planning next year's employee activities to better meet employees' needs and increase their participation and satisfaction.

In order to further strengthen the current system and management, the Hong Kong Headquarters held a youth backbone forum this year to listen to the opinions of young employees, so as to further enhance the Group's current system and management and continue to strengthen two-way communication. The Group encourages employees and management to remain open and communicate with each other in a respectful manner. In addition to holding regular employee seminars, we support employees to lodge any relevant complaints to their supervisors or any level of management at any time, or to communicate their opinions directly to the Group's management. Members of management will actively follow up employees' opinions on behalf of the Board and give timely and appropriate feedback, so as to identify improvement area for the Group as early as possible and seize the opportunity for enhancement.

The Group respects the right of employees to bargain collectively. We actively maintain two-way and effective communication with the employee labour union in accordance with the relevant legal requirements of the business location. The staff collective bargaining legislation does not apply to the Hong Kong Headquarters, but we remain actively in contact with employees to listen to their valuable views.

[5] Employee turnover rate by age excludes retired employees.

Remuneration and Benefits

The Group has set up a comprehensive remuneration and benefits system. We offer basic salary, as well as competitive incentives, and performance-linked benefits, in accordance with labour-related laws in the regions where we operate. The "Employee Handbook" states the attractive remuneration and non-remuneration benefits information to our employees, including basic salary, performance-linked bonus, commission scheme, allowances, holidays, medical benefits, employee compensation insurance, employee telecommunications services, etc. Our Group provides lunch arrangement and shuttle bus services to the employees of our headquarters, aiming to ensure their meals and transportation during working days. The "Healthy Wednesday" afternoon tea plan is set up to provide fruits, desserts and drinks to enable employees to replenish their energy after work. In addition, employees in the Hong Kong headquarters can also enjoy a number of generous benefits such as dental services, new child gifts and shopping discounts. The Group encourages employees to strike an appropriate balance between work and life through a good leave system. We also purchase comprehensive labour insurance for all employees to ensure that employees are fully covered for work-related accidents.

To motivate employees to strive for excellent work performance, the Group has adopted Remuneration Policy that links work performance and contribution with pay to all of our employees. We have established a fair and effective performance assessment system and incentive plan to enhance the overall qualities and capabilities of our talents. We have also launched an e-Performance Appraisal system to conduct regular staff appraisals, which determines the variable remuneration of employees such as year-end bonus and business commission according to the Company's performance, employee assessment results and sales data. We are committed to implementing a positive reward culture and fair remuneration principles The management regularly reviews employee remuneration and welfare levels to make corresponding adjustments and recommendations based on business and performance needs. The Group's management reviews the level of employee compensation and benefits on a regular basis, and makes adjustments and recommendations based on business and performance needs. In order to encourage and assist the career development of employees, the Group adopts a more diversified and transparent career development mechanism, which helps employees to clearly set personal career development goals and accelerate the pace of career development of employees. When employees have outstanding performance and contributions, we will evaluate them according to internal promotion regulations. After passing the Group's promotion approval process, relevant employees will be promoted. The Group has been committed to ensuring that the overall treatment of its employees is fair and competitive, and that it is responsive to the Group's business development needs.

Since 2007, the Group has adopted a share option plan to attract and retain the best quality personnel for the development of the Group's businesses, provide additional incentives to employees and promote the long-term financial success of the Group by aligning the interests of grantees to shareholders. The grantees of the scheme are any person employed by the Group or any of its subsidiaries and any officer or director of the Company, or any of its subsidiaries who may be selected by the Board in its absolute discretion. The 2017 Plan covered a total of 1,650 persons, including directors, officers and employees of the Company and its subsidiaries who were in compliance with the terms of the Grant, representing 70% of the total number of employees at that time. The last tranche of the plan expired on 23 March 2024.

For further details on the adoption of the Share Option Plan, please refer to the Share Option Plan section of the Annual Report (pages 86 to 88).

As a responsible business, the Group also cares about the retirement life of employees. In addition to providing retirement protection for employees, it also organises training seminars to help employees deploy retirement plans as early as possible to enjoy a stable retirement life. During the reporting year, the Group was awarded top recognition as the "Best All-around MPF employer" by the Mandatory Provident Fund Authority. In recognition of our continuous efforts in optimising retirement benefits for employees, the Group also received the "Good MPF Employer 10 Years" "e-Contribution Award," and "MPF Support Award."

SUSTAINABILITY REPORT

Employee Training and Development

The Group is dedicated to providing personal development and growth opportunities for its employees, with "optimisation of professional performance, motivation of employees' potentials, and revitalisation of learning culture" as our talent development goals. The total training hours of the Group in 2024 were 37,703 hours, an increase of 22% compared with last year, and the average training hours per employee were 15.01 hours, an increase of 23% compared with last year. We are committed to invest resources to cultivate employees, organise internal and external training and development projects, regularly evaluate the performance of employees in various departments, provide relevant professional development opportunities for employees, and diversify learning platforms to encourage employees to actively add value to themselves and integrate with the world's top and new professional skills in communication and telecommunications services. At the same time, according to regular performance evaluation, we will promote outstanding employees, let them progress and develop together under the leadership of the Group, and continue to cultivate talents for the Company.

To achieve the goal of talent development and planning, we organised a series of talent communication meetings, including "CITIC Telecom International Group Talent Development Conference 2024", "CITIC Telecom Compliance Management Work Conference", Human Resources Exchange Conference, Youth Backbone Forum, Employee Forum, Management Trainee Seminar, etc. during the reporting period. In addition, different internal and external talent training and development projects cover courses in different fields and areas, such as advanced management skills, engineering technology improvement and upgrading, information technology, laws and regulations, to further enhance the skills and standards of employees, and to promote the exchange of knowledge and experience and technology transfer between employees in Hong Kong and various regions through different learning activities, To strengthen the company's business integration and talent development.

In order to keep employees abreast of the latest telecommunication technology development trends, the company provides timely information and analysis training on market development, such as technical training on digital transformation, big data analysis, blockchain technology, artificial intelligence and other topics held this year. In recent years, enterprises have paid more attention to personal privacy and the handling of data leakage accidents. In view of this, the company arranges employees to attend internal and external special lectures, covering topics such as network security, artificial intelligence and privacy protection, information technology security awareness, etc. On the one hand, to enhance employees' professional knowledge, on the other hand, to enhance employees' awareness of network security and personal privacy through continuous education. The company also encourages and subsidises employees to participate in after-service training according to their development needs and continuously add value to themselves, so as to help employees improve their performance and achieve a win-win situation between the company and employees.

The Group and its subsidiaries regularly hold a variety of workshops to enhance employees' soft power, including improving personal effectiveness in the workplace, promoting effective video conferencing, speaking skills, creativity, problem-solving, etc., strengthening team building and collaboration capabilities, and helping employees enhance communication and communication skills to improve work efficiency. During the reporting period, we have arranged in-house soft skill courses such as " Live Streaming Training", " Reviewing skills for Business Contracts", "Project Management Essentials", "Media Training", "Problem Solving Skills", etc. In terms of strengthening internal communication, the Macau subsidiary held cross-departmental business and product sharing meetings this year. The topics included "Team briefing from Business Solution Project Delivery", "Bring 5G into Reality" and "AI training on Business Applications", which enabled colleagues from different departments to participate in the meeting to understand the Group's business development and the work scope of different business units, so as to better cooperate and support each other in the future.

In addition, we continue to organise various compliance trainings for our employees to ensure that our business comply with local regulatory and internal requirements. The compliance trainings include ICAC Corruption Prevention Seminar, Copyright Ordinance & Generative AI, Seminar on General Data Protection Regulation (GDPR), Seminar on Hong Kong National Security Law and Basic Law Article 23, Cybersecurity – Virus Attack and Ransomware Protection Training, Information Security Awareness Training, Seminar on Regulations on Protecting Company Trade Secrets and Data Handling, etc.

Moving forward, we will continue to support employees to continue to add value and play a better role in the workplace. To this end, we will collect and analyse the training course opinions submitted by colleagues to formulate the training plan for the next year, continue the talent training and optimise the plan, so that employees can grow and progress together with the Group.

Internship and Young Talent Schemes

The Group is committed to cultivating new generations of management and technical professionals. Through the internship programme, the Group provides training and opportunities for young people who are interested in pursuing a career in the telecommunications industry. We recruit young talents to our team through different channels, including collaborative campus recruitment, website advertising and online job fairs with local universities and colleges. Our Macau subsidiary participated in the Internship Programme held by Macau Labour Bureau to attract both local and overseas graduates to join us in Macau. The Group has also set up a technical young talent programme to enable young graduates to focus on their technical expertise, thus fostering them as future telecommunications specialists.

Our internship scheme covers a wide range of areas, allowing young people to work in different departments, participating in various projects, and gaining thorough understanding of our business operation in the Company. They can also learn communication skills and management skills in this programme to lay a solid foundation for their future positions. Moreover, we have partnered with local vocational high schools to organise internship programmes for these vocational high school students. By cultivating young people, we could fill up job vacancies and introduce new talents into telecommunications industry. In addition, employment and training opportunities are provided to help these young talents with their career and promotion in the future so that we could achieve win-win results.

During the reporting period, our Hong Kong subsidiary was awarded the "Partner Employer Award 5+" by the Hong Kong General Chamber of Small and Medium Business in recognition of our proactive role in providing internship opportunities for students and supporting the development of young talents.

"New Graduates – New Opportunities Scheme"

The Group has created employment opportunities for young people. We actively recruited young new talents with potential through different channels. During the year, we continued to support the "New Graduates-New Opportunities Scheme" jointly organised by the Hong Kong Chinese Enterprises Association and the Labour Department of Hong Kong SAR. The Company strives to provide a platform for young people to develop their careers. By nurturing the youth, both parties could achieve win-win results. The Company could fill up our job vacancies at the operational level and inject new forces into the telecommunication industry. At the same time, the Company provided employment and training opportunities for young people to help their future careers and promotion prospects.

Training for Middle Management

The Group firmly believes that the contribution of middle management is an indispensable part of enhancing and promoting the progress of the Group. The Group and its subsidiaries not only actively tailor talent development plans for middle-level managers, including classroom training, action learning projects, external tutoring and internal support, but also provide middle-level management elites with promotion opportunities and strive to promote middle-level managers to more important leadership positions. In addition, to enable managers and employees of various departments to cooperate and communicate with each other, we have also held cross-business units working meetings, team management workshops, cross-sector team training and other activities to strengthen the tacit understanding and cooperation between teams, so as to help middle-level managers guiding other colleagues and sharpening their leadership skills. To further consolidate their team spirit and leadership ability, we arranged a total of 1,326.5 hours of training for middle managers, an increase of 11.23% over last year.

SUSTAINABILITY REPORT

Continuous Professional Development of the Board and Senior Management

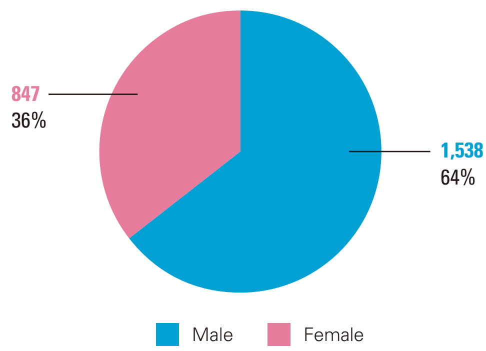
As the leaders of the Group, the Board and senior management keep themselves abreast of the latest regulatory and market trends through continuous professional development activities. During the reporting year, the Board and senior management attended various training sessions organised by the Group. In addition, the Group encourages them to participate in both local and international seminars and conferences on telecommunications industry to enrich their vision and acquire professional knowledge. For details of the Board and senior management training, please refer to the Directors' Continuing Professional Development Programme section of the Annual Report (page 57).

Our efforts and achievements in employee trainings and development have been recognised by the Employees Retraining Board. We have been awarded as "Manpower Developers" under the "ERB Manpower Developer Award Scheme" and our Hong Kong subsidiary has been awarded the "Super MD" in recognition of our performance in employee training and development as well as our implementation of "Talent Training and Development".

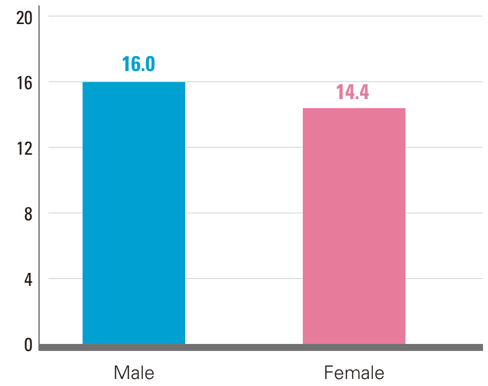
Employee Training and Development Statistics

Number of employees trained:	**2,385**
Percentage of employees trained:	**95%**
Total training hours:	**37,703 hours**
Average training hours per employee:	**15.01 hours**

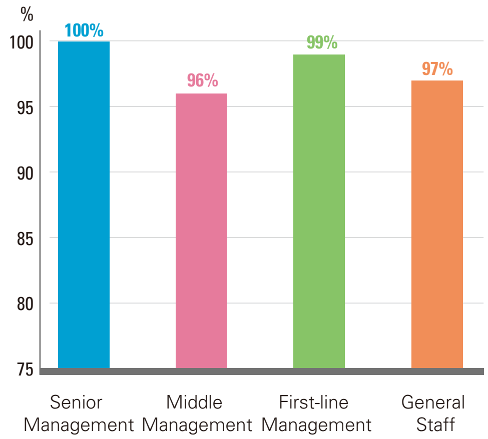
The percentage of employees trained by gender[6]



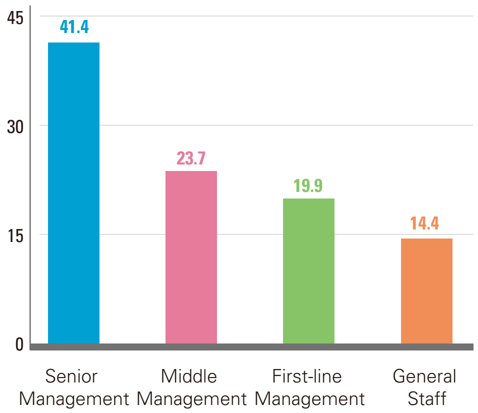
The average training hours per employee by gender[6]



The percentage of employees trained by employee category



The average training hours per employee by employee category



[6] As personal data privacy is protected by the General Data Protection Regulation (GDPR) and relevant regulations in the United Kingdom, the statistics of our European and British employees are not included in percentage of employees trained and average training hours completed per employee breakdown by gender.

Year-on-year analysis:

Total training hours and average training hours per employee

	2024	2023	Growth rate
Total training hours	**37,703**	30,896	22.0%
Average training hours per employee	**15.01**	12.20	23.0%

Average training hours per employee by gender[2]

	2024	2023	Growth rate
Male	**16.0**	13.3	20.3%
Female	**14.4**	11.0	30.9%

Percentage of employees trained and average training hours per employee by employee category

	2024	2023	Growth rate
Senior management	**100%**	100%	Unchanged
Middle management	**96%**	91%	5%
First-line management	**99%**	93%	6%
General staff	**97%**	86%	11%

Average number of training hours per employee by employee category

	2024	2023	Growth rate
Senior management	**41.4**	28.8	43.8%
Middle management	**23.7**	21.7	9.2%
First-line management	**19.9**	16.1	23.6%
General staff	**14.4**	11.6	24.1%

Occupational Health & Safety

Safeguard Occupational Health

The Group adheres to high occupational health and safety standards for our employees. The Group strictly complies with all relevant health and safety regulations in its operating regions. Our employees can enjoy the benefit of medical insurance and other related measures offered by the company to ensure that they work with a sense of security.

To identify the employer responsibilities in occupational health and safety, we have formulated the "Health and Safety Policy" and "Safety Management Manual". We have arranged appropriate personnel for relevant duties, and provided safety training, conducting risk assessments, formulating a fire prevention and first aid response plan, issuing accident reports, etc. We have developed a series of "Work Safety Guides", covering the guidelines for wearing personal protective equipment, occupational safety guidelines for using tools. During the reporting period, "Fire Protection (Fire Prevention) Work Leading Group" and "Fire Prevention Work Office" were established. Safety guidelines and fire escape roadmaps were updated to strengthen the fire prevention measures in offices and data centres. The newly setup team maintains fire protection facilities comprehensively, conducts regular assessments, inspections and drills to ensure the safety of employees. Health and safety information is provided to employees, and all applicable guidelines are uploaded to the Group's intranet, enhancing employees' safety awareness.

Our Macau subsidiary has formulated "CTM Health and Safety Policy" and a series of "Work Safety Policy". The Macau subsidiary has also provided personal protective equipment and safety tools while requiring its employees to use these equipment and tools at work. We have also arranged to inspect workplaces and to provide safety guidance on potential hazards. In addition, the Group conducts regular safety inspections of buildings and make timely enhancements to fire prevention and working environments with potential danger. We have developed emergency procedures for different scenarios and conducted regular fire and accident drills to ensure the safety of our employees.

SUSTAINABILITY REPORT

To raise employees' awareness on occupational health and safety, we regularly organise occupational health and safety activities, including publishing health and safety information, organising Occupational Health and Safety seminars, fire drills and encouraging our employees to acquire first-aid certifications. We also deliver occupational safety and health training courses to ensure that our staff has sufficient knowledge and skills on their work safety and health. To identify potential workplace hazards and assess risks, we have developed an "Office Safety Checklist" and arranged safety supervisors for inspection of workplaces and assessment of potential risks to maintain safe conditions in our offices and facilities. Follow-up actions will be conducted as needed to prevent accident. In addition to safety instructions, we also arrange our employees in different positions to participate in safety training, conferences, exhibitions and other activities to continuously enhance their awareness of work safety.

Apart from taking measures for the physical health and work safety of our employees, the Group has also held various online and on-site recreational courses and health seminars such as prevention of work-related injuries, information on healthy food, and key elements of personal and environmental hygiene. We strongly believe that these measures and activities are vital to creating a safe and healthy working environment. Moving forward, we will continue to provide a positive and safe workplace for our employees.

Employee safety training courses in 2024 include:

- Continuous training program for registered electrical engineering personnel
- Construction Industry Occupational Safety Card Retreat Course
- Confined Space Work Safety Specific Training
- Work at height safety
- Safe use of flow-through aluminium frames
- Building Safety Supervisor Certificate Course/ Construction Industry Safety Officer Training Course
- Security procedures briefing for access to RLUs and data centres
- Course of fire equipment maintenance
- Company Field Vehicle Policy and Accident Handling Briefing
- Lectures on Traffic Safety

Health seminars in 2024 include:

- Sport-themed "Sports injuries – types, treatment and prevention"
- Four Seasons Health Care of Traditional Chinese Medicine Theme "Summer Passes and Autumn Comes, Know More Traditional Chinese Medicine Health Care"
- Nutrition labelling and food safety quick review

During the reported year, there were no fatalities at work, and the number of working days lost due to work injuries was 463 days.

Occupational Health and Safety Statistics

	2024	2023	2022
Lost days due to work injury	**463.0**	504.5	545.5
Number of work-related fatalities	**0**	0	0

Work-life Balance

The Group attaches great importance to the work-life balance of its employees. The Group has always encouraged employees to participate in more activities in their spare time to balance body and mind and relieve work pressure. In addition, we support employees in balancing work and family, so that they can achieve career success while taking care of their families.

To promote work-life balance, the Group organised various activities for our employees, and we encourage them to actively participate in these activities. During the reporting period, we held the "2024 CITIC Telecom International Holdings Basketball Championship", Spring Festival Paper Cutting Workshop, Wellness Month, Dog's Your Friend Workshop, Healthy Rice Roll Workshop, "Chill" massage to relax head, shoulder and neck. Moreover, we organised our employees to join the "Hong Kong Technology and Innovation Sector – Badminton Competition 2024", the "Hong Kong Technology and Innovation Sector – Badminton Competition 2024", Hong Kong Streetathon 2024 and the 9th HKCEA Sports Games. Our Macau subsidiary has organised short trips, hikes, telecommunications club and other recreational classes. The Macau subsidiary has also encouraged its employees to participate in sports competitions and industry sports events. These activities not only promote physical health but provide opportunities for communication and team cohesion as well. We are committed to advocating the importance of maintaining a healthy lifestyle and creating a harmonious atmosphere for our employees, helping them to relax and realise their value of life.

The Group organised a series of activities with the theme of health in August 2024 for caring of employee health. We invited experts to give a variety of health seminars. For example, we organised a sports health lecture introducing the types of sports injuries, treatment and prevention in detail; a Chinese medicine health lecture to teach our employees the knowledge of Chinese medicine health; and a financial health lecture on parent-child financial management. The Group has held an employee walking competition, requiring employees to participate in the activity to record the number of steps per day, with the basic goal of 8,000 steps per day. Employees are encouraged to exercise more to reduce back pain caused by sitting for a long time. In conjunction with the health month, we have also launched the Healthy Wednesday programme, which distributes healthy and nutritious afternoon refreshments to employees every Wednesday so that they can replenish their energy and nutrition after work. The Group has placed posters with health knowledge in workplaces to enhance employees' health awareness as well. The posters contain regular exercise tours, food and drink health awareness, computer health tips, Smart computer workplaces and mental health self-service gas stations. Through these initiatives, employees are promoted to do more exercises, and to pay attention to physical and mental health. We aim to enhance our employees' health knowledge in various ways and to help them achieve well balance between work and life.

Dog's Your Friend Workshop

The Group understands that mental health is equally important as physical health to employees. In order to help relieve the stress and negative emotions generated by employees in the daily lives, tutors from Animals Asia Fund were invited to hold a stress reduction workshop for employees, namely "Dog's Your Friend Workshop". On the event day, the tutors took two doctor dogs to visit the Company to introduce the development of animal assisted treatment and demonstrate how to get along with dogs. Participants interacted with doctor dogs through the workshop to relieve stress and tension, relax themselves and enhance their mental health.

We have been recognised by various sectors of the community. We have received the following awards during the reporting year:

- "Happy Company 10 Years+" and "Happy Company 5 Years+" logo by Promoting Happiness Index Foundation and the Hong Kong Productivity Council
- "Joyful@Healthy Workplace Best Practices Award (Enterprise/Organisation Category) – Excellence Award" from the Occupational Safety and Health Council, the Labor Department, the Department of Health, Pneumoconiosis Compensation Fund Board and Occupational Deafness Compensation Board
- "Joyful@Healthy Workplace Charter" from the Occupational Safety and Health Council, the Labor Department and the Department of Health
- "Sport-Friendly Action"– Certificate of Appreciation and logo by Chinese YMCA of Hong Kong
- "Supportive Family-Friendly Good Employer" and "Good Employer Charter 2024" by the Labour Department of HKSAR Government

OUR COMMITMENT TO GREEN AND LOW-CARBON DEVELOPMENT

As a responsible corporate citizen, the Group recognises the importance of environmental management. Led by the Board and composed of representatives from various management levels, the "CITIC Telecom International ESG Committee" vigorously promotes and announces the environmental strategies and corporate social responsibility measures of the Group and our subsidiaries. We are firmly committed to environmental protection and advancing sustainable development. We have always been dedicated to environmental conservation, continuously refining policies related to environmental protection, energy efficiency, and emission reduction, operating our business in a responsible manner to achieve sustainability goals. We actively set a series of quantifiable environmental objectives and consistently monitor and evaluate performance in resource consumption, waste management, and emissions reduction.

"CITIC Telecom Green Policy"

- Set, monitor and regularly review our environmental targets; take reasonable and feasible measures to continually improve our environmental performance
- Optimise the use of resources and reduce waste by implementing the 4Rs Environmental Management Model: Reduce, Recycle, Reuse, and Replace
- Comply with all relevant environmental laws and regulations and ensure all staff comply to the requirements
- Communicate and promote our environmental policies and performance to our stakeholders
- Raise environmental awareness among our staff through awareness campaigns and training programmes, encouraging active participation in environmental protection

Group Environmental Targets and Progress

To better implement our sustainable development plans based on our green principles, the Hong Kong headquarters has established environmental objectives. Through the analysis of historical data, forecasting of future trends, and benchmarking against industry peers, we have set quantifiable targets for electricity consumption, electronic waste recycling, and waste paper recycling. We have implemented a series of policies and actions while closely monitoring the progress of these objectives. In 2023 and 2024, the Hong Kong headquarters has achieved the goal of ensuring that 100% of its self-used computers and electronic waste were properly processed and reused through recycling distributors. For the other two quantitative targets, we have also achieved progressive results, and we are committed to achieving the pre-set environmental targets.

Progress	Target
Electricity Consumption Following the implementation of policies and initiatives, there was good progress in 2024. We will continue to closely monitor and review our progress	**Electricity Consumption** Using 2020 as the baseline year, reduce Power Usage Effectiveness (PUE) at the Hong Kong headquarters' data centres by 9% by 2026
Non-hazardous Waste – Waste Paper Following policy implementation, there was good progress in 2024. We will continue to closely track and review our progress	**Non-hazardous Waste – Waste Paper** Using 2020 as the baseline year, increase waste paper recycling at the Hong Kong headquarters by 8% by 2025
Hazardous Waste – Computer and Electronic Equipment **Target achieved.** In 2024, 100% of computers and electronic waste at the Hong Kong headquarters were properly disposed of and reused through certified recycling distributors	**Hazardous Waste – Computer and Electronic Equipment** Ensure 100% of computers and electronic waste at the Hong Kong headquarters continue to be properly disposed of and reused through certified recycling distributors in 2023 and beyond

Our Response to Climate Change

Climate change has become one of the most pressing global concerns in recent years. The Group fully understands that without properly assessing the risks associated with climate change and implementing effective mitigation measures, our business operations may be significantly impacted. We recognise the need to enhance energy efficiency and reduce our carbon footprint in daily operations to strengthen climate resilience. Our ESG Committee regularly reviews sustainable development agendas and continuously evaluates the impact of climate change. We have also been researching the feasibility of conducting comprehensive climate risk assessments to align our business more closely with sustainable development principles and address emerging threats.

To enhance our adaptability and resilience in addressing climate change, we have actively taken various measures to improve climate risk management and enhance our environmental performance. The Group and our subsidiaries regularly conduct infrastructure inspections and emergency drills at telecom buildings and data centres to ensure structural integrity and proactively identify and mitigate potential risks. If any damage is identified, we promptly carry out emergency repairs to enable uninterrupted operation of our business. Additionally, our new air conditioning systems utilise environmentally friendly refrigerants to minimise the impact on global warming.

In 2020, the Group commissioned a third-party consultant to conduct a climate-related risk analysis to help identify the impacts of climate change on our business and strengthen our climate risk management. The analysis, based on climate risk models, scientifically examines the various physical and transition risks that the Group's businesses may face. According to the latest analysis results, the Group may encounter multiple risks in the short, medium, and long term, including both physical and transition risks.

The physical risks that our business faces primarily include strong winds/cyclones, and flooding, with impacts concentrated in Hong Kong, Macau, and the southern and eastern regions of China. In particular, our retail outlets and Remote Line Units (RLUs) in Macau face greater flood threats due to their geographical locations. Rising temperatures may lead to higher electricity consumption for cooling purposes, while extreme weather events, such as super typhoons, could cause substantial damage to our infrastructure, resulting in financial losses and operational disruptions.

Additionally, the Group faces a series of transition risks related to policy, regulatory, and technological changes. For example, government policies and industry initiatives aimed at achieving the targets of the Paris Agreement also affect the telecommunications industry, particularly as Chinese mainland actively promotes energy efficiency improvements of telecommunications equipment. The Group's operations in Chinese mainland will proactively comply with these requirements. Although the telecommunications industry is not classified as a carbon intensive industry, and most of the Group's operating regions are not subject to strict carbon and energy regulations, the green data centre market is expanding rapidly. It is expected that the environmental performance of the telecommunications industry will receive greater market scrutiny in the future. Given the telecommunications industry's critical role in society's development, energy consumption in operations and data centres, as well as the adoption of low-carbon IT solutions, will become increasingly important. The telecommunications industry is expected to play a key role in future carbon reduction policies. In addition, green data centres have become an industry trend, with various regions introducing voluntary certification programmes. In the future, standards for green data centres may become mandatory technical requirements, posing varying levels of technological risk for businesses.

Our Hong Kong subsidiary identifies climate-related risks, opportunities, and contingency plans through its Integrated Management System (IMS) and Business Continuity Plan (BCP) to prevent business disruptions. For example, in response to the risk of failure or delay in identifying and implementing new or changed government laws and regulations (including climate change considerations) related to the services of the Hong Kong subsidiary, we will conduct regular consultations with the Legal Regulatory Affair Department and external advisors to monitor any new or amended laws and regulations, determine the obligations and implement necessary documentation, operational processes and infrastructure adjustments. At the same time, it is ensured that the Company's strategies and business objectives (including climate change considerations) are aligned with management direction.

The Integrated Management Representative (IMR) of the Hong Kong subsidiary organises an internal IMS audit to fully comply with the identified legal and other requirements and to avoid any non-compliance. IMR will also organise management reviews with the Integrated Management Committee (IMC) on a regular basis to ensure that the implementation of quality and service management is consistent with the strategies and business objectives of the Company, and can cope with potential changes and challenges brought about by socio-cultural, political, financial, technological, economic, natural, climate change and competitive environment.

The Group has formulated preliminary strategies to address major climate risks based on climate-related risk analysis results. In view of the frequent occurrence of typhoons in Hong Kong and Macau, the Group has established operational policies and business continuity plans for adverse weather conditions to minimise the impact of typhoons on the Group's operations. We ensure that rooftop or outdoor facilities are designed and installed by professionals to withstand strong winds. Upon receiving typhoon alerts, we immediately activate emergency warning mechanisms and implement storm preparedness measures. During extreme weather conditions, our staff closely monitor the telecommunications networks operations and strive to maintain business continuity, aiming to minimise the impact of extreme weather events. After a typhoon, our staff actively assist local customers, prioritising support for affected clients and conducting immediate maintenance and restoration of communication services, aiming to resume services as quickly as possible. In response to the challenge of failing to identify climate change or related risks affecting the supply chain, the Hong Kong subsidiary has clearly defined baseline controls for supplier management and required suppliers to fully cover the supply chain in their climate transition plans to reduce and address climate risks. The Project and Procurement Teams review and ensure supplier qualifications and performance meet the requirements of the Company, further enhancing our supply chain resilience and risk management capabilities.

Additionally, our Macau subsidiary is located in low-lying areas and making flooding during typhoons may be a major operational risk. To mitigate the risks, the Macau subsidiary conducts monthly inspections and emergency drills at the telecommunications building and data centre to ensure the good condition of the buildings and to better assess and control potential hazards. If infrastructure damage is identified, emergency repairs are carried out immediately to ensure business continuity. In the event of a power outage, backup generators in main buildings automatically activate to support core business functions. During typhoons of signal number 8 or above, emergency diesel support is arranged at the Taipa and R. de Pedro Coutinho building. Additionally, floodgates averaging 1.2 metres high have been installed in low-lying equipment rooms. These floodgates are removed once the flood risk is cleared. Furthermore, water pumps have been installed in RLUs of the Macau subsidiary. If a disaster causes a power outage, some water pumps in low-lying areas can be powered by our backup batteries.

Looking ahead, the Group will continue to monitor market trends, evaluate climate risk management strategies, and enhance climate resilience. We will also enhance energy efficiency and strengthen climate resilience to align with global telecommunications development and decarbonisation goals.

Construction and Operation of Environmentally Friendly Green Data Centres

Data centre operation is the core business of the Group. To promote the construction of environmentally friendly green data centres, we have always prioritised energy conservation and emission reduction in the construction of data centres and system procurement, as well as the implementation of various environmentally friendly measures to lower energy consumption and carbon emissions in our operations.

Construction of Telecom Equipment Room and Planning of System Facilities

We have taken effective measures to reduce the energy consumption of our telecom equipment rooms and related systems, continuing to optimise the energy efficiency of our facilities. As air conditioning systems and cabinet power supply systems are the main sources of power consumption, we choose to use energy-efficient systems and components to reduce energy consumption in hardware configuration. Our air conditioning systems and components are equipped with advanced Computer Room Air Conditioning (CRAC) systems, equipped with EC Fan and Smart Control to continuously monitor the temperature and humidity of data centres and automatically coordinating the cooling system. Additionally, we procure air conditioning systems with high cooling performance to minimise power wastage. For cabinet power supply systems, we use ISO14006 Eco-design certified uninterruptible power supply systems and cabinet power dividers that comply with the European Union (EU) Restriction of Hazardous Substances Directive (RoHS) and the Waste Electrical and Electronic Equipment (WEEE) Directive to minimise the impact on the environment. Furthermore, gas fire extinguishing systems and air conditioning systems have been installed in each telecom building and data centre, utilising the clean extinguishing agent NOVEC1230 in fire suppression systems and the environmentally friendly refrigerant R410A in air conditioning systems to replace previously used extinguishing agents and refrigerants, thereby reducing damage to the ozone layer and providing a safer working environment.

Energy Efficiency Enhancement in Data Centre

Data centres are committed to enhancing energy efficiency and reducing energy consumption in response to the challenges posed by climate change and sustainable development. We have implemented a series of measures to further enhance efficiency and conserve energy in the operation of data centres.

We require that the PUE of new data centres must not exceed 1.5. The CTT phase 3 data centre, designed in the early stages, has already fulfilled this standard, and we are actively promoting this green data centre to customers. For equipment in old data centres, we closely monitor their performance and energy efficiency and replace them with more efficient new equipment if necessary. For example, the CTT phase 1&2 chiller plant, it was found that aging of the major components affected cooling performance. After evaluation, we plan to execute total replacement and complete by May 2025, with the new equipment expected to improve the PUE.

We will continue to implement energy-saving measures in our data centres to strengthen energy efficiency, reduce energy consumption and make greater contributions to sustainability.

Energy Conservation Measures in Macau Subsidiary

The Macau subsidiary has implemented a number of energy-saving measures in the telecom equipment rooms and data centres to strengthen energy efficiency and reduce energy consumption:

1. Rua De Pedro Coutinho Building: The centralised air-conditioning system equipped with magnetic levitation compressor reduces the energy consumption of the air-conditioning system by 20%.

2. Air-conditioning system design: The air-conditioning system of telecom equipment rooms and data centres adopts cold aisle containment solution in design of cooling system, and the energy consumption of CRAC is reduced by 20%.

3. Energy saving LED lights: Energy saving LED lights are used to reduce power consumption by 275 kWh. Motion sensor lights installed in office hallways consume 16% less energy than typical LED lights.

4. Adjustment of office air-conditioner: adjust the temperature of office air-conditioner to 26°C, control the humidity not higher than 60%, reduce the energy consumption of CRAC by 10%, and reduce the energy consumption of centralised air conditioning system by 10%.

5. Replacement of energy recovery fresh air ventilator: gradually replace the energy recovery fresh air ventilator on the office floor to reduce energy consumption by 15% and improve indoor air quality.

6. Battery monitoring system: Install a battery monitoring system to monitor the consumption performance of each battery in real time and fully utilise battery lifespan.

7. Mobile telecommunication station equipment: adopt heat-resistant equipment to reduce the workload of air-conditioner and reduce energy consumption by 10%.

The Macau subsidiary will continue to promote energy conservation measures to enhance energy efficiency and achieve sustainable development.

Energy-saving Measures

The Group is committed to further reducing energy consumption in daily operations through a number of energy-saving measures. We continuously optimise the management system of data centres, enhance the flexibility of operation and maintenance systems and reduce unnecessary energy waste by introducing green planning and innovative technologies.

Our data centres are equipped with real-time monitoring system, providing a comprehensive user interface for monitoring operational status of mechanical and electrical equipment and system. Operators can efficiently obtain and deeply analyse operational data of the equipment. The system helps:

1. Precise monitoring: analyse equipment operation data, identify interaction between equipment, and timely detect potential risks.

2. Energy consumption optimisation: adjust energy management strategy according to the overall load to ensure efficient and stable operation of the system.

3. Intelligent weather control: integrate weather forecast information, dynamically adjust parameters of air conditioning unit, accurately control indoor temperature and humidity, and further reduce energy consumption of air conditioning.

After optimisation and upgrading, the system can not only trigger abnormal early warning in time, but also automatically enable emergency strategies to prevent equipment failures and reduce the risk of energy waste. In addition, we also provide customers with monthly energy consumption data through the electricity report management system to help them optimise energy management and promote the implementation of energy conservation work.

The Hong Kong Headquarters Office Energy Management

The Hong Kong headquarters has adopted nearly 100% of T5 energy-saving light pipes and removed about 200 excess lamps. Moreover, windows are attached with ultraviolet light insulation films, effectively reducing heat absorption and air conditioning needs. At the same time, we have been participating in Earth Hour for years to remind employees of the importance of energy conservation by turning off unnecessary lighting on designated days.

SUSTAINABILITY REPORT

Energy Conservation in Hong Kong Subsidiary Office

We installed motion sensor light control system in the office and attach energy-saving reminder labels to encourage employees to turn off the lights. In addition, employees are required to turn off unused electrical appliances after office hours to conserve electricity.

Singapore Subsidiary Air Conditioning System Control

The new premises of the Singapore subsidiary office was awarded the Green Mark Building – Platinum Award by Singapore Building and Construction Authority (BCA). The building's air-conditioning system is controlled centrally to provide service only during working hours and shut down during non-working hours and holidays to reduce energy consumption.

The Group will continue to invest in energy-saving technology research, integrate cutting-edge energy-saving design concepts and innovative elements into the Group's operation, and build a green data centre that meets the needs of the times.

Sustainable Use of Resources

Eco-friendly and Green Office

The Group adheres to the "CITIC Telecom Green Policy" and implement the 4R principle (Reduce, Recycle, Reuse and Replace) in our day-to-day work to strengthen resource efficiency through the following measures:

Electronic Application Management

We actively promote paperless office and have fully implemented electronic workflow management, including e-Workflow, MOA (Mobile Office Automation), e-HR System, Pay slips, tax return, leave application and appraisal, etc. Photocopies and billing paper are from sustainable forestry and are certified by the Forest Stewardship Council (FSC). In addition, we purchase computer equipment with CO2 offset labels to significantly reduce office carbon emissions. Singapore subsidiary also implement comprehensive electronic management, including electronic employee files and payroll systems to minimise paper usage.

Electronic Bill

Our Macau subsidiary has continued to promote paper reduction plan and encourage customers to use electronic bills and online self-service to achieve energy-saving and low-carbon lifestyle, and further enhance the quality of life of the public. Since 2018, customers can directly use the "CTM Buddy" mobile app to check bills and pay fees. Upon obtaining the consent from customers, we will stop mailing physical bills for monthly fees, and the monthly payable amount will be notified by SMS instead. For customers who do not use the "CTM Buddy" mobile app, the Macau subsidiary also launched a WeChat OA in August 2020 to provide billing query and payment functions. Driven by multiple measures, the Macau subsidiary replaced unnecessary paper use in 2024. The proportion of electronic bills increased to 88% and the use of paper books decreased by 19% annually. At the same time, recycling boxes are set up in the office to encourage wastepaper and envelope recycling. Electronic applications are promoted, including self-service applications and electronic ticket numbers, resulting in 50% reduction in paper utilisation rate.

Enhance Stewardship on Water Use

We post water conservation messages in pantries and washrooms, and install touchless sensing faucets to effectively reduce water wastage. The water of cooling water system is recycled for flushing water in the Hong Kong headquarters to achieve resource efficiency. The Macau subsidiary has adopted a waterless air-cooled chiller system in both Rua De Pedro Coutinho and CTM Telecentro to conserve water. This has significantly reduced water demand. At the same time, motion sensing faucets consume 25% less water than traditional push faucets. The Singapore subsidiary's washrooms are equipped with motion sensing faucets and touchless flushing systems, and water consumption is monitored through water bills to maintain low levels of water consumption.

Proactive Boost on Waste Recycling Rate

The Group has implemented various measures in its day-to-day operations to reduce its carbon footprint. We have established strict waste management guidelines to ensure that waste is properly disposed by approved specialist contractors and that non-hazardous waste is disposed by professional cleaning service providers to ensure compliance with local regulations and reflect our environmental principles.

In 2024, the Hong Kong headquarters recycled 35 monitors and 30 computers through waste electrical and electronic equipment ("WEEE"), and donated monitors to Caritas Computer Workshop to those in need. The Macau subsidiary properly disposed electronic waste and required recyclers to provide disposal reports and photographs to ensure compliance throughout the process. At the same time, a recycling box is set up in pantries to facilitate recycling of wastepaper, plastic bottles and aluminium cans. Beijing KeChuang IDC under our Hong Kong subsidiary has implemented the ISO14001 environmental management systems. They promote energy conservation and recycling, and installed recycling bins in offices to facilitate reuse of resources.

We have launched various recycling programs to encourage employees to recycle and reuse waste materials, including toner cartridges, ink cartridges and paper. UPS batteries and electronic products (e.g., computer hard disks and notebooks) are properly recycled in accordance with Hong Kong's environmental policy requirements to avoid long-term destruction to the environment.

While reducing waste, we also actively consider environmentally friendly materials in our procurement procedures. For example, we opt for biodegradable materials when purchasing plastic bags. Materials we ordered for "Paper One" are PEFC certified. These initiatives help reduce waste and promote sustainable development.

Data on Environmental Performance[7]

Resources Used	Unit	2024	2023	Difference
Consumption of energy				
Electricity	kWh	**81,741,910**	74,338,387	10.0%[8]
Petrol	Litres	**107,519**	95,372	12.7%
Diesel	Litres	**16,249**	9,269	75.3%[9]
Intensity of energy consumption	GJ/million HKD Telecommunication revenue	**37.1**	31.7	17.0%
Consumption of water				
Consumption of water	m^3	**24,754**	22,132	11.8%
Intensity of water consumption	m^3/million HKD Telecommunication revenue	**3.1**	2.6	19.2%

Waste Generation	Unit	2024	2023	Difference
Non-hazardous waste generation				
Paper	kg	**17,522**	18,339	-4.5%
Metal scrap	kg	**31,580**	14,900	111.9%[10]
Non-hazardous waste	pc	**48**	104	-53.8%
Hazardous waste				
Computer, communications and electrical appliances	pc	**7,840**	45,528[12]	-82.8%
Industrial batteries	pc	**155**	1,201	-87.1%
Toner and ink cartridges	pc	**127**	126	0.8%

Recycling Waste	Unit	2024	2023	Difference
Non-hazardous waste generation				
Paper	kg	**2,981**	1,230[11]	142.4%
Metal scrap	kg	**31,580**	14,900	111.9%[10]
Non-hazardous waste	pc	**44**	104	-57.7%
Hazardous waste				
Computer, communications and electrical appliances	pc	**7,133**	47,041[12]	-84.8%
Industrial batteries	pc	**155**	1,201	-87.1%
Toner and ink cartridges	pc	**118**	127	-7.1%

GHG Emission[14]	Unit	2024	2023	Difference
Scope 1: Direct GHG emissions	tonnes of CO_2 – equivalent	**402.6**	625.5	-35.6%[13]
Scope 2: Energy indirect GHG emissions	tonnes of CO_2 – equivalent	**43,210.2**	40,948.6	5.5%[8]
Scope 3: Other indirect emissions	tonnes of CO_2 – equivalent	**85.8**	96.2[11]	-10.8%
Total GHG emissions	tonnes of CO_2 – equivalent	**43,698.6**	41,670.3[11]	4.9%
Intensity of GHG emissions	tonnes of CO_2 – equivalent/million HKD telecommunications revenue	**5.4**	4.9	10.2%

7 2023 and 2024 figures in the report are rounded or slightly different from the actual figures.

8 The increase in electricity consumption in 2024 was due to evolving needs of business and customers, which increased the electricity consumption of cabinets and equipment in Hong Kong headquarters data centres and DataHOUSE™ in Beijing, as well as increasing Scope 2: energy indirect GHG emissions.

9 The increase in diesel use in 2024 was mainly due to load testing of Macau Tower generators and general maintenance work for normal operations.

10 The increase in the production of metal scrap under non-hazardous waste was due to the operation needs in 2024, and the Group has fully recycled metal scrap to support environmental protection.

11 2023 data has been restated with the most accurate information at the time of reporting.

12 Hazardous waste: computer, communications and electrical appliances include end-of-life modems and routers in 2023.

13 Scope 1 direct GHG emissions in 2023 include the current year emissions from regular maintenance and replacement of fire extinguisher at fixed network telephone stations in Macau.

14 The Group's GHG emissions were calculated in accordance with ISO14064 International Standard for GHG Emissions Inventories and Verification and adopted carbon emission factors applicable to the Group's four major operating regions, namely Hong Kong, Chinese mainland, Macau and Singapore.

Environmental Activities

We proactively promote environmental awareness among our employees through various communication channels and encourage active participation in environmental initiatives. We firmly believe that effective communication can enhance employees' understanding and recognition on sustainability values. To this end, our "Environmental Protection Corner" section on the intranet provides employees with environmental tips and updates on the latest environmental projects and trends.

The Group is committed to promoting environmental protection. Its subsidiary has been awarded the "Green Office" and "Eco-Healthy Workplace" by the World Green Organisation for nine consecutive years in recognition of our efforts in green office. In addition, the Group has also become a signatory body of the "BEC Net-zero Carbon Charter" of the Business Environment Council, pledging to support the net-zero emission targets, aligning with Hong Kong's 2050 carbon neutrality goal and promote long-term carbon reduction actions.

For nine consecutive years, the company has supported the WWF world's largest lights-out event, "Earth Hour", to draw public attention on climate change and reflect on the impact of human economic activities on the natural environment. Employees who participate in the event turn off the lights for an hour to contribute to environmental conservation.

We actively promote green culture and low-carbon lifestyle. This year, we organised the red packet reuse and recycling programme", the book recycling campaign, the green Mid-Autumn Festival recycling campaign, "Mooncake jar Benny Rabbit windmill Workshop", and the second-hand children's clothing collection program to achieve waste reduction, resource recycling, and promote sustainable development.

DELIVERING QUALITY SERVICE

Products and Services Innovation

In response to the rapid development of information technology and the new demand for information transmission and telecommunications services from society, the Group has actively launched innovative products and services in the fields of mobile communication, Internet, Internet of Things and integrated ICT. We aim to provide citizens and companies with high quality and convenient digital services, and contribute to the prosperity and sustainable digital era.

"AI+ Cloud Network Security" Innovation Continues to Attain Recognition

Our Hong Kong subsidiary is pleased to announce the winning of two industry awards in Hong Kong and Europe again for its innovative AI+ Solutions, bolstering its global leadership position, affirming the outstanding achievements of "AI+ Cloud Network Security" strategy, and leading the market in innovation and high-quality development.

- AI Databank won "BUSINESS GOVirtual Tech Awards -Tech Company of the Year (Large Corporation) – Innovative Technology Application"

- AI Visual Security was awarded "Datacloud Global Awards – Cloud Innovator of the Year 2024"

This year's two awards reaffirm the Company's continuous efforts to empower its flagship "Cloud Network Security" solution with intelligence through next-generation innovative technologies such as AI, AR (Augmented Reality) and blockchain, powerful algorithms and rich industry experience, providing enterprise customers with excellent customer experience and cutting-edge innovation capabilities and solutions.

Accelerate Digital Transformation

In order to push forward the development of "Digital Macau 3.0", the Group's Macau subsidiary has been consistently investing to build a leading digital foundation for Macau and joining hands with various stakeholders to create smart application scenarios for different sectors and residents. The Macau subsidiary was pleased to announce the launch of the first-in-Macau 5.5G service, marking Macau official entry into the 5.5G era and becoming one of the world's first 5.5G commercial cities.

The development blueprint of "Digital Macau 3.0" has been inaugurated ever since the launch of 5G services of our Macau subsidiary. The Macau subsidiary is actively facilitating the comprehensive infrastructure development of smart city that based on "Cloud, Network, Intelligence, Security" for establishing leading digital foundation of Macau. 5.5G is the current cutting-edge mobile communications technology, bringing great forces to the smart transformation worldwide. With the great support from the Group, our Macau subsidiary consistently invests resources and has become one of the first 5.5G pioneers in the world, setting to complete network deployment and to provide 5.5G service within this year. The Macau subsidiary join hands with its leading ICT solutions collaboration partner to bring latest solution of 5.5G technology and digital transformation showcase in Macau, providing an advanced experience to various sectors in Macau. Being a leading smart city service provider in Macau, we are determined to join hands with various partners to take the lead and explore new opportunities for industry development in the 5.5G era.

It only took around a year for our Macau subsidiary to upgrade from 5G to 5.5G service, demonstrating our dedication and commitment to developing Macau into a smart city. Riding on the 5.5G applications and the advanced smart city foundation, the Macau subsidiary envisages to collaborate with various stakeholders to introduce diversified intelligent applications to the city, especially the industrial digitalisation solutions, and explore further innovative service, such as the promotion of low-altitude economy by 5.5G technology.

To fulfil diversified customer needs for 5.5G network service, our Macau subsidiary will introduce a number of new 5.5G service plans to enhance service experience. At the same time, the Macau subsidiary will continue to invest resources to build a leading smart city digital base for Macau and continuously enrich the ecological development of "Digital Macau 3.0".

Promoting Continual Development of the Open Gateway Project

To further enhance our platform capabilities and serve the development of digital economy, the Group has officially signed up to join the GSMA Open Gateway initiative in Beijing, becoming a significant partner of GSMA in the Asia-Pacific region. Along with our Macau subsidiary, we attended the third meeting of the GSMA Open Gateway China Working Group in Shenzhen this year. We proactively exchange ideas with telecom operators, reaching consensus in cross-border and cross-operator collaboration for accelerating industry innovation and development. We will continue to actively engage in GSMA Open Gateway global activities and leverage outstanding application development capabilities to provide cross-border 5G new applications and innovative business solutions for telecom clients, contributing to the development of the Greater Bay Area.

With outstanding performance in programming technology completion, project innovation and social values, the Group has stood out from 69 participating teams from globally renowned universities, telecom carriers, internet companies and software developers. We were honoured to win first place in the Open Gateway Hackathon Competition jointly organised by GSMA and China Telecom in Shanghai, demonstrating our innovative capability and technological superiority in the field.

The Group was invited to participate in the 2024 World Internet Conference Wuzhen Summit in November this year. As one of the first batch of supporting organisations, we attended the launching ceremony of the " GSMA – China Unicom Open Gateway Global Use Case Innovation Challenge" collaborating with industry partners to promote the development of Open Gateway applications. The participation in the World Internet Conference not only allowed our Group to showcase the technical strengths and innovative achievements of our Network-as-a-Service (NaaS) platform, but also strengthened our connection with global markets and industry leaders, promoting the sustainable development of the Open Gateway Project.

SUSTAINABILITY REPORT

ICT innovation and the "Fermentation" Effect of Beer

Our Chinese mainland subsidiary and China Resources Beer have successfully deployed two benchmark projects at the 2024 IDC Future Enterprise Awards China and DX Summit. Both projects received notable accolades, namely "IDC's Best in Future of Digital Industry Navigator Case" award and "Best in Future of Connectedness of IDC Future Enterprise Awards China". The results of this selection fully reflect the unanimous praise of world-renowned consulting institutions, industry experts and the public in the industry for building these two benchmark projects. In addition, the Chinese mainland subsidiary has been nominated to compete for IDC Future Enterprise Awards Asia Pacific, competing with other world class top-tier companies.

Our collaborative "One-Stop SD-WAN Hybrid Network" project has shown significant advantages and uniqueness in network optimisation, service mode, technological innovation and low-carbon development. The one-stop service provided by the Chinese mainland subsidiary streamlines the complexity of network management, and ensures network stability and security with its round-the-clock monitoring function. In addition, deploying the private cloud in the low-carbon data centre is apparently a proactive approach to environmental protection and low-carbon operation, demonstrating an excellent paradigm of both economic benefits and social responsibility commitments, and setting a benchmark for the industry.

Commitment to Premium Products and Services

We adhere to the belief that "Quality is the lifeblood of an enterprise". We have a strong commitment to the quality of products and services. The Group strives to provide high quality multinational telecommunications and ICT services. We are committed to design, build, operate, and maintain a reliable communications network for our customers.

The Group constantly focuses on the quality of customer service at all stages. To deliver attentive and thoughtful customer service experience, we establish key indicators of customer service and conduct internal testing for our services and user experience prior to the distribution of products and services, ensuring the highest quality of our products and services. During the service provision process, the Group actively collects feedback from customers, conducts regular reviews, and visits selected customers on a monthly basis to optimise the quality of products and services. For example, our Macau subsidiary has set up a dedicated Quality Management Committee and Quality Assurance Department to monitor and analyse the quality of services in multiple areas on an ongoing basis. The results of analysis will be used to evaluate the quality of services and lay a solid foundation for assessing the quality of service and future business enhancement.

We are responsible for all advertisements of our products and services regardless of platform, format and region. Our advertising rigorously adheres to local laws and regulations in all operating regions, as well as the policies, terms of service, and restrictions of each advertising platform. Advertisements are produced with integrity and in a manner that preserves the Group's brand and are released in a respectful manner to all stakeholders.

The Group strictly follows the requirements of "Management Measures for Reporting Major Risk Incidents" in handling any unexpected crisis for risk management of advertising. At the same time, according to the actual needs, we will assign relevant personnel to participate in crisis management courses, set up a special crisis management command group, establish efficient internal and external communication and feedback channels, make every effort to ensure that the Group can properly respond to risks in advertising and fulfil our responsibilities and commitments to provide high-quality products and services. Our Macau subsidiary highly focused on customer satisfaction with their services and have been working to improve the satisfaction of different customer groups and key services, and to establish excellence rating targets. This year, in addition to actively listening to feedback of customers in consumer market, we also conducted regular surveys to gather feedback from business customers, aiming to continuously enhance service quality and provide promising services to all customer groups. Overall customer satisfaction remained high throughout the year. More than 80% of customers in the consumer market and small and medium-sized enterprises (SMEs) were satisfied with the services provided by the Macau subsidiary and were rated as excellent by more than 10% of customers. All corporate customers interviewed were satisfied with the performance of Macau subsidiary and were rated as excellent by nearly 20% of customers. Based on these findings and recommendations, we have formulated a series of optimisation measures for key projects to continuously improve customer loyalty and satisfaction.

The Group has established a dedicated customer service team and a detailed customer complaint mechanism to resolve customer complaint cases fundamentally and enhance customer satisfaction. When receiving customer complaints, the Engineering & Services Department will record the details of the complaint and identify responsible department for investigation and corrective actions. The department head will investigate the causes of the complaint and, if true, formulate appropriate corrective and preventive action. The Engineering & Services Department will follow up with the customer to ensure their acceptance and satisfaction on the corrective and actions. During the process, the Department will record the data in detail for future review. During the period from January to December 2024, the Group has received 308 complaints on the Group's products and services. The Group attaches great importance to every customer complaint. The Group takes every single complaint seriously. In-depth analysis is carried out as always to understand the causes of customer complaints and resolves from the root and makes corresponding enhancements. Compared with 2023, the customer complaints of our Group reduced by 13%, reflecting the effectiveness of complaint handling and service quality enhancement.

The Group and its subsidiaries have been awarded several international certifications. The Quality Management System is strictly implemented according to ISO9001 requirements. Our Group is one of the first management service providers in Hong Kong to obtain multiple certifications, such as ISO9001, ISO14001, ISO20000, and ISO27001 to provide customers with quality services under international standard and to become a leading supplier of integrated information intelligence services. Our subsidiary is also one of the first Infrastructure as a Service (IaaS) suppliers in Hong Kong to obtain ISO27017 certification, as well as achieving "CMMI Maturity Level 3 Certifications" by the CMMI Institute. Our TrueCONNECT™ private network solutions, including Software-defined Wide Area Network (SD-WAN) and Secure Access Service Edge (SASE) has obtained the "SD-WAN Ready 2.0 Certificate", certified by the China Academy of Information and Communications Technology, becoming one of the few service providers to obtain "SD-WAN Ready 2.0 Certificate", which fully demonstrates our international leading position in service and management quality.

Our Chinese mainland subsidiary has also obtained the following awards related to product and service qualities:

– The "CIO Preferred Digital Service Provider" certificate issued by CIO Association of Guangdong

– The "2024 18th Telecommunications Industry Research – Top 100 Telecommunications Equipment Technology Service Providers" certificate issued by Communications Weekly

– the "Top 10 Representative Vendors in Next-Generation Network Security Services in 2024" certificate issued by AQNIU

BUILDING A CULTURE OF GIVING

The Group has always adhered to the mission of giving back to the society and has made efforts to bring positive impact to the society through diversified public welfare activities. We regularly organise a variety of volunteer activities to infuse the concept of caring for the community and giving back to the society. We encourage our employees to participate in community and volunteer activities to help those in need. In 2024, our volunteer team contributed 1,405 hours of service and donated nearly HK$1 million.

In addition to volunteering work, the Group is also committed to helping the public, especially those underprivileged, through various channels to broaden their knowledge and enable them to access telecommunications services, thus facilitating and enriching their daily lives. We also collaborate with multiple organisations to provide diversified quality services and introduce new information technology to optimise education affairs. We made good use of our network technology and provided comprehensive support for large-scale local activities, and integrated technology into public welfare affairs to accelerate the development of Internet public welfare.

The Group has been honoured with the following awards for our efforts in building and giving back to the community:

– "Outstanding Contribution Award" awarded by The World Internet Conference to recognise individuals and enterprises that have made exceptional contributions in the global internet-related fields

– 15 Years & 10 Years + "Caring Company" awarded by the Hong Kong Council of Social Service

– "Social Capital Builder Awards" by Community Investment & Inclusion Fund under HKSAR Home and Youth Affairs Bureau

– Awarded Corporates in "Sport-Friendly Action" held by Chinese YMCA of Hong Kong

– "Excellent Corporate Volunteer Award in Macao 2024" issued by the Association of Volunteers Social Service Macao

– "Y-Care CSR Scheme – Bronze Partner" and "Y-Care Outstanding Performance (Social) Award" awarded by Chinese YMCA of Hong Kong

Leveraging Our Strengths to Support Community Development

The Group gives full play to its advantages in resources and is committed to supporting the sustainable development of society. We value community investment projects to build and maintain the company image, enhance social influence and respond to the needs of stakeholders. We work with numerous community organisations to organise various community activities and volunteer services. Adhering to the belief of "giving back to the community and serving the community", we strive to enhance the quality of life of the public. The Group encourages employees to actively participate, provide substantial support for grass-roots families and vulnerable groups, and promote the common progress of society.

The "STEAM Brick Architect" Volunteer Event

The Group's volunteer team participated in the "STEAM Brick Architect" volunteer event organised by the Hong Kong Chinese YMCA. Employees involved in the volunteer activities assisted in guiding children aged 6 to 12 to build various structures using light bricks, aiming to enhance the children's logical cognition, focus, and inspire their mechanical and technological thinking abilities, encouraging them to learn together and engage with the community. The volunteer team also took part in a second interactive teaching-themed volunteer activity organised by the Hong Kong Chinese YMCA, the "Balloon Twisting Experience Workshop", in collaboration with the social enterprise "YM Balloon". They learned balloon twisting with a Group of high school students from the Kwun Tong district to help them alleviate study pressure through the activity process. These high school students also participated in another community event, where they distributed these creatively shaped balloons to various recipients in the district, such as the elderly and building security guards, spreading care and kindness within the community.

Youth Development Support

The Group regards the nurturing of local young talents as its mission and spares no effort to promote the future development of the telecommunication industry. This year, we further strengthened our cooperation with schools and youth groups to showcase the operation of the telecommunications industry to the public through a variety of activities, attracting more young people to join the local telecommunications sector.

To cultivate more local talents to participate in the research and development of smart applications, our Macau subsidiary has set up the "5.5G+AI Smart Applications" experience zone through various channels, including conferences and exhibitions, and retail shops, and invited organisations and students to visit the zone, so as to further enhance teenagers' understanding of the convergence of 5.5G, AI, and Big Data, and continue to promote the pace of the development of Macau's smart city.

Serving the Community

In order to ensure Internet security and promote and enhance public awareness of the prevention of fraudulent telephone calls, phishing emails and phishing messages, our Macau subsidiary's volunteer team joined hands with a number of charitable organisations to organise the "Smart Elderly: anti-scam tips sharing session", using easy methods and simple games to teach the elderlies how to distinguish and prevent phone and SMS frauds, and enhance their alertness to suspicious activities. A total of 14 sessions were organised with more than 700 elderly participants.

Promoting and Popularising Telecommunications Services

Popularising Telecommunications Service

The Group and the Communications Association of Hong Kong jointly organised the "GreenTech ICT Open Day" for 2024 World Telecommunication and Information Society Day Hong Kong. The teachers and students from St. Stephen's Girls' College were invited to visit our network operation centre, data centre and security operation centre to learn about our business operation and its contribution to GreenTech.

Support for Development of the Telecommunications Industry

The Group and our Macau subsidiary recently participated in the third meeting of the GSMA Open Gateway China Working Group held in Shenzhen. We actively engaged in discussions with telecom operators, aiming to reach consensus in cross-border and cross-carriers cooperation, and to accelerate innovation and development in telecom industry. During the meeting, we presented how the Quality on Demand API of Open Gateway can be used to offer 5G local acceleration packages for roaming users. Our representative also showcased innovative financial anti-fraud solutions using the Super SIM and various Open Gateway APIs to ensure secure financial transactions. Additionally, The Group highlighted the use of the OTP API and Number Verification API to provide cross-border OTP user authentication services for Hong Kong and Macau residents traveling to Chinese mainland, as well as for visitors from Chinese mainland to Hong Kong and Macau. These new technologies and services aim to enhance the convenience of daily life and cross-border travel for residents in the Guangdong-Hong Kong-Macau Greater Bay Area.

The Group's Macau subsidiary has been awarded the "Greater Bay Area Star Brand Enterprise Award" by The Industry and Commerce Association of Macau and Hong Kongs Small And Medium Enterprises Association, which highlights its motto "striving for excellence and continuous innovation", and receives the recognition, trust and support from our customers. We are committed to creating more innovative and high-quality communication services and application solutions, and actively promoting cooperation in 5.5G and smart applications in the Guangdong-Hong Kong-Macau Greater Bay Area to tap the potential of digital development, create more appropriate and advanced smart application scenarios, and accelerate the realisation of the "Digital Macao 3.0" smart city development vision.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE

Compliance with Reporting Standards

This Sustainability Report is prepared in accordance with the mandatory disclosure requirements and "comply or explain" provisions of "Environmental, Social and Governance Reporting Code" (formerly named as the Environmental, Social and Governance Reporting Guide) issued by The Stock Exchange of Hong Kong Limited. We also adhere to the four reporting principles set out in the ESG Code when defining our content, namely materiality, quantitative, balance and consistency.

Reporting and Data Scope

This report covers the sustainability performance and measures of the Group's headquarters and its subsidiaries for the reporting period of 1 January 2024 to 31 December 2024. Unless otherwise specified, the scope of environmental data disclosure covers operations of our major business units (i.e. headquarters, CTM, CPC, and Acclivis), and four major operating locations, namely Hong Kong, Chinese mainland, Macau and Singapore (which collectively account for over 90% of revenue from telecommunications services).

Content Index

Key aspects	General disclosures and KPIs		Section/statement	Referencing page number
A. Environment				
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Our Commitment to Green and Low-carbon Development The Group is not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group during the reporting period.	Pages 126–136
	KPI A1.1	The types of emissions and respective emissions data.	Given the Group does not generate a significant amount of emissions during operation, this topic was regarded non-material in the materiality analysis, and thus such data is not disclosed.	Not applicable
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Commitment to Green and Low-carbon Development	Page 135
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Commitment to Green and Low-carbon Development	Page 134

Key aspects	General disclosures and KPIs		Section/statement	Referencing page number
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Commitment to Green and Low-carbon Development	Page 134
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Given the Group does not generate a significant amount of emissions during operation, the Group has not set emissions targets.	Not applicable
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Our Commitment to Green and Low-carbon Development	Pages 127, 133
Aspect A2: Use of resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Our Commitment to Green and Low-carbon Development	Page 126
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Our Commitment to Green and Low-carbon Development	Page 134
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Our Commitment to Green and Low-carbon Development	Page 134
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Our Commitment to Green and Low-carbon Development	Pages 127, 130–132
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	The Group does not have any issue in sourcing water that is fit for purpose.	Not applicable
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Given the Group's operations do not involve significant amount of packaging materials, this topic was regarded non-material in the materiality analysis, and thus such data is not disclosed.	Not applicable

Key aspects	General disclosures and KPIs		Section/statement	Referencing page number
Aspect A3: The environment and natural resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Our Commitment to Green and Low-carbon Development	Page 126
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Commitment to Green and Low-carbon Development	Pages 132–133
Aspect A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Our Commitment to Green and Low-carbon Development	Pages 128–129
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Our Commitment to Green and Low-carbon Development	Pages 128–129
B. Social				
Employment and labour practices				
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Investing in our Workforce and Caring for Their Health The Group is not aware of any material non-compliance with relevant employment laws and regulations that have a significant impact on the Group during the reporting period.	Pages 116–119
	KPI B1.1	Total workforce by gender, employment type, age Group and geographical region.	Investing in our Workforce and Caring for Their Health	Pages 114–115
	KPI B1.2	Employee turnover rate by gender, age Group and geographical region.	Investing in our Workforce and Caring for Their Health	Pages 117–118

Key aspects	General disclosures and KPIs		Section/statement	Referencing page number
Aspect B2: Health and safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Investing in our Workforce and Caring for Their Health The Group is not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group during the reporting period.	Page 123
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Investing in our Workforce and Caring for Their Health	Page 124
	KPI B2.2	Lost days due to work injury.	Investing in our Workforce and Caring for Their Health	Page 124
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Investing in our Workforce and Caring for Their Health	Pages 123–124
Aspect B3: Development and training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Investing in our Workforce and Caring for Their Health	Pages 120–122
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Investing in our Workforce and Caring for Their Health	Page 122
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Investing in our Workforce and Caring for Their Health	Page 122

SUSTAINABILITY REPORT

Key aspects	General disclosures and KPIs		Section/statement	Referencing page number
Aspect B4: Labour standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Investing in our Workforce and Caring for Their Health The Group has not violated any relevant laws and regulations on the prevention of child or forced labour.	Page 116
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Given the Group's operations do not expose to significant risk of child and forced labour, this topic was regarded non-material in the materiality analysis, and thus such data is not disclosed.	Not applicable
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Given the Group's operations do not expose to significant risk of child and forced labour, this topic was regarded non-material in the materiality analysis, and thus such data is not disclosed.	Not applicable
Operating practices				
Aspect B5: Supply chain management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Strengthening Governance and Risk Management	Pages 113–114
	KPI B5.1	Number of suppliers by geographical region.	Strengthening Governance and Risk Management	Page 113
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Strengthening Governance and Risk Management	Pages 113–114
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Strengthening Governance and Risk Management	Pages 113–114
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Strengthening Governance and Risk Management	Pages 113–114

Key aspects	General disclosures and KPIs		Section/statement	Referencing page number
Aspect B6: Product responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Delivering Quality Service The Group is not aware of any material non- compliance with relevant laws and regulations on product responsibility that have a significant impact on the Group during the reporting period.	Pages 138–139
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Given the Group's operations do not expose to significant risk of product recalls, this topic was regarded non-material in the materiality analysis, and thus such data is not disclosed.	Not applicable
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Delivering Quality Service	Page 139
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Strengthening Governance and Risk Management	Page 114
	KPI B6.4	Description of quality assurance process and recall procedures.	Delivering Quality Service	Pages 138–139
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Strengthening Governance and Risk Management	Pages 109–112
Aspect B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Strengthening Governance and Risk Management	Pages 107–109
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	The Group is not aware of any material non-compliance with relevant laws and regulations on anti-corruption that have a significant impact on the Group during the reporting period.	Not applicable
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Strengthening Governance and Risk Management	Page 108
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Strengthening Governance And Risk Management	Page 107

SUSTAINABILITY REPORT

Key aspects	General disclosures and KPIs		Section/statement	Referencing page number
Aspect B8: Community investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Building a Culture of Giving	Pages 140–141
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Building a Culture of Giving	Pages 140–141
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Building a Culture of Giving	Page 140

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

Independent Auditor's Report
To the Members of CITIC Telecom International Holdings Limited
(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of CITIC Telecom International Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 155 to 244, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of goodwill
- Use of complex IT system in revenue recognition

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill Refer to note 13 to the consolidated financial statements. As at 31 December 2024, the carrying value of the Group's goodwill amounting to HK$9,696 million was allocated to groups of cash generating units ("CGUs") comprising of: (i) Telecoms business – Macau, (ii) Enterprise solutions (outside Macau), and (iii) Other telecommunications services. Goodwill is subject to management's impairment assessments annually and when there is an indication of impairment. In carrying out the impairment assessments, the recoverable amount of each group of CGU is determined by management based on value-in-use calculation using cash flow projections. Significant judgments are required by management to estimate the future cash flows of the Group and to determine the key assumptions, including the services revenue growth rates and long-term growth rates used in the cash flow projections, and the discount rates applied to bring the future cash flows back to their present values. Management concluded that there was no impairment in respect of the goodwill based on the results of their impairment assessments.	Our procedures in relation to the management's impairment assessments of goodwill included: • Obtaining an understanding of the Group's internal controls and management's assessment process of impairment of goodwill and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; • Evaluating the reasonableness of management's identification of CGUs and goodwill allocation based on our understanding of the Group's business; • Assessing the methodology applied by management in the preparation of the discounted cashflow forecasts with reference to the requirements of the prevailing accounting standards; • Evaluating the discounted cashflow forecasts prepared by management, including the reasonableness of the key assumptions used, by taking into account our understanding, experience, knowledge of the business and observable market data of the telecommunications sector and the Group's future business plans, and assessing the reasonableness of the discount rates with the involvement of our valuation expert; • Comparing the revenue, cost of sales and services and other operating expenses included in discounted cashflow forecasts prepared in the prior year with the current year's performance and making enquiries to management as to the reasons for any significant variation identified to assess management's historical estimation accuracy; and • Performing sensitivity analyses on the key assumptions where we flexed the long-term growth rates and the discount rates as these are the key assumptions against which the recoverable amounts are most sensitive to. Based on available evidence and our work performed, we found the assumptions and estimates used in the goodwill impairment assessments by management to be supportable.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Use of complex IT system in revenue recognition Refer to note 3 to the consolidated financial statements. The Group recognised revenue of HK$5,087 million from the provision of mobile services, internet services, international telecommunications services and fixed line services during the year ended 31 December 2024. We considered revenue recognition from these services a key audit matter as significant effort was spent in auditing revenue recognised from these services by the Group based on information generated from the telecommunications systems. These systems were complex, processed large volume of transactions with a large combination of different products sold and services provided and there were regular changes in price during the year.	Our procedures performed in addressing the risk of material misstatement in revenue recognition in relation to the use of complex IT systems included: • Obtaining an understanding and evaluating the design, implementation and operating effectiveness of the key internal controls over the capturing, processing and recording of revenue from these services; • Testing the IT environment in which billing, rating and other relevant supporting systems reside; and • Testing, on a sample basis, the revenue transactions by tracing the transactions from the telecommunications systems to supporting documents, such as customer contracts, underlying invoices and settlement, where applicable. Based on available evidence and our work performed, we found the revenue recognised with the use of complex IT systems to be supportable.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yu Lung Sun.

PricewaterhouseCoopers
Certified Public Accountants

22/F Prince's Building
Central, Hong Kong

12 March 2025

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	Note	2024 $ million	2023 $ million
Revenue	3(a)	**9,573**	9,987
Valuation (loss)/gain on investment property	10(a)	**(7)**	14
Other income	4	**86**	96
Cost of sales and services	5(a)	**(6,022)**	(5,785)
Depreciation and amortisation	5(b)	**(727)**	(870)
Staff costs	5(c)	**(1,020)**	(1,140)
Other operating expenses		**(550)**	(531)
		1,333	1,771
Finance costs	5(d)	**(252)**	(267)
Share of profit of a joint venture		**1**	1
Profit before taxation	5	**1,082**	1,505
Income tax	6(a)	**(154)**	(253)
Profit for the year		**928**	1,252
Attributable to:			
Equity shareholders of the Company		**910**	1,231
Non-controlling interests		**18**	21
Profit for the year		**928**	1,252
Earnings per share (HK cents)	9		
Basic		**24.6**	33.3
Diluted		**24.6**	33.3

The notes on pages 160 to 244 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 28(b).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	Note	2024 $ million	2023 $ million
Profit for the year		**928**	1,252
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plan obligations	26(c)(v)	**12**	21
Deferred tax recognised on the remeasurement of defined benefit plan obligations	6(d)	**(1)**	(3)
Surplus on revaluation of owner-occupied property upon change of use to investment property, net of $Nil tax	10(b)(ii)	**–**	9
		11	27
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments:			
– exchange differences on translation of financial statements of operations outside Hong Kong and its related borrowings		**(30)**	–
Net movement in the hedging reserve		**2**	–
		(28)	–
Other comprehensive income for the year		**(17)**	27
Total comprehensive income for the year		**911**	1,279
Attributable to:			
Equity shareholders of the Company		**895**	1,260
Non-controlling interests		**16**	19
Total comprehensive income for the year		**911**	1,279

The notes on pages 160 to 244 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

(Expressed in Hong Kong dollars)

	Note	2024 $ million	2023 $ million
Non-current assets			
Investment property	10	**668**	726
Property, plant and equipment	10	**1,931**	1,989
Right-of-use assets	11	**461**	454
Intangible assets	12	**732**	824
Goodwill	13	**9,696**	9,717
Interest in a joint venture	15	**11**	11
Non-current contract assets	20(a)	**33**	27
Non-current contract costs	18	**21**	24
Non-current finance lease receivables	19	**2**	5
Non-current other receivables	21	**112**	145
Non-current derivative financial instruments	16	**2**	–
Deferred tax assets	6(d)	**69**	63
		13,738	13,985
Current assets			
Derivative financial instruments	16	**2**	–
Inventories	17	**375**	57
Finance lease receivables	19	**2**	5
Contract assets	20(a)	**235**	242
Trade and other receivables	21	**1,476**	1,344
Current tax recoverable	6(c)	**16**	4
Cash and deposits	22(a)	**1,611**	1,726
		3,717	3,378
Current liabilities			
Trade and other payables	23	**1,591**	1,606
Contract liabilities	20(b)	**445**	183
Bank and other borrowings	24	**3,561**	421
Lease liabilities	25	**88**	116
Current tax payable	6(c)	**179**	221
		5,864	2,547
Net current (liabilities)/assets		**(2,147)**	831
Total assets less current liabilities		**11,591**	14,816
Non-current liabilities			
Non-current contract liabilities	20(b)	**1**	1
Non-current bank and other borrowings	24	**346**	3,513
Non-current lease liabilities	25	**236**	224
Non-current other payables	23	**15**	20
Defined benefit plan obligations	26	**33**	48
Deferred tax liabilities	6(d)	**133**	146
		764	3,952
NET ASSETS		**10,827**	10,864
CAPITAL AND RESERVES			
Share capital	28(c)	**4,758**	4,756
Reserves		**5,959**	6,000
Total equity attributable to equity shareholders of the Company		**10,717**	10,756
Non-controlling interests		**110**	108
TOTAL EQUITY		**10,827**	10,864

Approved and authorised for issue by the board of directors on 12 March 2025.

Luo Xicheng
Director

Luan Zhenjun
Director

The notes on pages 160 to 244 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	Note	Attributable to equity shareholders of the Company								
		Share capital $ million	Capital reserve $ million	Property revaluation reserve $ million	Exchange reserve $ million	Hedging reserve $ million	Retained profits $ million	Total $ million	Non-controlling interests $ million	Total equity $ million
Balance as at 1 January 2024		**4,756**	**2**	**62**	**(23)**	**–**	**5,959**	**10,756**	**108**	**10,864**
Changes in equity for 2024:										
Profit for the year		**–**	**–**	**–**	**–**	**–**	**910**	**910**	**18**	**928**
Other comprehensive income for the year		**–**	**–**	**–**	**(28)**	**2**	**11**	**(15)**	**(2)**	**(17)**
Total comprehensive income for the year		**–**	**–**	**–**	**(28)**	**2**	**921**	**895**	**16**	**911**
Dividends paid to non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(14)**	**(14)**
Shares issued under share option plan	27(b)	**2**	**–**	**–**	**–**	**–**	**–**	**2**	**–**	**2**
Dividends approved in respect of the previous financial year	28(b)(ii)	**–**	**–**	**–**	**–**	**–**	**(714)**	**(714)**	**–**	**(714)**
Release upon lapse of share options	27(b)	**–**	**(2)**	**–**	**–**	**–**	**2**	**–**	**–**	**–**
Dividends declared in respect of the current financial year	28(b)(i)	**–**	**–**	**–**	**–**	**–**	**(222)**	**(222)**	**–**	**(222)**
		2	**(2)**	**–**	**–**	**–**	**(934)**	**(934)**	**(14)**	**(948)**
Balance as at 31 December 2024		**4,758**	**–**	**62**	**(51)**	**2**	**5,946**	**10,717**	**110**	**10,827**

	Note	Attributable to equity shareholders of the Company								
		Share capital $ million	Capital reserve $ million	Property revaluation reserve $ million	Exchange reserve $ million	Hedging reserve $ million	Retained profits $ million	Total $ million	Non-controlling interests $ million	Total equity $ million
Balance as at 1 January 2023		4,720	10	53	(25)	–	5,615	10,373	98	10,471
Changes in equity for 2023:										
Profit for the year		–	–	–	–	–	1,231	1,231	21	1,252
Other comprehensive income for the year		–	–	9	2	–	18	29	(2)	27
Total comprehensive income for the year		–	–	9	2	–	1,249	1,260	19	1,279
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	(9)	(9)
Shares issued under share option plan	27(b)	36	(7)	–	–	–	–	29	–	29
Dividends approved in respect of the previous financial year	28(b)(ii)	–	–	–	–	–	(684)	(684)	–	(684)
Release upon lapse of share options	27(b)	–	(1)	–	–	–	1	–	–	–
Dividends declared in respect of the current financial year	28(b)(i)	–	–	–	–	–	(222)	(222)	–	(222)
		36	(8)	–	–	–	(905)	(877)	(9)	(886)
Balance as at 31 December 2023		4,756	2	62	(23)	–	5,959	10,756	108	10,864

The notes on pages 160 to 244 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	Note	**2024 $ million**	2023 $ million
Operating activities			
Cash generated from operations	22(e)	**1,788**	2,207
Tax paid:			
– Hong Kong Profits Tax paid		**(69)**	(169)
– Macau Complementary Tax paid		**(129)**	(121)
– Tax paid for jurisdictions outside Hong Kong and Macau		**(32)**	(38)
Tax refunded:			
– Tax refunded for jurisdictions outside Hong Kong and Macau		**2**	2
Net cash generated from operating activities		**1,560**	1,881
Investing activities			
Payment for the purchase of property, plant and equipment		**(404)**	(311)
Proceeds from sale of property, plant and equipment		**1**	–
Decrease in pledged deposits		**–**	4
Decrease in other deposits		**44**	79
Interest received		**60**	71
Net cash used in investing activities		**(299)**	(157)
Financing activities			
Proceeds from new bank and other borrowings	22(f)	**341**	–
Proceeds from new shares issued under share option plan		**2**	29
Repayment of bank and other borrowings	22(f)	**(342)**	(604)
Other borrowing costs paid	22(f)	**(233)**	(246)
Capital element of lease rentals paid	22(f)	**(125)**	(147)
Interest element of lease rentals paid	22(f)	**(15)**	(16)
Dividends paid to equity shareholders of the Company		**(936)**	(906)
Dividends paid to non-controlling interests		**(14)**	(9)
Net cash used in financing activities		**(1,322)**	(1,899)
Net decrease in cash and cash equivalents		**(61)**	(175)
Cash and cash equivalents as at 1 January		**1,078**	1,255
Effect of foreign exchange rate changes		**(10)**	(2)
Cash and cash equivalents as at 31 December	22(a)	**1,007**	1,078

The notes on pages 160 to 244 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise CITIC Telecom International Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") and the Group's interest in a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except that investment property (see note 1(i)) and derivative financial instruments (see note 1(g)) are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

Going concern assumptions

As at 31 December 2024, the current liabilities of the Group exceeded the current assets by $2,147,000,000. Included in the current liabilities were Guaranteed Bonds of $3,492,000,000 scheduled to be redeemed on the maturity date (i.e. 5 March 2025). Management of the Group anticipates the net cash inflows from the operations, together with the ability to draw down from available committed bank and other loan facilities of $9,967,000,000, is sufficient to enable the Group to meet its liabilities as and when they fall due. Accordingly, these financial statements has been prepared on a going concern basis.

After the end of the reporting period, the Group fully redeemed the Guaranteed Bonds on the maturity date of 5 March 2025 by using the available facilities and its surplus fund.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances, transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(u) or 1(v) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(o)(ii)).

(e) Joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in a joint venture is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which joint control ceases.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Joint ventures (continued)

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the joint venture, after applying the expected credit loss ("ECL") model to such other long-term interests where applicable (see note 1(o)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of an impairment.

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired (see note 1(o)(ii)).

(g) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation (see note 1(h)).

(h) Hedging

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates. Some borrowings and derivatives are designated as hedges of the foreign exchange risk of a net investment in a foreign operation.

(i) Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve within equity. The effective portion that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion is recognised immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve is removed from the reserve and is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified through OCI to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve is immediately reclassified through OCI to profit or loss.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Hedging (continued)

(ii) Hedge of net investments in foreign operations

The effective portion of any foreign exchange gains or losses on the borrowings is recognised in OCI and presented in the exchange reserve within equity, while the effective portion of the changes in fair value of derivative is recognised in OCI and accumulated in the reserve within equity. Any ineffective portion is recognised immediately in profit or loss. The amount accumulated in the exchange reserve and hedging reserve are fully or partially reclassified through OCI to profit or loss as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

(i) Investment property

Investment property is initially measured at cost, and subsequently at fair value with changes therein recognised in profit or loss.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with note 1(z)(ii)(a).

An item of investment property is transferred to land and buildings held for own use or property held by a lessee as a right-of-use asset ("owner-occupied property") when there is a change in use evidenced by commencement of owner-occupation, the fair value at the date of transfer becomes the deemed cost for subsequent accounting as land and buildings held for own use or right-of-use asset, if applicable.

(j) Property, plant and equipment

Property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 1(o)(ii)).

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is initially recognised at cost less any accumulated impairment losses (see note 1(o)(ii)). The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(ab)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

If an item of owner-occupied property is transferred to investment property due to its use has changed, any increase between the carrying amount and the fair value of that item at the date of transfer is recognised in OCI and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

No depreciation is provided in respect of construction in progress. Upon completion and commissioning for operation, depreciation will be provided at the appropriate rates specified below.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment (continued)

The estimated useful lives for the current and comparative periods are as follows:

- Freehold land is not depreciated.
- Buildings situated on freehold land are depreciated over their estimated useful lives, being no more than 50 years after the date of completion.
- The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and the buildings' estimated useful lives, being no more than 50 years after the date of completion.
- Telecommunications equipment is depreciated over 2 to 20 years.
- Other assets are depreciated over 2 to 10 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 1(o)(ii)).

Expenditure on internally generated goodwill and brands is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Trade names/trademarks	15–27 years
– Customer relationships	2–17 years
– Computer software	3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as IT-equipment and small items of office equipment. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. Lease liabilities include the net present value of the following lease payments:

– fixed payments (including in-substance fixed payments), less any lease incentives receivable;

– variable lease payments that are based on an index or a rate;

– amounts expected to be payable by the lessee under residual value guarantees;

– the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

– payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 1(o)(ii)).

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Leased assets (continued)

(i) As a lessee (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Refundable rental deposits are accounted for separately from the right-of use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(z).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 1(l)(i), then the Group classifies the sub-lease as an operating lease.

When the Group leases out assets under finance lease, the present value of lease receipts is recognised as a receivable. Each lease receipt is allocated between the receivables and interest income. The interest element of the lease receipt is recognised in the consolidated income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivables for each period.

When the Group leases out assets under operating lease, the assets are included in the consolidated statement of financial position according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies. Revenue arising from operating lease is recognised in the consolidated income statement in equal instalments over the accounting periods covered by the lease term.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Financial assets

The Group classifies its financial assets as to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated income statement.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated income statement.

(n) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

(o) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for ECLs on:

– financial assets measured at amortised cost (including cash and deposits, and trade and other receivables);

– contract assets (see note 1(r)); and

– lease receivables.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

– lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group applies the HKFRS 9 simplified approach where loss allowances for trade debtors, contract assets and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is over 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Significant increases in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter into bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories, contract costs and contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(q) Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(p)), property, plant and equipment (see note 1(j)) or intangible assets (see note 1(k)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised to profit or loss when the revenue to which the asset relates is recognised (see note 1(z)(i)).

(r) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(z)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see note 1(o)(i)) and are reclassified to receivables when the right to the consideration become unconditional (see note 1(s)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(z)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 1(s)).

As a practical expedient under HKFRS 15, an entity does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised goods or service to a customer and when the customer pays for that goods or service will be one year or less.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost.

Insurance reimbursement is recognised and measured in accordance with note 1(y).

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 1(o)(i)).

(u) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(v) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(ab).

(w) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Defined benefit plan obligations

The Group has the following two categories of defined benefit plans:

– Long service payment ("LSP") under the Hong Kong Employment Ordinance.

– CTM Staff Provident Fund (the "Fund"), a defined benefit retirement plan is registered with Autoridade Monetária de Macau ("AMCM") and is under the management of Macau Pension Fund Management Co. Ltd..

The Group's net obligation in respect of defined benefit plans is calculated separately by each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees. For the Fund, the net obligation is after deducting the fair value of plan assets.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Employee benefits (continued)

(ii) Defined benefit plan obligations (continued)

For the Fund, the calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements arising from the defined benefit plans, which comprise actuarial gains and losses, the return on plan assets in the Fund (excluding interest) and the effect of any asset ceiling (excluding interest), are recognised immediately in OCI. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(iii) Share-based payments

The grant-date fair value of equity-settled share-based payments to employees is measured using the binomial option pricing model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

(x) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD").

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Income tax (continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value in accordance with note 1(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(y) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 1(o)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(z) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services; or as other income when it arises from the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(a) Revenue from telecommunications services

Revenue with contracted fees is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance and is based on output method, either as the service allowance units are used or as time elapses, because it reflects the pattern by which the Group satisfies the performance obligation through the transfer of services to the customers.

(b) Sale of mobile handsets and equipment

Revenue is recognised when the customer takes possession of and accepts the goods. If the goods are a partial fulfilment of a contract covering other distinct goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the distinct goods and services promised under the contract on a relative stand-alone selling price basis except when a variable consideration is allocated to a specific performance obligation in the contract. Generally, the Group establishes standalone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances to similar customers.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(z) Revenue and other income (continued)

(i) Revenue from contracts with customers (continued)

(c) Revenue from business solution projects

When the outcome of a project can be reasonably measured, project revenue is recognised progressively over time by measuring the progress towards complete satisfaction of a performance obligation, by reference to surveys of performance completed to date or milestones reached.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the project cannot be reasonably measured, project revenue is recognised only to the extent of project costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with note 1(y).

(ii) Revenue from other sources and other income

(a) Rental income from investment properties

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(b) Interest income

Interest income is recognised using the effective interest method.

(aa) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

– a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see note 1(h)(ii)); and

– qualifying cash flow hedges to the extent that the hedges are effective (see note 1(h)).

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Hong Kong dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Hong Kong dollars at the exchange rates at the dates of the transactions.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(aa) Translation of foreign currencies (continued)

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(ab) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(ac) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ad) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

Notes 10(b), 10(c), 13, 26(c), and 29 contain information about the assumptions and their risk factors relating to valuation of investment property, goodwill impairment, defined benefit retirement obligation and financial instruments. Other significant sources of estimation uncertainty are as follows:

(a) Impairment of assets

In considering the impairment losses that may be required for certain non-financial assets of the Group, the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of its fair value less costs of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as growth rates assumptions, appropriate discount rates and identification of CGUs. The Group uses all readily available information in determining an amount that is reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and operating costs.

The impairment provisions for trade debtors and contract assets are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the customer's credit worthiness and past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see note 29(a).

An increase or decrease in the above impairment losses would affect the net profit in current and future years.

(b) Business solution projects

As explained in note 1(z)(i)(c), revenue from business solution projects is recognised over time. Such revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the contract, as well as the work done to date. Based on the Group's recent experience and the nature of the business solution activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the outcome of the contract can be reasonably measured or the extent of project costs incurred that are expected to be recovered. Until this point is reached, the related contract assets disclosed in note 20(a) do not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total costs or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

2 CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(c) Depreciation and amortisation

Property, plant and equipment, right-of-use assets and intangible assets are depreciated and amortised on a straight-line basis over its estimated useful lives. The Group reviews annually the useful life of an asset and its residual value, if any, and consider factors including the track record or history of the concession assets arrangement. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimation. Changes in technology or changes in the intended use of these assets may cause the estimated period of use or value of these assets to change.

(d) Income tax

The Group is subject to income tax in various jurisdictions. Significant judgement is required in determining the worldwide provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination was made.

Deferred tax assets in respect of tax losses carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and requires significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the financial results in current and future years.

(e) Determining the lease term and discount rate

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not be terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In determining the discount rate, the Group is required to exercise considerable judgement taking into account the nature of the underlying assets and the terms and conditions of the leases, at both the commencement date and the effective date of the modification.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the provision of telecommunications services, including mobile services, internet services, international telecommunications services, enterprise solutions and fixed line services, and sales of mobile handsets and equipment.

Revenue represents fees from the provision of telecommunications services and sales of mobile handsets and equipment.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines or products is as follows:

	Note	**2024 $ million**	2023 $ million
Revenue from contracts with customers			
Disaggregated by major service lines or products:			
Mobile services	(i)	**1,090**	967
Internet services	(ii)	**1,499**	1,427
International telecommunications services	(iii)	**2,365**	2,954
Enterprise solutions	(iv)	**2,958**	3,079
Fixed line services	(v)	**133**	142
Fees from the provision of telecommunications services		**8,045**	8,569
Sales of mobile handsets and equipment		**1,528**	1,418
		9,573	9,987

Notes:

(i) Mobile services broadly include mobile local and roaming services, other mobile value-added services and others.

(ii) Internet services broadly include internet access services, data centre services and others.

(iii) International telecommunications services broadly include voice services, messaging services and "DataMall 自由行" services.

(iv) Enterprise solutions broadly include enterprise solutions services, business solution projects, virtual private network services, sales of related products and others.

(v) Fixed line services broadly include domestic and international fixed telephony services and others.

Disaggregation of revenue from external customers by geographical location is disclosed in note 3(b)(iv).

During the years ended 31 December 2024 and 2023, fees from the provision of telecommunications services is substantially recognised over time and sales of mobile handsets and equipment is recognised at a point-in-time.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Revenue (continued)

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

	2024 **$ million**	2023 $ million
Within 1 year	**2,217**	2,169
Over 1 year	**1,154**	1,066
	3,371	3,235

The Group will recognise the expected revenue in future when or as the service is performed or the work is completed.

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its contracts for services or products such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for services or products that had an original expected duration of one year or less.

(b) Segment reporting

In a manner consistent with the way in which information is reported internally to the Group's senior executive management, which has been identified as being the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has identified only one operating segment, i.e. telecommunications operations.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources, the Group's senior executive management monitors the results, assets and liabilities attributable to the reportable segment on the following bases:

– Segment assets include all assets, with the exception of investment property, interest in a joint venture, deferred tax assets, current tax recoverable, derivative financial instruments, and other corporate assets. Segment liabilities include trade and other payables, contract liabilities, lease liabilities and defined benefit plan obligations attributable to the operating activities of the segment.

– Revenue and expenses are allocated to the reportable segment with reference to sales generated by the segment and the expenses incurred by the segment or which otherwise arise from the depreciation or amortisation of assets attributable to the segment.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(ii) Reconciliation of reportable segment profit

	2024 $ million	2023 $ million
Profit		
Reportable segment profit	**2,026**	2,625
Net loss on disposal of property, plant and equipment	**(2)**	(2)
Gain on surrender of leases	**–**	2
Net foreign exchange gain/(loss)	**23**	(17)
Depreciation and amortisation	**(727)**	(870)
Finance costs	**(252)**	(267)
Share of profit of a joint venture	**1**	1
Interest income	**60**	71
Rentals income from investment property less direct outgoings	**25**	23
Valuation (loss)/gain on investment property	**(7)**	14
Unallocated head office and corporate expenses	**(65)**	(75)
Consolidated profit before taxation	**1,082**	1,505

(iii) Reconciliations of reportable segment assets and liabilities

	2024 $ million	2023 $ million
Assets		
Reportable segment assets	**16,620**	16,490
Investment property	**668**	726
Interest in a joint venture	**11**	11
Non-current derivative financial instruments	**2**	–
Deferred tax assets	**69**	63
Derivative financial instruments	**2**	–
Current tax recoverable	**16**	4
Unallocated head office and corporate assets	**67**	69
Consolidated total assets	**17,455**	17,363
Liabilities		
Reportable segment liabilities	**2,388**	2,179
Bank and other borrowings	**3,561**	421
Current tax payable	**179**	221
Non-current bank and other borrowings	**346**	3,513
Deferred tax liabilities	**133**	146
Unallocated head office and corporate liabilities	**21**	19
Consolidated total liabilities	**6,628**	6,499

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(iv) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property, property, plant and equipment, right-of-use assets, intangible assets, goodwill, interest in a joint venture, non-current contract assets and non-current contract costs ("specified non-current assets"). The geographical location of revenue is based on the physical location of assets through which the services were provided or the location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of investment property, property, plant and equipment, and right-of-use assets; the location of the operations to which they are allocated, in the case of intangible assets, goodwill, non-current contract assets and non-current contract costs; and the location of operation, in the case of interest in a joint venture.

	Revenue from external customers		**Specified non-current assets**	
	2024	2023	**2024**	2023
	$ million	$ million	**$ million**	$ million
Hong Kong (place of domicile)	**3,715**	4,136	**1,748**	1,760
Chinese mainland	**1,182**	1,162	**423**	444
Macau	**3,913**	3,761	**10,759**	10,912
Singapore	**499**	453	**429**	440
Others	**264**	475	**194**	216
	5,858	5,851	**11,805**	12,012
	9,573	9,987	**13,553**	13,772

4 OTHER INCOME

	2024	2023
	$ million	$ million
Interest income from deposits	**55**	63
Interest income from finance leases and other interest income	**5**	8
	60	71
Gross rentals income from investment property (note)	**26**	25
	86	96

Note: The rentals income from investment property less direct outgoings of $1,000,000 (2023: $2,000,000) for the year ended 31 December 2024 is $25,000,000 (2023: $23,000,000).

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Cost of sales and services

Cost of sales and services represents the cost of provision of telecommunications services, which includes interconnection charges, roaming costs and other network operating costs, and the cost of sales of mobile handsets and equipment.

	2024 $ million	2023 $ million
Cost of provision of telecommunications services (note)	**4,514**	4,392
Cost of sales of mobile handsets and equipment	**1,508**	1,393
	6,022	5,785

Note: Rental charges for leased circuits of $779,000,000 (2023: $824,000,000) are included in cost of provision of telecommunications services for the year ended 31 December 2024.

(b) Depreciation and amortisation

	2024 $ million	2023 $ million
Depreciation charge		
– property, plant and equipment (note 10(a))	**479**	602
– right-of-use assets (note 11)	**139**	160
Amortisation (note 12)	**109**	108
	727	870

(c) Staff costs (including directors' emoluments (note 7))

	2024 $ million	2023 $ million
Contributions to defined contribution retirement plans	**99**	92
Expenses recognised in respect of defined benefit plans:		
– long service payments (note 26(b))	**2**	5
– the Fund (note 26(c)(v))	**6**	7
Salaries, wages and other benefits	**913**	1,036
	1,020	1,140

5 PROFIT BEFORE TAXATION (CONTINUED)

(d) Finance costs

	2024 $ million	2023 $ million
Interest on bank and other borrowings	**231**	245
Interest on lease liabilities (note 22(f))	**15**	16
Other finance charges	**5**	4
Other interest expense (note 26(c)(v))	**1**	2
	252	267

(e) Other items

	2024 $ million	2023 $ million
Auditors' remuneration		
– audit services	**7**	8
– non-audit services	**4**	5
	11	13
Impairment losses for trade debtors and contract assets (note 29(a))	**48**	2
Net loss on disposal of property, plant and equipment	**2**	2
Gain on surrender of leases	**–**	(2)
Net foreign exchange (gain)/loss	**(23)**	17

6 INCOME TAX

(a) Income tax in the consolidated income statement

(i) Income tax in the consolidated income statement represents:

	2024 $ million	2023 $ million
Current tax		
Hong Kong Profits Tax		
– Provision for the year	**32**	107
– Over-provision in respect of prior years	**–**	(10)
	32	97
Macau Complementary Tax		
– Provision for the year	**138**	128
– Under-provision in respect of prior years	**1**	–
	139	128
Jurisdictions outside Hong Kong and Macau		
– Provision for the year	**24**	48
– Over-provision in respect of prior years	**(22)**	(2)
	2	46
Deferred tax		
Origination and reversal of temporary differences (note 6(d))	**(19)**	(18)
	154	253

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2023/24 subject to a maximum reduction of $3,000 for each business (2023: a maximum reduction of $6,000 was granted for the year of assessment 2022/23 and was taken into account in calculating the provision for 2023).

The provision for Macau Complementary Tax for 2024 is calculated at 12% (2023: 12%) of the estimated assessable profits for the year. Assessable profits of the first Macau Patacas ("MOP") 600,000 (equivalent to approximately $582,000) (2023: MOP600,000 (equivalent to approximately $582,000)) are exempted from Macau Complementary Tax.

Taxation for jurisdictions outside Hong Kong and Macau is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

6 INCOME TAX (CONTINUED)

(a) Income tax in the consolidated income statement (continued)

(ii) Reconciliation between actual tax expense and accounting profit at applicable tax rates:

	2024 **$ million**	2023 $ million
Profit before taxation	**1,082**	1,505
Notional tax on profit before taxation, calculated at the rates applicable to profits in the cities or countries concerned	**139**	228
Tax effect of non-deductible expenses	**58**	58
Tax effect of non-taxable income	**(18)**	(20)
Tax effect of temporary differences previously not recognised and recognition of previous unused tax losses	**(4)**	–
Over-provision in respect of prior years	**(21)**	(12)
Others	**–**	(1)
Actual tax expense	**154**	253

(b) Pillar Two income taxes

In December 2021, the OECD published Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules ("Pillar Two legislation"). According to the rules of Pillar Two legislation, low-tax jurisdictions with effective tax rate below 15% may have a Top-up Tax impact. Some of the jurisdictions where the Group's overseas operating entities are located, had implemented Pillar Two legislation during the reporting period. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

(c) Current taxation in the consolidated statement of financial position represents:

	2024 **$ million**	2023 $ million
Current tax recoverable	**(16)**	(4)
Current tax payable	**179**	221
	163	217

6 INCOME TAX (CONTINUED)

(d) Deferred tax assets and liabilities recognised:

The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Intangible assets arising from business combination $ million	Depreciation allowances in excess of the related depreciation $ million	Defined benefit retirement obligation $ million	Future benefits of tax losses $ million	Right-of-use assets $ million	Lease liabilities $ million	Others $ million	Total $ million
Deferred tax arising from:								
As at 1 January 2023	114	110	(7)	(110)	82	(87)	(4)	98
(Credited)/charged to profit or loss (note 6(a)(i))	(13)	(15)	–	12	(27)	26	(1)	(18)
Charged to reserves	–	–	3	–	–	–	–	3
Exchange adjustments	–	–	(1)	–	(1)	2	–	–
As at 31 December 2023	101	95	(5)	(98)	54	(59)	(5)	83
As at 1 January 2024	**101**	**95**	**(5)**	**(98)**	**54**	**(59)**	**(5)**	**83**
(Credited)/charged to profit or loss (note 6(a)(i))	**(13)**	**(4)**	**–**	**7**	**3**	**(3)**	**(9)**	**(19)**
Charged to reserves	**–**	**–**	**1**	**–**	**–**	**–**	**–**	**1**
Exchange adjustments	**(1)**	**–**	**1**	**–**	**–**	**–**	**(1)**	**(1)**
As at 31 December 2024	**87**	**91**	**(3)**	**(91)**	**57**	**(62)**	**(15)**	**64**

Reconciliation to the consolidated statement of financial position

	2024 $ million	2023 $ million
Net deferred tax asset in the consolidated statement of financial position	**(69)**	(63)
Net deferred tax liability in the consolidated statement of financial position	**133**	146
	64	83

(e) Deferred tax assets not recognised

In accordance with the accounting policies set out in note 1(x), the Group has not recognised deferred tax assets in respect of unused tax losses of $32,000,000 (2023: $60,000,000) as at 31 December 2024 as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities. $22,000,000 (2023: $32,000,000) of the tax losses do not expire under the current tax legislation, and $10,000,000 (2023: $28,000,000) of the tax losses will expire after 1 to 10 years.

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	2024							
	Directors' fees $ million	Basic salaries and allowances $ million	Discretionary bonuses $ million	Benefits in kind $ million	Retirement scheme contributions $ million	Sub-total $ million	Share-based payments $ million	Total $ million
Executive directors								
Luo Xicheng #/Δ	–	4.43	0.82	0.03	0.02	5.30	–	5.30
Luan Zhenjun #/Δ	–	3.64	2.34	0.14	0.20	6.32	–	6.32
Non-executive directors								
Liu Jifu	–	–	–	–	–	–	–	–
Zhao Lei (appointed on 6 December 2024)	–	–	–	–	–	–	–	–
Zhang Bo (resigned on 6 December 2024)	–	–	–	–	–	–	–	–
Wang Hua (appointed in 21 May 2024)	–	–	–	–	–	–	–	–
Fei Yiping (resigned on 21 May 2024)	–	–	–	–	–	–	–	–
Independent non-executive directors								
Zuo Xunsheng	0.34	–	–	–	–	0.34	–	0.34
Lam Yiu Kin	0.34	–	–	–	–	0.34	–	0.34
Wen Ku	0.34	–	–	–	–	0.34	–	0.34
Total	1.02	8.07	3.16	0.17	0.22	12.64	–	12.64

Note: Discretionary bonuses of $2,390,000 was determined and paid to Mr. Xin Yue Jiang (retired on 27 October 2023) during the year ended 31 December 2024, such amount was related to his term of service in the previous years.

Directors' emoluments of Mr. Luo Xicheng and Mr. Luan Zhenjun were determined and paid during the year ended 31 December 2024, such amounts included discretionary bonuses related to their term of service in the previous years.

Δ The discretionary bonuses for 2024 will be determined based on an evaluation to be conducted and finalised in the coming years. Such emoluments, when finalised, will be disclosed on an individual name basis in the consolidated financial statements in such coming years.

7 DIRECTORS' EMOLUMENTS (CONTINUED)

	2023							
	Directors' fees $ million	Basic salaries and allowances $ million	Discretionary bonuses $ million	Benefits in kind $ million	Retirement scheme contributions $ million	Sub-total $ million	Share-based payments $ million	Total $ million
Executive directors								
Luo Xicheng Δ (appointed on 27 October 2023)	–	0.80	–	0.01	–	0.81	–	0.81
Xin Yue Jiang #/Δ (retired on 27 October 2023)	–	3.97	3.80	0.26	–	8.03	–	8.03
Luan Zhenjun #/Δ	–	3.64	2.73	0.14	0.20	6.71	–	6.71
Cai Dawei (resigned on 31 March 2023)	–	0.68	–	0.02	–	0.70	–	0.70
Non-executive directors								
Zhang Bo (appointed on 1 December 2023)	–	–	–	–	–	–	–	–
Wang Guoquan (resigned on 1 December 2023)	–	–	–	–	–	–	–	–
Liu Jifu	–	–	–	–	–	–	–	–
Fei Yiping	–	–	–	–	–	–	–	–
Independent non-executive directors								
Zuo Xunsheng	0.34	–	–	–	–	0.34	–	0.34
Lam Yiu Kin	0.34	–	–	–	–	0.34	–	0.34
Wen Ku	0.34	–	–	–	–	0.34	–	0.34
Total	1.02	9.09	6.53	0.43	0.20	17.27	–	17.27

\# Directors' emoluments of Mr. Xin Yue Jiang and Mr. Luan Zhenjun were determined and paid during the year ended 31 December 2023, such amounts included discretionary bonuses related to their term of service in the previous years.

Δ Part of the performance related bonuses for 2023 has been finalised in 2024 and the unpaid portion of the performance related bonuses will be finalised in 2024 and onward.

The above tables included emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries, and emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the period of his/her being as a director. The above emoluments are included in staff costs as presented in note 5(c).

A number of the Company's directors were granted share options of the Company. Details of the share option plan are set out in note 27.

The discretionary bonuses of the Group were determined and approved by the Company's remuneration committee with reference to the performance of the Group and the respective directors.

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Company to any of the directors as an inducement to join or upon joining the Company or as compensation for loss of office, and none of the directors has waived or agreed to waive any emoluments.

During the years ended 31 December 2024 and 2023, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable, no consideration was provided to or receivable by third parties for making available directors' services, and there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities.

No director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the years ended 31 December 2024 and 2023.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2023: two) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other three (2023: three) individuals are as follows:

	2024 **$ million**	2023 $ million
Salaries and other emoluments	**9.71**	9.81
Discretionary bonuses	**11.92**	12.25
Retirement scheme contributions	**0.51**	0.50
	22.14	22.56

The emoluments of the three (2023: three) individuals with the highest emoluments are within the following bands:

	2024 **Number of individuals**	2023 Number of individuals
$		
4,000,001–4,500,000	**2**	1
4,500,001–5,000,000	**–**	1
13,000,001–13,500,000	**1**	1

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Company to any of the highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office.

9 EARNINGS PER SHARE

	2024 **$ million**	2023 $ million
Profit attributable to equity shareholders of the Company	**910**	1,231

The weighted average number of ordinary shares in issue during the year, is calculated as follows:

	Number of shares	
	2024 **million**	2023 million
Issued ordinary shares as at 1 January	**3,700**	3,688
Effect of share options exercised	**1**	10
Weighted average number of ordinary shares (basic) as at 31 December	**3,701**	3,698
Effect of deemed issue of shares under the Company's share option plan	**–**	1
Weighted average number of ordinary shares (diluted) as at 31 December	**3,701**	3,699
Basic earnings per share (HK cents)	**24.6**	33.3
Diluted earnings per share (HK cents)	**24.6**	33.3

10 INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Land and buildings held for own use $ million	Telecommu-nications equipment $ million	Other assets (note 10(e)) $ million	Construction in progress $ million	Sub-total $ million	Investment property (notes 10(b) and 10(c)) $ million	Total $ million
Cost or valuation:							
As at 1 January 2023	326	5,990	513	89	6,918	676	7,594
Additions	–	100	15	163	278	–	278
Disposals	–	(110)	(11)	–	(121)	–	(121)
Transfer from owner-occupied property to investment property (note 10(b)(ii) and note 11)	(11)	–	–	–	(11)	36	25
Reclassification	–	177	7	(184)	–	–	–
Fair value adjustment	–	–	–	–	–	14	14
Exchange adjustments	–	(8)	2	–	(6)	–	(6)
As at 31 December 2023	315	6,149	526	68	7,058	726	7,784
Representing:							
Cost	315	6,149	526	68	7,058	–	7,058
Valuation – 2023	–	–	–	–	–	726	726
	315	6,149	526	68	7,058	726	7,784
As at 1 January 2024	**315**	**6,149**	**526**	**68**	**7,058**	**726**	**7,784**
Additions	**–**	**112**	**36**	**262**	**410**	**–**	**410**
Disposals	**–**	**(345)**	**(11)**	**–**	**(356)**	**–**	**(356)**
Transfer from investment property to owner-occupied property (note 10(b)(i) and note 11)	**19**	**–**	**–**	**–**	**19**	**(51)**	**(32)**
Reclassification	**–**	**246**	**12**	**(258)**	**–**	**–**	**–**
Fair value adjustment	**–**	**–**	**–**	**–**	**–**	**(7)**	**(7)**
Exchange adjustments	**(1)**	**(29)**	**(5)**	**–**	**(35)**	**–**	**(35)**
As at 31 December 2024	**333**	**6,133**	**558**	**72**	**7,096**	**668**	**7,764**
Representing:							
Cost	**333**	**6,133**	**558**	**72**	**7,096**	**–**	**7,096**
Valuation – 2024	**–**	**–**	**–**	**–**	**–**	**668**	**668**
	333	**6,133**	**558**	**72**	**7,096**	**668**	**7,764**
Accumulated depreciation:							
As at 1 January 2023	118	4,105	372	–	4,595	–	4,595
Charge for the year (note 5(b))	29	532	41	–	602	–	602
Written back on disposals	–	(109)	(10)	–	(119)	–	(119)
Transfer from owner-occupied property to investment property (note 10(b)(ii))	(2)	–	–	–	(2)	–	(2)
Exchange adjustments	–	(7)	–	–	(7)	–	(7)
As at 31 December 2023	145	4,521	403	–	5,069	–	5,069
As at 1 January 2024	**145**	**4,521**	**403**	**–**	**5,069**	**–**	**5,069**
Charge for the year (note 5(b))	**7**	**434**	**38**	**–**	**479**	**–**	**479**
Written back on disposals	**–**	**(342)**	**(11)**	**–**	**(353)**	**–**	**(353)**
Exchange adjustments	**–**	**(26)**	**(4)**	**–**	**(30)**	**–**	**(30)**
As at 31 December 2024	**152**	**4,587**	**426**	**–**	**5,165**	**–**	**5,165**
Net book value:							
As at 31 December 2024	**181**	**1,546**	**132**	**72**	**1,931**	**668**	**2,599**
As at 31 December 2023	170	1,628	123	68	1,989	726	2,715

10 INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Transfers

(i) Transfer from investment property to owner-occupied property

During the year ended 31 December 2024, due to the change of use, part of the Group's investment property was transferred to land and buildings held for own use (which is included in property, plant and equipment) and ownership interests in leasehold land held for own use (which is included in right-of-use assets). Upon the date of transfer, the fair value was determined by directors with reference to the professional valuations using direct comparison approach and are categorised as Level 3 fair value measurement as defined in HKFRS 13, *Fair value measurement*. As a result, the fair value of $19,000,000 and $32,000,000 at the date of transfer became the deemed costs of land and buildings held for own use and ownership interests in leasehold land held for own use respectively for subsequent accounting.

(ii) Transfer from owner-occupied property to investment property

During the year ended 31 December 2023, due to the change of use, part of the Group's land and buildings held for own use and ownership interests in leasehold land held for own use were transferred to investment property. Upon the date of transfer, the fair value was determined by directors with reference to the professional valuations using direct comparison approach and are categorised as Level 3 fair value measurement as defined in HKFRS 13, *Fair value measurement*. As a result, revaluation surplus of $9,000,000 was recognised in other comprehensive income.

(c) Fair value measurement of investment property

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment property measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value as at 31 December 2024	Fair value measurements as at 31 December 2024 categorised into		
		Level 1	Level 2	Level 3
	$ million	$ million	$ million	$ million
Recurring fair value measurement				
Investment property:				
– Industrial – Hong Kong	**668**	**–**	**–**	**668**

10 INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Fair value measurement of investment property (continued)

(i) Fair value hierarchy (continued)

	Fair value as at 31 December 2023 $ million	Fair value measurements as at 31 December 2023 categorised into		
		Level 1 $ million	Level 2 $ million	Level 3 $ million
Recurring fair value measurement				
Investment property:				
– Industrial – Hong Kong	726	–	–	726

During the year ended 31 December 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2023: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The Group's investment property was revalued as at 31 December 2024. The valuation was carried out by an independent firm of surveyors, Centaline Surveyors Limited, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The management has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

	Valuation technique	**Major unobservable input**	**Input amount**	**Relationship of unobservable inputs to fair value**
Investment property Industrial – Hong Kong	**Direct comparison approach**	**Market unit rate**	**$3,930 per square foot** (2023: $3,966 per square foot)	**The higher the market unit rate, the higher the fair value**

The fair value of investment property located in Hong Kong is determined by using direct comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for timing factors, size, quality and location of the investment property.

10 INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Fair value measurement of investment property (continued)

(ii) Information about Level 3 fair value measurements (continued)

The movement during the year in the balance of the Level 3 fair value measurement is as follows:

	2024 $ million	2023 $ million
Investment property – Industrial – Hong Kong:		
As at 1 January	**726**	676
Transfer from owner-occupied property (note 10(a) and 10(b)(ii) and note 11)	**–**	36
Transfer to owner-occupied property (note 10(a) and 10(b)(i) and note 11)	**(51)**	–
Fair value adjustment (note 10(a))	**(7)**	14
As at 31 December	**668**	726

Fair value adjustment of investment property is recognised in the line item "valuation (loss)/gain on investment property" on the face of the consolidated income statement.

The fair value adjustment recognised in profit or loss for the year arises from the investment property held during the reporting period.

(d) Investment property

The Group leases out investment property under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2024 $ million	2023 $ million
Within 1 year	**22**	16
After 1 year but within 2 years	**18**	3
After 2 year but within 3 years	**8**	–
	48	19

(e) Other assets include electronic data processing equipment, furniture and fixtures, motor vehicles, leasehold improvements and office equipment.

(f) Certain property, plant and equipment of Company's subsidiary, Companhia de Telecomunicações de Macau, S.A. ("CTM") are designated for the provision of basic infrastructure of public telecommunications services. Since 1981, the concession agreement signed between CTM and the Macau Government has specified that upon the expiry of the concession period, the concession assets and investments outlined in the agreement ("Concession Assets") would be transferred to the Macau SAR. As disclosed in the announcement of the Company dated 30 September 2024, the concession period was extended for 12 months, from 1 October 2024 to 30 September 2025, and CTM and the Macau Government continue to negotiate on the operation and provision of basic infrastructure of public telecommunications network and service, and the status of the Concession Assets upon expiry of the concession period. As at 31 December 2024, the net book value of the Concession Assets of the Group was approximately $235,000,000.

NOTES TO THE FINANCIAL STATEMENTS

11 RIGHT-OF-USE ASSETS

	Ownership interests in leasehold land held for own use (note (i)) $ million	Other properties leased for own use (note (ii)) $ million	Other assets (note (iii)) $ million	Total $ million
Cost:				
As at 1 January 2023	232	813	12	1,057
Additions	–	66	–	66
Transfer to investment property (note 10(a) and 10(b)(ii))	(21)	–	–	(21)
Surrenders and expiry of leases	–	(116)	(7)	(123)
Exchange adjustments	–	(1)	–	(1)
As at 31 December 2023	211	762	5	978
As at 1 January 2024	**211**	**762**	**5**	**978**
Additions	**–**	**121**	**–**	**121**
Transfer from investment property (note 10(a) and 10(b)(i))	**32**	**–**	**–**	**32**
Surrenders and expiry of leases	**–**	**(135)**	**–**	**(135)**
Exchange adjustments	**–**	**(13)**	**–**	**(13)**
As at 31 December 2024	**243**	**735**	**5**	**983**
Accumulated depreciation:				
As at 1 January 2023	53	394	11	458
Charge for the year (note 5(b))	8	151	1	160
Transfer to investment property (note 10(a) and 10(b)(ii))	(3)	–	–	(3)
Surrenders and expiry of leases	–	(85)	(7)	(92)
Exchange adjustments	–	1	–	1
As at 31 December 2023	58	461	5	524
As at 1 January 2024	**58**	**461**	**5**	**524**
Charge for the year (note 5(b))	**8**	**131**	**–**	**139**
Surrenders and expiry of leases	**–**	**(135)**	**–**	**(135)**
Exchange adjustments	**–**	**(6)**	**–**	**(6)**
As at 31 December 2024	**66**	**451**	**5**	**522**
Net book value:				
As at 31 December 2024	**177**	**284**	**–**	**461**
As at 31 December 2023	153	301	–	454

11 RIGHT-OF-USE ASSETS (CONTINUED)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 **$ million**	2023 $ million
Depreciation charge	**139**	160
Interest on lease liabilities (note 5(d))	**15**	16
Expense relating to short-term leases	**107**	102

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 22(g) and 25 respectively.

(i) Ownership interests in leasehold land held for own use

The Group holds an industrial building in Hong Kong. The Group is the registered owner of this property interest, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire this property interests from its previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its offices, retail stores, cell sites and data centres through tenancy agreements. The leases typically run for an initial period of over 1 to 6 years, with the exception of three rental contracts which have been entered into for the period of 15 years.

Some leases include an option to renew the lease for an additional period after the end of the non-cancellable lease term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarised below:

	Lease liabilities recognised (discounted)		**Potential future lease payments under extension options not included in lease liabilities (undiscounted)**	
	2024 **$ million**	2023 $ million	**2024** **$ million**	2023 $ million
Data centre – Hong Kong	**27**	–	**–**	–
Offices – Outside Hong Kong	**–**	–	**12**	–
	27	–	**12**	–

(iii) Other assets

Other assets include leased circuits and equipment under leases expiring from over 1 to 5 years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments.

12 INTANGIBLE ASSETS

	Customer relationships $ million	Trade names/ trademarks $ million	Computer software $ million	Total $ million
Cost:				
As at 1 January 2023	1,580	806	26	2,412
Write-off	(431)	(5)	–	(436)
Exchange adjustments	(1)	–	–	(1)
As at 31 December 2023	1,148	801	26	1,975
As at 1 January 2024	**1,148**	**801**	**26**	**1,975**
Addition	**18**	**–**	**–**	**18**
Write-off	**–**	**–**	**(5)**	**(5)**
Exchange adjustments	**–**	**(1)**	**–**	**(1)**
As at 31 December 2024	**1,166**	**800**	**21**	**1,987**
Accumulated amortisation:				
As at 1 January 2023	1,159	297	24	1,480
Charge for the year (note 5(b))	76	31	1	108
Write-off	(431)	(5)	–	(436)
Exchange adjustments	(1)	–	–	(1)
As at 31 December 2023	803	323	25	1,151
As at 1 January 2024	**803**	**323**	**25**	**1,151**
Charge for the year (note 5(b))	**78**	**31**	**–**	**109**
Write-off	**–**	**–**	**(5)**	**(5)**
Exchange adjustments	**–**	**(1)**	**1**	**–**
As at 31 December 2024	**881**	**353**	**21**	**1,255**
Net book value:				
As at 31 December 2024	**285**	**447**	**–**	**732**
As at 31 December 2023	345	478	1	824

13 GOODWILL

	2024 $ million	2023 $ million
Cost and carrying amount:		
As at 1 January	**9,717**	9,710
Exchange adjustments	**(21)**	7
As at 31 December	**9,696**	9,717

Impairment tests for groups of cash-generating units containing goodwill

Goodwill is allocated to the groups of cash-generating units identified as follows:

	2024 $ million	2023 $ million
Telecoms business – Macau	**8,885**	8,886
Enterprise solutions (outside Macau)	**234**	243
Other telecommunications services	**577**	588
	9,696	9,717

The recoverable amounts of the groups of cash-generating units are determined based on value-in-use calculations which is higher than the carrying amount. These calculations use cash flow projections based on financial budgets approved by management covering a three-year period. For the subsequent two years of the model, data from the financial budgets is extrapolated generally using simplified assumptions such as macro-economic and industry assumptions. Cash flows after the first five-year period are extrapolated generally using expected annual long-term growth rates, in order to calculate the terminal value.

Key assumptions used for the value-in-use calculations are as follows:

	2024	2023
Services revenue growth rates	**0.1% to 2.8%**	-8.2% to 2.4%
Long-term growth rates	**3.0%**	3.0%
Discount rates	**9.2% to 10.5%**	10.7% to 12.5%

The average services revenue growth rates and long-term growth rates used for the respective groups of cash-generating units are based on past performance and management's expectation for market development. The discount rates used are pre-tax and reflect specific risks relating to the respective groups of cash-generating units. Any adverse change in the key assumptions could reduce the recoverable amount below carrying amount.

A reasonable possible change in the above assumptions would not result in impairment and as such disclosure of sensitivity analysis is not considered as necessary.

14 INTERESTS IN SUBSIDIARIES

(a) The following list contains only the particulars of principal subsidiaries of the Group as at 31 December 2024.

Name of company	Place of incorporation/ operation	Particulars of issued and fully paid-up capital	Proportion of ownership interest		Principal activity
			Held by the Company	Held by subsidiaries	
Acclivis Technologies and Solutions Pte. Ltd.	Republic of Singapore	Singapore Dollars ("SGD") 16,500,000*	100%	–	Provision of telecommunications services
Asia Pacific Internet Exchange Limited	Hong Kong	HK$2*	–	100%	Property and equipment holding, and investment holding
China Enterprise ICT Solutions Limited ("CEC") ***	The People's Republic of China	Renminbi ("RMB") 84,620,000	–	49% (note (i))	Provision of value-added telecommunications services
China Enterprise Netcom Corporation Limited	Hong Kong	HK$100*	–	100%	Provision of telecommunications and technology services
CITIC Telecom CPC Estonia OÜ	Republic of Estonia	Euro ("EUR") 20,001*	–	100%	Provision of telecommunications services
CITIC Telecom CPC Netherlands B.V.	Netherlands	EUR131,056.71*	–	100%	Provision of wired telecommunications services and investment holding
CITIC Telecom CPC Poland Sp.zo.o.	Republic of Poland	Polish Zloty 56,000*	–	100%	Provision of telecommunications services
CITIC Telecom International CPC Limited	Hong Kong	HK$402,712,186*	–	100%	Provision of telecommunications services
CITIC Telecom International CPC Japan Limited	Japan	Japanese Yen ("JPY") 10,000,000*	–	100%	Provision of telecommunications services
CITIC Telecom International CPC (Malaysia) Sdn. Bhd.	Malaysia	Malaysian Ringgit ("MYR") 500,000*	–	100%	Provision of telecommunications services
CITIC Telecom International CPC (Singapore) Pte. Ltd.	Republic of Singapore	SGD2,000,000*	–	100%	Provision of telecommunications services
CITIC Telecom International (Data) Limited	Hong Kong	HK$2*	–	100%	Provision of telecommunications services
CITIC Telecom International (Japan) Ltd.	Japan	JPY10,000,000*	–	100%	Provision of telecommunications services

14 INTERESTS IN SUBSIDIARIES (CONTINUED)

(a) The following list contains only the particulars of principal subsidiaries of the Group as at 31 December 2024. (continued)

Name of company	Place of incorporation/ operation	Particulars of issued and fully paid-up capital	Proportion of ownership interest		Principal activity
			Held by the Company	Held by subsidiaries	
CITIC Telecom International Limited	Hong Kong	HK$2*	100%	–	Provision of telecommunications services and investment holding
CITIC Telecom (UK) Limited	United Kingdom	Pound Sterling 2*	–	100%	Provision of telecommunications services
ComNet Telecom (HK) Limited	Hong Kong	HK$2*	–	100%	Provision of telecommunications services
ComNet Telecom International Limited	Hong Kong	HK$2*	–	100%	Provision of telecommunications services
Companhia de Telecomunicações de Macau, S.A. (formerly known as "Companhia de Telecomunicações de Macau, S.A.R.L.")	Macau	MOP 150,000,000*	99%	–	Provision of telecommunications services
Neostar Investment Limited	Hong Kong	HK$2*	–	100%	Property holding
Pacific ComNet (M) Sdn. Bhd.	Malaysia	MYR700,000*	–	100%	Provision of telecommunications services
Pacific Internet (S) Pte. Ltd.	Republic of Singapore	SGD500,000*	–	100%	Provision of telecommunications services
Pacific Internet (Thailand) Limited	Thailand	Thai Baht 188,176,100*	–	100%	Provision of telecommunications services
中信電訊(上海)科技有限公司**	The People's Republic of China	RMB26,600,000	100%	–	Provision of telecommunications services

Notes:

(i) The Group has consolidated the results of CEC as the Group is exposed and has rights to variable returns from its involvement with CEC and has the ability to affect those returns through its power over CEC.

* Represents ordinary shares.

** Registered as wholly foreign owned enterprise under the law of the People's Republic of China.

*** Registered as limited liability company under the law of the People's Republic of China.

(b) The Group had no subsidiaries which have material non-controlling interests for the years ended 31 December 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

15 INTEREST IN A JOINT VENTURE

As at 31 December 2024, the Group's 85% equity interest in a joint venture of $11,000,000 (2023: $11,000,000) comprised an investee company.

The principal activity of this investee company is investment holding and has a wholly-owned subsidiary which is principally engaged in the provision of telecommunications services.

The equity interest in this company is accounted for as a joint venture in the consolidated financial statements under the equity method as the Group and the other shareholder of this investee company share joint control over the entity and have rights to the net assets of the entity.

16 DERIVATIVE FINANCIAL INSTRUMENTS

	2024 **$ million**	2023 $ million
Derivative financial assets		
– held as cash flow hedging instrument (notes 29(d)(i) and 29(d)(ii))	**2**	–
– other derivative (note 29(d)(iii))	**2**	–
	4	–
Less: amount included under "current assets"	**(2)**	–
	2	–

17 INVENTORIES

Inventories in the consolidated statement of financial position mainly comprise mobile handsets and equipment and business solutions projects' parts.

As at 31 December 2024, the carrying amount of inventories of $375,000,000 (2023: $57,000,000) is stated at cost.

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 **$ million**	2023 $ million
Carrying amount of inventories sold	**1,863**	1,858
Write down of inventories	**1**	–
	1,864	1,858

18 CONTRACT COSTS

Contract costs capitalised primarily relate to the incremental sales commissions paid to employees or agents whose selling activities resulted in customers entering into contracts for the provision of telecommunications services. Contract costs are recognised as part of "costs of sales and services" in the consolidated income statement in the period in which revenue from the related contracts is recognised. The amount of capitalised costs recognised in profit or loss during the year was $5,000,000 (2023: $5,000,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year (2023: Nil).

The Group applies the practical expedient in paragraph 94 of HKFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less from the initial recognition of the asset.

19 FINANCE LEASE RECEIVABLES

The following table shows the maturity analysis of the minimum finance lease receivables:

	2024 **$ million**	2023 $ million
Within 1 year	**2**	6
After 1 year but within 2 years	**2**	3
After 2 years but within 3 years	**–**	2
Total contractual undiscounted finance lease receivables	**4**	11
Less: unearned finance income	**–**	(1)
Net amount of finance lease receivables	**4**	10
Less: allowance for impairment loss	**–**	–
Carrying amount of finance lease receivables	**4**	10
Present value of minimum finance lease receivables:		
Within 1 year	**2**	5
After 1 year but within 2 years	**2**	3
After 2 years but within 3 years	**–**	2
	2	5
	4	10

During the year ended 31 December 2024, no new finance lease arrangements were entered into by the Group. The terms of finance leases are for 2–5 years (2023: 2–5 years). The legal title of relevant assets will pass to the lessee at the end of the lease term. All interest rates inherent in the leases are fixed at the contract date over the lease terms and ranged from 2.14% to 9.75% (2023: 2.14% to 9.75%) per annum.

Finance lease receivables are secured over the computer hardware and peripheral equipment leased. The Group does not permit lessee to sell or repledge the collateral in the absence of default.

NOTES TO THE FINANCIAL STATEMENTS

20 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2024 **$ million**	2023 $ million
Arising from international telecommunications services	**8**	6
Arising from sales of mobile handsets and equipment bundled with services	**118**	111
Arising from business solution projects	**142**	152
	268	269
Represented by:		
Non-current portion	**33**	27
Current portion	**235**	242
	268	269
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "trade and other receivables" (note 21)	**912**	993

Typical payment terms which impact on the amount of contract assets recognised are as follows:

– International telecommunications services

The Group provides international telecommunications services to telecommunications operators. The Group and certain telecommunications operators enter into contracts with minimum commitments on either transaction amount or unit of traffic to be processed and contract term would usually last for over three months. Such contracts involve large amount of transactions and both parties are required to verify and reconcile the transactions details received from the counter party against their own records. Once the verification and reconciliation work have been completed, the Group will issue an invoice to the telecommunications operator. The Group's right to the consideration is generally unconditional upon the completion of verification and reconciliation work from both parties as well as the issuance of invoice.

– Sales of mobile handsets and equipment bundled with services

The Group offers packages to the customer which include the bundle sales of mobile handsets and equipment and provision of services. In this situation, the Group offers a discount that allows the customer to buy mobile handsets and equipment and pay the cash selling price over contract period after delivery, which is normally over twelve months. The mobile handsets and equipment are delivered to the customer at the inception of the contract and the Group recognises transaction price allocated to the mobile handsets and equipment as revenue. The portion of revenue recognised in excess of cash receipt at the inception of the contract represents a consideration for mobile handsets and equipment transferred which has not yet been due and paid by the customer and will be received by installment over the contract period. The Group's right to the consideration is conditional on the provision of service over the contract period.

– Business solution projects

Business solution project is one of the businesses of enterprise solutions. The Group's business solution projects include payment schedules which require stage payments over the project period once milestones are reached. This gives rise to contract assets when the revenue recognised on the project exceeds the amount of the payment made by customer.

20 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

(b) Contract liabilities

	2024 $ million	2023 $ million
Billings in advance of performance		
– Business solution projects	**249**	23
– Other telecommunications services	**197**	161
	446	184
Represented by:		
Non-current portion	**1**	1
Current portion	**445**	183
	446	184

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

– Business solution projects

The Group's certain business solution projects include payment schedules which require advance payments from customers for the projects. This gives rise to contract liabilities when the amount of the payment made by customer exceeds the revenue recognised on the project.

– Other telecommunications services

The Group's telecommunications services normally include payment schedules which require advance payments from customers for the services. This gives rises to contract liabilities until revenue recognised on the services are provided.

Revenue which was included in the contract liabilities balance at the beginning of the year amounting to $171,000,000 (2023: $178,000,000), was recognised during the year ended 31 December 2024.

21 TRADE AND OTHER RECEIVABLES

	2024 $ million	2023 $ million
Trade debtors	**999**	1,038
Less: loss allowance	**(87)**	(45)
	912	993
Prepayments	**392**	163
Deposits and other receivables	**284**	333
	1,588	1,489
Represented by:		
Non-current portion	**112**	145
Current portion	**1,476**	1,344
	1,588	1,489

The carrying amount of trade debtors, and deposits and other receivables is considered to be the same as its fair value.

As at 31 December 2024 and 2023, included in other receivables were the following:

(i) an advance payment of $6,000,000 (2023: $12,000,000) for certain telecommunications services which are deferred and amortised on a straight-line basis over the underlying service period of 15 years; and

(ii) an advance payment for the acquisition of the remaining equity interest in a subsidiary of RMB62,000,000 (equivalent to approximately $67,000,000) (2023: RMB62,000,000 (equivalent to approximately $68,000,000)) (see note 32(a)(ii)).

Ageing analysis

At the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables) based on the invoice date and net of loss allowance is as follows:

	2024 $ million	2023 $ million
Within 1 year	**895**	986
Over 1 year	**17**	7
	912	993

Trade debtors are due within 7 to 180 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade debtors are set out in note 29(a).

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2024 $ million	2023 $ million
Cash at bank and in hand	**734**	666
Time deposits with banks	**275**	414
Other deposits (note 22(d))	**602**	646
Cash and deposits in the consolidated statement of financial position (note 22(b))	**1,611**	1,726
Less: pledged deposits (note 22(c))	**(2)**	(2)
Less: other deposits (note 22(d))	**(602)**	(646)
Cash and cash equivalents in the consolidated cash flow statement	**1,007**	1,078

The carrying amount of cash and deposits is considered to be the same as its fair value.

(b) As at 31 December 2024, cash and deposits situated in Chinese mainland amounted to $142,000,000 (2023: $149,000,000). Remittance of funds out of Chinese mainland is subject to relevant rules and regulations of foreign exchange control.

(c) As at 31 December 2024, bank deposits of $2,000,000 (2023: $2,000,000) were pledged to secure parts of the banking facilities of the Group.

(d) As at 31 December 2024, other deposits of $602,000,000 (2023: $646,000,000) were deposited in CITIC Finance International Limited, a fellow subsidiary of the Group which is principally engaged in the provision of treasury management services. These unsecured cash deposits carry interest at market rates and can be withdrawn by the Group on demand or in accordance with the terms of agreement.

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(e) Reconciliation of profit before taxation to cash generated from operations:

	Note	**2024 $ million**	2023 $ million
Profit before taxation		**1,082**	1,505
Adjustments for:			
Depreciation and amortisation	5(b)	**727**	870
Valuation loss/(gain) on investment property	10(a)	**7**	(14)
Net loss on disposal of property, plant and equipment	5(e)	**2**	2
Gain on surrender of leases	5(e)	**–**	(2)
Share of profit of a joint venture		**(1)**	(1)
Finance costs	5(d)	**252**	267
Interest income	4	**(60)**	(71)
Foreign exchange (gain)/loss		**(29)**	9
		1,980	2,565
Changes in working capital:			
(Increase)/decrease in inventories		**(318)**	75
Decrease in contract costs		**3**	4
Increase in trade and other receivables		**(95)**	(49)
Decrease in finance lease receivables		**6**	7
Decrease/(increase) in contract assets		**1**	(19)
Decrease in trade and other payables		**(48)**	(382)
Increase in contract liabilities		**262**	–
(Decrease)/increase in defined benefit plan obligations		**(3)**	6
Cash generated from operations		**1,788**	2,207

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(f) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank and other borrowings $ million (note 24)	Lease liabilities $ million (note 25)	Total $ million
As at 1 January 2024	**3,934**	**340**	**4,274**
Changes from financing cash flows:			
Proceeds from new bank and other borrowings	**341**	**–**	**341**
Repayment of bank and other borrowings	**(342)**	**–**	**(342)**
Capital element of lease rentals paid	**–**	**(125)**	**(125)**
Interest element of lease rentals paid	**–**	**(15)**	**(15)**
Other borrowing costs paid	**(233)**	**–**	**(233)**
Total changes from financing cash flows	**(234)**	**(140)**	**(374)**
Exchange adjustments	**(29)**	**(9)**	**(38)**
Other changes:			
Increase in lease liabilities from entering into new leases during the year	**–**	**118**	**118**
Interest on lease liabilities (note 5(d))	**–**	**15**	**15**
Interest expenses and other finance charges	**236**	**–**	**236**
Total other changes	**236**	**133**	**369**
As at 31 December 2024	**3,907**	**324**	**4,231**

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(f) Reconciliation of liabilities arising from financing activities (continued)

	Bank and other borrowings $ million (note 24)	Lease liabilities $ million (note 25)	Total $ million
As at 1 January 2023	4,520	454	4,974
Changes from financing cash flows:			
Repayment of bank and other borrowings	(604)	–	(604)
Capital element of lease rentals paid	–	(147)	(147)
Interest element of lease rentals paid	–	(16)	(16)
Other borrowing costs paid	(246)	–	(246)
Total changes from financing cash flows	(850)	(163)	(1,013)
Exchange adjustments	15	–	15
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	66	66
Surrenders	–	(33)	(33)
Interest on lease liabilities (note 5(d))	–	16	16
Interest expenses and other finance charges	249	–	249
Total other changes	249	49	298
As at 31 December 2023	3,934	340	4,274

(g) Total cash outflow for leases

Amounts included in the consolidated cash flow statement for leases comprise the following:

	2024 $ million	2023 $ million
Within operating cash flows	**107**	102
Within financing cash flows	**140**	163
	247	265

These amounts above relate to lease rentals paid.

23 TRADE AND OTHER PAYABLES

	2024 $ million	2023 $ million
Trade creditors	**843**	920
Other payables and accruals	**763**	706
	1,606	1,626
Represented by:		
Non-current portion	**15**	20
Current portion	**1,591**	1,606
	1,606	1,626

The carrying amount of trade and other payables is considered to be the same as its fair value.

At the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables) based on the invoice date is as follows:

	2024 $ million	2023 $ million
Within 1 year	**715**	784
Over 1 year	**128**	136
	843	920

24 BANK AND OTHER BORROWINGS

	2024 $ million	2023 $ million
Bank and other loans	**346**	352
Guaranteed bonds at 6.1% due 2025 (note 24(b))	**3,492**	3,513
	3,838	3,865
Interest payable	**69**	69
	3,907	3,934

At the end of the reporting period, bank and other borrowings are unsecured and repayable as follows:

	2024 $ million	2023 $ million
Within 1 year or on demand	**3,561**	421
After 1 year but within 2 years	**–**	3,513
After 2 years but within 5 years	**346**	–
	346	3,513
	3,907	3,934

All of the non-current bank and other borrowings are carried at amortised cost. None of the non-current bank and other borrowings is expected to be settled within one year.

(a) Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position and financial performance ratios (including ratios for consolidated borrowings to net worth, consolidated total liabilities over consolidated total assets, and EBITDA over gross interest expenses), as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants or in any case of an event of default, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2024 and 2023, the Group was in compliance with the relevant requirements.

(b) On 5 March 2013, a wholly-owned subsidiary of the Company issued US$450,000,000 (equivalent to approximately $3,493,000,000) bonds with a maturity of twelve years due on 5 March 2025 (the "Guaranteed Bonds"). The Guaranteed Bonds were unconditionally and irrevocably guaranteed by the Company.

The Guaranteed Bonds were issued at 100% of the aggregate principal amount, denominated in USD and bore interest at 6.1% per annum payable semi-annually in arrears. The Guaranteed Bonds would become repayable on demand in case of an event of default.

After the end of the reporting period, the Guaranteed Bonds was fully redeemed on the maturity date of 5 March 2025.

25 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2024		2023	
	Present value of the lease payments $ million	**Total lease payments $ million**	Present value of the lease payments $ million	Total lease payments $ million
Within 1 year	**88**	**108**	116	127
After 1 year but within 2 years	**68**	**78**	83	91
After 2 years but within 5 years	**129**	**143**	103	118
After 5 years	**39**	**38**	38	42
	236	**259**	224	251
	324	**367**	340	378
Less: total future interest expenses		**(43)**		(38)
Present value of lease liabilities		**324**		340

Except for lease covenants mainly related to the maintenance and use of the leased assets that are commonly found in lease arrangements, there are no other covenants or restrictions imposed by the lease agreements. The leased assets may not be used as security for borrowing purposes.

26 POST-EMPLOYMENT BENEFITS

The Group operates a MPF scheme for the employees employed under the Hong Kong Employment Ordinance who are also entitled to long service payment if the eligibility criteria are met. In addition, a subsidiary of the Company, CTM, operates a retirement plan, which is registered with AMCM and is under the management of Macau Pension Fund Management Co. Ltd. (see note 26(c)).

LSP and the Fund are defined benefit plans. The analysis of the carrying amount of defined benefit plan obligations is as follows:

	2024 **$ million**	2023 $ million
Long service payment liabilities (note 26(b))	**7**	5
The Fund liabilities (note 26(c))	**26**	43
	33	48

(a) Defined contribution retirement plans

The Group operates a MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

CTM also operates the defined contribution fund ("Defined Contribution Fund") which was set up under the terms of Decree Law 6/99/M and registered with AMCM. The Defined Contribution Fund is for all full time Macau employees who joined CTM after 1 May 2002. The Defined Contribution Fund is under the management of Macau Pension Fund Management Co. Ltd.. The employees and CTM are each required to make contributions to the Defined Contribution Fund at 5% of the employee's relevant income. Contributions to the Defined Contribution Fund vest immediately.

Employees employed by the Group outside Hong Kong and Macau are covered by the appropriate local defined contribution schemes pursuant to the local labour rules and regulations.

(b) Long service payment liabilities

Hong Kong employees that have been employed continuously for at least five years are entitled to long service payments in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at $22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme (see note 26(a)), with an overall cap of $390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation.

In June 2022, the Government gazetted the Amendment Ordinance, which will eventually abolish the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF scheme. The Government has subsequently announced that the Amendment Ordinance will come into effect from the Transition Date (i.e. 1 May 2025). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

26 POST-EMPLOYMENT BENEFITS (CONTINUED)

(b) Long service payment liabilities (continued)

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in note 1(w)(ii).

(c) The Fund liabilities

A subsidiary of the Company, CTM, makes contributions to a defined benefit retirement plan, CTM Staff Provident Fund. The Fund was established on 1 January 2003. The members of the Fund are all the employees who were members of the original staff provident fund. No new members joined the Fund after 1 May 2002. The members are required to make contributions to the Fund at 5% of their relevant income. CTM is required to make contributions to the Fund in accordance with an independent actuary's recommendation based on periodic actuarial valuations. CTM is also obliged to make any extraordinary contributions which may be deemed necessary by Macau Pension Fund Management Co. Ltd. when there are insufficient assets in the Fund to meet the liabilities of the Fund or when such insufficiency is anticipated. Upon retirement or resignation, each member is entitled to receive a lump sum payment calculated on the basis of a multiplying factor ranging from 0.6 to 2 times the final monthly salary and the number of service year that the member has served with CTM.

The latest independent actuarial valuation of the Fund was as at 31 December 2024 and was prepared by qualified staff of Willis Towers Watson, who are members of the Society of Actuaries of the United States of America, using the projected unit credit method. The actuarial valuation indicates that CTM's obligation under the Fund is 91% (2023: 86%) covered by the plan assets held by the trustees as at 31 December 2024. The Fund exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk, and market (investment) risk.

(i) The amounts recognised in the consolidated statement of financial position are as follows:

	2024 $ million	2023 $ million
Present value of plan obligations	**291**	300
Fair value of plan assets	**(265)**	(257)
	26	43

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Group expects to pay $5,000,000 in contributions to the Fund in 2025.

26 POST-EMPLOYMENT BENEFITS (CONTINUED)

(c) The Fund liabilities (continued)

(ii) Plan assets consist of the following:

	2024 **$ million**	2023 $ million
Cash and money market	**12**	21
Bonds		
– Government bonds	**47**	72
– Corporate bonds	**69**	44
	116	116
Equity securities		
– Asia	**16**	8
– North America	**114**	102
– Europe	**5**	7
– Other areas	**2**	3
	137	120
	265	257

All of the equity securities and bonds have quoted prices in active markets. The bonds have a credit rating of A- to AAA.

At the end of each reporting period, a study is performed by the Fund's asset manager in which the consequences of the strategic investment policies are analysed. The strategic investment policy of the Fund can be summarised as follows:

– a strategic assets mix comprising 51% equity securities, 44% bonds and 5% other investments (2023: 47% equity securities, 45% bonds and 8% other investments);

– interest rate risk is managed by duration limitation; and

– foreign currency risk is managed by allocation guideline.

26 POST-EMPLOYMENT BENEFITS (CONTINUED)

(c) The Fund liabilities (continued)

(iii) Movements in the present value of the defined benefit obligation

	2024 **$ million**	2023 $ million
As at 1 January	**300**	335
Remeasurements:		
– Experience adjustments	**(2)**	(2)
– Actuarial losses arising from changes in financial assumptions	**8**	4
	6	2
Benefits paid by the Fund	**(31)**	(56)
Employees' contributions	**3**	3
Current service cost	**6**	7
Interest cost	**7**	9
As at 31 December	**291**	300

The weighted average duration of the defined benefit obligation is 4 years (2023: 4 years).

(iv) Movements in plan assets

	2024 **$ million**	2023 $ million
As at 1 January	**257**	274
Employer's and employees' contributions paid to the Fund	**15**	10
Benefits paid by the Fund	**(31)**	(56)
Administrative expenses	**(1)**	(1)
Interest income	**6**	7
Return on plan assets, excluding interest income	**18**	23
Exchange adjustments	**1**	–
As at 31 December	**265**	257

26 POST-EMPLOYMENT BENEFITS (CONTINUED)

(c) The Fund liabilities (continued)

(v) Amounts recognised in the consolidated income statement and consolidated statement of comprehensive income are as follows:

	2024 $ million	2023 $ million
Current service cost	**6**	7
Net interest on net defined benefit liability	**1**	2
Administrative expenses	**1**	1
Total amounts recognised in profit or loss	**8**	10
Actuarial losses	**6**	2
Return on plan assets, excluding interest income	**(18)**	(23)
Total amounts recognised in other comprehensive income	**(12)**	(21)
Net defined benefit gain	**(4)**	(11)

The current service cost and the net interest on net defined benefit liability are recognised in the following line items in the consolidated income statement:

	2024 $ million	2023 $ million
Staff costs (note 5(c))	**6**	7
Other operating expenses	**1**	1
Finance costs (note 5(d))	**1**	2
	8	10

26 POST-EMPLOYMENT BENEFITS (CONTINUED)

(c) The Fund liabilities (continued)

(vi) Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:

	2024	2023
Discount rate	**1.3%**	2.4%
Future salary growth	**2.5%**	3.0%

The below analysis shows how the defined benefit obligation as at 31 December 2024 would have increased/(decreased) as a result of a 0.25% (2023: 0.25%) change in the respective actuarial assumptions:

	2024		2023	
	Increase in 0.25% $ million	**Decrease in 0.25% $ million**	Increase in 0.25% $ million	Decrease in 0.25% $ million
Discount rate	**(3)**	**3**	(3)	3
Future salary growth	**3**	**(3)**	3	(3)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

27 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option plan ("CITIC Telecom International Plan") which was adopted on 17 May 2007 whereby the directors of the Company are authorised, at their discretion, to offer any person employed by the Company or any of its subsidiaries and any person who is an officer or director (whether executive or non-executive) of the Company or any of its subsidiaries options to subscribe for shares in the Company to recognise their contributions to the growth of the Company. The CITIC Telecom International Plan was valid and effective for a period of ten years till 16 May 2017. Each option gives the holder the right to subscribe for one ordinary share of the Company.

Particulars of the outstanding share options granted under the CITIC Telecom International Plan to directors, officers and employees of the Company and its subsidiaries are as follows:

Date of grant	Number of share options granted	Exercise price per share	Exercise period
24 March 2017	45,339,500	$2.45 (Note (i))	From 24 March 2019 to 23 March 2024

Note:

(i) The closing price of the Company's ordinary shares on the date of grant was $2.37 per share.

The share options granted on 24 March 2017 have expired at the close of business on 23 March 2024.

27 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(a) The terms and conditions of the outstanding options granted under the CITIC Telecom International Plan are as follows, whereby all options are settled by physical delivery of shares:

	Exercise price per share	Number of options	Vesting condition	Expiry date	Number of share options outstanding as at 31 December 2024	2023
Options granted to directors:						
– on 24 March 2017	$2.45	7,319,000	Fully vested on 24 March 2019	Expired at the close of business on 23 March 2024	–	500,500
Options granted to officers and employees[Δ]**:**						
– on 24 March 2017	$2.45	38,020,500	Fully vested on 24 March 2019	Expired at the close of business on 23 March 2024	–	3,299,000
					–	3,799,500

Δ Number of options outstanding as at 31 December 2024 and 2023 include those options granted to former employees of the Company who had resigned/retired/passed away.

27 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) The number and weighted average exercise prices of the outstanding share options are as follows:

	2024 Weighted average exercise price	**2024** Number of options	2023 Weighted average exercise price	2023 Number of options
Outstanding at the beginning of the year	**$2.45**	**3,799,500**	$2.45	18,938,500
Exercised during the year (note 28(c))	**$2.45**	**(856,000)**	$2.45	(11,754,500)
Lapsed during the year	**$2.45**	**(2,943,500)**	$2.45	(3,384,500)
Outstanding at the end of the year	**–**	**–**	$2.45	3,799,500
Exercisable at the end of the year	**–**	**–**	$2.45	3,799,500

During the year ended 31 December 2024, options for 856,000 (2023: 11,754,500) shares were exercised, options for 2,943,500 (2023: 3,384,500) shares have lapsed and no option (2023: Nil) has been cancelled. The value of vested options lapsed during the year ended 31 December 2024 was $2,000,000 (2023: $1,000,000) and was released directly to retained profits.

The weighted average closing price at the date of exercise of share options exercised during the year was $2.87 (2023: $2.99). There was no option outstanding as at 31 December 2024 (2023: outstanding options had a weighted average exercise price of $2.45 and a weighted average remaining contractual life of 0.23 years).

During the year ended 31 December 2024, the proceeds from new shares issued under share option plan was $2,000,000 (2023: $29,000,000).

28 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Note	Share capital $ million	Capital reserve $ million	Hedging reserve $ million	Retained profits $ million	Total $ million
Balance as at 1 January 2023		4,720	66	–	3,669	8,455
Changes in equity for 2023:						
Total comprehensive income for the year		–	–	–	1,249	1,249
Shares issued under share option plan	27(b)	36	(7)	–	–	29
Dividends approved in respect of the previous financial year	28(b)(ii)	–	–	–	(684)	(684)
Release upon lapse of share options	27(b)	–	(1)	–	1	–
Dividends declared in respect of the current financial year	28(b)(i)	–	–	–	(222)	(222)
Balance as at 31 December 2023 and 1 January 2024		**4,756**	**58**	**–**	**4,013**	**8,827**
Changes in equity for 2024:						
Total comprehensive income for the year		**–**	**–**	**6**	**1,075**	**1,081**
Shares issued under share option plan	27(b)	**2**	**–**	**–**	**–**	**2**
Dividends approved in respect of the previous financial year	28(b)(ii)	**–**	**–**	**–**	**(714)**	**(714)**
Release upon lapse of share options	27(b)	**–**	**(2)**	**–**	**2**	**–**
Dividends declared in respect of the current financial year	28(b)(i)	**–**	**–**	**–**	**(222)**	**(222)**
Balance as at 31 December 2024		**4,758**	**56**	**6**	**4,154**	**8,974**

28 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2024 $ million	2023 $ million
Interim dividend declared and paid of HK6.0 cents (2023: HK6.0 cents) per share	**222**	222
Final dividend proposed after the end of the reporting period of HK12.8 cents (2023: HK19.3 cents) per share	**474**	714
	696	936

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024 $ million	2023 $ million
Final dividend in respect of the previous financial year, approved and paid during the year, of HK19.3 cents (2023: HK18.5 cents) per share	**714**	684

28 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital

	Note	**2024** No. of shares	**2024** Amount $ million	2023 No. of shares	2023 Amount $ million
Ordinary shares, issued and fully paid:					
As at 1 January	(i)	**3,700,035,382**	**4,756**	3,688,280,882	4,720
Shares issued under share option plan	(ii)	**856,000**	**2**	11,754,500	36
As at 31 December	(i)	**3,700,891,382**	**4,758**	3,700,035,382	4,756

Notes:

(i) The holders of ordinary shares are entitled to receive dividends as declared from time to time and every member shall have one vote per share on a poll at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) During the year ended 31 December 2024, 856,000 (2023: 11,754,500) ordinary shares were issued at a weighted average exercise price of $2.45 (2023: $2.45) per ordinary share to share option holders who had exercised their options. These new shares issued rank equally with the then existing ordinary shares in issue.

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve represents the portion of the grant date fair value of unexercised share options granted to directors or employees of the Group under the Company's share option plan that has been recognised in accordance with the accounting policies adopted for share-based payments set out in note 1(w)(iii).

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in notes 1(h)(ii) and 1(aa).

(iii) Property revaluation reserve

The property revaluation reserve represents the surplus on revaluation of owner-occupied property upon change of use to investment property and is dealt with in accordance with the accounting policies adopted for owner-occupied property in note 1(j).

(iv) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in hedge of net investments in foreign operations and cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for hedging in note 1(h).

(e) Distributability of reserves

As at 31 December 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance, was $4,154,000,000 (2023: $4,013,000,000). After the end of the reporting period, the directors proposed a final dividend of HK12.8 cents (2023: HK19.3 cents) per share, amounting to $474,000,000 (2023: $714,000,000). This dividend has not been recognised as a liability at the end of the reporting period.

28 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(f) Capital management

The Group's primary objective on capital management is to safeguard the Group's ability to continue as a going concern, while at the same time continues to provide returns for shareholders.

The Group regularly reviews its capital structure to maintain a balance between the enhancement of shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. Adjustments are made to the capital structure as necessary in response to changes in economic conditions.

The capital structure of the Group consists of its total equity attributable to equity shareholders of the Company, comprising share capital and reserves as disclosed in the consolidated financial statements. The Group's net gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt (which includes current and non-current bank and other borrowings), less cash and deposits. Total capital is total equity attributable to equity shareholders of the Company, as shown in the consolidated statement of financial position, plus net debt.

The Group's net gearing ratio as at 31 December 2024 and 2023 is as follows:

	2024 **$ million**	2023 $ million
Total debt	**3,907**	3,934
Less: Cash and deposits	**(1,611)**	(1,726)
Net debt	**2,296**	2,208
Total equity attributable to equity shareholders of the Company	**10,717**	10,756
Total capital	**13,013**	12,964
Net gearing ratio	**18%**	17%

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade debtors and contract assets. The Group's exposure to credit risk arising from deposits and other receivables are considered to be low as the counterparty has capacity to meet its contractual cash flow obligation. Therefore, applying the expected credit risk model resulted in an immaterial impact on the provision for doubtful debts for deposits and other receivables.

The Group's exposure to credit risk arising from cash and deposits is limited because the Group mainly deals with financial institutions which have good credit ratings with prestigious credit ratings companies (such as Moody's Investors Service, Standard & Poor's and Fitch Group), or the note-issuing banks in Hong Kong and Macau, or its group companies, and the Group has a pre-defined policy and regular review on the rest of the cash portfolio, therefore, it is considered that the Group is exposed to a low credit risk in this respect.

The Group applies a simplified approach to recognise lifetime ECL for finance lease receivables. Given the track record of regular cash flow received by the Group, the directors are of the opinion that the risk of default by these counterparties is not significant and does not expect any losses from non-performance by the counterparties. Therefore, the credit risk of finance lease receivables is assessed to be immaterial and no provision was made as at 31 December 2024 and 2023.

Other than those disclosed in note 31, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of those financial guarantees at the end of the reporting period is disclosed in the note 31.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade debtors and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 20.3% (2023: 24.7%) of the total trade debtors and contract assets was due from the Group's five largest debtors.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade debtors are due within 7 to 180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade debtors and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The loss allowance based on past due status is further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade debtors and contract assets:

	2024			2023		
	Expected loss rate	**Gross carrying amount $ million**	**Loss allowance $ million**	Expected loss rate	Gross carrying amount $ million	Loss allowance $ million
Current (not past due)	**0.2%**	**813**	**(2)**	0.1%	870	(1)
1–90 days past due	**3.5%**	**285**	**(9)**	5.5%	297	(16)
91–180 days past due	**22.5%**	**53**	**(12)**	8.0%	54	(4)
181–365 days past due	**39.2%**	**60**	**(24)**	8.4%	66	(6)
More than 365 days past due	**71.2%**	**56**	**(40)**	87.3%	20	(18)
		1,267	**(87)**		1,307	(45)

The various Group companies have different credit policies, depending on the requirements of their markets and the businesses in which they operate. Analyses of the age of debtors are prepared and closely monitored with a view to minimising credit risk associated with receivables.

Expected loss rates are based on the corresponding historical losses experience up to 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade debtors and contract assets (continued)

Movement in the loss allowance account in respect of trade debtors and contract assets during the year is as follows:

	2024 **$ million**	2023 $ million
Balance as at 1 January	**45**	48
Amounts written off	**(6)**	(5)
Impairment losses recognised (note 5(e))	**48**	2
Balance as at 31 December	**87**	45

(b) Liquidity risk

Individual business units within the Group are responsible for their own cash management, including the short term investment of cash surpluses. The raising of loans to cover their expected cash demands must be approved by the finance committee (with certain predetermined levels of authority) or the board of directors of the Company. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed bank and other loan facilities to meet its liquidity requirements in the short and longer term. Further details in meeting the bank and other borrowings liquidity requirements are set out in note 1(b).

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which is based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2024						2023					
	Contractual undiscounted cash outflow						Contractual undiscounted cash outflow					
	Within 1 year or on demand $ million	**More than 1 year but less than 2 years $ million**	**More than 2 years but less than 5 years $ million**	**More than 5 years $ million**	**Total contractual undiscounted cash outflow $ million**	**Carrying amount as at 31 December $ million**	Within 1 year or on demand $ million	More than 1 year but less than 2 years $ million	More than 2 years but less than 5 years $ million	More than 5 years $ million	Total contractual undiscounted cash outflow $ million	Carrying amount as at 31 December $ million
Trade and other payables	**1,584**	**-**	**-**	**15**	**1,599**	**1,599**	1,599	-	1	12	1,612	1,612
Bank and other borrowings	**3,600**	**-**	**-**	**-**	**3,600**	**3,561**	438	-	-	-	438	421
Lease liabilities	**108**	**78**	**143**	**38**	**367**	**324**	127	91	118	42	378	340
Non-current bank and other borrowings	**10**	**10**	**355**	**-**	**375**	**346**	146	3,624	-	-	3,770	3,513
	5,302	**88**	**498**	**53**	**5,941**	**5,830**	2,310	3,715	119	54	6,198	5,886

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

	2024					2023				
	Contractual undiscounted cash inflow/(outflow)					Contractual undiscounted cash inflow/(outflow)				
	Within 1 year or on demand $ million	More than 1 year but less than 2 years $ million	More than 2 years but less than 5 years $ million	More than 5 years $ million	Total contractual undiscounted cash outflow $ million	Within 1 year or on demand $ million	More than 1 year but less than 2 years $ million	More than 2 years but less than 5 years $ million	More than 5 years $ million	Total contractual undiscounted cash outflow $ million
Derivative financial assets – gross settled										
Gross contractual amounts payable										
– Forward foreign exchange contracts	(3,412)	–	–	–	(3,412)	–	–	–	–	–
– Cross currency swap	(11)	(11)	(353)	–	(375)	–	–	–	–	–
	(3,423)	(11)	(353)	–	(3,787)	–	–	–	–	–
Gross contractual amounts receivable										
– Forward foreign exchange contracts	3,416	–	–	–	3,416	–	–	–	–	–
– Cross currency swap	10	10	355	–	375	–	–	–	–	–
	3,426	10	355	–	3,791	–	–	–	–	–
Net receivable/(payable)	3	(1)	2	–	4	–	–	–	–	–

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group manages its interest rate risk exposures in accordance with defined policies and regular review to achieve a balance between minimising the Group's overall cost of fund and managing significant interest rate movements, as well as having regard to the floating/fixed rate mix appropriate to its current business portfolio. The Group's interest rate risk profile as monitored by management is set out in (i) below.

(i) Interest rate risk profile

The following table details the interest rate risk profile of the Group's borrowings, excluding interest payable and taking the effect of cross currency swap arrangement, at the end of the reporting period:

	2024		2023	
	Effective interest rate	**$ million**	Effective interest rate	$ million
Fixed rate borrowings:				
Guaranteed bonds		**3,492**		3,513
Bank and other loans (note)		**346**		–
		3,838		3,513
Cross currency swap arrangement (note)		**(3)**		–
	5.8%	**3,835**	6.1%	3,513
Variable rate borrowings:				
Bank and other loans	**–**	**–**	5.0%	352
Exposure	**–**	**–**	5.0%	352
Total borrowings	**5.8%**	**3,835**	6.0%	3,865
Fixed rate borrowings as a percentage of total borrowings, after taking the effect of cross currency swap arrangement		**100.0%**		90.9%

Note: The Group entered into fixed-to-fixed cross currency swap during the year to eliminate foreign exchange risk associated with the retranslation of part of the net investment in Singapore subsidiaries. The swap has a RMB320,000,000 (equivalent to approximately $345,000,000) receive leg, and a SGD59,000,000 (equivalent to approximately $342,000,000) pay leg.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk (continued)

(ii) Sensitivity analysis

No sensitivity analysis is presented in 2024 as there are no variable rate borrowings as at 31 December 2024.

As at 31 December 2023, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit for the year and retained profits by approximately $2,000,000. Other components of consolidated equity would not be affected by the changes in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit for the year and retained profits that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit for the year and retained profits is estimated as an annualised impact on interest expenses of such a change in interest rates. The analysis is performed on the same basis for 2023.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash and deposits that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The major places of operating companies within the Group are located in Hong Kong and Macau, whose functional currency is either HKD or MOP.

A substantial portion of the Group's revenue and cost of sales and services are denominated in USD, MOP, HKD, RMB and SGD. The majority of the Group's current assets, current liabilities and transactions are denominated in USD, MOP, HKD, RMB and SGD. As the HKD is linked to the USD and the MOP is pegged to the HKD, it will not pose significant currency risk between HKD, USD and MOP to the Group. The Group measures its currency risk mainly by performing currency gap analysis. The Group seeks to reduce its currency risk by matching its foreign currency denominated assets with the corresponding liabilities of the same currency or by using forward contracts, cross currency swaps and other derivative instruments where appropriate, provided that hedging is only considered when there is a highly probable forecasted transaction.

The Group manages this risk as follows:

(i) Hedges of foreign currency risk in forecast transaction

As at 31 December 2024, the Group hedges around 98% of its estimated foreign currency exposure in respect of highly probable forecast bond redemption.

The Group uses forward exchange contracts to manage its currency risk until the maturity date of the foreign currency bond redemption. The Group designates those forward exchange contracts as hedging instruments in cash flow hedges and does not separate the forward and spot element of a forward exchange contract but instead designates the forward exchange contract in its entirety in a hedging relationship. Correspondingly, the hedged item is measured based on the forward exchange rate.

The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the forward exchange contracts and the highly probable forecast transactions based on their currency amounts and the timing of their respective cash flows.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (continued)

(i) Hedges of foreign currency risk in forecast transaction (continued)

The main sources of ineffectiveness in these hedging relationships are:

(i) the effect of the counterparty's and the Group's own credit risk on the fair value of the forward exchange contracts which is not reflected in the change in the value of the hedged cash flows attributable to the forward rate; and

(ii) changes in the timing of the hedged transactions.

The following table details the forward exchange contracts that have been designated as cash flow hedges of the Group's highly probable forecast transactions at the end of the reporting period:

	2024		2023	
	Foreign currency $ million	**Hong Kong dollar $ million**	Foreign currency $ million	Hong Kong dollar $ million
Notional amount				
– Buy USD	**440**	**3,412**	–	–

	2024 $ million	2023 $ million
Carrying amount (note)		
– Asset	**2**	–

Note: Forward exchange contract assets are included in the "Derivative financial instruments" (note 16).

The forward exchange contracts have a maturity of less than one year from the reporting date and have an average exchange rate of 7.7554 between USD and Hong Kong dollar (2023: Nil).

The effective portion of the cash flow hedge in respect of foreign currency risk recognised in OCI is $6,000,000.

(ii) Recognised assets and liabilities

The net fair value of forward exchange contracts used by the Group as economic hedges of monetary assets and liabilities denominated in foreign currencies as at 31 December 2024 was $2,000,000 (2023: $Nil), recognised as derivative financial instruments.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (continued)

(iii) Hedge of net investment in foreign subsidiaries

A foreign currency exposure arises from the Group's net investment in its Singaporean subsidiaries that have Singapore dollar as its functional currency. The risk arises from the fluctuation in spot exchange rates between the Singapore dollar and the Hong Kong dollar, which causes the carrying amount of the net investment to vary. During the year ended 31 December 2024, the Group entered into fixed-to-fixed cross currency swap to eliminate foreign exchange risk associated with the retranslation of part of the net investment in Singapore subsidiaries. The swap has a RMB320,000,000 (equivalent to approximately $345,000,000) receive leg, and a SGD59,000,000 (equivalent to approximately $342,000,000) pay leg. The Company's RMB dollar denominated bank loan together with the cross currency swap are designated as hedging instruments for the changes in the value of the net investment that is attributable to changes in the HKD/SGD spot rate. The position is reviewed every year.

The change in the value of cross currency swap has been debited $4,000,000 (2023: $Nil) in OCI for the year ended 31 December 2024. No hedge ineffectiveness recognised in profit and loss.

(iv) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HKD, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency and the exposure arising from the bank and other loan that is designated as a hedge of the Group's net investment in its subsidiaries in Singapore (see (iii) above) are excluded.

	Exposure to foreign currencies (expressed in HKD)	
	RMB 2024 $ million	RMB 2023 $ million
Trade and other receivables	**27**	34
Cash and deposits	**13**	27
Trade and other payables	**(14)**	(13)
	26	48

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (continued)

(v) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit for the year and retained profits that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. Other components of consolidated equity would not be affected (2023: Nil) by the changes in the foreign exchange rates.

	2024		2023	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit for the year and retained profits $ million**	Increase/ (decrease) in foreign exchange rates	Effect on profit for the year and retained profits $ million
RMB	**10%** **(10%)**	**2** **(2)**	10% (10%)	4 (4)

Results of the analysis as presented in the above table represented an aggregation of the instantaneous effects on each of the Group's entities' profit for the year and equity measured in the respective functional currencies, and then translated into HKD at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency and the bank and other loan that is designated as a hedge of the Group's net investment in its subsidiaries in Singapore (see (iii) above). The analysis is performed on the same basis for 2023.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement

Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's derivatives financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value as at 31 December 2024	**Fair value measurements as at 31 December 2024 categorised into**	Fair value as at 31 December 2023	Fair value measurements as at 31 December 2023 categorised into
		Level 2		Level 2
	$ million	**$ million**	$ million	$ million
Recurring fair value measurements				
Assets:				
Derivative financial instruments:				
– Cross currency swap	**2**	**2**	–	–
– Forward exchange contracts	**2**	**2**	–	–

During the years ended 31 December 2023 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and significant inputs used in Level 2 fair value measurements.

The fair value of forward exchange contracts in Level 2 is determined by discounting the difference between the contractual forward price and the current forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

The fair value of the cross currency swap is determined based on the amount that the Group would receive or pay to terminate the swaps at the end of the reporting period, taking into account current interest rates and current creditworthiness of the swap counterparty.

30 COMMITMENTS

Capital commitments outstanding at the end of the reporting period not provided for in the consolidated financial statements are as follows:

	2024 **$ million**	2023 $ million
Contracted for	**60**	55
Authorised but not contracted for	**58**	70
	118	125

31 PERFORMANCE BONDS

At the end of the reporting period, performance bonds of the Group are as follows:

	2024 **$ million**	2023 $ million
Performance bonds provided to customers of business solutions projects	**66**	71
Performance bonds provided to others	**12**	10
	78	81

In respect of above, no provision has been made in the consolidated financial statements. As at 31 December 2024, the directors do not consider it probable that a claim will be made against the Group under any of the performance bonds. The maximum liability of the Group at the end of the reporting period is the total amount guaranteed by the performance bonds of $78,000,000 (2023: $81,000,000).

32 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with affiliates of the Group and its holding company

(i) Recurring transactions

	2024 $ million	2023 $ million
Internet data centre services fee received/receivable from fellow subsidiaries	**26**	22
Virtual private network services fee received/receivable from fellow subsidiaries	**28**	28
Internet access services fee received/receivable from fellow subsidiaries	**12**	9
Information security management services fee received/receivable from fellow subsidiaries	**9**	8
Cloud computing solutions services fee received/receivable from fellow subsidiaries	**6**	6
Messaging services fee received/receivable from fellow subsidiaries	**11**	8
Telecommunications services and related expenses paid/payable to		
– a fellow subsidiary	**(23)**	(21)
– an associate of the ultimate holding company	**(10)**	(10)
Professional fees paid/payable to a controlling shareholder for the provision of internal audit and company secretarial services	**(6)**	(6)
Building management fees, water and electricity fees, air conditioning charges and car parking spaces rental paid/payable to fellow subsidiaries	**(14)**	(14)
Rental income and building management charges received/receivable from a fellow subsidiary	**17**	17
Interest income from deposits received/receivables from fellow subsidiaries	**31**	49
Finance costs on bank and other borrowings paid/payable to fellow subsidiaries	**(17)**	(31)

The directors are of the opinion that the above transactions with related parties were conducted on normal commercial terms in the ordinary course of business and the terms are fair and reasonable so far as the shareholders of the Company are concerned. The professional fees paid by the Group were reimbursement of costs incurred by the related party, the prices which the Group paid for the relevant services were fair and reasonable with reference to market price.

32 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with affiliates of the Group and its holding company (continued)

(ii) Balances with affiliates of the Group and its holding company

	2024 **$ million**	2023 $ million
Advance payment for the acquisition of the remaining equity interest in a subsidiary included in trade and other receivables (note (i)):		
– to a fellow subsidiary	**67**	–
– to the ultimate holding company	**–**	68
Lease liabilities due to fellow subsidiaries	**(49)**	(9)
Deposits with fellow subsidiaries (note (ii))	**724**	774
Other borrowings from a fellow subsidiary (note (iii))	**–**	(352)

Notes:

(i) During the year ended 31 December 2024, the rights and obligations arising from the advance payment for the acquisition of the remaining equity interest in a subsidiary were fully transferred from the ultimate holding company of the Group to 中信數字科技集團有限公司, a fellow subsidiary of the Group through a novation arrangement in 2024.

(ii) Deposits with fellow subsidiaries are unsecured, bear interest at the prevailing market rates and can be withdrawn on demand or in accordance with the terms of agreement.

(iii) Other borrowings from a fellow subsidiary are unsecured, bear interest at the prevailing market rates and repayable in accordance with the terms of agreement.

(iii) Assets leased out under operating leases to a fellow subsidiary

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods are as follows:

	2024 **$ million**	2023 $ million
Within 1 year	**15**	6
After 1 year but within 2 years	**15**	–
After 2 year but within 3 years	**6**	–
	36	6

The leases related to a fellow subsidiary typically runs for an initial period of 3 years and the related commitments are included in note 10(d).

NOTES TO THE FINANCIAL STATEMENTS

32 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with affiliates of the Group and its holding company (continued)

(iv) Leasing arrangement

On 17 September 2024, the Group renewed a three-year lease (including an option to renew for a further term of three years) in respect of certain leasehold properties from a fellow subsidiary. The amount of rent payable by the Group under the lease is approximately $803,000 per month from 20 September 2024 to 19 September 2027, which was determined with reference to the current rental and prevailing open market rates for similar properties in the vicinity. At the commencement date of the lease, the Group recognised a right-of-use asset and a lease liability of $50,000,000 based on the three-year lease and the option to renew for another three-year term.

(b) Transactions with other government-related entities

The Group is a government-related enterprise and has transactions with entities directly or indirectly controlled by the Government of the People's Republic of China (the "PRC") through government authorities, agencies, affiliates and other organisation (collectively referred to as "government-related entities").

Apart from transactions with the affiliates of the Group as disclosed above, the Group has collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

– rendering and receiving services; and

– financial services arrangements.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not government-related. The Group has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are government-related entities or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group's buying, pricing strategy and approval processes, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the directors are of the opinion that the following transactions with other government-related entities require disclosure:

(i) Transactions with other government-related entities including state-controlled banks in the PRC

	2024 **$ million**	2023 $ million
Interest income from bank deposits	**16**	12
Fees received/receivable from the provision of telecommunications services	**1,639**	1,379
Fees paid/payable for cost of sales and services	**(1,471)**	(1,886)
Purchase of property, plant and equipment	**(1)**	(2)

32 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with other government-related entities (continued)

(ii) Balances with other government-related entities including state-controlled banks in the PRC

	2024 $ million	2023 $ million
Bank deposits	**404**	546
Trade debtors	**165**	186
Contract assets	**6**	6
Trade creditors	**(253)**	(243)
Bank loan	**(346)**	–

(c) Key management personnel emoluments

Emoluments for key management personnel of the Group are as follows:

	2024 $ million	2023 $ million
Short-term employee benefits	**33**	37
Post-employment benefits	**1**	1
	34	38

Total emoluments are included in "staff costs" (see note 5(c)).

33 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	**2024 $ million**	2023 $ million
Non-current assets			
Property, plant and equipment		**3**	3
Investments in subsidiaries		**11,553**	11,553
Non-current derivative financial instruments		**2**	–
Deferred tax assets		**2**	8
		11,560	11,564
Current assets			
Derivative financial instruments		**2**	–
Trade and other receivables		**1,663**	1,687
Cash and deposits		**67**	35
		1,732	1,722
Current liabilities			
Trade and other payables		**3,968**	522
Bank and other borrowings		**–**	352
		3,968	874
Net current (liabilities)/assets		**(2,236)**	848
Total assets less current liabilities		**9,324**	12,412
Non-current liabilities			
Non-current other payables		**–**	3,582
Defined benefit plan obligation		**4**	3
Non-current bank and other borrowings		**346**	–
		350	3,585
NET ASSETS		**8,974**	8,827
CAPITAL AND RESERVES	28(a)		
Share capital		**4,758**	4,756
Reserves		**4,216**	4,071
TOTAL EQUITY		**8,974**	8,827

Approved and authorised for issue by the board of directors on 12 March 2025.

Luo Xicheng
Director

Luan Zhenjun
Director

34 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 28(b)(i).

(b) As stated in note 24(b) to these financial statements, the Guaranteed Bonds was fully redeemed on the maturity date of 5 March 2025. No adjustments have been made of these financial statements as the Guaranteed Bonds is presented as a current liability as at the end of the reporting period.

35 IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY

As at 31 December 2024, the directors consider the immediate parent and the ultimate controlling party of the Group to be Ease Action Investments Corp., which is incorporated in the British Virgin Islands, and CITIC Group Corporation, which is a wholly state-owned company in the PRC, respectively. The intermediate holding company, CITIC Limited, which is incorporated and listed in Hong Kong, produces financial statements available for public use.

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new and amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	**1 January 2025**
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	**1 January 2026**
Annual improvements to HKFRSs – Volume 11	**1 January 2026**
HKFRS 18, *Presentation and disclosure in financial statements*	**1 January 2027**
HKFRS 19, *Subsidiaries without public accountability: disclosures*	**1 January 2027**

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for HKFRS 18. Further details of the expected impacts of HKFRS 18 are discussed below.

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

HKFRS 18 will replace HKAS 1, Presentation of financial statements, and aims to improve the transparency and comparability of information about the Group's financial performance. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated income statement and providing management-defined performance measures consolidated within the financial statements.

HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively. Earlier application is permitted. The Group is in the process of making an assessment of the detailed implications of applying the new standard on the Group's consolidated financial statements.

Except for the abovementioned changes in presentation and disclosure, these amendments are not expected to have a material impact on the results or the financial position of the Group.

PROPERTY

PROPERTY HELD FOR INVESTMENT

Location	Existing use	Term of lease
4 Lorry Parking Spaces on 1st Floor, 2 Lorry Parking Spaces on 2nd Floor, 1 Lorry Parking Space on 3rd Floor, 19th Floor and Unit 2101 to 2104 and 2108 on 21st Floor, CITIC Telecom Tower, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong	Lorry Parking Space and Ancillary Office	Medium
5th to 11th Floors and Flat B on 12th Floor, CITIC Telecom Tower, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong	Industrial	Medium

GLOSSARY

4G	4G is the fourth generation of broadband cellular network technology, succeeding 3G
5G	5th generation mobile networks
AI	Artificial Intelligence
Big Data	Big data refer to the use of predictive analytics, user behavior analytics, or certain other advanced data analytics methods that extract value from data
Cloud/cloud computing	Cloud/cloud computing is a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g. networks, servers, storage, applications and services etc.) that can be rapidly provisioned and released with minimal management effort or service provider interaction
eSIM	Embedded-SIM
FTTR	FTTR (Fiber to the Room) is a technology that extends fiber optic internet to individual rooms in a home or building, providing ultra-fast, stable, and reliable connectivity. It eliminates Wi-Fi dead zones, ensures gigabit speeds, and supports bandwidth-heavy activities like 4K streaming, gaming, and smart home devices. FTTR is a future-ready solution for seamless internet coverage
ICT	Information and Communications Technology (ICT), an umbrella term that includes any communication device or application, encompassing: radio, television, cellular phones, computer and network hardware and software, satellite systems etc., as well as the various services and applications associated with them
IDC	Internet Data Centre
Internet of Things (IoT)	The Internet of Things (IoT) is the network of physical devices, vehicles, home appliances and other items embedded with electronics, software, sensors, actuators, and connectivity which enables these objects to connect and exchange data
IoV	IoV (Internet of Vehicles) is a network that connects vehicles, infrastructure, devices, and users to enable data exchange and intelligent transportation. It supports V2X communication (e.g., vehicle-to-vehicle, vehicle-to-infrastructure) for improved safety, traffic management, and autonomous driving. IoV enhances road safety, reduces congestion, and enables smart transportation systems
IPX	IP Packet Exchange (IPX), a network architecture connecting carriers and operators to provide a private interconnection that can support both bilateral and multilateral types of connections
ISP	Internet Service Provider
NaaS	NaaS (Network as a Service) is a cloud-based service model that provides network resources like connectivity, VPNs, and SD-WAN on a subscription or pay-as-you-go basis. It eliminates the need for businesses to own or maintain physical network hardware, offering flexibility, scalability, and easy cloud integration. NaaS is ideal for remote work, IoT deployments, and businesses needing cost-effective, on-demand networking solutions

GLOSSARY

PoP(s)	Point(s)-of-Presence, connection facilities co-located in the data centres of other telecoms operators that consist primarily of transmission equipment with which calls and data are routed to and from the Group's hub
PRS	A pre-paid Mobile VAS which enables mobile customers to send or receive SMS and/or to receive calls or to call other countries using their mobile phones while overseas
SA	The standalone (SA) mode of 5G refers to using 5G cells for both signalling and information transfer
SASE	SASE (Secure Access Service Edge) is a remarkable new paradigm to distributed infrastructure, simultaneously securing and simplifying enterprise' network with a topology optimised for today's organisations
SCCP	Signalling Connection Control Part of SS7 signalling protocol that provides connectionless and connection-oriented network services and global title translation (GTT) capabilities above MTP Level 3
SD-WAN	SD-WAN is an acronym for software-defined networking in a wide area network (WAN). An SD-WAN simplifies the management and operation of a WAN by decoupling (separating) the networking hardware from its control mechanism
SEPP	In 5G, SEPP (Security Edge Protection Proxy) is a network function that secures signaling communication between different networks (PLMNs), such as during roaming. It encrypts sensitive data, ensures message integrity, hides network topology, and facilitates secure communication over the N32 interface using application-layer security like JSON Web Encryption (JWE). SEPP replaces the Diameter Edge Agent (DEA/DRA) used in 4G and is essential for secure inter-network signaling in 5G
SIMN	Single IMSI Multiple Number (SIMN) service, a Mobile VAS which allows mobile operators' subscribers to hold multiple overseas mobile phone numbers on their existing SIM cards, providing frequent travelers and mobile roamers the choice of saving roaming charges in SIMN-enabled regions
SMS	Short Message Service (SMS), a service available on most digital mobile phones that permits the sending of short messages between mobile phones, other handheld devices and even landline telephones
VCF	VMware Cloud Foundation (VCF) is an integrated software-defined platform developed by VMware which combines VMware's compute, storage, networking, and cloud management solutions to provide a consistent and automated hybrid cloud infrastructure
VCSP	A VMware Cloud Service Provider (VCSP) is a partner authorized by VMware to offer cloud services based on VMware technologies to cloud services provider
VoLTE	Voice Over LTE (VoLTE) means connection of voice call through 4G LTE network

CORPORATE INFORMATION

HEADQUARTERS AND REGISTERED OFFICE

25th Floor, CITIC Telecom Tower
93 Kwai Fuk Road
Kwai Chung
New Territories
Hong Kong

Tel: 2377 8888
Fax: 2376 2063

WEBSITE

www.citictel.com contains a description of the Company's business, copies of the reports to shareholders, announcements, press releases and other information.

STOCK CODES

The Stock Exchange of Hong Kong:	01883
Bloomberg:	1883:HK
Reuters:	1883.HK

SHARE REGISTRAR

Shareholders should contact our Registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong at 2980 1333, or by fax: 2810 8185, on matters such as transfer of shares, change of name or address, or loss of share certificates.

FINANCIAL CALENDAR

Closure of Register:	16 May 2025 to 21 May 2025 and 28 May 2025 to 30 May 2025
Annual General Meeting:	21 May 2025, 10:00 a.m. Island Ballroom, Level 5 Island Shangri-La Hotel Two Pacific Place Supreme Court Road Hong Kong
Final Dividend Payable:	20 June 2025

ANNUAL REPORT 2024

The Annual Report is printed in English and Chinese and is available on our website at www.citictel.com. Shareholders may choose to receive the Annual Report in printed form in either English or Chinese or both or by electronic means. Shareholders may at any time change their choice of the language or means of receipt of the Annual Report by notice in writing to the Company's Share Registrar.

Shareholders having difficulty in receiving or gaining access to the Annual Report will, promptly upon request to the Company's Share Registrar, be sent a printed copy free of charge.

Non-shareholders who wish to receive a copy of the Annual Report are requested to write to the Company Secretary, CITIC Telecom International Holdings Limited, 25th Floor, CITIC Telecom Tower, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong, or by fax: 2376 2063 or by email: contact@citictel.com.

中信國際電訊
CITIC TELECOM INTERNATIONAL

WWW.CITICTEL.COM