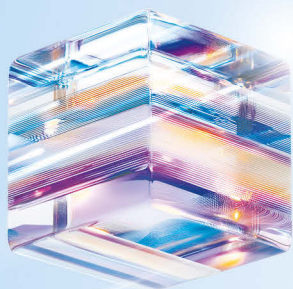




ANNUAL REPORT 2025

Stock Code: 0008





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ABOUT PCCW

PCCW Limited is a global company headquartered in Hong Kong which holds interests in telecommunications, media, IT solutions, property development and investment, and other businesses.

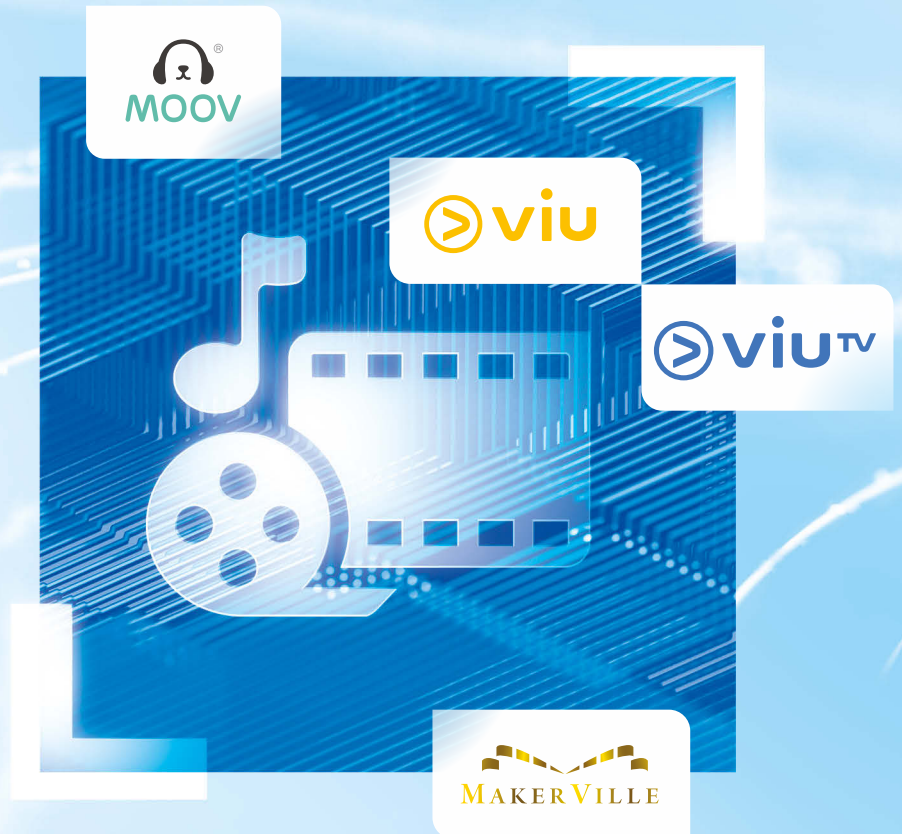
The Company holds a majority stake in the HKT Trust and HKT Limited, Hong Kong's premier telecommunications service provider and leading operator of fixed-line, broadband, mobile communication and media entertainment services. HKT delivers end-to-end integrated solutions employing emerging technologies to assist enterprises in transforming their businesses. HKT has also built a digital ecosystem integrating its loyalty programme, e-commerce, travel, insurance, big data analytics, fintech and healthtech services to deepen its relationship with customers.

PCCW owns a fully integrated multimedia and entertainment group in Hong Kong engaged in the provision of over-the-top ("OTT") video service locally and in other regions, as well as content production, artiste management and the event business. Through HK Television Entertainment Company Limited, PCCW also operates a domestic free TV service in Hong Kong. In addition, PCCW holds a stake in Pacific Century Premium Developments Limited and other overseas investments.

CORPORATE PROFILE

PCCW *Media*

We deliver premium streaming services across markets in Asia, the Middle East and South Africa, free television in Hong Kong and live entertainment globally, reaching tens of millions of users and households through diverse content and online-to-offline entertainment events. Rooted in Hong Kong, we engage the world through original productions, localised global hits and content that resonate and propagate.



HKT

With fibre speeds of up to 800G and 5G-Advanced wireless coverage, we enhance work, entertainment and education at home and on the go while powering high-bandwidth applications for public and private organisations. Through cross-industry expertise, global infrastructure and digital ventures, we enhance operations, facilitate data movement and enrich our ecosystem, driving our community tech forward.



PCCW Solutions

Consistently at the forefront of driving innovation, PCCW Solutions is an outsourcing partner of choice for clients across industries. We play a key role in supplying and maintaining some of the most essential IT systems in the public sector.

MESSAGE FROM THE CHAIRMAN

The media, technology, and telecommunications industries witnessed an acceleration in technology adoption in 2025, amid a challenging global backdrop. PCCW has navigated the evolving landscape with increased agility to deliver resilient and reliable services. With a firm commitment to innovation, we have been providing digital infrastructure and content platforms that connect communities, facilitate business transformation, and advance Hong Kong's digital future.

Viu, our OTT video streaming service, maintained its leadership in Southeast Asia, offering a selection of premium Chinese, Korean, and local productions with cross-market appeal. As viewing habits evolve, we have expanded our services to include short-form, vertical viewing formats, extending our reach across genres and catering to a wider range of viewing preferences.

ViuTV, our free Hong Kong TV service, continues to offer a variety of high quality content, including flagship reality and talent programmes. This enriched entertainment is engaging broader audiences while also nurturing emerging talent. We have also opened up new opportunities for our artistes to connect with both local and international audiences, furthering their professional development and fostering cross-cultural exchange. ViuTV served as a key broadcast platform for the 15th National Games, providing free-to-air and digital coverage that enabled a wide audience to share in the excitement.

At HKT, we further upgraded our network capabilities to meet increasing bandwidth requirements and ensure reliable, uninterrupted connectivity. This included the launch of the 800G AI Superhighway service, establishing a new AI Exchange at the Lok Ma Chau Loop and the deployment of 25Gbps mobile backhaul.

These improvements allowed us to continue enriching services for HKT customers as they upgrade to the latest 2500M+ broadband services as well as the latest 5G mobile technologies and devices. At the same time, we continue to support HKT's enterprise customers to employ the latest technologies as they look to drive growth, improve productivity, enhance safety and strengthen technology chain resilience. We have also facilitated increased regional and international integration by assisting Hong Kong enterprises to expand into the Chinese Mainland market whilst also helping Chinese Mainland firms to build and grow their presence in Hong Kong and beyond.

As Hong Kong's economy steadily improves, our Group has remained focused on emerging opportunities, with a lower interest rate environment helping to ease financing costs and sustain ongoing development. Building on these foundations and HKT's solid financial position, we will continue to deliver trusted services and compelling content that creates value for customers, partners, and shareholders, while consistently contributing to Hong Kong's digital development and serving our local communities.

A handwritten signature in blue ink, consisting of a large, loopy oval shape with a small 'N' or similar mark at the bottom right.

Richard Li

Chairman

10 February 2026

MESSAGE FROM THE ACTING GROUP MANAGING DIRECTOR

Throughout 2025, Hong Kong's economic recovery progressed steadily, even as global trade uncertainties and cautious consumer sentiment persisted. Against this backdrop, PCCW delivered a solid performance, supported by the expanding scale of and prudent investments in our video streaming business, the broader scope of our domestic entertainment operations and the unwavering market leadership of HKT Limited ("HKT").

Viu – deeper viewer engagement, prudent investments and economies of scale

Building on its regional leadership, Viu continued its focus on delivering premium, regionally and locally relevant content to viewers across 15 markets in Southeast Asia ("SEA"), the Middle East, and South Africa. During the year, Viu added 1.3 million net paid subscribers, bringing the total to an impressive 16.8 million*. Strong performance was particularly evident in Thailand, Indonesia, and Malaysia, driven by deeper collaboration with local partners and strategic efforts to boost penetration in these key markets. Going forward, Viu will prioritise its investments in markets where it has established a strong foothold to achieve economies of scale.

Central to this growth is the ongoing expansion of a balanced and thoughtfully curated content slate spanning multiple genres and languages. With a sharpened focus on high-performing content, we introduced over 200 new titles, including a number of new Korean dramas, an expanded line-up of Chinese programmes in response to surging demand across the region, and a selection of Viu Originals tailored to local audiences. High-impact releases such as Korean title *Taxi Driver Season 3* and Chinese drama *Love's Ambition* (許我耀眼) generated extraordinary subscriber growth and engagement across multiple markets. The growing scale of Viu's subscriber base, coupled with prudent content investments, drove a 13% increase in Viu's subscription revenue and a 56% uplift in the OTT business EBITDA.

Entering 2026, our focus thus far has been on establishing new growth engines that will significantly expand market reach and enhance monetisation. In December 2025, we launched a first-of-its-kind regional streaming bundle in partnership with HBO Max in five markets. In early January 2026, we unveiled Viu Shorts, capitalising on the rapid rise of the micro-drama format, while also unlocking new advertising opportunities with cost-efficient content. The initial results have been extremely encouraging, with Viu Shorts viewership penetration exceeding 11% within the first three weeks of its launch. These initiatives reinforce our position as a leader in innovative digital entertainment and propel Viu towards sustainable profitability.

* Excluding Myanmar

ViuTV – nurturing talent and elevating the impact of our integrated entertainment ecosystem

In 2025, our artiste management and event business focused on promoting the solo performances of select artistes to amplify their appeal and maximise their potential. This strategy gained significant traction, laying a solid foundation for a planned series of group concerts in the coming year, which are poised to drive further growth. Meanwhile, the growing influence of our artistes attracted collaboration opportunities with global brands such as *Sanrio* and the *NBA*, broadening our revenue streams beyond content and live events. While strengthening the presence of our existing talent, we remain committed to cultivating new talent to ensure the long-term sustainability of our roster. Through our iconic talent show, *King Maker Season VI* (全民造星VI), we have identified a promising cohort of emerging artistes who will bolster our talent pipeline and sustain its growth momentum.

ViuTV, our domestic broadcasting arm, has garnered acclaim from both audiences and critics through its distinctive line-up of dramas and reality shows, cementing its position as Hong Kong's leading platform for younger audiences. Digital memberships grew by more than 3.6% to 3.4 million, while audience viewing time surged by 6.7%, underscoring the broadening appeal of our content. This young, highly engaged audience base, combined with our strengths in content production, multi-platform media, artiste representation and event management, enables us to provide comprehensive media solutions that offer advertisers a compelling value proposition.

Benefitting from HKT's market leadership and innovation edge

Despite the challenging operating environment, HKT has reinforced its position as Hong Kong's leading technology enabler. Through continuous upgrades to its superior digital infrastructure and accelerated integration of artificial intelligence ("AI") across services and operations, HKT remains committed to delivering cutting-edge solutions that empower public and private enterprises to realise digital transformation and strengthen their technology resilience. At the same time, HKT continues to elevate its premium consumer offerings with personalised services and a best-in-class customer experience, further deepening customer loyalty and its market foothold. Consequently, HKT achieved notable growth in key financial metrics, with total revenue growing by 5% to HK\$36,553 million, EBITDA increasing by 4% to HK\$14,234 million, and adjusted funds flow ("AFF") expanding by 4% to HK\$6,199 million.

Disciplined dividend policy delivers sustainable shareholder returns

Underpinned by HKT's robust financial results and the improved performance of our OTT Business, PCCW's revenue rose 7% to HK\$40,252 million and EBITDA increased by 3% to HK\$13,290 million.

The Board of Directors has recommended the payment of a final dividend of 28.48 HK cents per ordinary share, bringing the full-year dividend to 38.25 HK cents per ordinary share for the year ended 31 December 2025.

Whilst PCCW continues to benefit from HKT's steady and robust growth, we remain firmly committed to a disciplined dividend policy that prioritises strengthening our financial position to support sustainable growth while striving to deliver returns for our shareholders. This policy will be reviewed regularly to ensure it remains aligned with evolving market conditions and continues to optimise shareholder value.

We will also strive to strengthen community engagement and contribute to Hong Kong's development as a centre for innovation and international cultural exchange. On behalf of our team, I would like to take the opportunity to thank you for your continued support and trust in our strategy.



Susanna Hui

Acting Group Managing Director
10 February 2026

Financial Highlights



Media Business

OTT Business

Revenue
HK\$2,579M ▲ 5%

EBITDA
HK\$620M ▲ 56%

Viu

Subscription Revenue# ▲ 13%

Paid Subscriber Base#
16.8M
Excluding Myanmar

Free TV & Related Business

Revenue
HK\$1,034M

EBITDA
HK\$153M

HKT

HKT

Total Revenue

HK\$36,553M

▲ 5%

Total EBITDA

HK\$14,234M

▲ 4%

AFF

HK\$6,199M

▲ 4%



Fibre-to-the-Home
("FTTH") Connections

1.086M

▲ 4%



Pay TV Installed Base

1.464M

▲ 2%



5G Customer Base

2.096M

▲ 20%



The Club Members

4.148M

▲ 3%



DrGo Registered Users

410K

▲ 3%

SIGNIFICANT EVENTS IN 2025



01 HKT and Ocean Park present "Panda TV"

02 HKT launches blockchain-based marketing and loyalty platform Go Wallet

03 HKT launches AI Superhighway solution, Asia's first 800G Wide Area Network for AI and Supercomputing

04 HKT becomes the first Hong Kong-funded telecommunications operator to obtain approval for pilot operation of Value-Added Telecommunications business in the Chinese Mainland

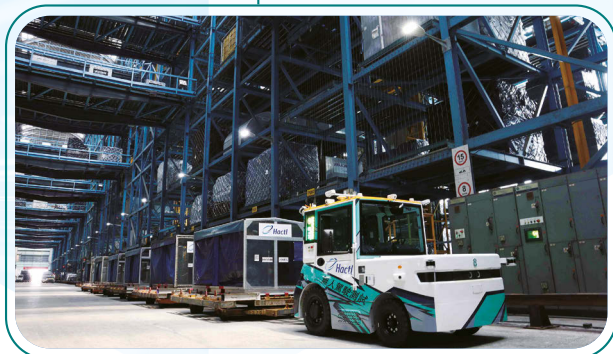
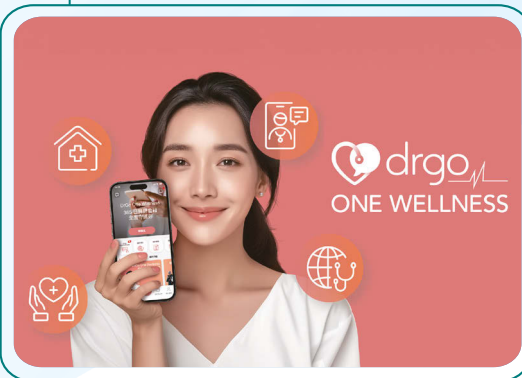
07 PCCW Media unveils premium drama series *The Season* at FILMART 2025

08 DrGo rolls out One Wellness, a one-stop membership programme integrating travel protection, video consultation and in-person health and wellness services



05 PCCW Global and Qianxun SI form strategic collaboration to deliver high-precision positioning and BeiDou Navigation Satellite System SMS services in Hong Kong, Macao, and Belt and Road areas

06 HKT and Hactl collaborate to establish Hong Kong's first 5G private network-enabled air cargo terminal





09 HKT is a founding member of the Index Committee for Hong Kong's first Drone Take-off Reliability Index

10 PCCW Global enters into collaboration with three leading organisations at the 10th Belt and Road Summit to accelerate advanced connectivity across global markets

11 HKT partners with nine leading mobile operators across the Asia-Pacific region to enhance outbound roaming experience

12 HKT receives five accolades at the 2025 CAHK STAR Award



13 HKT becomes Hong Kong's first telecommunications service provider to deploy 25Gbps mobile backhaul

14 HKT joins seven leading mobile operators across Asia-Pacific to officially launch the world's first cross-border telco rewards programme WanderJoy



15 The Group supports the 15th National Games through free TV coverage and free local mobile data for streaming

16 Comeback of ViuTV's iconic talent show King Maker VI



BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

LI Tzar Kai, Richard

Chairman

Mr Li, aged 59, was appointed an Executive Director and the Chairman of PCCW in August 1999. He is the Chairman of PCCW's Executive Committee and a member of the Nomination Committee of the Board. He is also the Chairman and Chief Executive of the Pacific Century Group, an Executive Director of FWD Group Holdings Limited (FWD), a member of FWD's Compensation Committee, the Executive Chairman and an Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, the Chairman of HKT's Executive Committee and a member of HKT's Nomination Committee, an Executive Director of Pacific Century Premium Developments Limited (PCPD), the Chairman of PCPD's Executive Committee, a member of PCPD's Remuneration Committee and Nomination Committee, the Chairman and an Executive Director of Singapore-based Pacific Century Regional Developments Limited (PCRD), and the Chairman of PCRD's Executive Committee.

Mr Li is a member of the Center for Strategic and International Studies' International Councillors' Group in Washington, D.C. He was awarded the Lifetime Achievement Award by the Cable & Satellite Broadcasting Association of Asia in November 2011.

HUI Hon Hing, Susanna

Acting Group Managing Director and Group Chief Financial Officer

Ms Hui, aged 61, was appointed an Executive Director of PCCW in May 2010 and became Acting Group Managing Director of PCCW in March 2022. She has also been the Group Chief Financial Officer of PCCW since April 2007. She is a member of PCCW's Executive Committee and holds directorships in various Group companies. She is also the Group Managing Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust and a member of HKT's Executive Committee.

Ms Hui joined Cable & Wireless HKT Limited (which was subsequently acquired by PCCW) in September 1999. Since then, she has served the PCCW Group in various capacities in the past 26 years, including as Director of Group Finance of the PCCW Group from September 2006 to April 2007, and the Director of Finance of the PCCW Group with responsibility for the telecommunications services sector and regulatory accounting. Ms Hui was also the Group Chief Financial Officer of HKT from November 2011 to August 2018, an Executive Director of Pacific Century Premium Developments Limited (PCPD) from May 2018 to December 2021 and the Chief Financial Officer of PCPD from July 2009 to November 2011.

Prior to joining Cable & Wireless HKT Limited, Ms Hui was the chief financial officer of a listed company engaged in hotel and property investment and management.

Ms Hui graduated with a bachelor's degree in social sciences from the University of Hong Kong with first class honours. She is a qualified accountant and a member of both the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

Drawing on her extensive experience and expertise in innovation and technology ecosystems, Ms Hui serves as a member of the Hong Kong Science and Technology Parks Corporation's board of directors, the Hong Kong Trade Development Council Belt and Road & Greater Bay Area Committee and its Greater Bay Area Task Force on Innovation and Technology, and the Digital Economy Development Committee of the Hong Kong Special Administrative Region (HKSAR) Government. She is also a vice-chairman of the Employers' Federation of Hong Kong as well as a fellow and council member of The Hong Kong Management Association, where she is appointed Professor of Practice at its Institute of Advanced Management Development. Additionally, Ms Hui is a director of Mox Bank Limited.

In 2024, Ms Hui was awarded the Medal of Honour by the HKSAR Government in recognition of her dedicated and valuable community service, particularly in youth development and supporting underprivileged students.

NON-EXECUTIVE DIRECTORS

TSE Sze Wing, Edmund, GBS

Non-Executive Director

Mr Tse, aged 88, is a Non-Executive Director of PCCW. He was an Independent Non-Executive Director of PCCW from September 2009 to March 2011 and was re-designated to a Non-Executive Director of PCCW in March 2011. He is also a member of the Regulatory Compliance Committee of the Board.

Mr Tse is the Chairman Emeritus of AIA Group. He retired as the Independent Non-Executive Chairman and an Independent Non-Executive Director of AIA Group Limited in September 2025. From 1996 until June 2009, Mr Tse was Director of American International Group, Inc. (AIG) and from 2001 until June 2009, he was Senior Vice Chairman – Life Insurance of AIG. From 2000 until June 2009, he was Chairman and Chief Executive Officer of American International Assurance Company, Limited and from 2005 until April 2015, he was the Chairman of AIA Philippines Life and General Insurance Company Inc. (formerly known as The Philippine American Life and General Insurance (PHILAM LIFE) Company). Mr Tse has held various senior positions and directorships in other AIG companies. Mr Tse is also a Director of Bridge Holdings Company Limited and Huatai-PB Fund Management Co., Ltd. which are asset management companies owned indirectly by Mr Li Tzar Kai, Richard, the Chairman of PCCW. Mr Tse was a Non-Executive Director of PICC Property and Casualty Company Limited from June 2004 until July 2014.

Mr Tse is a member of the Chief Executive's Council of Advisers. Mr Tse was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2001 in recognition of his outstanding efforts in respect of the development of Hong Kong's insurance industry. Mr Tse graduated with a Bachelor of Arts degree in Mathematics from the University of Hong Kong (HKU) in 1960. HKU conferred an Honorary Fellowship and an Honorary Doctorate Degree in Social Sciences on Mr Tse in 1998 and 2002 respectively. He also obtained diplomas from the College of Insurance and the Graduate School of Business of Stanford University. He has extensive management experience in the insurance market, both in Asia and globally. In 2003, Mr Tse was elected to the prestigious Insurance Hall of Fame and in 2017, Mr Tse was awarded the first ever "Lifetime Achievement Award" at the Pacific Insurance Conference in recognition of his outstanding contribution to the insurance industry. In 2018, Mr Tse was conferred an Honorary Degree of Doctor of Business Administration by Lingnan University. In 2019, Mr Tse was conferred Fellowship by the Hong Kong Academy of Finance. In 2024, Mr Tse was conferred an Honorary Degree of Doctor of Social Science by The Hang Seng University of Hong Kong. Mr Tse serves many community and professional organizations as well as educational institutions. He was also a director of AIA Foundation, which supports charitable causes in Hong Kong.

TANG Yongbo

Deputy Chairman

Mr Tang, aged 51, became a Non-Executive Director of PCCW in August 2023. He is the Deputy Chairman and a member of PCCW's Executive Committee. He is also a Non-Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, and a member of HKT's Executive Committee, Nomination Committee and Remuneration Committee.

Mr Tang is a director of China United Network Communications Group Company Limited, China United Network Communications Limited and China United Network Communications Corporation Limited. Mr Tang also serves as an executive director of China Unicom (Hong Kong) Limited and a non-executive director of China Communications Services Corporation Limited.

Mr Tang previously served as a deputy general manager and a general manager of Hunan Branch of China Unicom, a general manager of marketing department of China United Network Communications Group Company Limited, a vice general manager of China United Network Communications Group Company Limited, a senior vice president of China Unicom (Hong Kong) Limited, a senior vice president of China United Network Communications Limited, a senior vice president of China United Network Communications Corporation Limited and a non-executive director of China Tower Corporation Limited. He was a deputy to the 13th National People's Congress.

Mr Tang received a master's degree in Business Administration from Central South University. Mr Tang has extensive experience in management and the telecommunications industry.

FENG Lanxiao

Non-Executive Director

Mr Feng, aged 46, became a Non-Executive Director of PCCW in February 2026. He is a member of the Remuneration Committee of the Board.

Mr Feng is currently the Chairman and Chief Executive Officer of China Unicom Global Limited (CUG), and Dean of China Unicom (Hong Kong) Innovation Research Institute Limited, both of which are subsidiaries of China United Network Communications Group Company Limited (Unicom).

Mr Feng had served as the Deputy General Manager of China United Network Communications Co., Ltd. Beijing Branch since 2024 and was promoted as the Chairman and Chief Executive Officer of CUG in 2025. During 2020 to 2024, he served as the Deputy General Manager of Enterprise Customer Business Unit in Unicom.

Mr Feng is a postgraduate with a degree in Information Science. Mr Feng has extensive experience in technologies and services, sales and marketing of telecom companies.

MENG Shusen*

Non-Executive Director

Ms Meng, aged 53, was a Non-Executive Director of PCCW and a member of the Remuneration Committee of the Board from December 2021 to 10 February 2026.

Ms Meng is currently the General Manager of Corporate Development Department/ Legal Department of China United Network Communications Group Company Limited.

She was the Chairwoman and President of China Unicom Global Limited (CUG) and China Unicom (Hong Kong) Operations Limited, both of which are subsidiaries of China United Network Communications Group Company Limited (Unicom). In addition, she served as the Dean of the China Unicom (Hong Kong) Innovation Research Institute from 2024 to October 2025.

Ms Meng has served as the Deputy General Manager of Global Business Department of the Unicom group since 2008 and was promoted as the Chairwoman and President of CUG in 2017. She served as the Deputy Head of Technology Department, the General Manager of Marketing Department in China Telecom Group Beijing Corporation from 2000 to 2004; and during 2004 and 2008, she served as the Deputy General Manager of Enterprise Customer Business Unit and the Deputy Director of Board Secretariat in China Network Communications Group Corporation.

Ms Meng is a postgraduate with a doctorate degree in Electric Circuit and System. Ms Meng has extensive experience in technologies and services, sales and marketing of telecom company, and corporate governance of listed companies.

ZHAO Xingfu

Non-Executive Director

Mr Zhao, aged 50, became a Non-Executive Director of PCCW in February 2025. He is a member of the Nomination Committee of the Board. He is also a Non-Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, and a member of HKT's Regulatory Compliance Committee.

Mr Zhao is the general manager of the finance department of China United Network Communications Group Company Limited. He was the deputy general manager of Guangzhou Branch of China United Network Communications Corporation Limited, the general manager of the finance department of Guangdong Branch of China United Network Communications Corporation Limited, and the deputy general manager of the finance department of China United Network Communications Group Company Limited.

Mr Zhao is a senior accountant. He graduated from Harbin Institute of Technology in 1998 and received a Master's Degree in Business Administration from Webster University in the United States in 2012. Mr Zhao has extensive experience in corporate finance and investment management.

Note:

* Ms Meng Shusen resigned as a Non-Executive Director of the Company with effect from 10 February 2026.

WEI Zhe, David

Non-Executive Director

Mr Wei, aged 55, is a Non-Executive Director of PCCW. He was appointed an Independent Non-Executive Director of PCCW in November 2011 and was re-designated to a Non-Executive Director of PCCW in May 2012. He is also a member of the Remuneration Committee of the Board.

Mr Wei has over 20 years of experience in both investment and operational management in the People's Republic of China. Prior to launching Vision Knight Capital (China) Fund I, L.P., a private equity investment fund, in 2011, Mr Wei was an executive director and chief executive officer of Alibaba.com Limited, a leading worldwide B2B e-commerce company, from 2007 to 2011, where he successfully led the company through its initial public offering and listing on The Stock Exchange of Hong Kong Limited in 2007. Alibaba.com Limited was delisted in June 2012. Prior to Alibaba.com Limited, Mr Wei was the president, from 2002 to 2006, and chief financial officer, from 2000 to 2002, of B&Q China, the then subsidiary of Kingfisher plc, a leading home improvement retailer in Europe and Asia. Under Mr Wei's leadership, B&Q China grew to become China's largest home improvement retailer. From 2003 to 2006, Mr Wei was also the chief representative for Kingfisher's China sourcing office, Kingfisher Asia Limited. Prior to that, Mr Wei served as the head of investment banking at

Orient Securities Company Limited from 1998 to 2000, and as corporate finance manager at Coopers & Lybrand (now part of PricewaterhouseCoopers) from 1995 to 1998. Mr Wei was an executive director of Zall Smart Commerce Group Ltd.; a non-executive director of HSBC Bank (China) Company Limited, The Hongkong and Shanghai Banking Corporation Limited, Zhong Ao Home Group Limited and Polestar Automotive Holding UK PLC; a director of 500.com Limited, Shanghai M&G Stationery Inc., Informa PLC, UBM plc, Hitevision Co., Ltd. and BlueCity Holdings Limited; an independent director of Fangdd Network Group Ltd., Leju Holdings Limited and OneSmart International Education Group Limited; and also the vice chairman of China Chain Store & Franchise Association. He was voted as one of "China's Best CEOs" by FinanceAsia magazine in 2010. Mr Wei currently serves as an executive director and the chairman of Vision Deal HK Acquisition Corp. and chairs its nomination committee. He also serves as a director of Sansure Biotech Co., Ltd.; a non-executive director of JNBY Design Limited; and an independent director of Oriental Pearl Group Co., Ltd., Ningbo Commerce Bank Co., Ltd and Yum China Holdings, Inc.

He holds a bachelor's degree in international business management from Shanghai International Studies University and has completed a corporate finance program at London Business School.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Aman MEHTA

Independent Non-Executive Director

Mr Mehta, aged 79, became an Independent Non-Executive Director of PCCW in February 2004 and is the Chairman of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Board. He is also an Independent Non-Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, and the Chairman of HKT's Nomination Committee.

Mr Mehta joined the Board following a distinguished career in the international banking community. Mr Mehta held the position of Chief Executive Officer of The Hongkong and Shanghai Banking Corporation Limited (HSBC) until December 2003, when he retired.

Born in India in 1946, Mr Mehta joined HSBC group in Bombay in 1967. After a number of assignments throughout HSBC group, he was appointed Manager – Corporate Planning at HSBC's headquarters in Hong Kong in 1985. After a three-year posting to Riyadh in Saudi Arabia, he was appointed Group General Manager in 1991, and General Manager – International the following year, with responsibility for overseas subsidiaries. He subsequently held senior positions in the United States, overseeing HSBC group companies in the Americas and later becoming responsible for HSBC's operations in the Middle East.

In 1998, Mr Mehta was reappointed General Manager – International, after which he became Executive Director International. In 1999, he was appointed Chief Executive Officer, a position he held until retirement.

Following his retirement in December 2003, Mr Mehta took up residence in New Delhi. He was an Independent Non-Executive Director of Emaar MGF Land Limited, Jet Airways (India) Limited, Cairn India Limited, Vedanta Resources plc, Tata Consultancy Services Limited, Vedanta Limited, Godrej Consumer Products Limited, Tata Steel Limited, Wockhardt Limited and Max Financial Services Limited; and an Independent Director on the Supervisory Board of ING Groep N.V., a Netherlands company.

Mr Mehta is also a member of the Governing Board of Indian School of Business, Hyderabad.

Frances Waikwun WONG

Independent Non-Executive Director

Ms Wong, aged 64, was appointed an Independent Non-Executive Director of PCCW effective from March 2012 and is the Chairwoman of the Regulatory Compliance Committee, and a member of the Nomination Committee and the Remuneration Committee of the Board. She is also an Independent Non-Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, and the Chairwoman of HKT's Remuneration Committee. She was an Independent Non-Executive Director of Pacific Century Regional Developments Limited from June 2013 to April 2023.

Ms Wong is currently a financial advisor of Good Harbour Finance Limited. She began her career as a management consultant at McKinsey & Company in the United States. Ms Wong returned to Hong Kong and joined the Hutchison Whampoa group of companies in 1988, taking on various positions. She was managing director of Weatherite Manufacturing Limited, an air conditioning manufacturer. Later, Ms Wong became chief executive officer of Metro Broadcast Corporation Limited. Eventually, she became chief financial officer of Star TV, Asia's first satellite television company. After leaving the Hutchison Whampoa Group, she became group chief financial officer for the Pacific Century Group. After she resigned from the Pacific Century Group, she founded the Independent Schools Foundation in Hong Kong in 2000.

Ms Wong was educated in the United States at Stanford University where she received a Bachelor of Science degree. She holds a Master of Science degree from the Massachusetts Institute of Technology. Ms Wong was a member of the Central Policy Unit, the Government of the Hong Kong Special Administrative Region (think tank). She has served on many educational boards including the Canadian International School of Hong Kong, Hong Kong Metropolitan University and was a member of the Joint Committee on Student Finance of Student Financial Assistance Agency.

Bryce Wayne LEE**Independent Non-Executive Director**

Mr Lee, aged 60, was appointed an Independent Non-Executive Director of PCCW in May 2012 and is a member of the Audit Committee and the Remuneration Committee of the Board.

Mr Lee joined Silver Lake in 2011 and is a Managing Director and Head of Business Development, Fundraising and Investor Relations of Silver Lake. In addition, he is an investment professional primarily with responsibility in the Asia region.

Previously, he was a Managing Director of Credit Suisse in the Investment Banking division, serving as head of the Technology Group for the Americas and as co-head of the Alternative Energy Group. Mr Lee was instrumental in building a number of Credit Suisse's franchises including its Asian technology investment banking business and was named to Forbes magazine's "Midas List" of the top 100 technology dealmakers in the world. He was a member of Credit Suisse's Investment Banking Committee and served on the Managing Director Evaluation Committee. Mr Lee is a member of the Council on Foreign Relations.

Mr Lee is currently on the boards of directors of Carbon, Inc. and Peloton Computer Enterprises. He was previously on the board of Eka Software Solutions. Mr Lee graduated from Stanford University.

Lars Eric Nils RODERT**Independent Non-Executive Director**

Mr Rodert, aged 64, was appointed an Independent Non-Executive Director of PCCW in November 2012 and is a member of the Audit Committee and the Nomination Committee of the Board.

Mr Rodert is the founder and Chief Executive Officer of ÖstVäst Advisory AB. He has served as an independent director of Brookfield Wealth Solutions Ltd. since November 2021. He is also a director of Brookfield Property Partners L.P.'s General Partner, and was a director of Brookfield Infrastructure Partners L.P.'s Managing General Partner from 2010 to 2013. He was previously a director of Brookfield Property REIT Inc., which was delisted in July 2021 following its merger with Brookfield Asset Management Inc. became effective. Mr Rodert was also a Board Member of Samhällsbyggnadsbolaget i Norden AB (publ). He was a Senior Portfolio Manager for Inter IKEA Treasury in North America and Europe. Prior to this role, he was most recently Chief Investment Officer, Global Equities, at SEB Asset Management and prior to that he was Head of North American Equities at the same firm. Based in Sweden, Mr Rodert has an in depth knowledge of continental European markets and is seasoned in analyzing investment opportunities. He holds a Master of Science Degree in Business and Economics from Stockholm University.

David Christopher CHANCE**Independent Non-Executive Director**

Mr Chance, aged 68, was appointed an Independent Non-Executive Director of PCCW in November 2013. He is also a member of the Regulatory Compliance Committee of the Board. He was the Independent Non-Executive Chairman and Director of Now TV Limited (formerly PCCW Media Limited), a subsidiary of PCCW from November 2013 to September 2022.

Mr Chance is the Non-Executive Chairman of LW Entertainment Holdings Limited (formerly known as Really Useful Group Investments Limited) and a Non-Executive Director of LW Theatres Holdings Limited. He was the Non-Executive Chairman of Modern Times Group MTG AB and the Non-Executive Chairman of Nordic Entertainment Group AB. He has significant senior management experience particularly in the area of pay television, having been formerly the Executive Chairman of Top Up TV Ltd. between 2003 and 2011, and the Deputy Managing Director of British Sky Broadcasting Group plc between 1993 and 1998. He was also a Non-Executive Director of ITV plc and O2 plc. He graduated with a Bachelor of Arts degree, a Bachelor of Science degree and a Master of Business Administration degree from the University of North Carolina.

Sharhan Mohamed MUHSEEN MOHAMED

Independent Non-Executive Director

Mr Muhseen, aged 50, was appointed an Independent Non-Executive Director of PCCW in February 2023.

Mr Muhseen is a senior investment banker with extensive experience in areas of mergers and acquisitions, corporate finance and capital markets. He has served in a senior board capacity working with company boards and senior leadership teams of corporates across Asia to help drive their strategic agenda and roadmap.

Mr Muhseen currently is the Chairman of each of CBC Finance Limited and Platinum Advisors Pte. Ltd., the Chairman and a Non-Executive Independent Director of Commercial Bank of Ceylon PLC, a Non-Executive Director of David Pieris Holdings (Private) Limited, and a Director of each of Canary Wharf Holdings Pte. Ltd. and H2O ONE.

Mr Muhseen previously worked in global investment banks including Credit Suisse, Bank of America Merrill Lynch and JPMorgan in leading regional coverage roles. He was Managing Director, Head of Asia Insurance, Head of South-East Asia Financial Institutions Group, and Country Manager Sri Lanka at Credit Suisse based in Singapore. In his investment banking career spanning over 20 years, Mr Muhseen has completed landmark mergers and capital raising transactions in excess of USD100 billion. He was the Deputy Chairman of Amāna Takaful Life PLC.

Mr Muhseen also has experiences at the Sri Lankan government policy level, working as a Team Leader at the National Council for Economic Development (NCED) under the Ministry of Finance as well as a Director at the TAFREN presidential task force for rebuilding the economy after the 2004 Tsunami.

Mr Muhseen holds a Masters in Economics from the University of Colombo and a Bachelor of Business Administration (Hons) from Western Michigan University. In addition, he has an Executive Diploma in Directorship, Singapore Management University.

Set out above are the directors of PCCW, and their biographical details, as at 10 February 2026.

CORPORATE GOVERNANCE REPORT

PCCW Limited (“PCCW” or the “Company”) is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of its business, and to ensure that its affairs are conducted in accordance with applicable laws and regulations.

The board of directors of the Company (the “Board”) has adopted a Code of Conduct and a Sustainability Policy (formerly known as Corporate Social Responsibility Policy) that apply to all employees, including directors and officers, of the Company and its subsidiaries (collectively the “Group”).

The Code of Conduct sets out standards for the way in which employees should conduct the Group’s business in the following areas: civic responsibilities, equal opportunities, preservation of company information and property, privacy of personal data, prevention of bribery, conflicts of interest and ensuring health and safety at work. This policy also prescribes procedures to enable employees to raise concerns with management and directors on a confidential basis.

The Sustainability Policy sets out the Group’s commitments and objectives regarding Environmental, Social and Governance (“ESG”) issues. It outlines the Group’s approach to responsible business practices, covering sustainability management, environment, employment and labour, supply chain management, customers and marketplace, and community.

CORPORATE STRATEGY

PCCW, together with its listed subsidiary HKT Limited (“HKT”), creates and preserves shareholder value by investing prudently in integrated solutions that enrich content offerings, expand connectivity and advance innovation across media, telecommunications and technology, driving sustainable growth across its businesses.

Through PCCW Media, the Company delivers high-quality content, cultivates talent, and curates events that resonate with and engage diverse audiences. By connecting with communities locally and internationally, PCCW strengthens its position as a leader in the media sector while advancing cultural exchange.

Under HKT, the Company integrates fixed-line, broadband, mobile communications and pay TV services to offer a unique quadruple-play experience in Hong Kong. It creates and preserves unitholder value through prudent investments that strengthen networks, improve coverage and speed, and deliver premium content, ensuring market leadership and superior customer experiences. HKT’s enterprise-focused ICT offerings empower businesses with advanced connectivity, system integration expertise and data-driven insights, while digital ventures develop ecosystem-focused platforms that integrate fintech and lifestyle solutions. On a global scale, HKT extends its reach through scalable, resilient communications infrastructure, bridging markets and enabling businesses to expand seamlessly across borders.

CULTURE

The Company strives to leverage its expertise in technology, media and telecommunications to raise the quality of lives of people, help businesses thrive, and contribute to the sustainable development of our community. We embrace a culture of integrity, respect, collaboration, inclusion and care, where our teams are committed to continuous innovation and pursuit of excellence for the good of the Company and society at large. Our directors lead the drive to promote this culture across our organisation.

CORPORATE GOVERNANCE CODE

PCCW has applied the principles and complied with all code provisions of the applicable Corporate Governance Code (the “CG Code”) in each case as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the year ended 31 December 2025.

MODEL CODE SET OUT IN APPENDIX C3 TO THE LISTING RULES

The Company has adopted its own code of conduct regarding securities transactions, namely the PCCW Code of Conduct for Securities Transactions (the “PCCW Code”), which applies to all directors and employees of the Company on terms no less exacting than the required standard indicated by the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules.

Having made specific enquiry of all directors of the Company, confirmations have been received of compliance with the required standard set out in the Model Code and the PCCW Code during the year.

The directors’ and chief executives’ interests and short positions in the shares, share stapled units, underlying shares, underlying share stapled units and debentures of the Company and its associated corporations are disclosed in the Report of the Directors of this annual report.

BOARD OF DIRECTORS

The Board is responsible for the management of the Company. Key responsibilities of the Board include formulation of the overall strategies of the Group, the setting of management targets, and supervision of management performance. The Board confines itself to making broad policy decisions and exercising a number of reserved powers as mentioned below, delegating responsibility for more detailed considerations to the Executive Committee under the leadership of the Chairman of PCCW:

- those functions and matters as set out in the terms of reference of various committees (as amended from time to time) for which Board approval must be sought from time to time;
- those functions and matters for which Board approval must be sought in accordance with the Group's internal policies (as amended from time to time);
- consideration and approval of financial statements in the interim and annual reports, and announcements of interim and annual results;
- consideration of dividend amounts in accordance with the dividend policy as adopted by the Board; and
- monitoring of the corporate governance practices and procedures; and maintenance of appropriate and effective risk management and internal control systems of the Group to ensure compliance with applicable rules and regulations.

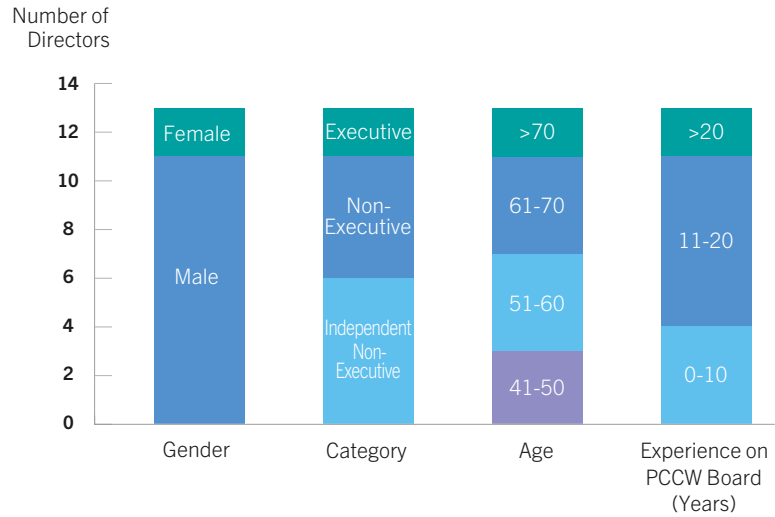
The Chairman of PCCW is Li Tzar Kai, Richard and the Acting Group Managing Director is Hui Hon Hing, Susanna. The role of the Chairman is separate from that of the Acting Group Managing Director. The Chairman is responsible for ensuring the Board functions effectively, providing leadership for the Board in setting objectives and strategies, and ensuring good corporate governance practices are enforced. The Acting Group Managing Director is responsible for leading the management of the Company in conducting its business affairs in accordance with the Company's objectives, and implementing the Group's strategies and policies. The Board's composition is set out in the Report of the Directors of this annual report.

All directors have full and timely access to all relevant information, including monthly updates from the management, regular reports from various Board committees and briefings on significant legal, regulatory or accounting issues affecting the Group. Directors may take independent professional advice, which will be paid for by the Company as appropriate.

The directors acknowledge their responsibility for preparing the financial statements for each financial year, which give a true and fair view of the financial position of the Company and the Group and of the financial performance and cash flows of the Group for the year in accordance with HKFRS Accounting Standards, the Hong Kong Companies Ordinance and the Listing Rules. In preparing the financial statements for the year ended 31 December 2025, the directors have selected suitable accounting policies and applied them consistently; made judgements and estimates that are prudent and reasonable; stated the reasons for any significant departure from applicable accounting standards in Hong Kong; and have prepared the financial statements on a going concern basis. The statement of the external auditor of the Company relating to its reporting responsibilities on the financial statements of the Company is set out in the Independent Auditor's Report of this annual report.

As at the date of this report, the Board is comprised of 13 directors including two executive directors, five non-executive directors and six independent non-executive directors. At least one-third of the Board are independent non-executive directors and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise. Biographies of all the directors are set out in the section headed "Board of Directors" in this annual report and are available on the Company's website (www.pccw.com). The relationships (including financial, business, family or other material or relevant relationships), if any, among members of the Board have also been disclosed in the Report of the Directors of this annual report.

BOARD OF DIRECTORS (CONTINUED)

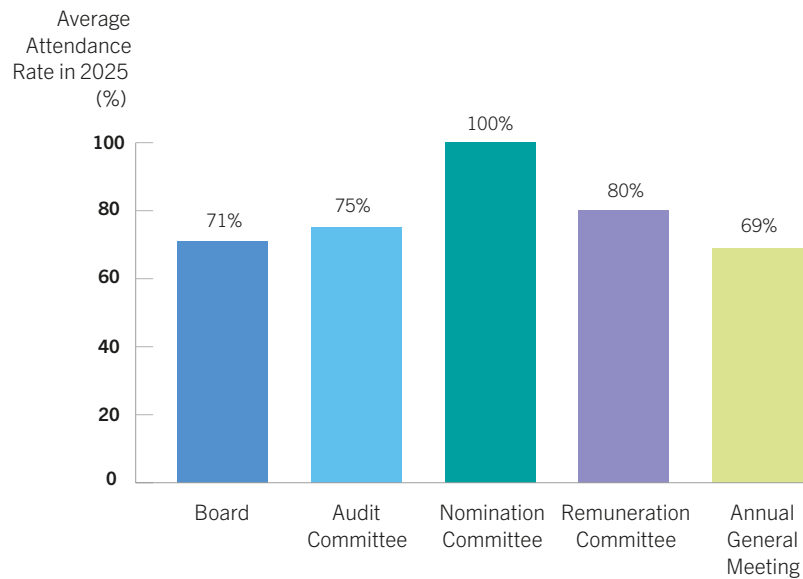


The Company has arranged appropriate directors and officers liability insurance cover for its directors and officers.

Biographies of senior corporate executives and heads of business units of the Group as at the date of this report are also available on the Company's website (www.pccw.com).

The Board held five meetings in 2025. The annual general meeting of the Company was held on 15 May 2025 with the attendance of the external auditor to answer questions.

The following charts show the average meeting attendance rate in 2025 and the attendance of individual directors at the Board and its committee meetings, and the annual general meeting held in 2025:



BOARD OF DIRECTORS (CONTINUED)

Name	Meetings attended/eligible to attend in 2025 (Note 1)				Annual General Meeting
	Board	Audit Committee	Nomination Committee	Remuneration Committee	
Executive Directors					
Li Tzar Kai, Richard	4/5	N/A	1/1	N/A	1/1
Hui Hon Hing, Susanna	5/5	N/A	N/A	N/A	1/1
Non-Executive Directors					
Tse Sze Wing, Edmund	5/5	N/A	N/A	N/A	1/1
Tang Yongbo	0/5	N/A	N/A	N/A	0/1
Meng Shusen (Note 2)	1/5	N/A	N/A	0/1	1/1
Zhao Xingfu (Note 3)	0/3	N/A	N/A	N/A	0/1
Wei Zhe, David	4/5	N/A	N/A	1/1	0/1
Independent Non-Executive Directors					
Aman Mehta	4/5	3/4	1/1	1/1	1/1
Frances Waikwun Wong	4/5	N/A	1/1	1/1	0/1
Bryce Wayne Lee	4/5	3/4	N/A	1/1	1/1
Lars Eric Nils Rodert	5/5	3/4	1/1	N/A	1/1
David Christopher Chance	5/5	N/A	N/A	N/A	1/1
Sharhan Mohamed Muhseen Mohamed	4/5	N/A	N/A	N/A	1/1

Notes:

- Directors may attend meetings in person, by telephone or through other means of video conference or by their alternate directors in accordance with the Company's articles of association (the "Articles of Association").
- Resigned as a Non-Executive Director and as a member of the Remuneration Committee with effect from 10 February 2026.
- Appointed as a Non-Executive Director and as a member of the Nomination Committee with effect from 21 February 2025.

The Company has received from each of its independent non-executive directors a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and considers that all six independent non-executive directors as at the date of this report, namely Aman Mehta, Frances Waikwun Wong, Bryce Wayne Lee, Lars Eric Nils Rodert, David Christopher Chance and Sharhan Mohamed Muhseen Mohamed, remain independent having regard to the independence criteria as set out in Rule 3.13 of the Listing Rules. Please also refer to the details disclosed in the section headed "Independent Non-Executive Directors" in the Report of the Directors of this annual report.

The Board has established mechanisms to ensure independent views and input are available to the Board. A private meeting between the Chairman and the independent non-executive directors takes place at least once each year, to provide an avenue for independent views to be communicated to the Chairman directly. The Board also conducts an annual evaluation of its performance, whereby directors anonymously submit their comments on the effectiveness of the Board and suggest areas for improvement. In addition, directors are entitled to take independent professional advice as appropriate at the expense of the Company in order to facilitate proper discharge of their duties.

According to the Articles of Association, any director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his appointment and shall be eligible for re-election at that meeting. In addition, at each annual general meeting of the Company no less than one-third of the directors for the time being shall retire from office by rotation provided that every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Apart from retirement by rotation pursuant to the Articles of Association, each non-executive director has a term of three years. Therefore, no director will remain in office for a term of more than three years. The directors who shall retire from office at the forthcoming annual general meeting of the Company are set out in the Report of the Directors of this annual report.

BOARD OF DIRECTORS (CONTINUED)

The Board has a structured process to evaluate its own performance and directors' contribution on an annual basis including a self-evaluation questionnaire which is completed by all directors. The objectives of the evaluation are to assess whether the Board and the committees, as well as the directors have adequately and effectively performed its/their roles and fulfilled its/their responsibilities; have devoted sufficient time commitment to the Company's affairs and made contributions to the Board; and to recommend areas for improvement. The evaluation process has confirmed that the Board and committees continue to operate effectively and that the performance of the directors and the time commitment in discharging their duties as directors of the Company for the year ended 31 December 2025 were generally satisfactory.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Every newly appointed director of the Company will meet with fellow directors and senior management to assist him/her in understanding the Company's operations and business, and he/she will receive a tailored induction handbook containing the Company's governance structure, key policies and an overview of director's responsibilities, as well as a briefing by a qualified professional on the general and specific duties of a director under legal and regulatory requirements. Feng Lanxiao obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 22 January 2026. He has confirmed that he understood his obligations as a director of the Company.

As part of an ongoing process of director's continuous professional development ("CPD") training, the directors of the Company are regularly briefed on legal and regulatory requirements relevant to their duties through their participation in the training seminars organised by the company secretary, and the operations, organisation and governance policies of the Group through regular meetings with management. In addition to receiving regular updates on the Group's business affairs, directors are also provided with reading materials from time to time to help develop and refresh their knowledge and skills. The company secretary organises seminars presented by qualified professionals on relevant topics with emphasis on directors' duties and responsibilities which count towards their CPD training.

According to the directors' training records provided to the Company for the year ended 31 December 2025, the CPD training undertaken by all directors during the year is summarised as below:

Name of Director	Type of CPD training (Note(s))
Current Directors	
Li Tzar Kai, Richard	(a), (b)
Hui Hon Hing, Susanna	(a), (b)
Tse Sze Wing, Edmund	(a), (b)
Tang Yongbo	(b)
Zhao Xingfu	(b)
Wei Zhe, David	(a), (b)
Aman Mehta	(a), (b)
Frances Waikwun Wong	(a), (b)
Bryce Wayne Lee	(a), (b)
Lars Eric Nils Rodert	(a), (b)
David Christopher Chance	(a), (b)
Sharhan Mohamed Muhseen Mohamed	(a), (b)
Former Director	
Meng Shusen	(b)

Notes:

(a) participated in seminars/forums/conferences (including giving speeches)

(b) read seminar materials/journals/articles/business or industry updates

BOARD COMMITTEES



The Board has established the following committees with defined terms of reference. The terms of reference of the Remuneration Committee, the Nomination Committee and the Audit Committee are on no less exacting terms than those set out in the CG Code. The Audit Committee, the Nomination Committee and the Remuneration Committee have been structured to include a majority of independent non-executive directors.

Executive Committee and Sub-committees

The Executive Committee of the Board operates as a general management committee with overall delegated authority from the Board. The Executive Committee determines Group strategies, reviews trading performance, ensures adequate funding, examines major investments and monitors management performance. The Executive Committee reports through the Chairman to the Board.

The members of the Executive Committee during 2025 and up to the date of this annual report are the following two executive directors and non-executive director, and a non-director member of management:

Li Tzar Kai, Richard (*Chairman*)

Hui Hon Hing, Susanna

Tang Yongbo

Reporting to the Executive Committee are sub-committees comprising of executive director and members of senior management, who oversee all key operating and functional areas within the Group. Each sub-committee has defined terms of reference covering its authority and duties, meets and reports to the Executive Committee on a regular basis.

The *Operational Committee* is chaired by the Acting Group Managing Director and meets from time to time to direct the business units/ operations of PCCW group companies.

BOARD COMMITTEES (CONTINUED)

Executive Committee and Sub-committees (continued)

The *Risk Management, Controls and Compliance Committee*, which reports to the Executive Committee, is comprised of senior members of PCCW's Group Finance, Group Legal Office and Corporate Secretariat, Group Communications, Group Internal Audit, and Group Risk & Regulatory departments. The committee reviews procedures for the preparation of PCCW's annual and interim reports and the Group's policies from time to time to ensure compliance with the various rules and obligations imposed on it as a company listed on The Stock Exchange of Hong Kong Limited, and assists directors in the review of the effectiveness of the risk management and internal control systems of the Group on an ongoing basis.

The *Sustainability Committee*, which reports to the Executive Committee, is comprised of senior members of PCCW's Group Communications, Group Human Resources, Group Legal Office and Corporate Secretariat, Group Finance, Group Risk & Regulatory, Network Planning and Operations, Investor Relations, and Group Purchasing & Supply departments, as well as management from individual business units. The committee ensures that the Company operates in a manner that enhances its positive contribution to society and the environment. The committee is also responsible for reviewing the Company's sustainability strategy, principles and policies; setting guidance, direction and overseeing practices and procedures; and monitoring progress on the Company's sustainability and related activities.

Remuneration Committee

The Board established the Remuneration Committee in May 2003. The primary responsibility of the Remuneration Committee is to assist the Board in achieving its objectives of attracting, retaining and motivating high-calibre directors and senior management and other members of the Group who will underpin the success of the Company and enhance the value of the Company to shareholders.

The Remuneration Committee is responsible for overseeing the establishment and operation of formal and transparent procedures for developing the remuneration packages of directors and senior management of the Company and determining, with delegated responsibility, the remuneration packages of individual executive directors and senior management of the Company and to make recommendations to the Board on the remuneration of non-executive directors. In addition, the committee provides effective supervision and administration of the Company's share option scheme, as well as other share incentive schemes. The committee's authority and duties are set out in written terms of reference that are posted on the Company's website at www.pccw.com/ir and the website of Hong Kong Exchanges and Clearing Limited ("HKEX") at www.hkexnews.hk. This committee is comprised of five members, being three independent non-executive directors and two non-executive directors, and is chaired by an independent non-executive director.

The members of the Remuneration Committee during 2025 were:

Aman Mehta (*Chairman*)

Meng Shusen

Wei Zhe, David

Frances Waikwun Wong

Bryce Wayne Lee

Subsequent to 2025 and up to the date of this annual report, the following changes were made to the composition of the Remuneration Committee:

- (1) Meng Shusen resigned as a member with effect from 10 February 2026; and
- (2) Feng Lanxiao was appointed as a member with effect from 10 February 2026.

BOARD COMMITTEES (CONTINUED)

Remuneration Committee (continued)

The objective of the Company's remuneration policy is to help establish fair and competitive remuneration packages based on our business requirements and industry practice. In order to determine the level of remuneration and fees paid to members of the Board, market rates and factors such as each director's workload, responsibility and job complexity are taken into account. The following factors are considered when determining the remuneration packages of directors and senior management of the Company:

- business requirements;
- individual performance and contribution to results;
- company performance and profitability;
- retention considerations and the potential of individuals;
- corporate goals and objectives;
- changes in relevant markets, including supply and demand fluctuations and changes in competitive conditions; and
- general economic situation.

During the review process, no individual director is involved in decisions relating to his/her own remuneration.

The Remuneration Committee met once in 2025. The attendance of individual directors at the committee meeting is set out in the section headed "Corporate Governance Report – Board of Directors" in this annual report.

The work performed by the Remuneration Committee during 2025 included:

- (i) review and approval of the emoluments of executive directors and senior management, including 2024 performance bonus;
- (ii) review and approval of the 2025 business key performance indicators and performance bonus scheme for executive director and senior management;
- (iii) review of the proposed issue and allotment of new shares of the Company for grant of awards pursuant to the Company's share award schemes, with a recommendation to the Board for approval; and
- (iv) review of the terms of reference of the Remuneration Committee.

Details of emoluments of each director and senior executives are set out in note 11 to the consolidated financial statements.

BOARD COMMITTEES (CONTINUED)

Nomination Committee

The Board established the Nomination Committee in May 2003. The primary objective of the Nomination Committee is to assist the Board in ensuring a fair and transparent procedure for the appointment and re-appointment of directors to the Board, and maintaining a balance of skills, knowledge, experience and diversity of perspectives on the Board which are appropriate to the requirements of the Company's business. The duties of the Nomination Committee are set out in its written terms of reference which are posted on the websites of the Company and HKEX.

The Board adopted a board diversity policy (the "Board Diversity Policy") with a primary objective to enhance the effectiveness of the Board and the corporate governance standard through promoting and achieving diversity on the Board. The Group recognises the importance of having a diverse team of Board members, and is committed to maintaining Board diversity that is free of harassment or discrimination, which are essential elements in maintaining an effective Board.

The Group worked relentlessly in the past year towards our corporate objectives in diversity and inclusion. The Board has adopted a workforce diversity policy in 2025 which sets out the Group's plans and objectives to achieve gender diversity across the workforce, including senior management. In 2025, our total workforce gender diversity is at 41:59 female to male ratio. The gender diversity ratio for senior staff is at 33:67. We consider that at present there is a reasonably high gender diversity in the Group's workforce, and will continue to monitor the need to maintain or, if desired or necessary, increase diversity to meet our corporate objectives.

The Board also adopted a nomination policy (the "Nomination Policy") which sets out the procedures and criteria to be used by the Nomination Committee for the selection, appointment and re-appointment of directors.

The Nomination Committee is delegated with the authority to review and assess the diversity of perspectives of the Board, develop measurable objectives for achieving diversity of the Board and monitor the implementation of the Board Diversity Policy and the Nomination Policy as appropriate. As at the date of this annual report, the female representation on the Board is 15%, which meets our current expectations of gender diversity within the Board, and is on track to achieving the target set as a long-term objective under the Board Diversity Policy. The implementation of the Board Diversity Policy is considered to be effective. The Nomination Committee is committed to increasing gender diversity as and when suitable candidates are identified based on the Board Diversity Policy, and considers that at present there is a reasonably high gender-diversity in the Board. The Nomination Committee will continue to monitor the need for appointing members of a particular gender in order to maintain or, if desired or necessary, increase diversity. Both the Board Diversity Policy and the Nomination Policy are available on the Company's website.

In assessing the suitability of a candidate as well as considering the Board's succession, the Nomination Committee will give consideration to the Nomination Policy and the Board Diversity Policy, including the measurable objectives set for achieving diversity. Candidates will be selected based on merit against objective criteria and with due regard to the benefits of diversity on the Board and other factors which are relevant to the Company. The Nomination Committee will consider, among other things, the accomplishment, expertise, experience and diversity of perspectives that the candidate can bring to the Board, and the candidate's commitment in respect of available time and relevant interests. The Nomination Committee will make recommendations to the Board on selection of candidate(s) nominated for directorships. In the case of the appointment and re-appointment of independent non-executive directors, the Nomination Committee will assess the independence of the appointees having regard to the criteria set out in the Listing Rules and make recommendations to the Board with respect to their re-election by shareholders at general meetings.

The Nomination Committee is comprised of five members, being one executive director, one non-executive director and three independent non-executive directors. It is chaired by an independent non-executive director.

As at the date of this annual report, the members of the Nomination Committee are:

Aman Mehta (*Chairman*)

Li Tzar Kai, Richard

Zhao Xingfu

Frances Waikwun Wong

Lars Eric Nils Rodert

BOARD COMMITTEES (CONTINUED)

Nomination Committee (continued)

During the year, Zhao Xingfu was appointed as a member of the Nomination Committee with effect from 21 February 2025.

On 10 February 2026, the Nomination Committee, having reviewed the Board's structure, size and composition, nominated Li Tzar Kai, Richard, Hui Hon Hing, Susanna, Feng Lanxiao, David Christopher Chance and Sharhan Mohamed Muhseen Mohamed to the Board for it to consider and recommend to shareholders their re-election at the forthcoming annual general meeting. The nominations were made in accordance with the Nomination Policy and the Board Diversity Policy. The Nomination Committee was satisfied that each of David Christopher Chance and Sharhan Mohamed Muhseen Mohamed has the required integrity, skills and knowledge to continue acting in an independent capacity and contributing to the diversity on the Board with their unique combination of experience and knowledge as described in their biographies set out in this annual report. The Nomination Committee formed the view that the Board has maintained an appropriate mix and balance of skills, knowledge, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The Nomination Committee met once in 2025. The attendance of individual directors at the committee meeting is set out in the section headed "Corporate Governance Report – Board of Directors" in this annual report.

The work performed by the Nomination Committee during 2025 included:

- (i) review and assessment of the independence of all independent non-executive directors of the Company;
- (ii) recommendation to the Board for approval of the list of retiring directors for re-election at the 2025 annual general meeting;
- (iii) recommendation to the Board for approval of the appointment of Zhao Xingfu as a non-executive director of the Company after consideration of a range of factors in accordance with the Board Diversity Policy and the Nomination Policy;
- (iv) annual review of the structure, size and composition of the Board taking into account the Board Diversity Policy and the Nomination Policy, with a recommendation to the Board for approval;
- (v) review of the implementation and effectiveness of the Board Diversity Policy; and
- (vi) review of the terms of reference of the Nomination Committee, with a recommendation to the Board for approval of the proposed amendments.

Audit Committee

The Audit Committee of the Board is responsible for assisting the Board to ensure objectivity and credibility of financial reporting, and that the directors have exercised the care, diligence and skills prescribed by law when presenting the Group's results to the shareholders. The Audit Committee is also responsible for assisting the Board to ensure that effective risk management and internal control systems of the Group are in place and good corporate governance standards and practices are maintained by the Group. The committee's authority and duties are set out in written terms of reference that are posted on the websites of the Company and HKEX.

The Audit Committee's responsibilities also include the appointment, compensation and supervision of the external auditors. To oversee the external auditors' independence, procedures have been adopted by the Audit Committee for the monitoring and approval of all audit and permitted non-audit services to be undertaken by the external auditors.

The Group's external auditor is PricewaterhouseCoopers (Certified Public Accountants and Registered Public Interest Entity Auditor). PricewaterhouseCoopers has written to the Audit Committee confirming that they are independent with respect to the Company and that there is no relationship between PricewaterhouseCoopers and the Company which may reasonably be thought to bear on their independence. In order to maintain the external auditor's independence, it would only be employed for non-audit work if the work does not compromise the external auditor's independence and has been pre-approved by the Audit Committee.

BOARD COMMITTEES (CONTINUED)

Audit Committee (continued)

During the year, the external auditor provided audit, audit related and permissible non-audit services to the Group. Audit services include services provided in connection with the audit of the Group's consolidated financial statements. Audit related services include services such as issuance of special audit or assurance reports for regulatory purposes, where the external auditor is best placed to undertake in its capacity as auditor. Permissible non-audit services include services such as tax compliance and tax planning, performing due diligence service, issuing regulatory reports for note programme establishment, consulting on cybersecurity, data privacy, and environmental, social and governance related matters, which require specific review and approval by the Audit Committee.

For the year ended 31 December 2025, the fees paid or payable in respect of audit, audit related and permissible non-audit services provided to the Group by the external auditor amounted to approximately HK\$27 million, HK\$3 million and HK\$195 million, respectively.

On 6 February 2026, the Audit Committee recommended to the Board the re-appointment of PricewaterhouseCoopers to conduct statutory audits in respect of the Company for the financial year 2026 at the forthcoming annual general meeting.

The Audit Committee is comprised of three members, each of whom is an independent non-executive director.

The members of the Audit Committee during 2025 and up to the date of this annual report are:

Aman Mehta (*Chairman*)

Bryce Wayne Lee

Lars Eric Nils Rodert

The Audit Committee is provided with sufficient resources to discharge its duties and meets regularly with management, the internal auditor and external auditor and also reviews their reports. During 2025, the committee met four times. The attendance of individual directors at the committee meetings is set out in the section headed "Corporate Governance Report – Board of Directors" in this annual report.

The work performed by the Audit Committee during 2025 included:

- (i) review of the draft annual report and the draft annual results announcement for the year ended 31 December 2024, with a recommendation to the Board for approval;
- (ii) annual review and approval of PricewaterhouseCoopers' confirmation of independence, its report to the Audit Committee and the draft management representation letter for the year ended 31 December 2024, with a recommendation to the Board for the re-appointment of PricewaterhouseCoopers at the 2025 annual general meeting;
- (iii) review and assessment of effectiveness of the risk management and internal control systems under the CG Code for the year ended 31 December 2024, with a recommendation to the Board for approval;
- (iv) annual review of the continuing connected transactions (including PricewaterhouseCoopers' report on the continuing connected transactions) for the year ended 31 December 2024, with a recommendation to the Board for approval;
- (v) review of the continuing connected transactions with certain members of Lenovo Group Limited and its subsidiaries (the "Lenovo Group") in respect of the provision of the relevant services and products between the Group and the Lenovo Group for the three years ending 11 August 2028, with a recommendation to the Board for approval;
- (vi) review of the transactions with certain members of HKT which constitute continuing connected transactions for HKT for the three years ending 31 December 2028, and of the related announcement by HKT Trust and HKT, with a recommendation to the Board for approval;
- (vii) review of the continuing connected transactions with relevant members of the FWD group in respect of the provision and receipt of certain services and products by the Group to or from the FWD group for the three years ending 31 December 2028, with a recommendation to the Board for approval;
- (viii) review and approval of the Group Internal Audit reports (including the internal audit work plan) and the progress of the internal audit function made during 2025;

BOARD COMMITTEES (CONTINUED)

Audit Committee (continued)

- (ix) review of the draft interim report and the draft interim results announcement for the six months ended 30 June 2025, with a recommendation to the Board for approval;
- (x) review and approval of PricewaterhouseCoopers' confirmation of independence and its report to the Audit Committee for the six months ended 30 June 2025;
- (xi) review and approval of the audit strategy memorandum for the year ending 31 December 2025;
- (xii) review and approval of PricewaterhouseCoopers' draft audit engagement letter for the year ending 31 December 2025;
- (xiii) review and approval of PricewaterhouseCoopers' pre-year end report to the Audit Committee for the year 2025;
- (xiv) consideration and approval of the 2025 audit and non-audit services and pre-approval of the 2026 annual budget for audit and non-audit services;
- (xv) review of the draft corporate governance report and practices for the year ended 31 December 2024 and the corporate governance disclosure for the six months ended 30 June 2025, in each case with a recommendation to the Board for approval;
- (xvi) review of the draft ESG report for the year ended 31 December 2024, with a recommendation to the Board for approval;
- (xvii) review and assessment of effectiveness of the risk management and internal control systems of the Group during 2025;
- (xviii) review of the results of the directors' self-evaluation and the Board's self-assessment exercise for the year ended 31 December 2024 to evaluate the performance of the Board, its committees, and directors' contribution, with a recommendation to the Board for approval;
- (xix) review and monitoring of training and CPD for directors and senior management; and
- (xx) review of the terms of reference of the Audit Committee, with a recommendation to the Board for approval of the proposed amendments.

Subsequent to the year end, the Audit Committee reviewed the draft annual report and the draft annual results announcement, the effectiveness of the Group's risk management and internal control systems, as well as the draft ESG report for the year ended 31 December 2025, with recommendations to the Board for approval.

Regulatory Compliance Committee

The Regulatory Compliance Committee of the Company is currently comprised of three members, being two independent non-executive directors and one non-executive director. It primarily reviews and monitors the Group's dealings with the CK Hutchison Holdings Limited ("CK Hutchison") Group and the CK Asset Holdings Limited ("CK Asset") Group to ensure that all dealings with these entities are conducted on an arm's-length basis and do not raise any anti-competitive concerns under the Competition Ordinance. The Regulatory Compliance Committee is chaired by an independent non-executive director. The written terms of reference setting out the committee's authority and duties are posted on the websites of the Company and HKEX.

The members of the Regulatory Compliance Committee during 2025 and up to date of this annual report are:

Frances Waikwun Wong (*Chairperson*)

David Christopher Chance

Tse Sze Wing, Edmund

REGULATORY COMPLIANCE COMMITTEE OF NOW TV LIMITED

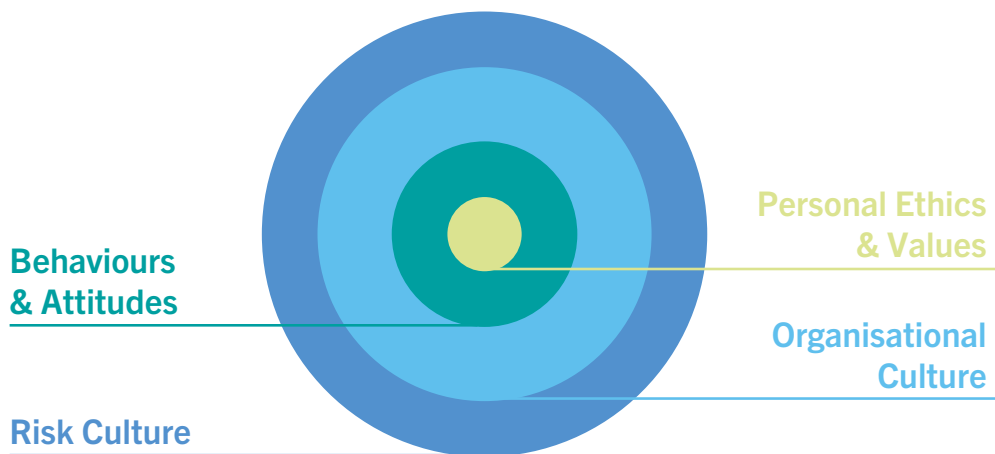
Now TV Limited (“Now TV”), previously an indirect wholly-owned subsidiary of the Company, has become an indirect wholly-owned subsidiary of HKT since September 2020. The Regulatory Compliance Committee of Now TV is comprised of the same members as the PCCW Regulatory Compliance Committee. It primarily reviews and monitors dealings of Now TV with the CK Hutchison Group and the CK Asset Group to ensure that all dealings with these entities are conducted on an arm’s-length basis and do not raise any anti-competitive concerns under the Competition Ordinance. It also monitors disqualified persons matters under the Broadcasting Ordinance. The written terms of reference setting out the committee’s authority and duties are posted on the websites of the Company and HKEX.

RISK MANAGEMENT AND INTERNAL CONTROLS

Effective risk management and internal control systems are the fundamental principles of good corporate governance. The Board acknowledges its responsibility for overseeing the risk management and internal control systems (including ESG risks and climate-related risks) of the Group and reviewing their effectiveness at least annually through the Audit Committee for the purpose of dealing with identified risks, safeguarding the issuer’s assets, preventing and detecting fraud, misconduct and loss, ensuring the accuracy of the issuer’s financial reports and achieving compliance with applicable laws and regulations. The Audit Committee assists the Board in fulfilling its corporate governance roles in overseeing the Group’s financial, operational, compliance, risk management and internal controls, as well as the resourcing of finance, internal audit and ESG performance and reporting functions.

Risk Management Culture

Risk management culture drives our shared common values, attitudes and responsible behaviours towards managing and monitoring risks in the daily operating processes. A strong and effective risk management culture facilitates the Group to be informed of the decision-making processes that embed risks. The Group has a well-instilled risk management culture to ensure that the operating units, as first line risk owners, are accountable for identifying and managing the risks they have accepted with the corresponding control measures to ensure there is a comprehensive process in place to manage those acceptable risks across different levels of business activity. In addition, the Group Risk & Regulatory (“GR&R”) plays an oversight role in formulating and supervising the Group’s enterprise risk management framework while providing advisory support to key business risk management decisions.



Advocating the importance of installing culture in sound compliance and risk management across the Group, our ethical standards have been reinforced by a comprehensive scope of Group policies and procedures and all Group members, including directors, officers, and employees, who must adhere to a set of behaviour standards that goes beyond the local statutory requirements.

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

Risk Management Culture (continued)

Code of Conduct	<p>The Code of Conduct (the “Code”) comprises a set of rules adopted by Group’s Board of Directors and applies to all employees, including directors and senior officers, to maintain the highest standards of honesty and integrity across the Group.</p> <p>The Code is established to set out the important principles to achieve and to adhere to high professional standard and ethical behaviour in all aspects of its business, and to ensure that its affairs are conducted in accordance with applicable laws and regulations, as well as taken into consideration of social and environmental needs for achieving sustainable business and strategic long-term success.</p>
Procedures in handling and dissemination of inside information (part of Code of Conduct)	<p>The Group regulates the handling and dissemination of inside information as set out in the Code of Conduct and various supplementary procedures are in place to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.</p>
Anti-Bribery and Corruption Policy and Procedure Manual	<p>The Board has zero tolerance towards any form of bribery and corruption at any level in association with any aspect of the Group’s activities. Our Anti-Bribery and Corruption Policy (“ABC Policy”) provides principles for all directors, officers, employees, and external parties acting in any capacity on behalf of the Group to conduct business with integrity and honesty and to reduce the risk of corruption. Furthermore, an Anti-Bribery and Corruption Procedure Manual (“Procedure Manual”) has also been developed to provide detailed guidance on mitigating potential bribery and corruption risks in conjunction with the ABC Policy while maintaining the highest possible ethical standards in its business practice. In furtherance of this commitment, the Group has enhanced disclosure and transparency with effective anti-bribery and corruption framework in place by releasing the Statement of ABC Policy which cites the key principles of ABC Policy and Procedure Manual on the Company’s website.</p>
Whistleblower Policy and Procedure Manual	<p>The Audit Committee has established and overseen a whistleblower policy and procedure manual, whereby employees, customers, suppliers and other concerned parties can raise concerns in relation to any actual or suspected occurrence of improper conduct involving a member of the Group, and for such matters to be investigated and dealt with efficiently in an appropriate, transparent and independent manner while the confidentiality of the whistleblower will be properly protected.</p>
Personal Data Privacy Policy	<p>The Personal Data Privacy Policy which has been updated in 2024 is in place to guide the Group’s collection, processing and retention of personal data throughout the personal data lifecycle. The existing policy ensures that the Group’s data privacy risk management is reflective of the evolving regulatory landscape and data subjects’ data privacy rights are upheld.</p>
Information Technology Security Policy	<p>The Information Technology Security Policy sets forth rules and practices for Group’s employees, contractors and third-party users to follow, including the specification of security requirements that are mandatory for all Group’s computing environments. This policy is approved by the Risk Management, Controls and Compliance Committee (“RMCCC”) and outlines the IT security control requirements with four general categories – Organisation, Physical, Technology and People. The Information Technology Security Policy has been updated to refine and supplement the IT security control standards by aligning with the latest industrial best practices (e.g.: ISO 27001:2022, PCI DSS).</p>

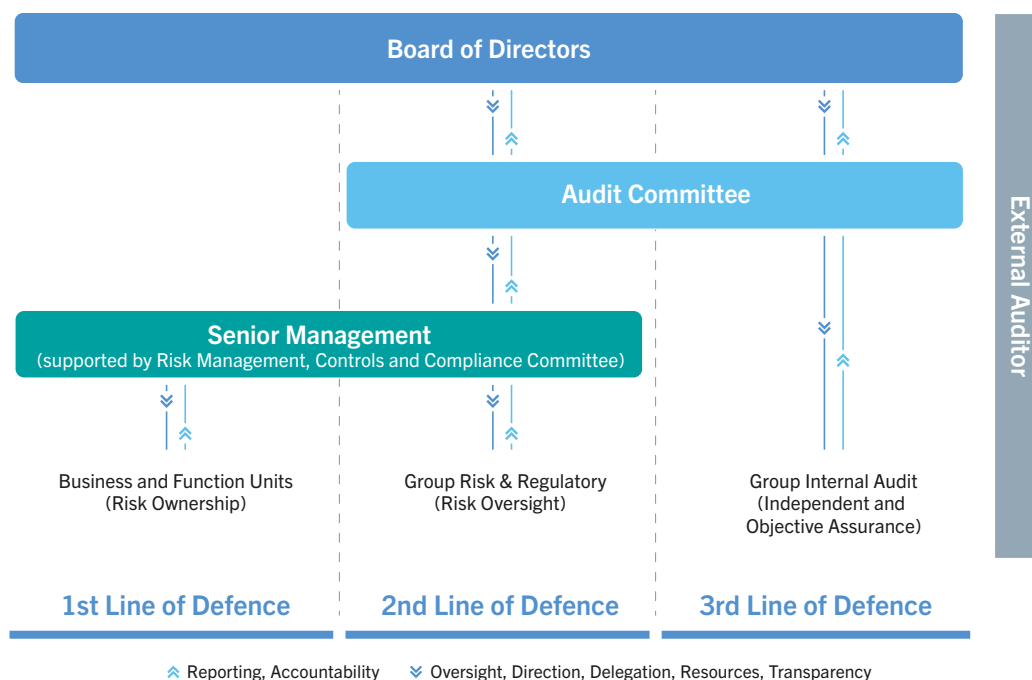
RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

Governance Structure and Enterprise Risk Management Framework

The Group has established an organisational structure with defined levels of responsibility, reporting and escalation procedures. The RMCCC and Group Internal Audit (“GIA”) assist the Board and/or the Audit Committee in reviewing the effectiveness of the Group’s risk management and internal control systems on an ongoing basis. The Board, through these committees, is kept regularly apprised of the significant risks that may have impacts on the Group’s performance.

Appropriate policies and controls have been designed and established by the Group to ensure that assets are safeguarded against improper use or disposal, while relevant rules and regulations are being adhered to and complied with, including reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, as well as key risks that may impact the Group’s reputation and performance are appropriately identified and managed. The systems and internal controls can only provide reasonable, though not absolute, assurance against material misstatement or loss, as they are designed to mitigate rather than eliminate the risk of failure to achieve business objectives.

The Group’s enterprise risk management framework is guided by the “Three Lines of Defence” model as shown below:



The First Line of Defence is responsible for regularly identifying and managing risk as part of their accountability for achieving business and operational objectives where it also designs and executes internal control measures on a daily basis. Being the risk owners, the First Line of Defence is responsible for monitoring and updating the risk profiles on an ongoing basis which are measured against a pre-defined set of likelihood and impact criteria.

The Second Line of Defence provides the policies, frameworks, tools, techniques and advisory support to enable risk and compliance oversight of the First Line of Defence while ascertaining the relevant embedded controls are effective, as well as ensuring the consistency of categorisation and measurement of risk attributes. The risk management process integrates both top-down and bottom-up approaches to enable the identification, evaluation and management of risks holistically. Mitigation controls will be implemented where opportunities for enhancing the existing control environment arise. This process is reviewed regularly by the Audit Committee and the RMCCC such that any material changes in the nature or extent of the key risks will be reported to the Board.

The Third Line of Defence provides the Board, executive and senior management of the Group with assurance in an independent and objective manner. Such assurance work covers the effectiveness of governance, risk management and internal controls, including the manner which the First and Second Lines of Defence operate in achieving firm-wide risk management and control objectives.

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

Governance Structure and Enterprise Risk Management Framework (continued)

GR&R is responsible for the supervision of enterprise risk management activities while reviewing significant aspects of risk exposures to the Group through reporting to the Audit Committee at each regularly scheduled meeting, including key risks of the Group and the appropriate mitigation and/or transfer of identified risks. GR&R is responsible for managing the Group risk portfolio while working with the Audit Committee to ensure that the risk registers are kept current, factual and consistent across all operating units. The operating units of the Group, as risk owners, identify, evaluate, mitigate and monitor their own risks, and report such risk management activities to GR&R on a regular basis. GR&R assesses and presents regular reports to the RMCCC at each regularly scheduled meeting.

GIA adopts a risk-based audit approach. The annual work plan of GIA covers the key risks affecting major activities and processes of the Group's and its subsidiaries' operations, businesses and service units. Special reviews are also performed at the request of senior management. The results of these audit activities and recommendations for improvement are communicated to key members of executive and senior management of the Group when needed, as well as upon completion. Additionally, the results of the audit activities are communicated to the Audit Committee at each regularly scheduled meeting throughout the year. Audit issues are closely tracked and followed up for proper implementation such that progress is reported to the Audit Committee, executive and senior management of the Group periodically.

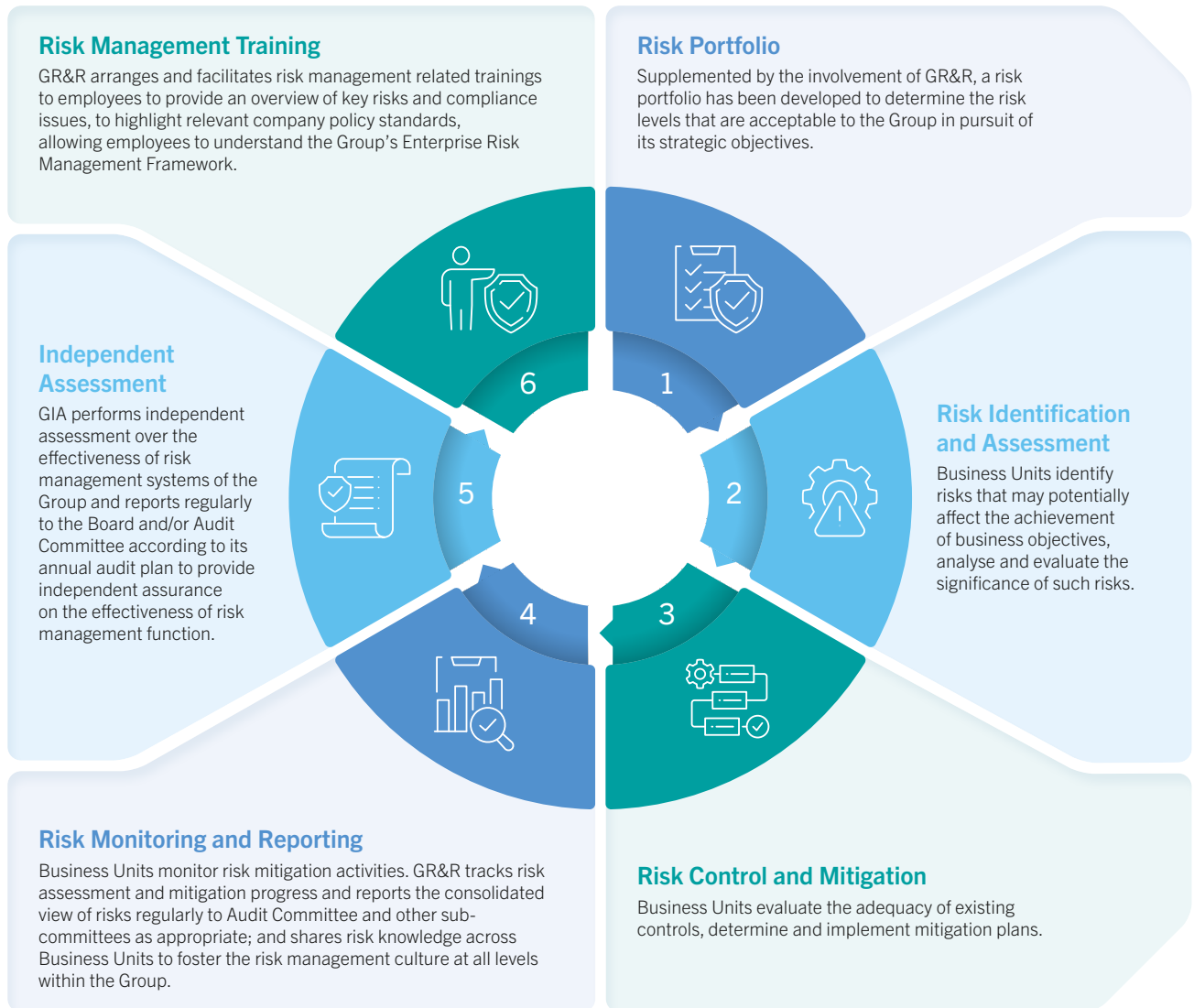
GIA maintains primary accountability to the Board and is independent from the responsibilities of management. The Head of GIA reports functionally to the Chairman of the Audit Committee, and administratively to the Acting Group Managing Director and the Group Chief Financial Officer.

The senior management of the Group, supported by the RMCCC, GR&R and GIA, is responsible for the design, implementation and monitoring of the enterprise risk management and internal control systems, and for providing regular reports to the Board and/or the Audit Committee on the effectiveness of these systems.

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

Governance Structure and Enterprise Risk Management Framework (continued)

The Group incorporates the principles of ISO 31000:2018 Risk Management – Guidelines as its overarching approach to manage its business and operational risks. The following diagram illustrates the key processes used to identify, evaluate and manage the Group's significant risks:



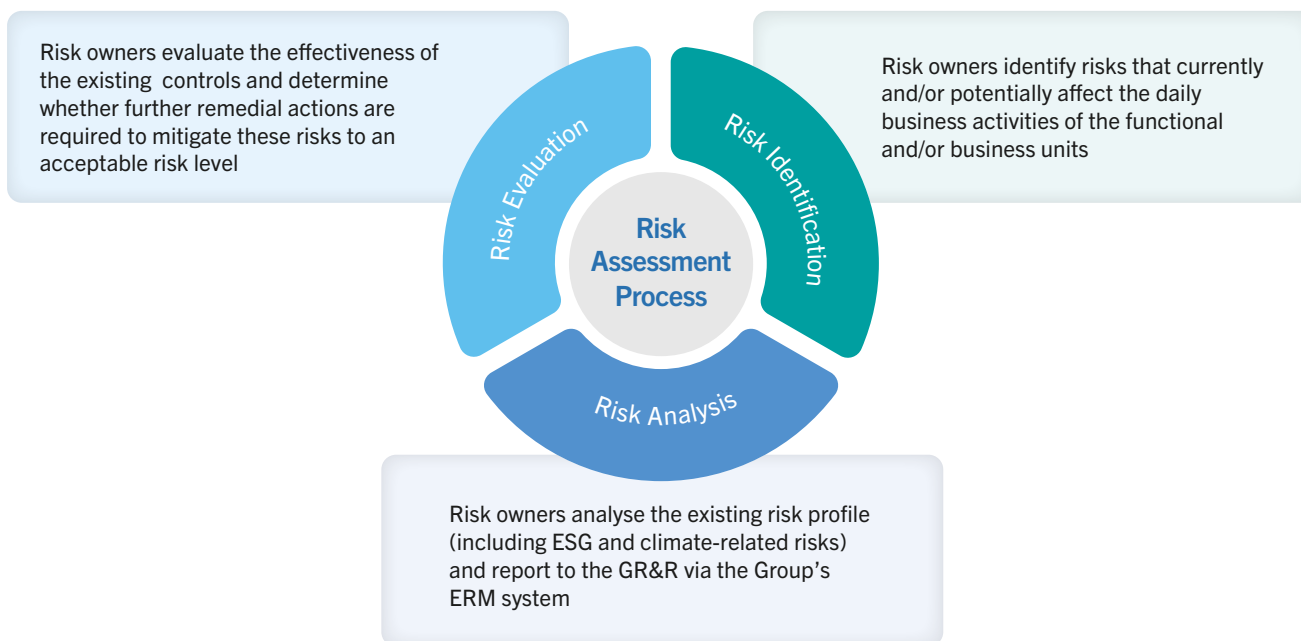
The Group has adopted policies and procedures for assessing and, where prudent, improving the effectiveness of its enterprise risk management and internal control systems, including the requirement for executive management of the Group to regularly assess, and at least annually to certify that such aforementioned matters are deemed appropriate and functioning effectively with the view that they will further enhance the corporate governance of the Group and its business practices.

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

Governance Structure and Enterprise Risk Management Framework (continued)

The Group has embedded its risk management systems in the daily operating practices. On a continuous basis, the respective operating units of the Group review and assess the status of potential risks which may impact their business objectives and/or those of the Group. This review process includes assessment of whether the existing internal control system remains relevant and effective, while adequately addressing potential risks, and/or should be supplemented.

The diagram below demonstrates the ongoing risk assessment process adopted by the Group:



Our key risk monitoring activities are conducted on an ongoing basis by risk owners who review and monitor the remedial actions of their respective operating units. Review results are recorded in the operating units risk registers for tracking and incorporated into the Group's consolidated repository for analysis of potential strategic implications and regularly reporting to senior management and directors of the Group. During the reporting period, there were no significant changes in the assessment of risks (including ESG risks) and the risk management and internal control systems.

RISK MANAGEMENT AND INTERNAL CONTROLS *(CONTINUED)*

Review of the effectiveness of the Risk Management and Internal Control Systems

The Group has implemented processes to undertake extensive testing of its internal controls, and there is an annual certification process in place to support the assessment of the effectiveness of its enterprise risk management and internal control systems.

During 2025, GR&R worked closely with the operating units and senior management to continuously enhance the enterprise risk management systems including such activities, among other matters, providing training sessions and risk workshops to cope with the latest Listing Rules; further standardising risk reporting narrative, classification, and quantification; and closer aligning assessment of internal controls with the inherent risks embedded in the business. GR&R presented reports to the Audit Committee where they were reviewed and distributed to the Board. The same reports highlighted the Group risk portfolio while assisting the directors in the review of the effectiveness of the enterprise risk management and internal control systems of the Group throughout the year.

Over the same period, GIA reviewed the effectiveness of the Group's and its subsidiaries' risk management and internal control systems, with scope covering all material risks and controls over financial, operational and compliance controls with emphases on information technology and security, data privacy and protection, third party management and regulatory compliance. Additionally, as part of the annual internal audit planning process, GIA reviewed the risks of business and corporate functions of the Group and its subsidiaries to complete their evaluation of their respective internal controls.

The Audit Committee and the Board were not aware of any areas of concern that would have a material impact on the financial position or results of operations of the Group and confirmed that the enterprise risk management and internal control systems to be generally effective and adequate, including the adequacy of resources, staff qualifications and experience, training programmes and the budget of accounting, financial reporting, GR&R and GIA functions as well as other corporate functions pertaining to the Group's ESG performance and reporting, for dealing with identified risks, safeguarding the issuer's assets, preventing and detecting fraud, misconduct and loss, ensuring the accuracy of the issuer's financial reports and achieving compliance with applicable laws and regulations. Both the Board and the Audit Committee remained satisfied that the internal risk control framework implemented by the Group continues to provide the necessary elements of enabling business flexibility without compromising the integrity of risk management and internal control systems.

In addition to the review of enterprise risk management and internal controls undertaken within the Group, the external auditor also assessed the adequacy and effectiveness of risk management and internal controls as part of their annual statutory audits. Where appropriate, the external auditor's recommendations are adopted and enhancements to the risk management and internal controls would be made.

Further information on risk management and internal controls adopted and implemented by the Group is available under the "Corporate Governance" section on the Company's website.



Principal Risks and Uncertainties

The ability of the Group to manage risks, including ESG and climate-related risks and opportunities in accordance with the latest requirements of the Listing Rules, has been continuously evolving through focusing on risk management capabilities, ensuring that they remain robust where risks are timely identified, assessed and mitigated effectively.

The table below shows the principal risks and uncertainties encountered by the Group and its corresponding key mitigating strategies. These risks may adversely and/or materially affect the overall business performance, financial conditions, operations and growth prospects of the Group if they are not managed properly. These principal risks listed below are not exhaustive or comprehensive, and there may be other risks which are not known to the Group or may not be material at this juncture but could turn out to become material in the future. Due to the pace and nature at which risks are evolving, the Group remains vigilant in addressing areas of concern while developing appropriate control measures.




RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

Principal Risks and Uncertainties (continued)

Risk	Risk Level Trend in 2025	Description	Key Mitigation Strategies
Technology Risk <i>Cybersecurity Threat</i>		<p>The Group relies on a sound IT infrastructure and operating environment in supporting all aspects of its business, including handling of customer data, personal information and other sensitive commercial data which are susceptible to cybersecurity threats.</p>	<p>Group Information and Cybersecurity Council (“GICSC”) oversees all cybersecurity-related initiatives, investments and ongoing maintenance pertaining to the protection of the Group’s core infrastructure including networks, servers and endpoints.</p> <p>In 2025, the Group appointed a seasoned cyber security practitioner as our new Chief Information Security Officer, underscoring our continued commitment and strategic focus on the Group’s cyber security posture.</p> <p>The Group continues to monitor suspicious activity to combat cyberattacks by subscribing Attack Surface Management and Continuous Automated Red Teaming solution, as well as bounty hunting platform for in-depth threat assessment.</p> <p>Furthermore, besides joining the taskforce allied with government authorities and other telcos to tackle scams taking place in Hong Kong on an on-going basis, throughout the year, the Group has conducted cybersecurity drill simulation to facilitate the Corporate Incident Response Team’s familiarisation with cybersecurity incident response handling processes..</p>
<i>Information Security and Data Protection</i>		<p>With the Group’s comprehensive digital ecosystem, information security and customer data privacy protection are two of the material risk attributes recognised.</p>	<p>The Group has been closely monitoring the latest legislation in relation to information security and data protection to identify any potential impact on the Group business going forward. The Group policies, namely Information Technology Security Policy and Personal Data Privacy Policy are regularly updated to ensure an alignment between Group information security standards and our data privacy obligations under evolving regulations as well as increasing awareness of proper governance and compliance responsibilities across the business.</p>



RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

Principal Risks and Uncertainties (continued)

Risk	Risk Level Trend in 2025	Description	Key Mitigation Strategies
Technology Risk (continued) <i>Technology Trend</i>		New technologies including generative artificial intelligence (AI) and other market forces may outpace the ability of the Group to face emerging technological complexity and new customer experience.	The Group has been staying vigilant in identifying potential vulnerabilities, while ensuring effective governance and oversight in addressing regulatory requirements, privacy concerns and technology risk using enhanced technology assessment framework on AI adoption in accordance with the strategic roadmap and priorities of the Group.
Regulatory and Legal Risk <i>Non-compliance with Laws and Regulations</i>		The Group operates in markets and industries requiring compliance with legal and regulatory standards adopted in various sectors, as well as jurisdictions, such as telecommunications, broadcasting, rules that govern the use of personal data, financial related services, etc.	The Group has conducted a series of Group initiatives with the commitment to meet the highest standards of corporate governance and recognise the value in building trust with our global business partners and stakeholders, including reinforcing effective control requirements over new business initiatives as well as reaffirming the essentials in having mutual business agreements with vendors on equal footing.
Project Risk <i>Project Management</i>		To attain the sustainable growth of the Group and to create long-term value for stakeholders, there are different scale business projects initiated. The operating units must manage the projects effectively to ensure timeliness and quality of deliverables.	The Group has been providing on-going risk management support to business units on strategic projects and advising proper protocol of project risk assessment to ensure effective mitigation controls in place for addressing key risk items with significant impact(s) on overall project delivery schedule.

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

Principal Risks and Uncertainties (continued)

Risk	Risk Level Trend in 2025	Description	Key Mitigation Strategies
<p>People Risk <i>Employee Retention and Talent Development</i></p>		<p>As a prominent multi-service and technologies provider, a proactive review approach of workforce strategy in retaining and developing the best people with the right skills and attitudes across all levels is the key, and to further enhance the scaling of our people in accordance with business and operational requirements.</p>	<p>The Group has established training, performance management and reward programmes to retain, develop and motivate staff members as well as developing succession planning to avoid any major disruption resulting from the loss of key employees. Furthermore, the Group has continued to support staff initiative projects, advising on reputational and regulatory compliance risk in particular to privacy compliance, and to ensure its workflow and those embedded operational risks are properly managed by Group Human Resources. This will ensure continuity of business strategy while fostering a culture of strength.</p>
<p>Operational Risk <i>Business Interruption</i></p>		<p>Business interruption due to external factors beyond control.</p>	<p>The Group has adopted a Business Continuity Management Policy and Corporate Incident Response Plan to ensure any significant corporate incidents reported/escalated are handled promptly with care and in a cautious manner to protect our staff with the readiness to resume normal operations and mobilising resources to bolster recovery and growth.</p>




RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

Principal Risks and Uncertainties (continued)





Risk	Risk Level Trend in 2025	Description	Key Mitigation Strategies
<i>Third-Party Vendor</i>	◀▶	Business interruption due to third-party service failure.	Effective vendor risk management with periodic due diligence and ongoing monitoring, diversification of supply chain and technologies deployment through sourcing and working with multiple vendors operating in different jurisdictions to mitigate residual risk exposure while achieving diversification without relying on a single vendor.
Market Risk <i>Market Competition</i>	◀▶	The Group operates in markets and industries where the regulatory environment promotes competition and consumer protection. During the year, market competition further intensified due to technological innovation emerging in the marketplace, such as generative AI.	<p>The Group has operated in this competitive landscape for over twenty years and continued to strive to compete primarily based on attributes such as functionality, coverage, time to market, ease of integration, pricing, and quality of products and services, as well as longstanding market experience, goodwill and reputation.</p> <p>Furthermore, we have leveraged the networking of the Group's other operating units to enable more cross selling opportunities, as well as customer feedback management, and the adoption of AI tools in Group's operations aiming to continue to contribute towards community's needs and emerging technology applications in pursuit of a sustainable future.</p>

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

Principal Risks and Uncertainties (continued)

Risk	Risk Level Trend in 2025	Description	Key Mitigation Strategies
Strategic Risk <i>Innovation and Adoption</i>		Driven by the commitment to innovation for impact, the Group has continued its business progression to a broad array of innovative solutions by presenting future-oriented initiatives for customers.	The Group has set up GenAI Taskforce to drive new strategic imperatives and monitor any risk and compliance challenges due to AI adoption.
<i>Political Landscape</i>		The multinational footprint of the Group spans in several jurisdictions. Changes in the macroeconomy due to geopolitical tension and policy driven currency and interest rate fluctuations may expose the Group to potential financial and strategic risks.	By constantly monitoring the development of political landscape and reviewing revenue trends through diversified portfolio of leading media and telecom businesses into other industry segments such as FinTech and HealthTech, the Group continues to explore more strategic business opportunities on different technology platforms and geographical locations.
<i>Failure of Strategy</i>		The current business model envisages growth, whether by way of organic growth or through new business amalgamation or strategic investments, in telecommunications and/or technology sectors.	The Group’s considerable internal knowledge and subject matter expertise, together with external advisors where appropriate, can provide any necessary information and guidance on relevant matters and pending changes that may have an adverse impact on the franchise value of the Group.

Risk Level Trending Legend

-  Risk level remains broadly the same
-  Risk level trending upward
-  Risk level trending downward
-  New risk

COMPANY SECRETARY

Ms Cheung Hok Chee, Vanessa has been appointed the Group General Counsel and Company Secretary of the Company since October 2021. She is also the Group General Counsel and Company Secretary of HKT Management Limited (the trustee-manager of the HKT Trust) and HKT. All directors have access to the advice and services of the company secretary, who is responsible for ensuring that the Board procedures are followed, advising the Board on all corporate governance matters, and arranging induction programmes including briefings on the general and specific duties of directors under legal and regulatory requirements for newly appointed directors. The company secretary facilitates the induction and professional development of directors.

During the year ended 31 December 2025, Ms Cheung has received no less than 15 hours of relevant professional training to refresh her skills and knowledge.

SHAREHOLDERS' RIGHTS

Procedures to convene a general meeting and put forward proposals at general meetings

Shareholder(s) representing at least 5% of the total voting rights of all the shareholders of the Company having a right to vote at general meetings may request the directors to call a general meeting of the Company pursuant to the Hong Kong Companies Ordinance. The request must state the general nature of the business to be dealt with, and may include the text of a resolution that may properly be moved and is intended to be moved at the general meeting. The request may be sent to the Company at the registered office of the Company in hard copy form or in electronic form for the attention of the company secretary, and must be authenticated by the person(s) making it.

Shareholders can refer to the detailed requirements and procedures as set forth in the relevant sections of the Hong Kong Companies Ordinance and the Articles of Association when making any requisitions or proposals for transaction at the general meetings of the Company.

Procedures by which enquiries may be put to the Board

Shareholders may send enquiries to the Board in writing c/o the Corporate Secretariat with the following contact details:

Attention: Company Secretary
Address: 41st Floor, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
Fax: +852 2962 5725
Email: co.sec@pccw.com

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company is committed to promoting and maintaining effective communication with the shareholders (both individual and institutional). A Shareholders Communication Policy has been adopted for ensuring the Company's shareholders and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company in order to enable the shareholders to exercise their rights in an informed manner, and to allow shareholders and the investment community to engage actively with the Company. The Shareholders Communication Policy is available on the Company's website (www.pccw.com/ir).

The Company encourages two-way communications with institutional and retail investors, as well as financial and industry analysts. Extensive information on the Company's activities is provided in the annual and interim reports and circulars which are sent to the shareholders and are also available on the websites of the Company and HKEX.

In addition to despatching this annual report to the shareholders, financial and other information relating to the Group and its business activities is disclosed on the Company's website in order to promote effective communication.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS (CONTINUED)

Regular dialogue takes place with the investment community. Inquiries from individuals on matters relating to their shareholdings and the business of the Company are dealt with in an informative and timely manner. The relevant contact information is provided in the section headed “Investor Relations” in this annual report and also provided in the Shareholders Communication Policy. Based on the information set out in the above paragraphs, the implementation of the Shareholders Communication Policy is considered to be effective.

The Board approved and adopted a dividend policy in November 2018 which sets out its overall objective to deliver steady and sustainable returns to its shareholders. In proposing any dividend payment, the Board will take into account a number of factors which include the Group’s financial position and results of operation, the distributions received from its subsidiaries (including from the HKT Trust) and other investments, the funding needs for the operation and expansion of the Group’s businesses, the prevailing economic and market conditions, and other factors the Board may consider relevant and appropriate. In general, the dividend payment for a financial year will be made on a semi-annual basis. The policy states the current intention of the Board which is subject to change.

The annual general meeting of the Company will be held in 2026 for which reasonable notice will be given in compliance with applicable requirements. At the meeting, directors will be available to answer questions on the Group’s business and external auditor will be available to answer questions about the conduct of the audit, the preparation and content of the auditor’s report, the accounting policies and the auditor independence.

CONSTITUTIONAL DOCUMENT

During the year ended 31 December 2025, there was no change made to the constitutional document of the Company. A copy of the constitutional document is available on the websites of the Company and HKEX.

By order of the Board

Cheung Hok Chee, Vanessa

Group General Counsel and Company Secretary

Hong Kong, 10 February 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Viu added 1.3 million net paid subscribers, bringing the total to 16.8 million⁵, and driving 13% growth in subscription revenue
- ViuTV reached 3.4 million digital memberships; expects to return to growth in 2026 on the back of an exciting line-up of group concerts and an expanded talent roster
- Revenue increased 7% to HK\$40,252 million
 - HKT revenue increased by 5% to HK\$36,553 million
 - OTT Business revenue grew by 5% to HK\$2,579 million
 - Free TV & Related Business revenue was HK\$1,034 million
- EBITDA increased 3% to HK\$13,290 million
 - HKT EBITDA was up 4% to HK\$14,234 million
 - OTT Business EBITDA surged by 56% to HK\$620 million
 - Free TV & Related Business EBITDA was HK\$153 million
- Consolidated profit for the year increased by 35% to HK\$2,615 million
- Loss attributable to equity holders of the Company for the year further narrowed to HK\$253 million
- Final dividend of 28.48 HK cents per ordinary share resulting in full-year dividend of 38.25 HK cents per ordinary share

FINANCIAL REVIEW BY SEGMENT

For the year ended 31 December HK\$ million	2024			2025			Better/ (Worse) y-o-y
	H1	H2	Full Year	H1	H2	Full Year	
Revenue							
HKT	16,669	18,084	34,753	17,322	19,231	36,553	5%
HKT (excluding Mobile Product Sales)	15,683	16,348	32,031	16,311	16,705	33,016	3%
Mobile Product Sales	986	1,736	2,722	1,011	2,526	3,537	30%
OTT Business	1,089	1,369	2,458	1,194	1,385	2,579	5%
Free TV & Related Business	480	577	1,057	343	691	1,034	(2)%
Other Businesses	373	430	803	743	1,202	1,945	142%
Eliminations	(913)	(601)	(1,514)	(680)	(1,179)	(1,859)	(23)%
Consolidated revenue	17,698	19,859	37,557	18,922	21,330	40,252	7%
Cost of sales	(8,939)	(10,188)	(19,127)	(9,978)	(11,553)	(21,531)	(13)%
Net operating costs before depreciation, amortisation, and gains on disposal of property, plant and equipment and right-of-use assets ("operating costs")	(3,087)	(2,494)	(5,581)	(2,934)	(2,497)	(5,431)	3%
EBITDA¹							
HKT	6,168	7,575	13,743	6,380	7,854	14,234	4%
OTT Business	229	169	398	346	274	620	56%
Free TV & Related Business	91	101	192	47	106	153	(20)%
Other Businesses	(309)	(437)	(746)	(364)	(373)	(737)	1%
Eliminations	(507)	(231)	(738)	(399)	(581)	(980)	(33)%
Consolidated EBITDA¹	5,672	7,177	12,849	6,010	7,280	13,290	3%
Consolidated EBITDA¹ Margin	32%	36%	34%	32%	34%	33%	
Depreciation	(1,267)	(1,279)	(2,546)	(1,257)	(1,136)	(2,393)	6%
Amortisation	(2,417)	(2,508)	(4,925)	(2,412)	(2,925)	(5,337)	(8)%
Gains on disposal of property, plant and equipment and right-of-use assets, net	10	–	10	1	3	4	(60)%
Operating profit	1,998	3,390	5,388	2,342	3,222	5,564	3%
Other gains, net & others	184	255	439	125	168	293	(33)%
Interest income	68	65	133	45	51	96	(28)%
Finance costs	(1,390)	(1,427)	(2,817)	(1,185)	(1,199)	(2,384)	15%
Share of results of associates and joint ventures	(183)	(172)	(355)	(123)	(23)	(146)	59%
Profit before income tax	677	2,111	2,788	1,204	2,219	3,423	23%
Income tax	(326)	(521)	(847)	(446)	(362)	(808)	5%
Holders of perpetual capital securities	(117)	(117)	(234)	(115)	(111)	(226)	3%
Non-controlling interests	(696)	(1,311)	(2,007)	(1,088)	(1,554)	(2,642)	(32)%
(Loss)/Profit attributable to equity holders of the Company	(462)	162	(300)	(445)	192	(253)	16%

Note 1 EBITDA represents earnings before interest income, finance costs, income tax, depreciation and amortisation, gains/losses on disposal of property, plant and equipment, interests in leasehold land, right-of-use assets and intangible assets, net other gains/losses, losses on property, plant and equipment, restructuring costs, impairment losses on goodwill, tangible and intangible assets and interests in associates and joint ventures, and the Group's share of results of associates and joint ventures. While EBITDA is commonly used in the telecommunications industry worldwide as an indicator of operating performance, leverage and liquidity, it is not presented as a measure of operating performance in accordance with the HKFRS Accounting Standards and should not be considered as representing net cash flows from operating activities. The computation of the Group's EBITDA may not be comparable to similarly titled measures of other companies.

Note 2 Gross debt refers to the principal amount of short-term borrowings and long-term borrowings.

Note 3 Group capital expenditure includes additions to property, plant and equipment and interests in leasehold land.

Note 4 Adjusted funds flow is defined as EBITDA less capital expenditures, customer acquisition costs and licence fees paid, taxes paid, finance costs and interest expense paid, and adjusted for interest income received and changes in working capital. It is not presented as a measure of leverage or liquidity in accordance with HKFRS Accounting Standards and should not be considered as representing net cash flows or any other similar measures derived in accordance with HKFRS Accounting Standards, or an alternative to cash flow from operations or a measure of liquidity. HKT's AFF is computed in accordance with the above definition using financial information derived from HKT's audited consolidated financial statements. The AFF may be used for debt repayment and the repurchase of share stapled units of the HKT Trust and HKT ("Share Stapled Units").

Note 5 Exclude Myanmar.

HKT

For the year ended 31 December HK\$ million	2024			2025			Better/ (Worse) y-o-y
	H1	H2	Full Year	H1	H2	Full Year	
TSS	12,063	12,394	24,457	12,527	12,601	25,128	3%
– Local TSS Services	8,289	9,061	17,350	8,714	9,071	17,785	3%
– International Telecommunications Services	3,774	3,333	7,107	3,813	3,530	7,343	3%
Mobile	4,976	6,508	11,484	5,200	7,494	12,694	11%
– Mobile Services	3,990	4,772	8,762	4,189	4,968	9,157	5%
– Mobile Product Sales	986	1,736	2,722	1,011	2,526	3,537	30%
Other Businesses	552	328	880	570	311	881	–
Eliminations	(922)	(1,146)	(2,068)	(975)	(1,175)	(2,150)	(4)%
HKT Revenue	16,669	18,084	34,753	17,322	19,231	36,553	5%
HKT EBITDA¹	6,168	7,575	13,743	6,380	7,854	14,234	4%
HKT EBITDA¹ margin	37%	42%	40%	37%	41%	39%	
HKT Adjusted Funds Flow⁴	2,495	3,478	5,973	2,562	3,637	6,199	4%

Despite a challenging operating environment during the year, HKT once again demonstrated resilience, underpinned by its robust digital infrastructure, disciplined execution and unwavering commitment to innovation. HKT delivered stellar financial performance, driven by sustained momentum across its core businesses, stringent cost efficiency, and prudent capital management.

The Mobile business recorded growth of 5% in services revenue to HK\$9,157 million for the year ended 31 December 2025, underpinned by continued growth in roaming services, expansion of the 5G post-paid customer base, and growing demand for mobile enterprise solutions. To meet customers' strong demand for travel connectivity, we have continued to introduce innovative and easy-to-use roaming services, ensuring users enjoy seamless, optimal network quality while overseas. This helped to drive sustained year-on-year growth of 8% in total roaming revenue, with consumer outbound roaming revenue recording notable year-on-year growth of 18%. We are the first mobile service provider in Hong Kong to deploy 25Gbps mobile backhaul, significantly enhancing network performance while providing the scalability required to support mega events. 5G upgrades continued, with our 5G plan users reaching 2.096 million as at the end of December 2025, an increase of 20% year-on-year, representing 60% of our total post-paid base. Overall, the Mobile business reported a net gain of 35,000 during the year in its post-paid customer base to reach 3.494 million by the end of December 2025. The customer

base for our core 1010 and csl segment further expanded by 2% during the year. Mobile product sales increased by 30% to HK\$3,537 million for the year ended 31 December 2025, driven by the launch of flagship handsets in the second half of 2025. Accordingly, total Mobile revenue rose 11% to HK\$12,694 million for the year.

Mobile services EBITDA for the year rose by 5% to HK\$5,560 million, maintaining a stable EBITDA margin of 61%. Total Mobile EBITDA for the year also increased by 5% to HK\$5,568 million, up from HK\$5,311 million a year earlier, resulting in an EBITDA margin of 44% due to the higher contribution from lower margin Mobile product sales.

Local Telecommunication Services ("TSS") revenue grew by 3% to HK\$17,785 million for the year ended 31 December 2025, underpinned by an increase of 6% to HK\$14,310 million in Local Data Services revenue, which comprises broadband and local data revenue. The broadband business recorded revenue growth for the 18th consecutive year, with revenue increasing by 3%, fuelled by sustained demand for our high-bandwidth, ultra-low latency fibre services which are necessary to support all of the multiple applications our consumers can enjoy at home including video streaming, online gaming, remote work and various immersive applications. Our fibre-to-the-home connections reached 1.086 million at the end of December 2025, representing a net increase of 46,000 or 4% growth from a year earlier.

On the enterprise side, local data revenue achieved robust growth of 8%, as HKT continues to leverage its network infrastructure alongside cloud computing, data analytics and artificial intelligence (“AI”) technologies to help clients accelerate their digital transformation, drive business growth and enhance operational efficiency. During the year, our HKT Enterprise Solutions team secured new project wins with a total contract value of over HK\$5 billion, which will drive further revenue as they are delivered over the next 12 to 24 months. Furthermore, our business from Chinese Mainland enterprises sustained further growth, with revenue expanding by 13% year-on-year.

Our Pay TV business, as a super content aggregator in Hong Kong, remained resilient, generating revenue of HK\$2,264 million for the year ended 31 December 2025, compared with HK\$2,320 million a year earlier, navigating intense competition from an expanding array of free and paid entertainment services. The total installed base of Now TV continued to expand by 2% to 1.464 million as at the end of December 2025, up from 1.433 million a year earlier, with the over-the-top (“OTT”) segment growing by 16% year-on-year.

International Telecommunications Services revenue grew by 3% to HK\$7,343 million for the year ended 31 December 2025, compared with HK\$7,107 million a year earlier. The revenue growth was driven by increased wholesale global voice revenue and growing demand for Console Connect, our software defined cloud connectivity platform. As a result, total TSS revenue increased by 3% to HK\$25,128 million for the year ended 31 December 2025.

HKT’s total revenue increased by 5% to HK\$36,553 million for the year ended 31 December 2025, while total revenue excluding Mobile product sales increased by 3% to HK\$33,016 million.

HKT’s operating costs decreased by 4% to HK\$3,179 million, reflecting HKT’s continued focus on operating efficiency and cost optimisation initiatives, which lifted HKT’s EBITDA by 4% year-on-year to HK\$14,234 million for the year ended 31 December 2025.

Profit attributable to holders of Share Stapled Units was HK\$5,286 million for the year, an increase of 4% over the previous year. Basic earnings per Share Stapled Unit was 69.76 HK cents.

HKT’s adjusted funds flow for the year ended 31 December 2025 rose to HK\$6,199 million, an increase of 4% over the previous year.

HKT recommended the payment of a final distribution of 47.97 HK cents per Share Stapled Unit for the year ended 31 December 2025. This brings the 2025 full-year distribution to 81.77 HK cents per Share Stapled Unit (comprising 33.80 HK cents as interim distribution and 47.97 HK cents as final distribution) representing the full payout of the annual adjusted funds flow.

For a more detailed review of the performance of HKT, including detailed reconciliation between HKT’s EBITDA and adjusted funds flow as well as HKT’s EBITDA and profit before income tax, please refer to its 2025 annual results announcement released on 9 February 2026.

OTT Business

For the year ended 31 December HK\$ million	2024			2025			Better/ (Worse) y-o-y
	H1	H2	Full Year	H1	H2	Full Year	
OTT Business Revenue	1,089	1,369	2,458	1,194	1,385	2,579	5%
OTT Business EBITDA¹	229	169	398	346	274	620	56%
OTT Business EBITDA¹ margin	21%	12%	16%	29%	20%	24%	

For the year ended 31 December 2025, the OTT Business recorded revenue of HK\$2,579 million, an increase of 5% from HK\$2,458 million in the previous year, driven by the solid performance of our video streaming service, Viu. Bolstered by ongoing subscriber growth and a refined pricing strategy focusing on premium packages across multiple markets, Viu's subscription business delivered exceptionally robust results, with revenue rising by an impressive 13%. This growth was partly offset by softer advertising revenue amidst restrained corporate advertising expenditure.

A key strategic priority for our OTT Business has been to deliver captivating content and deepen viewer engagement. Leveraging advanced analytics powered by our vast viewership, we sharpened our content strategy to focus on high-performing titles that resonate with audiences while driving profitability. Among the over 200 new titles introduced this year were top-rated Korean dramas, a wider selection of Chinese titles reflecting their surging international appeal, and a range of Viu Original productions. This balanced portfolio has yielded strong results, with high-impact releases generating extraordinary subscriber acquisition and engagement. Our flagship Korean Viu Original, *Taxi Driver Season 3*, topped multiple regional charts and rekindled interest in the previous seasons, boosting the long-term value of our content library. Meanwhile, the highly successful Chinese drama *Love's Ambition* (許我耀眼) gained significant traction in various regions, including the Middle East.

To strengthen our economies of scale, we continued to focus on high-growth SEA markets in which we have established a strong foothold. We accelerated this expansion by deepening partnerships with leading local carriers such as Thailand's AIS and True, and Indonesia's Telkomsel. We also enhanced our customer acquisition capabilities and marketing effectiveness through business process upgrades, including the integration of advanced customer relationship management ("CRM") tools. As a result, our paid subscriber base (excluding Myanmar) rose to 16.8 million by December 2025. To further diversify our partnership ecosystem, we launched the Viu-HBO Max streaming bundle in December in five markets, a first-of-its-kind collaboration that combines premium Asian content with the "best of Hollywood" – an initiative expected to boost subscriber growth and expand our reach.

During the year, we broadened advertising opportunities while maintaining a disciplined paywall strategy. Despite subdued retail sentiment, we achieved a significant increase in the penetration of the ad-supported tier on Connected TVs and secured ad-funded projects with premium brands, including a brand-integrated variety show with Samsung in Indonesia. The launch of Viu Shorts in early 2026 capitalised on the rapidly growing micro-drama format, significantly expanding our library of cost-efficient content and advertising inventory while attracting a broader base of advertisers.

Benefitting from Viu's expanding subscriber base, enhanced operating efficiency and prudent content investments, the OTT Business delivered a remarkable EBITDA uplift of 56%, with margins rising from 16% to 24%. Entering 2026, the OTT Business is well positioned for its next phase of growth, backed by strong business momentum and new growth engines in distribution and content innovation.

Free TV & Related Business

For the year ended 31 December HK\$ million	2024			2025			Better/ (Worse) y-o-y
	H1	H2	Full Year	H1	H2	Full Year	
Free TV & Related Business Revenue	480	577	1,057	343	691	1,034	(2)%
Free TV & Related Business EBITDA¹	91	101	192	47	106	153	(20)%
Free TV & Related Business EBITDA¹ Margin	19%	18%	18%	14%	15%	15%	

The Free TV & Related Business recorded revenue of HK\$1,034 million for the year ended 31 December 2025. This performance reflects a strategic focus on sub-group and solo artiste performances, intended to build strong momentum ahead of the group concerts planned for 2026. Advertising revenue remained stable despite the persistently weak retail environment in Hong Kong.

Throughout the year, we continued to elevate the international profile of our artistes through participation in major productions and high-profile global events, including appearances in the prominent Korean drama *Taxi Driver Season 3* alongside A-list actor *Lee Je-hoon*, and performances at the *Coldplay* concerts in Hong Kong. The growing influence of our artistes also led to collaborations with international brands such as *Sanrio* and the *NBA*, thereby broadening monetisation channels beyond content and live events.

We have also made significant progress in ensuring the long-term sustainable development of our talent programme by maximising the potential of our established artistes while actively cultivating new talent. During the year, we delivered 28 shows across 11 concert series, with a strong emphasis on solo performances. This approach successfully showcased our individual artistes and amplified their appeal, and the momentum generated has laid the foundation for the large-scale group concerts planned for 2026, which are expected to drive further growth. Moreover, we are further strengthening our talent pipeline with a promising cohort of emerging artistes through our iconic talent show, *King Maker Season VI (全民造星VI)*. Our international footprint has also continued to expand, with content now distributed to more than 40 markets worldwide.

ViuTV, our domestic broadcasting arm, remains committed to deepening viewer engagement through high-quality, locally relevant content spanning a wide range of genres. Highlights during the year included extensive coverage of *The 15th National Games (第十五屆全國運動會)*, inspiring sports reality shows such as *Goal to Success (足球女將)* and the critically acclaimed drama *What If (三命)*. Digital memberships grew by more than 3.6% to 3.4 million, accompanied by a substantial 6.7% increase in viewing time. These achievements underscore the broadening appeal of our content, particularly among younger viewers. With a highly engaged audience and capabilities spanning content production, multi-platform media, artiste representation and live performance management, ViuTV and MakerVille are well positioned to attract advertisers and brands, especially in sectors such as finance, restaurants, beauty & fitness, and food & beverage.

EBITDA softened to HK\$153 million for the year ended 31 December 2025 with a margin of 15%, reflecting our focus on solo concerts during the year. With a strong line-up of group concerts scheduled for 2026 and a revitalised, expanded talent roster, we expect a rebound in the financial performance of the Free TV & Related Business in the coming year.

Other Businesses

Other Businesses primarily comprise the remaining Solutions Business and corporate support functions. It recorded an increase in revenue to HK\$1,945 million from HK\$803 million a year earlier, reflecting the completion of relevant milestones of IT solutions projects. EBITDA cost was HK\$737 million for the year ended 31 December 2025.

Eliminations

Eliminations for the year ended 31 December 2025 were HK\$1,859 million, compared with HK\$1,514 million a year earlier, reflecting greater collaboration among members of the Group for both internal and external initiatives.

Costs

Cost of Sales

For the year ended 31 December HK\$ million	2024			2025			Better/ (Worse) y-o-y
	H1	H2	Full Year	H1	H2	Full Year	
HKT	8,491	9,219	17,710	9,021	10,119	19,140	(8)%
Consolidated	8,939	10,188	19,127	9,978	11,553	21,531	(13)%

HKT's cost of sales for the year ended 31 December 2025 increased by 8% year-on-year to HK\$19,140 million, reflecting a change in its revenue mix. The cost of sales for Media Business increased, driven by subscription business growth in the OTT Business as well as event production costs. Overall, the Group's cost of sales increased by 13% to HK\$21,531 million for the year ended 31 December 2025.

General and Administrative Expenses

For the year ended 31 December 2025, the Group's operating costs decreased by 3% to HK\$5,431 million, driven by operating cost savings at both HKT and the OTT Business. Through deploying AI to reshape its workflows and network management and continued efforts in streamlining business structures, workforce optimisation as well as IT platform rationalisation, HKT was able to achieve a notable enhancement in operating efficiency and cost optimisation, reducing operating costs by 4% to HK\$3,179 million. The OTT Business also notably enhanced its operating efficiency and marketing effectiveness through business process upgrades, including the integration of advanced CRM tools. Overall operating cost-to-revenue ratio improved from 14.9% a year earlier to 13.5% for the year ended 31 December 2025.

Depreciation and amortisation expenses for the year increased by 3% to HK\$7,730 million. This is due to a 6% decline in depreciation expenses, which now stand at HK\$2,393 million, in line with lower capital expenditure at HKT over the past few years, whilst offset by an 8% rise in amortisation expenses to HK\$5,337 million. The higher amortisation expenses are linked to increased investments in research and development and intellectual property for various diversified enterprise projects including AI, automation and cybersecurity. Amortisation expenses for the Media Business decreased by 6%, reflecting the ongoing optimisation of our content investments.

Overall, general and administrative expenses increased by 2% year-on-year to HK\$13,270 million for the year ended 31 December 2025.

EBITDA¹

Overall, consolidated EBITDA for the year ended 31 December 2025 increased by 3% to HK\$13,290 million, with an EBITDA margin of 33%.

Other Gains, Net

Net other gains for the year ended 31 December 2025 were HK\$406 million, primarily reflecting gains from the revaluation of the Group's investments.

Interest Income and Finance Costs

Interest income for the year ended 31 December 2025 was HK\$96 million while finance costs decreased by 15% to HK\$2,384 million. The decrease in finance costs was largely driven by a reduction in average borrowings at HKT, as well as the downward trend in HIBOR during the year. Average cost of debt for the Group declined from 4.4% to 3.9% year-on-year. As a result, net finance costs decreased by 15% year-on-year, from HK\$2,684 million to HK\$2,288 million for the year ended 31 December 2025.

Income Tax

Income tax expense for the year ended 31 December 2025 was HK\$808 million, compared with HK\$847 million a year ago. The net decrease in income tax expense was mainly attributable to the one-off charge recognised in the prior year and the utilisation of deferred tax assets during the year.

Profit Attributable to Non-controlling Interests

Profit attributable to non-controlling interests was HK\$2,642 million for the year ended 31 December 2025 (31 December 2024: HK\$2,007 million), representing primarily the share of results attributable to the non-controlling shareholders of HKT and Viu International Limited.

Profit Attributable to Holders of Perpetual Capital Securities

Profit of HK\$226 million for the year ended 31 December 2025 was attributable to the holders of the perpetual capital securities, which represented distributions payable to the holders of the securities as accrued at 4% per annum on the principal amount of the perpetual capital securities issued by the Group in January 2021.

Loss Attributable to Equity Holders of the Company

Loss attributable to equity holders of the Company for the year ended 31 December 2025 further narrowed to HK\$253 million (31 December 2024: HK\$300 million).

LIQUIDITY AND CAPITAL RESOURCES

The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholder return and a sound capital position. Adjustments are made when necessary, to maintain an optimal capital structure in light of changes in economic conditions and to reduce the cost of capital.

The Group's gross debt² was HK\$59,180 million, as at 31 December 2025 (31 December 2024: HK\$52,393 million). Cash and short-term deposits totalled HK\$3,067 million, as at 31 December 2025 (31 December 2024: HK\$2,583 million).

As at 31 December 2025, the Group had a total of HK\$65,647 million in banking facilities available for liquidity management and investments, of which HK\$26,072 million remained undrawn. Of these banking facilities, HKT accounted for HK\$44,012 million, of which HK\$18,087 million remained undrawn.

The Group's gross debt²-to-total-assets was 56% as at 31 December 2025 (31 December 2024: 53%).

CREDIT RATINGS OF CAS HOLDING NO. 1 LIMITED AND HONG KONG TELECOMMUNICATIONS (HKT) LIMITED

As at 31 December 2025, CAS Holding No. 1 Limited, a direct wholly-owned subsidiary of the Company, had investment-grade ratings with Moody's Investors Service Hong Kong Limited ("Moody's") (Baa3) and S&P Global Ratings ("S&P") (BBB-). Hong Kong Telecommunications (HKT) Limited, an indirect non-wholly owned subsidiary of the Company, had investment grade ratings with Moody's (Baa2) and S&P (BBB).

CAPITAL EXPENDITURE³

The Group's capital expenditure for the year ended 31 December 2025 was HK\$2,198 million (2024: HK\$2,341 million), of which HKT accounted for about 96% (2024: 95%). The capital expenditure-to-revenue ratio was approximately 5.5% for the year (2024: 6.2%).

Capital expenditure for HKT's Mobile business was 4% lower during the year, reflecting the efficiency gains from capacity upgrades and network maintenance following the completion of its territory-wide 5G coverage. TSS capital expenditure was 2% lower during the year, with investments largely to support growing demand for its integrated fixed-mobile solutions for enterprise customers and the investments in subsea cable systems. Capital expenditure for the Media Business decreased after the completion of the initial phase of its new production studio facilities.

The Group will continue to invest in building digital capabilities to support its existing businesses and enable its growth in new areas, while taking into account the prevailing market conditions, using assessment criteria, including internal rate of return, net present value and payback period.

HEDGING

Market risk arises from foreign currency and interest rate exposure related to investments and financing. As a matter of policy, the Group continues to manage the market risk directly relating to its operations and financing and does not undertake any speculative derivative trading activities. The Group determines appropriate risk management activities with the aim of prudently managing the market risk associated with transactions undertaken in the normal course of the Group's business. All treasury risk management activities are carried out in accordance with the Group's policies and guidelines, which are reviewed on a regular basis.

Around three-quarters of the Group's consolidated revenue and costs are denominated in Hong Kong dollars. For those operations with revenues denominated in foreign currencies, the related costs and expenses are usually denominated in the same foreign currencies, and hence provide a natural hedge against each other. Therefore, the Group is not exposed to significant foreign currency fluctuation risk from operations.

A significant portion of the Group's financing is denominated in foreign currencies, including United States dollars. Accordingly, the Group has entered into forward and swap contracts in order to manage its exposure to adverse fluctuations in foreign currency exchange rates and interest rates. These instruments are executed with creditworthy financial institutions. As at 31 December 2025, the majority of the forward and swap contracts were designated as cash flow hedges for the related financing of the Group.

As a result, the impacts of these operational and financial risks to the Group are considered not material.

CHARGE ON ASSETS

As at 31 December 2025, no assets of the Group (31 December 2024: nil) were pledged to secure banking facilities for the Group.

CONTINGENT LIABILITIES

As at 31 December HK\$ million	2024	2025
Performance guarantees	1,227	1,201
Others	25	15
	1,252	1,216

The Group is subject to certain corporate guarantee obligations to guarantee the performance of its subsidiaries in the normal course of their businesses. The amount of liabilities arising from such obligations, if any, cannot be ascertained but the Directors are of the opinion that any resulting liability will not materially affect the financial position of the Group.

As at 31 December 2025, the Group had given a partial guarantee to a bank in respect of a credit facility granted to an associate of the Group amounting to HK\$575 million (31 December 2024: HK\$780 million), of which HK\$575 million (31 December 2024: HK\$780 million) had been utilised by the associate. The Group's share of the guarantee for the utilised amount was approximately HK\$173 million (31 December 2024: HK\$235 million) determined based on the percentage of interest held by the Group in the associate.

HUMAN RESOURCES

The Group had over 14,600 employees as at 31 December 2025 (31 December 2024: 14,600), located in 25 countries and cities. About 66% of these employees work in Hong Kong and the others are based mainly in Chinese Mainland. The Group has established performance-based bonus and incentive schemes designed to motivate and reward employees at all levels to achieve the Group's business performance targets. Payment of performance bonuses is generally based on the achievement of revenue, EBITDA and free cash flow targets for the Group as a whole and for each of the individual business units and performance ratings of employees.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 28.48 HK cents (2024: 28.48 HK cents) per ordinary share for the year ended 31 December 2025 to shareholders whose names appear on the register of members of the Company on Friday, 29 May 2026, subject to the approval of shareholders of the Company at the forthcoming annual general meeting, which will be held on Thursday, 21 May 2026 ("AGM"). An interim dividend of 9.77 HK cents (2024: 9.77 HK cents) per ordinary share for the six months ended 30 June 2025 was paid to shareholders of the Company in September 2025.

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REPORT OF THE DIRECTORS

The board of directors (the “Board”) presents its report together with the audited consolidated financial statements of PCCW Limited (“PCCW” or the “Company”) and its subsidiaries (collectively the “Group”) for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, and the principal activities of the Group are the provision of technology and telecommunications and related services including enterprise solutions, mobile services, total home solutions, media entertainment and other new businesses such as loyalty platform, financial services and healthtech services in the Hong Kong Special Administrative Region (“Hong Kong”), the Asia Pacific region and other parts of the world; and investments in, and development of, systems integration and information technology-related businesses. Through HK Television Entertainment Company Limited (“HKTVE”), PCCW also operates a domestic free television service in Hong Kong. The Group also has an interest in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments through its interest in Pacific Century Premium Developments Limited (“PCPD”).

The principal activities of the Company’s principal subsidiaries and the principal associates of the Group are set out in notes 20 to 21 to the consolidated financial statements.

An analysis of the Group’s performance for the year by operating segment is set out in note 6 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group during the year and particulars of important events affecting the Group that have occurred since the end of the financial year 2025 as well as a discussion on the Group’s future business development are provided in the sections headed “Message from the Chairman”, “Message from the Acting Group Managing Director” and “Management’s Discussion and Analysis” in this annual report. The above discussions form part of this report. In addition, this review has also identified a list of principal risks and uncertainties faced by the Group. For more details on the description of these principal risks and uncertainties, please refer to the section headed “Corporate Governance Report — Risk Management and Internal Controls” in this annual report.

Discussions on the Group’s sustainability policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which would have a significant impact on the Group are provided in the paragraphs below.

Sustainability Policies and Performance

The Group is committed to maintaining standards of governance and integrity across all aspects of its operations. In 2025, the Group has enhanced its policies to strengthen the corporate governance framework. These updates include enhancing our Sustainability Policy (previously known as Corporate Social Responsibility Policy) and introducing new policies on Climate Change, and Occupational Safety and Health. These policies ensure proper governance and compliance responsibilities across different business and functional units, supported by targeted communication and initiatives.

Managing the Supply Chain in a Sustainable Manner

As one of the founding members of Sustainable Procurement Charter established by the Green Council, the Group is committed to upholding the highest ethical and professional standards when working with suppliers and contractors. We currently maintain relationships with nearly 5,000 suppliers worldwide. As we recognise the importance of responsible sourcing, we are incorporating sustainability as an integral part of our supply chain management to better manage related risks.

Apart from having an internal Group Purchasing Policy and Principles in place, the Group has implemented a Supplier Code of Conduct to promote ethical business practices in line with applicable compliance standards. Suppliers are encouraged to apply the Supplier Code of Conduct, which establishes our clear expectations regarding compliance with applicable regulations on labour, health and safety and environmental standards, throughout all levels of their supply chains. To closely monitor supplier performance, our buying units conduct regular performance reviews and supplier visits, particularly targeting our major suppliers and contractors. Any suppliers receiving unsatisfactory ratings are engaged for rectification or improvement.

BUSINESS REVIEW (CONTINUED)

Sustainability Policies and Performance (continued)

Shared Societal Value

The Group is committed to operating sustainably while balancing the interests of various stakeholders, including our employees, customers, suppliers, business partners and the wider community.

Driving Digital Innovation and Value

The Group leverages its resources and expertise to support Hong Kong's digital transformation, delivering secure, sustainable and socially responsible innovation. In 2025, HKT became Hong Kong's first telecom provider to upgrade mobile backhaul to 25Gbps, enhancing network capacity and reliability for high-density areas and major events. The Group continues to expand its extensive 5G network, which already covers 99% of Hong Kong. With the city firmly in the 5G era, efforts are now underway to advance towards 5.5G. As of the end of December 2025, we had established over 19,000 Wi-Fi hotspots across the city and further expanded the mobile network by adding 94 mobile cell sites, enabling customers to connect effortlessly while on the go.

In 2025, the Group has continued efforts on enhancing digital literacy through AI training and outreach. We delivered over 170 AI workshops to more than 15,000 customers and conducted 85 digital literacy sessions for disadvantaged groups in collaboration with non-governmental organisations ("NGOs"). Internal AI training sessions recorded more than 3,000 attendances. These efforts underscore our commitment to equipping stakeholders with the skills and knowledge needed to leverage AI effectively.

Delivering Customer-Centric Services

The Group is committed to exceeding customer expectations by delivering exceptional services and products that enrich the customer journey. We maintain a comprehensive set of Privacy Statement governing the full lifecycle management of personal data and actively implement measures to protect customer interests.

As a signatory of Anti-Scam Consumer Protection Charter 3.0, we enhance protection against online financial fraud through real-time scam call alerts, a dedicated anti-fraud hotline, and verified SMS sender identifiers to help customers authenticate messages. In 2025, we delivered anti-fraud education to over 900 underprivileged individuals through working with NGOs.

To ensure high levels of customer satisfaction, customers can reach us via hotlines, live chat, My HKT portal, retail shops and service centres. We regularly conduct customer satisfaction surveys, transaction surveys, net promoter score surveys and mystery shopper programmes to gather customer feedback and evaluate our service quality.

Deepening Community Engagement

Leveraging our role as a leading telecommunications provider, the Group continues to promote digital inclusion and connectivity for all. For 34 consecutive years, we have provided free fixed-line services to senior citizens through the "Care for the Elderly Line". During the year, we enriched the Smart Pama Workshop with AI-focused content to help seniors navigate an increasingly digitalised world, while offering complimentary access to advanced AI products for designated customers. We also responded swiftly to the major fire at Wang Fuk Court in Tai Po through community relief efforts, reaffirming our commitment to supporting those in need.

Through our media platforms and programming, we actively engage the community by advancing sports culture, promoting well-being, and fostering cultural exchange. In 2025, ViuTV offered programmes such as the live broadcast of the *15th National Games*, *Green Finder*, *Wish You Good Health* and *Sound and Vision Series 7 & 8*.

The Group remains dedicated to empowering future generations through education and mentorship. We have continued our support for the Government's Strive and Rise Programme, helping underprivileged youth unlock opportunities and foster upward mobility.

These initiatives reflect our enduring commitment to creating positive societal impact. During the year, the Group was recognised by the Hong Kong Council of Social Service as a Caring Company with advanced performance, acknowledging our continuous dedication to fostering a caring culture for 23 years.

BUSINESS REVIEW (CONTINUED)

Sustainability Policies and Performance (continued)

Fostering a Thriving Workforce

The Group regards human capital as a cornerstone of long-term success and is committed to fostering a fair, inclusive and high-performing work culture for our global workforce. Our comprehensive employment policies safeguard employees' rights and benefits while offering competitive pay and career progression opportunities. A robust performance review system and incentive schemes underpin our performance-driven culture. We continuously enhance occupational safety and health awareness among employees through ongoing policy improvements, reinforcing a safe and healthy work environment, preventing work-related injuries and illnesses, and ensuring compliance with applicable regulations.

We continue to support our employees by investing in their professional and personal growth, equipping them with the skills and tools to thrive. Building on the "Collaborate & LEAD" model, we continued to expand "Collaborate & LEAD" Leadership Development Programme for employees across different levels. The model defines the core leadership behaviours across the Group and serves as the foundation for hiring, development and collaboration. In parallel, we introduced the Workforce Diversity Policy to reinforce our commitment to non-discriminatory employment practices and actively promoting diversity initiatives. To further support holistic wellbeing, we engaged employees during Wellness Month with pop-up markets, health checks, wellness talks, and after-work team events. These efforts reflect our dedication to fostering a unified employee experience while driving sustainable business growth.

The Group believes direct, effective communication is essential to forging a strong partnership between management and employees. We have established channels for employees to share feedback and suggestions with senior management and to keep abreast of company and business developments, including online and offline meetings and social media platforms.

Enhancing Environmental Stewardship

As a diversified technology, media, and telecommunications group, we understand the importance of driving sustainable change and reducing our environmental footprint. Through the provision of cutting-edge solutions, we enable our customers and communities to adopt more sustainable practices when using our products.

We have met our 2025 targets for reducing electricity consumption, greenhouse gas ("GHG") emissions, and general waste, making steady progress on our sustainability journey. We remain dedicated to elevating our ESG performance through a new set of environmental targets for 2030, aimed at further reducing our environmental footprint.

Enhancing Energy Efficiency

The Group remains committed to improving energy efficiency through continued investment in innovation, system enhancements and refined operational practices aimed at promoting more sustainable energy use across its operations. In 2025, the Group achieved its target of reducing absolute electricity consumption, recording a reduction of 24.9% compared with the 2018 base year. During the year, key initiatives included installing a solar power system at Stanley Exchange, assessing indoor temperature settings at data centres to enhance the efficiency of Computer Room Air Conditioner units and reduce electricity consumption, and implementing Indirect Condenser Water Cooling ("IDC") system to optimise chiller operations across our buildings. Our efforts in developing and applying the IDC system were recognised at the CLP Smart Energy Award 2025, where we received the Smart Energy Solution Award (Public Utility) for this energy-saving initiative.

We actively support community and industry initiatives on energy efficiency by serving as signatories to the Environment and Ecology Bureau's Energy Saving Charter and the Charter on External Lighting, which further demonstrate our dedication to energy efficiency and reducing environmental impact.

Reducing GHG Emissions

In 2025, the Group achieved its target of reducing Scope 1 and 2 GHG emissions compared with the 2018 base year, recording a reduction of 45.5%. This progress was driven by the implementation of targeted emission-reduction initiatives, including retro-commissioning and retrofitting of facilities, legacy equipment replacement and upgrades and the adoption of renewable diesel for standby essential generators.

BUSINESS REVIEW *(CONTINUED)*

Sustainability Policies and Performance *(continued)*

Reducing GHG Emissions *(continued)*

In addition, the Group commenced disclosures of 13 relevant categories of Scope 3 GHG emissions to enhance transparency and deepen our understanding of value chain emissions. By expanding our GHG emissions accounting, we aim to develop more comprehensive and effective long-term decarbonisation strategies across our operations and value chain.

Managing Waste Effectively

The Group adopts stringent waste management protocols to ensure proper handling and disposal. In 2025, we achieved a 26.1% reduction in absolute general waste compared with the 2018 baseline.

Internally, we continue to engage employees in improving waste segregation and recycling performance. In 2025, additional centralised waste collection and recycling bins were introduced at eight main office buildings, and a comprehensive solid waste audit was conducted at PCCW Tower to identify opportunities to enhance waste management practices and strengthen employee participation. We also have well-established recycling practices in place for industrial batteries and scrap metals, including copper, iron and steel, to minimise landfill disposal.

To support responsible waste management by customers, the Group complies with the Producer Responsibility Scheme on Waste Electrical and Electronic Equipment by providing removal services for regulated electrical equipment.

Managing Climate-Related Risks and Opportunities

During the year, the Group enhanced its climate risk and opportunity analysis by conducting both quantitative and qualitative assessments of risk exposure under different climate scenarios and timeframes. This climate scenario analysis strengthens the Group's understanding of material climate-related risks over the short-, medium- and long-term. The detailed methodology, assumptions, and results are disclosed separately in the Group's ESG Report.

Offering Green Solutions

We remain committed to reducing our environmental impact while empowering communities to progress on their decarbonisation journey through innovative and effective solutions across our businesses. The Group promotes circular economy practices through the csl and 1010 Go Green Campaign, encouraging the reuse and recycling of electric devices via a customer trade-in programme. Through HKT Enterprise Solutions, we provide integrated ESG solutions that leverage AI, IoT and 5G technologies to drive digital transformation in property management, helping customers enhance energy efficiency and operational resilience.

In 2025, the Group provided 5G Weather Stations support services in 13 schools across Hong Kong and Macau, leveraging 5G, IoT and data analytics to enhance education while fostering awareness of environmental monitoring and sustainability. To advance cleaner mobility, Smart Charge (HK) Limited—a joint venture between HKT and CLP Holdings Limited—expanded its electric vehicle charging network to 44 residential and commercial car parks, managing over 10,500 parking bays.

Sustainable Finance

In 2025, we raised over US\$1.4 billion of sustainability-linked loan facilities from financial institutions and continued to invest our liquidity in green and sustainable deposits with financial institution.

ESG Awards and Recognition

In 2025, the Group received multiple accolades for its commitment to sustainability. The Group was included in the S&P Global Sustainability Yearbook (China Edition) 2025. Since 2019, we have obtained an A rating in the MSCI ESG Ratings. The Group has also been a constituent member of the FTSE4Good Index Series since 2017. Additionally, we have maintained our status as a constituent member of the Hang Seng Corporate Sustainability Benchmark Index, Hang Seng (Mainland and HK) Corporate Sustainability Index, and Hang Seng Corporate Sustainability Index with an "AA" rating in the HKQAA Sustainability Rating and Research 2025. The Group ranked among the Top 20 constituents in the 6th Greater Bay Area Business Sustainability Index assessment.

BUSINESS REVIEW (CONTINUED)

Compliance with the Applicable Laws and Regulations which have a Significant Impact on the Group

The Group and its activities are subject to requirements under various laws and regulations. These include, among others, the Telecommunications Ordinance (Cap. 106), the Broadcasting Ordinance (Cap. 562), the Trade Descriptions Ordinance (Cap. 362), the Competition Ordinance (Cap. 619), the Personal Data (Privacy) Ordinance (Cap. 486), the Payment Systems and Stored Value Facilities Ordinance (Cap. 584), the Employment Ordinance (Cap. 57), and the applicable regulations, guidelines, policies and licence terms issued or promulgated under or in connection with these statutes. In addition, the Listing Rules apply to PCCW. The Company seeks to ensure compliance with these requirements through various measures such as internal controls and approval procedures, trainings and oversight of various business units with the designated resources at different levels of the Group. While these measures require considerable internal resources and result in additional operational cost, the Group highly values the importance of ensuring compliance with applicable legal and regulatory requirements.

Telecommunications Ordinance (“TO”)

The Hong Kong Government’s policies relating to liberalisation of the telecommunications industry have led to increased competition for the Group. Under the TO and the licences it holds under the TO, the Group has certain obligations and the Communications Authority (“CA”) has certain powers to direct the Group to take specified actions (for example, to undertake and provide certain interconnection services and facilities) and to impose the terms and conditions of interconnection. It may also direct its licensees to co-operate and share any facilities owned by them in the public interest. Under the TO, licensees may be fined up to HK\$1 million for repeated breaches of the TO or any licence condition, regulation or direction issued under the TO, or a higher amount if allowed by the court. In extreme cases, the Government or the CA may cancel, withdraw or suspend licences.

Broadcasting Ordinance (“BO”)

The Company, through its indirect subsidiary, Now TV Limited, holds a domestic pay television programme services licence. The media entertainment market in Hong Kong is highly competitive. Under the BO and the licences granted under the BO, licensees have various content and compliance obligations. Breaches of the BO, licence conditions, relevant directions, orders, determinations, regulations and/or codes issued by the CA may lead to fines (up to HK\$1 million for repeated breaches) or licence suspension or revocation in extreme cases.

The Company, through its economic interest in HKTVE, was granted a free television programme service licence in April 2015 and HKTVE launched its free television services in April 2016.

Trade Descriptions Ordinance (“TDO”)

The enforcement of the TDO is generally undertaken by the Customs and Excise Department, although the CA has concurrent jurisdiction as to telecommunications and broadcasting licensees. To ensure compliance with the TDO, the Group provides training for all employees involved in sales and marketing. In addition, all sales and marketing materials are reviewed to ensure compliance with the TDO. Under the TDO, misrepresentations as to the sale of goods or services, inappropriate sales practices and the omission of relevant information may be a criminal offence, with a fine of up to HK\$500,000 and imprisonment for 5 years. Liability may extend to the Group as well as relevant employees.

Competition Ordinance (“CO”)

The CO came into effect in December 2015 and is generally consistent with other competition laws. The enforcement of the CO is generally undertaken by the Competition Commission (“CC”), although the CA has concurrent jurisdiction with the CC as to undertakings operating in the telecommunications and broadcasting sectors. To ensure compliance with the CO and various guidelines issued under the CO, the Group provides training for all staff involved in sales, marketing, bids, pricing, contracts, strategy formation, management etc. and reviews and monitors business practices continuously. Under the CO, serious anti-competitive conduct carries a maximum penalty of 10% of annual turnover obtained in Hong Kong (up to 3 years). Individuals may also be subject to pecuniary penalties and may be disqualified from being a director of a company.

BUSINESS REVIEW (CONTINUED)

Compliance with the Applicable Laws and Regulations which have a Significant Impact on the Group (continued)

Personal Data (Privacy) Ordinance (“PDPO”)

The PDPO aims to protect data privacy rights by regulating the collection, retention and handling of personal data. Non-compliance with the PDPO may result in the issuance of an enforcement notice by the Privacy Commissioner (“Enforcement Notice”). More importantly contravention of the Enforcement Notice or contravention of certain specific provisions in PDPO could constitute an offence, depending on the type of contravention or non-compliance, punishable by a fine of HK\$10,000 to HK\$1,000,000 and imprisonment for 6 months to 5 years. The Group maintains various internal policies and procedures as well as regular reviews, training and audits to ensure that personal data is properly handled and managed with due care and in accordance with the legal requirements. For effective communication with the regulator and compliance with applicable data protection laws, a Group Data Protection Officer has been appointed to monitor all Group activities in relation to data privacy compliance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A separate Environmental, Social and Governance report for 2025 will be published on the websites of the Company and Hong Kong Exchanges and Clearing Limited at the same time as the publication of this annual report in compliance with the Listing Rules.

GROUP RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the section headed “Financial Information — Consolidated Income Statement” in this annual report.

An interim dividend of 9.77 HK cents (2024: 9.77 HK cents) per ordinary share, totalling approximately HK\$756 million, was paid to shareholders of the Company in September 2025.

The Board has recommended the payment of a final dividend of 28.48 HK cents (2024: 28.48 HK cents) per ordinary share for the year ended 31 December 2025, subject to the approval of shareholders of the Company at the forthcoming annual general meeting.

FINANCIAL SUMMARY

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed “Financial Information — Five Year Financial Summary” in this annual report.

FIXED ASSETS

Details of movements in the Group’s property, plant and equipment and interests in leasehold land during the year are set out in notes 15 and 17 respectively to the consolidated financial statements.

BORROWINGS

Particulars of the Group’s and the Company’s borrowings are set out in notes 27(e) and 28 to the consolidated financial statements.

SHARES ISSUED

During the year, the Company issued and allotted 6,699,144 ordinary shares for grant of awards pursuant to the Company’s share award schemes for an aggregate consideration of HK\$66,991.44.

Details of movements in share capital of the Company for the year ended 31 December 2025 are set out in note 30 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in note 34 to the consolidated financial statements.

The Company had total distributable reserves of HK\$17,180 million as at 31 December 2025 (2024: HK\$17,722 million).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, less than 30% of the Group’s revenue from sales of goods or rendering of services was attributable to the Group’s five largest customers, and less than 30% of the Group’s purchases were attributable to the Group’s five largest suppliers.

DIRECTORS

As at the date of this report, the directors of the Company are:

Executive Directors

Li Tzar Kai, Richard (*Chairman*)

Hui Hon Hing, Susanna (*Acting Group Managing Director and Group Chief Financial Officer*)

Non-Executive Directors

Tse Sze Wing, Edmund, GBS

Tang Yongbo (*Deputy Chairman*)

Feng Lanxiao

Zhao Xingfu

Wei Zhe, David

Independent Non-Executive Directors

Aman Mehta

Frances Waikwun Wong

Bryce Wayne Lee

Lars Eric Nils Rodert

David Christopher Chance

Sharhan Mohamed Muhseen Mohamed

During the year ended 31 December 2025 and up to the date of this report, the following changes were made to the composition of the Board:

1. Zhao Xingfu was appointed as a non-executive director of the Company with effect from 21 February 2025;
2. Meng Shusen resigned as a non-executive director of the Company with effect from 10 February 2026; and
3. Feng Lanxiao was appointed as a non-executive director of the Company with effect from 10 February 2026.

In accordance with Article 91 of the Company's articles of association, Feng Lanxiao shall retire from office at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

In accordance with Article 101 of the Company's articles of association, Li Tzar Kai, Richard, Hui Hon Hing, Susanna, David Christopher Chance and Sharhan Mohamed Muhseen Mohamed shall retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

A list of names of the directors who held office in the Company's subsidiaries during the year and up to the date of this report is available on the Company's website (www.pccw.com).

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive directors a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and considers that all six independent non-executive directors as at the date of this report, namely, Aman Mehta, Frances Waikwun Wong, Bryce Wayne Lee, Lars Eric Nils Rodert, David Christopher Chance and Sharhan Mohamed Muhseen Mohamed are independent having regard to the independence guidelines set out in Rule 3.13 of the Listing Rules.

With respect to Aman Mehta, on 15 February 2013, Pacific Century Regional Developments Limited (“PCRD”, a substantial shareholder of the Company) announced the execution of a term sheet between PCRD Services Pte Ltd (“PCRD Services”, a wholly-owned subsidiary of PCRD) and, amongst the others, KSH Distriparks Private Limited (“KSH Distriparks”), Pasha Ventures Private Limited (“Pasha Ventures”), Aman Mehta (an independent non-executive director of the Company) and Akash Mehta (the adult son of Aman Mehta) (together, the “Mehta Family”) and Sky Advance Associates Limited (“Sky Advance”, a company controlled by Akash Mehta) in relation to a proposed restructuring (the “Restructuring”) of their respective interests in Pasha Ventures and KSH Distriparks by way of a scheme of amalgamation. As of 11 March 2012, PCRD Services, Aman Mehta and Akash Mehta held 74%, 21% and 5% of the paid up issued equity capital of Pasha Ventures respectively. KSH Distriparks is an Indian private limited logistics company with an inland container depot located in Pune, India and owned at that time as to 25.94% and 5.19% respectively by PCRD Services and Sky Advance. As a result of the Restructuring, Pasha Ventures was amalgamated with KSH Distriparks and Pasha Ventures ceased to be a subsidiary of PCRD and was dissolved in June 2013. Accordingly, the shareholdings of PCRD Services, Sky Advance and the Mehta Family in KSH Distriparks were approximately 49.87%, 2.61% and 12.94% respectively. Pursuant to a scheme of demerger filed with, and sanctioned by, the High Court at Bombay, KSH Infra Private Limited (“KSH Infra”), a wholly-owned subsidiary of KSH Distriparks was demerged from KSH Distriparks with effect from 31 January 2016 (the “Demerger”) with KSH Infra shareholders holding the same percentage shareholdings in the share capital of KSH Infra as those percentage shareholdings in KSH Distriparks at the time of the Demerger. Interests held by PCRD Services, Sky Advance and the Mehta Family in KSH Infra were disposed of in January 2019. In 2020, Sky Advance disposed of its 2.61% stake in KSH Distriparks. As at 31 December 2025, PCRD Services and the Mehta Family’s shareholdings in KSH Distriparks were approximately 49.87% and 8.23% respectively. Aman Mehta is a passive investor in KSH Distriparks and does not hold any directorship in KSH Distriparks. Save as disclosed above, Aman Mehta is not in any way connected to PCRD, PCRD Services or PCCW.

Notwithstanding Aman Mehta’s investment in KSH Distriparks, the Company is of the view that Aman Mehta’s continued independence in accordance with the terms of the independence guidelines set out in Rule 3.13 of the Listing Rules is not affected by this investment for the following reasons: (i) Aman Mehta’s investment in KSH Distriparks is a purely passive personal investment; he does not hold any directorship in KSH Distriparks nor has he any involvement or participation in the daily operations and management of KSH Distriparks; (ii) the businesses of KSH Distriparks do not overlap or conflict with the businesses of the Company; and (iii) save as disclosed above, neither Aman Mehta nor Akash Mehta hold any interest, direct or indirect in PCRD and/or its subsidiaries.

DIRECTORS’ SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, SHARE STAPLED UNITS, UNDERLYING SHARES, UNDERLYING SHARE STAPLED UNITS AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the directors and chief executives of the Company and their respective close associates had the following interests or short positions in the shares, share stapled units jointly issued by HKT Trust and HKT (the "Share Stapled Units"), underlying shares, underlying Share Stapled Units and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) (the "SFO")) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules:

1. Interests in the Company

The table below sets out the aggregate long positions in the shares of the Company (the "Shares") held by the directors and chief executives of the Company:

Name of Director/Chief Executive	Personal interests	Number of ordinary Shares held				Total	Approximate percentage of the total number of Shares in issue
		Family interests	Corporate interests	Other interests			
Li Tzar Kai, Richard	–	–	535,291,134 <i>(Note 1(a))</i>	1,928,842,224 <i>(Note 1(b))</i>	2,464,133,358	31.80%	
Hui Hon Hing, Susanna	9,559,705	–	–	3,528,707 <i>(Note 2)</i>	13,088,412	0.17%	
Tse Sze Wing, Edmund	–	367,479 <i>(Note 3)</i>	–	–	367,479	0.005%	

Notes:

1. (a) Of these Shares, Pacific Century Diversified Limited ("PCD"), a wholly-owned subsidiary of Chiltonlink Limited ("Chiltonlink"), held 342,475,956 Shares, Eisner Investments Limited ("Eisner") held 38,222,413 Shares, and Trade Champion Limited, a wholly-owned subsidiary of Excel Global Holdings Limited ("Excel Global"), held 154,592,765 Shares. Li Tzar Kai, Richard owned 100% of the issued share capital of Chiltonlink, Eisner and Excel Global.
- (b) These interests represented:
 - (i) a deemed interest in 175,312,270 Shares held by Pacific Century Group Holdings Limited ("PCGH"). Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 175,312,270 Shares held by PCGH; and
 - (ii) a deemed interest in 1,753,529,954 Shares held by PCRD, a company in which PCGH had, through itself and certain wholly-owned subsidiaries being Anglang Investments Limited, Pacific Century Group (Cayman Islands) Limited, Pacific Century International Limited and Borsington Limited, an aggregate of 88.68% interest. Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 1,753,529,954 Shares held by PCRD. Li Tzar Kai, Richard was also deemed to be interested in 1.06% of the issued share capital of PCRD through Hopestar Holdings Limited ("Hopestar"), a company wholly-owned by Li Tzar Kai, Richard.
2. These interests represented awards made to Hui Hon Hing, Susanna, which were subject to certain vesting conditions pursuant to the award scheme of the Company, the details of which are set out in the section below headed "Share Schemes of the Company and its Subsidiaries".
3. These Shares were held by the spouse of Tse Sze Wing, Edmund.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, SHARE STAPLED UNITS, UNDERLYING SHARES, UNDERLYING SHARE STAPLED UNITS AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(CONTINUED)*

2. Interests in the Associated Corporations of the Company

A. HKT Trust and HKT Limited

The table below sets out the aggregate long positions in the Share Stapled Units held by the directors and chief executives of the Company:

Name of Director/Chief Executive	Number of Share Stapled Units held				Total	Approximate percentage of the total number of Share Stapled Units in issue
	Personal interests	Family interests	Corporate interests	Other interests		
Li Tzar Kai, Richard	–	–	67,655,964 <i>(Note 1(a))</i>	152,802,281 <i>(Note 1(b))</i>	220,458,245	2.91%
Hui Hon Hing, Susanna	4,563,295	–	–	1,594,717 <i>(Note 2)</i>	6,158,012	0.08%
Tse Sze Wing, Edmund	–	246,028 <i>(Note 3)</i>	–	–	246,028	0.003%

Each Share Stapled Unit confers an interest in:

- (a) one voting ordinary share of HK\$0.0005 in HKT; and
- (b) one voting preference share of HK\$0.0005 in HKT,

for the purposes of Part XV of the SFO, in addition to an interest in one unit in the HKT Trust.

Under the trust deed dated 7 November 2011 constituting the HKT Trust entered into between HKT Management Limited (in its capacity as the trustee-manager of the HKT Trust) (the “Trustee-Manager”) and HKT (as supplemented, amended or substituted from time to time) and the articles of association of HKT (as amended and restated from time to time), the number of ordinary shares and preference shares of HKT in issue must be the same at all times and must also, in each case, be equal to the number of units of the HKT Trust in issue; and each of them is equal to the number of Share Stapled Units in issue.

Notes:

1. (a) Of these Share Stapled Units, PCD held 20,227,614 Share Stapled Units, Eisner held 46,020,000 Share Stapled Units, and Hopestar held 1,408,350 Share Stapled Units.
 - (b) These interests represented:
 - (i) a deemed interest in 130,511,730 Share Stapled Units held by PCGH. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 130,511,730 Share Stapled Units held by PCGH; and
 - (ii) a deemed interest in 22,290,551 Share Stapled Units held by PCRD. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 22,290,551 Share Stapled Units held by PCRD.
2. These interests represented awards made to Hui Hon Hing, Susanna, which were subject to certain vesting conditions pursuant to the award scheme of HKT Trust and HKT, the details of which are set out in the section below headed “Share Schemes of the Company and its Subsidiaries”.
3. These Share Stapled Units were held by the spouse of Tse Sze Wing, Edmund.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, SHARE STAPLED UNITS, UNDERLYING SHARES, UNDERLYING SHARE STAPLED UNITS AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (CONTINUED)

2. Interests in the Associated Corporations of the Company (continued)

B. Pacific Century Premium Developments Limited

The table below sets out the aggregate long positions in the shares of PCPD ("PCPD Shares") held by the directors and chief executives of the Company:

Name of Director/Chief Executive	Personal interests	Number of ordinary PCPD Shares held			Total	Approximate percentage of the total number of PCPD Shares in issue
		Family interests	Corporate interests	Other interests		
Li Tzar Kai, Richard	–	–	207,267,814 (Note 1(a))	402,164,972 (Note 1(b))	609,432,786	29.90%
Tse Sze Wing, Edmund	–	59,531 (Note 2)	–	–	59,531	0.003%

Notes:

- Of these PCPD Shares, PCD held 181,520,587 shares and Eisner held 25,747,227 shares.
 - These interests represented:
 - a deemed interest in 118,093,122 PCPD Shares held by PCGH. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 118,093,122 PCPD Shares held by PCGH; and
 - a deemed interest in 284,071,850 PCPD Shares held by PCRD. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 284,071,850 PCPD Shares held by PCRD.
- These PCPD Shares were held by the spouse of Tse Sze Wing, Edmund.

C. PCPD Capital Limited

The table below sets out the aggregate long positions in the 5.125% bonds due 2026 (the "2026 Bonds") issued by PCPD Capital Limited, an associated corporation of the Company, held by a director and chief executive of the Company:

Name of Director/Chief Executive	Personal interests	Principal amount of the 2026 Bonds held (US\$)			Total
		Family interests	Corporate interests	Other interests	
Li Tzar Kai, Richard	–	–	21,717,000 (Note)	–	21,717,000

Note:

These 2026 Bonds were held by Hertford Ventures Limited, a wholly-owned subsidiary of Ace Holdings Management Limited ("Ace Holdings"). Li Tzar Kai, Richard owned 100% of the issued share capital of Ace Holdings.

Save as disclosed in the foregoing, as at 31 December 2025, none of the directors or chief executives of the Company or their respective close associates had any interests or short positions in any shares, Share Stapled Units, underlying shares, underlying Share Stapled Units and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

SHARE SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES

1. The Company

The Company currently has the following share schemes:

- Share option scheme adopted on 30 May 2024 (the “Adoption Date”) (“2024 Option Scheme”);
- PCCW Limited 2024 Share Award Scheme adopted on the Adoption Date (“2024 Share Award Scheme”); and
- PCCW Purchase Scheme and PCCW Subscription Scheme both adopted on 15 November 2012, the extension of the duration of which for a further period of 10 years commencing from 15 November 2022 was approved by the Company on 12 August 2022 (collectively the “2012 Share Award Schemes”).

The 2012 Share Award Schemes will remain valid and effective until all outstanding awards granted thereunder have vested, lapsed or been cancelled in accordance with the terms of the corresponding scheme. No further awards have been or will be granted under the 2012 Share Award Schemes after the Adoption Date.

The total number of new Shares which may be issued in respect of all options and awards granted and to be granted under the 2024 Option Scheme, the 2024 Share Award Scheme and all other scheme(s) of the Company (each a “PCCW Share Scheme”) which are funded by the issue of new Shares, must not exceed 10% of the total number of Shares in issue as at the Adoption Date (the “Scheme Mandate Limit”).

A. Share Option Scheme

Under the 2024 Option Scheme, the Board shall be entitled to offer to grant share options to any eligible participant whom the Board may, at its absolute discretion, select. A summary of the principal terms of the 2024 Option Scheme is set out below:

- (1) The purpose of the 2024 Option Scheme is to provide eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage eligible participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.
- (2) Eligible participants comprise (i) directors and employees of any Group member (including persons who are granted options and/or awards under a share scheme as an inducement to enter into employment or service contracts with a Group member) (“PCCW Employee Participants”); and (ii) persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group or which will contribute significantly to the growth of the Group’s financial or business performance, including independent contractors, consultants, agents, advisers and suppliers engaged to provide services in relation to research and development, marketing, innovation upgrading, strategic/commercial planning on corporate image, investor relations and core administrative functions, *excluding* placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions and professional services providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity (“PCCW Service Providers”).
- (3) (i) The total number of new Shares which may be issued pursuant to the exercise of options granted under the 2024 Option Scheme must not exceed 10% of the total number of Shares in issue as at the Adoption Date, subject to the Scheme Mandate Limit.

(ii) Within the scheme limit of the 2024 Option Scheme, the total number of new Shares which may be issued pursuant to the exercise of options granted to PCCW Service Providers shall be no more than 0.5% of the total number of Shares in issue as at the Adoption Date (the “Service Provider Sublimit (Option Scheme)”).

As at the date of this annual report, the total number of new Shares in respect of which options may be granted under the 2024 Option Scheme is 773,963,824, representing approximately 9.9895% of the Shares in issue as at that date, subject to the Scheme Mandate Limit.

SHARE SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

1. The Company (continued)

A. Share Option Scheme (continued)

- (4) The total number of Shares issued and to be issued upon exercise of options and/or vesting of awards involving new Shares granted and to be granted (whether under the 2024 Option Scheme or another PCCW Share Scheme) to any single eligible participant, whether or not already a grantee, in any 12-month period shall be subject to a limit that it shall not exceed 1% of the Shares in issue at the relevant time (the “Individual Limit”). Any grant or further grant of options to an eligible participant (whether or not already a grantee) which would result in the Shares issued and that may be issued upon exercise of all options and/or vesting of all awards involving new Shares granted and to be granted (whether under the 2024 Option Scheme or another PCCW Share Scheme) to such eligible participant (excluding those Shares issued or issuable in respect of options and/or awards lapsed in accordance with the terms of the corresponding scheme) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to the prior approval of shareholders of the Company, on which approval the eligible participant, his or her close associates (or associates, if the eligible participant is a connected person) shall abstain from voting.
- (5) An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part in the manner set out in the scheme rules of 2024 Option Scheme. An option may be exercised during the period commencing on the vesting date of the option and expiring on the close of business of the date of expiry of the option as specified in the offer letter in respect thereof, which date shall not be later than the day last preceding the 10th anniversary of the date of grant of the option.
- (6) A minimum vesting period of 12 months applies to all options that are granted under the 2024 Option Scheme.
- (7) No consideration is payable by the grantee on acceptance of an option.
- (8) The exercise price in relation to each option shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of (i) the closing price of the 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 Shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant.
- (9) The 2024 Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date. On and after the 10th anniversary of the Adoption Date, no further options shall be granted but in all other respects the provisions of the 2024 Option Scheme shall remain in full force and effect. Options which are granted during the life of the 2024 Option Scheme shall continue to be exercisable in accordance with their terms of issue.

No Share options have been granted under the 2024 Option Scheme since the Adoption Date and up to and including 31 December 2025.

B. Share Award Schemes

(i) 2012 Share Award Schemes

A summary of the principal terms of the 2012 Share Award Schemes is set out below:

The Company adopted the 2012 Share Award Schemes with the purposes and objectives to recognise the contributions by eligible participants and to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Participants of the 2012 Share Award Schemes include any director or employee of the Company and its participating companies.

The 2012 Share Award Schemes are administered by the Board, any committee or sub-committee of the Board and/or any person delegated with the power and authority to administer all or any aspects of the respective 2012 Share Award Schemes (the “Approving Body”) and an independent trustee (the “Trustee”) appointed to hold the relevant Shares/Share Stapled Units until such time as the Shares/Share Stapled Units vest in the selected participants.

SHARE SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

1. The Company (continued)

B. Share Award Schemes (continued)

(i) 2012 Share Award Schemes (continued)

Pursuant to the scheme rules, no sum of money shall be set aside and no Shares/Share Stapled Units shall be purchased or subscribed (as the case may be), nor any amounts paid to the Trustee for the purpose of making such a purchase or subscription, if, as a result of such purchase or subscription, the number of Shares/Share Stapled Units administered under the schemes and any other scheme of a similar nature adopted by the Company and/or any of its subsidiaries would represent in excess of 1% of the Shares in issue and/or 1% of the Share Stapled Units in issue (as the case may be) from time to time, (excluding Shares/Share Stapled Units which have been transferred to selected participants on vesting) and provided further that the Approving Body may resolve to increase such limit at its sole discretion.

Subject to the relevant scheme rules, each scheme provides that prior to the vesting of the awards under the relevant scheme to selected participants, the relevant Shares/Share Stapled Units will be held in trust by the Trustee for such selected participants, and will be vested over a period of time determined by the Approving Body, provided that each selected participant shall remain at all times up to and including the relevant vesting date (or, as the case may be, each relevant vesting date) an employee or a director of the Company or the relevant participating company, and satisfies any other conditions specified at the time the award is made, notwithstanding that the Approving Body shall be at liberty to waive such conditions. Other than satisfying the vesting conditions, selected participants are not required to provide any consideration in order to acquire the Shares/Share Stapled Units awarded to him/her under the schemes. The Approving Body may by resolution terminate the operation of the schemes at any time subject to the terms of the schemes.

Details of movements of Share/Share Stapled Unit awards during the year ended 31 December 2025 are as follows:

Name or category of participants	Date of grant	Vesting period	Fair value at the date of grant ^(a) HK\$	Unvested as at 1 January 2025	Number of Share awards			Unvested as at 31 December 2025
					Granted during the year	Lapsed/ Forfeited during the year	Vested during the year	
(I) PCCW Purchase Scheme (Shares)								
Director/Chief Executive								
Hui Hon Hing, Susanna	4 August 2023	4 August 2023 to 4 August 2025	3.92	1,123,822	—	—	(1,123,822) ^(c)	—
Five Highest Paid Individuals								
In aggregate ^(b)	30 May 2023	30 May 2023 to 30 May 2025	4.02	488,378	—	—	(488,378) ^(c)	—
	30 May 2024	30 May 2024 to 30 May 2025	4.19	196,783	—	—	(196,783) ^(c)	—
	30 May 2024	30 May 2024 to 30 May 2026	4.19	557,092	—	(64,031)	—	493,061
Service Providers								
In aggregate	30 May 2023	30 May 2023 to 30 May 2025	4.02	422,990	—	(5,597)	(417,393) ^(c)	—
	23 June 2023	23 June 2023 to 23 June 2025	3.85	71,865	—	—	(71,865) ^(c)	—
	30 May 2024	30 May 2024 to 30 May 2025	4.19	738,514	—	(1,250)	(737,264) ^(c)	—
	30 May 2024	30 May 2024 to 30 May 2026	4.19	738,500	—	(1,250)	—	737,250
Other Grantees								
In aggregate	19 April 2023	19 April 2023 to 19 April 2025	4.01	13,417	—	—	(13,417) ^(c)	—
	30 May 2023	30 May 2023 to 30 May 2025	4.02	168,764	—	(4,198)	(164,566) ^(c)	—
	1 June 2023	1 June 2023 to 1 June 2025	3.97	4,298	—	—	(4,298) ^(c)	—
	23 June 2023	23 June 2023 to 23 June 2025	3.85	22,378	—	—	(22,378) ^(c)	—
	19 April 2024	19 April 2024 to 19 April 2025	3.85	16,404	—	—	(16,404) ^(c)	—
	19 April 2024	19 April 2024 to 19 April 2026	3.85	16,401	—	(2,250)	—	14,151
	30 May 2024	30 May 2024 to 30 May 2025	4.19	96,320	—	—	(96,320) ^(c)	—
	30 May 2024	30 May 2024 to 30 May 2026	4.19	96,319	—	—	—	96,319
Total				4,772,245	—	(78,576)	(3,352,888)	1,340,781

SHARE SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

1. The Company (continued)

B. Share Award Schemes (continued)

(i) 2012 Share Award Schemes (continued)

Name or category of participants	Date of grant	Vesting period	Fair value at the date of grant ^(a) HK\$	Unvested as at 1 January 2025	Number of Share/Share Stapled Unit awards			
					Granted during the year	Forfeited during the year	Vested during the year	Unvested as at 31 December 2025
(II) PCCW Purchase Scheme (Share Stapled Units)								
Director/Chief Executive								
Hui Hon Hing, Susanna	4 August 2023	4 August 2023 to 4 August 2025	9.10	262,562	—	—	(262,562) ^(d)	—
Five Highest Paid Individuals								
In aggregate ^(b)	2 July 2021	2 July 2021 to 16 April 2025	10.56	40,369	—	—	(40,369) ^(d)	—
	19 April 2022	19 April 2022 to 19 April 2025	10.86	41,413	—	—	(41,413) ^(d)	—
	19 April 2022	19 April 2022 to 19 April 2026	10.86	41,412	—	—	—	41,412
	30 May 2023	30 May 2023 to 30 May 2025	9.98	66,608	—	—	(66,608) ^(d)	—
	30 May 2023	30 May 2023 to 30 May 2026	9.98	42,674	—	—	—	42,674
	30 May 2023	30 May 2023 to 30 May 2027	9.98	42,673	—	—	—	42,673
	30 May 2024	30 May 2024 to 30 May 2025	9.20	107,425	—	—	(107,425) ^(d)	—
	30 May 2024	30 May 2024 to 30 May 2026	9.20	107,425	—	(27,996)	—	79,429
	30 May 2024	30 May 2024 to 30 May 2027	9.20	50,281	—	—	—	50,281
	30 May 2024	30 May 2024 to 30 May 2028	9.20	50,279	—	—	—	50,279
Service Providers								
In aggregate	30 May 2023	30 May 2023 to 30 May 2025	9.98	161,791	—	(2,141)	(159,650) ^(d)	—
	23 June 2023	23 June 2023 to 23 June 2025	9.05	27,488	—	—	(27,488) ^(d)	—
	30 May 2024	30 May 2024 to 30 May 2025	9.20	322,905	—	(547)	(322,358) ^(d)	—
	30 May 2024	30 May 2024 to 30 May 2026	9.20	322,887	—	(547)	—	322,340
Other Grantees								
In aggregate	19 April 2023	19 April 2023 to 19 April 2025	10.18	64,176	—	—	(64,176) ^(d)	—
	30 May 2023	30 May 2023 to 30 May 2025	9.98	26,746	—	—	(26,746) ^(d)	—
	23 June 2023	23 June 2023 to 23 June 2025	9.05	9,913	—	—	(9,913) ^(d)	—
	19 April 2024	19 April 2024 to 19 April 2025	8.68	91,793	—	(139)	(91,654) ^(d)	—
	19 April 2024	19 April 2024 to 19 April 2026	8.68	91,687	—	(5,777)	—	85,910
	30 May 2024	30 May 2024 to 30 May 2025	9.20	49,327	—	—	(49,327) ^(d)	—
	30 May 2024	30 May 2024 to 30 May 2026	9.20	49,324	—	—	—	49,324
Total				2,071,158	—	(37,147)	(1,269,689)	764,322
(III) PCCW Subscription Scheme (Shares)^(e)								
Employee Participants								
In aggregate	2 July 2021	2 July 2021 to 16 April 2025	4.09	100,335	—	—	(100,335) ^(c)	—
	19 April 2022	19 April 2022 to 19 April 2025	4.52	100,787	—	—	(100,787) ^(c)	—
	19 April 2022	19 April 2022 to 19 April 2026	4.52	100,786	—	—	—	100,786
	19 April 2023	19 April 2023 to 19 April 2025	4.01	1,155,382	—	(13,388)	(1,141,994) ^(c)	—
	30 May 2023	30 May 2023 to 30 May 2025	4.02	329,377	—	(35,595)	(293,782) ^(c)	—
	30 May 2023	30 May 2023 to 30 May 2026	4.02	111,568	—	—	—	111,568
	30 May 2023	30 May 2023 to 30 May 2027	4.02	111,565	—	—	—	111,565
	23 June 2023	23 June 2023 to 23 June 2025	3.85	64,467	—	(2,550)	(61,917) ^(c)	—
	19 April 2024	19 April 2024 to 19 April 2025	3.85	1,544,715	—	(26,117)	(1,518,598) ^(c)	—
	19 April 2024	19 April 2024 to 19 April 2026	3.85	1,491,135	—	(76,249)	—	1,414,886
	30 May 2024	30 May 2024 to 30 May 2025	4.19	391,406	—	(35,417)	(355,989) ^(c)	—
	30 May 2024	30 May 2024 to 30 May 2026	4.19	391,392	—	(35,417)	—	355,975
	30 May 2024	30 May 2024 to 30 May 2027	4.19	115,000	—	—	—	115,000
	30 May 2024	30 May 2024 to 30 May 2028	4.19	115,000	—	—	—	115,000
Total				6,122,915	—	(224,733)	(3,573,402)	2,324,780

SHARE SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

1. The Company (continued)

B. Share Award Schemes (continued)

(i) 2012 Share Award Schemes (continued)

Notes:

- (a) The fair value of the awards granted is measured by the quoted market price of the Shares/Share Stapled Units at the respective dates of grant. A description of the basis for fair value measurement is set out in note 2(ac)(iii) to the consolidated financial statements.
- (b) Excluding the details of the awards granted to a Director who is one of the five individuals with the highest emoluments during the year, where the relevant details are reflected in the category of "Director/Chief Executive".
- (c) The weighted average closing price of the Shares immediately before the dates on which the awards vested was HK\$5.13 per Share.
- (d) The weighted average closing price of the Share Stapled Units immediately before the dates on which the awards vested was HK\$11.56 per Share Stapled Unit.
- (e) 287,792 Shares were allotted and issued on 28 November 2025 in relation to 2024 share awards under this scheme and the 2023 general mandate.

(ii) 2024 Share Award Scheme

A summary of the principal terms of the 2024 Share Award Scheme is set out below:

(1) The objectives of the 2024 Share Award Scheme are to:

- (a) recognise the contributions by certain selected participants with an opportunity to acquire a proprietary interest in the Company;
- (b) give incentives to such individuals in order to encourage and retain them for the continual operation and development of the Group;
- (c) provide additional incentives for such individuals to achieve performance goals;
- (d) attract suitable personnel for further development of the Group; and
- (e) motivate the selected participants to maximise the value of the Company for the benefit of both the selected participants and the Company,

with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the selected participants directly with those of the shareholders of the Company through ownership of Shares.

(2) Eligible participants comprise (a) PCCW Employee Participants; (b) directors and employees of any holding companies, fellow subsidiaries or associated companies of the Company ("PCCW Related Entity Participants"); and (c) PCCW Service Providers.

(3) (a) The total number of new Shares which may be awarded under the 2024 Share Award Scheme shall be no more than 10% of the total number of Shares in issue as at the Adoption Date, subject to the Scheme Mandate Limit.

(b) Within the scheme limit of the 2024 Share Award Scheme, the total number of new Shares which may be awarded to PCCW Service Providers shall be no more than 0.5% of the total number of Shares in issue as at the Adoption Date (the "Service Provider Sublimit (Award Scheme)").

(c) There is no limit on the number of existing Shares which may be awarded to selected participants under the 2024 Share Award Scheme.

As at the date of this annual report, the total number of new Shares in respect of which awards may be granted under the 2024 Share Award Scheme is 767,549,428, representing approximately 9.91% of the Shares in issue as at that date, subject to the Scheme Mandate Limit.

SHARE SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

1. The Company (continued)

B. Share Award Schemes (continued)

(ii) 2024 Share Award Scheme (continued)

(4) No award may be granted to any one eligible participant such that the total number of Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the corresponding scheme) in the 12-month period up to and including the date of the latest grant exceeds in aggregate 1% of the total issued Shares, unless the grant is separately approved by shareholders of the Company in general meeting with such grantee and his close associates (or associates, if the grantee is a connected person) abstaining from voting.

(5) The vesting period of an award of Shares must generally be at least 12 months.

(6) No purchase price is payable by selected participants upon acceptance or vesting of awards to be made under the 2024 Share Award Scheme.

(7) The 2024 Share Award Scheme will be valid for a period of 10 years commencing from the Adoption Date, subject to early termination by the Board.

Details of Share awards granted and their movements during the year ended 31 December 2025 are as follows:

Name or category of participants	Date of grant	Vesting period	Fair value at the date of grant ^(a) HK\$	Unvested as at 1 January 2025	Number of Share awards			Unvested as at 31 December 2025
					Granted during the year ^(b)	Lapsed/ Forfeited during the year	Vested during the year	
(I) Grants funded by existing Shares								
Director/Chief Executive								
Hui Hon Hing, Susanna	26 June 2024	26 June 2024 to 26 June 2025	3.88	1,307,977	—	—	(1,307,977) ^(e)	—
	26 June 2024	26 June 2024 to 26 June 2026	3.88	1,307,976	—	—	—	1,307,976
Other Grantees								
In aggregate	13 June 2025	13 June 2025 to 13 June 2026	5.18	—	592,790 ^(c)	—	—	592,790
	13 June 2025	13 June 2025 to 13 June 2027	5.18	—	592,776 ^(c)	—	—	592,776
Total				2,615,953	1,185,566	—	(1,307,977)	2,493,542
(II) Grants funded by new Shares								
Director/Chief Executive								
Hui Hon Hing, Susanna	25 April 2025	25 April 2025 to 25 April 2026	5.02	—	723,577 ^(d)	—	—	723,577
	25 April 2025	25 April 2025 to 25 April 2027	5.02	—	723,575 ^(d)	—	—	723,575
	24 June 2025	24 June 2025 to 24 June 2026	5.26	—	386,790 ^(e)	—	—	386,790
	24 June 2025	24 June 2025 to 24 June 2027	5.26	—	386,789 ^(e)	—	—	386,789
Employee Participants								
In aggregate	22 August 2024	22 August 2024 to 22 August 2025	4.29	39,334	—	—	(39,334) ^(e)	—
	22 August 2024	22 August 2024 to 22 August 2026	4.29	39,333	—	—	—	39,333
	25 April 2025	25 April 2025 to 25 April 2026	5.02	—	1,339,459 ^(d)	(149,529)	—	1,189,930
	25 April 2025	25 April 2025 to 25 April 2027	5.02	—	1,338,639 ^(d)	(149,484)	—	1,189,155
	28 May 2025	28 May 2025 to 28 May 2026	5.14	—	560,563 ^(f)	—	—	560,563
	28 May 2025	28 May 2025 to 28 December 2026	5.14	—	206,186 ^(f)	—	—	206,186
	28 May 2025	28 May 2025 to 28 May 2027	5.14	—	802,282 ^(f)	—	—	802,282
	13 June 2025	13 June 2025 to 13 June 2026	5.18	—	83,442 ^(c)	—	—	83,442
	13 June 2025	13 June 2025 to 13 June 2027	5.18	—	83,440 ^(c)	—	—	83,440
Total				78,667	6,634,742	(299,013)	(39,334)	6,375,062

SHARE SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

1. The Company (continued)

B. Share Award Schemes (continued)

(ii) 2024 Share Award Scheme (continued)

Notes:

- (a) The fair value of the awards granted is measured by the quoted market price of the Shares at the date of grant. A description of the basis for fair value measurement is set out in note 2(ac)(iii) to the consolidated financial statements.
- (b) The identity of the grantees and the number of awards granted to each grantee were determined by the Company's Remuneration Committee after having taken into account the performance of the Group and the grantees' contribution thereto for the relevant financial period, such that relevant performance targets have already been met before any grant is decided to be made. Accordingly, there is no performance target stipulated as a condition to vesting of the awards granted.
- (c) The closing price of the Shares immediately before the date on which the awards were granted was HK\$5.19 per Share.
- (d) The closing price of the Shares immediately before the date on which the awards were granted was HK\$5.02 per Share.
- (e) The closing price of the Shares immediately before the date on which the awards were granted was HK\$5.28 per Share.
- (f) The closing price of the Shares immediately before the date on which the awards were granted was HK\$5.14 per Share.
- (g) The weighted average closing price of the Shares immediately before the dates on which the awards vested was HK\$5.29 per Share.

Further details of the PCCW Share Award Schemes are set out in note 33 to the consolidated financial statements.

As at 1 January 2025, the number of Share options and awards available for grant under all Share schemes involving the issue of new Shares pursuant to the Scheme Mandate Limit was 773,885,157; and, within the Scheme Mandate Limit, the Service Provider Sublimit (Option Scheme) was 38,698,191 and the Service Provider Sublimit (Award Scheme) was 38,698,191.

As at 31 December 2025, the number of Share options and awards available for grant under all Share schemes involving the issue of new Shares pursuant to the Scheme Mandate Limit was 767,549,428; and, within the Scheme Mandate Limit, the Service Provider Sublimit (Option Scheme) was 38,698,191 and the Service Provider Sublimit (Award Scheme) was 38,698,191.

For the year ended 31 December 2025, options and awards to subscribe for a total of 6,634,742 Shares were granted under all Share schemes involving the issue of new Shares, representing approximately 0.09% of the weighted average number of Shares in issue.

2. HKT Trust and HKT Limited

HKT Trust and HKT currently have the following Share Stapled Unit schemes:

- Share Stapled Unit option scheme adopted on the Adoption Date (the “HKT 2024-2034 Share Stapled Unit Option Scheme”);
- HKT Trust and HKT Limited 2024 Share Stapled Unit Award Scheme adopted on the Adoption Date (the “HKT 2024 Share Stapled Unit Award Scheme”); and
- HKT Share Stapled Units Purchase Scheme and HKT Share Stapled Units Subscription Scheme both adopted on 11 October 2011, the extension of the duration of which for a further term of 10 years commencing from 11 October 2021 was approved by the board of directors of HKT (“HKT Board”) on 5 August 2021 (collectively the “HKT 2011 Share Stapled Unit Award Schemes”).

The HKT 2011 Share Stapled Unit Award Schemes will remain valid and effective until all outstanding awards granted thereunder have vested, lapsed or been cancelled in accordance with the terms of the corresponding scheme. No further awards have been or will be granted under the HKT 2011 Share Stapled Unit Award Schemes after the Adoption Date.

The total number of new Share Stapled Units which may be issued in respect of all options and awards granted and to be granted under the HKT 2024-2034 Share Stapled Unit Option Scheme, the HKT 2024 Share Stapled Unit Award Scheme and all other scheme(s) of the HKT Trust and HKT (each a “HKT Share Scheme”) which are funded by the issue of new Share Stapled Units, must not exceed 10% of the total number of Share Stapled Units in issue as at the Adoption Date (“HKT Scheme Mandate Limit”).

SHARE SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

2. HKT Trust and HKT Limited (continued)

A. Share Stapled Unit Option Scheme

Under the HKT 2024-2034 Share Stapled Unit Option Scheme, the board of directors of the Trustee-Manager (the “Trustee-Manager Board”) and the HKT Board shall be entitled to offer to grant Share Stapled Unit options to any eligible participant whom the Trustee-Manager Board and the HKT Board may, at their absolute discretion, select. A summary of the principal terms of the HKT 2024-2034 Share Stapled Unit Option Scheme is set out below:

- (1) The purpose of the HKT 2024-2034 Share Stapled Unit Option Scheme is to enable the HKT Trust and HKT, acting jointly by mutual agreement between them, to grant options to the eligible participants as incentives or rewards for their contribution to the growth of the HKT Trust and HKT and its subsidiaries (collectively the “HKT Group”) and to provide the HKT Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the eligible participants.
- (2) Eligible participants comprise (i) directors and employees of any HKT Group member (including persons who are granted options and/or awards under a HKT share scheme as an inducement to enter into employment or service contracts with a HKT Group member) (“HKT Employee Participants”) and (ii) persons who provide services to HKT Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of HKT Group or which will contribute significantly to the growth of HKT Group’s financial or business performance, including independent contractors, consultants, agents, advisers and suppliers engaged to provide services in relation to research and development, marketing, innovation upgrading, strategic/commercial planning on corporate image, investor relations and core administrative functions, *excluding* placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions and professional services providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity (“HKT Service Providers”).
- (3) (i) Notwithstanding any other provisions of the HKT 2024-2034 Share Stapled Unit Option Scheme, no option may be granted under the HKT 2024-2034 Share Stapled Unit Option Scheme if the exercise of the option may result in the Company ceasing to hold at least 51% of the total number of Share Stapled Units in issue (on a fully diluted basis assuming full conversion or exercise of all outstanding options and other rights of subscription, conversion and exchange for Share Stapled Units).

(ii) Subject to the further limitation in (i) above, as required by the Listing Rules, the total number of new Share Stapled Units which may be issued pursuant to the exercise of options granted under the HKT 2024-2034 Share Stapled Unit Option Scheme must not exceed 10% of the total number of Share Stapled Units in issue as at the Adoption Date, subject to the HKT Scheme Mandate Limit.

(iii) Within the scheme limit of the HKT 2024-2034 Share Stapled Unit Option Scheme, the total number of new Share Stapled Units which may be issued pursuant to the exercise of options granted to HKT Service Providers must not exceed 0.5% of the total number of Share Stapled Units in issue as at the Adoption Date (the “Service Provider Sublimit (HKT Option Scheme)”).

As at the date of this annual report, the total number of new Share Stapled Units in respect of which options may be granted under the HKT 2024-2034 Share Stapled Unit Option Scheme is 757,974,233, representing approximately 9.996% of the Share Stapled Units in issue as at that date, subject to the HKT Scheme Mandate Limit.

SHARE SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

2. HKT Trust and HKT Limited (continued)

A. Share Stapled Unit Option Scheme (continued)

- (4) The total number of Share Stapled Units issued and to be issued upon exercise of options and/or awards involving new Share Stapled Units granted (whether under the HKT 2024-2034 Share Stapled Unit Option Scheme or another HKT Share Scheme) to each eligible participant (excluding options and/or awards lapsed in accordance with the terms of the corresponding scheme) in any 12-month period must not exceed 1% of the issued Share Stapled Units. Where any further grant of options to an eligible participant would result in the total number of Share Stapled Units issued and to be issued upon exercise of all options and/or awards involving new Share Stapled Units granted and to be granted (whether under the HKT 2024-2034 Share Stapled Unit Option Scheme or another HKT Share Scheme) to such eligible participant (excluding options and/or awards lapsed in accordance with the terms of the corresponding scheme) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the issued Share Stapled Units as at the date of such further grant, such further grant must be subject to the separate approval of an ordinary resolution of registered holders of Share Stapled Units and (for so long as HKT remains a principal subsidiary of the Company) shareholders of the Company in general meeting, with such eligible participant and his/her close associates (or his/her associates if the eligible participant is a connected person) abstaining from voting.
- (5) An option may be exercised in whole or in part in accordance with the terms of the HKT 2024-2034 Share Stapled Unit Option Scheme at any time during a period to be notified by the Trustee-Manager Board and the HKT Board to each grantee, provided that the expiry date of such period shall not exceed 10 years from the date of grant of the option.
- (6) An option must generally be held for at least 12 months before it can be exercised.
- (7) No consideration is payable by the grantee on acceptance of an option.
- (8) The subscription price for Share Stapled Units in respect of any particular option granted under the HKT 2024-2034 Share Stapled Unit Option Scheme shall be such price as the Trustee-Manager Board and the HKT Board shall determine, provided that such price shall not be less than the highest of (i) the closing price per Share Stapled Unit on the main board as stated in the Stock Exchange's daily quotations sheet on the proposed date of grant of the option, which must be a business day; (ii) the average closing price per Share Stapled Unit on the main board as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the proposed date of grant of the option; and (iii) the nominal value of a Share Stapled Unit.
- (9) Subject to the early termination by an ordinary resolution in general meeting of registered holders of Share Stapled Units or resolutions of the Trustee-Manager Board and the HKT Board, the HKT 2024-2034 Share Stapled Unit Option Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date, after which period no further options will be offered or granted but the provisions of the HKT 2024-2034 Share Stapled Unit Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the HKT 2024-2034 Share Stapled Unit Option Scheme.

No Share Stapled Unit options have been granted under the HKT 2024-2034 Share Stapled Unit Option Scheme since the Adoption Date and up to and including 31 December 2025.

SHARE SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

2. HKT Trust and HKT Limited (continued)

B. Share Stapled Unit Award Schemes

(i) HKT 2011 Share Stapled Unit Award Schemes

A summary of the principal terms of the HKT 2011 Share Stapled Unit Award Schemes is set out below:

The purposes of the HKT 2011 Share Stapled Unit Award Schemes are to incentivise and reward participants for their contribution to the growth of the HKT and its subsidiaries (collectively the “HKT Limited Group”) and to provide the HKT Limited Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the participants.

Participants of the HKT 2011 Share Stapled Unit Award Schemes include any director or employee of HKT or any of its subsidiaries.

The HKT 2011 Share Stapled Unit Award Schemes are administered by the HKT Board, any committee or sub-committee of the HKT Board and/or any person delegated with the power and authority to administer all or any aspects of the respective HKT 2011 Share Stapled Unit Award Schemes (the “HKT Approving Body”) and an independent trustee (the “Trustee”) appointed to hold the relevant Share Stapled Units until such time as the Share Stapled Units vest in the selected participants.

Pursuant to the scheme rules, no sum of money shall be set aside and no Share Stapled Units shall be purchased or subscribed (as the case may be), nor any amounts paid to the Trustee for the purpose of making such a purchase or subscription, if, as a result of such purchase or subscription, the number of Share Stapled Units administered under the respective schemes would represent in excess of 1% of the total number of Share Stapled Units in issue from time to time, excluding the Share Stapled Units which have been transferred to selected participants on vesting. In addition, under the HKT Share Stapled Units Subscription Scheme, no sum of money shall be set aside and no Share Stapled Units shall be subscribed nor any amounts paid to the Trustee for the purpose of making such a subscription if:

- (a) as a result of such subscription, the Company’s aggregate holding of Share Stapled Units would on a fully-diluted basis (which shall take into account the relevant subscription(s) proposed to be made under the HKT Share Stapled Units Subscription Scheme, the amount of all outstanding options in respect of Share Stapled Units as granted pursuant to HKT’s Share Stapled Unit option scheme(s), and all other rights or entitlements granted by HKT concerning the prospective allotment of new Share Stapled Units) represent less than 51% of the total number of Share Stapled Units as would exist were all such commitments to allot new Share Stapled Units to be duly fulfilled; or
- (b) HKT does not have a relevant general mandate or specific mandate from holders of Share Stapled Units necessary to effect the allotment and issue of Share Stapled Units pursuant to the scheme.

Subject to the relevant scheme rules, each scheme provides that prior to the vesting of the awards under the relevant scheme to selected participants, the relevant Share Stapled Units will be held in trust by the Trustee for such selected participants, and will be vested over a period of time determined by the HKT Approving Body, provided that each selected participant shall remain at all times up to and including the relevant vesting date (or, as the case may be, each relevant vesting date) an employee or a director of the HKT Limited Group, and satisfies any other conditions specified at the time the award is made, notwithstanding that the HKT Approving Body shall be at liberty to waive such conditions. Other than satisfying the vesting conditions, selected participants are not required to provide any consideration in order to acquire the Share Stapled Units awarded to him/her under the schemes. The HKT Approving Body may by resolution terminate the operation of the schemes at any time subject to the terms of the schemes.

SHARE SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

2. HKT Trust and HKT Limited (continued)

B. Share Stapled Unit Award Schemes (continued)

(i) HKT 2011 Share Stapled Unit Award Schemes (continued)

Details of movements of Share Stapled Unit awards during the year ended 31 December 2025 are as follows

Name or category of participants	Date of grant	Vesting period	Fair value at the date of grant ^(a) HK\$	Unvested as at 1 January 2025	Number of Share Stapled Unit awards			
					Granted during the year	Lapsed/ Forfeited during the year	Vested during the year	Unvested as at 31 December 2025
(I) HKT Share Stapled Units Purchase Scheme								
Director/Chief Executive								
Hui Hon Hing, Susanna	4 August 2023	4 August 2023 to 4 August 2025	9.10	167,292	—	—	(167,292) ^(c)	—
Five Highest Paid Individuals								
In aggregate ^(b)	30 May 2023	30 May 2023 to 30 May 2025	9.98	36,973	—	—	(36,973) ^(c)	—
	30 May 2024	30 May 2024 to 30 May 2025	9.20	28,893	—	—	(28,893) ^(c)	—
	30 May 2024	30 May 2024 to 30 May 2026	9.20	28,893	—	—	—	28,893
Other Grantees								
In aggregate	19 April 2023	19 April 2023 to 19 April 2025	10.18	5,132	—	—	(5,132) ^(c)	—
	30 May 2023	30 May 2023 to 30 May 2025	9.98	12,417	—	(1,606)	(10,811) ^(c)	—
	1 June 2023	1 June 2023 to 1 June 2025	9.96	1,645	—	—	(1,645) ^(c)	—
	19 April 2024	19 April 2024 to 19 April 2025	8.68	5,749	—	—	(5,749) ^(c)	—
	19 April 2024	19 April 2024 to 19 April 2026	8.68	5,746	—	—	—	5,746
	30 May 2024	30 May 2024 to 30 May 2025	9.20	8,578	—	—	(8,578) ^(c)	—
	30 May 2024	30 May 2024 to 30 May 2026	9.20	8,576	—	—	—	8,576
Total				309,894	—	(1,606)	(265,073)	43,215
(II) HKT Share Stapled Units Subscription Scheme								
Employee Participants								
In aggregate	19 April 2023	19 April 2023 to 19 April 2025	10.18	377,739	—	(5,119)	(372,620) ^(c)	—
	30 May 2023	30 May 2023 to 30 May 2025	9.98	77,298	—	(13,614)	(63,684) ^(c)	—
	23 June 2023	23 June 2023 to 23 June 2025	9.05	23,305	—	(975)	(22,330) ^(c)	—
	19 April 2024	19 April 2024 to 19 April 2025	8.68	562,524	—	(11,292)	(551,232) ^(c)	—
	19 April 2024	19 April 2024 to 19 April 2026	8.68	561,682	—	(28,541)	—	533,141
	30 May 2024	30 May 2024 to 30 May 2025	9.20	105,069	—	(15,486)	(89,583) ^(c)	—
	30 May 2024	30 May 2024 to 30 May 2026	9.20	105,054	—	(15,485)	—	89,569
Total				1,812,671	—	(90,512)	(1,099,449)	622,710

Notes:

- (a) The fair value of the awards granted is measured by the quoted market price of the Share Stapled Units at the respective dates of grant. For description of the basis of the fair value measurement, please see the 2025 annual report of HKT Trust and HKT.
- (b) Excluding the details of the awards granted to a Director who is one of the five individuals with the highest emoluments during the year, where the relevant details are reflected in the category of "Director/Chief Executive".
- (c) The weighted average closing price of the Share Stapled Units immediately before the dates on which the awards vested was HK\$11.11 per Share Stapled Unit.

SHARE SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

2. HKT Trust and HKT Limited (continued)

B. Share Stapled Unit Award Schemes (continued)

(ii) HKT 2024 Share Stapled Unit Award Scheme

A summary of the principal terms of the HKT 2024 Share Stapled Unit Award Scheme is set out below:

(1) The objectives of the HKT 2024 Share Stapled Unit Award Scheme are to:

- (a) recognise the contributions by certain selected participants with an opportunity to acquire a proprietary interest in the HKT Trust and HKT;
- (b) give incentives to such individuals in order to encourage and retain them for the continual operation and development of HKT Group;
- (c) provide additional incentives for such individuals to achieve performance goals;
- (d) attract suitable personnel for further development of HKT Group; and
- (e) motivate the selected participants to maximise the value of the HKT Trust and HKT for the benefit of the selected participants, the HKT Trust and HKT,

with a view to achieving the objectives of increasing the value of HKT Group and aligning the interests of the selected participants directly with those of the registered holders of Share Stapled Units through ownership of Share Stapled Units.

(2) Eligible participants comprise (a) HKT Employee Participants; (b) directors and employees of any holding companies, fellow subsidiaries or associated companies of HKT Trust and HKT (“HKT Related Entity Participants”); and (c) HKT Service Providers.

(3) (a) The total number of new Share Stapled Units which may be awarded under the HKT 2024 Share Stapled Unit Award Scheme shall be no more than 10% of the total number of Share Stapled Units in issue as at the Adoption Date, subject to the HKT Scheme Mandate Limit.

(b) Within the scheme limit of HKT 2024 Share Stapled Unit Award Scheme, the total number of new Share Stapled Units which may be awarded to HKT Service Providers shall be no more than 0.5% of the total number of Share Stapled Units in issue as at the Adoption Date (the “Service Provider Sublimit (HKT Award Scheme)”).

(c) There is no limit on the number of existing Share Stapled Units which may be awarded to selected participants under the HKT 2024 Share Stapled Unit Award Scheme.

As at the date of this annual report, the total number of new Share Stapled Units in respect of which awards may be granted under the HKT 2024 Share Stapled Unit Award Scheme is 755,352,399, representing approximately 9.96% of the Share Stapled Units in issue as at that date, subject to the HKT Scheme Mandate Limit.

(4) No award may be granted to any one eligible participant such that the total number of Share Stapled Units issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the corresponding scheme) in the 12-month period up to and including the date of the latest grant exceeds in aggregate 1% of the total issued Share Stapled Units, unless the grant is separately approved by registered holders of Share Stapled Units and (for so long as HKT remains a principal subsidiary of the Company) shareholders of the Company in general meeting, with such grantee and his close associates (or associates, if the grantee is a connected person) abstaining from voting.

(5) The vesting period of an award of Share Stapled Units must generally be at least 12 months.

SHARE SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

2. HKT Trust and HKT Limited (continued)

B. Share Stapled Unit Award Schemes (continued)

(ii) HKT 2024 Share Stapled Unit Award Scheme (continued)

(6) No purchase price is payable by selected participants upon acceptance or vesting of awards made under the HKT 2024 Share Stapled Unit Award Scheme.

(7) The HKT 2024 Share Stapled Unit Award Scheme will be valid and effective for a period of 10 years commencing on the Adoption Date, subject to early termination by the Trustee-Manager Board and the HKT Board.

Details of Share Stapled Unit awards granted and their movements during the year ended 31 December 2025 are as follows:

Name or category of participants ^(a)	Date of grant	Vesting period	Fair value at the date of grant ^(b) HK\$	Unvested as at 1 January 2025	Number of Share Stapled Unit awards			
					Granted during the year ^(c)	Lapsed/ Forfeited during the year	Vested during the year	Unvested as at 31 December 2025
(I) Grants funded by existing Share Stapled Units								
Director/Chief Executive								
Hui Hon Hing, Susanna	26 June 2024	26 June 2024 to 26 June 2025	8.72	571,874	—	—	(571,874) ^(h)	—
	26 June 2024	26 June 2024 to 26 June 2026	8.72	571,873	—	—	—	571,873
Other grantees								
In aggregate	13 June 2025	13 June 2025 to 13 June 2026	11.38	—	273,046 ^(d)	—	—	273,046
	13 June 2025	13 June 2025 to 13 June 2027	11.38	—	273,023 ^(d)	—	—	273,023
Total				1,143,747	546,069	—	(571,874)	1,117,942
(II) Grants funded by new Share Stapled Units								
Director/Chief Executive								
Hui Hon Hing, Susanna	25 April 2025	25 April 2025 to 25 April 2026	10.94	—	333,272 ^(e)	—	—	333,272
	25 April 2025	25 April 2025 to 25 April 2027	10.94	—	333,270 ^(e)	—	—	333,270
	24 June 2025	24 June 2025 to 24 June 2026	11.60	—	178,151 ^(f)	—	—	178,151
	24 June 2025	24 June 2025 to 24 June 2027	11.60	—	178,151 ^(f)	—	—	178,151
Peter Anthony Allen	13 June 2025	13 June 2025 to 13 June 2026	11.38	—	8,544 ^(d)	—	—	8,544
	13 June 2025	13 June 2025 to 13 June 2027	11.38	—	8,543 ^(d)	—	—	8,543
Employee Participants								
In aggregate	25 April 2025	25 April 2025 to 25 April 2026	10.94	—	493,408 ^(e)	(17,646)	—	475,762
	25 April 2025	25 April 2025 to 25 April 2027	10.94	—	492,724 ^(e)	(17,615)	—	475,109
	28 May 2025	28 May 2025 to 28 May 2026	11.36	—	121,807 ^(g)	—	—	121,807
	28 May 2025	28 May 2025 to 28 May 2027	11.36	—	121,796 ^(g)	—	—	121,796
	13 June 2025	13 June 2025 to 13 June 2026	11.38	—	29,890 ^(d)	—	—	29,890
	13 June 2025	13 June 2025 to 13 June 2027	11.38	—	29,888 ^(d)	—	—	29,888
Related Entity Participants								
In aggregate	22 August 2024	22 August 2024 to 22 August 2025	9.95	17,198	—	—	(17,198) ^(h)	—
	22 August 2024	22 August 2024 to 22 August 2026	9.95	17,197	—	—	—	17,197
	25 April 2025	25 April 2025 to 25 April 2026	10.94	—	76,474 ^(e)	(3,759)	—	72,715
	25 April 2025	25 April 2025 to 25 April 2027	10.94	—	76,369 ^(e)	(3,752)	—	72,617
	28 May 2025	28 May 2025 to 28 May 2026	11.36	—	73,963 ^(g)	—	—	73,963
	28 May 2025	28 May 2025 to 28 May 2027	11.36	—	73,961 ^(g)	—	—	73,961
Total				34,395	2,630,211	(42,772)	(17,198)	2,604,636

SHARE SCHEMES OF THE COMPANY AND ITS SUBSIDIARIES (CONTINUED)

2. HKT Trust and HKT Limited (continued)

B. Share Stapled Unit Award Schemes (continued)

(ii) HKT 2024 Share Stapled Unit Award Scheme (continued)

Notes:

- (a) Category of participants pursuant to the rules of the HKT 2024 Share Stapled Unit Award Scheme.
- (b) The fair value of awards granted is measured by the quoted market price of the Share Stapled Units at the respective dates of grant. For description of the basis of the fair value measurement, please see the 2025 annual report of HKT Trust and HKT.
- (c) The identity of the grantees and the number of awards granted to each grantee were determined by HKT's Remuneration Committee after having taken into account the performance of the HKT Limited Group and the grantees' contribution thereto for the relevant financial period, such that relevant performance targets have already been met before any grant is decided to be made. Accordingly, there is no performance target stipulated as a condition to vesting of the awards granted.
- (d) The closing price of the Share Stapled Units immediately before the date on which the awards were granted was HK\$11.32 per Share Stapled Unit.
- (e) The closing price of the Share Stapled Units immediately before the date on which the awards were granted was HK\$10.88 per Share Stapled Unit.
- (f) The closing price of the Share Stapled Units immediately before the date on which the awards were granted was HK\$11.44 per Share Stapled Unit.
- (g) The closing price of the Share Stapled Units immediately before the date on which the awards were granted was HK\$11.36 per Share Stapled Unit.
- (h) The weighted average closing price of the Share Stapled Units immediately before the dates on which the awards vested was HK\$11.55 per Share Stapled Unit.

Further details of the HKT Share Stapled Unit Award Schemes are set out in note 33 to the consolidated financial statements.

As at 1 January 2025, the number of Share Stapled Unit options and awards available for grant under all Share Stapled Unit schemes involving the issue of new Share Stapled Units pursuant to the HKT Scheme Mandate Limit was 757,939,838; and within the HKT Scheme Mandate Limit, the Service Provider Sublimit (HKT Option Scheme) was 37,898,711 and the Service Provider Sublimit (HKT Award Scheme) was 37,898,711.

As at 31 December 2025, the number of Share Stapled Unit options and awards available for grant under all Share Stapled Unit schemes involving the issue of new Share Stapled Units pursuant to the HKT Scheme Mandate Limit was 755,352,399; and within the HKT Scheme Mandate Limit, the Service Provider Sublimit (HKT Option Scheme) was 37,898,711 and the Service Provider Sublimit (HKT Award Scheme) was 37,898,711.

For the year ended 31 December 2025, options and awards to subscribe for a total of 2,630,211 Share Stapled Units were granted under all Share Stapled Unit schemes involving the issue of new Share Stapled Units, representing approximately 0.03% of the weighted average number of Share Stapled Units in issue.

Save as disclosed above, at no time during the year under review was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement that may enable the directors of the Company to acquire benefits by means of the acquisition of shares or Share Stapled Units in, or debentures of, the Company or any other body corporate and none of the directors or chief executives of the Company or their spouses or children under 18 years of age had any right to subscribe for equity or debt securities of the Company or any of its associated corporations or had exercised any such right during the year under review.

EQUITY-LINKED AGREEMENTS

The Group has the share option schemes and the share award schemes with details set out in the section above headed “Share Schemes of the Company and its Subsidiaries” and note 33 to the consolidated financial statements.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, the following persons (other than directors or chief executives of the Company) were substantial shareholders of the Company and had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of shareholder	Note(s)	Number of Shares/underlying Shares held	Approximate percentage of the total number of Shares in issue
Long Positions			
PCRD		1,753,529,954	22.63%
PCGH	1	1,928,842,224	24.90%
Star Ocean Ultimate Limited	2 and 3	1,928,842,224	24.90%
The Ocean Trust	2	1,928,842,224	24.90%
The Starlite Trust	2	1,928,842,224	24.90%
OS Holdings Limited	2	1,928,842,224	24.90%
Ocean Star Management Limited	2	1,928,842,224	24.90%
The Ocean Unit Trust	2	1,928,842,224	24.90%
The Starlite Unit Trust	2	1,928,842,224	24.90%
Star Ocean Ultimate Holdings Limited	3	1,928,842,224	24.90%
Fung Jenny Wai Ling	4	1,928,842,224	24.90%
Huang Lester Garson	4	1,928,842,224	24.90%
China United Network Communications Group Company Limited (“Unicom”)	5	1,424,935,885	18.39%

Notes:

- These interests represented (i) PCGH's beneficial interests in 175,312,270 Shares; and (ii) PCGH's interests (through itself and its controlled corporations, being its wholly-owned subsidiaries, Borsington Limited, Pacific Century International Limited, Pacific Century Group (Cayman Islands) Limited and Anglang Investments Limited, which together controlled 88.68% of the issued share capital of PCRD) in 1,753,529,954 Shares held by PCRD.
- On 18 April 2004, Li Tzar Kai, Richard transferred the entire issued share capital of PCGH to Ocean Star Management Limited as trustee of The Ocean Unit Trust and The Starlite Unit Trust. The entire issued share capital of Ocean Star Management Limited was held by OS Holdings Limited. The Ocean Trust and The Starlite Trust held all units of The Ocean Unit Trust and The Starlite Unit Trust respectively. Star Ocean Ultimate Limited was the discretionary trustee of The Ocean Trust and The Starlite Trust.
- On 4 November 2013, Star Ocean Ultimate Limited became a controlled corporation of Star Ocean Ultimate Holdings Limited.
- Fung Jenny Wai Ling and Huang Lester Garson were deemed to be interested in such Shares under the SFO as each of them controlled the exercise of one-third or more of the voting power at general meetings of each of Ocean Star Investment Management Limited, OS Holdings Limited and Star Ocean Ultimate Holdings Limited.
- Unicom indirectly held these interests through China Unicom Group Corporation (BVI) Limited, a company wholly-owned by Unicom.

INTERESTS AND SHORT POSITIONS OF OTHER PERSONS REQUIRED TO BE DISCLOSED UNDER THE SFO

As at 31 December 2025, the following person (other than directors or chief executives or substantial shareholders (as disclosed in the previous section headed “Interests and Short Positions of Substantial Shareholders”) of the Company) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name	Number of Shares/underlying Shares held	Approximate percentage of the total number of Shares in issue
Long Positions		
Ocean Star Investment Management Limited (<i>Note</i>)	1,928,842,224	24.90%

Note:

Ocean Star Investment Management Limited was deemed interested under the SFO in the Shares by virtue of it being the investment manager of The Ocean Unit Trust and The Starlite Unit Trust which together held 100% of PCGH (see the notes to the previous section headed “Interests and Short Positions of Substantial Shareholders”).

Save as disclosed above in this section and the previous section headed “Interests and Short Positions of Substantial Shareholders”, the Company has not been notified of any other persons (other than directors or chief executives of the Company) who had an interest or a short position in the Shares, underlying Shares or debentures of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO as at 31 December 2025.

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Details of the connected transactions and continuing connected transactions; and significant related party transactions are disclosed in this report and in note 5 to the consolidated financial statements.

Save for the above, no other transactions, arrangements or contracts of significance in relation to the Group’s business to which the Company or any of its subsidiaries was a party and in which a director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or subsisted during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2025, the interests of the directors of the Company in competing business required to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

Name of Director	Name of company	Nature of business	Nature of interests
Li Tzar Kai, Richard	CK Hutchison Holdings Limited (“CK Hutchison”) and its subsidiaries	Ports and related services, retail, infrastructure and telecommunications	<i>(Note)</i>
	CK Asset Holdings Limited (“CK Asset”) and its subsidiaries	Property development and investment, hotel and serviced suite operation, property and project management, pub operation and investment in infrastructure and utility asset operation	<i>(Note)</i>
Tang Yongbo	Unicom	Telecommunications business and other related businesses	Director <i>(ceased to act as Vice General Manager in 2025)</i>
	China United Network Communications Limited	Telecommunications business and other related businesses	Director <i>(appointed with effect from 29 July 2025 and ceased to act as Senior Vice President with effect from 27 June 2025)</i>
	China Unicom (Hong Kong) Limited (“Unicom HK”)	Telecommunications business and other related businesses	Executive Director <i>(appointed with effect from 27 June 2025 and ceased to act as Senior Vice President with effect from 27 June 2025)</i>
	China United Network Communications Corporation Limited	Telecommunications business and other related businesses	Director <i>(ceased to act as Senior Vice President in 2025)</i>
	China Communications Services Corporation Limited	Provision of integrated comprehensive smart solutions in the field of informatisation and digitalisation	Non-Executive Director
	China Tower Corporation Limited	Construction and operation of telecommunications towers	Non-Executive Director <i>(resigned with effect from 23 July 2025)</i>
Meng Shusen <i>(resigned with effect from 10 February 2026)</i>	Unicom	Telecommunications business and other related business	General Manager of Corporate Development Department/Legal Department <i>(since August 2025)</i>
	China Unicom Global Limited (“CUG”, a subsidiary of Unicom HK)	Telecommunications business and other related businesses	Chairwoman and President of CUG <i>(ceased in October 2025)</i>
	China Unicom (Hong Kong) Operations Limited (“CUHK”, a subsidiary of Unicom HK)	Telecommunications business and other related businesses	Chairwoman and President of CUHK <i>(resigned in October 2025)</i>
Zhao Xingfu <i>(appointed with effect from 21 February 2025)</i>	Unicom	Telecommunications business and other related businesses	General Manager of the Finance Department

Note:

Li Tzar Kai, Richard’s father, Li Ka-shing, is the settlor of certain discretionary trusts of which the discretionary beneficiaries are, inter alia, Li Tzar Kuoi, Victor and Li Tzar Kai, Richard. Such discretionary trusts hold units in certain unit trusts (together “LKS Trusts”). The LKS Trusts are interested in certain shares of CK Hutchison and CK Asset. Certain businesses of CK Hutchison and CK Asset may compete with certain aspects of the businesses of the Group during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS (CONTINUED)

In addition, Li Tzar Kai, Richard is a director of certain private companies (the "Private Companies"), which are engaged in property development and investment.

Further, Li Tzar Kai, Richard is a director and Chairman of PCRD. PCRD is an investment holding company with interests in telecommunications and media (through the Company), logistics, property and infrastructure investment and development in the Asia Pacific region.

The business interests of the Private Companies in Hong Kong are not significant when compared with the business of the Group and it is unlikely that such business interests will compete with the business of the Group. The business interests in Japan and the Asia Pacific region are also unlikely to compete with the existing business of the Group.

Li Tzar Kai, Richard has a controlling interest in some of the Private Companies. Further, he is or may be regarded as interested in PCRD and PCGH due to the interests as disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Share Stapled Units, Underlying Shares, Underlying Share Stapled Units and Debentures of the Company and its Associated Corporations" of this report.

As PCRD and the Private Companies are involved in the development and/or investment of properties of different types and/or in different locations, the Group has been operating independently of, and at arm's length from, the businesses of those companies.

Furthermore, the Group holds minority equity interests in a number of Internet-related companies in which the Group is entitled to appoint, and has appointed, one or more directors to the respective boards of these companies to represent the interests of the Group. Some or all of these companies may compete directly or indirectly, with certain aspects of the Group's businesses.

Other than as disclosed above, none of the directors is interested in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

PERMITTED INDEMNITY

According to the articles of association of the Company and subject to the provisions of the Hong Kong Companies Ordinance, every director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities to the fullest extent permitted by the Hong Kong Companies Ordinance which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance cover for the directors and officers of the Company and its subsidiaries.

DONATIONS

During the year, the Group made no donations (2024: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

1. Connected Transactions

Acquisition of Clermont Media Limited

As disclosed in the Company's announcement dated 28 January 2025 (the "Announcement"), PCCW NewsCo Limited (the "Purchaser"), an indirect wholly-owned subsidiary of the Company, and New Class Holdings Limited (the "Seller") entered into a share purchase agreement on that date, pursuant to which the Seller agreed to sell and the Purchaser agreed to purchase the entire issued share capital of Clermont Media Limited (the "Target"; together with its subsidiaries, the "Target Group") (the "Transaction").

The Target Group is principally engaged in the business of, among other things, publication of newspapers and journals and operation of a variety of online platforms, websites, systems and portals relating to finance, economy, investment, lifestyle and education. The acquisition of the Target Group will expand the Group's business in these areas, expanding advertising and subscription revenues by strengthening content for the existing news channel and enhancing the experience across the Group's various media platforms as well as delivering operational efficiencies by leveraging the Group's extensive resources.

The total consideration for the Transaction was HK\$70 million ("Consideration"), payable in cash in full at completion. The Consideration was determined after arm's length negotiations between the Seller and the Purchaser with reference to (among other things) the business of the Target Group and other factors set out in the Announcement, and the price to total revenue multiple of the Transaction. The price to total revenue multiple for the Transaction was benchmarked against those of three companies listed on the Stock Exchange. As of the date of the Announcement, the price (i.e. Consideration) to total revenue multiple for the Transaction was 0.69x, and the price (i.e. market capitalisation) to total revenue multiple for each of the three comparable companies was 0.36x, 1.33x and 0.22x respectively, based on their then latest published audited financial statements. The multiple for the Transaction was therefore comparable to the mean multiple (being 0.64x) for these comparable companies. The Company considered that the price to total revenue multiple was an appropriate benchmark for determining the Consideration for the following principal reasons: given the Target Group's financials as disclosed in the Announcement in the section headed "INFORMATION ON THE TARGET", ratios such as price to earnings and enterprise value to EBITDA were not applicable. Price to book value was also not an appropriate benchmark as it is mainly used to assess companies with a large number of real assets, and thus would be unable to fully reflect the Target Group's shareholder's equity as it possessed intangible assets such as brand, goodwill, human resources and rich clientele, which were not reflected on the balance sheet.

The Seller is wholly-owned by a trust of which Li Tzar Kai, Richard (the Chairman and an Executive Director of the Company) is the settlor. Therefore, the Seller is a connected person of the Company and the Transaction constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. Please refer to the Announcement for further details on the Transaction.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

2. Continuing Connected Transactions

During the year ended 31 December 2025, the Group entered into certain transactions which constituted continuing connected transactions (as defined in the Listing Rules) of the Company, details of which are set out below.

A. China United Network Communications Group Company Limited (“Unicom”) and its subsidiaries and associates (collectively, the “Unicom Group”)

A wholly-owned subsidiary of Unicom is a substantial shareholder and connected person (as defined in the Listing Rules) of the Company. Accordingly, the Unicom Group is a connected person of the Company and transactions between the Group and the Unicom Group constitute connected transactions for the Company under the Listing Rules.

The Group has, from time to time, entered into transactions with the Unicom Group relating to the acquisition and provision of certain information technology services and products (the “Unicom Transactions”). These transactions constituted continuing connected transactions of the Company under the Listing Rules.

It is considered that the entering into of the Unicom Transactions is consistent with the commercial objectives of the Group and falls within the core business of the Group.

As stated in the Company’s announcement dated 22 December 2023, the Company set the annual caps for each of the following categories of the Unicom Transactions for the three financial years ending 31 December 2026 based on the nature of transactions from time to time entered into with the Unicom Group. The Company has complied with the applicable requirements under Chapter 14A of the Listing Rules with respect to the below Unicom Transactions during the year.

(1) Provision of data services, systems integration services and other IT solutions by the Group to the Unicom Group

(i) Data services

The provision of data services by the Group to the Unicom Group is expected to include the provision of dedicated networks and network facilities, in the form of indefeasible rights to use certain fibre cable, private leased lines, Internet Protocol platforms, exchange facilities managed services and/or data centre services, for mainly data and voice communication, both locally and internationally.

The charges for these data services may include a one-off charge per circuit and a monthly rental charge. The monthly rental charge may comprise the fixed recurring charge and the variable charge which is determined based on the volume of data usage by the Unicom Group.

(ii) Systems integration services and other IT solutions

The provision of systems integration services and other IT solutions by the Group to the Unicom Group refers to the provision of services and/or hardware and/or software required to set up a computer system, network system or information technology infrastructure according to the user’s requirements. Such services include system design, project management, system implementation, managed services, consultancy, hardware, hosting, software development, testing and maintenance. Many of the agreements for such services were entered into following a competitive tender process initiated by the Unicom Group and, accordingly, were entered into on terms and conditions specified by the relevant member of the Unicom Group as part of the tender procedures. The remaining contracts were entered into on an individual basis through direct negotiations with the Unicom Group.

Project pricing depends on project nature and scope. Reference is made by the Group to the expected costs to be incurred, complexity of the services required, and the then prevailing market conditions. Costs to be incurred include cost of hardware, software and associated labour effort involved. Labour effort is determined by the number of man-hours involved and the unit price per man-hour being charged.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

2. Continuing Connected Transactions (continued)

A. China United Network Communications Group Company Limited (“Unicom”) and its subsidiaries and associates (collectively, the “Unicom Group”) (continued)

(2) Provision of data services by the Unicom Group to the Group

The provision of data services by the Unicom Group to the Group refers to the provision of dedicated networks and network facilities, in the form of private leased lines, Internet Protocol platforms and/or data centre services, by the Unicom Group to the Group. The dedicated networks and network facilities are mainly used for data and voice communication, both locally and internationally. The bases of calculation of the payments to be made under the agreements are:

- (a) payments determined by reference to prices specified in guidance issued by the Government of the People’s Republic of China (the “PRC Government”), or in the absence of the PRC Government guidance prices, by reference to the market price of the same or similar data services;
- (b) agreed unit prices, determined by reference to comparable market prices, the committed contract duration and/or the committed volumes. In this regard, customers committing to a longer contract period or greater volume may enjoy a lower price; and/or
- (c) agreed pricing for individual services on a case by case basis, by reference to current market offers and comparable market prices for similar services provided on substantially the same terms and conditions.

Each of the bases of calculation described in (a), (b) and (c) above is comparable to those obtained from independent third parties.

As a general principle, the prices and terms of the agreements with the Unicom Group shall be determined on a commercial arm’s length basis, and on terms no less favourable to the Group than terms available to or from independent third parties. The duration or term of each Unicom Transaction will not exceed three years, other than those capacity purchase and sale contracts relating to the grant of indefeasible rights to use bandwidth capacity within the economic life of the bandwidth capacity (the “IRU Contracts”) available on both groups’ networks to and/or from the Unicom Group or contracts of a similar nature.

The Group may from time to time enter into the IRU Contracts which are categorised under data services (as mentioned above) and are part of the normal commercial activities of the Group. As disclosed in the Company’s announcement dated 22 December 2023, Grande Capital Limited was appointed as the Company’s independent financial adviser in accordance with the Listing Rules to advise on the duration of the IRU Contracts to be entered into by the Group and the Unicom Group and was of the opinion that (i) the duration of the IRU Contracts being longer than three years and for up to 15 years is essential to safeguard the interests of the Company and its shareholders; and (ii) it is a normal business practice for contracts of this type to be of such duration. Waivers have been sought from and granted by the Stock Exchange from strict compliance with the Listing Rules requirements of having written agreements for the Unicom Transactions and an independent financial adviser opinion each time in relation to the execution of the IRU Contracts with the Unicom Group with a duration exceeding three years. Such waivers apply until 31 December 2026.

The approximate aggregate value and the annual cap of each category of the Unicom Transactions are set out below:

Category	Approximate aggregate values for the financial year ended 31 December 2025 HK\$’000	Annual caps for the Unicom Group for the financial year ended 31 December 2025 HK\$’000
	(1) Provision of data services, systems integration services and other IT solutions by the Group to the Unicom Group	151,327
(2) Provision of data services by the Unicom Group to the Group	204,723	585,000

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

2. Continuing Connected Transactions (continued)

B. FWD Group Holdings Limited (“FWD”) and its subsidiaries (collectively, the “FWD Group”)

The Company and HKT Trust and HKT jointly issued an announcement on 31 December 2025 (the “Joint Announcement”) in relation to, among other things, the renewal of certain existing continuing connected transaction agreements made between the Group and the FWD Group, with new annual caps for a term of three years ending 31 December 2028 for the provision and receipt of certain services and products by the Group to or from the FWD Group (the “FWD Transactions”). It is considered that provision of these services can be expected to generate additional revenue and operating profit for the relevant members of the Group providing the services, and to increase utilisation of their existing resources.

Li Tzar Kai, Richard is the controlling shareholder (as defined in the Listing Rules) of FWD and also a director of the Company. Accordingly, members of the FWD Group are associates of Li Tzar Kai, Richard and thus connected persons of the Company under Chapter 14A of the Listing Rules.

Set out below are the FWD Transactions during the year ended 31 December 2025 under the relevant agreements with a term not exceeding three years. The Company has complied with the applicable requirements under Chapter 14A of the Listing Rules with respect to the below FWD Transactions during the year.

Services provided by the Group to the FWD Group

(1) Telecommunications and related services

On 23 December 2022, Hong Kong Telecommunications (HKT) Limited (“HK Telecom”), an indirect non-wholly owned subsidiary of the Company, entered into a telecommunications and related services agreement with FWD Group Management Holdings Limited, a subsidiary of FWD, pursuant to which HK Telecom has agreed to provide, or procure other members of the Group to provide, telecommunications and related services to the FWD Group.

The relevant services are charged either at prevailing market rates for services of similar scope, scale, quality, reliability and service levels that would be charged for independent third party customers, as agreed by the relevant members of the Group and the FWD Group from time to time, or on cost-plus basis as agreed by the relevant members of the Group and the FWD Group from time to time. As disclosed in the Joint Announcement, pursuant to a telecommunications and related services framework agreement entered into by the parties on 31 December 2025, the parties agreed to provide and receive such services on such terms for a term of three years ending 31 December 2028.

(2) Insurance and related services

On 23 December 2022, HKT Financial Services (IA) Limited (“HKTIA”), an indirect non-wholly owned subsidiary of the Company, entered into an insurance and related services agreement with FWD Life Insurance Company (Bermuda) Limited (“FWD Life Insurance”), a subsidiary of FWD, pursuant to which HKTIA has agreed to provide, or procure other members of the Group to provide, insurance and related services to the FWD Group. The relevant commission for such insurance agency services will be charged at such rates determined with reference to market rates charged by third party insurance agents for similar insurance products or services as agreed by the relevant members of the Group and the FWD Group; or where applicable, the relevant premiums to be received by the Group from the FWD Group will be determined based on prevailing market rates and actuarial review of the relevant members of the Group and the FWD Group. As disclosed in the Joint Announcement, pursuant to an insurance and related services framework agreement entered into by the parties on 31 December 2025, the parties agreed to provide and receive such services on such terms for a term of three years ending 31 December 2028.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

2. Continuing Connected Transactions (continued)

B. FWD Group Holdings Limited (“FWD”) and its subsidiaries (collectively, the “FWD Group”) (continued)

Services provided by the Group to the FWD Group (continued)

(3) Branding and marketing arrangements

On 23 December 2022, each of PCCW Interactive Media Holdings Limited (“PCCW Interactive Media”, an indirect wholly-owned subsidiary of the Company) and now Productions Limited (“now Productions”, an indirect non-wholly owned subsidiary of the Company) entered into a branding and marketing arrangements framework agreement with FWD Life Insurance, pursuant to which PCCW Interactive Media and now Productions will provide or enter into, or procure other members of the Group to provide or enter into, branding and marketing arrangements to or with the FWD Group. The arrangements include, without limitation, group spokesperson opportunities and related marketing or branding campaigns and events and will be charged at such rates determined with reference to market rates for similar arrangements and other relevant factors as agreed by members of the respective groups. As disclosed in the Joint Announcement, pursuant to branding and marketing arrangements framework agreements entered into by the parties on 31 December 2025, the parties agreed to provide and receive such services on such terms for a term of three years ending 31 December 2028.

Services provided by the FWD Group to the Group

(4) FWD Insurance services and products

On 23 December 2022, each of PCCW Services Limited (a direct wholly-owned subsidiary of the Company) and HKT Services Limited (an indirect non-wholly owned subsidiary of the Company) entered into a FWD Insurance services and products agreement with FWD Life Insurance, pursuant to which FWD Life Insurance has agreed to provide, or procure other members of the FWD Group to provide, insurance and related services and products to the Group, which are expected to include, without limitation, insurance services and products of the FWD Group, which will be charged at such rates determined with reference to market rates for similar insurance services or products as agreed by members of the respective groups; and other insurance and related services and products as may be agreed to be provided by members of the respective groups from time to time. As disclosed in the Joint Announcement, pursuant to FWD Insurance services and products framework agreements entered into by the parties on 31 December 2025, the parties agreed to provide and receive such services on such terms for a term of three years ending 31 December 2028.

The approximate aggregate value and the annual cap of each category of the FWD Transactions are set out below:

Agreement/Service description	Approximate aggregate values for the financial year ended 31 December 2025 HK\$'000	Annual caps for the FWD Group for the financial year ended 31 December 2025 HK\$'000
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Services provided by the Group to the FWD Group

(1) Telecommunications and related services	50,776	150,000
(2) Insurance and related services	72,084	200,000
(3) Branding and marketing arrangements	12,848	200,000

Services provided by the FWD Group to the Group

(4) FWD Insurance services and products	183,747	400,000
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CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (CONTINUED)**2. Continuing Connected Transactions (continued)****C. Lenovo Group Limited (“Lenovo”) and its subsidiaries (collectively, the “Lenovo Group”)**

Lenovo is a substantial shareholder of PCCW Network Services Limited (an indirect non-wholly owned subsidiary of the Company) and therefore a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions between certain members of the Lenovo Group and certain members of the Group constituted connected transactions of the Company under the Listing Rules.

As stated in the Company’s announcement dated 12 August 2025 (the “August Announcement”), the Group entered into various continuing connected transaction agreements with the Lenovo Group to renew the provision of the relevant services and products between the Group and the Lenovo Group (the “Lenovo Transactions”) for the three years ending 11 August 2028. The entering into of the Lenovo Transactions will (i) strengthen the strategic partnership between the Group and Lenovo; (ii) promote the continuing growth and development of the businesses and operations of the information technology solutions business; and (iii) help to achieve business continuity and leverage efficiency while minimising any potential disruption to the continuing operations of the Group.

Set out below are the Lenovo Transactions during the year ended 31 December 2025. The Company has complied with the applicable requirements under Chapter 14A of the Listing Rules with respect to the below Lenovo Transactions during the year.

Services provided by the Lenovo Group to the Group

(a) Transitional services

On 12 August 2022, PCCW Solutions Limited (“PCCW Solutions”, an indirect non-wholly owned subsidiary of the Company), PCCW (Beijing) Limited (“PCCW Beijing”, an indirect wholly-owned subsidiary of the Company) and Lenovo PCCW Solutions Limited (“Lenovo PCCW Solutions”, a subsidiary of Lenovo) entered into a transitional services agreement (the “Transitional Services Agreement”), pursuant to which Lenovo PCCW Solutions shall provide or procure the provision of the performance of certain retained customer contracts, and all the related work orders, purchase orders and other similar customer requests by providing secondment and other support services to PCCW Solutions and PCCW Beijing. The service charges will be settled on a monthly basis, and shall be determined by the total number of working days in the relevant period and the monthly rate for each staff plus a margin of 5%. As disclosed in the August Announcement, the parties have extended the term of the Transitional Services Agreement on 12 August 2025 and agreed to provide and receive such services on such terms for a term of three years ending 11 August 2028.

(b) HKT services and PCCW services (information technology, logistic and other contractor services)

On 12 August 2022, HK Telecom, PCCW Solutions and PCCW Digital Solutions Limited (“PCCW Digital Solutions”, a subsidiary of Lenovo) entered into a service agreement (the “HKT Service Agreement”) while PCCW Solutions Holdings Limited (“PCCW Solutions Holdings”, an indirect wholly-owned subsidiary of the Company) and PCCW Digital Solutions entered into another service agreement (the “PCCW Service Agreement”), respectively. As disclosed in the August Announcement, pursuant to an agreement entered into by HK Telecom and PCCW Digital Solutions on 12 August 2025 (the “2025 Services Agreement”), the parties agreed to provide and receive such services on such terms for a term of three years ending 11 August 2028. PCCW Digital Solutions will provide to HK Telecom (under the HKT Service Agreement), PCCW Solutions Holdings (under the PCCW Service Agreement) and relevant members of the Group (under the 2025 Services Agreement):

(i) various information technology services relating to:

- (a) change management services;
- (b) cloud hosting services;
- (c) business recovery services;
- (d) help desk, incident management and problem management services;
- (e) security management services;
- (f) technical platform services;
- (g) application management services;
- (h) system development and enhancement services; and
- (i) relevant documentation, audit and compliance support, regulatory support and consultancy services; and

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

2. Continuing Connected Transactions (continued)

C. Lenovo Group Limited (“Lenovo”) and its subsidiaries (collectively, the “Lenovo Group”) (continued)

Services provided by the Lenovo Group to the Group (continued)

(b) HKT services and PCCW services (information technology, logistic and other contractor services) (continued)

- (ii) materials (including hardware and software), reports, plans, models, documents and/or other materials developed or supplied by PCCW Digital Solutions, any of its subcontractors, vendors or agents; supplements, modifications, replacements, enhancements and other upgrades to the systems, hardware, platform, software, personnel skills, processes and methods for the provision of the above services under the agreement that are necessary to keep pace with technological advancements or improvements during the term of the agreement, as well as the business process and logistics services and such other services agreed from time to time.

In addition, certain statements of work and purchase orders under a master service agreement dated 18 July 2019 between HK Telecom (as service recipient) and PCCW Solutions (as service provider) for the provision of the services described above have been novated to PCCW Digital Solutions (as service provider) under the HKT Service Agreement with effect from 12 August 2022.

Services are charged at market rate by reference to the average rate for third party customers. For business processing, order fulfillment and logistical services, fees will be charged based on the actual usage of the services, such as the number of applications and support servers installed and the number of support staff required during the construction process and maintenance period, as well as the current market price and adjusted by the Consumer Price Index annual growth factor forecast by Bloomberg.

The approximate aggregate value and the annual cap of each category of the Lenovo Transactions are set out below:

Agreement/Service description	Approximate aggregate values for the financial year ended 31 December 2025 HK\$'000	*Annual caps for the Lenovo Group for the financial year ended 31 December 2025 HK\$'000
Services provided by the Lenovo Group to the Group		
<i>For the period from 1 January 2025 to 11 August 2025</i>		
(1) Transitional services	273,173	421,200
(2) HKT services	329,911	967,200
(3) PCCW services	8,144	62,400
<i>For the period from 12 August 2025 to 31 December 2025</i>		
(4) Transitional services	169,908	404,820
(5) Information technology, logistic and other contractor services	215,219	765,180

* The annual caps disclosed in the announcement of the Company dated 12 August 2022 for (1) to (3) for the period from 1 January 2025 to 11 August 2025 are US\$54 million, US\$124 million and US\$8 million respectively. The annual caps disclosed in the announcement of the Company dated 12 August 2025 for (4) and (5) for the period from 12 August 2025 to 31 December 2025 are US\$51.9 million and US\$98.1 million respectively. The amounts were translated based on the exchange rate of US\$1 equivalent to HK\$7.8 for illustrative purpose.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

2. Continuing Connected Transactions (continued)

D. Annual Review of Continuing Connected Transactions

The Company's external auditor was engaged to report on the Unicom Transactions, the FWD Transactions and the Lenovo Transactions entered into by the Group for the year ended 31 December 2025 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 external auditor has issued their unqualified letter containing their findings and conclusions in respect of the Unicom Transactions, the FWD Transactions and the Lenovo Transactions in accordance with Rule 14A.56 of the Listing Rules.

The Board, including the independent non-executive directors of the Company, has reviewed and confirmed that the Unicom Transactions, the FWD Transactions and the Lenovo Transactions for the year ended 31 December 2025 were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Group followed applicable pricing policies when determining the price and terms of the above continuing connected transactions conducted during the year ended 31 December 2025.

RELATED PARTY TRANSACTIONS

The significant related party transactions which were undertaken in the normal course of business are set out in note 5 to the consolidated financial statements. For those related party transactions that constituted connected transactions or continuing connected transactions (as the case may be) (other than those described in the section above headed “Connected Transactions and Continuing Connected Transactions”) under the Listing Rules, these transactions are exempt from reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Company’s directors.

AUDITOR

The consolidated financial statements for the financial year ended 31 December 2025 have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution for the re-appointment of PricewaterhouseCoopers as auditor of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board

Cheung Hok Chee, Vanessa

Group General Counsel and Company Secretary

Hong Kong, 10 February 2026

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF PCCW LIMITED

(Incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of PCCW Limited (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 100 to 222, comprise:

- the consolidated statement of financial position as at 31 December 2025;
- 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 statement of cash flows 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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 (“HKSA”) as 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”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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:

- Revenue recognition
- Impairment tests for cash generating units (“CGUs”) containing goodwill
- Income taxes

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition</p> <p><i>Refer to notes 6 and 7 to the consolidated financial statements</i></p> <p>HKT Limited (“HKT”) earns significant revenue from telecommunications goods and services and mobile goods and services. Revenue for the sales of goods and rendering of services is recognised when the control of the goods or services is transferred to the customer based upon the fair value of the consideration received or receivable.</p> <p>HKT maintains complex information technology (“IT”) systems to capture and process data in order to measure and record revenue.</p> <p>We identified revenue recognised by HKT as a key audit matter due to the large volume of transactions and the complexity of the IT systems used.</p>	<p>Our procedures in relation to the revenue of telecommunications and mobile goods and services recognised by HKT included:</p> <ul style="list-style-type: none">• Obtaining an understanding of the design, implementation of general IT controls and key application controls over the IT systems used to capture, process, measure and record revenue transactions;• Testing the general IT controls, certain automated controls, and certain manual controls, on a sample basis, over the capturing and processing of data, and measurement and recording of revenue transactions; and• Performing substantive testing of revenue transactions on a sample basis, by checking the supporting documents, such as underlying invoices, contractual agreements and evidence of cash receipts. <p>Based on the procedures performed, we considered that the revenue recognition of HKT’s telecommunications goods and services and mobile goods and services was supported by the available evidence.</p>

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment tests for CGUs containing goodwill</p> <p><i>Refer to note 18 to the consolidated financial statements</i></p> <p>Management performs annual impairment tests of CGUs containing goodwill by comparing the carrying value of the CGU with its recoverable amount, which is the higher of its fair value less costs of disposal and value-in-use calculations based on discounted cash flow forecasts. The preparation of discounted cash flow forecasts involves estimating future cash flows and discount rates.</p> <p>We identified the testing of impairment of goodwill as a key audit matter because the preparation of discounted cash flow forecasts involves key assumptions, including average revenue growth rates, average EBITDA growth rates, terminal growth rates and pre-tax discount rates which are subject to management judgement.</p>	<p>Our procedures in relation to the impairment tests of CGUs containing goodwill included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of management's control procedures over the impairment tests and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied; • Assessing the reasonableness of management's identification of CGUs based on the Group's accounting policies and our understanding of the Group's businesses; • Assessing the methodology used in the impairment tests and the reasonableness of the key assumptions, including average revenue growth rates, average EBITDA growth rates, terminal growth rates and pre-tax discount rates by checking to the observable market data of the industry, with the involvement of our internal valuation experts; and • Comparing the data in the cash flow projections to the relevant CGUs' historical performance and financial budgets. <p>Based on the procedures performed, we considered that the management judgements and key assumptions used in the impairment tests were supported by the available evidence.</p>

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Income taxes</p> <p><i>Refer to note 12 to the consolidated financial statements</i></p> <p>The Group operates across several jurisdictions. Certain tax queries have been raised by the tax authority in Hong Kong in respect of the tax treatment of items included in the tax computations and certain non-routine transactions. Management judgement was used to estimate the outcome of these matters and the appropriate amount of current income tax liabilities.</p> <p>We identified current income tax liabilities to be a key audit matter because these estimations are subject to estimation uncertainty and judgement.</p>	<p>Our procedures in relation to the judgements and estimates used in the recognition of current income tax liabilities included:</p> <ul style="list-style-type: none">• Understanding management’s internal controls and processes for the recognition of current income tax liabilities and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgements involved in determining assumptions to be applied;• Enquiring of management and assessing the basis used to estimate the outcome of queries raised by the relevant tax authority; and• Assessing the appropriateness of the current income tax provision, with the involvement of our internal specialists, according to the tax rules. <p>Based on the procedures performed, we considered that the judgements and estimates used in the recognition of current income tax liabilities were supported by the available evidence.</p>

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the PCCW Limited 2025 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 HKFRS Accounting Standards as 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 assists the directors in discharging their responsibilities 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 judgement 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

- 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.
- 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 Sean William Tuckfield (practising certificate number: P03802).

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 10 February 2026

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

In HK\$ million (except for loss per share)	Note(s)	2024	2025
Revenue	6, 7	37,557	40,252
Cost of sales	9(b)	(19,127)	(21,531)
General and administrative expenses	9(c)	(13,042)	(13,270)
Other gains, net	8	439	406
Interest income		133	96
Finance costs	10	(2,817)	(2,384)
Share of results of associates		(343)	(135)
Share of results of joint ventures		(12)	(11)
Profit before income tax	6, 9	2,788	3,423
Income tax	12	(847)	(808)
Profit for the year		1,941	2,615
Profit/(Loss) attributable to:			
Equity holders of the Company		(300)	(253)
Holders of perpetual capital securities		234	226
Non-controlling interests		2,007	2,642
Profit for the year		1,941	2,615
Loss per share	14		
Basic		3.88 cents	3.27 cents
Diluted		3.88 cents	3.27 cents

The notes on pages 108 to 222 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

In HK\$ million	2024	2025
Profit for the year	1,941	2,615
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to consolidated income statement:		
Remeasurements of defined benefit retirement schemes obligations	21	15
Changes in the fair value of financial assets at fair value through other comprehensive income	382	(660)
	403	(645)
Items that have been reclassified or may be reclassified subsequently to consolidated income statement:		
Translation exchange differences:		
– exchange differences on translating foreign operations of subsidiaries	(97)	89
– exchange differences on translating foreign operations of associates and joint ventures	(135)	23
Cash flow hedges:		
– effective portion of changes in fair value	(180)	22
– transfer from equity to consolidated income statement	208	(234)
Costs of hedging	118	5
Share of other comprehensive (loss)/income of an associate	(4)	3
	(90)	(92)
Other comprehensive income/(loss) for the year	313	(737)
Total comprehensive income for the year	2,254	1,878
Attributable to:		
Equity holders of the Company	(204)	(627)
Holders of perpetual capital securities	234	226
Non-controlling interests	2,224	2,279
Total comprehensive income for the year	2,254	1,878

The notes on pages 108 to 222 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

In HK\$ million

	Note	2024			Total equity
		Attributable to equity holders of the Company	Perpetual capital securities	Non-controlling interests	
As at 1 January 2024		2,481	5,886	1,334	9,701
Total comprehensive income/(loss) for the year					
Profit for the year		(300)	234	2,007	1,941
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to consolidated income statement:					
Remeasurements of defined benefit retirement schemes obligations	32(a)	21	–	–	21
Changes in the fair value of financial assets at fair value through other comprehensive income		187	–	195	382
Items that have been reclassified or may be reclassified subsequently to consolidated income statement:					
Translation exchange differences:					
– exchange differences on translating foreign operations of subsidiaries		(53)	–	(44)	(97)
– exchange differences on translating foreign operations of associates and joint ventures		(135)	–	–	(135)
Cash flow hedges:					
– effective portion of changes in fair value	29(c)	(93)	–	(87)	(180)
– transfer from equity to consolidated income statement	29(c)	109	–	99	208
Costs of hedging	29(c)	63	–	55	118
Share of other comprehensive loss of an associate		(3)	–	(1)	(4)
Other comprehensive income		96	–	217	313
Total comprehensive income/(loss) for the year		(204)	234	2,224	2,254
Transactions with equity holders					
Issue of shares of PCCW Limited (“PCCW Shares”) under share award schemes	30(a)	–*	–	–	–
Purchases/Subscription of PCCW Shares under share award schemes		(12)	–	(2)	(14)
Purchases/Subscription of share stapled units of HKT Trust and HKT Limited (“Share Stapled Units”) under share/share stapled unit award schemes		(14)	–	(2)	(16)
Disposals of Share Stapled Units	43(a)	182	–	9	191
Employee share-based compensation	33(b)	40	–	14	54
Distributions/Dividends for PCCW Shares and Share Stapled Units granted under share/share stapled unit award schemes		(8)	–	–	(8)
Dividend paid in respect of the previous year	13	(2,202)	–	–	(2,202)
Dividend declared and paid in respect of the current year	13	(755)	–	–	(755)
Distributions/Dividends declared and paid to non-controlling shareholders of subsidiaries		–	–	(2,796)	(2,796)
Distributions paid to holders of perpetual capital securities		–	(236)	–	(236)
Total contributions by and distributions to equity holders		(2,769)	(236)	(2,777)	(5,782)
Change in interests in subsidiaries that does not result in a loss of control	43	2,096	–	3,245	5,341
Total transactions with equity holders		(673)	(236)	468	(441)
As at 31 December 2024		1,604	5,884	4,026	11,514

* Amount of HK\$14,251.25

In HK\$ million

	Note	2025			Total equity
		Attributable to equity holders of the Company	Perpetual capital securities	Non-controlling interests	
As at 1 January 2025		1,604	5,884	4,026	11,514
Total comprehensive income/(loss) for the year					
Profit for the year		(253)	226	2,642	2,615
Other comprehensive (loss)/income					
Items that will not be reclassified subsequently to consolidated income statement:					
Remeasurements of defined benefit retirement schemes obligations	32(a)	15	–	–	15
Changes in the fair value of financial assets at fair value through other comprehensive income		(342)	–	(318)	(660)
Items that have been reclassified or may be reclassified subsequently to consolidated income statement:					
Translation exchange differences:					
– exchange differences on translating foreign operations of subsidiaries		48	–	41	89
– exchange differences on translating foreign operations of associates and joint ventures		23	–	–	23
Cash flow hedges:					
– effective portion of changes in fair value	29(c)	1	–	21	22
– transfer from equity to consolidated income statement	29(c)	(123)	–	(111)	(234)
Costs of hedging	29(c)	2	–	3	5
Share of other comprehensive income of an associate		2	–	1	3
Other comprehensive loss		(374)	–	(363)	(737)
Total comprehensive income/(loss) for the year		(627)	226	2,279	1,878
Transactions with equity holders					
Issue of PCCW Shares under share award schemes	30(a)	–*	–	–	–
Purchases/Subscription of PCCW Shares under share award schemes		(9)	–	(2)	(11)
Purchases/Subscription of Share Stapled Units under share/share stapled unit award schemes		(10)	–	(2)	(12)
Employee share-based compensation	33(b)	43	–	16	59
Distributions/Dividends for PCCW Shares and Share Stapled Units granted under share/share stapled unit award schemes		(9)	–	–	(9)
Dividend paid in respect of the previous year	13	(2,203)	–	–	(2,203)
Dividend declared and paid in respect of the current year	13	(755)	–	–	(755)
Distributions/Dividends declared and paid to non-controlling shareholders of subsidiaries		–	–	(3,136)	(3,136)
Redemption of perpetual capital securities	31	–	(287)	–	(287)
Distributions paid to holders of perpetual capital securities		–	(233)	–	(233)
Total contributions by and distributions to equity holders		(2,943)	(520)	(3,124)	(6,587)
Change in interests in subsidiaries that does not result in a loss of control	43	–	–	1	1
Total transactions with equity holders		(2,943)	(520)	(3,123)	(6,586)
As at 31 December 2025		(1,966)	5,590	3,182	6,806

* Amount of HK\$66,991.44

The notes on pages 108 to 222 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

In HK\$ million	Note(s)	2024	2025
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	28,909	30,121
Right-of-use assets	16	2,007	2,658
Interests in leasehold land	17	275	260
Goodwill	18	17,963	18,007
Intangible assets	19	21,926	24,463
Fulfilment costs		2,097	2,298
Customer acquisition costs		872	951
Contract assets		261	236
Interests in associates	21	1,886	1,964
Interests in joint ventures	22	635	322
Financial assets at fair value through other comprehensive income	23	881	169
Financial assets at fair value through profit or loss	24	3,311	3,517
Other financial assets	5(c), 25	805	–
Derivative financial instruments	29	93	121
Deferred income tax assets	35	811	751
Other non-current assets	26	995	910
		83,727	86,748
Current assets			
Inventories	27(c)	2,122	1,705
Prepayments, deposits and other current assets	27(b)	4,703	5,284
Contract assets		1,711	2,417
Trade receivables, net	27(d)	3,677	4,502
Amounts due from related companies	5(c)	23	645
Derivative financial instruments	29	–	44
Other financial assets	5(c), 25	–	808
Tax recoverable		7	2
Restricted cash	27(a)	205	187
Short-term deposits		295	475
Cash and cash equivalents	37(c)	2,288	2,592
		15,031	18,661

In HK\$ million	Note	2024	2025
Current liabilities			
Short-term borrowings	27(e)	(3,934)	(5,884)
Trade payables	27(f)	(7,570)	(10,240)
Accruals and other payables		(8,131)	(8,131)
Derivative financial instruments	29	(45)	(42)
Carrier licence fee liabilities	36	(324)	(384)
Amounts due to related companies	5(c)	(169)	(139)
Advances from customers		(301)	(313)
Contract liabilities		(1,561)	(1,840)
Lease liabilities		(1,103)	(969)
Current income tax liabilities		(2,153)	(2,213)
		(25,291)	(30,155)
Non-current liabilities			
Long-term borrowings	28	(47,985)	(53,038)
Derivative financial instruments	29	(798)	(835)
Deferred income tax liabilities	35	(5,028)	(5,425)
Defined benefit retirement schemes liability	32(a)	(58)	(24)
Carrier licence fee liabilities	36	(3,198)	(3,494)
Contract liabilities		(974)	(937)
Lease liabilities		(919)	(1,643)
Amount due to a non-controlling interest	43(c)	(344)	(337)
Other long-term liabilities		(2,649)	(2,715)
		(61,953)	(68,448)
Net assets		11,514	6,806

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

As at 31 December 2025

In HK\$ million	Note	2024	2025
CAPITAL AND RESERVES			
Share capital	30	12,954	12,954
Reserves	34	(11,350)	(14,920)
Equity attributable to equity holders of the Company		1,604	(1,966)
Perpetual capital securities	31	5,884	5,590
Non-controlling interests		4,026	3,182
Total equity		11,514	6,806

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company (the “Board”) on 10 February 2026 and signed on behalf of the Board by

Li Tzar Kai, Richard
Director

Hui Hon Hing, Susanna
Director

The notes on pages 108 to 222 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

In HK\$ million	Note(s)	2024	2025
NET CASH GENERATED FROM OPERATING ACTIVITIES	37(a)	10,625	12,209
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(2,165)	(2,068)
Proceeds from disposals of property, plant and equipment		4	2
Additions of intangible assets		(5,384)	(5,598)
Net outflow of cash and cash equivalents in respect of business combinations		–	(61)
Investment in a joint venture		(26)	(16)
Investments in associates		(88)	(105)
Loans to a joint venture		(96)	(70)
Purchases of financial assets at fair value through profit or loss		(26)	(138)
Purchase of a financial asset at fair value through other comprehensive income		(280)	–
Proceeds from disposal of financial assets at fair value through profit or loss		29	34
Proceeds from disposal of a financial asset at fair value through other comprehensive income		–	52
Proceeds from disposal of other financial assets		527	–
Dividends received from financial assets at fair value through profit or loss and a financial asset at fair value through other comprehensive income		26	2
Increase in short-term deposits with maturity more than three months		(216)	(180)
NET CASH USED IN INVESTING ACTIVITIES		(7,695)	(8,146)
FINANCING ACTIVITIES			
New borrowings raised	37(b)	40,414	50,758
Finance costs paid	37(b)	(2,397)	(2,146)
Repayments of borrowings	37(b)	(40,487)	(44,359)
Net proceeds from partial disposal of interests in subsidiaries that does not result in a loss of control	43(b), 43(c)	6,526	–
Movement in amount due to a related company	37(b)	(3)	2
Disposals of Share Stapled Units	43(a)	166	25
Payment for lease liabilities (including interest)	37(b)	(1,492)	(1,425)
Payment for redemption of perpetual capital securities	31	–	(276)
Movement in amount due to a non-controlling interest	37(b)	–	(7)
Dividends paid to shareholders of the Company		(2,957)	(2,958)
Distributions/Dividends paid to non-controlling shareholders of subsidiaries		(2,796)	(3,136)
Distributions paid to holders of perpetual capital securities		(236)	(233)
NET CASH USED IN FINANCING ACTIVITIES		(3,262)	(3,755)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(332)	308
Exchange differences		(7)	(4)
CASH AND CASH EQUIVALENTS			
Beginning of year		2,627	2,288
End of year	37(c)	2,288	2,592

The notes on pages 108 to 222 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

(Amount expressed in Hong Kong dollars unless otherwise stated)

1 GENERAL INFORMATION

PCCW Limited (“PCCW” or the “Company”) was incorporated in the Hong Kong Special Administrative Region (“Hong Kong”) and its securities have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 18 October 1994. The address of its registered office is 41st Floor, PCCW Tower, Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong. The principal activity of the Company is investment holding, and the principal activities of the Company and its subsidiaries (together the “Group”) are the provision of technology and telecommunications and related services including enterprise solutions, mobile services, total home solutions, media entertainment and other new businesses such as loyalty platform, financial services and healthtech services in Hong Kong, the Asia Pacific region and other parts of the world; and investments in, and development of, systems integration and information technology-related businesses. Through HK Television Entertainment Company Limited, PCCW also operates a domestic free television service in Hong Kong. The Group also has an interest in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments through its interest in Pacific Century Premium Developments Limited (“PCPD”).

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards, which is a collective term for all individual Hong Kong Financial Reporting Standards (“HKFRSs”), 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 (Cap. 622). A summary of the material accounting policies adopted by the Group is set out below.

b. Basis of preparation of the financial statements

The following amended HKAS is adopted for the financial year beginning 1 January 2025, but has no material effect on the Group’s reported results and financial position for the current and prior accounting periods.

- HKAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates*

The Group has not early adopted any new or amended HKFRS Accounting Standards that are not yet effective for the current accounting period, details of which are set out in note 46.

The consolidated financial statements for the year ended 31 December 2025 comprise the financial statements of the Group, and the Group’s interests in associates and joint ventures.

The consolidated statements of financial position for the years ended 31 December 2024 and 2025 include additional information about the Company statement of financial position. The Company statement of financial position as at 31 December 2025 presented in note 4, which was prepared in accordance with the requirements of Part 1 “Accounting Disclosures” of Schedule 4 to the Hong Kong Companies Ordinance (Cap. 622), was approved and signed by the directors.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except that the following assets and liabilities are stated at fair value as explained in the accounting policies set out below:

- financial assets at fair value through profit or loss (see note 2(m));
- financial assets at fair value through other comprehensive income (see note 2(m));
- derivative financial instruments (see note 2(o)); and
- defined benefit retirement schemes liability (see note 2(ac)(ii)).

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

b. Basis of preparation of the financial statements (continued)

As at 31 December 2025, the current liabilities of the Group exceeded its current assets by HK\$11,494 million. After considering the Group's ability to generate net operating cash inflows and raise additional debt financing, and the undrawn banking facilities available as at 31 December 2025, management considers the Group is able to meet its liabilities as and when they fall due within the next 12-month period. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting 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 judgements about the carrying amounts 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 HKFRS Accounting Standards that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

c. Subsidiaries and non-controlling interests

Subsidiaries are entities (including structured entities) controlled by the Group. Control exists when the Group 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.

An interest in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the aggregate fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset, liability or equity resulting from a contingent consideration arrangement. A subsequent change to the fair value of the contingent consideration that is deemed to be an asset or a liability is recognised in accordance with HKFRS 9 (2014) *Financial Instruments* in the consolidated income statement. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All other components of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by HKFRS Accounting Standards.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill (see note 2(h)). If this is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement. Where businesses are acquired and fair values of the identifiable net assets of the acquired business are finalised within 12 months of the acquisition date, all fair value adjustments are recorded with effect from the date of acquisition and consequently may result in the restatement of previously reported financial results.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

c. Subsidiaries and non-controlling interests (continued)

If the business combination is achieved in stages, the acquisition-date carrying amount of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in the consolidated income statement.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity holders of the Group. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint arrangement or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards.

For subsidiaries which have accounting year ends different from the Group, the subsidiaries prepare, for the purpose of consolidation, financial statements up to and as at the same date as the Group.

Adjustments are made to the financial statements of subsidiaries when necessary to align their accounting policies to ensure consistency with policies adopted by the Group.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment losses. Cost includes direct attributable costs of investment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

d. Associates

An associate is an entity over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for in the consolidated financial statements using the equity method and are initially recorded at cost. The Group's interests in associates include goodwill identified on acquisition, net of any accumulated impairment loss and adjust thereafter for the post-acquisition changes in the Group's share of the associates' net assets. The consolidated income statement includes the Group's share of post-acquisition, post-tax results of the associates and any impairment losses for the year. The consolidated statement of comprehensive income includes the Group's share of the post-acquisition, post-tax items of the associates' other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, 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 associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment using the equity method together with the Group's long-term interests that in substance form part of the Group's net interest in the associate.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

d. Associates (continued)

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the consolidated income statement.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the consolidated income statement where appropriate.

Adjustments are made to the financial statements of associates when necessary to align their accounting policies to ensure consistency with policies adopted by the Group.

When an investment in an associate is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund and similar entities, such investment is measured at fair value through profit or loss in the Group's consolidated statement of financial position.

e. Joint arrangements

The Group applies HKFRS 11 *Joint Arrangements* to all joint arrangements. Under HKFRS 11, joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations of each investor.

The Group classifies joint arrangements as joint ventures when the Group has rights to the net assets of the joint arrangement.

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method, as described in note 2(d).

Adjustments are made to the financial statements of joint ventures when necessary to align their accounting policies to ensure consistency with policies adopted by the Group.

The Group classifies joint arrangements as joint operations when the Group has rights to the individual assets, and obligations for the individual liabilities, relating to the arrangement.

The Group recognises the following in relation to its interest in a joint operation:

- i. its assets, including its share of any assets held jointly;
- ii. its liabilities, including its share of any liabilities incurred jointly;
- iii. its revenue from the sale of its share of the output arising from the joint operation;
- iv. its share of the revenue from the sale of the output by the joint operation; and
- v. its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the HKFRS Accounting Standards applicable to the particular assets, liabilities, revenue and expenses.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

f. Property, plant and equipment

The following items of property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(n)(ii)):

- buildings held for own use which are situated on leasehold/freehold land, where the fair value of the building could be measured separately from the fair value of the leasehold/freehold land at the inception of the lease (see note 2(g)); and
- other items of plant and equipment.

The cost of an item of property, plant and equipment comprises (i) its purchase price, (ii) any directly attributable costs of bringing the asset to its working condition and location for its intended use, and (iii) the initial estimate at the time of installation and during the period of use, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent costs are included in the carrying amount of an item of property, plant and equipment or recognised as a separate item of property, plant and equipment, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance and overhaul costs, are recognised in the consolidated income statement as an expense in the period in which they are incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the consolidated income statement on the date of retirement or disposal.

Freehold land and projects under construction are not depreciated. Depreciation on other property, plant and equipment is calculated to write off the cost of items of property, plant and equipment, less their expected residual value, if any, using the straight-line method over their estimated useful lives as follows:

Land and buildings	Over the shorter of the unexpired term of land lease and the estimated useful life
Exchange equipment	5 to 25 years
Transmission plant	5 to 50 years
Other plant and equipment	1 to 20 years

The assets' useful lives and residual values, if any, are reviewed, and adjusted if appropriate, at the end of each reporting period.

g. Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

i. Assets leased to the Group

Leases are initially recognised as a right-of-use asset/interest in leasehold land and corresponding liability, where applicable, at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Interest in leasehold land is amortised on a straight-line basis over the lease term.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

g. Leased assets (continued)

i. Assets leased to the Group (continued)

The Group has elected the practical expedient not to separate lease and non-lease components of certain class of underlying assets and account for whole as a single lease component in the measurement of lease liabilities and right-of-use assets.

Assets leased to the Group and the corresponding liabilities are initially measured on a present value basis. 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; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate of respective entities. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and small items of office furniture.

ii. Assets leased out by the Group

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Where the Group leases out assets under operating leases, 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. Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(n)(ii). Revenue arising from operating leases is recognised in the consolidated income statement in equal instalments over the accounting periods covered by the lease term. Lease incentives granted are recognised in the consolidated income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

h. Goodwill

Goodwill represents the excess of the cost of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition.

Goodwill is stated in the consolidated statement of financial position at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGUs") and is tested at least annually for impairment (see note 2(n)(ii)). In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the interests in associates and joint ventures and tested for impairment when there is an indication that the investments may be impaired.

On disposal of a CGU or part of a CGU, an associate or a joint venture during the year, any attributable amount of purchased goodwill is included in the calculation of the gain or loss on disposal.

i. Intangible assets (other than goodwill)

i. Carrier licences

Carrier licences to establish and maintain the telecommunications network and to provide telecommunications services are recorded as intangible assets. Upon the issuance of the licence, the cost thereof, which is the discounted value of the minimum annual fees payable over the period of the licence and directly attributable costs of preparing the asset for its intended use, is recorded as an intangible asset together with the related obligations. Where the Group has the right to return a licence and expects to do so, the asset and the related obligation recorded reflect the expected period that the licence will be held. Amortisation is provided on a straight-line basis over the estimated useful life of the licence, commencing from the date of launch of the relevant telecommunications services.

The difference between the discounted value of the minimum annual fees and the total minimum annual fee payments represents the effective cost of financing. Such finance cost will be charged to the consolidated income statement in the period in which it is incurred using the effective interest method.

Variable annual payments on top of the minimum annual payments, if any, are recognised in the consolidated income statement as incurred.

ii. Capitalised programme costs

Costs incurred to produce or acquire television rights, for which the Group can determine the broadcasting schedules, are capitalised as intangible assets. The intangible assets are amortised on an accelerated basis over the shorter of the expected economic life of 1 to 5 years and the licence period. Other costs incurred for the transmission rights for showing programmes, sports events and films on the Group's television channels, including sport rights for multiple seasons or competitions, of which the broadcasting schedules are determined by the content providers, are recognised in the consolidated income statement on a straight-line basis over the period of transmission rights across the season or competition. Other payments of programme costs made in advance or in arrears are recognised in the consolidated statement of financial position as other non-current assets, prepayments, deposits and other current assets or accruals and other payables, as appropriate.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

i. Intangible assets (other than goodwill) (continued)

iii. Software

Costs incurred to acquire, develop or enhance scientific or technical knowledge, and design and implement new process or systems, licences and market knowledge are capitalised as intangible assets if they are identifiable and the Group has power to obtain future economic benefits flowing from the underlying resource.

Development costs that are directly attributable to the design and testing of the identifiable software are capitalised as intangible assets if the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or to sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Development costs that do not meet the above criteria are expensed in the consolidated income statement as incurred.

Capitalised software costs are amortised on a straight-line basis over the estimated useful life of 5 to 15 years.

iv. Other intangible assets

Other intangible assets that are acquired by the Group are stated in the consolidated statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(n)(ii)). Expenditures on internally generated goodwill and brands are recognised as expenses in the period in which they are incurred.

Amortisation of intangible assets with finite useful lives is charged to the consolidated income statement on a straight-line basis over their estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Trademarks	20 years
Customer base	4 to 12 years

The assets' useful lives and their amortisation methods are reviewed annually.

j. Fulfilment costs

Direct costs incurred in fulfilling a contract with a customer, which mainly comprise setup and related costs in respect of the Group's telecommunications and media services, are capitalised as an asset to the extent that the cost generates or enhances resources of the Group that will be used in satisfying performance obligations in the future and are expected to be recovered. Fulfilment costs are amortised on a straight-line basis over the expected life of the customer contract.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

k. Customer acquisition costs

Incremental costs incurred to obtain a contract with a customer, which mainly comprise sales commission, are capitalised as customer acquisition costs if the Group expects to recover those costs. Costs of obtaining a contract are amortised on a systematic basis over the expected life of the customer contract.

l. Contract assets/liabilities

Customer pays according to a pre-agreed payment schedule. If the performance obligations fulfilled by the Group exceed the total non-refundable payments received and unconditional rights to contract consideration to date, a contract asset is recognised. If the total non-refundable payments received and unconditional rights to contract consideration to date exceed the performance obligation fulfilled, a contract liability is recognised. The contract assets are transferred to receivables when the Group's rights to the contract consideration become unconditional.

Advances from customers represent refundable customer advances, please refer to note 2(t) for the accounting policies.

m. Investments in debt and equity securities

Classification

The Group classifies its investments in debt and equity securities, other than interests in subsidiaries, associates, and joint arrangements, as:

- those to be measured subsequently at fair value (at either fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVPL”)); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instrument at FVOCI.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

Recognition and derecognition

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 ownerships.

Initial measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

m. Investments in debt and equity securities (continued)

Subsequent measurement

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. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: 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. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in the consolidated income statement when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest method.
- FVOCI: Assets that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses, interest income using the effective interest method and foreign exchange gains and losses which are recognised in the consolidated income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the consolidated income statement and recognised in other gains/(losses), net.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised and presented net in the consolidated income statement within other gains/(losses), net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity instruments at fair value. Where the Group's management has made an irrevocable election at initial recognition to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated income statement following the derecognition of the investment, any balance within the financial assets at FVOCI reserve for these equity investments is reclassified to retained profits. Dividends from such investments continue to be recognised in the consolidated income statement as other gains/(losses), net when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses), net in the consolidated income statement as applicable.

Impairment losses (and reversal of impairment losses) on equity instruments measured at FVOCI are not reported separately from other changes in fair value.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

n. Impairment of assets

i. Investments in debt instruments and trade and other receivables

The Group assesses on forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost or FVOCI, and trade and other receivables carried at amortised cost.

For investments in debt instruments and other receivables, the Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering available reasonable and supportive forward-looking information. Considerations may include:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of the borrower in the Group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is delinquent and in default status when there are unsettled amounts remaining on the account on the day after the invoice due date.

At each reporting date, the Group measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. If, at the reporting date, the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month expected credit losses.

For trade receivables and contract assets, the Group applies the simplified approach to providing for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. When measuring expected credit losses, the Group considers the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and possibility that no credit loss occurs.

Financial assets are written off when there is no reasonable expectation of recovery. The Group categorises a financial asset for write-off when a debtor fails to make contractual payments for a period greater than the predefined limit. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the amounts due. Where recoveries are made, these are recognised in the consolidated income statement.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

n. Impairment of assets (continued)

ii. Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to identify indications that the following major assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- interests in leasehold land;
- fulfilment costs;
- customer acquisition costs;
- intangible assets;
- interests in associates and joint ventures; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. Impairment tests are performed for CGUs containing goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs of disposal and value-in-use. Fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. In assessing value-in-use, the estimated future cash flows are 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a CGU).

– Recognition of impairment losses

An impairment loss is recognised in the consolidated income statement whenever the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then, to reduce the carrying amount of the other assets in the CGU on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal, or value-in-use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not allowed to be reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated income statement in the period in which the reversals are recognised.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

n. Impairment of assets (continued)

iii. Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34 *Interim Financial Reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(n)(i) and 2(n)(ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

o. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The gain or loss on remeasurement to fair value is recognised immediately in the consolidated income statement, except where the derivatives are designated and qualify for hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 2(p)).

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is 12 months or less than 12 months. Trading derivatives are classified as current assets or liabilities.

p. Hedging

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows/fair value of the hedging instruments are expected to offset changes in the cash flows/fair value of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

i. Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the hedging reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement, within finance costs.

When forward contracts are used to hedge forecast transactions, the Group designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the hedging reserve within equity. The change in the forward element is recognised in the consolidated income statement.

When cross currency swap contracts are used to hedge future cash flows, the Group designates only the change in fair value of the swap contract after exclusion of the foreign currency basis spread component as the hedging instrument. Gains or losses relating to the effective portion of the swap contract after exclusion of foreign currency basis spread component are recognised in the hedging reserve within equity. The change in fair value of the foreign currency basis spread of the swap contract to the extent it relates to the hedged item is recognised in the costs of hedging reserve within equity.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

p. Hedging (continued)

i. Cash flow hedges (continued)

Amounts accumulated in equity are reclassified in the periods when the hedged item affects the consolidated income statement, as follows:

- The gain or loss relating to the effective portion of forward contracts is recognised in the consolidated income statement as the hedged item affects profit or loss.
- The gain or loss relating to the effective portion of the cross currency swap contracts hedging borrowings denominated in foreign currency is recognised in the consolidated income statement within finance costs at the same time as the interest expense on the hedged borrowings.
- The gain or loss relating to the effective portion of the interest rate swap contracts hedging variable rate borrowings is recognised in the consolidated income statement within finance costs at the same time as the interest expense on the hedged borrowings.

When the hedged forecast transactions subsequently result in the recognition of a non-financial asset 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.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs and affects profit or loss. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the consolidated income statement.

Hedge ineffectiveness is recognised in the consolidated income statement within finance costs.

ii. Fair value hedges

When cross currency swap contracts are used to hedge the fair value of the recognised liabilities, the Group designates only the change in fair value of the swap contract after exclusion of the foreign currency basis spread component as the hedging instrument. Gains or losses relating to the swap contract after exclusion of foreign currency basis spread component are recognised in the consolidated income statement within finance costs, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the foreign currency basis spread of the swap contract to the extent it relates to the hedged item is recognised within other comprehensive income in the costs of hedging reserve within equity.

q. Inventories

Inventories consist of purchased parts and materials, finished goods and consumable inventories.

Purchased parts and materials, finished goods and consumable inventories are carried at the lower of cost and net realisable value. 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.

Cost is calculated using the weighted average 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.

r. Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognised at fair value.

Other receivables are recognised initially at fair value.

The Group holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance for expected credit losses (see note 2(n)(i)).

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

s. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions (other than restricted cash), 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 and form an integral part of the Group's cash management.

t. Trade and other payables

Trade payables, advances from customers and other payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.

u. Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised, being the proceeds net of transaction costs, and the redemption value being recognised in the consolidated income statement over the period of the borrowings, using the effective interest method.

v. Provisions and contingent liabilities

Provisions are recognised when (i) the Group has a present legal or constructive obligation arising as a result of a past event; (ii) it is probable that an outflow of economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. The increase in provision due to the passage of time is recognised as interest expense.

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.

w. Revenue recognition

The Group's revenue is primarily earned from the following business units: (i) Telecommunications, (ii) Media, and (iii) Solutions.

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods and rendering of services in the ordinary course of the Group's activities. Revenue is recognised when the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time.

The Group often enters into bundled sale contracts with customers in which, apart from the provision of telecommunications, media, solutions and other services, the Group has certain other performance obligations to customers such as the delivery of handsets, equipment, gifts and reward points from the Group's customer loyalty programme offering a variety of goods and services ("Reward Points"). When multiple-element arrangements exist, the total transaction price receivable from customers is allocated among the Group's performance obligations on a relative stand-alone selling price basis. Management estimates the stand-alone selling price at contract inception mainly based on observable retail prices and observable market data of the respective performance obligations in similar circumstances to similar customers. If a bundled discount is granted, it is allocated to respective performance obligations based on their relative stand-alone selling prices unless the Group has observable evidence that the entire discount related to only one or more, but not all performance obligations in the contracts. The costs of respective handsets, equipment and gifts delivered are recognised as cost of sales when the corresponding revenue is recognised.

A financing component, if any, might exist when timing of the payment for goods or services by the customers, differs from the timing of satisfaction of the performance obligation. Such financing component is not significant to the Group.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

w. Revenue recognition (continued)

i. Telecommunications

Telecommunications services comprise local telephony, local data and broadband, international telecommunications, mobile, enterprise solutions, and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting, and contact centres.

Local telephony, local data and broadband, international telecommunications and mobile businesses earn revenue primarily by providing access to and usage of the telecommunications network locally and internationally. As part of the bundled service offerings, the Group also delivers handsets, equipment, gifts and Reward Points, which are considered as separate performance obligations.

For the telecommunications services, revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs and is based on the 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 rendering of services to the customer. For service plan based on usage, where monthly usage exceeds the allowance, the overage usage represents options held by the customer for incremental services and the usage-based fee is recognised when the customer exercises the option. Income from other telecommunications services are recognised when services are rendered. Customers are invoiced in advance on a monthly basis or invoiced according to the pre-agreed payment schedule as set out in the customer contracts.

For the sales of the handsets, equipment and gifts, revenue is generally recognised when control passes to the customer, being when the products are delivered to and accepted by the customer. The customer has full discretion over the handsets, equipment and gifts and there are no unfulfilled obligations that can affect the customer's acceptance of those goods. Customers are invoiced immediately or invoiced according to the pre-agreed payment schedule as set out in the customer contracts.

When the Reward Points are awarded to the members, such revenue at their relative stand-alone selling price is deferred as a liability until the Reward Points are redeemed. Breakage, referring to Reward Points that are expected to expire, is taken into consideration when determining the stand-alone selling price of the Reward Points and determined based on assumptions such as historical experience, future redemption pattern and programme design.

ii. Media

Media services comprise interactive pay-TV services, domestic free television service in Hong Kong and over-the-top ("OTT") digital media entertainment services.

Subscription income from the interactive pay-TV services and OTT digital media entertainment services are recognised rateably over the contract period which generally coincides with when the services are rendered.

Advertising income from interactive pay-TV services, domestic free television service in Hong Kong and OTT digital media entertainment services are recognised (i) when the advertisements are telecast on pay-TV and free TV, delivered through Internet and mobile platforms; or (ii) rateably over the contractual display period of the contract when the advertisements are placed on the Group's website and mobile platforms.

Customers are invoiced in advance on a monthly basis or invoiced according to the pre-agreed payment schedule as set out in the customer contracts.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

w. Revenue recognition (continued)

iii. Solutions

Solutions services comprise the provision of information and communications technologies services and solutions to customers.

Revenue from solutions services is recognised over time as the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Input method is used to measure the progress as it depicts the Group's performance in transferring the control of the asset. The progress is measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent that it is probable the contract costs incurred will be recoverable. Customers make settlement periodically throughout the contract period according to the pre-agreed payment schedule. Accumulated experience is used to estimate the variable consideration to the extent that it is highly probable that a significant reversal will not occur, using the expected value method, to be included in the transaction price.

iv. Commission income

Commission income is recognised when entitlement to the income is ascertained.

x. Interest income

Interest income is recognised on a time-apportioned basis using the effective interest method.

y. Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

z. Borrowing costs

Borrowing costs are expensed in the consolidated income statement in the period in which they are incurred, except to the extent that they are capitalised as being 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Discounts or premiums relating to borrowings, and ancillary costs incurred in connection with arranging borrowings, to the extent that they are regarded as adjustments to interest costs, are recognised as expenses over the period of the borrowing using the effective interest method.

aa. Cost of sales and general and administrative expenses

General and administrative expenses represent operating costs incurred other than cost of sales. Cost of sales mainly includes cost of inventories sold, connectivity costs and staff costs relating to sales; while general and administrative expenses mainly include depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of land lease premium, amortisation of intangible assets, amortisation of fulfilment costs, amortisation of customer acquisition costs, impairment loss for trade receivables and other staff costs.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

ab. Income tax

- i. Income tax for the year comprises current income tax and movements in deferred income tax assets and liabilities. Current income tax and movements in deferred income tax assets and liabilities are recognised in the consolidated income statement except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts are recognised in other comprehensive income or directly in equity, respectively.
- ii. Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period.
- iii. Deferred income 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 income 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 investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future or there is no sufficient taxable profit be available against which the deductible temporary differences can be utilised;
 - taxable temporary differences arising on the initial recognition of goodwill; and
 - those related to Pillar Two Income Taxes.

The Group recognised deferred income tax assets and deferred income tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred income 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 the asset can be utilised. Future taxable profits that may support the recognition of deferred income tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred income tax asset can be carried back or forward.

The amount of deferred income tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised and the deferred income tax liability is settled. Deferred income tax assets and liabilities are not discounted.

The carrying amount of a deferred income tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

ab. Income tax (continued)

- iv. Current income tax balances and deferred income tax balances, and movements therein, are presented separately from each other and are not offset. Current income tax assets are offset against current income tax liabilities, and deferred income tax assets against deferred income tax liabilities, if the Group has the legally enforceable right to set off current income tax assets against current income tax liabilities and the following additional conditions are met:
- in the case of current income tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
 - in the case of deferred income tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered, intend to realise the current income tax assets and settle the current income tax liabilities on a net basis or realise and settle simultaneously.

ac. Employee benefits

i. Short-term employee benefits

Salaries, annual bonuses, annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii. Retirement and other post-employment benefits

The Group offers the following retirement and other post-employment benefits to its employees:

- defined benefit retirement schemes;
- defined contribution retirement schemes (including the Mandatory Provident Fund “MPF” scheme); and
- Long Service Payments (“LSP”) under Hong Kong Employment Ordinance for employees in Hong Kong.

The assets of retirement schemes are generally held in separate trustee-administered funds. The schemes are generally funded by contributions from the relevant Group companies and, in some cases, employees themselves, taking account of the recommendations of independent qualified actuaries if applicable.

For defined contribution retirement schemes, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group’s contributions to the defined contribution retirement schemes are recognised as an expense in the consolidated income statement in the period to which the contributions relate.

The Group’s defined benefit retirement schemes liability and LSP obligations (as classified as other payables) recognised in the consolidated statement of financial position are the present values of the respective defined benefit obligations at the end of the reporting period less the fair value of scheme assets (if applicable). The calculation is performed annually by independent qualified actuaries using the projected unit credit method. The present values of the defined benefit obligations and the LSP obligations are determined by discounting the estimated future cash outflows using discount rates with reference to market bond yields at the end of the reporting period, which have terms approximating the terms of the related liabilities. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligations and the fair value of plan assets (if applicable). This cost is included in staff costs in the consolidated income statement. In calculating the Group’s defined benefit retirement schemes liability and LSP obligations, any actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

ac. Employee benefits (continued)

iii. Share-based payments

The Company operates a share option scheme where employees (including directors) are granted options to acquire PCCW Shares at specified exercise prices. The fair value of the employee services received in exchange for the grant of options is recognised as staff costs in the consolidated income statement with a corresponding increase in an employee share-based compensation reserve under equity. The fair value of the options granted is measured at grant date using the trinomial option pricing model, taking into account the terms and conditions upon which the options were granted, and spread over the respective vesting period during which the employees become unconditionally entitled to the options. During the vesting period, the number of share options that are expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged or credited in the consolidated income statement for the year of the review, unless the original staff costs qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognised as staff costs is adjusted to reflect the actual number of share options that vests (with a corresponding adjustment to the employee share-based compensation reserve). The equity amount is recognised in the employee share-based compensation reserve until either the share options are exercised (when it is transferred to the share capital account) or the share options expire (when it is released directly to retained profits or accumulated losses). When the share options are exercised, the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

The Company also:

- (1) granted PCCW Shares and Share Stapled Units to employees of PCCW and its participating companies at nil consideration under the share award schemes adopted on 15 November 2012, the extension of the duration of which for a further period of 10 years commencing from 15 November 2022 was approved by the Company on 12 August 2022 (collectively the “2012 Share Award Schemes”). The 2012 Share Award Schemes will remain valid and effective until all outstanding awards granted thereunder have vested, lapsed, forfeited or been cancelled in accordance with the terms of the corresponding scheme. No further awards have been or will be granted under the 2012 Share Award Schemes after the annual general meeting of the Company held on 30 May 2024. Under the 2012 Share Award Schemes, the awarded PCCW Shares and Share Stapled Units were either newly issued at issue price (the “PCCW Subscription Scheme”) or purchased from the open market (the “PCCW Purchase Scheme”);
- (2) grants PCCW Shares to, among others, employees of any PCCW group member at nil consideration under the PCCW Limited 2024 Share Award Scheme adopted on 30 May 2024 (the “2024 Share Award Scheme”), under which the awarded PCCW Shares are either newly issued at issue price (the “Grants Funded by New PCCW Shares”) or purchased from the open market (the “Grants Funded by Existing PCCW Shares”); and
- (3) grants Share Stapled Units to, among others, employees of any PCCW group member at nil consideration under the HKT Trust and HKT Limited 2024 Share Stapled Unit Award Scheme adopted by HKT Trust and HKT Limited on 30 May 2024 (the “2024 Share Stapled Unit Award Scheme”), under which the awarded Share Stapled Units are either newly issued at issue price (the “Grants Funded by New Share Stapled Units”) or purchased from the open market (the “Grants Funded by Existing Share Stapled Units”).

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)**ac. Employee benefits (continued)****iii. Share-based payments (continued)**

The cost of PCCW Shares purchased from the open market under the PCCW Purchase Scheme or the 2024 Share Award Scheme, and the issue price of newly issued PCCW Shares under the PCCW Subscription Scheme or the 2024 Share Award Scheme are recognised in equity as treasury stock. The fair value of the employee services received in exchange for the grant of the PCCW Shares under each scheme is recognised as staff costs in the consolidated income statement with a corresponding increase in an employee share-based compensation reserve under equity. The fair value of the awarded PCCW Shares is measured by the quoted market price of the PCCW Shares at grant date and is charged to the consolidated income statement over the respective vesting period. During the vesting period, the number of awarded PCCW Shares that are expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged or credited in the consolidated income statement for the year of the review, unless the original staff costs qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognised as staff costs is adjusted to reflect the actual number of awarded PCCW Shares that vests (with a corresponding adjustment to the employee share-based compensation reserve) and the cost of awarded PCCW Shares recognised as treasury stock is transferred to the employee share-based compensation reserve with the difference recognised in equity.

The cost of Share Stapled Units purchased from the open market under the PCCW Purchase Scheme or the 2024 Share Stapled Unit Award Scheme, and the issue price of newly issued Share Stapled Units under the PCCW Subscription Scheme or the 2024 Share Stapled Unit Award Scheme are recognised in equity and non-controlling interests. The fair value of the employee services received in exchange for the grant of Share Stapled Units under each scheme is recognised as staff costs in the consolidated income statement with a corresponding increase in an employee share-based compensation reserve under equity. The fair value of the awarded Share Stapled Units is measured by the quoted market price of the Share Stapled Units at grant date and is charged to the consolidated income statement over the respective vesting period. During the vesting period, the number of awarded Share Stapled Units that are expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged or credited in the consolidated income statement for the year of the review, unless the original staff costs qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognised as staff costs is adjusted to reflect the actual number of awarded Share Stapled Units that vests (with a corresponding adjustment to the employee share-based compensation reserve) and the cost of awarded Share Stapled Units recognised in equity is transferred to the employee share-based compensation reserve with the difference recognised in equity and non-controlling interests.

iv. Termination benefits

Termination benefits are recognised only after either an agreement is in place with the appropriate employee representatives specifying the terms of redundancy and the number of employees affected, or individual employees have been advised of the specific terms.

ad. Translation of foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars (HK\$), which is the Company's functional and the Group's presentation currency.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the consolidated income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates when the fair values are determined. Exchange differences arising on translation of non-monetary assets and liabilities, such as equity instruments at FVPL, are reported as part of the fair value gain or loss in the consolidated income statement. Exchange differences arising on translation of non-monetary assets and liabilities, such as equity instruments measured at FVOCI, are included in the fair value gain or loss in the financial assets at FVOCI reserve under equity.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

ad. Translation of foreign currencies (continued)

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Items of foreign operations in the consolidated statement of financial position, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in the currency translation reserve under equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, if any, are taken to other comprehensive income and accumulated separately in the currency translation reserve under equity. On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in the currency translation reserve under equity which relates to that foreign operation is included in the calculation of the profit or loss on disposal.

ae. Related parties

For the purpose of these consolidated financial statements, a party is considered to be related to the Group if:

- i. a person or a close member of that person's family is related to the Group if that person:
 - (1) has control or joint control of the Group;
 - (2) has significant influence over the Group; or
 - (3) is a member of the key management personnel of the Group or of the Group's parent.
- ii. an entity is related to the Group if any of the following conditions applies:
 - (1) 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).
 - (2) 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).
 - (3) both entities are joint ventures of the same third party.
 - (4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (6) the entity is controlled or jointly controlled by a person identified in (i).
 - (7) a person identified in (i)(1) 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).
 - (8) 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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

af. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's senior executive management.

Segment revenue, expenses, results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expense and segment performance include transactions between segments. Inter-segment pricing is based on similar terms to those available to other external parties for similar services. Inter-segment transactions are eliminated in full in preparing the consolidated financial statements.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (including property, plant and equipment and interests in leasehold land) that are expected to be used for more than one year.

ag. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements and the Company's financial statements in the period in which the dividend is approved by the Company's shareholders or directors, where appropriate.

ah. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. The Group netted off government grants relating to employee benefits with staff cost in cost of sales and general and administrative expenses that are not capitalised. Government grants relating to capitalised staff cost are directly deducted from the carrying amount of the respective assets recognised and credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

ai. Assets held for sale and discontinued operations

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business, is part of a single co-ordinated plan to dispose of such a line of business. The results of discontinued operations are presented separately in the consolidated income statement and consolidated statement of comprehensive income.

aj. Perpetual capital securities

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Notes 18, 32(a) and 39 contain information about the assumptions and their risk factors relating to goodwill impairment, defined benefit retirement schemes liability and financial instruments. Management has also made judgements in applying the Group's accounting policies. These judgements and other key sources of estimation uncertainty are discussed below:

i. Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- interests in leasehold land;
- fulfilment costs;
- customer acquisition costs;
- intangible assets;
- interests in associates and joint ventures; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. Impairment tests are performed for CGUs containing goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives annually whether or not there is any indication of impairment. Significant judgement is used to identify CGUs appropriately. An impairment loss is recognised in the consolidated income statement whenever the carrying amount of an asset exceeds its recoverable amount.

The sources utilised to identify indications of impairment are often subjective in nature and the Group is required to use judgement in applying such information to its business. The Group's interpretation of this information has a direct impact on whether an impairment assessment is performed at the end of any given reporting period. Such information is particularly significant as it relates to the Group's telecommunications services and infrastructure businesses in Hong Kong.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

i. Impairment of non-financial assets (continued)

If an indication of impairment is identified, such information is further subject to an exercise that requires the Group to estimate the recoverable amount, representing the greater of the asset's fair value less costs of disposal or its value-in-use. Depending on the Group's assessment of the overall materiality of the asset under review and complexity of deriving a reasonable estimate of the recoverable amount, the Group may perform such assessments utilising internal resources or the Group may engage external advisors to counsel the Group. Regardless of the resources utilised, the Group is required to make many assumptions to make these assessments, including the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable amount of any asset.

ii. Deferred income tax

While deferred income tax liabilities are provided in full on all taxable temporary differences, deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. In assessing the amount of deferred income tax assets that need to be recognised, the Group considers future taxable income and business plans. In the event that the Group's estimates of projected future taxable income and benefits from available business plans are changed, or changes in current income tax regulations are enacted that would impact the timing or extent of the Group's ability to utilise the tax benefits of net operating loss carry-forward in the future, adjustments to the recorded amount of net deferred income tax assets and income tax expense would be made.

iii. Current income tax

The Group makes a provision for current income tax based on estimated taxable income for the year. The estimated income tax liabilities are computed based on the tax computations as prepared by the Group. Certain tax queries have been raised by the tax authority in Hong Kong in respect of the tax treatment of items included in the tax computations and certain non-routine transactions. Where the Group considers it probable that these queries will result in different outcome, the most likely amounts of the outcome will be estimated and adjustments to the income tax expense and income tax liabilities will be made accordingly. The Group considers that the resolution of these queries will not result in material adverse impact to the Group's financial position.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

iv. Lives of property, plant and equipment, intangible assets (other than goodwill), fulfilment costs and customer acquisition costs

The Group has significant property, plant and equipment, intangible assets (other than goodwill), fulfilment costs and customer acquisition costs. The Group is required to estimate the lives of property, plant and equipment, intangible assets (other than goodwill), fulfilment costs and customer acquisition costs in order to ascertain the amount of depreciation and amortisation charges for each reporting period.

The lives are estimated at the time of purchase of these assets or direct costs incurred in fulfilling or acquiring a contract with a customer after considering future technology changes, business developments, the Group's strategies and expected lives of customer contracts. The Group performs annual reviews to assess the appropriateness of the estimated lives. Such reviews take into account any unexpected adverse changes in circumstances or events, including declines in projected operating results, negative industry or economic trends and rapid advancements in technology. The Group extends or shortens the lives according to the results of the reviews.

v. Lease term and discount rate determination

In determining the lease term, management considers facts and circumstances such as conditions of the Group's existing leases, future technology changes, business developments and the Group's strategies, 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 terminated). Potential future cash outflows are not included in the lease liability because it is not reasonably certain that the leases will be extended (or not 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. As at 31 December 2025, potential future undiscounted cash outflows of HK\$960 million (2024: HK\$641 million) have not been included in the lease liabilities because it is not reasonably certain that the lease will be extended (or not terminated).

In determining the discount rate, the Group is required to exercise considerable judgement by 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 lease modification (if any).

vi. Value of unlisted securities

The fair value of financial instruments that are not traded in active market is individually determined at the end of each reporting period by management based on market value assessment taking into consideration of portfolio statements, if any. Fair value is determined using various valuation techniques such as discounted cash flow analysis. Note 39(e) contains details of key assumptions used.

vii. Capitalisation criteria on capitalised software

Capitalised software are intangible assets mostly developed in-house. Management exercises judgement in determining whether costs associated with the development of software meet the criteria to be capitalised as intangible assets in accordance with applicable accounting framework. Management also exercises judgement in determining the proportion of internal costs that are directly attributable to the development of intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

(Amount expressed in Hong Kong dollars unless otherwise stated)

4 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

In HK\$ million	Note	2024	2025
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries		36,805	36,842
Derivative financial instruments		35	–
		36,840	36,842
Current assets			
Amounts due from subsidiaries		10,624	13,415
Prepayments, deposits and other current assets		46	43
Amounts due from related companies		–	4
Cash and cash equivalents		111	288
		10,781	13,750
Current liabilities			
Accruals and other payables		(34)	(31)
Current income tax liabilities		(2)	–
Derivative financial instruments		(4)	(9)
		(40)	(40)
Non-current liabilities			
Long-term borrowings		(9,839)	(13,571)
Amounts due to subsidiaries		(7,043)	(6,826)
Derivative financial instruments		–	(21)
		(16,882)	(20,418)
Net assets		30,699	30,134
CAPITAL AND RESERVES			
Share capital	30	12,954	12,954
Reserves	34	17,745	17,180
Total equity		30,699	30,134

Approved and authorised for issue by the Board on 10 February 2026 and signed on behalf of the Board by

Li Tzar Kai, Richard
Director

Hui Hon Hing, Susanna
Director

5 RELATED PARTY TRANSACTIONS

During the year, the Group had the following significant transactions with related parties:

In HK\$ million	Note	2024	2025
Telecommunications service fees, IT development and support service charges, contact centre service charges, hotline services fees, consultancy service charges, interest income and other costs recharge received or receivable from joint ventures	a	49	47
Telecommunications service fees, connectivity service fees, interest income, contact centre service charges, equipment sales, customer acquisition service fees, consultancy service charges, advertising fees, insurance premium, transitional service fees, management fee, travel agency service fee, licence fees and other costs recharge received or receivable from associates	a	96	72
Telecommunications service fees, data centre service fees and contact centre service charges received or receivable from a substantial shareholder	a	180	151
Telecommunications service fees, outsourcing fees, rental charges and interest expense paid or payable to joint ventures	a	278	245
IT charges, logistic charges, other contractor service fees, transitional service fees, rental charges and licence fees paid or payable to associates	a	1,261	1,004
Telecommunications service fees and data centre service fees paid or payable to a substantial shareholder	a	175	205
Telecommunications service fees, data centre service fees, connectivity service fees, equipment sales, insurance premium, insurance agency service charges, advertising fees, interest income and other costs recharge received or receivable from related parties under a common shareholder with the Company	a	159	148
Insurance premium paid or payable to related parties under a common shareholder with the Company	a	175	185
Key management compensation	b	87	98

a. The above transactions were carried out after negotiations between the Group and the related parties in the ordinary course of business and on the basis of estimated market value as determined by the directors. In respect of transactions for which the price or volume has not yet been agreed with the relevant related parties, the directors have determined the relevant amounts based on their best estimation.

b. Details of key management compensation

In HK\$ million	2024	2025
Salaries and other short-term employee benefits	63	67
Share-based compensation	21	28
Post-employment benefits	3	3
	87	98

31 December 2025

(Amount expressed in Hong Kong dollars unless otherwise stated)

5 RELATED PARTY TRANSACTIONS (CONTINUED)

c. Balances with related companies

As at 31 December 2025, other than 1) as specified in notes 21 and 22; 2) an unsecured loan of HK\$51 million which bears interest at 2.5% per annum and is repayable within 1 year classified as amounts due to related companies; 3) an unsecured loan of HK\$30 million which bears interest at 2.93% per annum and is repayable within 1 year classified as amounts due to related companies; 4) 5.125% guaranteed note due 2026 with a carrying value of HK\$808 million issued by an associate and classified as other financial assets; the other amounts due from/(to) related companies are unsecured, non-interest bearing, and have no fixed repayment terms.

As at 31 December 2024, other than 1) as specified in notes 21 and 22; 2) an unsecured loan of HK\$59 million which bears interest at 2.5% per annum and is repayable within 1 year classified as amounts due to related companies; 3) an unsecured loan of HK\$20 million which bears interest at 2.93% per annum and is repayable within 1 year classified as amounts due to related companies; 4) 5.125% guaranteed note due 2026 with a carrying value of HK\$805 million issued by an associate and classified as other financial assets; the other amounts due from/(to) related companies are unsecured, non-interest bearing, and have no fixed repayment terms.

6 SEGMENT INFORMATION

The CODM is the Group's senior executive management. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources and the segment information is reported below in accordance with this internal reporting.

The CODM considers the business from the product perspective and assesses the performance of the following segments:

- HKT Limited ("HKT") is Hong Kong's premier telecommunications service provider. The principal activities of HKT and its subsidiaries are the provision of technology and telecommunications and related services including enterprise solutions, mobile services, total home solutions, media entertainment and other new businesses such as loyalty platform, financial services and healthtech services. It operates primarily in Hong Kong, and also serves customers in Chinese Mainland and other parts of the world.
- Media Business provides OTT digital media entertainment services in Hong Kong, the Asia Pacific region, and other parts of the world, in addition to offering domestic free television service in Hong Kong. It is also engaged in content production, as well as artiste and event management.
- Other businesses of the Group ("Other Businesses") primarily comprise corporate support functions, other IT solutions businesses and others.

The CODM assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA"). EBITDA represents earnings before interest income, finance costs, income tax, depreciation and amortisation, gains/losses on disposal of property, plant and equipment, interests in leasehold land, right-of-use assets and intangible assets, net other gains/losses, losses on property, plant and equipment, restructuring costs, impairment losses on goodwill, tangible and intangible assets and interests in associates and joint ventures, and the Group's share of results of associates and joint ventures.

Segment revenue, expense and segment performance include transactions between segments. Inter-segment pricing is based on similar terms to those available to other external parties for similar services. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated income statement.

6 SEGMENT INFORMATION (CONTINUED)

Information regarding the Group's reportable segments as provided to the Group's CODM is set out below:

In HK\$ million	2024				Consolidated
	HKT	Media Business	Other Businesses	Eliminations	
REVENUE					
External revenue	33,775	3,024	758	–	37,557
Inter-segment revenue	978	491	45	(1,514)	–
Total revenue	34,753	3,515	803	(1,514)	37,557
External revenue from contracts with customers:					
Timing of revenue recognition					
At a point in time	8,299	561	–	–	8,860
Over time	25,408	2,463	756	–	28,627
External revenue from other sources:					
Rental income	68	–	2	–	70
	33,775	3,024	758	–	37,557
RESULTS					
EBITDA	13,743	590	(746)	(738)	12,849
OTHER INFORMATION					
Capital expenditure (including property, plant and equipment and interests in leasehold land) incurred during the year	2,214	126	1	–	2,341

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(Amount expressed in Hong Kong dollars unless otherwise stated)

6 SEGMENT INFORMATION (CONTINUED)

Information regarding the Group's reportable segments as provided to the Group's CODM is set out below: (continued)

In HK\$ million	2025				
	HKT	Media Business	Other Businesses	Eliminations	Consolidated
REVENUE					
External revenue	35,394	3,077	1,781	–	40,252
Inter-segment revenue	1,159	536	164	(1,859)	–
Total revenue	36,553	3,613	1,945	(1,859)	40,252
External revenue from contracts with customers:					
Timing of revenue recognition					
At a point in time	9,646	654	–	–	10,300
Over time	25,687	2,423	1,781	–	29,891
External revenue from other sources:					
Rental income	61	–	–	–	61
	35,394	3,077	1,781	–	40,252
RESULTS					
EBITDA	14,234	773	(737)	(980)	13,290
OTHER INFORMATION					
Capital expenditure (including property, plant and equipment and interests in leasehold land) incurred during the year	2,106	85	7	–	2,198

6 SEGMENT INFORMATION (CONTINUED)

A reconciliation of total segment EBITDA to profit before income tax is provided as follows:

In HK\$ million	2024	2025
Total segment EBITDA	12,849	13,290
Gains on disposal of property, plant and equipment and right-of-use assets, net	10	4
Depreciation and amortisation	(7,471)	(7,730)
Other gains, net	439	406
Interest income	133	96
Finance costs	(2,817)	(2,384)
Share of results of associates and joint ventures	(355)	(146)
Restructuring costs	–	(113)
Profit before income tax	2,788	3,423

The following table sets out information about the geographical location of the Group's revenue from external customers. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location that the Group derives revenue from customers.

In HK\$ million	2024	2025
Hong Kong (place of domicile)	29,145	31,327
Mainland and other parts of China	1,866	2,047
Singapore	1,404	1,557
Others	5,142	5,321
	37,557	40,252

As at 31 December 2025, the total of non-current assets, other than financial instruments and deferred income tax assets, located in Hong Kong was HK\$76,976 million (2024: HK\$72,749 million), and the total of these non-current assets located in other geographical locations was HK\$5,090 million (2024: HK\$4,961 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

(Amount expressed in Hong Kong dollars unless otherwise stated)

7 REVENUE

In HK\$ million	2024	2025
Revenue from contracts with customers	37,487	40,191
Revenue from other sources: rental income	70	61
	37,557	40,252

a. Revenue recognition in relation to contract liabilities

In HK\$ million	2024	2025
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	1,659	1,561

b. Unsatisfied long-term fixed-price contracts

In HK\$ million	2024	2025
Aggregate amount of the transaction price allocated to long-term fixed-price contracts that are partially or fully unsatisfied as at 31 December	35,489	33,788

As at 31 December 2025, management expected that 42% and 24% (2024: 39% and 23%) of the transaction price allocated to the unsatisfied long-term fixed-price contracts would be recognised as revenue during the first and second year respectively after the end of the reporting period. The remaining 34% (2024: 38%) would be recognised as revenue in the periods afterward. The amount disclosed above does not include unsatisfied performance obligation that is related to the Group's contracts with customers with duration of one year or less and contracts with customers billed directly according to performance completed to date.

8 OTHER GAINS, NET

In HK\$ million	2024	2025
Fair value movement of derivative financial instruments	7	25
Fair value movement on financial assets at FVPL (note 24)	264	102
Gain on deemed disposal of interest in an associate, net (note 21)	86	104
Write-back of an amount due from a related company	79	251
(Loss)/Gain on disposal of other financial assets	(39)	11
Others	42	(87)
	439	406

9 PROFIT BEFORE INCOME TAX

Profit before income tax was stated after charging and crediting the following:

a. Staff costs

In HK\$ million	2024	2025
Salaries, bonuses and other benefits	2,333	2,309
Share-based compensation expenses	54	59
Retirement costs under defined contribution retirement schemes	339	349
Retirement costs under defined benefit retirement schemes	3	2
	2,729	2,719
Less: staff costs included in cost of sales	(642)	(644)
	2,087	2,075

b. Cost of sales

In HK\$ million	2024	2025
Cost of inventories sold	8,186	9,624
Connectivity costs	6,970	7,433
Staff costs	642	644
Write-back of provision for inventory obsolescence, net	(9)	(9)
Others	3,338	3,839
	19,127	21,531

Included in other cost of sales were remuneration paid or payable to the Company's auditor of HK\$189 million (2024: HK\$70 million) for non-audit services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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(Amount expressed in Hong Kong dollars unless otherwise stated)

9 PROFIT BEFORE INCOME TAX (CONTINUED)

Profit before income tax was stated after charging and crediting the following: (continued)

c. General and administrative expenses

In HK\$ million	2024	2025
Staff costs	2,087	2,075
Impairment loss for trade receivables	274	232
Depreciation of property, plant and equipment	1,159	1,062
Depreciation of right-of-use assets – land and buildings	1,272	1,218
Depreciation of right-of-use assets – network capacity and equipment	115	113
Amortisation of land lease premium – interests in leasehold land	16	15
Amortisation of intangible assets	3,182	3,608
Amortisation of fulfilment costs	484	486
Amortisation of customer acquisition costs	1,243	1,228
Gains on disposal of property, plant and equipment and right-of-use assets, net	(10)	(4)
Exchange (gains)/losses, net	(161)	202
Less: cash flow hedges: transfer from equity	229	(229)
Remuneration to the Company's auditor		
– audit and audit-related services	27	30
– non-audit services	6	6
Remuneration to other auditors		
– audit and audit-related services	17	22
– non-audit services	3	3
Others	3,099	3,203
	13,042	13,270

10 FINANCE COSTS

In HK\$ million	2024	2025
Interest expense, excluding interest expense on lease liabilities	2,866	2,628
Interest expense on lease liabilities	97	105
Notional accretion on carrier licence fee liabilities	87	94
Other finance costs	13	13
Hedge ineffectiveness: cross currency swap contracts and foreign exchange forward contracts		
– cash flow hedges for foreign currency risk	108	(41)
Hedge ineffectiveness: interest rate swap contracts – cash flow hedges for interest rate risk	(56)	44
Cash flow hedges: transfer from equity	(21)	(5)
	3,094	2,838
Interest capitalised in property, plant and equipment and intangible assets (note a)	(277)	(454)
	2,817	2,384

a. The capitalisation rates used to determine the amount of interest eligible for capitalisation in property, plant and equipment and intangible assets ranged from 2.79% to 4.36% for the year ended 31 December 2025 (2024: 4.19% to 5.55%).

11 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

Details of directors' emoluments are set out below:

a. Directors' emoluments – cash and cash equivalents paid/payable

	2024							
	Directors' fee	Salaries	Allowances	Benefits in kind ¹	Bonuses ²	Retirement schemes contributions	Share-based compensation ³	Total
Executive directors								
Li Tzar Kai, Richard	–	–	–	0.05	–	–	–	0.05
Hui Hon Hing, Susanna	–	10.53	7.38	0.05	20.40	1.26	17.09	56.71 ⁴
Non-executive directors								
Tse Sze Wing, Edmund	0.26	–	–	–	–	–	–	0.26
Tang Yongbo	0.50 ⁵	–	–	–	–	–	–	0.50
Wei Zhe, David	0.26	–	–	–	–	–	–	0.26
Meng Shusen	0.26 ⁶	–	–	–	–	–	–	0.26
Wang Fang ⁷	0.25 ⁸	–	–	–	–	–	–	0.25
Independent non-executive directors								
Aman Mehta	1.02 ⁹	–	0.26	–	–	–	–	1.28
Frances Waikwun Wong	0.63 ¹⁰	–	–	–	–	–	–	0.63
Bryce Wayne Lee	0.26	–	0.53	–	–	–	–	0.79
Lars Eric Nils Rodert	0.26	–	0.53	–	–	–	–	0.79
David Christopher Chance	0.26	–	0.40	–	–	–	–	0.66
Sharhan Mohamed Muhseen Mohamed	0.26	–	0.53	–	–	–	–	0.79
	4.22	10.53	9.63	0.10	20.40	1.26	17.09	63.23

Notes:

- Benefits in kind includes medical insurance premium and club membership fees, where applicable.
- Bonus amounts shown above represent the 2023 bonuses that were paid in 2024. It was determined by reference to the Group and the individual performance during the year ended 31 December 2023.
- Share-based compensation amounts shown above represent the aggregate fair values at the respective award dates of the PCCW Shares and/or Share Staped Units vested in 2024 for respective directors under the share award schemes.
- Represents the total emoluments receivable from both the Company and HKT for acting as the acting group managing director and group chief financial officer of the Company and the group managing director of HKT.
- Fees receivable as a non-executive director of both the Company and HKT in 2024 were surrendered to a subsidiary of China United Network Communications Group Company Limited, in accordance with an arrangement between Mr Tang Yongbo and China United Network Communications Group Company Limited, a substantial shareholder of the Company.
- Fee receivable as a non-executive director in 2024 was surrendered to a subsidiary of China United Network Communications Group Company Limited, in accordance with an arrangement between Ms Meng Shusen and China United Network Communications Group Company Limited, a substantial shareholder of the Company.
- Resigned as a non-executive director with effect from 28 June 2024.
- Fees receivable as a non-executive director of both the Company and HKT in 2024 were surrendered to a subsidiary of China United Network Communications Group Company Limited, in accordance with an arrangement between Ms Wang Fang and China United Network Communications Group Company Limited, a substantial shareholder of the Company.
- Includes HK\$128,200 fee as Chairman of Nomination Committee, HK\$128,200 fee as Chairman of Audit Committee and HK\$128,200 fee as Chairman of Remuneration Committee of the Company as well as fees of HK\$256,300 and HK\$128,200 for acting as an independent non-executive director of HKT and Chairman of its Nomination Committee respectively.
- Includes fees of HK\$256,300 and HK\$128,200 for acting as an independent non-executive director of HKT and Chairperson of its Remuneration Committee respectively.

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11 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (CONTINUED)

Details of directors' emoluments are set out below: (continued)

a. Directors' emoluments – cash and cash equivalents paid/payable (continued)

In HK\$ million

2025

	Directors' fee	Salaries	Allowances	Benefits in kind ¹	Bonuses ²	Retirement schemes contributions	Share-based compensation ³	Total
Executive directors								
Li Tzar Kai, Richard	–	–	–	0.05	–	–	–	0.05
Hui Hon Hing, Susanna	–	10.88	7.62	0.05	24.04	1.31	18.37	62.27 ⁴
Non-executive directors								
Tse Sze Wing, Edmund	0.26	–	–	–	–	–	–	0.26
Tang Yongbo	0.51 ⁵	–	–	–	–	–	–	0.51
Wei Zhe, David	0.26	–	–	–	–	–	–	0.26
Meng Shusen	0.26 ⁶	–	–	–	–	–	–	0.26
Zhao Xingfu ⁷	0.43 ⁸	–	–	–	–	–	–	0.43
Independent non-executive directors								
Aman Mehta	1.02 ⁹	–	0.40	–	–	–	–	1.42
Frances Waikwun Wong	0.64 ¹⁰	–	–	–	–	–	–	0.64
Bryce Wayne Lee	0.26	–	0.53	–	–	–	–	0.79
Lars Eric Nils Rodert	0.26	–	0.40	–	–	–	–	0.66
David Christopher Chance	0.26	–	0.26	–	–	–	–	0.52
Sharhan Mohamed Muhseen Mohamed	0.26	–	0.53	–	–	–	–	0.79
	4.42	10.88	9.74	0.10	24.04	1.31	18.37	68.86

Notes:

- Benefits in kind includes medical insurance premium and club membership fees, where applicable.
- Bonus amounts shown above represent the 2024 bonuses that were paid in 2025. It was determined by reference to the Group and the individual performance during the year ended 31 December 2024.
- Share-based compensation amounts shown above represent the aggregate fair values at the respective award dates of the PCCW Shares and/or Share Stapled Units vested in 2025 for respective directors under the share award schemes.
- Represents the total emoluments receivable from both the Company and HKT for acting as the acting group managing director and group chief financial officer of the Company and the group managing director of HKT.
- Fees receivable as a non-executive director of both the Company and HKT in 2025 were surrendered to a subsidiary of China United Network Communications Group Company Limited, in accordance with an arrangement between Mr Tang Yongbo and China United Network Communications Group Company Limited, a substantial shareholder of the Company.
- Fee receivable as a non-executive director in 2025 was surrendered to a subsidiary of China United Network Communications Group Company Limited, in accordance with an arrangement between Ms Meng Shusen and China United Network Communications Group Company Limited, a substantial shareholder of the Company.
- Appointed as a non-executive director with effect from 21 February 2025.
- Fees receivable as a non-executive director of both the Company and HKT in 2025 were surrendered to a subsidiary of China United Network Communications Group Company Limited, in accordance with an arrangement between Mr Zhao Xingfu and China United Network Communications Group Company Limited, a substantial shareholder of the Company.
- Includes HK\$128,200 fee as Chairman of Nomination Committee, HK\$128,200 fee as Chairman of Audit Committee and HK\$128,200 fee as Chairman of Remuneration Committee of the Company as well as fees of HK\$256,300 and HK\$128,200 for acting as an independent non-executive director of HKT and Chairman of its Nomination Committee respectively.
- Includes fees of HK\$256,300 and HK\$128,200 for acting as an independent non-executive director of HKT and Chairperson of its Remuneration Committee respectively.

11 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS *(CONTINUED)*

b. Directors' other services

No other emoluments were paid to or receivable by any director in respect of directors' other services in connection with the management of the affairs of the Company or its subsidiary undertakings during the year ended 31 December 2025 (2024: nil).

c. Directors' retirement benefits

No retirement benefits were paid to or receivable by any director during the year ended 31 December 2025 by a defined contribution retirement scheme operated by the Group in respect of services as a director of the Company and its subsidiaries (2024: nil).

No other retirement benefits were paid to or receivable by any director in respect of other services in connection with the management of the affairs of the Company or its subsidiary undertakings during the year ended 31 December 2025 (2024: nil).

d. Directors' termination benefits

No payments or benefits in respect of the termination of directors' services were paid to or receivable by the directors during the year ended 31 December 2025 (2024: nil).

e. Consideration provided to third parties for making available directors' services

No consideration was provided to or receivable by third parties for making available directors' services during the year ended 31 December 2025 (2024: nil).

f. Information about loans, quasi-loans and other dealings entered into by the Company or subsidiary undertakings of the Company, where applicable, in favour of directors

There were no loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities during the year ended 31 December 2025 (2024: nil).

g. Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the year ended 31 December 2025 (2024: nil).

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11 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (CONTINUED)

h. Individuals with highest emoluments

- i. Of the five individuals with the highest emoluments, one (2024: one) is a director of the Company whose emoluments are disclosed in note 11(a). The emoluments in respect of the four (2024: four) non-director individuals for the year ended 31 December 2025, were as follows:

In HK\$ million	2024	2025
Salaries, share-based compensation, allowances and benefits in kind	31	26
Bonuses	5	5
Retirement scheme contributions	2	2
	38	33

- ii. The emoluments of the four (2024: four) non-director individuals for the year ended 31 December 2025 were within the following emolument ranges:

	Number of individuals	
	2024	2025
HK\$5,500,001 – HK\$6,000,000	–	1
HK\$8,000,001 – HK\$8,500,000	1	–
HK\$8,500,001 – HK\$9,000,000	–	2
HK\$9,000,001 – HK\$9,500,000	1	–
HK\$10,000,001 – HK\$10,500,000	2	1
	4	4

12 INCOME TAX

a. Income tax in the consolidated income statement represents:

In HK\$ million	2024	2025
Current income tax:		
Hong Kong profits tax		
– provision for current year	567	286
– over provision in respect of prior years	(36)	(6)
Overseas tax		
– provision for current year	66	74
– under/(over) provision in respect of prior years	14	(3)
Movement of deferred income tax (note 35(a))	236	457
	847	808

Hong Kong profits tax is provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits for the year.

Overseas tax is calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the respective jurisdictions.

12 INCOME TAX (CONTINUED)

a. Income tax in the consolidated income statement represents: (continued)

In December 2021, the Organisation for Economic Co-operation and Development released the Global Anti-Base Erosion rules, also known as Pillar Two, aimed at reforming international corporate taxation. Hong Kong passed legislation to implement Pillar Two, with the Hong Kong minimum top-up tax and Income Inclusion Rule effective retroactively from 1 January 2025. The Group is within the scope of this legislation.

Following the amendments to HKAS 12 *Income Taxes* issued by the HKICPA in July 2023, the Group has applied the mandatory temporary exception under paragraph 4 of the amendments to HKAS 12 and has not recognised or disclosed deferred income tax assets and liabilities related to Pillar Two Income Taxes.

For the year ended 31 December 2025, the Group has completed its assessment and has identified current Pillar Two tax exposure of HK\$3 million arising from profits earned in the United Arab Emirates.

b. Reconciliation between income tax expense and accounting profit at applicable tax rate:

In HK\$ million	2024	2025
Profit before income tax	2,788	3,423
Notional tax on profit before income tax, calculated at the Hong Kong tax rate of 16.5% (2024: 16.5%)	460	565
Effect of different tax rates of subsidiaries operating overseas	(3)	(45)
Income not subject to tax	(147)	(186)
Expenses not deductible for tax purposes	668	476
Tax losses not recognised	269	294
Over provision in respect of prior years, net	(22)	(9)
Recognition and utilisation of previously unrecognised tax losses, net	(189)	(152)
Recognition of previously unrecognised temporary differences	12	7
Results of associates and joint ventures not deductible for tax purposes	59	24
Withholding tax and others	12	36
Corporate income tax incentives	(272)	(202)
Income tax expense	847	808

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

(Amount expressed in Hong Kong dollars unless otherwise stated)

13 DIVIDENDS

In HK\$ million	2024	2025
Interim dividend declared and paid in respect of the current year of 9.77 HK cents (2024: 9.77 HK cents) per ordinary share	756	756
Less: dividend for PCCW Shares held by share award schemes	(1)	(1)
	755	755
Final dividend declared in respect of the previous financial year, approved and paid during the year of 28.48 HK cents (2024: 28.48 HK cents) per ordinary share	2,204	2,205
Less: dividend for PCCW Shares held by share award schemes	(2)	(2)
	2,202	2,203
	2,957	2,958
Final dividend proposed after the end of the reporting period of 28.48 HK cents (2024: 28.48 HK cents) per ordinary share	2,205	2,207

Final dividend proposed after the end of the reporting period is not recognised as a liability at the end of the reporting period.

14 LOSS PER SHARE

The calculations of basic and diluted loss per share were based on the following data:

	2024	2025
Loss (in HK\$ million)		
Loss for the purpose of basic and diluted loss per share	(300)	(253)
Number of shares		
Weighted average number of ordinary shares	7,740,012,052	7,741,687,404
Effect of PCCW Shares held under the Company's share award schemes	(8,904,538)	(6,656,337)
Weighted average number of ordinary shares for the purpose of basic loss per share	7,731,107,514	7,735,031,067
Effect of PCCW Shares awarded under the Company's share award schemes	—*	—*
Weighted average number of ordinary shares for the purpose of diluted loss per share	7,731,107,514	7,735,031,067

* The effect of PCCW Shares awarded under the Company's share award schemes would result in anti-dilutive effect on loss per share for the years ended 31 December 2024 and 2025.

15 PROPERTY, PLANT AND EQUIPMENT

In HK\$ million	2024					Total
	Land and buildings	Exchange equipment	Transmission plant	Other plant and equipment	Projects under construction	
Cost						
Beginning of year	1,585	16,574	26,978	16,201	2,945	64,283
Additions	–	213	395	380	1,353	2,341
Transfers	–	298	424	214	(936)	–
Disposals	–	(859)	(42)	(185)	–	(1,086)
Exchange differences	–	(124)	5	(39)	(5)	(163)
End of year	1,585	16,102	27,760	16,571	3,357	65,375
Accumulated depreciation and impairment						
Beginning of year	1,006	10,507	14,303	10,680	–	36,496
Charge for the year	36	374	365	384	–	1,159
Disposals	–	(858)	(42)	(184)	–	(1,084)
Exchange differences	–	(83)	1	(23)	–	(105)
End of year	1,042	9,940	14,627	10,857	–	36,466
Net book value						
End of year	543	6,162	13,133	5,714	3,357	28,909
Beginning of year	579	6,067	12,675	5,521	2,945	27,787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

(Amount expressed in Hong Kong dollars unless otherwise stated)

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In HK\$ million	2025					Total
	Land and buildings	Exchange equipment	Transmission plant	Other plant and equipment	Projects under construction	
Cost						
Beginning of year	1,585	16,102	27,760	16,571	3,357	65,375
Additions	–	48	689	365	1,096	2,198
Additions through business combination	–	–	–	1	–	1
Transfers	–	100	520	208	(828)	–
Disposals	–	(565)	(257)	(96)	–	(918)
Exchange differences	–	13	134	13	47	207
End of year	1,585	15,698	28,846	17,062	3,672	66,863
Accumulated depreciation and impairment						
Beginning of year	1,042	9,940	14,627	10,857	–	36,466
Charge for the year	36	269	326	431	–	1,062
Disposals	–	(565)	(257)	(92)	–	(914)
Exchange differences	–	4	112	12	–	128
End of year	1,078	9,648	14,808	11,208	–	36,742
Net book value						
End of year	507	6,050	14,038	5,854	3,672	30,121
Beginning of year	543	6,162	13,133	5,714	3,357	28,909

The depreciation charge for the year is included in general and administrative expenses in the consolidated income statement.

16 RIGHT-OF-USE ASSETS

In HK\$ million	2024	2025
Land and buildings	1,768	2,410
Network capacity and equipment	239	248
Total	2,007	2,658

The Group obtains right to control the use of various land and buildings, and network capacity and equipment for a period of time through lease arrangements. Lease arrangements are negotiated on an individual basis and contain a wide range of different terms and conditions including lease payments and lease terms ranging from 1 to 11 years for land and buildings, and from 1 to 15 years for network capacity and equipment. 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.

Additions to the right-of-use assets during the year ended 31 December 2025 were HK\$2,027 million (2024: HK\$1,485 million).

During the year ended 31 December 2025, total cash outflow for leases amounted to HK\$1,524 million (2024: HK\$1,608 million), which included cash outflow for short-term lease expenses amounted to HK\$99 million (2024: HK\$116 million) that were recognised in the consolidated income statement.

The depreciation charge for the year is included in general and administrative expenses in the consolidated income statement.

17 INTERESTS IN LEASEHOLD LAND

In HK\$ million	2024	2025
Cost		
Beginning and end of year	802	802
Accumulated amortisation		
Beginning of year	511	527
Charge for the year	16	15
End of year	527	542
Net book value		
End of year	275	260
Beginning of year	291	275

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

(Amount expressed in Hong Kong dollars unless otherwise stated)

18 GOODWILL

In HK\$ million	2024	2025
Cost		
Beginning of year	18,034	18,021
Additions through business combination	–	29
Exchange differences	(13)	15
End of year	18,021	18,065
Accumulated impairment		
Beginning and end of year	58	58
Carrying amount		
End of year	17,963	18,007
Beginning of year	17,976	17,963

Impairment tests for CGUs containing goodwill

Goodwill was allocated to the Group's CGUs identified according to operating segments as follows:

In HK\$ million	2024	2025
HKT		
Mobile	15,591	15,591
Global Business	795	807
Local telephony and data services	248	250
Pay-TV Business	162	162
Media Business	16,796	16,810
OTT Business	1,019	1,020
Other Businesses*	148	177
Total	17,963	18,007

* Exclude corporate support functions

18 GOODWILL (CONTINUED)

Impairment tests for CGUs containing goodwill (continued)

The recoverable amounts of the CGUs are determined based on value-in-use calculations. For the year ended 31 December 2025, these calculations use cash flow projections based on financial budgets approved by management generally covering a 5-year period.

The key assumptions used for the value-in-use calculation of Mobile include average revenue growth rate of 2% (2024: 1%), average EBITDA growth rate of 2% (2024: 2%), estimated terminal growth rate of 2% (2024: 2%) and pre-tax discount rate of 11% (2024: 12%). There was no impairment required from the review of goodwill. A reasonably possible change in assumptions would not result in impairment and as such disclosure of sensitivity analysis is not considered necessary.

The key assumptions used for the value-in-use calculation of Global Business include average revenue growth rate of 2% (2024: 2%), average EBITDA growth rate of 19% (2024: 19%) based on past performance and taking into account expectation of future business and market developments, estimated terminal growth rate of 3% (2024: 3%) and pre-tax discount rate of 14% (2024: 15%). There was no impairment required from the review of goodwill and the recoverable amount was approximately 30% higher than the carrying value of the CGU. Management has performed a sensitivity analysis on key assumptions used in determining the recoverable amount, it indicated that a decrease in the average EBITDA growth rate of 4% (with all other assumptions unchanged) would reduce the CGU's recoverable amount to its carrying value.

The key assumptions used for the value-in-use calculation of Local telephony and data services include average revenue growth rate of 2% (2024: 1%), average EBITDA growth rate of 2% (2024: 2%), estimated terminal growth rate of 1% (2024: 1%) and pre-tax discount rate of 8% (2024: 10%). There was no impairment required from the review of goodwill. A reasonably possible change in assumptions would not result in impairment and as such disclosure of sensitivity analysis is not considered necessary.

The key assumptions used for the value-in-use calculation of Pay-TV Business include average revenue growth rate of 1% (2024: 1%), average EBITDA growth rate of 1% (2024: 3%), estimated terminal growth rate of 1% (2024: 1%) and pre-tax discount rate of 20% (2024: 18%). There was no impairment required from the review of goodwill. A reasonably possible change in assumptions would not result in impairment and as such disclosure of sensitivity analysis is not considered necessary.

The key assumptions used for the value-in-use calculation of OTT Business include average revenue growth rate of 12% (2024: 13%), average EBITDA growth rate of 30% (2024: 42%) based on past performance and taking into account expectation of future business and market developments, estimated terminal growth rate of 4% (2024: 4%) and pre-tax discount rate of 18% (2024: 19%) which reflected assessment of time value of money and specific risks premium of the business. There was no impairment required from the review of goodwill and the recoverable amount was over 100% higher than the carrying value of the CGU. Management has performed a sensitivity analysis on key assumptions used in determining the recoverable amount, it indicated that a decrease in the average EBITDA growth rate of 6% (with all other assumptions unchanged) would reduce the CGU's recoverable amount to its carrying value.

During the years of 2023 and 2024, the Company disposed approximately 37% economic interest in Viu International Limited to a non-controlling shareholder for a total subscription amount of US\$300 million. Based upon these transactions, management considers that the fair value less costs of disposal of OTT Business would be in excess of the recoverable amount determined by the value-in-use calculation.

The key assumptions used for the value-in-use calculation of Other Businesses (exclude corporate support functions) include average revenue growth rate of 10% (2024: 26%), average EBITDA growth rate of 19% (2024: 25%) based on past performance and taking into account expectation of future business and market developments, estimated terminal growth rate of 2% (2024: nil) and pre-tax discount rate of 16% (2024: 14%) which reflected assessment of time value of money and specific risks premium of the business. There was no impairment required from the review of goodwill. A reasonably possible change in assumptions would not result in impairment and as such disclosure of sensitivity analysis is not considered necessary.

The average revenue and EBITDA growth rate used are based on the financial budgets approved by management, taking into account the market growth rate, past experience, growth target of each CGU, as well as expected efficiency improvements. The terminal growth rates used to extrapolate the cash flows beyond the financial budgets period are based on the long-term average growth rates for the businesses in which the CGUs operate. The pre-tax discount rate used reflect specific risks relating to the relevant CGU.

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19 INTANGIBLE ASSETS

In HK\$ million	2024						Total
	Trademarks	Capitalised programme costs	Carrier licences	Customer base	Software*	Others	
Cost							
Beginning of year	2,919	6,703	8,465	351	17,748	255	36,441
Additions	–	1,733	506	–	3,148	–	5,387
Write-off	–	(1,320)	(31)	–	(1)	(3)	(1,355)
Disposals	–	–	(1,939)	–	–	–	(1,939)
Exchange differences	1	–	–	1	–	–	2
End of year	2,920	7,116	7,001	352	20,895	252	38,536
Accumulated amortisation and impairment							
Beginning of year	2,198	5,047	3,483	258	5,109	60	16,155
Charge for the year	70	1,833	618	29	559	73	3,182
Write-off	–	(1,320)	(31)	–	–	–	(1,351)
Disposals	–	–	(1,376)	–	–	–	(1,376)
End of year	2,268	5,560	2,694	287	5,668	133	16,610
Net book value							
End of year	652	1,556	4,307	65	15,227	119	21,926
Beginning of year	721	1,656	4,982	93	12,639	195	20,286

19 INTANGIBLE ASSETS (CONTINUED)

In HK\$ million	2025						Total
	Trademarks	Capitalised programme costs	Carrier licences	Customer base	Software*	Others	
Cost							
Beginning of year	2,920	7,116	7,001	352	20,895	252	38,536
Additions	–	1,671	791	–	3,707	–	6,169
Additions through business combination	33	–	–	8	–	–	41
Write-off	–	(855)	(589)	–	(77)	(129)	(1,650)
Exchange differences	(2)	–	–	–	–	–	(2)
End of year	2,951	7,932	7,203	360	24,525	123	43,094
Accumulated amortisation and impairment							
Beginning of year	2,268	5,560	2,694	287	5,668	133	16,610
Charge for the year	71	1,724	612	29	1,155	17	3,608
Write-off	–	(855)	(589)	–	(77)	(66)	(1,587)
End of year	2,339	6,429	2,717	316	6,746	84	18,631
Net book value							
End of year	612	1,503	4,486	44	17,779	39	24,463
Beginning of year	652	1,556	4,307	65	15,227	119	21,926

* Included software under development. The additions in 2025 are primarily internally generated (2024: same).

The amortisation charge for the year is included in general and administrative expenses in the consolidated income statement.

As at 31 December 2024 and 2025, no impairment loss was recognised for the intangible assets. Impairment assessments for intangible assets are performed as part of the impairment assessments for the corresponding CGUs. For details of the accounting policies and the impairment assessments, please refer to notes 2(n)(ii) and 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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20 INTERESTS IN SUBSIDIARIES

a. Particulars of the principal subsidiaries of the Company as at 31 December 2025 are as follows:

Company name	Place of incorporation/ operations	Principal activities	Amount of issued capital/ registered capital	Interest held by		
				the Company Directly	Indirectly	non-controlling interests
HKT Limited	Cayman Islands/ Hong Kong	Investment holding	HK\$3,791,199.20 ordinary shares and HK\$3,791,199.20 preference shares	–	52.2%	47.8%
HKT Group Holdings Limited ³ ("HKTGH")	Cayman Islands	Investment holding	US\$636,000,032	–	52.2%	47.8%
Hong Kong Telecommunications (HKT) Limited ³ ("HKTL")	Hong Kong	Provision of telecommunications services	HK\$9,945,156,001	–	52.2%	47.8%
HKT Services Limited ³	Hong Kong	Provision of management services to group companies	HK\$1	–	52.2%	47.8%
Esencia Investments Limited	British Virgin Islands	Investment holding	US\$2	–	100%	–
Great Epoch Holdings Limited	British Virgin Islands	Investment holding	US\$8	–	100%	–
CSL Mobile Limited ³	Hong Kong	Provision of mobile services to its customers and the sale of mobile handsets and accessories	HK\$7,900,280,100 ordinary shares and HK\$1,254,000,000 non-voting deferred shares	–	52.2%	47.8%
Now TV Limited ³	Hong Kong	Provision of pay television programme services, interactive multimedia services, the sale of advertising in various telephone directories, the publishing of those directories in Hong Kong and the sale of advertising on the Internet	HK\$8,041,216,269 ordinary shares, HK\$1 "A" Class share and HK\$4 "B" Class shares	–	52.2%	47.8%
PCCW Content Limited ³	Hong Kong	Distribution of media content	HK\$1	–	52.2%	47.8%
PCCW OTT (Hong Kong) Limited	Hong Kong	Provision of interactive multimedia services	HK\$1	–	62.7%	37.3%

20 INTERESTS IN SUBSIDIARIES (CONTINUED)

a. Particulars of the principal subsidiaries of the Company as at 31 December 2025 are as follows: (continued)

Company name	Place of incorporation/ operations	Principal activities	Amount of issued capital/ registered capital	Interest held by		
				the Company Directly	Indirectly	non-controlling interests
PCCW OTT (Singapore) Pte. Ltd.	Singapore	(a) Provide mobile video on demand and advertising services through OTT platform; and (b) Bringing in international artistes for organising events in Singapore and other countries	S\$95,215,269.67	–	62.7%	37.3%
PCCW OTT (Thailand) Company Limited	Thailand	(a) Providing content related services in Thailand through digital platforms including online streaming and downloading for TV shows, movies, music and other types of contents to users; and (b) Providing lease of space in Thailand on digital platforms including websites, mobile applications and other Internet-based platforms to customers	THB828,055,235	–	62.7%	37.3%
Moov (Hong Kong) Limited	Hong Kong	Provision of multi-platform digital music service	HK\$1	–	62.7%	37.3%
HK Television Entertainment Company Limited ⁴ (“HKTVE”)	Hong Kong	Provision of broadcasting and related services	HK\$50 “A” Class shares (non-voting), HK\$100 “B” Class shares (voting) and HK\$50 “C” Class shares (non-voting)	–	100%	–
MakerVille Company Limited	Hong Kong	Content production, talent management and entertainment business	HK\$1	–	100%	–
PC Music Holdings Limited	British Virgin Islands	Investment holding	US\$11	–	100%	–
Vuclip, Inc.	California, U.S.	Management and engineering support services	US\$1	–	62.7%	37.3%
HKT Teleservices International Limited ³	Hong Kong	Provision of customer relationship management and customer contact management solutions and services	HK\$350,000,002	–	52.2%	47.8%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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20 INTERESTS IN SUBSIDIARIES (CONTINUED)

a. Particulars of the principal subsidiaries of the Company as at 31 December 2025 are as follows: (continued)

Company name	Place of incorporation/ operations	Principal activities	Amount of issued capital/ registered capital	Interest held by		
				the Company Directly	Indirectly	non-controlling interests
北京訊通通信服務有限公司 ^{2,3} (Beijing Xun Tong HKT Communications Services (China) Limited*)	The People's Republic of China (the "PRC")	Provision of telecommunications services, internet information services and computer system services	RMB10,000,000	–	26.1%	73.9%
廣州電盈綜合客戶服務技術發展有限公司 ^{1,3} (PCCW Customer Management Technology and Services (Guangzhou) Limited*)	The PRC	Customer service and consultancy	HK\$93,240,000	–	52.2%	47.8%
PCCW (Macau), Limitada ^{2,3}	Macau	Selling customer premises equipment and related solutions, conducting systems integration projects and providing outsourced contact centre services	MOP2,000,000	–	39.2%	60.8%
Gateway Global Communications Limited ³	United Kingdom	Provision of network-based telecommunications services to external customers and related companies	GBP2	–	52.2%	47.8%
PCCW Global Limited ³	Hong Kong/Dubai Media City	Provision of network-based telecommunications services	HK\$240,016,690.65	–	52.2%	47.8%
PCCW Global ServCo SG Pte. Ltd. ³	Singapore	Telecommunications resellers/third party telecommunications providers	S\$1	–	52.2%	47.8%
PCCW Global, Inc. ³	Delaware, U.S.	Provision of voice and network-based telecommunications services, and technical consulting and engineering services	US\$18.01	–	52.2%	47.8%
HKT Network (HK) Limited ³	Hong Kong	Transmission and telecommunications business	HK\$1	–	52.2%	47.8%
PCCW Global (UK) Limited ³	United Kingdom	Provision of transmission and telecommunications services	GBP152,100	–	52.2%	47.8%
PCCW Global (Japan) K.K. ³	Japan	Provision of telecommunications services	JPY10,000,000	–	52.2%	47.8%
HKT Global (HK) Limited ³	Hong Kong	Transmission and telecommunications business	HK\$1	–	52.2%	47.8%

20 INTERESTS IN SUBSIDIARIES (CONTINUED)

a. Particulars of the principal subsidiaries of the Company as at 31 December 2025 are as follows: (continued)

Company name	Place of incorporation/ operations	Principal activities	Amount of issued capital/ registered capital	Interest held by		
				the Company	Indirectly	non-controlling interests
				Directly		
PCCW Global TechCo UK Pte. Ltd. ³	United Kingdom	Provision of transmission and telecommunications and related services	GBP1	–	52.2%	47.8%
Console Connect TechCo SG Pte. Ltd. ³	Singapore	Support service on transmission and telecommunications business	S\$1	–	52.2%	47.8%
Console Connect (HK) Limited ³	Hong Kong	Telecommunications and technology business	HK\$1	–	52.2%	47.8%
HKT Global (Singapore) Pte. Ltd. ³	Singapore/ Malaysia	Provision of telecommunications solutions related services	S\$260,960,522.64	–	52.2%	47.8%
Sun Mobile Limited ^{2,3}	Hong Kong	Provision of mobile telecommunications services to customers in Hong Kong	HK\$41,600,002	–	31.3%	68.7%
MD Mobile Services Limited ³	Hong Kong	Provision of mobile services	HK\$1	–	52.2%	47.8%
Club HKT Limited ³	Hong Kong	Operating customer loyalty programme and online merchandise sales in Hong Kong	HK\$1	–	52.2%	47.8%
Fiber Link Global Limited ^{2,3}	Hong Kong	Provision of passive network connectivity services	HK\$3,183,805,983	–	31.3%	68.7%
PCCW Solutions Limited	Hong Kong	Provision of computer services and IP/IT related value-added services to business customers	HK\$5,746,470,779.77	–	80%	20%

* Unofficial company name

Certain subsidiaries which do not materially affect the results or financial position of the Group are not included in the above.

Notes:

- 1 Represents a wholly-foreign owned enterprise.
- 2 These companies are consolidated by the Group as the Group owns more than one half of the shareholders' voting rights and/or more than one half of the voting rights in the board of directors of these companies.
- 3 These companies are subsidiaries of HKT Trust and HKT, the Share Stapled Units of which are listed on the main board of the Stock Exchange, which prepares its consolidated financial statements for HKT Trust, HKT and its subsidiaries (collectively the "HKT Group") in accordance with HKFRS Accounting Standards.
- 4 Pursuant to the Hong Kong Companies Ordinance (Cap. 622), HKTVE is treated by PCCW as a subsidiary as defined therein.

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20 INTERESTS IN SUBSIDIARIES (CONTINUED)

b. Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised consolidated financial information of the (i) HKT Group, and (ii) PCCW Network Services Limited (“PNSL”) and its subsidiaries (the “PNSL Group”), which are subsidiaries that have non-controlling interests that are material to the Group.

Summarised statements of financial position are as follows:

In HK\$ million	HKT Group		PNSL Group	
	2024	2025	2024	2025
Non-current assets	105,928	109,033	2,964	3,757
Current assets	10,885	12,119	716	287
Total assets	116,813	121,152	3,680	4,044
Current liabilities	(25,821)	(28,454)	(420)	(701)
Non-current liabilities	(51,347)	(54,304)	–	–
Net assets	39,645	38,394	3,260	3,343
Non-controlling interests	(1,363)	(1,573)	–	–
Net assets after non-controlling interests	38,282	36,821	3,260	3,343

Summarised financial information is as follows:

In HK\$ million	HKT Group		PNSL Group	
	2024	2025	2024	2025
Revenue	34,753	36,553	803	1,821
Profit/(Loss) before income tax	6,015	6,654	(6)	(13)
Income tax	(914)	(904)	85	105
Profit for the year	5,101	5,750	79	92
Other comprehensive income/(loss)	471	(754)	(10)	(7)
Total comprehensive income	5,572	4,996	69	85
Non-controlling interests	(31)	(464)	–	–
Total comprehensive income after non-controlling interests	5,541	4,532	69	85
Dividends paid to non-controlling interests	2,796	3,136	–	–

20 INTERESTS IN SUBSIDIARIES (CONTINUED)

b. Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised cash flows are as follows:

In HK\$ million	HKT Group		PNSL Group	
	2024	2025	2024	2025
Cash flows from operating activities				
Cash generated from operations	12,120	11,821	669	672
Interest received	48	37	–	–
Income tax paid, net of tax refund	(257)	(230)	–	–
Net cash generated from operating activities	11,911	11,628	669	672
Net cash used in investing activities	(5,794)	(5,814)	(653)	(677)
Net cash used in financing activities	(5,890)	(5,707)	–	–
Net increase/(decrease) in cash and cash equivalents	227	107	16	(5)
Exchange differences	(7)	–	(10)	(7)
Cash and cash equivalents as at 1 January	1,630	1,850	9	15
Cash and cash equivalents as at 31 December	1,850	1,957	15	3

The information above represents amounts before inter-company eliminations and group consolidation adjustments.

The total comprehensive income after group consolidation adjustments of the HKT Group for the year ended 31 December 2025 was HK\$4,434 million (2024: HK\$5,479 million), of which HK\$2,580 million (2024: HK\$2,629 million) was allocated to the non-controlling interests.

The total comprehensive income after group consolidation adjustments of the PNSL Group for the year ended 31 December 2025 was HK\$85 million (2024: HK\$69 million), of which HK\$17 million (2024: HK\$14 million) was allocated to the non-controlling interests.

The net assets after non-controlling interests and group consolidation adjustments of the HKT Group as at 31 December 2025 was HK\$1,629 million (2024: HK\$3,208 million) and PNSL Group as at 31 December 2025 was HK\$3,343 million (2024: HK\$3,257 million). The non-controlling interests of the Group included HK\$2,351 million (2024: HK\$2,894 million) and HK\$669 million (2024: HK\$652 million) attributable to the HKT Group and PNSL Group respectively.

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21 INTERESTS IN ASSOCIATES

In HK\$ million	2024	2025
Share of net assets of associates	1,984	2,091
Loan due from an associate	7	7
	1,991	2,098
Provision for impairment	(105)	(134)
	1,886	1,964

During the year ended 31 December 2025, the Group made investments in associates of HK\$105 million (2024: nil), mainly in an associate engaged in business in the provision of virtual banking services.

As at 31 December 2024 and 2025, the Group hold its 23% interests in 石化盈科信息技術有限責任公司 (Petro-CyberWorks Information Technology Company Limited*) via a venture capital organisation and classified such interests as financial assets at FVPL (see note 24).

As at 31 December 2025, loan due from an associate of HK\$7 million (2024: HK\$7 million), is secured, bears interest at 8% per annum (2024: same) and is repayable within 1 year (2024: same). The loan is considered as part of the net investment in this associate for which full provision for impairment has been made as at 31 December 2024 and 2025.

During the year ended 31 December 2024, the Group's interest in an associate engaged in business in the provision of virtual banking services decreased from 25% to approximately 22.41% as a result of the dilution impact of issuing new shares of the associate and recognised a gain on deemed disposal of interest in an associate of HK\$86 million in other gains, net in the consolidated income statement.

During the year ended 31 December 2025, the Group's interest in an associate engaged in business in the provision of virtual banking services decreased from approximately 22.41% to approximately 20.53% as a net result of the additional investment in the associate and the dilution impact of issuing new shares of the associate. Accordingly, the Group recognised a gain on deemed disposal of interest in an associate of HK\$104 million in other gains, net in the consolidated income statement.

* Unofficial company name

a. Particulars of the principal associates of the Group as at 31 December 2025 are as follows:

Company name	Principal place of business/ place of incorporation	Principal activities	Amount of issued capital/ registered capital	Interest held by the Company		Measurement method
				Directly	Indirectly	
Pacific Century Premium Developments Limited	Hong Kong/Bermuda	Development and management of premium-grade property and infrastructure projects and premium-grade property investments	HK\$1,019,118,371.60	–	30.1%	Equity
Lenovo PCCW Solutions Limited ("LPSL")	Hong Kong/British Virgin Islands	Investment holding in companies engaged in provision of information technology services, including but not limited to digital and managed services, technology services and business process outsourcing	US\$25	–	*20.0%	Equity

The Group held 16.0% effective interest through its non-wholly owned subsidiary in the equity of LPSL as at 31 December 2025.

21 INTERESTS IN ASSOCIATES (CONTINUED)

a. Particulars of the principal associates of the Group as at 31 December 2025 are as follows: *(continued)*

PCPD's shares are listed on the main board of the Stock Exchange. As at 31 December 2025, the fair value of the Group's interests in PCPD amounted to HK\$115 million (2024: HK\$120 million) based on the closing price of PCPD's shares quoted at the Stock Exchange.

LPSL is a private company and there is no quoted market price available for its shares.

b. Contingent liabilities in respect of associates

As at 31 December 2025, the Group had given a partial guarantee to a bank in respect of a credit facility granted to an associate of the Group amounting to HK\$575 million (2024: HK\$780 million), of which HK\$575 million (2024: HK\$780 million) had been utilised by the associate. The Group's share of guarantee for the utilised amount was approximately HK\$173 million (2024: HK\$235 million) determined based on the percentage of interest held by the Group in the associate.

As at 31 December 2025, the Group's effective share of the contingent liabilities of associates relating to performance guarantees was HK\$24 million (2024: HK\$23 million).

c. Summarised unaudited financial information of the Group's associates

As at 31 December 2025, non-current assets, current assets, current liabilities and non-current liabilities of one material associate to the Group amounted to HK\$1,750 million (2024: HK\$1,965 million), HK\$2,376 million (2024: HK\$2,498 million), HK\$2,055 million (2024: HK\$2,397 million) and HK\$201 million (2024: HK\$286 million) respectively.

For the year ended 31 December 2025, the revenue, income after income tax, other comprehensive loss and total comprehensive income of one material associate to the Group were HK\$3,487 million (2024: HK\$3,812 million), HK\$72 million (2024: loss after income tax of HK\$33 million), HK\$16 million (2024: HK\$55 million) and HK\$56 million (2024: total comprehensive loss of HK\$88 million) respectively.

For the year ended 31 December 2025, the aggregate net amounts of the Group's share of loss after income tax, other comprehensive income and total comprehensive loss of the individually immaterial associates that are accounted for using the equity method were HK\$149 million (2024: HK\$336 million), HK\$27 million (2024: other comprehensive loss of HK\$124 million) and HK\$122 million (2024: HK\$460 million), respectively.

d. Reconciliation of summarised unaudited financial information of the Group's associates

As at 31 December 2025, the carrying amount of one material associate to the Group represented 20% equity interest in the net assets and fair value adjustment and goodwill, totalling HK\$1,151 million (2024: HK\$1,140 million).

As at 31 December 2025, the aggregate carrying amount of interests in individually immaterial associates that are accounted for using the equity method was HK\$813 million (2024: HK\$746 million).

During the year ended 31 December 2025, the Group did not have any unrecognised share of losses of associates (2024: nil). As at 31 December 2025, there was no accumulated share of losses of the associates unrecognised by the Group (2024: nil).

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22 INTERESTS IN JOINT VENTURES

In HK\$ million	2024	2025
Share of net assets of joint ventures	2,925	2,931
Loans due from joint ventures	476	157
	3,401	3,088
Provision for impairment	(2,766)	(2,766)
	635	322

During the year ended 31 December 2025, the Group made an investment in a joint venture engaged in business in the provision of the electronic vehicle charging solutions of HK\$16 million. (2024: HK\$26 million)

As at 31 December 2025, the loan due from a joint venture of HK\$157 million (2024: HK\$164 million) bears interest at HIBOR plus 3% per annum (2024: same). The loan is unsecured and has no fixed repayment terms. The amount is considered as part of the interests in joint ventures.

a. As at 31 December 2024 and 2025, the Group considered that there were no principal joint ventures.

b. Commitments and contingent liabilities in respect of joint ventures

As at 31 December 2025, the Group's commitments in respect of joint ventures are as follows:

In HK\$ million	2024	2025
The Group's commitments to provide funding	–	30
The Group's share of its joint ventures' capital commitments authorised and contracted for acquisition of property, plant and equipment, based on the Group's effective interest	13	34
The Group's share of its joint ventures' other commitments, based on the Group's effective interest	4	16

There were no contingent liabilities relating to the Group's interests in the joint ventures. As at 31 December 2025, the Group had no effective share of contingent liabilities of the joint ventures (2024: nil).

c. Summarised unaudited financial information of the Group's joint ventures

For the year ended 31 December 2025, the aggregate net amounts of the Group's share of loss after income tax, other comprehensive income and total comprehensive loss of the individually immaterial joint ventures that are accounted for using the equity method were HK\$11 million (2024: HK\$12 million), HK\$2 million (2024: nil) and HK\$9 million (2024: HK\$12 million), respectively.

d. Reconciliation of summarised unaudited financial information of the Group's joint ventures

As at 31 December 2025, the aggregate carrying amount of interests in individually immaterial joint ventures that are accounted for using the equity method was HK\$322 million (2024: HK\$635 million).

During the year ended 31 December 2025, the Group did not have any unrecognised share of losses of joint ventures (2024: nil). As at 31 December 2025, the Group had no unrecognised accumulated share of losses of the joint ventures (2024: nil).

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

In HK\$ million	2024	2025
Beginning of year	219	881
Additions	280	–
Disposal	–	(52)
Fair value gains/(losses) recognised in financial assets at FVOCI reserve	382	(660)
End of year	881	169
Non-current assets		
Listed securities	823	111
Unlisted securities	58	58
	881	169

As at 31 December 2025, financial assets at FVOCI comprised equity investments which are held for strategic purposes (2024: same).

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In HK\$ million	2024	2025
Beginning of year	3,050	3,311
Additions	27	138
Disposals	(30)	(34)
Fair value gains recognised in other gains, net	264	102
End of year	3,311	3,517
Non-current assets		
Listed securities	220	159
Unlisted securities	3,091	3,358
	3,311	3,517

Financial assets at FVPL mainly comprise:

- debt instruments that do not qualify for measurement either at amortised cost or at FVOCI;
- equity investments for which the Group has not elected to recognise fair value gains and losses through other comprehensive income; and
- investment in an associate which the Group was exempted from applying the equity method to this investment and it was measured as financial assets at fair value through profit or loss (see note 21).

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25 OTHER FINANCIAL ASSETS

In HK\$ million	2024	2025
Beginning of year	1,369	805
Additions	2	1
Disposals	(560)	–
Exchange differences	(6)	2
End of year	805	808
Non-current assets		
Listed securities	805	–
Current assets		
Listed securities	–	808

Other financial assets mainly comprise debt instruments, are carried at amortised cost.

26 OTHER NON-CURRENT ASSETS

In HK\$ million	2024	2025
Prepayments	879	786
Deposits	98	113
Others	18	11
	995	910

27 CURRENT ASSETS AND LIABILITIES

a. Restricted cash

As at 31 December 2025, restricted cash included a cash balance of HK\$187 million (2024: HK\$205 million) which has been mainly received from and restricted for the use of certain customers.

b. Prepayments, deposits and other current assets

In HK\$ million	2024	2025
Prepayments	1,403	1,614
Deposits	434	428
Other current assets	2,866	3,242
	4,703	5,284

27 CURRENT ASSETS AND LIABILITIES (CONTINUED)

c. Inventories

In HK\$ million	2024	2025
Purchased parts and materials	1,675	1,204
Finished goods	400	480
Consumable inventories	47	21
	2,122	1,705

d. Trade receivables, net

In HK\$ million	2024	2025
Trade receivables (<i>note i</i>)	4,039	4,864
Less: loss allowance (<i>note ii</i>)	(362)	(362)
Trade receivables, net	3,677	4,502

The balance represents amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days from the date of invoice and therefore are all classified as current. Details about the Group's impairment policies are provided in note 2(n)(i).

As at 31 December 2025, included in trade receivables, net were amounts due from related parties of HK\$129 million (2024: HK\$152 million).

i. The ageing of trade receivables based on the date of invoice is set out below:

In HK\$ million	2024	2025
1 – 30 days	2,315	2,829
31 – 60 days	482	610
61 – 90 days	196	427
91 – 120 days	192	168
Over 120 days	854	830
	4,039	4,864

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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27 CURRENT ASSETS AND LIABILITIES (CONTINUED)

d. Trade receivables, net (continued)

ii. Impairment for trade receivables

The Group applies the HKFRS 9 (2014) simplified approach to measure loss allowance for expected credit losses which uses a lifetime expected loss allowance for trade receivables.

To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are estimated based on the corresponding historical credit losses experienced, adjusted with the expected change between current and forward-looking information on macroeconomic factors, if material. On that basis, the loss allowance as at 31 December 2025 was determined as follows:

Expected credit loss rate	2024	2025
Current	2%	2%
1 – 120 days past due	5%	3%
Over 120 days past due	43%	45%

The movements in the loss allowance during the year were as follows:

In HK\$ million	2024	2025
Beginning of year	332	362
Net impairment loss recognised	274	232
Uncollectible amounts written off	(244)	(232)
End of year	362	362

e. Short-term borrowings

In HK\$ million	2024	2025
US\$500 million 3.625% guaranteed notes due 2025 (note i)	3,881	–
US\$750 million 3.00% guaranteed notes due 2026 (note ii)	–	5,829
Bank borrowings (note iii)	53	55
	3,934	5,884
Secured	–	–
Unsecured	3,934	5,884

27 CURRENT ASSETS AND LIABILITIES (CONTINUED)

e. Short-term borrowings (continued)

i. US\$500 million 3.625% guaranteed notes due 2025

On 2 April 2015, HKT Capital No. 2 Limited, an indirect non-wholly owned subsidiary of the Company, issued US\$500 million 3.625% guaranteed notes due 2025, which were listed on the Singapore Exchange Securities Trading Limited. The notes were irrevocably and unconditionally guaranteed by HKTGH and HKTL and ranked pari passu with all other outstanding unsecured and unsubordinated obligations of HKTGH and HKTL. The notes were fully redeemed in April 2025 and were delisted from the Singapore Exchange Securities Trading Limited.

ii. US\$750 million 3.00% guaranteed notes due 2026

On 14 July 2016, HKT Capital No. 4 Limited, an indirect non-wholly owned subsidiary of the Company, issued US\$750 million 3.00% guaranteed notes due 2026, which are listed on the Singapore Exchange Securities Trading Limited. The notes are irrevocably and unconditionally guaranteed by HKTGH and HKTL and rank pari passu with all other outstanding unsecured and unsubordinated obligations of HKTGH and HKTL.

iii. Refer to note 42 for details of the Group's banking facilities.

f. Trade payables

The ageing of trade payables based on the date of invoice is set out below:

In HK\$ million	2024	2025
1 – 30 days	2,985	4,031
31 – 60 days	1,751	2,861
61 – 90 days	915	1,166
91 – 120 days	1,011	1,074
Over 120 days	908	1,108
	7,570	10,240

As at 31 December 2025, included in trade payables were amounts due to related parties of HK\$265 million (2024: HK\$264 million).

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28 LONG-TERM BORROWINGS

In HK\$ million	2024	2025
Repayable within a period		
– over one year, but not exceeding two years	12,401	16,008
– over two years, but not exceeding five years	27,494	32,022
– over five years	8,090	5,008
	47,985	53,038
Representing:		
US\$300 million zero coupon guaranteed notes due 2030 (note a)	2,322	2,326
EUR200 million 1.65% guaranteed notes due 2027 (note b)	1,612	1,828
US\$100 million zero coupon guaranteed notes due 2030 (note c)	774	776
US\$750 million 3.00% guaranteed notes due 2026 (note d)	5,817	–
US\$500 million 3.25% guaranteed notes due 2029 (note e)	3,822	3,839
US\$650 million 3.00% guaranteed notes due 2032 (note f)	4,994	5,008
Bank borrowings (note g)	28,644	39,261
	47,985	53,038
Secured	–	–
Unsecured	47,985	53,038

28 LONG-TERM BORROWINGS (CONTINUED)

a. US\$300 million zero coupon guaranteed notes due 2030

On 15 January 2015, HKT Capital No. 1 Limited, an indirect non-wholly owned subsidiary of the Company, issued US\$300 million zero coupon guaranteed notes due 2030, which are listed on the Taipei Exchange. The notes are irrevocably and unconditionally guaranteed by HKTGH and HKTL and rank pari passu with all other outstanding unsecured and unsubordinated obligations of HKTGH and HKTL.

b. EUR200 million 1.65% guaranteed notes due 2027

On 10 April 2015, HKT Capital No. 3 Limited, an indirect non-wholly owned subsidiary of the Company, issued EUR200 million 1.65% guaranteed notes due 2027, which are listed on the Singapore Exchange Securities Trading Limited. The notes are irrevocably and unconditionally guaranteed by HKTGH and HKTL and rank pari passu with all other outstanding unsecured and unsubordinated obligations of HKTGH and HKTL.

c. US\$100 million zero coupon guaranteed notes due 2030

On 20 May 2015, PCCW Capital No. 5 Limited, a direct wholly-owned subsidiary of the Company, issued US\$100 million zero coupon guaranteed notes due 2030, which are listed on the Taipei Exchange. The notes are irrevocably and unconditionally guaranteed by the Company and rank pari passu with all other outstanding unsecured and unsubordinated obligations of the Company.

d. US\$750 million 3.00% guaranteed notes due 2026

The notes were classified as short-term borrowings during the year ended 31 December 2025. Please refer to note 27(e)(ii) for more details.

e. US\$500 million 3.25% guaranteed notes due 2029

On 30 September 2019, HKT Capital No. 5 Limited, an indirect non-wholly owned subsidiary of the Company, issued US\$500 million 3.25% guaranteed notes due 2029, which are listed on the Singapore Exchange Securities Trading Limited. The notes are irrevocably and unconditionally guaranteed by HKTGH and HKTL and rank pari passu with all other outstanding unsecured and unsubordinated obligations of HKTGH and HKTL.

f. US\$650 million 3.00% guaranteed notes due 2032

On 18 January 2022, HKT Capital No. 6 Limited, an indirect non-wholly owned subsidiary of the Company, issued US\$650 million 3.00% guaranteed notes due 2032, which are listed on the Singapore Exchange Securities Trading Limited. The notes are irrevocably and unconditionally guaranteed by HKTGH and HKTL and rank pari passu with all other outstanding unsecured and unsubordinated obligations of HKTGH and HKTL.

g. Refer to note 42 for details of the Group's banking facilities.

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29 DERIVATIVE FINANCIAL INSTRUMENTS

In HK\$ million	2024	2025
Non-current assets		
Cross currency swap contracts – cash flow hedges for foreign currency risk (<i>note a</i>)	11	121
Interest rate swap contracts – cash flow hedges for interest rate risk (<i>note b</i>)	82	–
	93	121
Current assets		
Cross currency swap contracts and foreign exchange forward contracts – cash flow hedges for foreign currency risk (<i>note a</i>)	–	40
Foreign exchange forward contracts	–	4
	–	44
Current liabilities		
Cross currency swap contracts and foreign exchange forward contracts – cash flow hedges for foreign currency risk (<i>note a</i>)	(41)	–
Interest rate swap contracts – cash flow hedges for interest rate risk (<i>note b</i>)	–	(26)
Foreign exchange forward contracts	(4)	(16)
	(45)	(42)
Non-current liabilities		
Cross currency swap contracts and foreign exchange forward contracts – cash flow hedges for foreign currency risk (<i>note a</i>)	(720)	(753)
Interest rate swap contracts – cash flow hedges for interest rate risk (<i>note b</i>)	(49)	(73)
Foreign exchange forward contracts	(29)	(9)
	(798)	(835)

Derivatives are mainly used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are accounted for at FVPL.

Hedge effectiveness is determined at the inception of the hedging relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument.

Hedge ineffectiveness for the Group's cross currency swap, foreign exchange forward and interest rate swap contracts may occur due to:

- differences in critical terms between the hedged item and the hedging instrument; and
- changes in credit risk of the derivative counterparty.

29 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

a. Cash flow hedges for foreign currency risk

For certain borrowings denominated in foreign currencies, the Group has entered into cross currency swap contracts and foreign exchange forward contracts to hedge the foreign currency risk. For certain purchases denominated in foreign currencies, the Group has entered into foreign exchange forward contracts to hedge the foreign currency risk. The Group performed qualitative assessment of hedge effectiveness. As the cross currency swap contracts and the foreign exchange forward contracts have similar critical terms as the hedged items, such as notional amounts, maturity dates and payment dates, the economic relationship exists between the hedged items and the hedging instruments.

The effects of the foreign currency related hedging instruments outstanding at the end of the reporting period on the Group's financial position and performance are as follows:

	2024	2025
Net carrying amount (liabilities)	(HK\$750 million)	(HK\$592 million)
Notional amount	EUR200 million and US\$2,870 million	EUR200 million and US\$2,725 million
Maturity date	January 2025 to January 2032	January 2026 to January 2032
Hedge ratio	1:1*	1:1*
Change# in fair value of the hedging instruments during the year	(HK\$245 million)	HK\$143 million
Change# in value of the hedged items during the year	HK\$138 million	(HK\$103 million)
Weighted average hedged exchange rate for the year	EUR1:HK\$8.32 US\$1:HK\$7.80	EUR1:HK\$8.32 US\$1:HK\$7.76

* The hedge ratio is 1:1 as the notional amount and timing of the hedging instruments match with that of the hedged items.

Positive change refers to increase in net assets, whereas negative change refers to decrease in net assets.

b. Cash flow hedges for interest rate risk

For certain borrowings subject to cash flow interest rate risk, the Group has entered into floating-to-fixed interest rate swap contracts. The Group performed qualitative assessment of hedge effectiveness. As the interest rate swap contracts have similar critical terms as the hedged items, such as notional amounts, maturity dates and payment dates, the economic relationship exists between the hedged items and the hedging instruments.

The effects of the interest rate related hedging instruments outstanding at the end of the reporting period on the Group's financial position and performance are as follows:

	2024	2025
Net carrying amount (assets/(liabilities))	HK\$33 million	(HK\$99 million)
Notional amount	HK\$7,700 million	HK\$11,600 million
Maturity date	February 2026 to March 2027	February 2026 to June 2027
Hedge ratio	1:1*	1:1*
Change# in fair value of the hedging instruments during the year	HK\$15 million	(HK\$117 million)
Change# in value of the hedged items during the year	HK\$9 million	HK\$73 million
Weighted average receive leg/pay leg interest ratio	1.28	0.88

* The hedge ratio is 1:1 as the notional amount and timing of the hedging instruments match with that of the hedged items.

Positive change refers to increase in net assets, whereas negative change refers to decrease in net assets.

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29 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

c. Hedging reserve and costs of hedging reserve

The Group's hedging reserve and costs of hedging reserve relate to the following hedging instruments:

In HK\$ million	Cash flow hedges for foreign currency risk	Cash flow hedges for interest rate risk	Total
Hedging reserve			
As at 1 January 2024	(43)	21	(22)
Cash flow hedges:			
– effective portion of changes in fair value	(73)	(20)	(93)
– transfer from equity to consolidated income statement	103	–	103
As at 31 December 2024 and 1 January 2025	(13)	1	(12)
Cash flow hedges:			
– effective portion of changes in fair value	49	(48)	1
– transfer from equity to consolidated income statement	(124)	–	(124)
As at 31 December 2025	(88)	(47)	(135)

In HK\$ million	Cash flow hedges for foreign currency risk
Costs of hedging reserve	
As at 1 January 2024	(75)
Cash flow hedges:	
– transfer from equity to consolidated income statement	6
Costs of hedging	63
As at 31 December 2024 and 1 January 2025	(6)
Cash flow hedges:	
– transfer from equity to consolidated income statement	1
Costs of hedging	2
As at 31 December 2025	(3)

30 SHARE CAPITAL

	Year ended 31 December			
	2024		2025	
	Number of PCCW Shares	Share capital HK\$ million	Number of PCCW Shares	Share capital HK\$ million
Ordinary shares of no par value, issued and fully paid:				
As at 1 January	7,739,638,249	12,954	7,741,063,374	12,954
PCCW Shares issued (<i>note a</i>)	1,425,125	–	6,699,144	–
As at 31 December	7,741,063,374	12,954	7,747,762,518	12,954

a. During the year ended 31 December 2025, the Company issued and allotted 6,699,144 (2024: 1,425,125) new fully paid PCCW Shares for an aggregate consideration of HK\$66,991.44 (2024: HK\$14,251.25) (HK\$0.01 per PCCW Share) under share award schemes.

31 PERPETUAL CAPITAL SECURITIES

On 12 January 2021, CAS Capital No. 1 Limited, an indirect wholly-owned subsidiary of the Company, issued US\$750 million perpetual subordinated guaranteed securities. The securities are non-callable in the first 5.5 years and entitle its holders distributions at a distribution rate of 4.00% per annum with reset every 5 years from year 5.5 and fixed step-up margins at year 10.5 and year 25.5. CAS Capital No. 1 Limited has the right to redeem the securities from holders and defer the payment of distributions under certain circumstances in accordance with the terms and conditions of the securities. The securities are listed on the Singapore Exchange Securities Trading Limited and are irrevocably and unconditionally guaranteed by CAS Holding No. 1 Limited (“CAS Holding”), a direct wholly-owned subsidiary of the Company (see note 45).

During the year ended 31 December 2025, US\$37 million (approximately HK\$287 million) of the securities was redeemed and a gain of HK\$11 million was recognised in other gains, net in the consolidated income statement.

The perpetual capital securities are classified as equity.

32 EMPLOYEE RETIREMENT BENEFITS

a. Defined benefit retirement schemes

The Group operates defined benefit retirement schemes (“DB Schemes”) that provide monthly pension payments for employees retired on or before 1 July 2003. The DB Schemes are final salary defined benefit schemes. The scheme assets are administered by an independent trustee and maintained independently of the Group’s finances.

The DB Schemes are funded by contributions from the Group and employees in accordance with qualified independent actuaries’ recommendations from time to time on the basis of periodic valuations.

According to the funding valuation as at 31 December 2023, the expected employer contributions for the year ending 31 December 2026 are HK\$20 million.

The independent actuarial valuation of the DB Schemes as at 31 December 2025, prepared in accordance with HKAS 19 (2011), was carried out by Ms Wing Lui of Willis Towers Watson, a fellow of the Society of Actuaries of the United States of America, using the projected unit credit method. The actuary was of the opinion that the fair value of the scheme assets was sufficient to cover 90% (2024: 76%) of the present value of the defined benefit retirement schemes obligations as at 31 December 2025.

As at 31 December 2025, the weighted average duration of the defined benefit retirement schemes obligations was 9.7 years (2024: 9.7 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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(Amount expressed in Hong Kong dollars unless otherwise stated)

32 EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

a. Defined benefit retirement schemes (continued)

i. The amount recognised in the consolidated statement of financial position is as follows:

In HK\$ million	2024	2025
Present value of the defined benefit retirement schemes obligations (note iii)	243	250
Fair value of scheme assets (note iv)	(185)	(226)
Defined benefit retirement schemes liability	58	24

In HK\$ million	2024	2025
Beginning of year	95	58
Net costs recognised in consolidated income statement	3	2
Remeasurements recognised in consolidated statement of comprehensive income	(21)	(15)
Contributions from employers	(19)	(21)
End of year	58	24

ii. Major categories of scheme assets as a percentage of total scheme assets are as follows:

	2024	2025
Equities	73%	74%
Fixed income securities	24%	21%
Cash and alternatives	3%	5%
Total	100%	100%

The Group ensures that the investment positions are managed within an asset-liability matching framework with the objective to match assets to the defined benefit retirement schemes obligations (i.e. to match the benefit payments as they fall due and in the appropriate currency). The Group has not changed the process used to manage its risk from previous periods.

32 EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

a. Defined benefit retirement schemes (continued)

ii. Major categories of scheme assets as a percentage of total scheme assets are as follows: (continued)

Through the DB Schemes, the Group is exposed to a number of risks, the most significant of which are detailed below:

- Investment risk: strong investment returns tend to increase the fair value of scheme assets and therefore improve the scheme's financial position as measured by the net defined benefit retirement schemes liability/asset, whilst poor or negative investment returns tend to weaken the financial position.

The scheme assets are invested in a globally diversified portfolio of equities, fixed income securities, cash and alternatives, covering major geographical locations around the world. The diversification of asset classes and geographical locations helps to reduce the concentration of risk associated with the scheme investments.

- Interest rate risk: the defined benefit retirement schemes obligations are calculated using a discount rate based on market bond yields. A decrease in the bond yields will increase the defined benefit retirement schemes obligations and vice versa.
- Inflation risk: pension in payment or in deferment may be increased once a year to reflect all or part of the cost-of-living increases in Hong Kong. The higher-than-expected increases in pensions will increase the defined benefit retirement schemes obligations and vice versa.
- Longevity risk: the defined benefit retirement schemes obligations are calculated by reference to the best estimate of the mortality of members after their employment. A decrease in mortality (i.e. improvement in life expectancy) will increase the defined benefit retirement schemes obligations and vice versa.

iii. Movements in the present value of the defined benefit retirement schemes obligations are as follows:

In HK\$ million	2024	2025
Beginning of year	263	243
Interest cost	9	9
Remeasurements		
Experience losses	1	3
(Gain)/Loss from change in financial and/or demographic assumptions	(13)	12
Benefits paid	(17)	(17)
End of year	243	250

iv. Movements in the fair value of scheme assets are as follows:

In HK\$ million	2024	2025
Beginning of year	168	185
Contribution from employers	19	21
Interest income on scheme assets	6	7
Return on scheme assets greater than discount rate	9	30
Benefits paid	(17)	(17)
End of year	185	226

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(Amount expressed in Hong Kong dollars unless otherwise stated)

32 EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

a. Defined benefit retirement schemes (continued)

v. Pension cost for defined benefit retirement schemes recognised in the consolidated income statement is as follows:

In HK\$ million	2024	2025
Net interest cost on net defined benefit retirement schemes liability	3	2
Total included in general and administrative expenses – staff costs	3	2

vi. The significant actuarial assumptions used (expressed as weighted averages) are as follows:

	2024	2025
Discount rate	3.80%	3.20%
Pension increase rate	3.00%	3.00%

Based on the Hong Kong Life Tables released by the government of Hong Kong and upon observing the past experience of the DB Schemes, the Group adopted the Hong Kong Life Tables 2023 for the year ended 31 December 2024 and the Hong Kong Life Tables 2024 for the year ended 31 December 2025.

The sensitivity of the defined benefit retirement schemes obligations to changes in the weighted principal assumptions are:

	Impact on defined benefit retirement schemes obligations				
	Change in assumption	2024		2025	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	(2.40%)	2.51%	(2.41%)	2.52%
Pension increase rate	0.25%	2.41%	n/a*	2.41%	n/a*
Mortality	1 year	(4.49%)**	4.59%**	(4.98%)	5.04%

* Certain pension payments of the DB Schemes are subject to a minimum pension increase rate of 3.00% per annum taking into account inflation and other market factors.

** Increase in assumption means the Hong Kong Life Tables with a 1-year age set forward, whereas decrease in assumption means the Hong Kong Life Tables with a 1-year age set backward. The Hong Kong Life Tables 2023 are used for 2024 obligation and the Hong Kong Life Tables 2024 are used for 2025 obligation.

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit retirement schemes obligations to significant actuarial assumptions, the same method (the projected unit credit method used to calculate the present value of defined benefit retirement schemes obligations at the end of the reporting period) has been applied as when calculating the pension liability recognised in the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

32 EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

a. Defined benefit retirement schemes (continued)

vii. Expected maturity analysis of undiscounted payments of defined benefit retirement schemes are as follows:

In HK\$ million	As at 31 December 2024				Total
	Within 1 year	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	
Undiscounted payments of defined benefit retirement schemes	17	17	50	289	373

In HK\$ million	As at 31 December 2025				Total
	Within 1 year	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	
Undiscounted payments of defined benefit retirement schemes	17	17	51	271	356

b. Defined contribution retirement schemes

The Group also operates defined contribution retirement schemes, including the Mandatory Provident Fund Scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The schemes are administered by independent trustees.

Under the defined contribution retirement scheme, the employer is required to make contributions to the scheme at rates specified under the rules of the scheme. Where employees leave the scheme prior to the full vesting of the employer’s contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, subject to a current cap of monthly relevant income of HK\$30,000. Contributions to the scheme vest immediately upon the completion of the services in the relevant service period.

Forfeited contributions totalling HK\$11 million (2024: HK\$13 million) were utilised during the year ended 31 December 2025 to reduce contributions and no forfeited contribution (2024: nil) was available as at 31 December 2025.

c. Other post-employment benefits

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. As at 31 December 2025, included in other payables were LSP obligations of HK\$34 million (2024: HK\$27 million).

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33 SHARE-BASED PAYMENT TRANSACTIONS

The Group currently has the following share/share stapled unit option schemes and share/share stapled unit award schemes:

Share/Share stapled unit option schemes

- Share option scheme of the Company adopted on 30 May 2024 (the “2024 Option Scheme”).
- Share Stapled Unit option scheme of HKT Trust and HKT adopted on 30 May 2024 (the “HKT 2024-2034 Option Scheme”).

Share/Share stapled unit award schemes

- 2012 Share Award Schemes namely the PCCW Purchase Scheme and the PCCW Subscription Scheme; and the PCCW Limited 2024 Share Award Scheme (collectively the “PCCW Share Award Schemes”).
- Share Stapled Unit award schemes adopted by HKT on 11 October 2011, the extension of the duration of which for a further term of 10 years commencing from 11 October 2021 was approved by the board of directors of HKT on 5 August 2021 (collectively the “2011 Share Stapled Unit Award Schemes”), namely the HKT Share Stapled Units Purchase Scheme and the HKT Share Stapled Units Subscription Scheme; and the HKT Trust and HKT Limited 2024 Share Stapled Unit Award Scheme (collectively the “Share Stapled Unit Award Schemes”).
- The 2012 Share Award Schemes and the 2011 Share Stapled Unit Award Schemes will remain valid and effective until all outstanding awards granted thereunder have vested, lapsed, forfeited or been cancelled in accordance with the terms of the corresponding scheme. No further awards have been or will be granted under the 2012 Share Award Schemes and the 2011 Share Stapled Unit Award Schemes after the respective annual general meeting of the Company and HKT Trust and HKT held on 30 May 2024.

The details of these schemes are disclosed under the section “Share Schemes of the Company and its Subsidiaries” in the Report of the Directors of the Company’s 2025 Annual Report.

a. Share/Share stapled unit option schemes

No share options/Share Stapled Unit options have been granted under the 2024 Option Scheme and the HKT 2024-2034 Option Scheme since their adoption and up to and including 31 December 2025.

b. Share award schemes

Subject to the relevant scheme rules of the 2012 Share Award Schemes and the 2011 Share Stapled Unit Award Schemes, each scheme provides that prior to the vesting of the awards under the relevant scheme to selected participants (including any director or employee of the Company and its participating companies for the 2012 Share Award Schemes; and any director or employee of HKT or any of its subsidiaries for the 2011 Share Stapled Unit Award Schemes), the relevant PCCW Shares/Share Stapled Units will be held in trust by the trustee for such selected participants, and will be vested over a period of time determined by the respective approving body, provided that each selected participant shall remain at all times up to and including the relevant vesting date (or, as the case may be, each relevant vesting date) an employee or director of the Company, HKT, the relevant participating company or subsidiary, and satisfies any other conditions specified at the time the award is made, notwithstanding that the respective approving body shall be at liberty to waive such conditions. Other than satisfying the vesting conditions, selected participants are not required to provide any consideration in order to acquire the PCCW Shares/Share Stapled Units awarded to him/her under the relevant scheme.

33 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

b. Share award schemes (continued)

Subject to the relevant scheme rules of the 2024 Share Award Scheme and the 2024 Share Stapled Unit Award Scheme, each scheme provides that prior to the vesting of the awards under the relevant scheme to eligible participants (including PCCW Employee Participants*, directors and employees of any holding companies, fellow subsidiaries or associated companies of the Company, and PCCW Service Providers* for the 2024 Share Award Scheme; and HKT Employee Participants*, directors and employees of any holding companies, fellow subsidiaries or associated companies of HKT Trust and HKT, and HKT Service Providers* for the 2024 Share Stapled Unit Award Scheme), the relevant PCCW Shares/Share Stapled Units will be held in trust by the trustee for such eligible participants selected by the respective approving body (“selected participant(s)”), and will be vested over a period of time determined by the respective approving body, provided that each selected participant shall remain at all times up to and including the relevant vesting date (or, as the case may be, each relevant vesting date) an eligible participant, and satisfies any other conditions specified at the time the award is made, notwithstanding that the respective approving body shall be at liberty to waive such conditions. Other than satisfying the vesting conditions, selected participants are not required to provide any consideration in order to acquire the PCCW Shares/Share Stapled Units awarded to him/her under the relevant scheme.

During the year ended 31 December 2025, share-based compensation expenses in respect of the PCCW Share Award Schemes and the Share Stapled Unit Award Schemes of HK\$59 million (2024: HK\$54 million) were recognised in the consolidated income statement, HK\$43 million (2024: HK\$40 million) were recognised in the employee share-based compensation reserve and HK\$16 million (2024: HK\$14 million) were recognised in non-controlling interests.

* As defined in the section “Share Schemes of the Company and its Subsidiaries” in the Report of the Directors of the Company’s 2025 Annual Report.

i. Movements in the number of PCCW Shares and Share Stapled Units held under the PCCW Share Award Schemes and the Share Stapled Unit Award Schemes

(1) 2012 Share Award Schemes

	Number of PCCW Shares		Number of Share Stapled Units	
	2024	2025	2024	2025
PCCW Purchase Scheme:				
Beginning of year	3,108,715	2,131,620	916,428	770,247
Purchases from the market by the trustee at weighted average market price of HK\$5.39 (2024: HK\$4.06) per PCCW Share/HK\$12.87 (2024: HK\$9.81) per Share Stapled Unit	2,100,000	666,000	757,000	322,000
PCCW Shares/Share Stapled Units vested	(3,077,095)	(2,126,366)	(903,181)	(760,193)
End of year	2,131,620	671,254	770,247	332,054
PCCW Subscription Scheme:				
Beginning of year	8,438,408	5,890,325	–	–
New PCCW Shares issued by the Company at issue price of HK\$0.01 (2024: HK\$0.01) per PCCW Share (note 30(a))	1,347,791	287,792	–	–
PCCW Shares vested	(3,895,874)	(3,573,402)	–	–
End of year	5,890,325	2,604,715	–	–

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33 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

b. Share award schemes (continued)

i. Movements in the number of PCCW Shares and Share Stapled Units held under the PCCW Share Award Schemes and the Share Stapled Unit Award Schemes (continued)

(2) 2024 Share Award Scheme

	Number of PCCW Shares	
	2024	2025
Grants Funded by Existing PCCW Shares:		
Beginning of year	–	1,309,000
Purchases from the market by the trustee at weighted average market price of HK\$5.39 (2024: HK\$4.20) per PCCW Share	1,309,000	1,306,953
PCCW Shares vested	–	(1,307,977)
End of year	1,309,000	1,307,976
Grants Funded by New PCCW Shares:		
Beginning of year	–	77,334
New PCCW Shares issued by the Company at issue price of HK\$0.01 (2024: HK\$0.01) per PCCW Share (note 30(a))	77,334	6,411,352
PCCW Shares vested	–	(39,334)
End of year	77,334	6,449,352

(3) 2011 Share Stapled Unit Award Schemes

	Number of Share Stapled Units	
	2024	2025
HKT Share Stapled Units Purchase Scheme:		
Beginning of year	436,552	266,709
Purchases from the market by the trustee at weighted average market price of HK\$12.87 (2024: HK\$9.81) per Share Stapled Unit	256,000	42,000
Share Stapled Units vested	(425,843)	(265,073)
End of year	266,709	43,636
HKT Share Stapled Units Subscription Scheme:		
Beginning of year	4,337,670	3,352,065
Share Stapled Units vested	(985,605)	(1,099,449)
End of year	3,352,065	2,252,616

33 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

b. Share award schemes (continued)

i. Movements in the number of PCCW Shares and Share Stapled Units held under the PCCW Share Award Schemes and the Share Stapled Unit Award Schemes (continued)

(4) 2024 Share Stapled Unit Award Scheme

	Number of Share Stapled Units	
	2024	2025
Grants Funded by Existing Share Stapled Units:		
Beginning of year	–	573,000
Purchases from the market by the trustee at weighted average market price of HK\$12.87 (2024: HK\$9.96) per Share Stapled Unit	573,000	570,747
Share Stapled Units vested	–	(571,874)
End of year	573,000	571,873
Grants Funded by New Share Stapled Units:		
Beginning of year	–	33,813
New Share Stapled Units jointly issued by HKT Trust and HKT at issue price of approximately HK\$11.62 (2024: HK\$9.22) per Share Stapled Unit	33,813	2,622,252
Share Stapled Units vested	–	(17,198)
End of year	33,813	2,638,867

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33 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

b. Share award schemes (continued)

ii. Movements in the number of unvested PCCW Shares and Share Stapled Units and their related weighted average fair value on the date of award

(1) 2012 Share Award Schemes

Date of award	Vesting period	Fair value on the date of award HK\$	As at 1 January 2024	2024 Number of PCCW Shares			As at 31 December 2024
				Awarded	Forfeited	Vested	
PCCW Purchase Scheme (PCCW Shares)							
19 April 2022	19 April 2022 to 19 April 2024	4.52	1,486,630	–	–	(1,486,630)	–
1 September 2022	1 September 2022 to 19 April 2024	3.86	101,124	–	–	(101,124)	–
20 September 2022	20 September 2022 to 19 April 2024	3.85	79,502	–	–	(79,502)	–
19 April 2023	19 April 2023 to 19 April 2024	4.01	13,422	–	–	(13,422)	–
19 April 2023	19 April 2023 to 19 April 2025	4.01	13,417	–	–	–	13,417
30 May 2023	30 May 2023 to 30 May 2024	4.02	245,914	–	–	(245,914)	–
30 May 2023	30 May 2023 to 30 May 2025	4.02	657,142	–	–	–	657,142
1 June 2023	1 June 2023 to 1 June 2024	3.97	4,301	–	–	(4,301)	–
1 June 2023	1 June 2023 to 1 June 2025	3.97	4,298	–	–	–	4,298
23 June 2023	23 June 2023 to 23 June 2024	3.85	22,379	–	–	(22,379)	–
23 June 2023	23 June 2023 to 23 June 2025	3.85	22,378	–	–	–	22,378
4 August 2023	4 August 2023 to 4 August 2024	3.92	1,123,823	–	–	(1,123,823)	–
4 August 2023	4 August 2023 to 4 August 2025	3.92	1,123,822	–	–	–	1,123,822
19 April 2024	19 April 2024 to 19 April 2025	3.85	–	16,404	–	–	16,404
19 April 2024	19 April 2024 to 19 April 2026	3.85	–	16,401	–	–	16,401
30 May 2024	30 May 2024 to 30 May 2025	4.19	–	293,103	–	–	293,103
30 May 2024	30 May 2024 to 30 May 2026	4.19	–	653,411	–	–	653,411
Total			4,898,152	979,319	–	(3,077,095)	2,800,376
Weighted average fair value on the date of award (HK\$)			4.12	4.18	–	4.21	4.03

33 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

b. Share award schemes (continued)

ii. Movements in the number of unvested PCCW Shares and Share Stapled Units and their related weighted average fair value on the date of award (continued)

(1) 2012 Share Award Schemes (continued)

Date of award	Vesting period	Fair value on the date of award HK\$	As at 1 January 2024	2024 Number of PCCW Shares			As at 31 December 2024
				Awarded	Forfeited	Vested	
PCCW Subscription Scheme (PCCW Shares)							
16 April 2020	16 April 2020 to 16 April 2024	4.64	100,786	–	–	(100,786)	–
2 July 2021	2 July 2021 to 16 April 2024	4.09	100,336	–	–	(100,336)	–
2 July 2021	2 July 2021 to 16 April 2025	4.09	100,335	–	–	–	100,335
4 March 2022	4 March 2022 to 16 April 2024	4.34	153,131	–	–	(153,131)	–
19 April 2022	19 April 2022 to 19 April 2024	4.52	1,354,135	–	(24,040)	(1,330,095)	–
19 April 2022	19 April 2022 to 19 April 2025	4.52	100,787	–	–	–	100,787
19 April 2022	19 April 2022 to 19 April 2026	4.52	100,786	–	–	–	100,786
15 August 2022	15 August 2022 to 19 April 2024	4.15	5,710	–	–	(5,710)	–
19 April 2023	19 April 2023 to 19 April 2024	4.01	1,261,529	–	(33,115)	(1,228,414)	–
19 April 2023	19 April 2023 to 19 April 2025	4.01	1,260,739	–	(105,357)	–	1,155,382
30 May 2023	30 May 2023 to 30 May 2024	4.02	620,430	–	–	(620,430)	–
30 May 2023	30 May 2023 to 30 May 2025	4.02	620,422	–	–	(291,045)*	329,377
30 May 2023	30 May 2023 to 30 May 2026	4.02	111,568	–	–	–	111,568
30 May 2023	30 May 2023 to 30 May 2027	4.02	111,565	–	–	–	111,565
23 June 2023	23 June 2023 to 23 June 2024	3.85	69,770	–	(3,843)	(65,927)	–
23 June 2023	23 June 2023 to 23 June 2025	3.85	69,717	–	(5,250)	–	64,467
19 April 2024	19 April 2024 to 19 April 2025	3.85	–	1,931,656	(386,941)	–	1,544,715
19 April 2024	19 April 2024 to 19 April 2026	3.85	–	1,878,011	(386,876)	–	1,491,135
30 May 2024	30 May 2024 to 30 May 2025	4.19	–	391,406	–	–	391,406
30 May 2024	30 May 2024 to 30 May 2026	4.19	–	391,392	–	–	391,392
30 May 2024	30 May 2024 to 30 May 2027	4.19	–	115,000	–	–	115,000
30 May 2024	30 May 2024 to 30 May 2028	4.19	–	115,000	–	–	115,000
Total			6,141,746	4,822,465	(945,422)	(3,895,874)	6,122,915
Weighted average fair value on the date of award (HK\$)			4.16	3.92	3.89	4.22	3.98

* These 291,045 shares were accelerated vesting of award

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33 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

b. Share award schemes (continued)

ii. Movements in the number of unvested PCCW Shares and Share Stapled Units and their related weighted average fair value on the date of award (continued)

(1) 2012 Share Award Schemes (continued)

Date of award	Vesting period	Fair value on the date of award HK\$	As at 1 January 2024	2024 Number of Share Stapled Units			As at 31 December 2024
				Awarded	Forfeited	Vested	
PCCW Purchase Scheme (Share Stapled Units)							
16 April 2020	16 April 2020 to 16 April 2024	11.86	38,730	–	–	(38,730)	–
2 July 2021	2 July 2021 to 16 April 2024	10.56	40,369	–	–	(40,369)	–
2 July 2021	2 July 2021 to 16 April 2025	10.56	40,369	–	–	–	40,369
19 April 2022	19 April 2022 to 19 April 2024	10.86	359,215	–	(1,822)	(357,393)	–
19 April 2022	19 April 2022 to 19 April 2025	10.86	41,413	–	–	–	41,413
19 April 2022	19 April 2022 to 19 April 2026	10.86	41,412	–	–	–	41,412
20 September 2022	20 September 2022 to 19 April 2024	10.22	32,667	–	–	(32,667)	–
19 April 2023	19 April 2023 to 19 April 2024	10.18	70,203	–	(2,225)	(67,978)	–
19 April 2023	19 April 2023 to 19 April 2025	10.18	70,107	–	(5,931)	–	64,176
30 May 2023	30 May 2023 to 30 May 2024	9.98	93,356	–	–	(93,356)	–
30 May 2023	30 May 2023 to 30 May 2025	9.98	93,354	–	–	–	93,354
30 May 2023	30 May 2023 to 30 May 2026	9.98	42,674	–	–	–	42,674
30 May 2023	30 May 2023 to 30 May 2027	9.98	42,673	–	–	–	42,673
23 June 2023	23 June 2023 to 23 June 2024	9.05	10,125	–	–	(10,125)	–
23 June 2023	23 June 2023 to 23 June 2025	9.05	10,120	–	(207)	–	9,913
4 August 2023	4 August 2023 to 4 August 2024	9.10	262,563	–	–	(262,563)	–
4 August 2023	4 August 2023 to 4 August 2025	9.10	262,562	–	–	–	262,562
19 April 2024	19 April 2024 to 19 April 2025	8.68	–	99,651	(7,858)	–	91,793
19 April 2024	19 April 2024 to 19 April 2026	8.68	–	99,533	(7,846)	–	91,687
30 May 2024	30 May 2024 to 30 May 2025	9.20	–	156,752	–	–	156,752
30 May 2024	30 May 2024 to 30 May 2026	9.20	–	156,749	–	–	156,749
30 May 2024	30 May 2024 to 30 May 2027	9.20	–	50,281	–	–	50,281
30 May 2024	30 May 2024 to 30 May 2028	9.20	–	50,279	–	–	50,279
Total			1,551,912	613,245	(25,889)	(903,181)	1,236,087
Weighted average fair value on the date of award (HK\$)			10.02	9.03	9.31	10.19	9.42

33 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

b. Share award schemes (continued)

ii. Movements in the number of unvested PCCW Shares and Share Stapled Units and their related weighted average fair value on the date of award (continued)

(1) 2012 Share Award Schemes (continued)

Date of award	Vesting period	Fair value on the date of award HK\$	As at 1 January 2025	2025 Number of PCCW Shares			As at 31 December 2025
				Awarded	Forfeited	Vested	
PCCW Purchase Scheme (PCCW Shares)							
19 April 2023	19 April 2023 to 19 April 2025	4.01	13,417	–	–	(13,417)	–
30 May 2023	30 May 2023 to 30 May 2025	4.02	657,142	–	(4,198)	(652,944)	–
1 June 2023	1 June 2023 to 1 June 2025	3.97	4,298	–	–	(4,298)	–
23 June 2023	23 June 2023 to 23 June 2025	3.85	22,378	–	–	(22,378)	–
4 August 2023	4 August 2023 to 4 August 2025	3.92	1,123,822	–	–	(1,123,822)	–
19 April 2024	19 April 2024 to 19 April 2025	3.85	16,404	–	–	(16,404)	–
19 April 2024	19 April 2024 to 19 April 2026	3.85	16,401	–	(2,250)	–	14,151
30 May 2024	30 May 2024 to 30 May 2025	4.19	293,103	–	–	(293,103)	–
30 May 2024	30 May 2024 to 30 May 2026	4.19	653,411	–	(64,031)	–	589,380
Total			2,800,376	–	(70,479)	(2,126,366)	603,531
Weighted average fair value on the date of award (HK\$)			4.03	–	4.17	3.99	4.18

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33 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

b. Share award schemes (continued)

ii. Movements in the number of unvested PCCW Shares and Share Stapled Units and their related weighted average fair value on the date of award (continued)

(1) 2012 Share Award Schemes (continued)

Date of award	Vesting period	Fair value on the date of award HK\$	As at 1 January 2025	2025 Number of PCCW Shares			As at 31 December 2025
				Awarded	Forfeited	Vested	
PCCW Subscription Scheme (PCCW Shares)							
2 July 2021	2 July 2021 to 16 April 2025	4.09	100,335	–	–	(100,335)	–
19 April 2022	19 April 2022 to 19 April 2025	4.52	100,787	–	–	(100,787)	–
19 April 2022	19 April 2022 to 19 April 2026	4.52	100,786	–	–	–	100,786
19 April 2023	19 April 2023 to 19 April 2025	4.01	1,155,382	–	(13,388)	(1,141,994)	–
30 May 2023	30 May 2023 to 30 May 2025	4.02	329,377	–	(35,595)	(293,782)	–
30 May 2023	30 May 2023 to 30 May 2026	4.02	111,568	–	–	–	111,568
30 May 2023	30 May 2023 to 30 May 2027	4.02	111,565	–	–	–	111,565
23 June 2023	23 June 2023 to 23 June 2025	3.85	64,467	–	(2,550)	(61,917)	–
19 April 2024	19 April 2024 to 19 April 2025	3.85	1,544,715	–	(26,117)	(1,518,598)	–
19 April 2024	19 April 2024 to 19 April 2026	3.85	1,491,135	–	(76,249)	–	1,414,886
30 May 2024	30 May 2024 to 30 May 2025	4.19	391,406	–	(35,417)	(355,989)	–
30 May 2024	30 May 2024 to 30 May 2026	4.19	391,392	–	(35,417)	–	355,975
30 May 2024	30 May 2024 to 30 May 2027	4.19	115,000	–	–	–	115,000
30 May 2024	30 May 2024 to 30 May 2028	4.19	115,000	–	–	–	115,000
Total			6,122,915	–	(224,733)	(3,573,402)	2,324,780
Weighted average fair value on the date of award (HK\$)			3.98	–	3.99	3.97	3.98

33 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

b. Share award schemes (continued)

ii. Movements in the number of unvested PCCW Shares and Share Stapled Units and their related weighted average fair value on the date of award (continued)

(1) 2012 Share Award Schemes (continued)

Date of award	Vesting period	Fair value on the date of award HK\$	As at 1 January 2025	2025 Number of Share Stapled Units			As at 31 December 2025
				Awarded	Forfeited	Vested	
PCCW Purchase Scheme (Share Stapled Units)							
2 July 2021	2 July 2021 to 16 April 2025	10.56	40,369	–	–	(40,369)	–
19 April 2022	19 April 2022 to 19 April 2025	10.86	41,413	–	–	(41,413)	–
19 April 2022	19 April 2022 to 19 April 2026	10.86	41,412	–	–	–	41,412
19 April 2023	19 April 2023 to 19 April 2025	10.18	64,176	–	–	(64,176)	–
30 May 2023	30 May 2023 to 30 May 2025	9.98	93,354	–	–	(93,354)	–
30 May 2023	30 May 2023 to 30 May 2026	9.98	42,674	–	–	–	42,674
30 May 2023	30 May 2023 to 30 May 2027	9.98	42,673	–	–	–	42,673
23 June 2023	23 June 2023 to 23 June 2025	9.05	9,913	–	–	(9,913)	–
4 August 2023	4 August 2023 to 4 August 2025	9.10	262,562	–	–	(262,562)	–
19 April 2024	19 April 2024 to 19 April 2025	8.68	91,793	–	(139)	(91,654)	–
19 April 2024	19 April 2024 to 19 April 2026	8.68	91,687	–	(5,777)	–	85,910
30 May 2024	30 May 2024 to 30 May 2025	9.20	156,752	–	–	(156,752)	–
30 May 2024	30 May 2024 to 30 May 2026	9.20	156,749	–	(27,996)	–	128,753
30 May 2024	30 May 2024 to 30 May 2027	9.20	50,281	–	–	–	50,281
30 May 2024	30 May 2024 to 30 May 2028	9.20	50,279	–	–	–	50,279
Total			1,236,087	–	(33,912)	(760,193)	441,982
Weighted average fair value on the date of award (HK\$)			9.42	–	9.11	9.44	9.41

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33 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

b. Share award schemes (continued)

ii. Movements in the number of unvested PCCW Shares and Share Stapled Units and their related weighted average fair value on the date of award (continued)

(2) 2024 Share Award Scheme

Date of award	Vesting period	Fair value on the date of award HK\$	As at 1 January 2024	2024 Number of PCCW Shares			As at 31 December 2024
				Awarded	Forfeited	Vested	
Grants Funded by Existing PCCW Shares							
26 June 2024	26 June 2024 to 26 June 2025	3.88	–	1,307,977	–	–	1,307,977
26 June 2024	26 June 2024 to 26 June 2026	3.88	–	1,307,976	–	–	1,307,976
Total			–	2,615,953	–	–	2,615,953
Weighted average fair value on the date of award (HK\$)			–	3.88	–	–	3.88
Grants Funded by New PCCW Shares							
22 August 2024	22 August 2024 to 22 August 2025	4.29	–	39,334	–	–	39,334
22 August 2024	22 August 2024 to 22 August 2026	4.29	–	39,333	–	–	39,333
Total			–	78,667	–	–	78,667
Weighted average fair value on the date of award (HK\$)			–	4.29	–	–	4.29

33 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

b. Share award schemes (continued)

ii. Movements in the number of unvested PCCW Shares and Share Stapled Units and their related weighted average fair value on the date of award (continued)

(2) 2024 Share Award Scheme (continued)

Date of award	Vesting period	Fair value on the date of award HK\$	As at 1 January 2025	2025 Number of PCCW Shares			As at 31 December 2025
				Awarded	Forfeited	Vested	
Grants Funded by Existing PCCW Shares							
26 June 2024	26 June 2024 to 26 June 2025	3.88	1,307,977	–	–	(1,307,977)	–
26 June 2024	26 June 2024 to 26 June 2026	3.88	1,307,976	–	–	–	1,307,976
Total			2,615,953	–	–	(1,307,977)	1,307,976
Weighted average fair value on the date of award (HK\$)							
			3.88	–	–	3.88	3.88
Grants Funded by New PCCW Shares							
22 August 2024	22 August 2024 to 22 August 2025	4.29	39,334	–	–	(39,334)	–
22 August 2024	22 August 2024 to 22 August 2026	4.29	39,333	–	–	–	39,333
25 April 2025	25 April 2025 to 25 April 2026	5.02	–	2,063,036	(149,529)	–	1,913,507
25 April 2025	25 April 2025 to 25 April 2027	5.02	–	2,062,214	(149,484)	–	1,912,730
28 May 2025	28 May 2025 to 28 May 2026	5.14	–	560,563	–	–	560,563
28 May 2025	28 May 2025 to 28 December 2026	5.14	–	206,186	–	–	206,186
28 May 2025	28 May 2025 to 28 May 2027	5.14	–	802,282	–	–	802,282
13 June 2025	13 June 2025 to 13 June 2026	5.18	–	83,442	–	–	83,442
13 June 2025	13 June 2025 to 13 June 2027	5.18	–	83,440	–	–	83,440
24 June 2025	24 June 2025 to 24 June 2026	5.26	–	386,790	–	–	386,790
24 June 2025	24 June 2025 to 24 June 2027	5.26	–	386,789	–	–	386,789
Total			78,667	6,634,742	(299,013)	(39,334)	6,375,062
Weighted average fair value on the date of award (HK\$)							
			4.29	5.08	5.02	4.29	5.08

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33 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

b. Share award schemes (continued)

ii. Movements in the number of unvested PCCW Shares and Share Stapled Units and their related weighted average fair value on the date of award (continued)

(3) 2011 Share Stapled Unit Award Schemes

Date of award	Vesting period	Fair value on the date of award HK\$	As at 1 January 2024	2024 Number of Share Stapled Units			As at 31 December 2024
				Awarded	Forfeited	Vested	
HKT Share Stapled Units Purchase Scheme (Share Stapled Units)							
19 April 2022	19 April 2022 to 19 April 2024	10.86	202,377	–	–	(202,377)	–
19 April 2023	19 April 2023 to 19 April 2024	10.18	5,135	–	–	(5,135)	–
19 April 2023	19 April 2023 to 19 April 2025	10.18	5,132	–	–	–	5,132
30 May 2023	30 May 2023 to 30 May 2024	9.98	49,393	–	–	(49,393)	–
30 May 2023	30 May 2023 to 30 May 2025	9.98	49,390	–	–	–	49,390
1 June 2023	1 June 2023 to 1 June 2024	9.96	1,646	–	–	(1,646)	–
1 June 2023	1 June 2023 to 1 June 2025	9.96	1,645	–	–	–	1,645
4 August 2023	4 August 2023 to 4 August 2024	9.10	167,292	–	–	(167,292)	–
4 August 2023	4 August 2023 to 4 August 2025	9.10	167,292	–	–	–	167,292
19 April 2024	19 April 2024 to 19 April 2025	8.68	–	5,749	–	–	5,749
19 April 2024	19 April 2024 to 19 April 2026	8.68	–	5,746	–	–	5,746
30 May 2024	30 May 2024 to 30 May 2025	9.20	–	37,471	–	–	37,471
30 May 2024	30 May 2024 to 30 May 2026	9.20	–	37,469	–	–	37,469
Total			649,302	86,435	–	(425,843)	309,894
Weighted average fair value on the date of award (HK\$)			9.80	9.13	–	10.05	9.27
HKT Share Stapled Units Subscription Scheme (Share Stapled Units)							
19 April 2022	19 April 2022 to 19 April 2024	10.86	487,970	–	(8,053)	(479,917)	–
15 August 2022	15 August 2022 to 19 April 2024	11.00	2,346	–	–	(2,346)	–
19 April 2023	19 April 2023 to 19 April 2024	10.18	412,806	–	(10,457)	(402,349)	–
19 April 2023	19 April 2023 to 19 April 2025	10.18	412,100	–	(34,361)	–	377,739
30 May 2023	30 May 2023 to 30 May 2024	9.98	77,310	–	–	(77,310)	–
30 May 2023	30 May 2023 to 30 May 2025	9.98	77,298	–	–	–	77,298
23 June 2023	23 June 2023 to 23 June 2024	9.05	25,156	–	(1,473)	(23,683)	–
23 June 2023	23 June 2023 to 23 June 2025	9.05	25,105	–	(1,800)	–	23,305
19 April 2024	19 April 2024 to 19 April 2025	8.68	–	592,718	(30,194)	–	562,524
19 April 2024	19 April 2024 to 19 April 2026	8.68	–	591,812	(30,130)	–	561,682
30 May 2024	30 May 2024 to 30 May 2025	9.20	–	105,069	–	–	105,069
30 May 2024	30 May 2024 to 30 May 2026	9.20	–	105,054	–	–	105,054
Total			1,520,091	1,394,653	(116,468)	(985,605)	1,812,671
Weighted average fair value on the date of award (HK\$)			10.34	8.76	9.42	10.47	9.11

33 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

b. Share award schemes (continued)

ii. Movements in the number of unvested PCCW Shares and Share Stapled Units and their related weighted average fair value on the date of award (continued)

(3) 2011 Share Stapled Unit Award Schemes (continued)

Date of award	Vesting period	Fair value on the date of award HK\$	As at 1 January 2025	2025 Number of Share Stapled Units			As at 31 December 2025
				Awarded	Forfeited	Vested	
HKT Share Stapled Units Purchase Scheme (Share Stapled Units)							
19 April 2023	19 April 2023 to 19 April 2025	10.18	5,132	–	–	(5,132)	–
30 May 2023	30 May 2023 to 30 May 2025	9.98	49,390	–	(1,606)	(47,784)	–
1 June 2023	1 June 2023 to 1 June 2025	9.96	1,645	–	–	(1,645)	–
4 August 2023	4 August 2023 to 4 August 2025	9.10	167,292	–	–	(167,292)	–
19 April 2024	19 April 2024 to 19 April 2025	8.68	5,749	–	–	(5,749)	–
19 April 2024	19 April 2024 to 19 April 2026	8.68	5,746	–	–	–	5,746
30 May 2024	30 May 2024 to 30 May 2025	9.20	37,471	–	–	(37,471)	–
30 May 2024	30 May 2024 to 30 May 2026	9.20	37,469	–	–	–	37,469
Total			309,894	–	(1,606)	(265,073)	43,215
Weighted average fair value on the date of award (HK\$)			9.27	–	9.98	9.29	9.13
HKT Share Stapled Units Subscription Scheme (Share Stapled Units)							
19 April 2023	19 April 2023 to 19 April 2025	10.18	377,739	–	(5,119)	(372,620)	–
30 May 2023	30 May 2023 to 30 May 2025	9.98	77,298	–	(13,614)	(63,684)	–
23 June 2023	23 June 2023 to 23 June 2025	9.05	23,305	–	(975)	(22,330)	–
19 April 2024	19 April 2024 to 19 April 2025	8.68	562,524	–	(11,292)	(551,232)	–
19 April 2024	19 April 2024 to 19 April 2026	8.68	561,682	–	(28,541)	–	533,141
30 May 2024	30 May 2024 to 30 May 2025	9.20	105,069	–	(15,486)	(89,583)	–
30 May 2024	30 May 2024 to 30 May 2026	9.20	105,054	–	(15,485)	–	89,569
Total			1,812,671	–	(90,512)	(1,099,449)	622,710
Weighted average fair value on the date of award (HK\$)			9.11	–	9.14	9.31	8.75

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33 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

b. Share award schemes (continued)

ii. Movements in the number of unvested PCCW Shares and Share Stapled Units and their related weighted average fair value on the date of award (continued)

(4) 2024 Share Stapled Unit Award Scheme

Date of award	Vesting period	Fair value on the date of award HK\$	As at 1 January 2024	2024 Number of Share Stapled Units			As at 31 December 2024
				Awarded	Forfeited	Vested	
Grants Funded by Existing Share Stapled Units							
26 June 2024	26 June 2024 to 26 June 2025	8.72	–	571,874	–	–	571,874
26 June 2024	26 June 2024 to 26 June 2026	8.72	–	571,873	–	–	571,873
Total			–	1,143,747	–	–	1,143,747
Weighted average fair value on the date of award (HK\$)			–	8.72	–	–	8.72
Grants Funded by New Share Stapled Units							
22 August 2024	22 August 2024 to 22 August 2025	9.95	–	17,198	–	–	17,198
22 August 2024	22 August 2024 to 22 August 2026	9.95	–	17,197	–	–	17,197
Total			–	34,395	–	–	34,395
Weighted average fair value on the date of award (HK\$)			–	9.95	–	–	9.95

Date of award	Vesting period	Fair value on the date of award HK\$	As at 1 January 2025	2025 Number of Share Stapled Units			As at 31 December 2025
				Awarded	Forfeited	Vested	
Grants Funded by Existing Share Stapled Units							
26 June 2024	26 June 2024 to 26 June 2025	8.72	571,874	–	–	(571,874)	–
26 June 2024	26 June 2024 to 26 June 2026	8.72	571,873	–	–	–	571,873
Total			1,143,747	–	–	(571,874)	571,873
Weighted average fair value on the date of award (HK\$)			8.72	–	–	8.72	8.72

33 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

b. Share award schemes (continued)

ii. Movements in the number of unvested PCCW Shares and Share Stapled Units and their related weighted average fair value on the date of award (continued)

(4) 2024 Share Stapled Unit Award Scheme (continued)

Date of award	Vesting period	Fair value on the date of award HK\$	As at 1 January 2025	2025 Number of Share Stapled Units			As at 31 December 2025
				Awarded	Forfeited	Vested	
Grants Funded by New Share Stapled Units							
22 August 2024	22 August 2024 to 22 August 2025	9.95	17,198	–	–	(17,198)	–
22 August 2024	22 August 2024 to 22 August 2026	9.95	17,197	–	–	–	17,197
25 April 2025	25 April 2025 to 25 April 2026	10.94	–	903,154	(21,405)	–	881,749
25 April 2025	25 April 2025 to 25 April 2027	10.94	–	902,363	(21,367)	–	880,996
28 May 2025	28 May 2025 to 28 May 2026	11.36	–	195,770	–	–	195,770
28 May 2025	28 May 2025 to 28 May 2027	11.36	–	195,757	–	–	195,757
13 June 2025	13 June 2025 to 13 June 2026	11.38	–	38,434	–	–	38,434
13 June 2025	13 June 2025 to 13 June 2027	11.38	–	38,431	–	–	38,431
24 June 2025	24 June 2025 to 24 June 2026	11.60	–	178,151	–	–	178,151
24 June 2025	24 June 2025 to 24 June 2027	11.60	–	178,151	–	–	178,151
Total			34,395	2,630,211	(42,772)	(17,198)	2,604,636
Weighted average fair value on the date of award (HK\$)			9.95	11.10	10.94	9.95	11.10

The fair values of the PCCW Shares and the Share Stapled Units awarded during the year on the dates of award are measured by the respective quoted market prices of the PCCW Shares and the Share Stapled Units at the respective award dates.

The PCCW Shares and the Share Stapled Units unvested had a weighted average remaining vesting period at the end of the reporting period as follows:

	2024	2025
PCCW Purchase Scheme (PCCW Shares)	0.72 year	0.41 year
PCCW Subscription Scheme (PCCW Shares)	0.80 year	0.53 year
PCCW Purchase Scheme (Share Stapled Units)	0.96 year	0.82 year
HKT Share Stapled Units Purchase Scheme (Share Stapled Units)	0.64 year	0.40 year
HKT Share Stapled Units Subscription Scheme (Share Stapled Units)	0.69 year	0.31 year
2024 Share Award Scheme (Grants Funded by Existing PCCW Shares)	0.98 year	0.48 year
2024 Share Award Scheme (Grants Funded by New PCCW Shares)	1.14 year	0.88 year
2024 Share Stapled Unit Award Scheme (Grants Funded by Existing Share Stapled Units)	0.98 year	0.48 year
2024 Share Stapled Unit Award Scheme (Grants Funded by New Share Stapled Units)	1.14 year	0.85 year

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34 RESERVES

In HK\$ million	2024								Total
	Treasury stock	Employee share-based compensation reserve	Currency translation reserve	Hedging reserve	Costs of hedging reserve	Financial assets at FVOCI reserve	Other reserves	Accumulated losses	
THE GROUP									
As at 1 January 2024	(10)	54	(146)	(22)	(75)	(219)	(82)	(9,973)	(10,473)
Total comprehensive (loss)/income for the year									
Loss for the year	–	–	–	–	–	–	–	(300)	(300)
Other comprehensive income/(loss)									
Items that will not be reclassified subsequently to consolidated income statement:									
Remeasurements of defined benefit retirement schemes obligations	–	–	–	–	–	–	–	21	21
Changes in the fair value of financial assets at FVOCI	–	–	–	–	–	187	–	–	187
Items that have been reclassified or may be reclassified subsequently to consolidated income statement:									
Translation exchange differences:									
– exchange differences on translating foreign operations of subsidiaries	–	–	(53)	–	–	–	–	–	(53)
– exchange differences on translating foreign operations of associates and joint ventures	–	–	(135)	–	–	–	–	–	(135)
Cash flow hedges:									
– effective portion of changes in fair value	–	–	–	(93)	–	–	–	–	(93)
– transfer from equity to consolidated income statement	–	–	–	103	6	–	–	–	109
Costs of hedging	–	–	–	–	63	–	–	–	63
Share of other comprehensive loss of an associate	–	–	–	–	–	(3)	–	–	(3)
Total comprehensive loss for the year	–	–	(188)	10	69	184	–	(279)	(204)
Transactions with equity holders									
Purchases/Subscription of PCCW Shares under share award schemes	(12)	–	–	–	–	–	–	–	(12)
Purchases/Subscription of Share Stapled Units under share/ share stapled unit award schemes	–	–	–	–	–	–	–	(14)	(14)
Disposals of Share Stapled Units	–	–	–	–	–	–	–	182	182
Employee share-based compensation	–	40	–	–	–	–	–	–	40
Vesting of PCCW Shares and Share Stapled Units under share/ share stapled unit award schemes	10	(32)	–	–	–	–	–	22	–
Distributions/Dividends for PCCW Shares and Share Stapled Units granted under share/share stapled unit award schemes	–	(8)	–	–	–	–	–	–	(8)
Dividend paid in respect of the previous year	–	–	–	–	–	–	–	(2,202)	(2,202)
Dividend declared and paid in respect of the current year	–	–	–	–	–	–	–	(755)	(755)
Total contributions by and distributions to equity holders	(2)	–	–	–	–	–	–	(2,767)	(2,769)
Change in interests in subsidiaries that does not result in a loss of control (note 43)	–	–	–	–	–	–	–	2,096	2,096
Total transactions with equity holders	(2)	–	–	–	–	–	–	(671)	(673)
As at 31 December 2024	(12)	54	(334)	(12)	(6)	(35)	(82)	(10,923)	(11,350)

34 RESERVES (CONTINUED)

In HK\$ million	2024			Total
	Employee share-based compensation reserve	Hedging reserve	Retained profits	
THE COMPANY				
As at 1 January 2024	20	–	18,250	18,270
Total comprehensive income for the year				
Profit for the year	–	–	2,432	2,432
Other comprehensive income				
Items that have been reclassified or may be reclassified subsequently to income statement:				
Cash flow hedges:				
– effective portion of changes in fair value	–	3	–	3
Total comprehensive income for the year	–	3	2,432	2,435
Transactions with equity holders				
Dividend paid in respect of the previous year	–	–	(2,204)	(2,204)
Dividend declared and paid in respect of the current year	–	–	(756)	(756)
Total transactions with equity holders	–	–	(2,960)	(2,960)
As at 31 December 2024	20	3	17,722	17,745

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34 RESERVES (CONTINUED)

In HK\$ million

	Treasury stock	Employee share-based compensation reserve	Currency translation reserve	Hedging reserve	2025 Costs of hedging reserve	Financial assets at FVOCI reserve	Other reserves	Accumulated losses	Total
THE GROUP									
As at 1 January 2025	(12)	54	(334)	(12)	(6)	(35)	(82)	(10,923)	(11,350)
Total comprehensive (loss)/income for the year									
Loss for the year	–	–	–	–	–	–	–	(253)	(253)
Other comprehensive income/(loss)									
Items that will not be reclassified subsequently to consolidated income statement:									
Remeasurements of defined benefit retirement schemes obligations	–	–	–	–	–	–	–	15	15
Changes in the fair value of financial assets at FVOCI	–	–	–	–	–	(342)	–	–	(342)
Items that have been reclassified or may be reclassified subsequently to consolidated income statement:									
Translation exchange differences:									
– exchange differences on translating foreign operations of subsidiaries	–	–	48	–	–	–	–	–	48
– exchange differences on translating foreign operations of associates and joint ventures	–	–	23	–	–	–	–	–	23
Cash flow hedges:									
– effective portion of changes in fair value	–	–	–	1	–	–	–	–	1
– transfer from equity to consolidated income statement	–	–	–	(124)	1	–	–	–	(123)
Costs of hedging	–	–	–	–	2	–	–	–	2
Share of other comprehensive income of an associate	–	–	–	–	–	2	–	–	2
Total comprehensive loss for the year	–	–	71	(123)	3	(340)	–	(238)	(627)
Transactions with equity holders									
Purchases/Subscription of PCCW Shares under share award schemes	(9)	–	–	–	–	–	–	–	(9)
Purchases/Subscription of Share Stapled Units under share/ share stapled unit award schemes	–	–	–	–	–	–	–	(10)	(10)
Employee share-based compensation	–	43	–	–	–	–	–	–	43
Vesting of PCCW Shares and Share Stapled Units under share/ share stapled unit award schemes	11	(30)	–	–	–	–	–	19	–
Distributions/Dividends for PCCW Shares and Share Stapled Units granted under share/share stapled unit award schemes	–	(9)	–	–	–	–	–	–	(9)
Dividend paid in respect of the previous year	–	–	–	–	–	–	–	(2,203)	(2,203)
Dividend declared and paid in respect of the current year	–	–	–	–	–	–	–	(755)	(755)
Total contributions by and distributions to equity holders	2	4	–	–	–	–	–	(2,949)	(2,943)
Transfer of gain on disposal of financial assets at FVOCI	–	–	–	–	–	(16)	–	16	–
Total transactions with equity holders	2	4	–	–	–	(16)	–	(2,933)	(2,943)
As at 31 December 2025	(10)	58	(263)	(135)	(3)	(391)	(82)	(14,094)	(14,920)

34 RESERVES (CONTINUED)

In HK\$ million	2025			Total
	Employee share-based compensation reserve	Hedging reserve	Retained profits	
THE COMPANY				
As at 1 January 2025	20	3	17,722	17,745
Total comprehensive income for the year				
Profit for the year	–	–	2,419	2,419
Other comprehensive income				
Items that have been reclassified or may be reclassified subsequently to income statement:				
Cash flow hedges:				
– effective portion of changes in fair value	–	(23)	–	(23)
Total comprehensive income for the year	–	(23)	2,419	2,396
Transactions with equity holders				
Dividend paid in respect of the previous year	–	–	(2,205)	(2,205)
Dividend declared and paid in respect of the current year	–	–	(756)	(756)
Total transactions with equity holders	–	–	(2,961)	(2,961)
As at 31 December 2025	20	(20)	17,180	17,180

35 DEFERRED INCOME TAX

As at 31 December 2025, deferred income tax liabilities/(assets) represent:

In HK\$ million	2024	2025
Deferred income tax assets	(811)	(751)
Deferred income tax liabilities	5,028	5,425
	4,217	4,674

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35 DEFERRED INCOME TAX (CONTINUED)

a. Movements in deferred income tax liabilities/(assets) were as follows:

In HK\$ million	2024				
	Accelerated tax depreciation and amortisation	Valuation adjustment resulting from acquisition of subsidiaries	Tax losses	Others	Total
Beginning of year	5,867	88	(1,957)	(22)	3,976
Charged/(Credited) to the consolidated income statement	844	(57)	(550)	(1)	236
Exchange differences	1	–	4	–	5
End of year	6,712	31	(2,503)	(23)	4,217

In HK\$ million	2025				
	Accelerated tax depreciation and amortisation	Valuation adjustment resulting from acquisition of subsidiaries	Tax losses	Others	Total
Beginning of year	6,712	31	(2,503)	(23)	4,217
Charged/(Credited) to the consolidated income statement	564	(11)	(100)	4	457
End of year	7,276	20	(2,603)	(19)	4,674

b. Deferred income tax assets are recognised for tax losses carry-forward to the extent that realisation of the related tax benefit through utilisation against future taxable profits is probable. As at 31 December 2025, the Group had unutilised estimated tax losses for which no deferred income tax assets have been recognised of HK\$16,088 million (2024: HK\$14,458 million) to carry forward for deduction against future taxable income. Estimated tax losses of HK\$382 million (2024: HK\$340 million) and HK\$144 million (2024: HK\$130 million) will expire within 1 to 5 years and after 5 years from 31 December 2025 respectively. The remaining portion of the tax losses, mainly relating to Hong Kong companies, can be carried forward indefinitely.

36 CARRIER LICENCE FEE LIABILITIES

As at 31 December 2025, the Group had carrier licence fee liabilities payable as follows:

In HK\$ million	Present value of the minimum annual fees	2024 Interest expense relating to future periods	Total minimum annual fees	Present value of the minimum annual fees	2025 Interest expense relating to future periods	Total minimum annual fees
Payable within a period						
– not exceeding one year	324	3	327	384	4	388
– over one year, but not exceeding two years	324	12	336	382	15	397
– over two years, but not exceeding five years	957	85	1,042	1,116	107	1,223
– over five years	1,917	412	2,329	1,996	479	2,475
	3,522	512	4,034	3,878	605	4,483
Less: amounts payable within one year classified as current liabilities	(324)	(3)	(327)	(384)	(4)	(388)
Non-current portion	3,198	509	3,707	3,494	601	4,095

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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(Amount expressed in Hong Kong dollars unless otherwise stated)

37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

a. Reconciliation of profit before income tax to net cash generated from operating activities

In HK\$ million	2024	2025
Profit before income tax	2,788	3,423
Adjustments for:		
Interest income	(133)	(96)
Finance costs	2,811	2,381
Fair value movement of derivative financial instruments	(7)	(25)
Fair value movement on financial assets at FVPL	(264)	(102)
Other gains	(147)	(349)
Gains on disposal of property, plant and equipment and right-of-use assets, net	(10)	(4)
Impairment loss for trade receivables	274	232
Write-back of provision for inventory obsolescence, net	(9)	(9)
Depreciation of property, plant and equipment	1,159	1,062
Depreciation of right-of-use assets	1,387	1,331
Amortisation of land lease premium – interests in leasehold land	16	15
Amortisation of intangible assets	3,182	3,608
Amortisation of fulfilment costs	484	486
Amortisation of customer acquisition costs	1,243	1,228
Share of results of associates and joint ventures	355	146
Increase in treasury stock for the purchases of PCCW Shares under share award schemes	(14)	(11)
Decrease in equity for the purchases of Share Stapled Units under share/share stapled unit award schemes	(16)	(12)
Share-based compensation expenses	54	59
Pension cost for defined benefit retirement schemes	3	2
(Increase)/Decrease in operating assets		
– fulfilment costs	(656)	(687)
– customer acquisition costs	(1,203)	(1,308)
– contract assets	(143)	(676)
– other non-current assets	(24)	97
– inventories	(505)	427
– trade receivables, prepayments, deposits and other current assets	(279)	(1,661)
– amounts due from related companies	23	–
– restricted cash	6	18
Increase/(Decrease) in operating liabilities		
– trade payables, accruals and other payables	547	2,639
– amounts due to related companies	31	(32)
– advances from customers	22	12
– contract liabilities	(105)	242
– defined benefit retirement schemes liability	(20)	(20)
– other long-term liabilities	(37)	(6)
CASH GENERATED FROM OPERATIONS	10,813	12,410
Interest received	129	85
Income tax paid, net of tax refund		
– Hong Kong profits tax paid*	(263)	(212)
– overseas profits tax paid	(54)	(74)
NET CASH GENERATED FROM OPERATING ACTIVITIES	10,625	12,209

* As at 31 December 2024 and 2025, the Hong Kong profits tax assessments and/or the current income tax liabilities of certain subsidiaries of the Group had not been received or not yet due, such that any corresponding tax charge settlement would be deferred to upcoming financial years.

37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

b. Movements of financial (assets)/liabilities arising from financing activities

Movements of financial (assets)/liabilities arising from financing activities are as follows:

In HK\$ million	2024							
	Prepaid finance costs (included in prepayments, deposits and other current assets)	Interest payable (included in accruals and other payables)	Borrowings	Derivative financial instruments, net	Amounts due to related companies	Lease liabilities	Amount due to a non-controlling interest	Total
As at 1 January 2024	(33)	376	52,046	757	118	2,143	–	55,407
Cash flows in financing activities								
New borrowings raised	–	(58)	40,472	–	–	–	–	40,414
Finance costs (paid)/received	–	(2,440)	–	45	(2)	–	–	(2,397)
Repayments of borrowings	–	–	(40,487)	–	–	–	–	(40,487)
Payment for lease liabilities (including interest)	–	–	–	–	–	(1,492)	–	(1,492)
Movement in amount due to a related company	–	–	–	–	(3)	–	–	(3)
Movement in amount due to a non-controlling interest	–	–	–	–	–	–	344	344
Cash flows in investing activities								
Loan repayment in relation to licence fee (note 39(b)(i))	–	–	(130)	–	–	–	–	(130)
Other changes (including non-cash movements)	(6)	2,476	18	(52)	56	1,371	–	3,863
As at 31 December 2024	(39)	354	51,919	750	169	2,022	344	55,519

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(Amount expressed in Hong Kong dollars unless otherwise stated)

37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

b. Movements of financial (assets)/liabilities arising from financing activities (continued)

Movements of financial (assets)/liabilities arising from financing activities are as follows: (continued)

In HK\$ million	2025							
	Prepaid finance costs (included in prepayments, deposits and other current assets)	Interest payable (included in accruals and other payables)	Borrowings	Derivative financial instruments, net	Amounts due to related companies	Lease liabilities	Amount due to a non-controlling interest	Total
As at 1 January 2025	(39)	354	51,919	750	169	2,022	344	55,519
Cash flows in financing activities								
New borrowings raised	(3)	(10)	50,771	–	–	–	–	50,758
Finance costs paid	–	(2,113)	–	(31)	(2)	–	–	(2,146)
Repayments of borrowings	–	–	(44,349)	(10)	–	–	–	(44,359)
Payment for lease liabilities (including interest)	–	–	–	–	–	(1,425)	–	(1,425)
Movement in amount due to a related company	–	–	–	–	2	–	–	2
Movement in amount due to a non-controlling interest	–	–	–	–	–	–	(7)	(7)
Cash flows in investing activities								
Loan repayment in relation to licence fee (note 39(b)(i))	–	–	(130)	–	–	–	–	(130)
Other changes (including non-cash movements)	12	2,055	711	3	(30)	2,015	–	4,766
As at 31 December 2025	(30)	286	58,922	712	139	2,612	337	62,978

c. Analysis of cash and cash equivalents

In HK\$ million	2024	2025
Total cash and bank balances	2,788	3,254
Less: restricted cash	(205)	(187)
Less: short-term deposits	(295)	(475)
Cash and cash equivalents as at 31 December	2,288	2,592

38 CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders to support the Group's stability and growth; and to earn a margin commensurate with the level of business and market risks in the Group's operation.

The Group monitors capital by reviewing the level of capital that is at the disposal of the Group ("Adjusted Capital"), taking into consideration the future capital requirements of the Group, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Adjusted Capital comprises all components of equity.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements, except for the debt covenant requirement of loan agreements with external parties and the minimum capital requirement of a subsidiary regulated by the Bermuda Monetary Authority. A subsidiary of the Group also has a minimum capital requirement as a condition for a stored value facilities licence granted by the Hong Kong Monetary Authority.

39 FINANCIAL INSTRUMENTS

The tables below analyse financial instruments by category:

In HK\$ million	2024				Total
	Financial assets at amortised cost	Financial assets at FVOCI	Financial assets at FVPL	Derivatives used for hedging	
Non-current assets					
Financial assets at FVOCI	–	881	–	–	881
Financial assets at FVPL	–	–	3,311	–	3,311
Other financial assets	805	–	–	–	805
Derivative financial instruments	–	–	–	93	93
Other non-current assets (excluding prepayments)	116	–	–	–	116
	921	881	3,311	93	5,206
Current assets					
Prepayments, deposits and other current assets (excluding prepayments)	3,300	–	–	–	3,300
Trade receivables, net	3,677	–	–	–	3,677
Amounts due from related companies	23	–	–	–	23
Restricted cash	205	–	–	–	205
Short-term deposits	295	–	–	–	295
Cash and cash equivalents	2,288	–	–	–	2,288
	9,788	–	–	–	9,788
Total	10,709	881	3,311	93	14,994

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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(Amount expressed in Hong Kong dollars unless otherwise stated)

39 FINANCIAL INSTRUMENTS (CONTINUED)

The tables below analyse financial instruments by category: (continued)

In HK\$ million	2024			Total
	Financial liabilities at FVPL	Derivatives used for hedging	Other financial liabilities at amortised cost	
Current liabilities				
Short-term borrowings	–	–	(3,934)	(3,934)
Trade payables	–	–	(7,570)	(7,570)
Accruals and other payables	–	–	(8,125)	(8,125)
Derivative financial instruments*	(4)	(41)	–	(45)
Carrier licence fee liabilities	–	–	(324)	(324)
Amounts due to related companies	–	–	(169)	(169)
Advances from customers	–	–	(301)	(301)
Lease liabilities	–	–	(1,103)	(1,103)
	(4)	(41)	(21,526)	(21,571)
Non-current liabilities				
Long-term borrowings	–	–	(47,985)	(47,985)
Derivative financial instruments	(29)	(769)	–	(798)
Carrier licence fee liabilities	–	–	(3,198)	(3,198)
Lease liabilities	–	–	(919)	(919)
Amount due to a non-controlling interest	–	–	(344)	(344)
Other long-term liabilities	–	–	(2,642)	(2,642)
	(29)	(769)	(55,088)	(55,886)
Total	(33)	(810)	(76,614)	(77,457)

39 FINANCIAL INSTRUMENTS (CONTINUED)

The tables below analyse financial instruments by category: (continued)

In HK\$ million

	Financial assets at amortised cost	Financial assets at FVOCI	2025 Financial assets at FVPL	Derivatives used for hedging	Total
Non-current assets					
Financial assets at FVOCI	–	169	–	–	169
Financial assets at FVPL	–	–	3,517	–	3,517
Derivative financial instrument	–	–	–	121	121
Other non-current assets (excluding prepayments)	124	–	–	–	124
	124	169	3,517	121	3,931
Current assets					
Prepayments, deposits and other current assets (excluding prepayments)	3,670	–	–	–	3,670
Trade receivables, net	4,502	–	–	–	4,502
Amounts due from related companies	645	–	–	–	645
Derivative financial instruments	–	–	4	40	44
Other financial assets	808	–	–	–	808
Restricted cash	187	–	–	–	187
Short-term deposits	475	–	–	–	475
Cash and cash equivalents	2,592	–	–	–	2,592
	12,879	–	4	40	12,923
Total	13,003	169	3,521	161	16,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

(Amount expressed in Hong Kong dollars unless otherwise stated)

39 FINANCIAL INSTRUMENTS (CONTINUED)

The tables below analyse financial instruments by category: (continued)

In HK\$ million

	2025			Total
	Financial liabilities at FVPL	Derivatives used for hedging	Other financial liabilities at amortised cost	
Current liabilities				
Short-term borrowings	–	–	(5,884)	(5,884)
Trade payables	–	–	(10,240)	(10,240)
Accruals and other payables	–	–	(8,124)	(8,124)
Derivative financial instruments	(16)	(26)	–	(42)
Carrier licence fee liabilities	–	–	(384)	(384)
Amounts due to related companies	–	–	(139)	(139)
Advances from customers	–	–	(313)	(313)
Lease liabilities	–	–	(969)	(969)
	(16)	(26)	(26,053)	(26,095)
Non-current liabilities				
Long-term borrowings	–	–	(53,038)	(53,038)
Derivative financial instruments*	(9)	(826)	–	(835)
Carrier licence fee liabilities	–	–	(3,494)	(3,494)
Lease liabilities	–	–	(1,643)	(1,643)
Amount due to a non-controlling interest	–	–	(337)	(337)
Other long-term liabilities	–	–	(2,712)	(2,712)
	(9)	(826)	(61,224)	(62,059)
Total	(25)	(852)	(87,277)	(88,154)

* As at 31 December 2025, derivative financial instruments classified as non-current liabilities of HK\$64 million (2024: current liabilities of HK\$32 million) related to foreign exchange forward contracts with an aggregate notional contract amount of US\$589 million (approximately HK\$4,490 million) (2024: US\$470 million (approximately HK\$3,686 million)) were designated as cash flow hedges of US\$300 million zero coupon guaranteed notes due 2030. Refer to notes 28(a) and 29(a) for details of the guaranteed notes and the foreign exchange forward contracts respectively.

Exposure to credit, liquidity and market risk (including foreign currency risk and interest rate risk) arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities. Exposure to these risks is controlled by the Group's financial management policies and practices described below.

39 FINANCIAL INSTRUMENTS *(CONTINUED)*

a. Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, short-term deposits, restricted cash, trade receivables, contract assets, amounts due from related companies, investments in debt instruments, derivative financial instruments, deposits and other receivables. Management has policies in place and exposure to these credit risks is monitored on an ongoing basis.

The Group's normal credit period for customers is ranging up to 30 days from the date of invoice unless there is a separate mutual agreement on extension of the credit period. The Group maintains a well-defined credit policy and 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. Debtors who have overdue balances are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers. As at 31 December 2024 and 2025, the Group did not have a significant exposure to any individual debtors or counterparties.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 27(d).

The overall impact of impairment of the contract assets on the consolidated financial statements is considered by management. Management considered the lifetime expected losses with respect to these contract assets were minimal as at 31 December 2024 and 2025 and the Group made no write-off or provision for these contract assets during the years ended 31 December 2024 and 2025.

Investments in debt instruments, amounts due from related companies, deposits and other receivables are considered to have low credit risk. These assets are continuously monitored by assessing the credit quality of the counterparty, taking into account its financial position, past experience and other factors. Where necessary, provision for impairment loss is made for estimated irrecoverable amounts. As at 31 December 2024 and 2025, investments in debt instruments, amounts due from related companies, deposits and other receivables were fully performing.

Derivative financial instruments, restricted cash, short-term deposits and cash and cash equivalents are considered to have low credit risk. These assets are executed with creditworthy financial institutions or investment counterparties and the Group does not expect any significant counterparty risk. Moreover, credit limits are set for individual counterparties and periodic reviews are conducted to ensure that the limits are strictly followed.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the consolidated statement of financial position. Except for the guarantees given by the Group as disclosed in notes 21(b) and 41, the Group does not provide any other guarantees which would expose the Group to credit risk.

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39 FINANCIAL INSTRUMENTS (CONTINUED)

b. Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Management believes there is no significant liquidity risk as the Group has sufficient cash and banking facilities to fund its operations and debt servicing requirements.

The Group is subject to certain corporate guarantee obligations to guarantee performance of its subsidiaries in the normal course of their businesses. Refer to note 41 for details.

The following tables detail the remaining contractual maturities at the end of the reporting periods of the Group's non-derivative financial liabilities and derivative financial liabilities, which are 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:

In HK\$ million	2024				Total contractual undiscounted cash outflow	Carrying amount
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years		
Current liabilities						
Short-term borrowings	(3,973)	–	–	–	(3,973)	(3,934)
Trade payables	(7,570)	–	–	–	(7,570)	(7,570)
Accruals and other payables	(8,125)	–	–	–	(8,125)	(8,125)
Derivative financial instruments	(45)	–	–	–	(45)	(45)
Carrier licence fee liabilities	(327)	–	–	–	(327)	(324)
Amounts due to related companies	(169)	–	–	–	(169)	(169)
Advances from customers	(301)	–	–	–	(301)	(301)
Lease liabilities	(1,206)	–	–	–	(1,206)	(1,103)
	(21,716)	–	–	–	(21,716)	(21,571)
Non-current liabilities						
Long-term borrowings (note i)	(1,995)	(14,176)	(29,795)	(8,471)	(54,437)	(47,985)
Derivative financial instruments	(82)	(141)	(371)	(341)	(935)	(798)
Carrier licence fee liabilities	–	(336)	(1,042)	(2,329)	(3,707)	(3,198)
Lease liabilities	–	(579)	(413)	(11)	(1,003)	(919)
Amount due to a non-controlling interest	–	(344)	–	–	(344)	(344)
Other long-term liabilities (note ii)	–	(30)	(994)	(3,181)	(4,205)	(2,642)
	(2,077)	(15,606)	(32,615)	(14,333)	(64,631)	(55,886)
Total	(23,793)	(15,606)	(32,615)	(14,333)	(86,347)	(77,457)

39 FINANCIAL INSTRUMENTS (CONTINUED)

b. Liquidity risk (continued)

In HK\$ million

	2025				Total contractual undiscounted cash outflow	Carrying amount
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years		
Current liabilities						
Short-term borrowings	(5,981)	—	—	—	(5,981)	(5,884)
Trade payables	(10,240)	—	—	—	(10,240)	(10,240)
Accruals and other payables	(8,124)	—	—	—	(8,124)	(8,124)
Derivative financial instruments	(42)	—	—	—	(42)	(42)
Carrier licence fee liabilities	(388)	—	—	—	(388)	(384)
Amounts due to related companies	(139)	—	—	—	(139)	(139)
Advances from customers	(313)	—	—	—	(313)	(313)
Lease liabilities	(1,062)	—	—	—	(1,062)	(969)
	(26,289)	—	—	—	(26,289)	(26,095)
Non-current liabilities						
Long-term borrowings (note i)	(1,852)	(17,766)	(34,249)	(5,212)	(59,079)	(53,038)
Derivative financial instruments	(121)	(93)	(380)	(329)	(923)	(835)
Carrier licence fee liabilities	—	(397)	(1,223)	(2,475)	(4,095)	(3,494)
Lease liabilities	—	(597)	(771)	(419)	(1,787)	(1,643)
Amount due to a non-controlling interest	—	(337)	—	—	(337)	(337)
Other long-term liabilities (note ii)	(300)	(372)	(3,093)	(201)	(3,966)	(2,712)
	(2,273)	(19,562)	(39,716)	(8,636)	(70,187)	(62,059)
Total	(28,562)	(19,562)	(39,716)	(8,636)	(96,476)	(88,154)

Notes:

- i. As at 31 December 2025, bank borrowings of HK\$780 million (2024: HK\$910 million) included in long-term borrowings were for financing a 15-year 3G spectrum utilisation fee paid upfront by the Group.
- ii. As at 31 December 2025, other long-term liabilities included HK\$480 million (2024: HK\$704 million) of long-term interest payable, which related to interest drawn under an arrangement with a bank to receive agreed amounts by instalments to settle interest payments of a fixed-to-fixed cross currency swap contract with a notional contract amount of EUR200 million (approximately HK\$1,665 million) (2024: EUR200 million (approximately HK\$1,665 million)). Refer to notes 28(b) and 29(a) for details of the guaranteed notes and the derivative financial instruments respectively.

31 December 2025

(Amount expressed in Hong Kong dollars unless otherwise stated)

39 FINANCIAL INSTRUMENTS (CONTINUED)

c. Market risk

Market risk comprises foreign currency, interest rate and equity price exposure deriving from the Group's operation, investment and funding activities. As a matter of policy, the Group enters into cross currency swap contracts, interest rate swap contracts, foreign exchange forward contracts and other financial instruments to manage its exposure to market risk directly related to its operations and financing. The Group does not undertake any speculative trading activities in connection with these financial instruments or enters into or acquires high market risk instruments for trading purposes.

The Group determines the appropriate risk management activities with the aim of prudently managing the market risk associated with transactions undertaken in the normal course of the Group's business.

All treasury risk management activities are carried out in accordance with policies and guidelines approved by the Group, which are reviewed on a regular basis. Early termination and amendments to the terms of the transaction would typically occur when there are changes in the underlying assets or liabilities or in the risk management strategy of the Group.

In the normal course of business, the Group uses the above-mentioned financial instruments to limit its exposure to adverse fluctuations in foreign exchange rates and interest rates. These instruments are executed with creditworthy financial institutions and all contracts are denominated in major currencies.

i. Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk arising from various currency exposure. Foreign currency risk arises when the Group's recognised assets and liabilities are denominated in a currency that is not the functional currency of the relevant group entity.

The Group's borrowings are substantially denominated in Hong Kong dollars, United States dollars and Euro. As at 31 December 2025, all (2024: all) of the Group's borrowings denominated in United States dollars/Euro were swapped into Hong Kong dollars by cross currency swap contracts and foreign exchange forward contracts. Given this, management does not expect that there will be any significant foreign currency risk associated with the Group's borrowings. The cross currency swap contracts and foreign exchange forward contracts outstanding as at 31 December 2025 with an aggregate notional contract amount of US\$2,489 million (approximately HK\$19,317 million) (2024: US\$2,870 million (approximately HK\$22,400 million)) and EUR200 million (approximately HK\$1,665 million) (2024: EUR200 million (approximately HK\$1,665 million)) were designated as cash flow hedges against foreign currency risk.

In respect of trade receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot or forward rates where necessary to address short-term imbalances. The foreign exchange forward contracts outstanding as at 31 December 2025 with an aggregate notional contract amount of US\$236 million (approximately HK\$1,821 million) (2024: nil) were designated as cash flow hedges against foreign currency risk.

39 FINANCIAL INSTRUMENTS (CONTINUED)

c. Market risk (continued)

i. Foreign currency risk (continued)

The following table details the Group's exposure at the end of the reporting period to currency risk arising from significant monetary assets or liabilities denominated in foreign currencies:

In HK\$ million	2024		2025	
	United States Dollars	Euro	United States Dollars	Euro
Trade receivables	1,485	50	1,535	63
Restricted cash	21	–	–	–
Short-term deposits	295	–	358	–
Cash and cash equivalents	661	85	508	42
Short-term borrowings	(3,881)	–	(5,829)	–
Trade payables	(2,601)	(53)	(3,059)	(32)
Advances from customers	(19)	–	(21)	–
Lease liabilities	(38)	(3)	(47)	(41)
Long-term borrowings	(17,729)	(1,612)	(11,949)	(1,828)
Gross exposure arising from net monetary liabilities	(21,806)	(1,533)	(18,504)	(1,796)
Net monetary (assets)/liabilities denominated in respective entities' functional currencies	(694)	(44)	(649)	19
Borrowings with hedging instruments	21,610	1,612	17,778	1,828
Overall net exposure	(890)	35	(1,375)	51

As at 31 December 2025, if the Hong Kong dollar had weakened/strengthened by 1% (2024: same) against the United States dollar, with all other variables held constant, the profit after tax of the Group for the year would have decreased/increased by approximately HK\$11 million (2024: HK\$7 million), mainly as a result of foreign exchange losses/gains on translation of United States dollar denominated monetary assets and liabilities which are not hedged by hedging instruments. Meanwhile, the hedging reserve and costs of hedging reserve of the Group as at 31 December 2025 would have collectively debited/credited by approximately HK\$89 million (2024: HK\$109 million), mainly as a result of foreign exchange losses/gains on the borrowings being hedged by cross currency swap contracts and foreign exchange forward contracts.

As at 31 December 2025, if the Hong Kong dollar had weakened/strengthened by 5% (2024: same) against Euro, with all other variables held constant, the profit after tax of the Group for the year would have increased/decreased by approximately HK\$2 million (2024: HK\$1 million), mainly as a result of foreign exchange gains/losses on translation of Euro denominated monetary assets and liabilities which are not hedged by hedging instruments. Meanwhile, the hedging reserve and costs of hedging reserve of the Group as at 31 December 2025 would have collectively debited/credited by approximately HK\$48 million (2024: HK\$42 million), mainly as a result of foreign exchange losses/gains on the long-term borrowing being hedged by a cross currency swap contract.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates occurred at the end of the reporting period and applied to the Group's exposure to currency risk for monetary assets and liabilities in existence at those dates, and that all other variables, in particular interest rates, remained constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in the movement in value of the United States dollar against other currencies. The analysis was performed on the same methodology for the years ended 31 December 2024 and 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

(Amount expressed in Hong Kong dollars unless otherwise stated)

39 FINANCIAL INSTRUMENTS (CONTINUED)

c. Market risk (continued)

ii. Interest rate risk

Given the relatively insignificant amount of interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises primarily from borrowings. Borrowings at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. In addition, from time to time, the Group draws under its revolving credit facilities which are substantially denominated in Hong Kong dollars with floating rate interest.

The Group has entered into floating-to-fixed interest rate swap contracts to hedge the cash flow interest rate risk arising from certain floating rate borrowings.

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period, after taking into account the effect of the cash flow and fair value hedging instruments:

	2024		2025	
	Effective interest rate %	HK\$ million	Effective interest rate %	HK\$ million
Net fixed rate borrowings:				
Short-term borrowing with hedging instruments	3.85	3,881	3.13	5,829
Long-term borrowing	5.06	774	5.06	776
Long-term bank borrowings with hedging instruments	4.15	8,049	3.70	11,939
Long-term borrowings with hedging instruments	3.46	18,567	3.57	13,001
		31,271		31,545
Variable rate borrowings:				
Short-term bank borrowing	4.97	53	4.62	55
Long-term bank borrowings	5.28	20,595	3.74	27,322
		20,648		27,377
Total borrowings		51,919		58,922

As at 31 December 2025, if the interest rate on variable rate borrowings had increased/decreased by 75 basis points (2024: same), with all other variables held constant, the profit after tax of the Group for the year would have decreased/increased by approximately HK\$172 million (2024: HK\$130 million), mainly as a result of higher/lower interest expense on floating rate borrowings in existence at the end of the reporting period.

The sensitivity analysis has been determined assuming that the change in interest rate occurred at the end of the reporting period and applied to the Group's exposure to interest rate risk for floating rate borrowings in existence at those dates. The 75 basis points (2024: same) increase or decrease represents management's assessment of a reasonably possible change in interest rate over the period until the end of the next annual reporting period. The analysis was performed on the same methodology for the years ended 31 December 2024 and 2025.

39 FINANCIAL INSTRUMENTS (CONTINUED)

c. Market risk (continued)

iii. Equity price risk

The Group is exposed to equity price changes arising from equity investments.

Investments are held for their long term growth potential or long term strategic purpose. Performance of the Group's listed investments are monitored regularly for price changes, whereas performance of the Group's unlisted investments are assessed at least semi-annually against the performance of the associated business as well as similar listed entities, based on the limited information available to the Group. Assessment of investment's relevance to the Group's long-term strategic plans is also made by management on regular basis (if applicable).

d. Fair values of financial instruments measured at amortised cost

All financial instruments were carried at amounts not materially different from their fair values as at 31 December 2025 except as follows:

In HK\$ million	2024		2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Other financial assets (non-current)	805	703	–	–
Other financial assets (current)	–	–	808	796
Long-term borrowings	47,985	46,839	53,038	52,584

The fair values of other financial assets and borrowings are the net present value of the estimated future cash flows discounted at the prevailing market rates. The fair values are within level 2 of the fair value hierarchy (as defined in note 39(e)).

e. Estimation of fair values

Financial instruments carried at fair value are analysed by valuation method and the different levels are defined as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for the financial assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

(Amount expressed in Hong Kong dollars unless otherwise stated)

39 FINANCIAL INSTRUMENTS (CONTINUED)

e. Estimation of fair values (continued)

The following tables present the Group's financial assets and liabilities that were measured at fair value:

In HK\$ million	As at 31 December 2024			Total
	Level 1	Level 2	Level 3	
Assets				
Financial assets at FVOCI (non-current)				
– Listed securities	823	–	–	823
– Unlisted securities	–	–	58	58
Financial assets at FVPL (non-current)				
– Listed securities	220	–	–	220
– Unlisted securities	–	–	3,091	3,091
Derivative financial instruments (non-current)	–	93	–	93
Total assets	1,043	93	3,149	4,285
Liabilities				
Derivative financial instruments (current)	–	(45)	–	(45)
Derivative financial instruments (non-current)	–	(798)	–	(798)
Total liabilities	–	(843)	–	(843)

In HK\$ million	As at 31 December 2025			Total
	Level 1	Level 2	Level 3	
Assets				
Financial assets at FVOCI (non-current)				
– Listed securities	111	–	–	111
– Unlisted securities	–	–	58	58
Financial assets at FVPL (non-current)				
– Listed securities	159	–	–	159
– Unlisted securities	–	–	3,358	3,358
Derivative financial instruments (non-current)	–	121	–	121
Derivative financial instruments (current)	–	44	–	44
Total assets	270	165	3,416	3,851
Liabilities				
Derivative financial instruments (current)	–	(42)	–	(42)
Derivative financial instruments (non-current)	–	(835)	–	(835)
Total liabilities	–	(877)	–	(877)

39 FINANCIAL INSTRUMENTS (CONTINUED)

e. Estimation of fair values (continued)

Instruments included in level 1 comprised investments in listed instruments classified as financial assets at FVOCI or financial assets at FVPL.

Instruments included in level 2 comprised mainly cross currency swap contracts, interest rate swap contracts and foreign exchange forward contracts classified as derivative financial instruments.

Instruments included in level 3 comprised investments in unlisted instruments classified as financial assets at FVOCI or financial assets at FVPL.

Specific valuation techniques used to value financial instruments include:

- In measuring the swap transactions, the fair value is the net present value of the estimated future cash flows discounted at the market quoted swap foreign exchange rates and interest rates.
- The fair value of the foreign exchange forward contracts is calculated based on the prevailing market foreign exchange rates quoted for contracts with the same notional amounts adjusted for maturity differences.

Investments in unlisted investment funds that are not traded in an active market are valued based on information derived from individual fund reports, or audited reports received from respective fund managers and adjusted by other relevant factors if deemed necessary. For other investments in unlisted instruments, the Group establishes the fair value by using valuation techniques including the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The key assumptions adopted in the valuation models include market multiples and discount rates which are based on historical patterns and industry trends of comparable companies. The fair values of these level 3 instruments may differ significantly if there are material changes to the underlying assumptions applied in the relevant fair valuation models.

The main level 3 input used by the Group for the valuations of unlisted investments included in level 3 instruments pertains to the use of recent arm's length transactions, reference to portfolio statements, and reference to other listed instruments that are substantially the same.

There were no transfers of financial assets and liabilities between fair value hierarchy classifications during the years ended 31 December 2024 and 2025.

There were no material changes in valuation techniques during the years ended 31 December 2024 and 2025.

After one of the unlisted securities being listed on 13 October 2023, management reassessed the classification of this security amount of HK\$299 million which was derecognised in the financial assets at FVPL and recognised in the financial assets at FVOCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

(Amount expressed in Hong Kong dollars unless otherwise stated)

39 FINANCIAL INSTRUMENTS (CONTINUED)

e. Estimation of fair values (continued)

The following tables present the changes in level 3 assets:

In HK\$ million	2024	
	Financial assets at FVOCI – unlisted securities	Financial assets at FVPL – unlisted securities
Beginning of year	130	3,029
Additions	–	13
Disposals	–	(30)
Fair value movement recognised in financial assets at FVOCI reserve	(72)	–
Fair value movement recognised in other gains, net	–	79
End of year	58	3,091

In HK\$ million	2025	
	Financial assets at FVOCI – unlisted securities	Financial assets at FVPL – unlisted securities
Beginning of year	58	3,091
Additions	–	138
Disposals	–	(7)
Fair value movement recognised in other gains, net	–	136
End of year	58	3,358

The estimated fair value of level 3 financial assets as at 31 December 2025 was HK\$3,416 million (2024: HK\$3,149 million).

f. Group's valuation process

The Group performs and monitors the valuations of financial instruments required for financial reporting purposes, including level 3 fair values. Material movements in valuations are reported to senior management immediately. Valuation results are reviewed by senior management at least on a semi-annual basis.

40 COMMITMENTS

a. Capital

As at 31 December 2025, capital commitments authorised and contracted for by nature were as follows:

In HK\$ million	2024	2025
Investments	244	107
Acquisition of property, plant and equipment	1,619	1,672
	1,863	1,779

b. Committed leases not yet commenced

As at 31 December 2025, the total future lease payments for leases committed but not yet commenced were payable as follows:

Land and buildings

In HK\$ million	2024	2025
Within 1 year	2	7
After 1 year but within 5 years	3	11
	5	18

Network capacity and equipment

In HK\$ million	2024	2025
Within 1 year	–	40
After 1 year but within 5 years	–	62
	–	102

c. Others

As at 31 December 2025, the Group had other outstanding commitments as follows:

In HK\$ million	2024	2025
Purchase of rights to broadcast certain TV content	1,616	985
Operating expenditure commitments	961	552
	2,577	1,537

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

(Amount expressed in Hong Kong dollars unless otherwise stated)

40 COMMITMENTS (CONTINUED)

d. Lease receivables

As at 31 December 2025, the maturity analysis of the total future minimum lease receipts under non-cancellable operating leases is as follows:

In HK\$ million	2024	2025
Within 1 year	22	21
After 1 year but within 2 years	15	8
After 2 years but within 3 years	7	–
	44	29

The Group leases out properties under operating leases. The majority of the leases typically run for periods of 1 to 5 years (2024: 1 to 5 years). None of the leases include material contingent rentals.

41 CONTINGENT LIABILITIES

In HK\$ million	2024	2025
Performance guarantees	1,227	1,201
Payment guarantees	1	2
Guarantees in lieu of cash deposit	1	–
Others	23	13
	1,252	1,216

The Group is subject to certain corporate guarantee obligations to guarantee the performance of its subsidiaries in the normal course of their businesses. The amount of liabilities arising from such obligations, if any, cannot be ascertained but the directors are of the opinion that any resulting liability will not materially affect the financial position of the Group.

42 BANKING FACILITIES

Aggregate banking facilities as at 31 December 2025 was HK\$65,647 million (2024: HK\$53,690 million) of which the undrawn facilities amounted to HK\$26,072 million (2024: HK\$24,802 million).

Majority of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's consolidated statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand and the undrawn facilities would be cancelled. The Group regularly monitors its compliance with these covenants. As at 31 December 2025, the Group was in compliance with the covenants relating to the banking facilities. Further details of the Group's management of liquidity risk are set out in note 39(b).

Summaries of short-term and long-term borrowings are set out in notes 27(e) and 28 respectively.

43 CHANGE IN INTERESTS IN SUBSIDIARIES WITHOUT A LOSS OF CONTROL

- a. During the year ended 31 December 2024, the Group has disposed 20,097,000 Share Stapled Units from the open market at an average price of HK\$9.50 per unit, resulting in a credit to non-controlling interest attributable to HKT Group of HK\$9 million.
- b. On 21 June 2023, the Company's wholly-owned subsidiary, PCCW Media Holdings Limited, and Viu International Limited ("Viu", a then wholly-owned subsidiary of PCCW Media Holdings Limited), entered into a share subscription agreement with an independent third party (the "Partner A"), pursuant to which Partner A shall subscribe for ordinary shares of Viu for an aggregate amount of US\$300 million (subject to the satisfaction or waiver of certain conditions), of which initial subscription of US\$200 million was completed on 21 June 2023. Following the completion of the initial subscription of US\$200 million and the further issuance of ordinary shares of Viu upon the availability of the audited financial statements of Viu, the Company's economic interest in Viu decreased from 100% to approximately 72.7%, resulting in an increase in non-controlling interests attributable to Viu of HK\$566 million. Viu is engaged in the provision of OTT video streaming service in Asia, the Middle East and South Africa. During the year ended 31 December 2024, the Company's economic interest in Viu further decreased from approximately 72.7% to approximately 62.8%, resulting in an increase in non-controlling interests attributable to Viu of HK\$411 million. During the year ended 31 December 2025, the Company's economic interest in Viu further decreased from approximately 62.8% to approximately 62.7%, resulting in an increase in non-controlling interests attributable to Viu of HK\$1 million.
- c. On 26 June 2024, the Company's indirect non-wholly owned subsidiary, Apex Link Communications Holdings Limited (the "Seller") entered into a share purchase agreement with an independent third party (the "Partner B"), pursuant to which Partner B shall purchase (i) 40% interest in Fiber Link Global Limited (the "Passive Netco"), an indirect non-wholly owned subsidiary of the Company which would engage in the provision of copper and fibre connection access services in Hong Kong and the Greater Bay Area and operating, maintaining and extending the passive components of copper and fibre access networks and providing related services; and (ii) a receivable in the amount of HK\$344 million owing from Passive Netco to the Seller, for an aggregate consideration of US\$870 million (the "Transaction"). As at 31 December 2024, all conditions of the agreement had been fulfilled and the Transaction had been completed, resulting in an increase in non-controlling interests of HK\$2,834 million based on the effective interest held by non-controlling shareholders.

44 BUSINESS COMBINATION

Acquisition of Clermont Media Limited and its subsidiaries (together the "Clermont Group")

On 4 February 2025, the Group completed the acquisition of the entire issued share capital of Clermont Media Limited, a private company incorporated in British Virgin Islands, and its subsidiaries. The Clermont Group is principally engaged in the business of, among other things, publication of newspapers and journals and operation of a variety of online platforms, websites, systems and portals relating to finance, economy, investment, lifestyle and education. The acquisition aims at expanding the Group's business in these areas, expanding advertising and subscription revenues by strengthening content for the existing news channel and enhancing the experience across the Group's various media platforms as well as delivering operational efficiencies by leveraging the Group's extensive resources. The total consideration for the acquisition was HK\$70 million, payable in cash in full at completion and goodwill of HK\$29 million at the acquisition date is recognised. As at 31 December 2025, the allocation of the purchase price to the acquired assets and liabilities is finalised. The fair values of the acquirees' identifiable assets and liabilities are concluded to be the same as their provisional amounts as at the date when the Group obtained control of the acquired companies. As a result, no adjustment to the provisional amounts and goodwill for the year ended 31 December 2025 is required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

(Amount expressed in Hong Kong dollars unless otherwise stated)

45 SUBSEQUENT EVENT

On 13 January 2026, CAS Capital No. 2 Limited, an indirect wholly-owned subsidiary of the Company, issued US\$675 million perpetual subordinated guaranteed securities. The securities are listed on the Singapore Exchange Securities Trading Limited and are irrevocably and unconditionally guaranteed by CAS Holding. The securities will be accounted for as equity instruments in the consolidated financial statements of the Group.

Subsequently, on 14 January 2026, CAS Holding completed a tender offer by purchasing an aggregate principal amount of approximately US\$581 million for cash in respect of US\$750 million perpetual subordinated guaranteed securities issued by CAS Capital No. 1 Limited, an indirect wholly-owned subsidiary of the Company, and irrevocably and unconditionally guaranteed by CAS Holding (the "Securities"). Following the completion of the tender offer, the outstanding amount of the Securities was further reduced from US\$713 million to approximately US\$132 million.

46 POSSIBLE IMPACT OF NEW AND AMENDED STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2025

Up to the date of approval of these consolidated financial statements, the HKICPA has issued the following new and amended HKFRS Accounting Standards which are not yet effective for the accounting period ended 31 December 2025 and which have not been early adopted in these consolidated financial statements:

		Effective for accounting periods beginning on or after
HKAS 28 (2011) (Amendments)	Investments in Associates and Joint Ventures	To be announced
HKFRS 7 (Amendments)	Financial Instruments: Disclosures	1 January 2026
HKFRS 9 (Amendments)	Financial Instruments	1 January 2026
HKFRS 10 (Amendments)	Consolidated Financial Statements	To be announced
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 and Amendments	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Annual Improvements to HKFRS Accounting Standards – Volume 11		1 January 2026
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027

Apart from the above, a number of improvements and minor amendments to HKFRS Accounting Standards have also been issued by the HKICPA but they are not yet effective for the accounting period ended 31 December 2025 and have not been early adopted in these consolidated financial statements.

None of the above is expected to have a significant effect on the result of operation and financial position of the Group.

FIVE YEAR FINANCIAL SUMMARY

For the year ended 31 December 2025

Results

In HK\$ million	2021*	2022	2023	2024	2025
Continuing operations					
Revenue	35,455	36,065	36,347	37,557	40,252
Cost of sales	(17,725)	(17,914)	(18,116)	(19,127)	(21,531)
General and administrative expenses	(13,179)	(13,498)	(13,265)	(13,042)	(13,270)
Other (losses)/gains, net	(45)	(51)	281	439	406
Interest income	69	101	165	133	96
Finance costs	(1,401)	(1,826)	(2,661)	(2,817)	(2,384)
Share of results of equity accounted entities	572	(278)	(252)	(355)	(146)
Profit before income tax	3,746	2,599	2,499	2,788	3,423
Income tax	(998)	(672)	(409)	(847)	(808)
Profit for the year from continuing operations	2,748	1,927	2,090	1,941	2,615
Discontinued operations					
Profit for the year from discontinued operations	199	834	–	–	–
Profit for the year	2,947	2,761	2,090	1,941	2,615
Profit/(Loss) attributable to:					
Equity holders of the Company	1,039	158	(471)	(300)	(253)
Holder of perpetual capital securities	226	235	235	234	226
Non-controlling interests	1,682	2,368	2,326	2,007	2,642

Assets and Liabilities

As at 31 December In HK\$ million	2021	2022	2023	2024	2025
Total non-current assets	75,602	78,018	80,352	83,727	86,748
Total current assets	18,621	17,046	14,211	15,031	18,661
Total current liabilities	(21,615)	(24,374)	(20,768)	(25,291)	(30,155)
Total non-current liabilities	(57,126)	(57,925)	(64,094)	(61,953)	(68,448)
Net assets	15,482	12,765	9,701	11,514	6,806

Distributable Reserves of the Company

As at 31 December In HK\$ million	2021	2022	2023	2024	2025
Distributable reserves of the Company	19,219	18,851	18,250	17,722	17,180

* The results for the year ended 31 December 2021 have been restated to reflect the operations discontinued during the year ended 31 December 2022, whereas the results prior to the year ended 31 December 2021 have not been restated for this purpose.

INVESTOR RELATIONS

DIRECTORS

The directors of the Company as at the date of the announcement of the 2025 Annual Results are:

Executive Directors:

Li Tzar Kai, Richard (*Chairman*)
Hui Hon Hing, Susanna (*Acting Group Managing Director and Group Chief Financial Officer*)

Non-Executive Directors:

Tse Sze Wing, Edmund, GBS
Tang Yongbo (*Deputy Chairman*)
Feng Lanxiao
Zhao Xingfu
Wei Zhe, David

Independent Non-Executive Directors:

Aman Mehta
Frances Waikwun Wong
Bryce Wayne Lee
Lars Eric Nils Rodert
David Christopher Chance
Sharhan Mohamed Muhseen Mohamed

GROUP GENERAL COUNSEL AND COMPANY SECRETARY

Cheung Hok Chee, Vanessa

REGISTERED OFFICE

41st Floor, PCCW Tower
Taikoo Place, 979 King's Road
Quarry Bay, Hong Kong
Telephone: +852 2888 2888
Fax: +852 2877 8877

ANNUAL REPORT 2025

This Annual Report 2025 in both English and Chinese is now available in printed form from the Company and the Company's Share Registrar, and in accessible format on the websites of the Company (www.pccw.com/ir) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

Shareholders who:

- received the Annual Report 2025 using electronic means through the website of the Company may request a printed copy, or
- received the Annual Report 2025 in either English or Chinese may request a printed copy of the other language version

by writing or sending email to the Company c/o the Company's Share Registrar at:

Computershare Hong Kong Investor Services Limited
Investor Communications Centre
17M Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong
Telephone: +852 2862 8688
Fax: +852 2865 0990
Email: pccw@computershare.com.hk

Shareholders who have chosen (or are deemed to have agreed) to receive the corporate communications of the Company (including but not limited to the Annual Report 2025) using electronic means through the Company's website and who, for any reason, have difficulty in receiving or gaining access to the Annual Report 2025 will promptly, upon request in writing or by email to the Company's Share Registrar, be sent the Annual Report 2025 in printed form, free of charge.

Shareholders may change their choice of language and/or means of receipt of the Company's future corporate communications at any time, free of charge, by reasonable prior notice in writing or by email to the Company's Share Registrar.

LISTINGS

The Company's shares are listed on The Stock Exchange of Hong Kong Limited and traded in the form of American Depositary Receipts ("ADRs") on the OTC Markets Group Inc. in the United States. Each ADR represents 10 ordinary shares of the Company. Certain guaranteed notes and securities issued by subsidiaries of the Company are listed on the Singapore Exchange Securities Trading Limited and the Taipei Exchange (as the case may be).

Owners of record as of the close of business on the ADR record date of American Depositary Shares can vote by proxy at the annual general meeting by completing a voting instruction card provided by the Depository Bank. The Depository Bank will tabulate and transmit the amount of ordinary share votes to the Company before the annual general meeting.

Additional information and specific inquiries concerning the Company's ADRs should be directed to the Company's ADR Depository at the address given on this page.

Other inquiries regarding the Company should be addressed to Investor Relations at the address given on this page.

STOCK CODES

The Stock Exchange of Hong Kong Limited	00008
Reuters	0008.HK
Bloomberg	8 HK
ADRs	PCCWY

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong
Telephone: +852 2862 8555
Fax: +852 2865 0990
Website: www.computershare.com/hk/contact

ADR DEPOSITARY

Citibank, N.A.
PCCW American Depositary Receipts
Citibank Shareholder Services
P.O. Box 43077
Providence, Rhode Island 02940-3077, USA
Telephone: +1 877 248 4237 (toll free within USA)
Telephone: +1 781 575 4555
Email: citibank@shareholders-online.com
Website: www.citi.com/dr

SHARE INFORMATION

Board lot:	1,000 shares
Issued shares as at 31 December 2025:	7,747,762,518 shares

DIVIDENDS

Dividends per ordinary share for the year ended 31 December 2025	
Interim	9.77 HK cents
Final	28.48 HK cents*

* Subject to the approval of shareholders at the 2026 Annual General Meeting

FINANCIAL CALENDAR

Announcement of 2025 Annual Results	10 February 2026
2026 Annual General Meeting	21 May 2026
Closure of register of members (for determination of shareholders who qualify for 2025 final dividend)	28-29 May 2026 (both days inclusive)
Record date for 2025 final dividend	29 May 2026
Payment of 2025 final dividend	On or around 18 June 2026

INVESTOR RELATIONS

Marco Wong
PCCW Limited
41st Floor, PCCW Tower
Taikoo Place, 979 King's Road
Quarry Bay, Hong Kong
Email: ir@pccw.com

WEBSITE

www.pccw.com

PCCW Limited (Incorporated in Hong Kong with limited liability)

41/F, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
T: +852 2888 2888 F: +852 2877 8877 www.pccw.com

PCCW shares are listed on The Stock Exchange of Hong Kong Limited (SEHK: 0008)
and traded in the form of American Depositary Receipts on the OTC Markets Group Inc. in the US (Ticker: PCCWY)

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