



中信國際電訊
CITIC TELECOM INTERNATIONAL

STOCK CODE:1883

2025 ANNUAL REPORT



CONNECT THE **FUTURE**

CONNECT THE **WORLD**

ABOUT US

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

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

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

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

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

The Group has established branch organisations in 22 countries and regions with over 2,400 employees and almost 170 PoPs globally. The Group’s business covers 160 countries and regions, and connects to over 600 operators in the world and serves over 3,000 MNCs and 40,000 local enterprises. The Group has R&D teams in various cities including Hong Kong, Macau, Zhuhai, Chengdu, etc. The Group has a number of ISO quality and network security accreditations, and also received awards and commendations from multiple organisations in recognition of caring to employees and environment for years.

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

VISION

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

MISSION

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

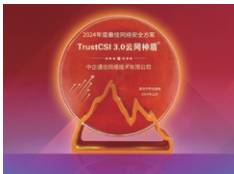
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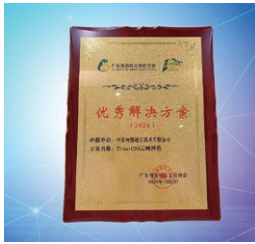
January

- China Enterprise ICT Solutions Limited (“CEC”)’s TrustCSI 3.0 was awarded the “2024 Best Cybersecurity Solution” issued by Communication World Weekly
- CEC’s TrustCSI 3.0 was awarded the “2024 Communication Industry Innovative Product Technology Solution” issued by Communications Weekly
- Acclivis Technologies and Solutions Pte. Ltd. (“Acclivis”) was awarded the “IBM Hardware Award (Business Excellence) 2024” issued by Tech Data Advanced Solutions (Singapore) Pte Ltd
- Acclivis was awarded the “IBM Future-Ready Partner 2024” issued by Tech Data Advanced Solutions (Singapore) Pte Ltd



February

- CEC’s TrustCSI won the “Outstanding Solution (2024)” issued by CIO Association of Guangdong
- CEC won the “Preferred Digital Transformation Service Provider for SMEs” issued by Qingyuan Industrial Internet and Big Data Industry Association

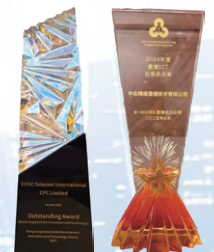
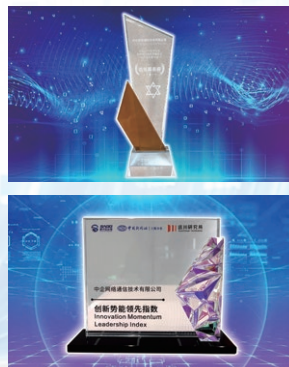
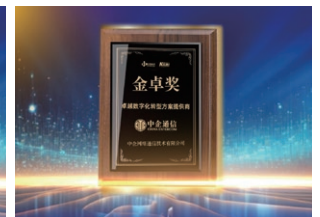


MILESTONES 2025



March

- “RJet”, an innovation project jointly developed by CITIC Telecom International Limited (“CITIC Telecom International”) and its partner, was awarded the third prize in “Open Gateway Global Use Case Innovation Challenge” at MWC25 Barcelona held in Spain
- CITIC Telecom International CPC Limited (“CPC”)’s AI Analytics (“智化算”) won the “Outstanding Award – Green Supply Chain Innovation and Technology” at the “Hong Kong Sustainable Development Innovation & Technology Awards 2025” presented by the World Institute of Sustainable Development Planners
- CPC won three awards at the “2025 Cybersecurity Excellence Awards”: including “AI Security Solutions”, “SOC Team of the Year” and “Best Managed Security Service Provider (MSSP)” organised by Cybersecurity Insiders
- CEC won the “Digital Transformation Leadership Enterprise Award” jointly issued by Energy Magazine and ShuZiGuoZi
- CEC won the “Excellent Service Provider” jointly issued by China Intelligent Manufacturing Industry Network and China Intelligent Manufacturing Committee of 100
- CEC won the “Innovation Momentum Leadership Index” jointly issued by China News Agency Shanghai Branch, YuanChuan Institution, and Lingang Special Area
- CEC won the “2024 Excellent Digital & Intelligent ICT Service Provider” issued by e-works
- CEC’s TrustCSI 3.0 Managed Information Security Services won the “2024 Outstanding Recommended Product for Intelligent Manufacturing” issued by e-works
- CEC won the “Premier Digital Transformation Solution Provider” in the “Gold Excellence Award” jointly issued by CIO TIMES and New Infrastructure Innovation Research Institute
- CEC won the “Excellent Ecosystem Co-Creation Partner” issued by CIO Association of Dongguan
- Companhia de Telecomunicações de Macau, S.A. (“CTM”) won the “AI-Oriented Business Innovation and Premium User Experience Award 2025” issued by Europe’s leading digital economy think tank IDATE



MILESTONES 2025



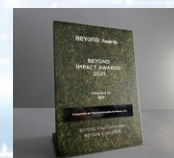
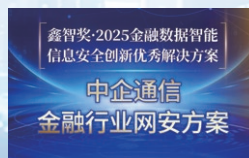
April

- CITIC Telecom International's Intelligent Financial Fraud Shield and Roaming Data Acceleration on Demand Service were selected as one of Kunlun Platform Lighthouse Project 2025's top 10 list of lighthouse projects at the Kulun Ecological Alliance Roundtable Forum during the 8th Digital China Summit
- CPC with its project named "Water Regime Forecast in the Minjiang River Basin Based on Artificial Intelligence" won the third prize in the Data Element Track at The final of the Digital China Innovation Contest 2025
- CPC's "TrustCSI™ AI Pentest" won the Gold Award for "Innovation in Digital Transformation – Telecommunications Industry" at the 2025 Asia-Pacific Stevie® Awards organised by Stevie Awards Inc.
- CPC's "TrustCSI™ AI Pentest" won the "CW Innovation Awards APAC 2025" organised by Computer Weekly



May

- CPC's "AI Databank" won Silver Medal at the 50th International Exhibition of Inventions Geneva
- CPC received the "Cybersecurity Service Provider of the Year" in the Tech Fest Hong Kong Award 2025, jointly organised by KORNERSTONE Institute, Revive Tech Asia and TEH Group
- CPC received the "Distinguished Enterprise Cybersecurity Provider" in the "Corporate Brand Awards of Excellence 2025" organised by Hong Kong Economic Journal. It is the 9th consecutive year that CPC has won the award
- CEC's financial industry cybersecurity solution won the "Financial Data Intelligence Solution Awards – 2025 Financial Data Intelligent Information Security Innovation Excellent Solution" issued by Fintech Innovation in China
- CEC won the "2025 CDI Excellent Digital Technology Service Provider" organised by 2025 China Digital Innovation Expo
- CTM was awarded "Beyond Impact Awards 2025" and "Beyond Best Choice Awards 2025" issued by BEYOND EXPO
- Teleone China (Zhuhai) Company Limited, wholly-owned software development subsidiary of CTM, was awarded the "Beyond Innovation Awards 2025 – Consumertech" issued by BEYOND EXPO



MILESTONES 2025



June

- CITIC Telecom International received the “Excellent Partners of the Year – DIGITAL APPLICATION” and “Strategic Partnership Excellence Award” issued by two China operators at the Mobile World Congress Shanghai 2025
- CPC’s “TrustCSI™ AI Pentest” won the “AI+ Power Awards 2025 – AI+ in Business Awards (Large Corporate)” organised by Baobab Tree Event
- CPC won the “Outstanding Innovative Cybersecurity Solutions Provider” award at the “Quamnet Outstanding Enterprise Awards 2025” organised by Quamnet
- CPC’s AI Databank solution won the “Best AI Datacenter Project of the Year” award at the CARRIER COMMUNITY GLOBAL AWARDS (CCGA) 2025 IN BERLIN, hosted by Carrier Community
- CEC won the “2025 Excellent Technology Innovation Service Provider” jointly issued by CIO TIMES and New Infrastructure Innovation Research Institute
- CTM won the FreeWiFi.MO “Service Coverage Award” issued by Macao Post and Telecommunications Bureau
- CTM was awarded the “Excellent Partner of the Year of Global Roaming and IoT” issued by a China operator



September

- CITIC Telecom International Holdings Limited (the “Company”) crowned “Best Listed Company” and “Most Valuable Listed Brand” at “2025 The Global Commercial Economic Forum with “Golden Kunpeng” China Financial Value Ranking” jointly organised by Hong Kong Commercial Daily and Global Commercial Newspapers Union
- CEC’s Abdul Latif Jameel China SD-WAN Hybrid Networking Project won the “SD-WAN Excellent Service Quality Award” issued by the Convergence of Computing and Networking Industry and Standards Promotion Committee (CCSA TC621) of the China Communications Standards Association



October

- CPC received the “Best Enterprise Solution – Bronze Award” at the “CAHK STAR Award 2025” issued by Communications Association of Hong Kong



MILESTONES 2025



November

- CPC's three AI solutions: "AI Databank", "AI Pentest" & "AI Visual Security", won the "Asia International Innovative Invention Award 2025 – Gold Award" issued by Hong Kong Federation of Innovative Technologies and Manufacturing Industries
- CPC won the "Best Data Governance Award – Gold Award" at the "DALA Awards 2025" issued by Data & AI Literacy Association
- CEC's Large Model Security Guardrail Platform for Financial Industry won the "Excellent Award in the 2025 "Data Element x" Competition Beijing Division Financial Services Track" issued by Beijing Municipal Administration of Government Services and Data Management
- CEC's Large Model-Based Information Security Situational Awareness Platform won the "Development Potential Award in the 2025 "Data Element x" Competition Guangdong Division Technology Innovation Track" issued by Guangdong Provincial Government Services and Data Management
- CEC won the "Second Prize in the Large Model-Based Industrial Multi-Scenario Challenge of the 8th "Shujing Cup" Data Intelligence Innovation Application Competition" organised by the China Academy of Information and Communications Technology and the Organising Committee of the National Industrial Internet Data Innovation Application Competition
- CEC won the "Outstanding Award in the Network and Information Security Track of the Information and Communication Security" at the "Second running of the 2025 "Golden Spirit Cup" China Internet Innovation Competition" organised by the Internet Society of China



MILESTONES 2025



December

- CITIC Telecom International participated in 2025 AI+ Cloud-Network Autonomous Ecological Cooperation Forum and the Kunlun Ecological Alliance Roundtable Forum, and won the “2025 Kunlun Ecological Outstanding Lighthouse Award”
- The Company was recognised in Top 100 Hong Kong Listed Companies Research Centre’s “The 12th Top 100 Hong Kong-Listed Companies – Top 50 Small Cap Enterprises”
- CPC’s “AI Databank” was Runner Up in the category of “Data Management and Analytics Innovation of the Year” at the “2025 MSP Channel Awards” organised by Angel Business Communications
- CEC won the “Third Prize in the AI+ Security Track of the First “AI Pioneer Cup”, “AI+” Application and Skills Competition 2025” organised by the Internet Society of China



LEADING INTO THE DIGITAL FUTURE

5G/6G

DIGITAL NETWORK



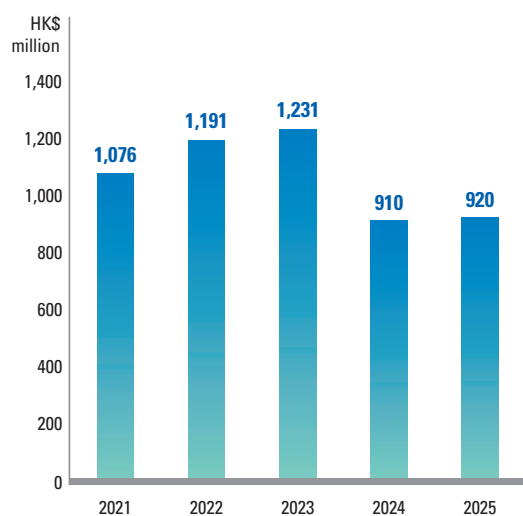
GLOBAL NETWORK

UNITY

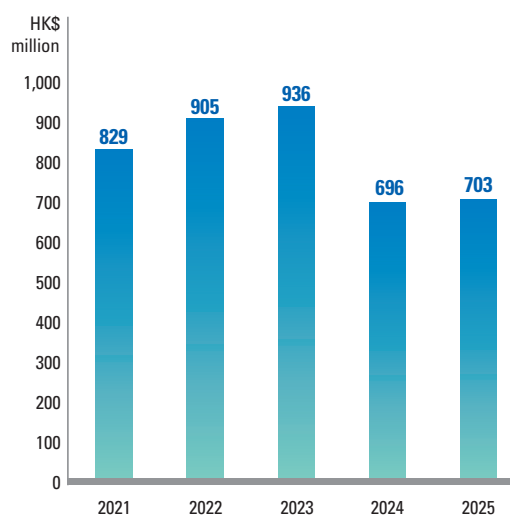
FINANCIAL HIGHLIGHTS

- Profit attributable to equity shareholders of the Company for the year 2025 amounted to HK\$920 million, a year-on-year increase of 1.1%.
- Dividends per share for the year 2025 totaled HK19.0 cents, a year-on-year increase of 1.1%.
- The Group's total debt as at 31 December 2025 was HK\$3,257 million, a decrease of 16.6% when compared to last year.

Profit attributable to equity shareholders of the Company



Dividends payable to equity shareholders of the Company attributable to the year



Note: The final dividend payable for the year ended 31 December 2025 was based on the number of shares in issue as at 31 December 2025, which may differ from the number of shares at the closing date of the register of members.

FINANCIAL HIGHLIGHTS

In HK\$ million	2025	2024	
Revenue			
Revenue from telecommunications services	7,951	8,045	Decrease 1.2%
Sales of mobile handsets and equipment	1,616	1,528	Increase 5.8%
	9,567	9,573	Decrease 0.1%
Profit attributable to equity shareholders of the Company	920	910	Increase 1.1%
EBITDA ¹	1,925	2,001	Decrease 3.8%
Earnings per share (HK cents)			
Basic and diluted	24.9	24.6	Increase 1.2%
Dividends per share (HK cents)			
Interim dividend	6.0	6.0	Same level as last year
Final dividend	13.0	12.8	Increase 1.6%
	19.0	18.8	Increase 1.1%
Total assets	16,987	17,455	Decrease 2.7%
Total equity attributable to equity shareholders of the Company	11,023	10,717	Increase 2.9%
Total debt ²	3,257	3,907	Decrease 16.6%
Less: Cash and deposits	(1,945)	(1,611)	Increase 20.7%
Net debt	1,312	2,296	Decrease 42.9%
Net gearing ratio ³	11%	18%	Decrease 7.0%

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

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

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

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

LEADING THE DIGITAL LIFE





CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

I hereby announce the annual operating and financial results of CITIC Telecom International Holdings Limited (the "Company"; together with its subsidiaries, the "Group") for 2025.

In 2025, the global landscape underwent profound evolution, with the economic environment remaining complex. Breakthroughs in cutting-edge innovations, represented by AI and next-generation information technology, have intensified competition in the information and communications industry. The Group confronted multiple challenges head-on, and by adhering to our development positioning of "With the backing of Chinese mainland, establishing a foothold in Hong Kong and Macau, and connecting to the world", we promoted international development and technological leadership. Aligning with the "Belt and Road" initiative and the development strategy of the Guangdong-Hong Kong-Macao Greater Bay Area, we served the stable development of the "One Country, Two Systems", and continuously strengthened our core functions and enhancing our core competitiveness.

Throughout the year, the Group's overall operations remained stable and improved steadily, with new growth drivers becoming increasingly robust. We are making steady and powerful progress towards our development goal of "To become a leading digitalised and intelligentised comprehensive telecommunications enterprise in Asia Pacific".

I. FINANCIAL RESULTS

The Group reported HK\$9,567 million in total revenue for 2025, representing a decrease by 0.1% compared to HK\$9,573 million for the corresponding period of the previous year.

Profit attributable to equity shareholders of the Company for 2025 amounted to HK\$920 million (including the revaluation loss on investment properties for 2025 of HK\$10 million), increasing by 1.1% as compared to HK\$910 million (including the revaluation loss on investment properties for 2024 of HK\$7 million) for the corresponding period of the previous year, representing an increase of 1.4% when excluding the effect of investment properties revaluation, as compared to the corresponding period of the previous year.

Basic earnings per share for 2025 amounted to HK24.9 cents, representing an 1.2% increase as compared to 2024. The Board recommended a final dividend of HK13.0 cents per share for 2025. Together with the 2025 interim dividend of HK6.0 cents per share, total dividends per share for 2025 amounted to HK19.0 cents, increased 1.1% as compared to the corresponding period of the previous year.

CHAIRMAN'S STATEMENT

II. REVIEW OF BUSINESS DEVELOPMENT

Faced with a complex and volatile global environment and rapid industry iterations, the Group persisted in innovation-driven development while consolidating our core businesses. We empowered high-quality growth with technology, established presence in emerging industries, cultivated new growth drivers, and optimised our business structure.

1. Strengthening core businesses and regional competitive edges

Maintaining market leadership in Macau. The Group has maintained its leading scale of 5G users in the Macau market, securing a top-one market share position in the mobile market, and achieved a 100% penetration rate for 5G services. We have promoted 5.5G private network applications, launched an upgraded eSIM service to enhance users' digital and intelligent experience. Regarding fixed-line business, we have accelerated the deployment of advanced fixed-line broadband technologies such as 50G-PON and Wi-Fi 7, driving Macau's scale upgrade from Gigabit to 10-G connectivity. Meanwhile, the "City Digital Economy (Macau) Innovation Center", co-built with Baidu, showcased AI applications in various industries. Recently, the Group has acquired 100% equity interest in Hutchison Telephone (Macau) Company Limited for HK\$110 million, further consolidated our leading position in the Macau market.

Further enhancing global network deployment.

During the year, the Group has added new network PoPs in Yibin, Sichuan and Almaty, Kazakhstan, upgraded 4 international PoPs, established 6 new backbone network lines in Chinese mainland, and increased capacity on 10 international lines covering major hubs in APAC and Europe. In Southeast Asia, the Group has utilised AI to empower the ServiceONE IT management service platform, optimised human resources allocation, enhanced

the intelligence level of service offerings, and assisted government and enterprise customers in their digital and intelligent transformation. We have implemented multiple digitalisation and network security projects in Singapore, Malaysia and Thailand, covering the government, education and retail sectors. Furthermore, we have launched our Internet Service Provider (ISP) business in the Philippines during the year.

2. Exploring emerging businesses and cultivating growth engines

AI industry layout. The CITIC Hong Kong AI Innovation Center constructed by the Group has commenced operations, and signed a framework agreement with The Hong Kong Polytechnic University to jointly establish the Interdisciplinary Mathematical Digital AI Joint Laboratory, thereby integrating academic research resources with industry needs.

The Group has strengthened top-level planning and leveraged on Hong Kong's competitive edges in scientific research by deepening our collaboration with local universities and research institutions in Hong Kong, while studying and assessing cutting-edge technologies and their application scenarios in areas such as AI, Fintech and digital communications. During the year, the Group has completed the deployment of the AI computing platform, and launched local AI agent applications based on open-source large models, such as AI intelligent assistants, AI-assisted programming, and market research assistants.

Cross-border data services breakthroughs. The Group has provided customised data centre hosting solutions for enterprise customers. Besides, we have promoted the construction of cross-border trusted data spaces, cooperated with data exchanges, and supported the secure flow of data and related compliance services.

CHAIRMAN'S STATEMENT

In data elements, the Group has achieved operational breakthroughs. We have joined the Trusted Data Space Alliance and collaborated with the China Future Internet Engineering Center and the International Data Spaces Association (IDSA) to advance the "Cross-border Trusted Data Space for the Financial Industry" project. We have passed the qualification review and become a data merchant of the Shenzhen Data Exchange, and are qualified to provide data services to enterprises. We have completed the commercialisation of global mobile number authentication service on the GSMA Open Gateway Network-as-a-Service (NaaS) platform. We have engaged with multiple enterprise customers in Hong Kong's retail, finance and internet OTT sectors to validate the business model of our innovative products in Hong Kong and Macau. Our "Auto-Op" has received the "Best Enterprise Solution – Bronze Award" at the "CAHK STAR Award 2025" issued by the Communications Association of Hong Kong, while our financial fraud prevention project won the "2025 Kunlun Ecological Outstanding Lighthouse Award".

3. Deepening AI applications to improve operational efficiency

The Group has implemented the ideology of safe development, and adhered to the bottom line of safe operation. We effectively and solidly carry out work in fire safety management, network and information security protection, and major event support. By taking advantage of AI, we have strengthened risk monitoring, process optimisation and compliance review. We have promoted the integration of AI compliance assistant with daily business operations to optimise work process while maintaining quality. During important festivals and events such as the 80th Anniversary of Victory of the Chinese People's War of Resistance Against Japanese Aggression and the World Anti-Fascist War, and the 15th National Games jointly held by Guangdong-Hong Kong-Macao, as well as during the invasion of super typhoon "Ragasa", we implemented strict safeguard arrangements to ensure smooth communication and stable operation of networks.

4. Strengthening the organisation by building a robust talent pipeline

The Group has implemented the ideology of "strengthening the enterprise through talents", and launched a "Management Trainee Programme" to select and cultivate leading technological talents and innovative teams focusing on emerging areas such as AI, computing power networks and data elements. For several consecutive years, we have been awarded the "Manpower Developer" and "Super MD" awards by the Hong Kong Employees Retraining Board's "ERB Manpower Developer Award Scheme", recognising our long-term input in talent training and development.

5. Fulfilling ESG responsibilities and enhancing corporate governance

In response to the Macau Government's telecommunications reform policies and to serve the public, the Group has launched inclusive telecommunications service fee reduction measures for all customers, fulfilling our commitment to benefiting the people. Through expanding network coverage and promoting innovative technologies, we have contributed to deepening digital integration in areas such as education, healthcare, commerce and people's livelihood. While fulfilling our corporate social responsibilities, the Group has emphasised the accessibility and reliability of our services, aiming to narrow the digital gap and build a more resilient and inclusive intelligent society.

The Group has actively fulfilled its corporate social responsibilities by engaging in the community connection to empower digital integration in areas such as education, healthcare, commerce and people's livelihood. After the fire incident at Wang Fuk Court, Tai Po, Hong Kong in November 2025, the Group has quickly confirmed the safety of our employees and their families, activated our emergency assistance mechanism and organised charitable donations, and has supported community post-disaster recovery with concrete efforts, and stood together with the Hong Kong society in solidarity and mutual assistance.

CHAIRMAN'S STATEMENT

The Group has persisted in maintaining a high level of corporate governance, continuously improving our compliance management system, and optimising internal control procedures for the benefit of shareholders' interests. As for capital operation, during the year, the Group has fully redeemed the US\$450 million 6.1% Guaranteed Bonds. With stable corporate governance and brand building, the Group has been awarded "Best Listed Company" and "Most Valuable Listed Brand" at "2025 The Global Commercial Economic Forum with "Golden Kunpeng" China Financial Value Ranking" jointly organised by Hong Kong Commercial Daily and Global Commercial Newspapers Union.

III. OUTLOOK

In the 15th Five-Year Plan period, we are facing new opportunities brought by the rapid development of AI applications and deepening of digital economy. The Group will focus on two drivers of "international development and technological innovation", and deepen our presence in four major markets: the global carrier market, the Asia-Pacific enterprise market, the Hong Kong and Macau consolidated market and the Chinese mainland market. Adhering to a customer-centric approach, we will implement a development strategy of "enhancing service capabilities by AI, focusing on information security, and using network connectivity as a link to provide one-stop IT services for Chinese enterprises going global (using AI as primary means), and will provide full-process support for Chinese software products going global (mainly serving AI products)". We are committed to "becoming a leading digitalised and intelligentised comprehensive telecommunications enterprise in Asia Pacific".

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

1. Solidify regional foundation and expand into emerging sectors

To solidify our leading position in the Macau market, we will deepen our presence in Macau, maintain our competitive edges in the 5G market, leverage the driving force role of enterprise private network business, and explore building network architectures integrated with next-generation telecommunications network technology and AI. We will expand into emerging areas such as cross-border data services and computing services, and enhance our technological leadership and business advantages in the telecommunications market of the Guangdong-Hong Kong-Macao Greater Bay Area. The Group will continue to strengthen its operations in Macau based on the extension of the concession agreement between Companhia de Telecomunicações de Macau, S.A., the Group's subsidiary, and the Macau Government in 2025, deepen communication with the government, positively respond to market opening, and enhance service quality and competitiveness.



CHAIRMAN'S STATEMENT

We will explore new growth drivers in emerging businesses by investing in high-value strategic sectors such as platform services and information security. We will support the global expansion of Chinese enterprises' products and operations while continuing to promote integrated intelligent applications of AI and big data for government and enterprise customers to empower their digital and intelligent transformation. We will enhance our overseas software agency business, cooperate with the Guangxi Zhuang Autonomous Region to explore the establishment of an International Compliant Data Flow and Trading Platform and a trusted data space in Macau, and integrate AI applications for overseas expansion, with a view to building the Company into a world-class comprehensive AI service provider. For enterprise customers, we are implementing a dual-path strategy to assist enterprises in going global and exporting software, establishing a competitive advantage in network security services.

We will develop cross-border data business, leverage the Guangdong-Hong Kong-Macao Greater Bay Area and the cross-border data circulation cooperation between Guangxi and Macau as key drivers, to construct and operate the "International Cooperation Service Center for Data and AI", with a view to promoting the clustered development of the data industry in Hong Kong and Macau. We will facilitate the overseas expansion of AI enterprises' models, computational power service and application capabilities, building a data re-export trade window between Chinese mainland and countries along the "Belt and Road", and a trusted hub and service portal for AI cooperation, thus enhancing the ecological standing of Hong Kong and Macau in global data trade and the AI industry.

2. Deeply cultivate AI and build a highland of innovation

To seize the development opportunities of AI, we will leverage AI to drive our digital transformation by internal intelligence enhancement and external empowerment. We will promote intelligent operations within the Group, foster the concept of "All for AI", develop AI agents, create digital staff applications, and improve daily management efficiency. In the Macau market, we will integrate new technologies such as AI algorithms, big data, and Internet of Vehicles ("IoV") to build and optimise large models in Portuguese, legal affairs and transportation. This initiative could meet citizens' demand for Portuguese and legal consultations, enrich smart mobility and smart tourism experiences, and promote the development of "AI Macau". We will explore building Macau's first large-scale intelligent computing center to provide computing support for future AI business development.

By leveraging Hong Kong's internationalisation and R&D resources, and taking advantage of the CITIC Hong Kong AI Innovation Center, we will precisely align with the Hong Kong Government's AI research support policies and develop the innovation center into the Group's hub for technology and a new driving force for business growth. We will conduct R&D in key areas such as deep AI applications, embodied intelligence, smart finance and industrial intelligence, continuously strengthen research cooperation with universities, and promote the implementation of scientific research achievements, building an AI innovative application ecosystem of "Universities – Innovation Center – Industries". We will optimise our AI talent teams, introduce high-end AI research talents to enhance our innovation. In response to the strong demand from enterprise customers for AI applications, we will launch a series of integrated AI service solutions and actively transform into a comprehensive AI service provider.

CHAIRMAN'S STATEMENT

3. Deepen market strategic layout and strengthen market coverage

We will integrate existing strengths and optimise resources allocation. We will serve global carriers effectively, further explore their new demands, consolidate and leverage our established position as a telecommunications hub, and gain a larger market share in the global carriers' market. By effectively serving customers in their "Going Global" and "Bringing In", the Group will continuously enhance our "AI+ Cloud, Network, Security" integrated solution capabilities. This effort will position the Group as an industry leader in the Asia-Pacific enterprise market and reinforce us as the preferred partner for cross-border businesses. We will also strengthen our collaboration with Chinese companies in Hong Kong and Macau, expanding business related to the "Going Global" strategies of state-owned enterprise customers.

The Group will proactively engage with key economic and trade zones identified by the Hong Kong Government, extending our "Belt and Road" business coverage. We will strengthen global resources integration and boost brand influence. While expanding our network of PoPs and branches, the Group will also explore opportunities in relevant emerging markets. We will aim to create world-class internationalised products and build a world-class internationalised team.

We will deepen our presence in the Singapore Government and enterprise market, strengthen sustainable business scale (cloud services, ISP, telecommunications services, IT management services, etc.). We will deepen our presence in emerging countries such as Malaysia, Thailand, Indonesia and Vietnam, develop data roaming and IoT, and expand our business scope and scale.

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

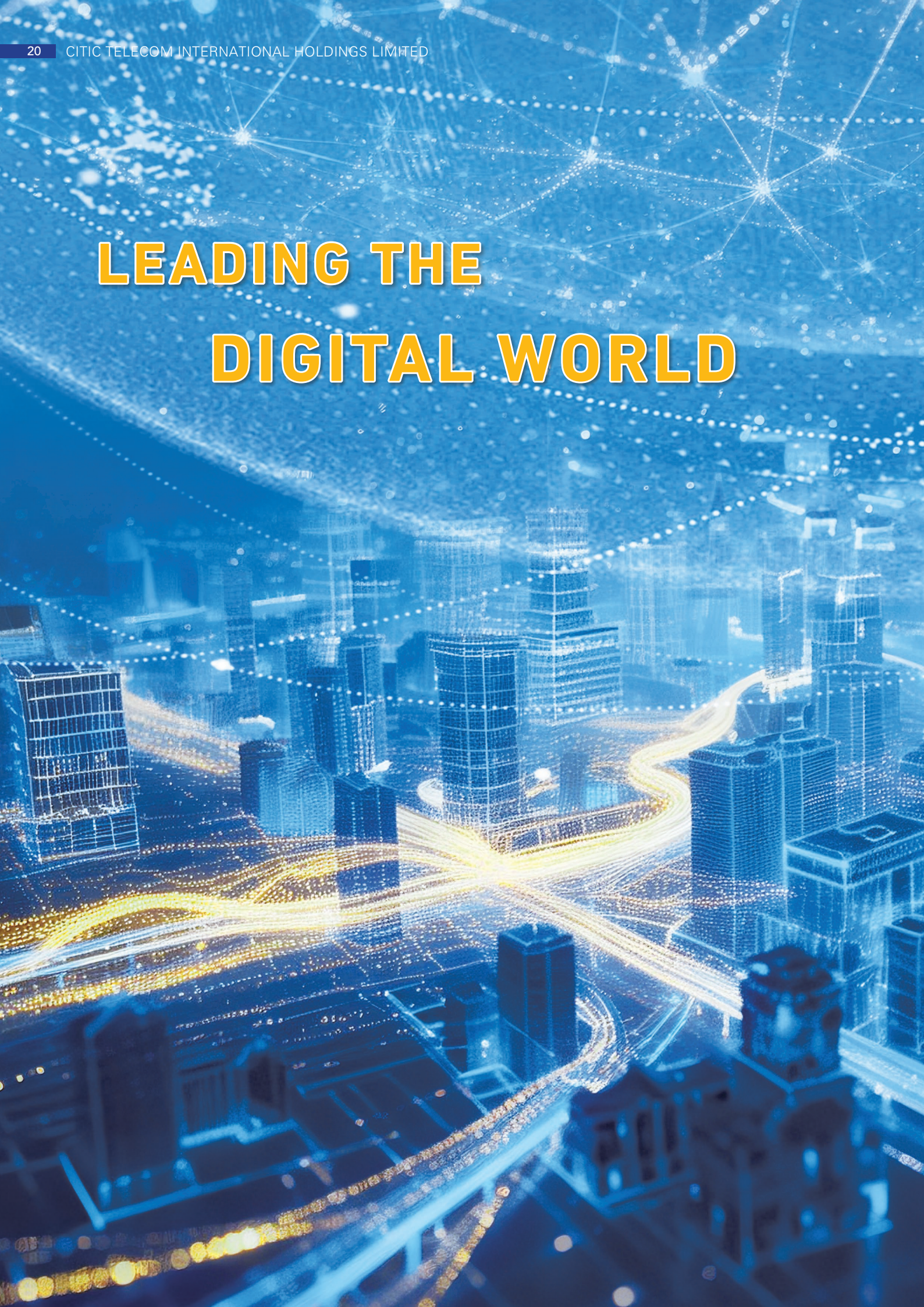
Luo Xicheng

Chairman

Hong Kong, 12 March 2026



LEADING THE DIGITAL WORLD





BUSINESS REVIEW

In 2025, the Group promoted international development and technological leadership, continuously consolidating its leading position in the telecommunications industry in Macau. It accelerated the evolution of mobile 5G-Advanced and fixed-line F5G-Advanced technologies, strengthening its new digital foundation oriented towards dual 10-Gigabit capabilities. The Group deepened ecological cooperation with international operators and actively expanded the commercial application of GSMA Open Gateway capabilities. In enterprise business, it continuously advanced the integration of AI and security capabilities, accelerating the implementation of the “AI+ Cloud, Network, and Security” strategy. Traditional businesses transformed in an orderly manner, while emerging momentum progressed steadily, continuously enhancing the Group’s overall competitiveness. For the year ended 31 December 2025, the Group’s total revenue amounted to HK\$9,567 million, similar compared with the previous year.

MOBILE SALES & SERVICES



BUSINESS REVIEW

1. MOBILE SALES & SERVICES

Continuously optimising mobile network performance to steadily expand scale of mobile services. As at the end of 2025, the Group registered exceeding 810,000 5G users in Macau, representing a 7.6% increase compared to the end of 2024, with the market share in Macau's mobile market rising to 54.7%. For the year ended 31 December 2025, mobile services revenue amounted to HK\$1,159 million, an increase of 6.3% compared with the previous year.

Comprehensively advancing into the 5.5G era and consolidating the leading position in the Macau market

Enhancing telecom network infrastructure capabilities in Macau to empower local socio-economic development with high-quality mobile communication services and support the deep digital integration of the Guangdong-Hong Kong-Macao Greater Bay Area. The 3G network was successfully decommissioned in June 2025, and network resource reutilization was systematically advanced. As at the end of 2025, the 5G user penetration rate reached 100%. The deployment of 5G-Advanced (5.5G) continued to progress steadily, with the pioneering introduction of 5.5G Reduced Capability (RedCap) IoT technology to propel Macau into a new phase of 5.5G. Through relevant market integration arrangements, the Group continues to maintain its position as the market leader.

Promoting 5.5G fixed-mobile converged dedicated line services and optimising user experience

Promoting the "Smart Home Mobility Private Network" solution to integrate 5.5G mobile private networks with Macau's local fixed-line networks, providing families, offices, and enterprises with secure, high-speed dedicated access, and enabling diverse application scenarios. Continuously enhancing the CTM Buddy mobile APP functionality, introducing AI customer service, and building a one-stop service portal to strengthen customer retention.

Enhance 5G Standalone network adoption and expand international roaming market

Continuous efforts have been made to deepen 5G network coverage in Macau, with a focus on improving user experience in indoor and other specific scenarios, resulting in a steady increase in the adoption rate of the 5G Standalone (5G SA) network. Companhia de Telecomunicações de Macau, S.A. ("CTM"), the Group's subsidiary, has capitalised on the trend of eSIM technology by launching the new "RoamEasy eSIM" service, expanding its market share in international roaming. As at the end of 2025, CTM had launched bilateral 5G roaming services with 173 overseas network operators (covering 139 countries/regions), including bilateral 5G SA roaming with 2 overseas network operators (covering 2 countries/regions). Additionally, CTM had launched bilateral 4G roaming services with 397 overseas network operators (covering 230 countries/regions), bilateral VoLTE roaming with 145 overseas network operators, and incoming VoLTE roaming services with 61 overseas network operators (covering 143 countries/regions).

Continuously upgrading platform capabilities towards 5G, strengthening the position as core regional hub for cross-border mobile services

The Group is committed to providing optimal connectivity services to global telecom operators. In response to the accelerated evolution of mobile networks, the Group focuses on the Asia-Pacific market and deepens cooperation with major telecom operators, comprehensively upgrading platform capabilities including cross-border SIMN and Mobile Roaming Signalling towards 5G. The Group has deployed Secure Edge Protection Proxy (SEPP) platform that support the security architecture for 5G roaming, and further expanded the regional coverage and business scope of its international roaming hub (IPX) platform.



BUSINESS REVIEW

INTERNET SERVICES



BUSINESS REVIEW

2. INTERNET SERVICES

Continuously optimising Macau's local broadband network, over 50% of CTM's broadband users exceeding 1Gbps for the internet connection speed, maintained the scale of data centre business and enhanced internet service capabilities. For the year ended 31 December 2025, internet services revenue amounted to HK\$1,436 million, a decrease of 4.2% compared with the previous year.

Advancing technological upgrades for internet services, deploying Macau's dual 10-Gigabit network to sustain industry leadership

Actively promoted FTTR (Fiber-to-the-Room) services, leading to continuous growth in the number of customers. As at the end of 2025, the Group's internet market share in Macau was approximately 96.3%. While the number of broadband users increased, intense market competition exerted certain pressure on broadband services. By introducing the AI-WAN network solution¹, further improved network resource scheduling efficiency and intelligent operation and maintenance capabilities. According to a global broadband speed test report released by a professional institution, Macau's fixed-line broadband average download speed ranked seventh globally².

The Group accelerated the deployment of advanced fixed-line broadband technologies such as 50G-PON and Wi-Fi 7, and implemented Macau's first "10-Gigabit Neighbourhood" solution, providing superior connectivity experiences for corporate and home users in Macau, and facilitating the transition from Gigabit to 10-Gigabit connectivity in Macau. Leveraging leading dual 10-Gigabit network infrastructure, CTM provided "Dual 10-Gigabit Sports Venue" communication solutions for the main venues of the 15th National Games (Macau region), reinforcing the digital foundation for Macau's smart city development.

Strengthening the core data centre strategic arrangement and advancing internet service development

The Group has established a Tier III+ high-grade data centre cluster with core nodes in Hong Kong, Macau and Tier 1 cities in Chinese mainland (such as Beijing, Shanghai and Guangzhou), while advancing the upgrade of data centre facilities in core regions. Leveraging a "Globalised and Localised" service network, the Group provides enterprise customers with end-to-end internet connectivity solutions. 100Gbps international internet outbound bandwidth has been deployed at key overseas nodes such as Europe to enhance interconnectivity. Further optimising the performance and stability of dedicated internet and broadband services, solidifies the foundation for business development.

1 CTM was awarded the "AI-WAN Best Implementation Award" at the 2025 Global IPv6 Forum and the "AI-Oriented Business Innovation and Premium User Experience Award 2025" by IDATE, a leading European digital economy think tank.

2 Source: Broadband network test report published by Speedtest Global, an international website, in December 2025.

BUSINESS REVIEW

INTERNATIONAL TELECOMMUNICATIONS SERVICES



BUSINESS REVIEW

3. INTERNATIONAL TELECOMMUNICATIONS SERVICES

Advancing platform 5G upgrades, deepening business cooperation and driving continuous growth in “DataMall 自由行”. For the year ended 31 December 2025, international telecommunications services revenue amounted to HK\$2,489 million, an increase of 5.2% compared with the previous year.

Deepening “DataMall 自由行” business cooperation and expanding IoT and IoV opportunities

With the deepening of Guangdong-Hong Kong-Macao Greater Bay Area integration and sustained growth in cross-border activities, demand for cross-border data roaming services continues to rise. The Group has increased investment in independent research and development and promoted the evolution of its international mobile data trading platform “DataMall 自由行” towards 5G, delivering more convenient, secure and stable high-quality data roaming services for cross-border travellers.

The roaming data package business has expanded its cooperation with mobile operators and merchants, primarily covering markets including Chinese mainland, Hong Kong, Macau, Japan, South Korea and Southeast Asia. In 2025, sales revenue from the partnership with the second mobile operator in Chinese mainland achieved significant growth. Meanwhile, the IoT “eSIM platform” has been upgraded to assist IoT and IoV partners in expanding overseas markets.

Stabilising international voice business and enterprise messaging services

Through detailed and intensive measures in business management and a high-quality service system, the Group has effectively identified potential customer demands and consolidated the business fundamental of international voice and enterprise messaging services. In 2025, the Group continued to strengthen the resilience of these businesses.

The Group has joined the GSMA Open Gateway initiative. The “RJet” project, jointly developed with partners, received an award at the “Open Gateway Global Use Case Innovation Challenge” at the 2025 Mobile World Congress. The “Global Mobile Number Smart Authentication Service” has been commercialised at the Shenzhen Data Exchange. Leveraging Open Gateway APIs, the Group has ventured into application scenarios such as enterprise identity verification and secure communication, aiming to explore new revenue streams.



BUSINESS REVIEW

ENTERPRISE SOLUTIONS



BUSINESS REVIEW

4. ENTERPRISE SOLUTIONS

Continuously optimising deployment along the “Belt and Road”, the Group’s services have covered 160 countries and regions with nearly 170 PoPs. Advancing the “AI+ Cloud, Network, and Security” strategy and deepening AI empowerment to accelerate enterprise business transformation. For the year ended 31 December 2025, enterprise solutions revenue amounted to HK\$2,745 million, a decrease of 7.2% compared with the previous year.

Improving global network presence and deepening the deployment of the “AI+ Cloud, Network, and Security” strategy

In enterprise business, amidst pressures from a complex and volatile international environment, intensified market competition, and rapid technological iteration, the Group deepened business presence centred on cloud, network and security, strengthened capability development to steadily consolidate the foundation for business growth.

Implement the strategic positioning of “With the backing of Chinese mainland, establishing a foothold in Hong Kong and Macau, and connecting to the world”, connecting with both the Chinese mainland and the world, continuously optimising the Southeast Asia and Europe network presence along the “Belt and Road”. In 2025, new network PoPs were added in Yibin, Sichuan and Almaty, Kazakhstan. International network PoPs in Hanoi, Jakarta, Bangkok, and Manila were upgraded, established around 65 SD-WAN gateways. 6 new backbone network lines in Chinese mainland were established and increased capacity on 10 international lines covering major hubs in APAC and Europe. Reinforcing the support for Chinese enterprises expanding overseas to Southeast Asia, Europe, and the Middle East.

Established a multi-cloud architecture connecting Chinese mainland and international, launched the Hybrid Cloud platform service, upgraded the TrueCONNECT™ Hybrid SD-WAN security management service, and introduced the self-developed Security Information and Event Management SIEM-MiiND service. An AI-driven Security Operations Center (AI SOC) has been built, ranking among the top three most trusted SOC service providers in the Hong Kong market³. Benefiting from accelerated digital transformation of enterprises, emerging cloud computing and information security businesses achieved double-digit year-on-year growth in 2025.

The Group will continue to deepen its “AI+ Cloud, Network, and Security” strategy, laying a solid foundation through enhanced network capabilities and addressing growing demand with enhanced security solutions, advancing technology empowerment systematically, driving high-quality and sustainable growth in enterprise business and creating long-term value for shareholders.

Harnessing the power of AI to propel high-quality transformation

Seizing the development trend of AI large language models and AI Agent technology, the Group has strengthened in-house development capabilities, achieving seamless integration of the AI Databank with enterprise operation systems, and was awarded a Silver Medal at the 50th International Exhibition of Inventions Geneva. The Group has advanced the implementation of innovative products including the SmartCLOUD™ AI assistant, AI penetration testing (AI Pentest), and AI Guardrail, building a multi-level information security protection system and further enhancing its innovative advantage in the field of information security.

Actively contribute to the development of “AI Macau”, in 2025, the “City Digital Economy (Macau) Innovation Center”, co-built with Baidu, was officially launched, focusing on developing AI smart applications for various industries. Cooperating with the Macao Government Tourism Office, the Group upgraded the smart tourism customer service application, and expanded the customer base of the “Dr. Easy Smart Healthcare Platform”. Provided intelligent big data analysis services for multiple government departments and local enterprises, assisting in the development of smart city initiatives in Macau.

In Southeast Asia region, the Group has established Singapore as its regional hub and continuously deepened its business presence in key markets such as the Philippines, Malaysia, Thailand, and Indonesia. By deeply empowering the ServiceONE IT managed services platform with AI, continuously optimised workforce deployment and service response efficiency, elevating intelligent service standards and accelerating digital transformation for local customers. As at the end of 2025, the platform covered markets including Singapore, Malaysia and Thailand, serving more than 90 clients across multiple industries, including higher education, healthcare, government, and retail chains, with over 50,000 end users.

3 Source: “IT PRO Enterprise SOC Survey Results”, April 2025 issue of Hong Kong’s well-known IT industry magazine “IT PRO”.

BUSINESS REVIEW

FIXED LINE SERVICES



BUSINESS REVIEW

5. FIXED LINE SERVICES

Revenue from fixed-line services declined, in line with the global trend for this business. For the year ended 31 December 2025, fixed line services revenue amounted to HK\$122 million, a decrease of 8.3% compared with the previous year.

The Group has endeavoured to maintain the customer volume and business scale of the fixed-line voice service in Macau. The number of residential fixed-line customers and commercial customers declined.



FINANCIAL REVIEW

OVERVIEW

The Group's profit for the year ended 31 December 2025 increased 0.8% year-on-year to HK\$935 million, profit attributable to equity shareholders of the Company increased 1.1% year-on-year to HK\$920 million, and basic earnings per share was up 1.2% to HK24.9 cents when compared to last year.

The Group's total revenue amounted to HK\$9,567 million which was similar to last year, while revenue from telecommunications services decreased 1.2% year-on-year to HK\$7,951 million.

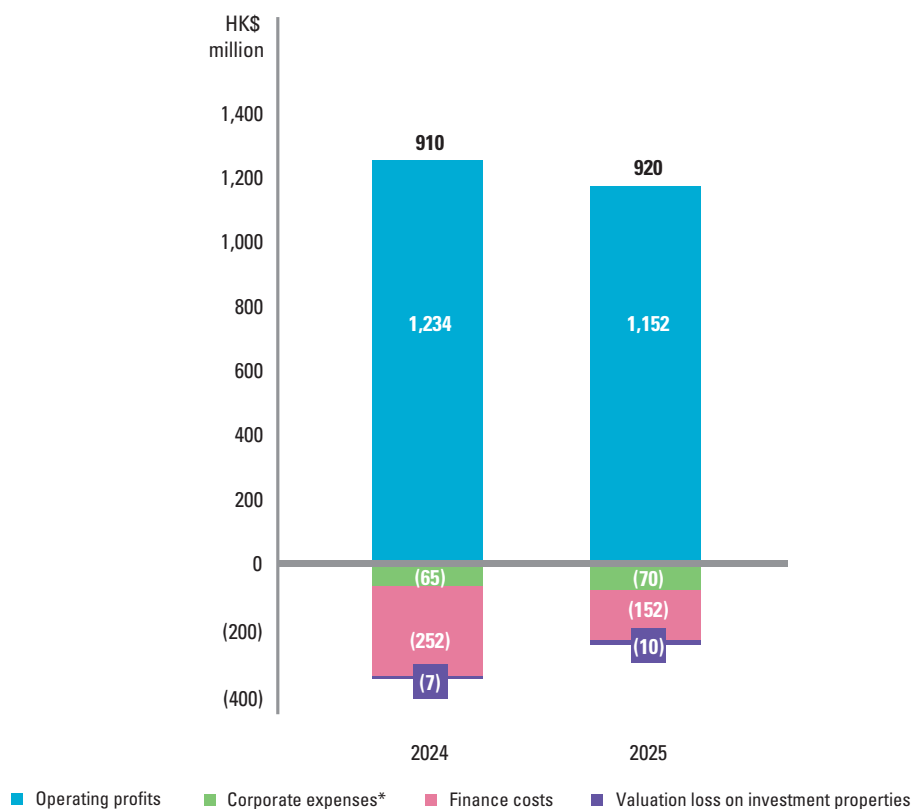
Summary of Financial Results

In HK\$ million	Year ended 31 December		Increase/(Decrease)	
	2025	2024		
Revenue from telecommunications services	7,951	8,045	(94)	(1.2%)
Sales of mobile handsets and equipment	1,616	1,528	88	5.8%
Revenue	9,567	9,573	(6)	(0.1%)
Valuation loss on investment properties	(10)	(7)	3	42.9%
Other income	64	86	(22)	(25.6%)
Cost of sales and services	(5,968)	(6,022)	(54)	(0.9%)
Depreciation and amortisation	(683)	(727)	(44)	(6.1%)
Staff costs	(1,085)	(1,020)	65	6.4%
Other operating expenses	(605)	(550)	55	10.0%
Profit from consolidated activities	1,280	1,333	(53)	(4.0%)
Finance costs	(152)	(252)	(100)	(39.7%)
Share of profit of a joint venture	–	1	(1)	N/A
Income tax	(193)	(154)	39	25.3%
Profit for the year	935	928	7	0.8%
Less: Non-controlling interests	(15)	(18)	(3)	(16.7%)
Profit attributable to equity shareholders of the Company	920	910	10	1.1%
EBITDA*	1,925	2,001	(76)	(3.8%)
Basic earnings per share (HK cents)	24.9	24.6	0.3	1.2%
Dividends per share (HK cents)	19.0	18.8	0.2	1.1%

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

FINANCIAL REVIEW

Profit attributable to equity shareholders of the Company



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

Profit attributable to equity shareholders of the Company for the year ended 31 December 2025 was HK\$920 million which increased by 1.1% or HK\$10 million when compared to the previous year. Excluding the valuation loss on investment properties of HK\$10 million (2024: HK\$7 million), profit attributable to equity shareholders of the Company for the year would amount to HK\$930 million (2024: HK\$917 million), representing a year-on-year increase of 1.4%.

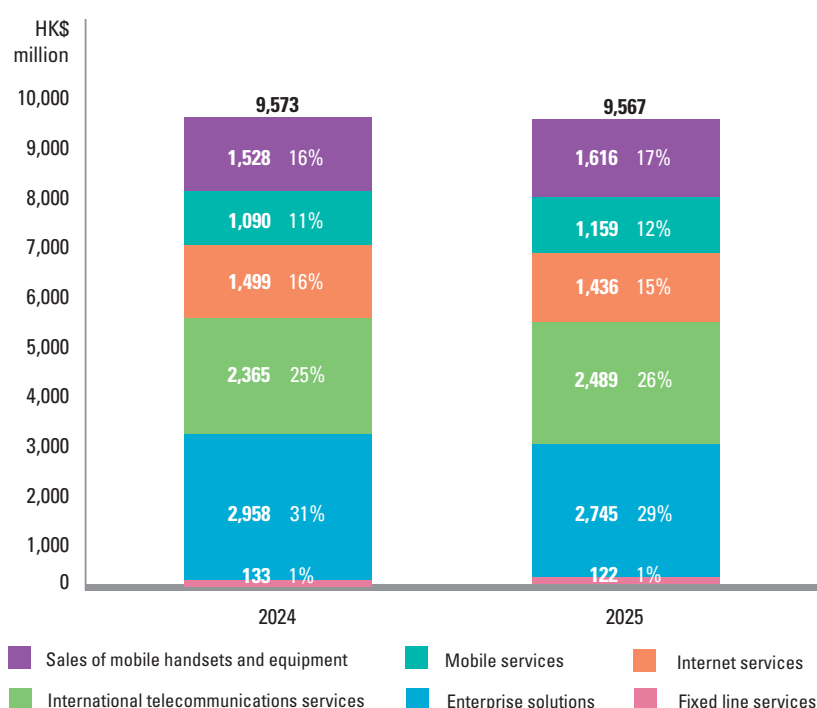
FINANCIAL REVIEW

Revenue

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

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

The Group's total revenue including revenue from telecommunications services and the sales of mobile handsets and equipment was similar to last year and amounted to HK\$9,567 million.



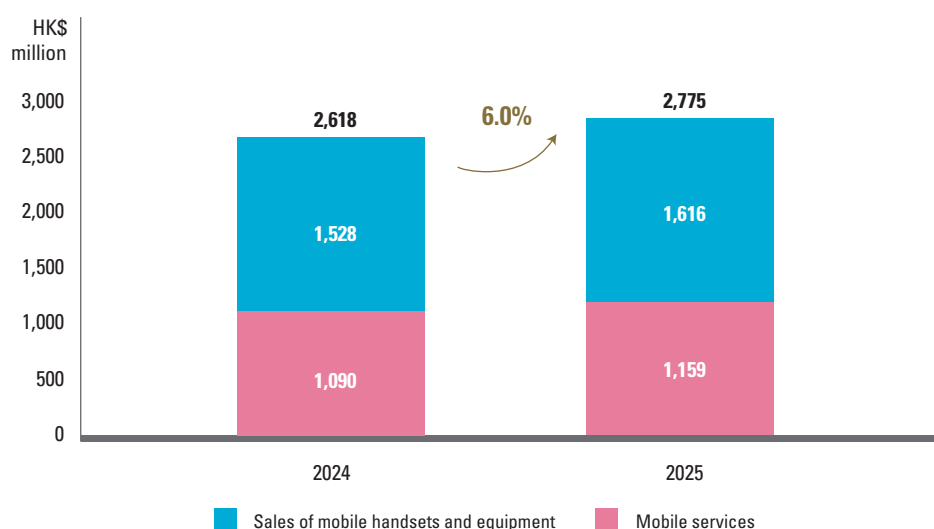
Revenue from telecommunications services for the year ended 31 December 2025 amounted to HK\$7,951 million, which represented a decrease of 1.2% or HK\$94 million when compared to the previous year. The decrease was mainly attributed to the drop in revenue from enterprise solutions, internet services and fixed line services revenue, but was partially offset by the increase in revenue from mobile services and international telecommunications services.

The Group's sales of mobile handsets and equipment for the year ended 31 December 2025 amounted to HK\$1,616 million, which represented an increase of 5.8% or HK\$88 million when compared to the previous year.

FINANCIAL REVIEW

Mobile sales & services

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



Sales of mobile handsets and equipment increased 5.8% year-on-year to HK\$1,616 million due to more stable supply of mobile handsets during the year and other factors such as the increasing trend in 5G upgrade.

Postpaid revenue was up from last year due to the increase in the number of mobile customers and mobile market shares as well as 5G penetration rate. Meanwhile, due to the stable recovery of Macau's tourism industry and measures such as "Northbound Travel for Macau Vehicles", both outbound and inbound roaming revenue and prepaid revenue also recorded an increase. Overall, mobile services revenue was up 6.3% year-on-year to HK\$1,159 million.

The Group's overall number of mobile subscribers as at 31 December 2025 was over 817,000 (31 December 2024: over 771,000) subscribers, showing an increase of around 6.0% resulting from the increase in postpaid customers of around 9.3% to approximately 623,000 (31 December 2024: over 570,000) subscribers, partly offset by the decrease in prepaid customers of around 3.5% to over 194,000 (31 December 2024: over 201,000) subscribers.

As at 31 December 2025, total number of 5G mobile subscribers reached over 817,000 (31 December 2024: over 759,000) subscribers, representing 100.0% (31 December 2024: 98.4%) of the Group's total number of mobile subscribers.

Internet services

Internet services revenue dropped 4.2% or HK\$63 million year-on-year to HK\$1,436 million. Even though there was around 1.0% year-on-year increase in the number of broadband subscribers to over 210,000 (31 December 2024: over 208,000), intense market competition has led to the reduction in revenue for both internet access services and data centre services.

As at 31 December 2025, the Group's internet market share in Macau was around 96.3% (31 December 2024: 96.8%).

FINANCIAL REVIEW

International telecommunications services

International telecommunications services revenue including revenue from messaging services (including SMS), voice services and “DataMall 自由行” services increased by 5.2% or HK\$124 million year-on-year to HK\$2,489 million.

The Group’s successful efforts in increasing its voice services revenue by 12.4% or HK\$200 million year-on-year to HK\$1,815 million was the main contributor for the increase in international telecommunications services revenue. For the year ended 31 December 2025, messaging services revenue decreased by 17.0% or HK\$103 million year-on-year to HK\$502 million.

Revenue from “DataMall 自由行” services maintained stable growth of 18.6% or HK\$27 million to HK\$172 million when compared to last year.

Enterprise solutions

Enterprise solutions broadly include enterprise solutions services, business solution projects, virtual private network services, sales of related products and others. For the year ended 31 December 2025, enterprise solutions revenue decreased by 7.2% or HK\$213 million year-on-year to HK\$2,745 million. The decrease is mainly contributed by the drop in enterprise solutions revenue in Macau as a result of lower revenue from large government and resorts projects, as well as the decrease in leased lines revenue.

Fixed line services

As a result of the decrease in fixed residential and business lines, fixed line services revenue was down by 8.3% year-on-year to HK\$122 million for the year ended 31 December 2025.

Results for the year

Profit attributable to equity shareholders of the Company was HK\$920 million, a year-on-year increase of 1.1% or HK\$10 million mainly due to the combined effect of the following factors:

Revenue

The Group’s revenue from telecommunications services decreased by 1.2% or HK\$94 million to HK\$7,951 million. Total revenue including mobile handsets and equipment sales amounted to HK\$9,567 million for the year which was similar to last year.

Valuation loss on investment properties

Certain floors of the properties held by the Group were leased out to third parties and an affiliate of the Group. These floors were revalued as at 31 December 2025 by the Group’s independent surveyors with a valuation loss of HK\$10 million (2024: HK\$7 million).

Cost of sales and services

Cost of sales and services includes cost of provision of telecommunications services and cost of sales of mobile handsets and equipment. Cost of sales and services decreased 0.9% year-on-year or HK\$54 million to HK\$5,968 million. The decrease in cost of sales and services was in-line with the decrease in telecommunications services revenue.

Depreciation and amortisation

Depreciation and amortisation expenses totalled HK\$683 million for the year ended 31 December 2025, representing a year-on-year decrease of 6.1%. The decrease was mainly due to certain aged networks and equipment being fully depreciated in 2024.

FINANCIAL REVIEW

Staff costs

Staff costs increased year-on-year by 6.4% or HK\$65 million to HK\$1,085 million.

Other operating expenses

Other operating expenses increased year-on-year by 10.0% or HK\$55 million to HK\$605 million mainly due to the increase in loss allowance on trade receivables and contract assets.

Finance costs

During the year, the Group has fully redeemed the US\$450 million 6.1% guaranteed bonds by using its surplus funds of HK\$394 million and the bank and other loans of HK\$3,096 million, and repaid HK\$197 million bank and other loans using its surplus funds. As a result, finance costs decreased by 39.7% year-on-year or HK\$100 million to HK\$152 million.

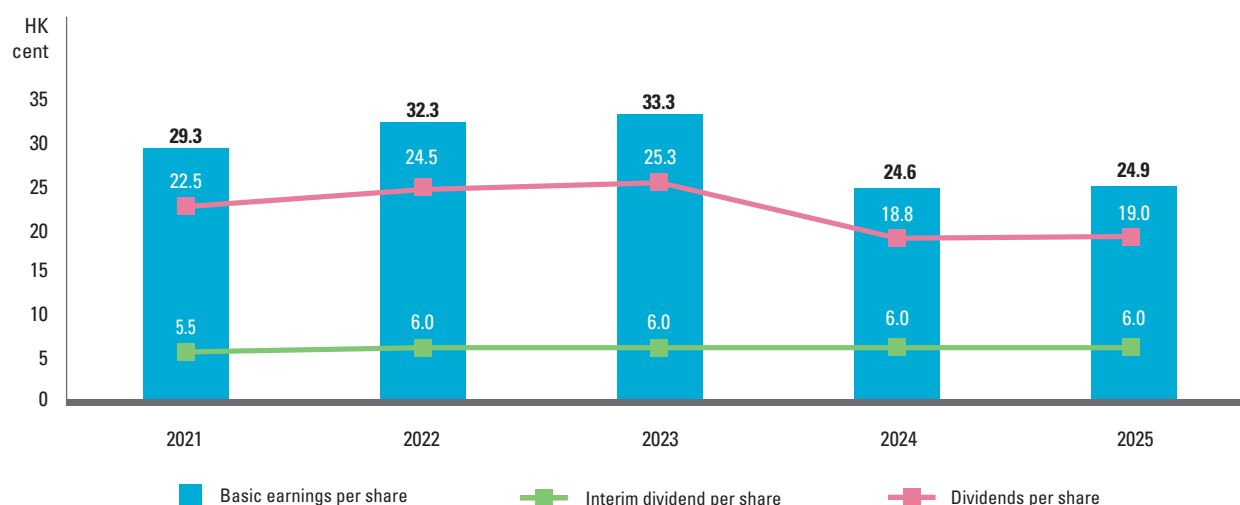
Income tax

Income tax for the year amounted to HK\$193 million, an increase of HK\$39 million when compared to the previous year. Included in the income tax amount for 2025 is a provision for top-up tax of HK\$31 million (2024: \$Nil) as required under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025. Excluding finance costs, over or under-provision of taxes and any origination and reversal of temporary differences in relation to prior years, the effective tax rates for the years ended 31 December 2025 and 2024 were 15.7% and 13.4% respectively.

Earnings and Dividends per share

Both basic and diluted earnings per share were up 1.2% year-on-year respectively to approximately HK24.9 cents for the year ended 31 December 2025.

The Company's Board of Directors has resolved to recommend to shareholders the payment of final dividend of HK13.0 cents per share which, together with the interim dividend of HK6.0 cents per share already paid, makes total dividends of HK19.0 cents per share for the year ended 31 December 2025. This represents an increase of 1.1% year-on-year.



FINANCIAL REVIEW

Cash flows

In HK\$ million	Year ended 31 December			
	2025	2024	Increase/(Decrease)	
Source of cash:				
Cash inflows from business operations	2,266	1,560	706	45.3%
Decrease in other deposits	26	44	(18)	(40.9%)
Other cash inflows	38	63	(25)	(39.7%)
Sub-total	2,330	1,667	663	39.8%
Use of cash:				
Capital expenditure*	(366)	(404)	(38)	(9.4%)
Dividends paid to equity shareholders and non-controlling interests	(706)	(950)	(244)	(25.7%)
Capital and interest elements of lease rentals paid	(121)	(140)	(19)	(13.6%)
Payment of borrowing costs	(204)	(233)	(29)	(12.4%)
Net cash outflows from borrowings	(591)	(1)	590	>100%
Sub-total	(1,988)	(1,728)	260	15.0%
Net increase/(decrease) in cash and cash equivalents	342	(61)	403	N/A

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

The Group generated HK\$2,330 million cash inflow from its operations, with the use of cash mainly comprised of capital expenditure, lease payments, dividends distributions and payment of borrowing costs. In total, the Group recorded a net cash inflow of HK\$342 million for the year ended 31 December 2025.

Capital expenditure

The Group's total capital expenditure for the year ended 31 December 2025 amounted to HK\$360 million. During the year, HK\$85 million was invested in 5G network, HK\$15 million was incurred for the Group's data centre development and the remainder of the capital expenditure was mainly used for network systems upgrade and expansion.

Capital commitments

As at 31 December 2025, the Group had outstanding capital commitments of HK\$68 million, mainly for 5G network development, data centre development, system upgrades, construction costs of networks, and other telecommunications equipment which had yet to be delivered to the Group. Of these commitments, HK\$39 million was outstanding contractual capital commitments and HK\$29 million was capital commitments authorised but for which contracts had yet to be entered into.

RISK MANAGEMENT

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

FINANCIAL RISK

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

1. Debt and leverage

As at 31 December 2025, the Group's total debt was HK\$3,257 million, a decrease of 16.6% when compared to HK\$3,907 million as at 31 December 2024. The Group's net debt decreased to HK\$1,312 million, the net gearing ratio decreased from 18% as at 31 December 2024 to 11% as at 31 December 2025.

As at 31 December 2025, total debt and net debt of the Group were as follows:

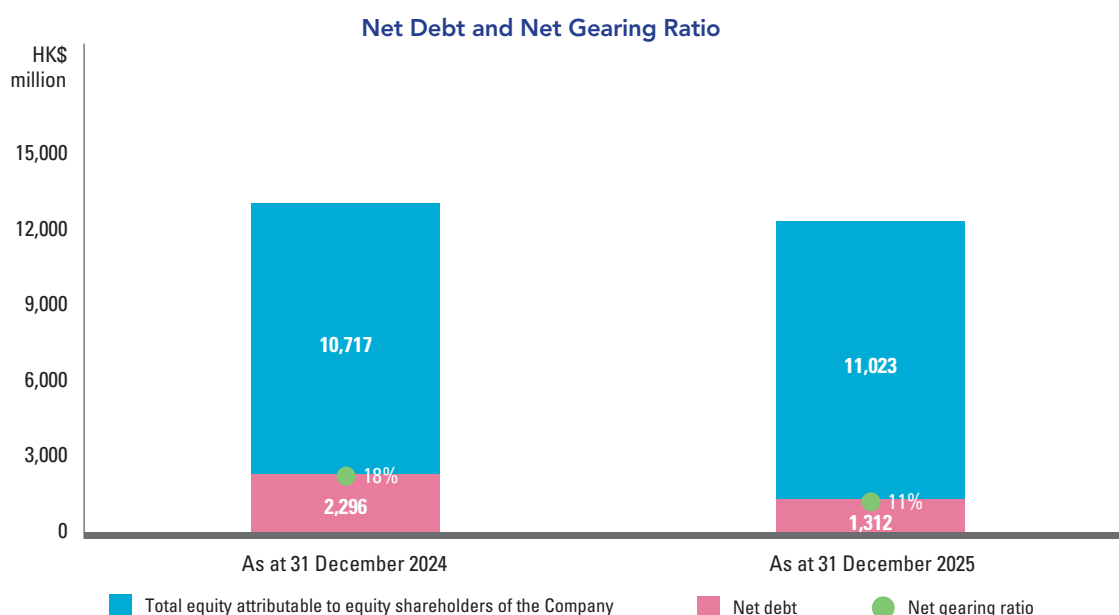
In HK\$ million equivalents	Denomination							Total
	HKD	USD	SGD	MOP	RMB	EUR	Others	
Total debt	2,903	–	–	–	354*	–	–	3,257
Less: Cash and deposits	(494)	(681)	(58)	(423)	(155)	(64)	(70)	(1,945)
Net debt/(cash)	2,409	(681)	(58)	(423)	199	(64)	(70)	1,312

* The Group entered into a certain amount of RMB to SGD fixed-to-fixed cross currency swap in 2024 to eliminate foreign exchange risk associated with the retranslation of part of the net investment in Singapore subsidiaries.

As at 31 December 2025 and 2024, the Group's net gearing ratio was as follows:

In HK\$ million	31 December 2025	31 December 2024
Total debt	3,257	3,907
Less: Cash and deposits	(1,945)	(1,611)
Net debt	1,312	2,296
Total equity attributable to equity shareholders of the Company	11,023	10,717
Total capital	12,335	13,013
Net gearing ratio	11%	18%

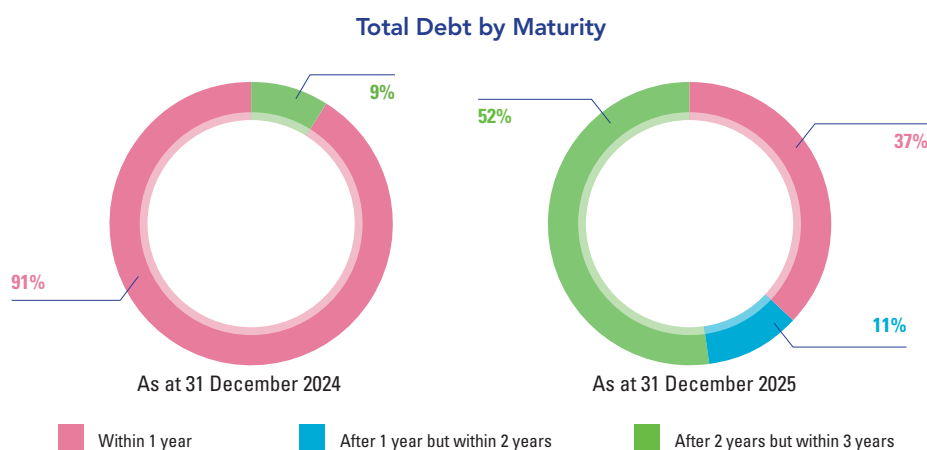
RISK MANAGEMENT



The Group's total debt decreased from HK\$3,907 million as at 31 December 2024 to HK\$3,257 million as at 31 December 2025. The Group has fully redeemed the US\$450 million 6.1% guaranteed bonds by using its surplus funds of HK\$394 million and the bank and other loans of HK\$3,096 million. In addition, the Group has net repayment of bank and other loans for the amount of HK\$197 million from its surplus cash during the year.

The maturity profile of the Group's total debt which includes interest payable as at 31 December 2025 was as follows:

In HK\$ million	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	Total
Bank and other loans	1,200	354	1,697	3,251
Interest payable	6	–	–	6
	1,206	354	1,697	3,257



* The above graph excludes the amount of interest payable.

RISK MANAGEMENT

Available sources of financing

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

The Group's cash balance of HK\$1,945 million and undrawn committed bank and other loan facilities of HK\$7,278 million as at 31 December 2025 were more than sufficient to cover the repayments of outstanding amount of total debt (excluding interest payable) of HK\$1,200 million in the coming year and contractual capital commitments of HK\$39 million as at 31 December 2025.

As at 31 December 2025, the Group had available trading facilities of HK\$222 million. The amount of HK\$59 million was utilised as guarantees for performance to customers/the Macau Government and costs payable to telecoms operators and others.

The utilised facilities of approximately HK\$1 million were required to be secured by pledged deposits as at 31 December 2025.

As at 31 December 2025, the type of facilities of the Group was summarised as follows:

In HK\$ million	Total available facilities	Amount utilised	Amount unutilised
Bank and other loans			
– Committed facilities:			
Bank loans	6,722	2,654	4,068
Other loans	3,510	300	3,210
	10,232	2,954	7,278
– Uncommitted facilities:			
Bank loans	2,324	300	2,024
	12,556	3,254	9,302
Trading facilities – Uncommitted facilities	222	59	163
Total	12,778	3,313	9,465

RISK MANAGEMENT

2. Liquidity risk management

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

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

3. Loan covenants

Committed banking facilities contain certain covenants, undertaking, financial covenants, change in control clause and/or events of default provisions, which are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants or in any case of an event of default, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2025 and 2024, the Group was in compliance with the relevant requirements.

4. Contingent liabilities

As at 31 December 2025 and 2024, the Group had no significant contingent liabilities.

5. Performance bonds, guarantees and pledged assets

As at 31 December 2025 and 2024, performance bonds and other guarantees of the Group were as follows:

In HK\$ million	31 December 2025	31 December 2024
Performance bonds provided to the Macau Government and other customers	54	78
Other guarantees	5	5
Total	59	83

As at 31 December 2025, bank deposits of HK\$2 million (2024: HK\$2 million) were pledged to secure part of the facilities of the Group.

As at 31 December 2025, the Company issued guarantees of HK\$184 million (2024: HK\$175 million) for its subsidiaries in respect of the various forms of facility lines from financial institutions.

In September 2025, the Company's subsidiary, Companhia de Telecomunicações de Macau, S.A. ("CTM") and the Macau Government entered into a supplemental concession agreement (the "2025 Supplemental Concession Agreement"), under which the Macau Government agreed to extend the concession for operating domestic and international fixed voice telephony services (the "Concession") under the Midterm Review of the Concession Agreement for Public Telecommunications Services (the "Midterm Review of Concession Agreement") by two years until 30 September 2027. The 2025 Supplemental Concession Agreement also grants the Macau Government a termination right by giving CTM 60 days' prior notice, exercisable from 1 October 2026.

RISK MANAGEMENT

Pursuant to the 2025 Supplemental Concession Agreement, certain assets (the “Assets”), as defined under Clauses 5, 6, and 7 of the Midterm Review of Concession Agreement, were transferred to the Macau Government on 1 October 2025, on the same day, the Macau Government handed over the Assets to CTM for its continuing use during the concession period. The Macau Government has also indicated its intention to make part of the Assets, such as the concession ducts, available for use by other telecommunications network operators in the Macau Special Administrative Region (the “Shared Assets”).

As a result, CTM reclassified the net book value of the Shared Assets of HK\$74 million as Concession Assets and amortised their carrying amounts over a period during which they are expected to be available for use by CTM. As at 31 December 2025, the net book value of Concession Assets is HK\$73 million.

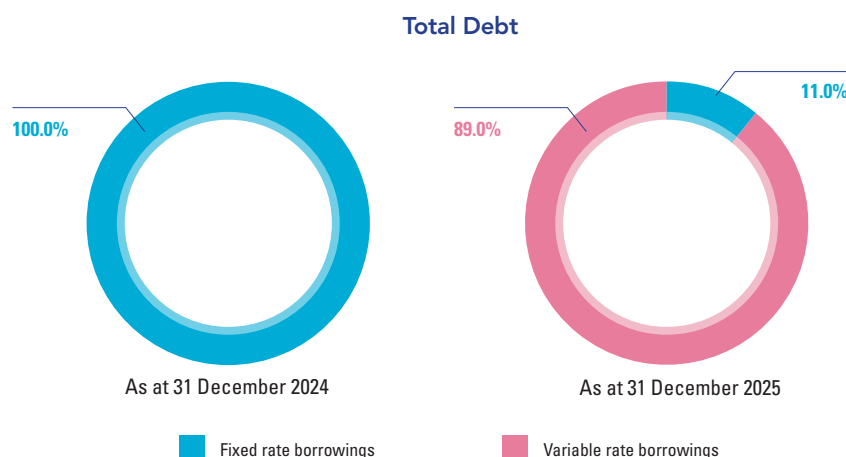
For the remaining part of the Assets (the “Remaining Assets”), as CTM retains control over them to derive economic benefits, it will continue to be recognised as property, plant, and equipment. Their carrying amounts will be depreciated over their estimated useful lives. As at 31 December 2025, the net book value of the Remaining Assets is HK\$148 million.

For determining and estimating the useful lives of the Shared Assets and Remaining Assets, CTM based on the assumption of the subsequent successful renewal of the Concession or the grant of a new operating license to CTM to enable the continuation of managing and operating those assets.

6. Interest rate risk

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

Interest rate risk is managed by fixed rate borrowings or through use of the interest rate swap, if necessary. As at 31 December 2025, approximately 11.0% (2024: 100.0%) of the Group’s borrowings, excluding interest payable and after taking the effect of cross currency swap arrangement, were linked to fixed interest rates. During the year, the Group did not enter into any interest rate swap arrangement for the purpose of interest rate risk management.



* The above graph excludes the amount of interest payable.

RISK MANAGEMENT

Effective interest rates

As at 31 December 2025 and 2024, the effective interest rates, after the inclusion of amortisation of transaction costs, were as follows:

	31 December 2025	31 December 2024
Effective interest rate for fixed rate borrowings	3.3%	5.8%
Effective interest rate for variable rate borrowings	3.6%	N/A
Effective interest rate for total borrowings	3.6%	5.8%

7. Currency risk

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

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

The Group has entered into cross currency swap to reduce part of the Group's currency risk exposure. During the year, the Group did not enter into any new derivative arrangement for the purpose of currency risk management.

8. Credit risk

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

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

The Group has certain concentration risk in respect of trade debtors and contract assets due from the Group's five largest debtors who accounted for approximately 17.1% (2024: approximately 20.3%) of the Group's total trade debtors and contract assets as at 31 December 2025. The credit risk exposure to the balances of trade debtors and contract assets has been and will continue to be monitored by the Group on an ongoing basis.

RISK MANAGEMENT

9. Counterparty risk

The Group's exposure to credit risk arising from cash and deposits and bills receivable is limited because the Group mainly deals with financial institutions which have good credit ratings with prestigious credit ratings companies (such as Moody's Investors Service, Standard & Poor's and Fitch Group), or the note-issuing banks in Hong Kong and Macau, or its group companies. As at 31 December 2025, the Group has maintained cash and deposits and bills receivable of HK\$1,962 million (2024: HK\$1,611 million), among which HK\$1,958 million (2024: HK\$1,608 million) was placed in the above-mentioned entities, representing approximately 99.8% (2024: approximately 99.8%) of the total cash and deposits and bills receivable of the Group. To achieve a balance between maintaining the flexibility of the Group's operations and minimising the exposure to credit risk arising from cash and deposits and bills receivable, the Group has a pre-defined policy and regular review on the rest of the cash portfolio. It is considered that the Group is exposed to a low credit risk in this respect.

ECONOMIC ENVIRONMENT

The Group's primary facilities and operations are located in Hong Kong and Macau, and the majority of its revenue is derived from Hong Kong, Macau and Chinese mainland respectively. Accordingly, the Group's results of operations and financial condition are dependent on the economies of Hong Kong, Macau and Chinese mainland. The economies of Hong Kong and Macau are significantly affected by the developments in Chinese mainland and the Asia-Pacific region. Chinese mainland economy may experience negative growth, while other regional economies may also deteriorate. Reduced business activities, combined with a decline in international travel have led to lower demand for roaming services, and a reduction in inbound/outbound calls to/from Chinese mainland, which has had and may continue to have a negative impact on the Group's results of operations and financial condition. As tourism and gaming industries are the pillars of Macau's economy, the setback in tourism and gaming industries may have negative impact on the mobile services performance of CTM.

The Group's operations span the Asia-Pacific region, where volatility in the global economic environment may introduce uncertainty to daily operations and expansion plans. Furthermore, any deterioration in economic conditions that pressures the creditworthiness and cash flows of existing customers, could lead to an elevated risk of the Group's overall credit risk exposure.

The Group will continue to adopt the following mitigation measures in response to the relevant risks:

- Deepen its focus on business and profit diversification across key regions, including Hong Kong, Macau, the Chinese mainland, and Southeast Asia, to reduce dependence on any single market.
- Enhance its diversified product portfolio for enterprise and cross-border customers – including cloud services, information security, and other enterprise solutions – to mitigate the cyclical fluctuations in traditional roaming and voice revenues.

RISK MANAGEMENT

COMPETITIVE MARKETS

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

With the gradual liberalisation of the telecommunications industry in Hong Kong, Macau and Chinese mainland, the market may continue to attract new local and foreign entrants. This will broaden the variety of telecommunications services available in the market, thereby intensifying the overall level of competition in the industry. In addition, rapid changes in technology and business models by other telecommunications service providers may exacerbate competition and render the Group's existing technologies, products or services obsolete, potentially resulting in a loss of the Group's market share. At the same time, rapid development of new technologies, new services, new products, and new business models, including Over-The-Top (OTT) products such as instant voice and messaging services, may have a material adverse impact on the Group's business, financial condition and results of operations.

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

The Group will continue to adopt the following mitigation measures in response to the relevant risks:

- Strengthen its differentiation capabilities continuously through an integrated portfolio of 5.5G, cloud-based cybersecurity and AI solutions, targeting high-barrier niche markets such as cross-border communications, Internet of Vehicles (IoV), industry-specific cloud and security services.
- Centre its strategy on superior customer experience and comprehensive end-to-end solutions, while strengthening ecosystem partnerships with leading carriers, cloud service providers and equipment suppliers to co-develop platforms and industry standards, thereby mitigating the risks associated with standalone operations.

OPERATIONAL RISK

The Group provides telecommunications services to its customers, the quality of which depends substantially on the performance and reliability of its network infrastructure. Accordingly, the Group's system architecture plays a critical role in enabling the timely and efficient processing of high transaction volumes.

Operational disruptions may arise from the following causes, including failures in software, hardware, infrastructure, or connections, data processing errors, viruses or software defects, as well as security breaches, sabotage, or vandalism. In addition, inability to keep pace with technological advancements may also result in service interruptions. Such issues could result in multiple adverse consequences, including damage to the Group's reputation, which in turn may affect customer retention and service promotion efforts. In addition, they may also result in liability claims or contractual penalties, and even fines imposed by relevant regulatory authorities. The occurrence of these issues may also increase the costs associated with remedial measures, and potentially resulting in reduced customer utilisation or early contract terminations. These consequences, whether direct or indirect, would adversely affect the Group's revenues and performance.

RISK MANAGEMENT

The Group will continue to adopt the following mitigation measures in response to the relevant risks:

- Integrate multi-site data centres and redundant routing designs to enhance the backup architecture and failover processes for critical networks, platforms and data centres, while conducting regular drills on major incident emergency response plans.
- Implement change management and version control protocols, with tiered approval and rollback mechanisms applied to core system upgrades and configuration changes, thereby mitigating interruption risks arising from hardware, software and system defects.

In September 2025, CTM and Macau Government entered into a supplemental agreement to the Concession Agreement to extend the term of the Concession Agreement for 2 years from 1 October 2025 to 30 September 2027. During the Extension Period, CTM and Macau Government will continue to negotiate on the arrangement upon expiry of the Extension Period. CTM will maintain close communication with the Macau Post and Telecommunications Bureau to minimize the potential impact arising from any uncertainties associated with the post-contract arrangements.

SECURITY OR PRIVACY BREACHES

The Group's systems may be exposed to disruptive risks such as physical intrusions, computer viruses, cyberattacks by hackers. If unauthorised users gain access to the Group's databases, they may be able to embezzle, publish, delete or modify sensitive information within the Group's networks. A security or privacy vulnerabilities could result in service interruptions or a reduced quality of service.

Furthermore, internal confidential information to the Group may also be leaked. Unauthorised personnel may exploit such information to the Group's detriment. The Group may therefore necessitate substantial expenditures on corrective or preventive measures. Such vulnerabilities could also damage the Group's reputation, leading to reduced customers usage of services, and thereby adversely affect the Group's revenues and future business prospects. In the area of privacy protection, expectations from government and industry groups evolved, particularly with respect to data usage practices and compliance with international frameworks such as the General Data Protection Regulation ("GDPR"). Penalties for GDPR breaches are significantly more severe than the previous regime and any non-compliance could result in substantial fines.

If the Group's systems are compromised by hackers, the billing system may fail to accurately record or detect service usage, directly resulting in revenue loss. Unauthorized intrusions could also lead to artificially inflated call volumes, placing excessive strain on the transmission network's bandwidth and capacity. This, in turn, could significantly degrade the quality of service delivered to our customers.

The Group will continue to adopt the following mitigation measures in response to the relevant risks:

- Strengthen its multi-layered cyber defense architecture through comprehensive deployment of intrusion detection and prevention systems, endpoint detection and response solutions, user and entity behaviour analytics, and 24 x 7 monitoring via a dedicated Security Operations Centre (SOC), thereby significantly reducing detection and response times to security incidents.
- Implement data classification for both customers and internal sensitive information, enforce strict least-privilege access controls, perform periodic access rights reviews, and increase the frequency of data encryption, data desensitisation processes, and backup restoration drills.
- Strengthen and maintain a comprehensive cross-jurisdictional compliance framework (encompassing GDPR and other equivalent data protection regulations), formalise procedures for data breach notification and incident remediation, and conduct regular training and drills for employees on information security and data privacy obligations.

RISK MANAGEMENT

OTHER EXTERNAL RISKS AND UNCERTAINTIES

1. Impact of laws and regulations

The Group operates in multiple countries and regions and is exposed to various local business risks, such risks could materially affect its financial condition, operations and business prospects. Global investments may be influenced by changes in political, social, legal, tax, regulatory and environmental regulations from time to time at local, national, or international levels. Any adjustments to government policies in these areas could impact the Group's competitiveness, and could result in an additional or unforeseen operating and capital expenditures. Such changes may pose risks to the overall return on investments of the Group, and disrupt normal business operations, and hence adversely affect revenues and profits.

The Group continuously monitors changes in laws and regulations, embeds regulatory requirements into product design and contractual arrangements, requires new business initiatives in key countries and regions to undergo prior compliance reviews and legal risk assessments before proceeding.

2. Impact of new accounting standards

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

The Group proactively engages in ongoing research on accounting policies and carries out simulation exercises, to assess and quantify in advance the potential implications of new standards on its financial condition.

3. Adopting to policy environment

The escalating trends of protectionism and unilateralism continue to disrupt global stability and increase sources of uncertainties and risks. The Group is potentially exposed to jurisdictional restrictions, sanctions or other legal or regulatory interventions. The tightening regulatory landscape, including more stringent policies on market entry, licensing, may create risks and challenges to the Group's business development and revenue growth.

The Group engages in continuous communication with relevant regulatory bodies and industry associations, allowing for timely refinements to its business strategies and compliance frameworks, to alleviate the effects of such risks.

RISK MANAGEMENT

4. Natural disasters or events and terrorism

The Group's data centres and infrastructures are essential to the delivery of reliable service. The integrity of these facilities is critical to the receipt, processing, and transmission of data. In the event of damage or failure, the Group may not have sufficient redundant systems or facilities to maintain continuous operations. Disruptions such as power outages, natural disasters (including fires, earthquakes, and floods), network software defects, telecommunications failures (such as transmission cable disruptions) could result in equipment damage and impair its customers' connectivity.

Such incidents would expose the Group to significant costs for repair or replacements. In addition, any operational interruptions could adversely harm the Group's reputation, leading to reduced customer reliance on its services, further impacting the Group's revenues and long-term business prospects. Accordingly, safeguarding the security and stability of data centres and infrastructure is fundamental to preserving customer confidence and supporting the Group's sustainable growth.

The Group has established cross-regional disaster recovery centres and multi-site deployment strategies. Critical systems are configured in geo-redundant active-active or active-standby modes to enable rapid failover in the event of a data centre outage. Business continuity plans and disaster recovery plans (BCP/DRP) have been developed specifically for scenarios such as fires, floods, typhoons, and extended power outages, with comprehensive full-process drills conducted at least annually.

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

FIVE YEAR SUMMARY

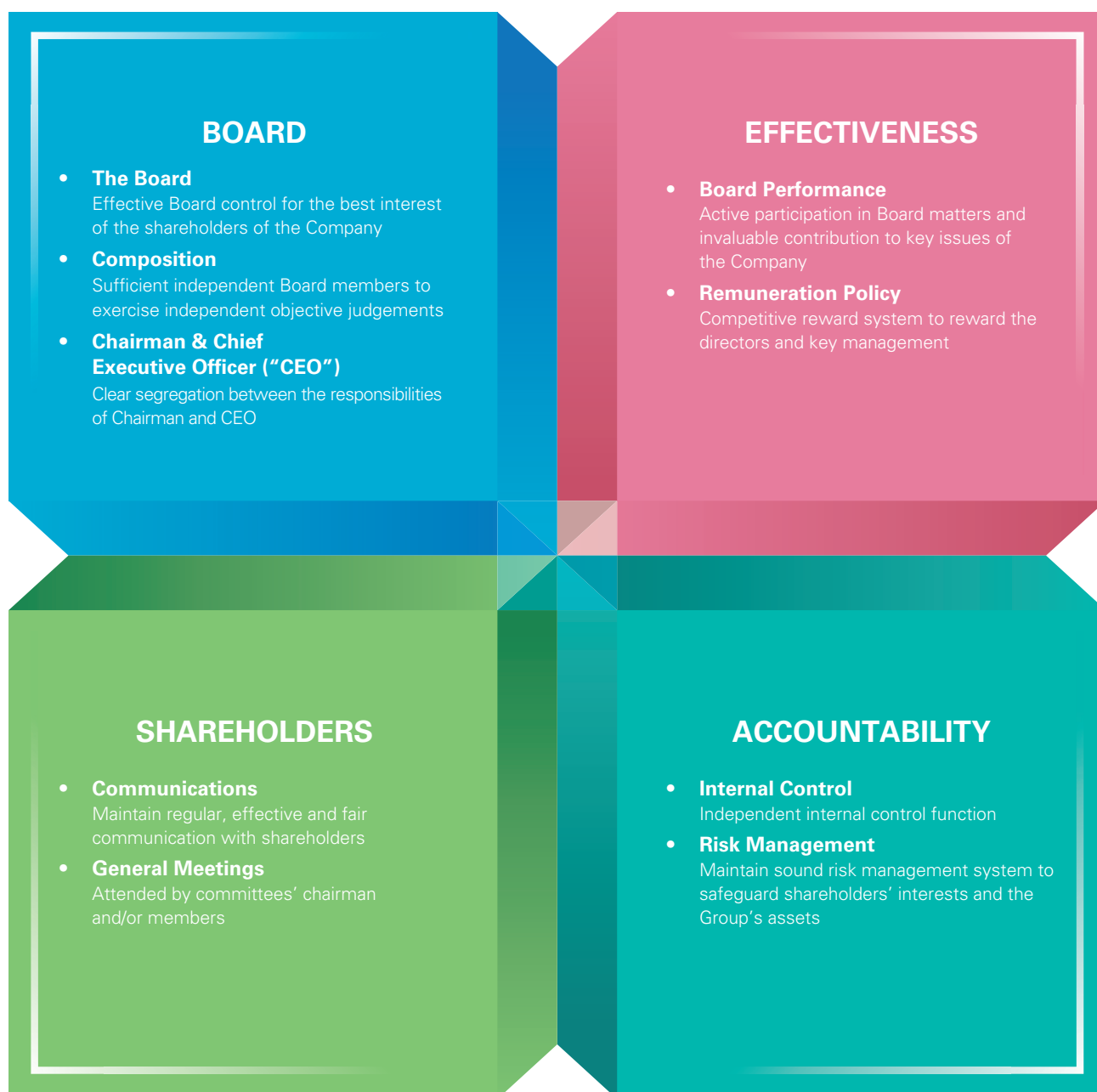
	As at 31 December				2025 HK\$ million
	2021 HK\$ million	2022 HK\$ million	2023 HK\$ million	2024 HK\$ million	
Assets and liabilities					
Investment properties	667	676	726	668	609
Property, plant and equipment	2,625	2,323	1,989	1,931	1,794
Right-of-use assets	654	599	454	461	467
Intangible assets	1,064	932	824	732	683
Goodwill	9,721	9,710	9,717	9,696	9,738
Interest in a joint venture	11	10	11	11	12
Contract costs	25	28	24	21	20
Defined benefit plan assets	–	–	–	–	13
Deferred tax assets	72	74	63	69	78
Other non-current assets	131	185	177	149	139
Net current assets/(liabilities)	755	844	831	(2,147)	31
Defined benefit plan obligations	(12)	(61)	(48)	(33)	(9)
Deferred tax liabilities	(211)	(172)	(146)	(133)	(124)
Other non-current liabilities	(5,326)	(4,677)	(3,758)	(598)	(2,310)
NET ASSETS	10,176	10,471	10,864	10,827	11,141
Capital and reserves					
Share capital	4,704	4,720	4,756	4,758	4,758
Reserves	5,391	5,653	6,000	5,959	6,265
Total equity attributable to equity shareholders of the Company	10,095	10,373	10,756	10,717	11,023
Non-controlling interests	81	98	108	110	118
TOTAL EQUITY	10,176	10,471	10,864	10,827	11,141
Net debt					
Total debt ¹	5,446	4,520	3,934	3,907	3,257
Less: Cash and deposits	(1,793)	(1,986)	(1,726)	(1,611)	(1,945)
Net debt	3,653	2,534	2,208	2,296	1,312

	For the year ended 31 December				2025 HK\$ million
	2021 HK\$ million	2022 HK\$ million	2023 HK\$ million	2024 HK\$ million	
Results					
Revenue	9,486	10,111	9,987	9,573	9,567
Profit before taxation	1,355	1,496	1,505	1,082	1,128
Income tax	(248)	(272)	(253)	(154)	(193)
Profit for the year	1,107	1,224	1,252	928	935
Attributable to:					
Equity shareholders of the Company	1,076	1,191	1,231	910	920
Non-controlling interests	31	33	21	18	15
Profit for the year	1,107	1,224	1,252	928	935
Basic earnings per share (HK cents)	29.3	32.3	33.3	24.6	24.9
Diluted earnings per share (HK cents)	29.2	32.3	33.3	24.6	24.9
Dividends per share					
Interim dividend (HK cents)	5.5	6.0	6.0	6.0	6.0
Final dividend (HK cents)	17.0	18.5	19.3	12.8	13.0
Total dividends per share (HK cents)	22.5	24.5	25.3	18.8	19.0

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

CORPORATE GOVERNANCE

KEY CORPORATE GOVERNANCE PERFORMANCE OVERVIEW



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

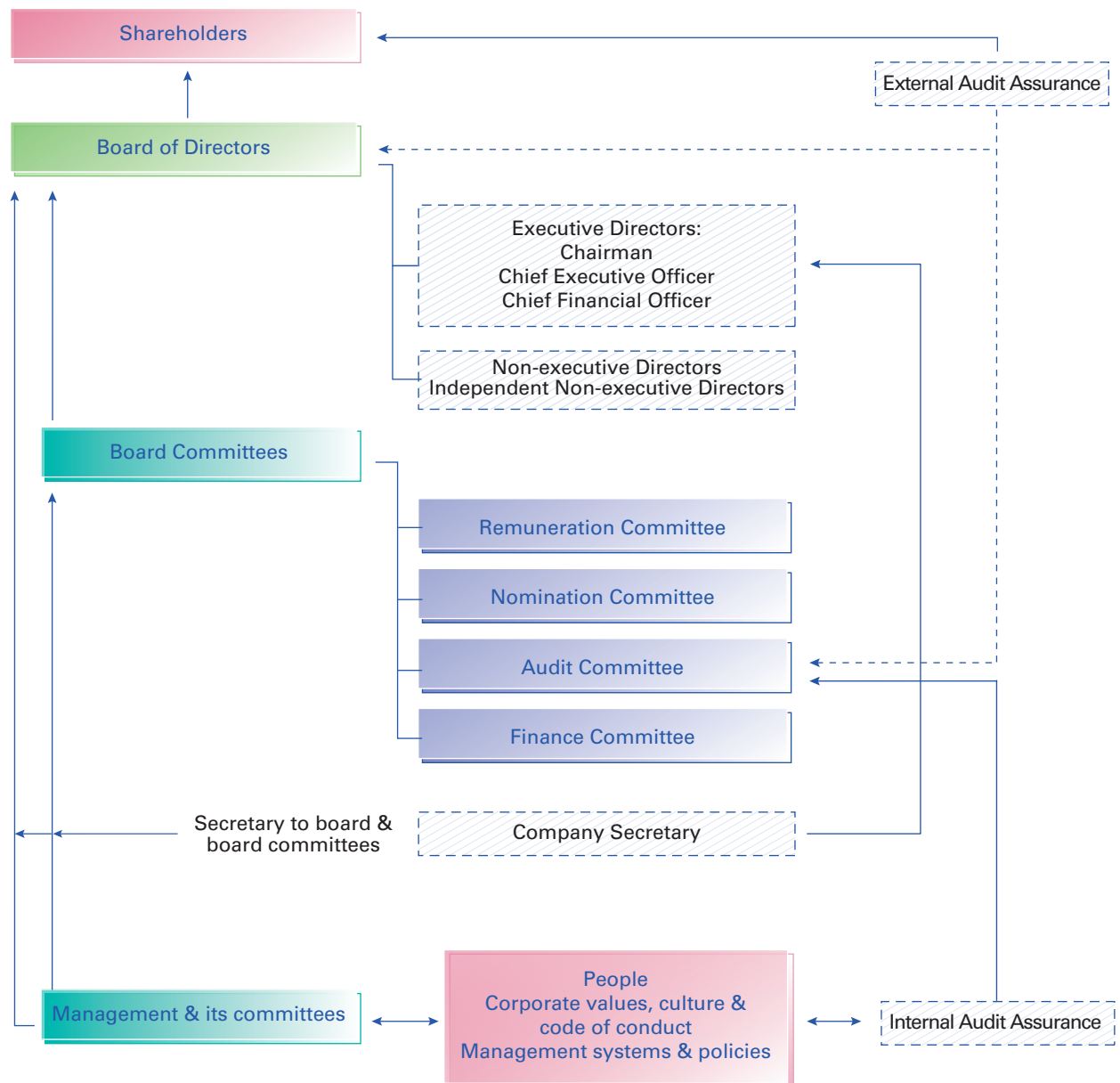
The Company is committed to maintaining high standards of corporate governance. The board of directors of the Company (the “Board”) believes that good corporate governance practices are important to promote investor confidence and protect the interest of our shareholders. At CITIC Telecom, we attach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

This report describes how the Company has applied its corporate governance practices to its everyday activities. Save as disclosed below, throughout the year ended 31 December 2025, the Company has fully complied with the applicable code provisions in the Corporate Governance Code (the “CG Code”) set out in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). In respect of the code provision C.1.5 of the CG Code, Mr. Yang Feng, Non-executive Director of the Company, was unable to attend the extraordinary general meeting of the Company held on 17 December 2025 due to other business commitments. Also, as disclosed in the 2025 Interim Report of the Company, during the period from 31 March 2023 (the date of which Mr. Cai Dawei resigned as Executive Director and CEO) to 25 July 2025 (the date of which Mr. Wu Jun was appointed as Executive Director and CEO), the management team, including the Executive Directors, of the Company had overseen the day-to-day management of the business and operations of the Company and its subsidiaries.

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

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STRUCTURE FOR THE YEAR ENDED 31 DECEMBER 2025



CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Overall accountability

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

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

Roles of the Board

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

Board composition

The Board currently comprises two Executive Directors and six Non-executive Directors of whom three are independent as defined in the Listing Rules. Brief biographical particulars of the current Directors are set out on pages 75 to 77 of this Annual Report.

Composition of the Board and Board Committees as at the date of publication of this report

	Audit Committee	Nomination Committee	Remuneration Committee	Finance Committee	Director's length of tenure
Executive Directors					
Mr. Luo Xicheng – <i>Chairman</i>	–	Chairman	Member	Member	2.4 years
Mr. Wu Jun – <i>CEO</i>	–	–	–	Member	8 months
Non-executive Directors					
Mr. Zhao Lei	–	–	–	–	1.3 years
Ms. Wang Hua	Member	Member	–	–	1.8 years
Mr. Yang Feng	–	–	–	–	1 year
Independent Non-executive Directors					
Mr. Zuo Xunsheng	Member	Member	Chairman	–	11.9 years
Mr. Lam Yiu Kin	Chairman	Member	Member	–	8.8 years
Mr. Wen Ku	Member	Member	Member	–	4.1 years

CORPORATE GOVERNANCE

Summarised below were the changes to composition of the Board and Board Committees during the year ended 31 December 2025 and up to the date of publication of this report:

1. Mr. Liu Jifu retired as a Non-executive Director of the Company, and ceased to be a member of Remuneration Committee and Nomination Committee with effect from 24 March 2025.
2. Mr. Yang Feng was appointed as a Non-executive Director of the Company with effect from 24 March 2025.
3. Mr. Luo Xicheng was appointed as a member of the Remuneration Committee with effect from 24 March 2025.
4. Ms. Wang Hua was appointed as a member of the Nomination Committee with effect from 24 March 2025.
5. Mr. Wu Jun was appointed as an Executive Director, CEO of the Company and member of the Finance Committee with effect from 25 July 2025.
6. Mr. Luan Zhenjun resigned as an Executive Director, Chief Financial Officer of the Company and member of the Finance Committee with effect from 30 January 2026.

Term of office of the Directors

Pursuant to the CG Code, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. This requirement is clearly stipulated in the Articles of Association of the Company and the appointment letter which each Director entered into with the Company upon his/her appointment.

In accordance with Article 104(A) of the Articles of Association of the Company, at each annual general meeting ("AGM"), one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office. The Directors to retire in each year shall be those who have served the longest period in office since their last election. In the event that multiple Directors were appointed on the same day, the decision as to who shall retire will be determined by lot, unless the individuals concerned mutually agree otherwise. In addition, any Director who has served at each of the preceding two AGM of the Company, and who was not elected or re-elected at either of those meetings, nor ceased to be a Director (either by resignation, retirement, removal or otherwise) and subsequently re-elected by a general meeting of the Company at or since either of those meetings, is also required to retire by rotation at the current AGM. Such retiring Directors shall remain eligible for re-election.

Furthermore, pursuant to Article 95 of the Articles of Association of the Company, the Board has the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following AGM, or if earlier, the next following extraordinary general meeting, of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

Thus, every Director, including the Non-executive Directors, shall be subject to retirement by rotation at least once every three years. These Directors are eligible for re-election. Their re-election is subject to a vote of the shareholders and separate resolutions are proposed for the election of each Director.

Accordingly, Messrs. Luo Xicheng, Wu Jun and Wen Ku shall retire from office as Directors at the forthcoming AGM of the Company (the "2026 AGM"), and being eligible, offer themselves for re-election at the 2026 AGM.

CORPORATE GOVERNANCE

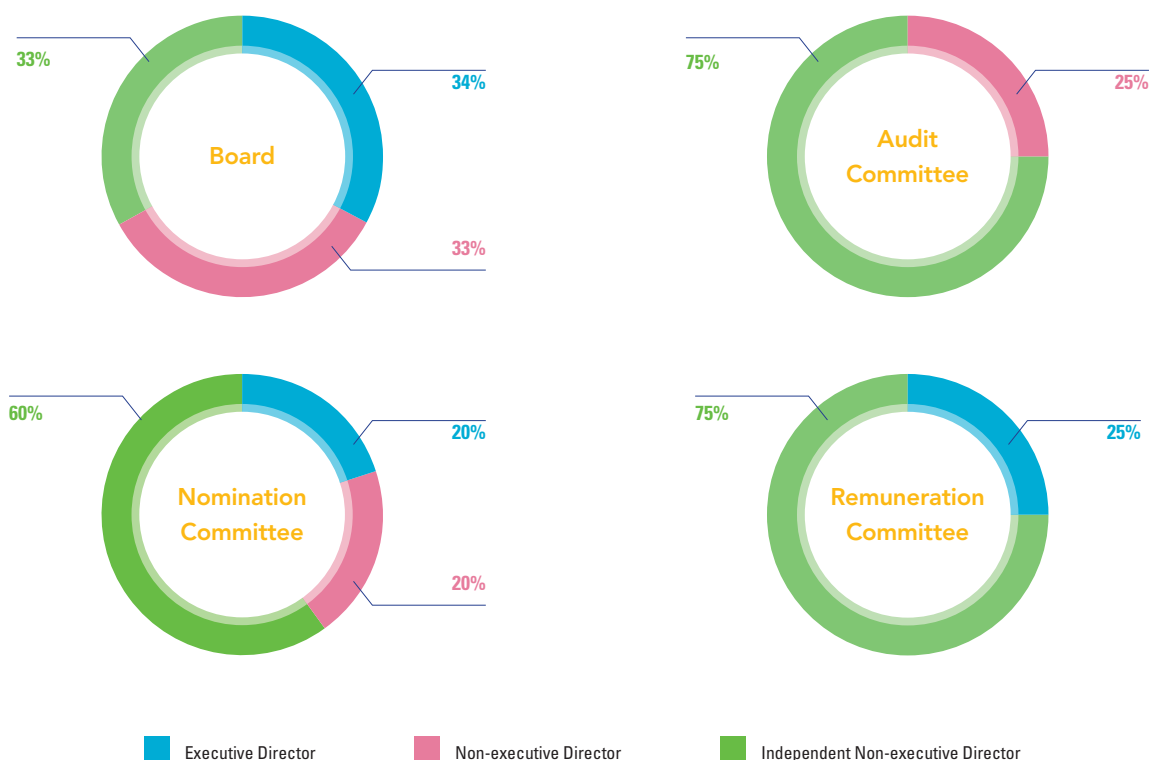
Independence

The Company emphasises on independence and objectivity of the Board and Board Committees. Currently, 3 out of 8 members of the Board are Independent Non-executive Directors which constitute more than one-third of the Board. One Independent Non-executive Director possesses professional qualification required under Rule 3.10(2) of the Listing Rules. Independent Non-executive Directors have the required integrity and experience in bringing independent advice and judgement to the Board. Majority of members of Audit Committee, Nomination Committee and Remuneration Committee are comprised of Independent Non-executive Directors.

Independence of Independent Non-executive Directors is assessed upon appointment and annually to ensure that they remain independent and are able to provide independent, balanced and impartial views to the Board.

The Company has received from each Independent Non-executive Director a confirmation of his independence pursuant to the factors set out in Rule 3.13 of the Listing Rules and considers all Independent Non-executive Directors remain independent.

Composition as at 31 December 2025

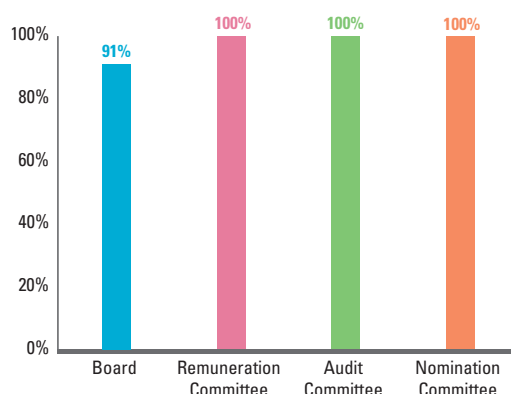


CORPORATE GOVERNANCE

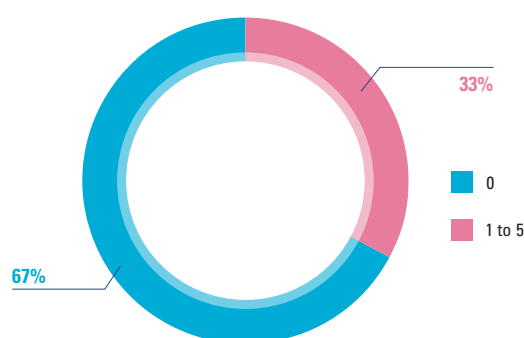
Commitment

The Company attaches importance to the level of Directors' commitment to the Company and the Board. Each Director has actively participated in the Board and Board Committees' meetings with a high attendance rate. Majority of the Directors hold no other directorship at other listed companies. It enables the Directors to devote sufficient time to the Company and closely monitor the Company's businesses.

Attendance Rate at Meetings Held in 2025



Directors' Directorships at Other Listed Companies as at 31 December 2025



Board and Board Committee meetings and attendance

The Board meets regularly to review the financial and operating performance of the Group and to discuss future strategy. Four Board meetings were held in 2025. The Chairman also met with Independent Non-executive Directors without presence of other Directors. At the Board meetings, the Board reviewed significant matters including, inter alia, the Group's annual and interim financial statements, proposals for final and interim dividends, annual report and interim report, annual budget, changes to composition of the Board, change of auditor of the Company, the risk management report, the Company's environment, social and governance ("ESG") matters and the revision of the Company's Shareholders Communication Policy.

Dates of Board and Board Committees meetings are fixed for each year in advance. At least 14 days' notice is given to all Directors for all regular Board meetings and all Directors are given the opportunity to include matters for discussion in the agenda. Agenda and Board papers for each meeting are sent to all Directors more than 3 days in advance of every regular Board meeting. Minutes of the Board meetings are kept by the company secretary of the Company and are available to all Directors for inspection.

CORPORATE GOVERNANCE

The following table summarises Directors' attendance at Board and Board Committee meetings and general meetings held in 2025:

✓ Attended ✗ Absent – Not Applicable

	Meetings Held/Attended				GENERAL MEETINGS
	BOARD	REMUNERATION COMMITTEE	AUDIT COMMITTEE	NOMINATION COMMITTEE	(Note 6)
	(Total: 4)	(Total: 1)	(Total: 2)	(Total: 1)	(Total: 2)
Executive Directors					
Mr. Luo Xicheng					
– Chairman	✓✓✓✓	✓	--	✓	✓✓
Mr. Wu Jun ^(Note 1) – CEO	--✓✓	–	--	–	✓✓
Mr. Luan Zhenjun ^(Note 2)					
– Chief Financial Officer	✓✓✓✓	–	✓✓ ^(Note 3)	–	✓✓
Non-executive Directors					
Mr. Liu Jifu ^(Note 4)	X* --	–	--	–	--
Mr. Zhao Lei	✓✓✓✓	–	--	–	✓✓
Ms. Wang Hua	✓✓✓✓	–	✓✓	✓	✓✓
Mr. Yang Feng ^(Note 5)	– ✓ X* X*	–	--	–	✓X*
Independent Non-executive Directors					
Mr. Zuo Xunsheng	✓✓✓✓	✓	✓✓	✓	✓✓
Mr. Lam Yiu Kin	✓✓✓✓	✓	✓✓	✓	✓✓
Mr. Wen Ku	✓✓✓✓	✓	✓✓	✓	✓✓

* Mr. Sui Chen, Alternate Director to Mr. Liu Jifu, attended this meeting on behalf of Mr. Liu Jifu. According to paragraph B(d) of the CG Code, this meeting was not counted as attendance by Mr. Liu Jifu.

Mr. Liu Kaiyuan, Alternate Director to Mr. Yang Feng, attended these meetings on behalf of Mr. Yang Feng. According to paragraph B(d) of the CG Code, these meetings were not counted as attendance by Mr. Yang Feng.

Notes:

- Mr. Wu Jun was appointed as an Executive Director, CEO and a member of the Finance Committee of the Company with effect from 25 July 2025.
- Mr. Luan Zhenjun resigned as an Executive Director, Chief Financial Officer and member of the Finance Committee of the Company with effect from 30 January 2026.
- Mr. Luan Zhenjun also attended the Audit Committee meetings as the Chief Financial Officer of the Company.
- Mr. Liu Jifu retired as a Non-executive Director of the Company, and ceased to be a member of Remuneration Committee and Nomination Committee with effect from 24 March 2025.
- Mr. Yang Feng was appointed as a Non-executive Director of the Company with effect from 24 March 2025.
- The Company's external auditor also attended the 2025 AGM.

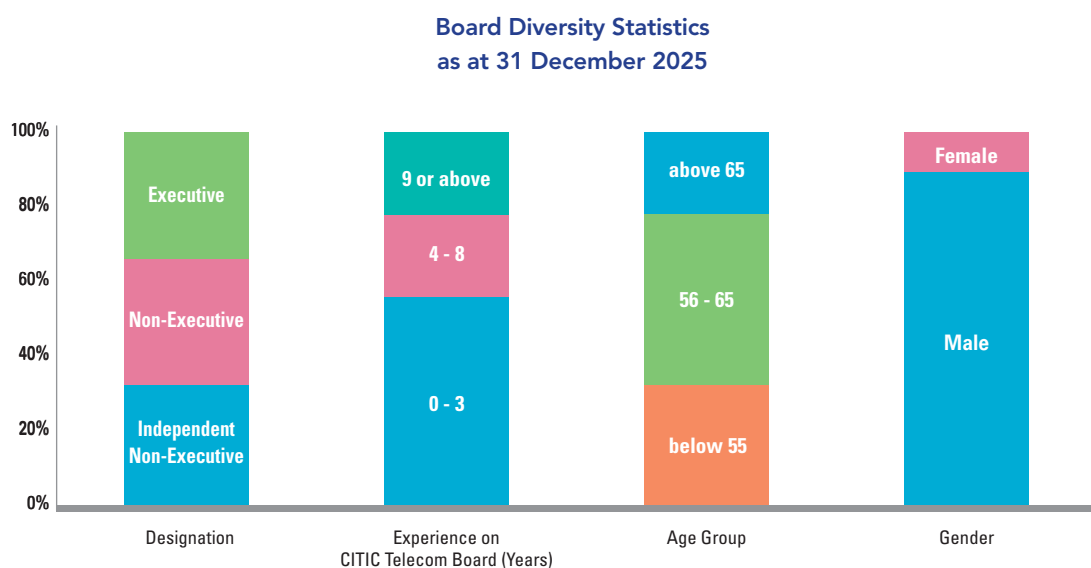
CORPORATE GOVERNANCE

Board diversity and balance

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

Board diversity policy of the Company sets out the approach to achieve a diverse Board which will include and make good use of the differences in skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of service and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board. All Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard to the overall effective functioning of the Board as a whole and for the benefits of diversity on the Board. The Nomination Committee discusses and agrees annually the relevant measurable objectives for achieving diversity on the Board and make recommendations to the Board for adoption. The Nomination Committee will pursue opportunities to increase the proportion of female members when selecting and making recommendations on suitable candidates for Board appointments. The goal is to maintain at least the current level of female representation or improve gender diversity as appropriate. The Nomination Committee annually reviews implementation of the Company's Board diversity policy to ensure its continued effectiveness.

The following chart shows the diversity profile of the Board:



Directors are of diverse academic background in the areas of telecommunications, engineering, science, accounting, economics, investment, business administration and management, and technology research and development management. The Company believes that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. With the services of all Board members, the Board has a prudential oversight on the Company's businesses and developments.

As at 31 December 2025, one out of nine Directors is female representing 11.1%. Following the appointment of Ms. Wang Hua as a member of Nomination Committee with effect from 24 March 2025, the Company meets the requirement of at least one director of a different gender on the Nomination Committee under code provision B.3.5 of the CG Code. The Company will take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management levels.

CORPORATE GOVERNANCE

Board responsibilities and delegation

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

The Board has delegated some of its functions to the Board Committees. Details of the responsibilities and work done during the year of each Board Committee are set out on pages 63 to 66 of this Annual Report. Matters specifically reserved for the Board include approval of financial statements, dividend policy, significant changes in accounting policies, material contracts, changes to appointments such as directors, company secretary and external auditor, terms of reference of Board Committees, as well as major corporate policies.

To implement the strategies and plans approved by the Board, Executive Directors and senior management meet on a regular basis to review the performance of the Group and make financial and operational decisions. A Risk Management Committee, comprising the Executive Directors and senior management, meets regularly to discuss the risk management of the Group. A Capex Review Board is also set up in which the CEO and the Chief Financial Officer of the Company review the capital investments proposed by the management to ensure that the proposed investments are in the best interests of the Group both commercially and strategically. In addition, in order to strengthen the coordination and leadership of the ESG-related issues, the ESG working group comprising the Chairman of the Company as chairman, the CEO as vice chairman and other management members as group members was established in May 2022.

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

Chairman and CEO

Mr. Luo Xicheng served as the Chairman of the Company during the year. Mr. Wu Jun was appointed as the CEO of the Company with effect from 25 July 2025. During the period from 31 March 2023 (the date of which Mr. Cai Dawei resigned as Executive Director and CEO) to 25 July 2025 (the date of which Mr. Wu Jun was appointed as Executive Director and CEO), the management team, including the Executive Directors, of the Company, had overseen the day-to-day management of the business and operations of the Company and its subsidiaries.

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

CORPORATE GOVERNANCE

Induction for newly appointed Directors

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

An induction session, conducted by a firm of solicitors qualified to advise of Hong Kong law, was arranged for each newly appointed Director (including Alternate Director). During the year ended 31 December 2025, the following newly appointed Directors/Alternate Director attended the induction session, during which he had obtained the legal advice referred to in Rule 3.09D of the Listing Rules:

Name of Directors	Date of appointment	Date of induction session
Mr. Yang Feng – <i>Non-executive Director</i>	24 March 2025	5 March 2025
Mr. Liu Kaiyuan – <i>Alternate Director to Mr. Yang Feng</i>	24 March 2025	5 March 2025
Mr. Wu Jun – <i>Executive Director</i>	25 July 2025	15 July 2025

After the induction session, each of Mr. Yang Feng, Mr. Liu Kaiyuan and Mr. Wu Jun has confirmed in writing that he understood his obligations as a Director.

Continuing professional development programme

Directors' training is an ongoing process. During the year, the Company has organised for the Directors training sessions conducted by Johnson Stokes & Master, legal advisor of the Company, and KPMG, external auditor of the Company. Directors also received from the Company (i) reading materials published by Hong Kong Exchanges and Clearing Limited, KPMG, PricewaterhouseCoopers ("PwC"), Deloitte, The Hong Kong Chartered Governance Institute and The Hong Kong Institute of Directors covering each of the topics specified under Rule 3.09G of the Listing Rules to enhance Directors' awareness of compliance, good corporate governance practices and business updates; and (ii) monthly updates prepared by the Company on the Group's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development programmes run by external service providers to develop and refresh their knowledge and skills.

According to Rule 3.09H of the Listing Rules, Mr. Wu Jun, Executive Director, CEO of the Company and member of Finance Committee appointed with effect from 25 July 2025, should complete no less than 24 hours of continuous professional development required by Rule 3.09F of the Listing Rules within 18 months of his appointment. As at 31 December 2025, Mr. Wu has completed 22.5 hours of the required training.

The Company also attaches great importance to the continuous professional development of its senior management. During the year, the senior management of the Company also attended various meetings, conferences and forums to enhance their industry knowledge and professional skills.

The Board has reviewed the training and continuous professional development of Directors and senior management during the year and is of the opinion that the Company has arranged and provided suitable and sufficient trainings.

CORPORATE GOVERNANCE

According to the records of the Directors' participation in the continuous professional development programme kept by the Company, a summary of trainings received by the Directors for the year ended 31 December 2025 is as follows:

Directors	Format of continuous professional development taken
Executive Directors	
Mr. Luo Xicheng	A, B, C
Mr. Wu Jun (appointed with effect from 25 July 2025)	A, B, C
Mr. Luan Zhenjun (resigned with effect from 30 January 2026)	A, B, C
Non-executive Directors	
Mr. Zhao Lei	A, B, C
Ms. Wang Hua	B, C
Mr. Yang Feng (appointed with effect from 24 March 2025)	A, B, C
Mr. Liu Kaiyuan (Alternate Director to Mr. Yang Feng) (appointed with effect from 24 March 2025)	A, B, C
Mr. Liu Jifu (retired with effect from 24 March 2025)	C
Mr. Sui Chen (Alternate Director to Mr. Liu Jifu) (resigned with effect from 24 March 2025)	C
Independent Non-executive Directors	
Mr. Zuo Xunsheng	A, B, C
Mr. Lam Yiu Kin	A, B, C
Mr. Wen Ku	A, B, C

Notes:

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

B: reading materials and updates covering each of the topics specified under Rule 3.09G of the Listing Rules

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

CORPORATE GOVERNANCE

BOARD COMMITTEES

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

Audit Committee

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

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

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

The Audit Committee held two meetings in 2025. Agenda and accompanying committee papers were sent to the committee members more than 3 days prior to each meeting. The company secretary of the Company serves as the secretary of the committee and prepared full minutes with details of discussions and decisions reached. The draft and final versions of minutes were sent to all committee members within a reasonable time after each meeting.

CORPORATE GOVERNANCE

In 2025, the Audit Committee discussed with the management and the external auditor on the key audit matters summarised below and procedures performed by the external auditor.

Please refer to pages 180 to 182 of this Annual Report for details of procedures performed by the external auditor.

Key Audit Matters	How did the Audit Committee address the matters
Impairment assessments of goodwill	The Audit Committee considered the methodology, estimates and assumptions used in assessing the impairment of goodwill. The Audit Committee was satisfied that the methodology, estimates and assumptions adopted were considered appropriate.
Revenue recognition from telecommunications services: telecommunications billing systems	The Audit Committee considered the implemented policies and internal controls in connection with the Group's revenue cycles and was satisfied that adequate internal controls are in place to ensure the accuracy, existence and completeness of the Group's revenue recognition. The Audit Committee was satisfied that the key internal controls were operating effectively throughout 2025.

During 2025, the Audit Committee has considered, inter alia, the external auditor's proposed audit fees; discussed with the external auditors their independence and the nature and scope of the audit; reviewed the interim and annual financial statements of the Group, particularly judgmental areas, before submission to the Board; reviewed the risk management and internal control system and the internal audit plan, findings and management's response; reviewed the service fees for "non-assurance services"; recommended change of auditor to the Board; reviewed the Group's adherence to the code provisions in the CG Code and reviewed the risk management report before submitting to the Board for approval. The Audit Committee reviewed the Group's Sustainability Report to ensure compliance with regulatory requirements.

The Audit Committee recommended the Board to adopt the interim and annual financial statements for 2025. The Audit Committee has also performed the corporate governance duties and the ESG management duties as set out in its terms of reference.

Nomination Committee

The Nomination Committee is authorised by the Board to determine the policy for the nomination of Directors, to set out the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship. The Nomination Committee is also responsible for reviewing the structure, size, composition and diversity of the Board. In addition, the Nomination Committee assists the Board in maintaining a board skills matrix, reviews and accesses the time commitment and contribution to the Board by each Director as well as the Director's ability to discharge his/her responsibilities effectively and supports the Company's regular evaluation of the Board's performance.

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

The Nomination Committee held one meeting in 2025. Agenda and accompanying committee papers were sent to the committee members more than 3 days prior to each meeting. The company secretary of the Company serves as the secretary of the committee and prepared full minutes with details of discussions and decisions reached. The draft and final versions of minutes were sent to all committee members within a reasonable time after each meeting.

CORPORATE GOVERNANCE

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

- (i) qualifications, skills, expertise, independence which contribute to the effective carrying out of the Board responsibilities;
- (ii) commitment in respect of sufficient time and relevant interest devoted to the business and affairs of the Company; and
- (iii) board diversity including but not limited to skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of service.

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

In 2025, the Nomination Committee has reviewed and made recommendations to the Board on the appointment of new Directors and changes to composition of Board Committees and has assessed the independence of Independent Non-executive Directors and made recommendations to the Board on the re-election of the Directors retiring at the 2025 AGM. The recommendations were made after considering the composition of the Board, the Director Nomination Policy and the board diversity policy of the Company, with due regard to the overall effective function of the Board as a whole. Relevant members of the Nomination Committee abstained from voting when his own nomination was being considered. The Nomination Committee also reviewed the structure, size and diversity of the Board and discussed the measurable objectives, including knowledge, appropriate professional qualifications, relevant business background and experience, skills, related management expertise and agreed that these measurable objectives were achieved for the diversity on the Board which contributed to the corporate strategy and the business development of the Company.

Remuneration Committee

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

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

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

CORPORATE GOVERNANCE

In 2025, the Remuneration Committee has reviewed and approved the remuneration of the newly appointed Executive Director and CEO. The Remuneration Committee has also reviewed the remuneration policies and the remuneration proposals and approved, inter alia, the salaries and bonuses of the Chairman, CEO, Chief Financial Officer, senior management and the general staff. The Remuneration Committee has communicated with the Chairman of the Company about the remuneration proposals relating to other Executive Directors. No Director took part in any discussion about his own remuneration.

Directors' emoluments and post-employment benefits are disclosed on pages 219 to 221 and pages 248 to 253 of this Annual Report.

The remuneration paid to the Directors, by name, for the year ended 31 December 2025 is set out in note 7 to the financial statements. The remuneration paid to the senior management, by band, for the year ended 31 December 2025 is set out below:

**Remuneration of senior management other than Directors paid/
payable during the year ended 31 December 2025**

Total Remuneration Bands – Year 2025	Number of Executives
HK\$0 – HK\$3,000,000	2
HK\$3,000,001 – HK\$6,000,000	1
HK\$12,000,001 – HK\$15,000,000	1

Remuneration Policy

The Group is committed to providing a fair and competitive employee remuneration package that will attract, motivate, retain and reward employees at all levels. The Remuneration Policy has been established and implemented to support the Group's strategic development. The policy is set out in the Sustainability Report on pages 124 to 125 of this Annual Report. Remuneration Policy and recommendation will be annually reported to the Remuneration Committee for approval.

Finance Committee

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

In 2025, resolutions in writing were passed by the Finance Committee to approve, inter alia, the opening or closure of bank accounts and the financial transactions of the Company such as acceptance of banking facilities.

ACCOUNTABILITY AND AUDIT

Financial reporting

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

CORPORATE GOVERNANCE

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

The responsibilities of the external auditor with respect to the financial statements for the year ended 31 December 2025 are set out in the Independent Auditor's Report on pages 179 to 185 of this Annual Report.

External auditors and their remuneration

The external auditors provide an objective assessment of the financial information presented by the management, and is considered one of the essential elements to ensure effective corporate governance. The Board is of the view that, as a good corporate governance measure, the Company should consider rotation of its auditor after an appropriate period of time. PwC, Certified Public Accountants, the Company's external auditor since 2019, retired at the close of the 2025 AGM. KPMG, Certified Public Accountants, was appointed as the Company's external auditor with effect from the close of the 2025 AGM. Their independence and audit process are reviewed and monitored by the Audit Committee which considers the scope of the audit work, audit fees, non-audit services as well as their appointment and retention.

During the year, the fees charged by KPMG for the audit of the Company and its subsidiaries amounted to approximately HK\$7,000,000. In addition, approximately HK\$2,000,000 was charged for non-audit services. The non-audit services mainly consist of taxation services, interim review and other professional services. The fees charged by other auditors of the Group for audit services and non-audit services during the year amounted to approximately HK\$1,000,000 and less than HK\$1,000,000 respectively.

Risk management and internal control

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

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

Risk management and internal control system features

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

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

CORPORATE GOVERNANCE

Management process for significant risks

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

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

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

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

The Group’s significant risks can be found in the “Risk Management” section on pages 39 to 49 of this Annual Report.

Monitoring the effectiveness of risk management and internal control system

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

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

- The management assessed and considered the adequacy of the resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit, financial reporting functions, as well as those relating to the ESG performance and reporting.
- The management regularly assessed the risks and internal controls with reference to the five components of the COSO Enterprise Risk Management – Integrated Framework. The result of the review has been summarised and reported to the Audit Committee and the Board.
- The Audit Committee regularly reviewed the internal audit findings and opinions on the effectiveness of the Group’s risk management and internal control system and reports to the Board on such reviews.

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

CORPORATE GOVERNANCE

Internal audit

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

BUSINESS ETHICS

Cultures and values

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

Code of conduct

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

Anti-corruption policy

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

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

Whistle-blowing policy

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

CORPORATE GOVERNANCE

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

Inside information/price-sensitive information

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

Directors’ securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix C3 of the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout 2025. The interests held by individual Directors in the Company’s securities at 31 December 2025 are set out in the Directors’ Report on page 92 of this Annual Report.

Good employment practices

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

Gender diversity at workforce levels (including our senior management) is disclosed in the Sustainability Report on pages 159 to 160 of this Annual Report. The Group acknowledges the importance of gender diversity and will regularly review our gender diversity at workforce level in accordance with the relevant rules, market trend and business need.

COMMUNICATION WITH SHAREHOLDERS

The Company considers effective communication with shareholders essential to enable them to have a clear assessment of the Group’s performance as well as accountability of the Board. The Board has reviewed and updated the Shareholders Communication Policy in 2025 to emphasise our commitment to enhancing communication with shareholders (both individual and institutional) and investors and to require the policy to be reviewed annually to ensure its continued effectiveness.

Full text of the Shareholders Communication Policy of the Company is available on the Company’s website. Major means of communication with shareholders of the Company are as follows:

Contact details provided to shareholders

Shareholders and the investors are provided with contact details of the Company such as mailing address, email address and telephone number to enable them to make any queries in respect of the Company. The Company supports the use of electronic and other means of communicating with shareholders and investors.

CORPORATE GOVERNANCE

Information disclosure on corporate website

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

Information released by the Company through the Stock Exchange is also posted on the Company's website (www.citictel.com) immediately thereafter.

During 2025, the Company has issued announcements in respect of, inter alia, continuing connected transactions, discloseable transactions, change of auditor, changes to the Board and Board Committees and inside information, which can be viewed on the Company's website (www.citictel.com).

General meetings with shareholders

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

Communication with investors

The Company's policy is to proactively meet with investors and analysts and participate in investor road shows and sector conferences. Upon the release of financial results, the Company holds investor and analyst briefings and webcasts the meetings along with accompanying presentations on the Company's website in a timely manner.

Having considered the multiple channels of communication and measures in place for shareholders to communicate their views, the Board was satisfied that the Shareholders Communication Policy was appropriate and effective, and had been implemented effectively and properly during the year under review.

Dividend policy

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

The payment of dividend is also subject to any restrictions under Hong Kong legislation and the Articles of Association of the Company. According to the Articles of Association of the Company, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board. No dividend shall be payable except out of the profits of the Company.

The Board has recommended a final dividend of HK13.0 cents per share, bringing the total dividends for the year ended 31 December 2025 to HK19.0 cents per share. This represents a payout ratio of 76% (2024: 76%), consistent with our policy of distributing not less than 30% of the net profit.

Voting by poll

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

CORPORATE GOVERNANCE

Investor relations

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

Shareholders' rights

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

Convening of general meeting

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

The request –

- (a) must state the general nature of the business to be dealt with at the meeting;
- (b) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting;
- (c) may consist of several documents in like form;
- (d) may be sent in hard copy form or in electronic form to the company secretary of the Company at the Company's registered office (25th Floor, CITIC Telecom Tower, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong) or via email at contact@citictel.com; and
- (e) must be authenticated by the person or persons making it.

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

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing, contact details are as follows:

CITIC Telecom International Holdings Limited
 25th Floor, CITIC Telecom Tower, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong
 Email : contact@citictel.com
 Tel No. : +852 2377 8888
 Fax No. : +852 2376 2063

CORPORATE GOVERNANCE

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the shareholders' questions.

Procedures for putting forward proposals at general meetings by shareholders

- Circulating a resolution for an AGM

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

- represent at least 2.5% of the total voting rights of all shareholders who have a right to vote on the resolution at the AGM to which the request relates; or
- at least 50 shareholders who have a right to vote on the resolution at the AGM to which the request relates.

The request –

- may be sent in hard copy form or in electronic form to the company secretary of the Company at the Company's registered office (25th Floor, CITIC Telecom Tower, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong) or via email at contact@citictel.com;
- must identify the resolution of which notice is to be given;
- must be authenticated by the person or persons making it; and
- must be received by the Company not later than 6 weeks before the AGM to which the request relates or if later, the time at which notice is given of that AGM.

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

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

- represent at least 2.5% of the total voting rights of all shareholders who have a relevant right to vote; or
- at least 50 shareholders who have a relevant right to vote (as defined in Section 580(4) of the Companies Ordinance).

The request –

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

CORPORATE GOVERNANCE

- (b) must identify the statement to be circulated;
 - (c) must be authenticated by the person or persons making it; and
 - (d) must be received by the Company at least 7 days before the meeting to which it relates.
- Proposing a candidate for election as a Director

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

Constitutional documents

There were no changes in the constitutional documents of the Company in 2025.

Non-competition undertaking

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

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

DIRECTORS AND SENIOR MANAGEMENT

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

DIRECTORS

Executive Directors

^{#Δ^} **Mr. Luo Xicheng**, aged 59, has been appointed as the chairman of the Board of Directors and an executive director of the Company from 27 October 2023. Mr. Luo is also the chairman of Companhia de Telecomunicações de Macau, S.A. ("CTM"), CITIC Telecom International CPC Limited ("CPC") and China Enterprise ICT Solutions Limited ("CEC"), all being subsidiaries of the Company. Mr. Luo obtained a Bachelor degree of Management and a Master degree of Economics. He joined in succession large state-owned enterprises in the fields of information, aviation and electronics and government research and decision-making consulting institutions as engineer, department executive and deputy chief engineer. Mr. Luo possesses extensive theoretical knowledge and practical experience and he has excellent capabilities in macro decision-making, comprehensive management, and planning and coordination. Mr. Luo keeps abreast of development trends of electronic information and has in-depth understanding in the economic development and technological innovation in the Guangdong-Hong Kong-Macao Greater Bay Area. Mr. Luo had also participated in the planning, design, and construction of many important state engineering projects. The scientific research projects he led and participated in had repeatedly won national and provincial awards. The research results and consulting reports of many major topics that he presided over had been adopted by relevant government departments.

[^] **Mr. Wu Jun**, aged 50, has been appointed as an executive director and chief executive officer of the Company from 25 July 2025. Mr. Wu is also a director of CPC and CEC, the corporate representative of the Company in the board of CTM, and a non-executive director of Asia Satellite Telecommunications Holdings Limited. Mr. Wu holds Master Degree of Engineering. He previously served as executive director and general manager of CITIC Technology Development Co., Ltd.⁵. He worked in China CITIC Bank Corporation Limited^{5,7,9} and Agricultural Bank of China Limited^{7,9}. Mr. Wu possesses multi-disciplinary background that combines technical and business expertise, excelling in driving business development through technological innovation. He has extensive experience in technology research and development management, strong awareness of business innovation, spirit of teamwork and significant achievements in the field of financial technology applications.

Non-executive Directors

Mr. Zhao Lei, aged 59, has been appointed as a director of the Company since 6 December 2024. Mr. Zhao is currently the general manager of Technology and Digitalization Department of CITIC Group Corporation¹. Mr. Zhao is a Master of Economics and an engineer and has worked in several CITIC Group companies since 1993. He served as deputy general manager of CITIC Industrial Investment Group Corp., Ltd.⁵. He also served successively as president, vice chairman and executive director of CITIC Holdings Co., Ltd.⁵.

^{**} **Ms. Wang Hua**, aged 49, has been appointed as a director of the Company since 21 May 2024. Ms. Wang obtained a Master Degree of Management. Ms. Wang has successively served as the director of Tax Division, assistant to the general manager and deputy general manager of Finance Department, the deputy general manager of Human Resources Department and other positions of CITIC Group. She is also a non-executive director of CSC Financial Co., Ltd.^{7,9}. Ms. Wang has been engaged in financial work of CITIC Group for a long time and participated in significant projects including the listing of CITIC Limited^{3,7}. She was also a director (until 27 September 2022) of CITIC Heavy Industries Co., Ltd.^{5,9}.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang Feng, aged 43, has been appointed as a director of the Company since 24 March 2025. Mr. Yang is also the chairman of the supervisory board of CTM. Mr. Yang is a director and the chief financial officer of CITIC Pacific Limited², and a director of CITIC Polaris Limited⁴, CITIC Glory Limited⁴, CITIC Investment (HK) Limited⁵ and Silver Log Holdings Ltd.⁵, all being substantial shareholders of the Company. He is also a director of certain member companies of CITIC Group, CITIC Limited^{3,7} and CITIC Pacific, including, inter alia, a non-independent director of CITIC Pacific Special Steel Group Co., Ltd.^{6,11}, a vice chairman of Nanjing Iron & Steel Co., Ltd.^{5,9}, and a director of CITIC Finance Company Limited⁵ and CITIC Pacific China Holdings Limited⁶. Mr. Yang is also a non-executive director of Frontier Services Group Limited⁷.

Mr. Yang holds a bachelor's degree in accounting and a master's degree in management from the Renmin University of China. He is a Certified Public Accountant of China, a senior accountant as well as having passed Level III of the Chartered Financial Analyst (CFA) exam. He has been working in CITIC Group for over 18 years, and has served as the senior roles in the financial department. He was also the chief financial officer of CITIC Medical & Health Group Co., Ltd.⁴ and the chief financial officer of CITIC Construction Co., Ltd.⁵ respectively. He has extensive experience in areas including accounting, investment and financing management. Mr. Yang has appointed Mr. Liu Kaiyuan as his alternate director on 24 March 2025.

Mr. Liu Kaiyuan, aged 47, has been appointed as an alternate director of Mr. Yang Feng, the non-executive director of the Company, since 24 March 2025. He is the general manager of General Affairs Department of CITIC Pacific, the board observer of CITIC Capital Holdings Limited and a director of CITIC Australia Pty Limited⁵. Mr. Liu holds a bachelor's degree in engineering and a master's degree in business management. He has been working in CITIC Group for over 21 years, and has served in China CITIC Bank Corporation Limited^{5,7,9}, CITIC Group, CITIC Resources Holdings Limited^{5,7} and CITIC International Assets Management Limited. He has extensive experience in areas including financial and non-financial strategic management, budget management, mergers and acquisitions and corporate financing.

Independent Non-executive Directors

*△# **Mr. Zuo Xunsheng**, aged 75, joined the Company as an independent non-executive director in April 2014. He obtained an EMBA degree from Guanghua School of Management of Peking University in 2004. From July 1993 to October 1997, Mr. Zuo served as the director of the former Bureau of Telecommunications of Jinan City, Shandong Province. From October 1997 to May 2000, he served as the director of the former Posts and Telecommunications Bureau of Shandong Province. He was the president of the former Shandong Telecommunications Company from May 2000 to April 2002.

Mr. Zuo served as the vice president of China Network Communications Group Corporation from April 2002 to May 2008. He was the senior vice president of China Netcom Group Corporation (Hong Kong) Limited ("CNC HK") since July 2004; chief operating officer of CNC HK since December 2005; an executive director and chief executive officer of CNC HK from May 2006 to October 2008 and chairman of CNC HK from May 2008 to October 2008. From October 2008 to March 2011, Mr. Zuo was the vice chairman and vice president of China United Network Communications Group Company Limited; director and senior vice president of China United Network Communications Corporation Limited; and director of China United Network Communications Limited⁹. Mr. Zuo also served as an executive director of China Unicom (Hong Kong) Limited⁷ from October 2008 to March 2011.

In addition, Mr. Zuo served as a non-executive director and deputy chairman of PCCW Limited⁷ from July 2007 to November 2011. Mr. Zuo is well experienced in telecommunications operations and has rich management experience.

DIRECTORS AND SENIOR MANAGEMENT

*^{△#} **Mr. Lam Yiu Kin**, aged 71, joined the Company as an independent non-executive director in June 2017. Mr. Lam is a fellow member of each of the Association of Chartered Certified Accountants, the Institute of Chartered Accountants in England and Wales, the Chartered Accountants of Australia and New Zealand, and Hong Kong Institute of Certified Public Accountants ("HKICPA"). He graduated from The Hong Kong Polytechnic University with a higher diploma in Accountancy in 1975. He was conferred an Honorary Fellow of The Hong Kong Polytechnic University in 2002.

Mr. Lam has over 50 years of extensive experience in accounting, auditing and business consulting. Mr. Lam was previously a member of the Listing Committee and the Financial Reporting Advisory Panel of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from 1997 to 2003, a committee member of HKICPA from 1994 to 2009, and a partner of PricewaterhouseCoopers from 1993 to 2013. Mr. Lam was an adjunct professor in the School of Accounting and Finance of The Hong Kong Polytechnic University from 2008 to 2016.

Mr. Lam is currently an independent non-executive director of each of (i) Global Digital Creations Holdings Limited⁸; (ii) Spring Asset Management Limited as the manager of Spring Real Estate Investment Trust⁷; (iii) Shougang Century Holdings Limited⁷; (iv) COSCO SHIPPING Ports Limited⁷; and (v) Topsports International Holdings Limited⁷. Mr. Lam was an independent non-executive director of WWPKG Holdings Company Limited⁸ (currently known as Flydoo Technology Holding Limited, until 2 August 2022), Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.^{7,10} (until 30 May 2023) and Nine Dragons Paper (Holdings) Limited⁷ (until 11 December 2025).

*^{△#} **Mr. Wen Ku**, aged 65, joined the Company as an independent non-executive director in February 2022. He obtained a doctorate degree of Business Administration (DBA) from The Hong Kong Polytechnic University in 2000, a master degree of Business Administration (MBA) from Norwegian School of Management in 1998 and a master degree of Science from Beijing University of Posts and Telecommunications in 1987. Mr. Wen was granted the title of professorate senior engineer in 2000. Since 1987, Mr. Wen had successively served as the deputy director of the Network Management Center, director of the Network Management Center, director of the Data Communications Bureau, Shandong Province and the deputy chief engineer of Posts and Telecommunications Administration, Shandong Province. He became the Network Management Center director of the Directorate General of Telecommunications of the MPT^A in 1995; the deputy director general of Department of Science and Technology of the MPT^A in September 1997; the deputy director general of Department of Science and Technology of the MII^B in 1998; the deputy director general of the Department of Telecommunications Administration Bureau of the MII^B in 2001; the director general of Department of Science and Technology of the MII^B in 2002; the director general of Department of Science and Technology of the MIIT^C in 2008; the director general of Information Communication Development Department of the MIIT^C in November 2013; vice chairman and secretary general of China Communications Standards Association from April 2021 to June 2022, and chairman of China Communications Standards Association in June 2022. Mr. Wen has extensive experience in information and communications technology, development and in supervision and management in telecommunications.

^A Ministry of Posts and Telecommunications in the People's Republic of China (the "PRC")

^B Ministry of Information Industry

^C Ministry of Industry and Information Technology

* Member of the Audit Committee

[△] Member of the Remuneration Committee

[#] Member of the Nomination Committee

[^] Member of the Finance Committee

¹ "CITIC Group," the ultimate controlling shareholder of the Company

² "CITIC Pacific," the controlling shareholder of the Company and a subsidiary of CITIC Group

³ the controlling shareholder of the Company and a subsidiary of CITIC Group

⁴ a subsidiary of CITIC Group

⁵ a subsidiary of CITIC Limited

⁶ a fellow subsidiary of the Company

⁷ listed on the Main Board of the Stock Exchange

⁸ listed on the Growth Enterprise Market of the Stock Exchange

⁹ listed on the Main Board of the Shanghai Stock Exchange in the PRC

¹⁰ listed on the STAR Market of the Shanghai Stock Exchange in the PRC

¹¹ listed on the Main Board of the Shenzhen Stock Exchange in the PRC

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Poon Fuk Hei, aged 60, is the executive vice president of the Company, chief executive officer (“CEO”) and chairman of the Executive Committee of CTM. Mr. Poon became the CEO of CTM since 2007 and has been playing a pivotal role for the sustainable development of CTM.

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

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

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

Mr. Wong Ching Wa, aged 51, is the vice president of the Company. Mr. Wong joined the Company in January 2008 as director of China business department and was responsible for China market and business development of the head office. Mr. Wong is a director of CTM, a director and the CEO of CPC and a director and president of CEC. Mr. Wong obtained a Bachelor degree of Telecom Engineering Management from Beijing Information Technology College in 1996 and a Master degree of Engineering Management from Sichuan University in 2002. Mr. Wong previously held management positions in different telecoms and technology companies in the PRC. Before joining the Company, he was the general manager of operations management department of China Netcom (Hong Kong) Operations Limited. To date, Mr. Wong has more than 29 years experience in the telecoms industry.

Mr. Ip Hon Chung, Dickson, aged 55, is the chief technology officer of the Company. Mr. Ip joined the Company in November 2006. He was responsible for the areas of engineering, information technology, business and management information system and development. He obtained a Bachelor degree in Information Engineering from the Chinese University of Hong Kong (“CUHK”) in 1994 and received a Master degree in Information Engineering from CUHK in 1998. Prior to joining the Company, he held various technical positions in New World PCS Ltd. To date, Mr. Ip has over 30 years practical experience in the field of telecommunications and information technology.

Mr. Tian Yongzhi, aged 47, is the vice president of the Company and a director of CTM. Mr. Tian joined the Company in May 2011 and was responsible for China’s business development, data centre business development, data centre construction and operation, property management, general affairs management, strategic development, etc. Before joining the Company, Mr. Tian worked in China Netcom Corporation, China Netcom (Hong Kong) Operations Limited and China Unicom (Hong Kong) Operations Limited, and has accumulated a wealth of industry experience.

DIRECTORS' REPORT

The directors have pleasure in submitting their Annual Report together with the audited financial statements for the year ended 31 December 2025.

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The principal activities and other particulars of the principal subsidiaries are set out in note 14 to the financial statements. A fair review of the business of the Company and further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group, important events affecting the Group occurred since the end of the financial year 2025, if any, and indication of likely future developments of the Group's business, can be found in the Chairman's Statement, the Business Review, the Financial Review and the Risk Management set out on pages 14 to 19, pages 22 to 31, pages 32 to 38 and pages 39 to 49 of this Annual Report respectively. This discussion forms part of this Directors' Report.

The environmental, employees, customers and suppliers matters and compliance with relevant laws and regulations that have a significant impact on the Company can be found in the Risk Management, the Corporate Governance and the Sustainability Report as set out on pages 39 to 49, pages 51 to 74 and pages 98 to 178 of this Annual Report respectively.

DIVIDENDS

The board of directors of the Company (the "Board") has resolved to declare an interim dividend of HK6.0 cents (2024: HK6.0 cents) per share in respect of the year ended 31 December 2025 which was paid on 26 September 2025. The Board recommended, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 20 May 2026 (the "2026 Annual General Meeting"), the payment of a final dividend of HK13.0 cents (2024: HK12.8 cents) per share in respect of the year ended 31 December 2025 payable on 25 June 2026 to shareholders on the Register of Members at the close of business on 1 June 2026.

MAJOR CUSTOMERS AND SUPPLIERS

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

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	6.8%	
Five largest customers in aggregate	19.3%	
The largest supplier		18.3%
Five largest suppliers in aggregate		43.6%

During the year ended 31 December 2025, the directors of the Company, their close associates or any shareholder of the Company (which to the knowledge of the directors of the Company own more than 5% of the Company's total number of issued shares) do not have any interest in these major customers and suppliers.

DIRECTORS' REPORT

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to approximately HK\$1 million (2024: HK\$1 million).

DIRECTORS

The directors of the Company who held office during the year ended 31 December 2025 and up to the date of this Directors' Report were:

Mr. Luo Xicheng

Mr. Wu Jun (appointed with effect from 25 July 2025)

Mr. Luan Zhenjun (resigned with effect from 30 January 2026)

Mr. Liu Jifu (retired with effect from 24 March 2025)

Mr. Zhao Lei

Ms. Wang Hua

Mr. Yang Feng (appointed with effect from 24 March 2025)

Mr. Zuo Xunsheng

Mr. Lam Yiu Kin

Mr. Wen Ku

Mr. Sui Chen (ceased to be Alternate Director to Mr. Liu Jifu with effect from 24 March 2025)

Mr. Liu Kaiyuan (Alternate Director to Mr. Yang Feng, appointed with effect from 24 March 2025)

Details of the directors to be re-elected at the 2026 Annual General Meeting will be set out in the circular to the shareholders of the Company prior thereto.

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended 31 December 2025 or during the period from 1 January 2026 to the date of this Report are available on the Company's website at www.citictel.com.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2025, there were no service contracts which were not determinable by the employer within one year without payment of compensation (other than statutory compensation) between any company in the Group and any director of the Company proposed for re-election at the 2026 Annual General Meeting.

PERMITTED INDEMNITY

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

DIRECTORS' REPORT

COMPETING INTERESTS

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

CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions conducted in the financial year ended 31 December 2025 are disclosed in accordance with the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as follows:

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

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

As the term of Existing Financial Services Framework Agreements (as amended and supplemented by 2022 Supplemental Agreements) and 2022 CITIC Bank Financial Services Framework Agreement (collectively, "2022 Financial Services Framework Agreements") were due to expire on 29 December 2025, the Company entered into the following agreements on 17 October 2025:

- (1) a financial services framework agreement with CITIC Bank, ("2025 CITIC Bank Financial Services Framework Agreement"), pursuant to which it is agreed that members of the Group will engage CITIC Bank and its subsidiaries in the PRC for the provision of deposit services, settlement services and credit services for a term not exceeding three years, commenced from 30 December 2025 (the "Effective Date", being the date on which the parties thereto have obtained their respective necessary authorisations or approvals in relation to the transactions contemplated thereunder, including approval from the independent shareholders at the extraordinary general meeting of the Company) until (i) 31 December 2026 (both days inclusive), or (ii) 29 December 2028 (both days inclusive), being the date immediately preceding the third anniversary of the Effective date, if the necessary approval from CITIC Bank's shareholders for continuing connected transactions with CITIC Limited and its subsidiaries beyond 31 December 2026 is obtained on or before 31 December 2026; and
- (2) a financial services framework agreement separately with each of China CITIC Bank International, CITIC Finance and CITIC Finance International (collectively, "Remaining 2025 Financial Services Framework Agreements"), pursuant to which it is agreed that members of the Group will engage each of China CITIC Bank International, CITIC Finance and CITIC Finance International for the provision of deposit services, settlement services and credit services for a term not exceeding three years, commenced from its respective Effective Date until 29 December 2028, being the date immediately preceding the third anniversary of the Effective date (both days inclusive).

DIRECTORS' REPORT

Consideration for transactions contemplated under (i) 2022 Financial Services Framework Agreements; and (ii) 2025 CITIC Bank Financial Services Framework Agreement and Remaining 2025 Financial Services Framework Agreements (collectively, "2025 Financial Services Framework Agreements") shall be paid in accordance with the specific terms as agreed in separate agreements to be entered into from time to time between the relevant member of the Group and CITIC Bank and its subsidiaries in the PRC, China CITIC Bank International, CITIC Finance and CITIC Finance International (collectively, the "CITIC Financial Institutions").

Financial services provided by the CITIC Financial Institutions to the Group under 2022 Financial Services Framework Agreements and 2025 Financial Services Framework Agreements are as follows:

a) Deposit Services

Pursuant to 2022 Financial Services Framework Agreements and 2025 Financial Services Framework Agreements, interest rates for deposits to be placed with each of the CITIC Financial Institutions by the Group shall (i) subject to compliance with the Listing Rules, be determined at arm's length between the parties with reference to the prevailing interest rates offered by independent third parties for comparable category of deposits, or (ii) not be lower than the highest interest rates for comparable category of deposits offered by other major commercial banks or financial institutions with which the relevant member of the Group has established business relationship.

Under 2022 Financial Services Framework Agreements, aggregate amounts of maximum daily outstanding balance of deposits (including accrued interests) (the "Maximum Daily Balance") to be placed by the Group with any of the CITIC Financial Institutions shall not exceed HK\$1.6 billion for the period from 1 January 2025 to 29 December 2025. During the aforesaid period, the aggregate amounts of the Maximum Daily Balance placed by the Group with any of the CITIC Financial Institutions was approximately HK\$1,514 million.

Under 2025 Financial Services Framework Agreements, aggregate amounts of the Maximum Daily Balance to be placed by the Group with any of the CITIC Financial Institutions shall not exceed HK\$1.6 billion for each of the period from 30 December 2025 to 31 December 2025, the financial years ending 31 December 2026 and 2027, and the period from 1 January 2028 to 29 December 2028. During the period from 30 December 2025 to 31 December 2025, the aggregate amounts of the Maximum Daily Balance placed by the Group with any of the CITIC Financial Institutions was approximately HK\$717 million.

b) Settlement Services

Pursuant to 2022 Financial Services Framework Agreements and 2025 Financial Services Framework Agreements, service fees to be charged by each of the CITIC Financial Institutions for provision of settlement services to the Group shall (i) subject to compliance with the Listing Rules, be determined at arm's length between the parties with reference to the prevailing service fees charged by independent third parties for comparable category of settlement services, or (ii) not be higher than the lowest service fees for comparable category of settlement services charged by other major commercial banks or financial institutions with which the relevant member of the Group has established business relationship.

Under 2022 Financial Services Framework Agreements and 2025 Financial Services Framework Agreements, aggregate amounts of maximum service fees payable by the Group for settlement services provided by the CITIC Financial Institutions are expected to fall below the de minimis threshold as specified in Rule 14A.76(1) of the Listing Rules.

DIRECTORS' REPORT

c) Credit Services

Pursuant to 2022 Financial Services Framework Agreements and 2025 Financial Services Framework Agreements, interest rates for credit services to be provided by the CITIC Financial Institutions shall (i) subject to compliance with the Listing Rules, be determined at arm's length between the parties with reference to the prevailing interest rates of similar credit lines offered by independent third parties, or (ii) not be higher than the lowest interest rates for comparable grade of credit services charged by other major commercial banks or financial institutions with which the relevant member of the Group has established business relationship.

As credit services to be provided by the CITIC Financial Institutions to the Group under 2022 Financial Services Framework Agreements and 2025 Financial Services Framework Agreements shall be on normal commercial terms or better, and the Group only expects to engage such credit services if and when no security will be granted by the Group over its assets, such credit services, if and when they occur, are fully exempt from reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

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

Details of the above are set out in the announcements of the Company dated 30 September 2021, 14 November 2022 and 17 October 2025 and the circulars of the Company dated 9 December 2022 and 27 November 2025.

2. On 19 June 2024, the Company entered into a framework agreement (the "Framework Agreement") with CITIC Group Corporation ("CITIC Group") for a term of three years from 1 June 2024 to 31 May 2027 (both days inclusive), pursuant to which the Group shall provide the following six categories of services to CITIC Group, its subsidiaries and associates (excluding the Group) (collectively, "CITIC Group Members") and China Enterprise ICT Solutions Limited ("CEC") (collectively, "CITIC Members") in its ordinary and usual course of business:

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

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

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

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

DIRECTORS' REPORT

Annual caps for provision of Data Centre Services under the Framework Agreement are set out below:

	For the financial year ended 31 December 2025	For the financial year ending 31 December 2026	For the period from 1 January to 31 May 2027
HK\$ (million)	42.0	53.0	26.7

Aggregate service fees paid/payable by CITIC Members for the year ended 31 December 2025 in relation to the Data Centre Services under the Framework Agreement was approximately HK\$32.3 million.

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

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

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

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

Annual caps for the provision of VPN Services under the Framework Agreement are set out below:

	For the financial year ended 31 December 2025	For the financial year ending 31 December 2026	For the period from 1 January to 31 May 2027
HK\$ (million)	44.1	48.9	22.0

Aggregate service fees paid/payable by CITIC Members for the year ended 31 December 2025 in relation to VPN Services under the Framework Agreement was approximately HK\$37.7 million.

DIRECTORS' REPORT

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

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

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

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

Annual caps for provision of Internet Access Services under the Framework Agreement are set out below:

	For the financial year ended 31 December 2025	For the financial year ending 31 December 2026	For the period from 1 January to 31 May 2027
HK\$ (million)	15.4	18.7	9.4

Aggregate service fees paid/payable by CITIC Members for the year ended 31 December 2025 in relation to Internet Access Services under the Framework Agreement was approximately HK\$11.1 million.

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

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

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

DIRECTORS' REPORT

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

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

	For the financial year ended 31 December 2025	For the financial year ending 31 December 2026	For the period from 1 January to 31 May 2027
HK\$ (million)	16.5	20.6	11.0

Aggregate service fees paid/payable by CITIC Members for the year ended 31 December 2025 in relation to ISM Services under the Framework Agreement was approximately HK\$16.5 million.

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

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

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

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

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

	For the financial year ended 31 December 2025	For the financial year ending 31 December 2026	For the period from 1 January to 31 May 2027
HK\$ (million)	12.0	14.4	7.2

Aggregate service fees paid/payable by CITIC Members for the year ended 31 December 2025 in relation to CCS Services under the Framework Agreement was approximately HK\$9.5 million.

DIRECTORS' REPORT

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

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

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

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

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

	For the financial year ended 31 December 2025	For the financial year ending 31 December 2026	For the period from 1 January to 31 May 2027
HK\$ (million)	36.3	39.9	18.3

Aggregate service fees paid/payable by CITIC Members for the year ended 31 December 2025 in relation to Messaging Services under the Framework Agreement was approximately HK\$11.5 million.

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

Details of the above are set out in the announcement of the Company dated 19 June 2024.

DIRECTORS' REPORT

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

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

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

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

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

Under the Marketing Services Agreement, aggregate service fees paid/payable by CEC to CPC for the year ended 31 December 2025 was approximately RMB8.5 million.

4. On 30 December 2024, China Enterprise Netcom Corporation Limited ("CEC-HK", a wholly-owned subsidiary of the Company) and CPC entered into a service agreement with CEC (the "Service Agreement"), pursuant to which CEC-HK and CPC shall engage CEC as service provider for provision of technical and support services in the PRC to the customers of CEC-HK and CPC for a term of three years from 1 January 2025 to 31 December 2027. CEC is also responsible for arranging, operating and maintaining all necessary technical and support services in the PRC to service the customers of CEC-HK and CPC.

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

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

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

Under the Service Agreement, aggregate service fees paid/payable by the Group to CEC for the year ended 31 December 2025 was approximately RMB14.7 million.

DIRECTORS' REPORT

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

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

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

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

Under the SDH Services Agreement, aggregate service fees paid/payable by CEC to Guangdong Eastern Fibernet for the year ended 31 December 2025 was approximately RMB7.8 million.

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

Upon expiry of 2022 Telecoms Services Agreement, CEC and CITIC Digital Technology entered into a telecoms services agreement ("2025 Telecoms Services Agreement") on 6 August 2025 to continue to engage CITIC Digital Technology for the provision of the abovementioned services for a further term of three years from 7 August 2025 to 6 August 2028.

Under 2022 Telecoms Services Agreement and 2025 Telecoms Services Agreement, an estimated basic monthly service fees of approximately RMB1.90 million (subject to adjustment based on actual usage) shall be payable by CEC to CITIC Digital Technology and shall be settled monthly.

DIRECTORS' REPORT

The annual cap for the service fees payable by CEC to CITIC Digital Technology for the period from 1 January 2025 to 6 August 2025 under 2022 Telecoms Services Agreement was RMB26.90 million; and the annual caps for aggregate service fees payable by CEC to CITIC Digital Technology under 2025 Telecoms Services Agreement are set out below:

	For the period from 7 August to 31 December 2025	For the financial years ending 31 December 2026	2027	For the period from 1 January to 6 August 2028
RMB (million)	13.66	32.58	34.03	19.85

Details of the above are set out in the announcements of the Company dated 5 August 2022 and 6 August 2025.

Under 2022 Telecoms Services Agreement and 2025 Telecoms Services Agreement, aggregate service fees paid/payable by CEC to CITIC Digital Technology for the period from 1 January 2025 to 6 August 2025 and the period from 7 August 2025 to 31 December 2025 were approximately RMB12.09 million and RMB7.80 million respectively.

- On 20 May 2024, Neostar Investment Limited ("Neostar", a wholly-owned subsidiary of the Company) as landlord and Dah Chong Hong Holdings Limited ("DCH Holdings", a wholly-owned subsidiary of CITIC Limited and therefore a connected person of the Company) as tenant entered into a tenancy agreement ("the DCH Tenancy Agreement") in respect of the whole of 7th floor to 11th floor of CITIC Telecom Tower situated at 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong ("CITIC Telecom Tower") for a term of three years from 1 June 2024 to 31 May 2027.

The monthly rental (exclusive of government rent, rates, management charges and other outgoings) is HK\$1,231,100 and monthly management charges is approximately HK\$199,200 (subject to revision), payable monthly in advance on the first day of each and every calendar month.

Annual caps for fees (including aggregate rentals, management charges and other outgoings) payable by DCH Holdings to the Group under the DCH Tenancy Agreement are set out below:

	For the financial year ended 31 December 2025	For the financial year ending 31 December 2026	For the period from 1 January to 31 May 2027
HK\$ (million)	18.5	18.5	8.5

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

Under the DCH Tenancy Agreement, aggregate amounts paid/payable by DCH Holdings to the Group for the year ended 31 December 2025 was approximately HK\$17.2 million.

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

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

DIRECTORS' REPORT

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

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

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

Under the Management Services Agreement, aggregate amount paid/payable by the Group to Hang Luen Chong for the year ended 31 December 2025 was approximately HK\$13.0 million.

Review of the Continuing Connected Transactions:

The independent non-executive directors of the Company have reviewed the aforesaid continuing connected transactions conducted in the year ended 31 December 2025 and confirmed that the transactions had been entered into

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *"Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* and with reference to Practice Note 740 (Revised) *"Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules"* issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unmodified letter containing the auditor's findings and conclusions in respect of the Continuing Connected Transactions disclosed by the Group on pages 81 to 91 of this Annual Report in accordance with Rule 14A.56 of the Listing Rules.

Related Party Transactions:

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

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SECURITIES

The interests of the directors of the Company in shares of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as at 31 December 2025 as recorded in the register required to be kept under section 352 of the SFO were as follows:

Long positions in shares of an associated corporation

	Nature of interest	Number of shares	Percentage to the number of issued shares %
CITIC Limited			
Zhao Lei	Beneficial owner	13,000	0.00004
Wang Hua	Beneficial owner	40,000	0.00014

Save as disclosed above, as at 31 December 2025, none of the directors of the Company had nor were they taken to or deemed to have, under Part XV of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 of the Listing Rules.

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

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, the interests of the substantial shareholders, other than the directors of the Company or their respective associates, in the shares, underlying shares and debentures of the Company as recorded in the register of interests in shares and short positions required to be kept under section 336 of the SFO were as follows:

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

DIRECTORS' REPORT

Notes:

1. CITIC Group is the indirect holding company of CITIC Limited, holding 53.12% interest in CITIC Limited as at 31 December 2025 via two wholly-owned subsidiaries of CITIC Group: CITIC Polaris Limited (holding 27.52% interest in CITIC Limited as at 31 December 2025) and CITIC Glory Limited (holding 25.60% interest in CITIC Limited as at 31 December 2025).
2. CITIC Limited indirectly and wholly owns each of Silver Log, Ease Action, Richtone and Perfect New Holdings Limited ("Perfect New"), which in turn hold direct interests in the Company as at 31 December 2025, as follows:

Silver Log as to 611,187,500 shares (representing approximately 16.52% interest).
Ease Action as to 1,241,649,869 shares (representing approximately 33.55% interest).
Richtone as to 134,841,139 shares (representing approximately 3.64% interest).
Perfect New as to 141,666,667 shares (representing approximately 3.83% interest).
3. CITIC Investment (HK) directly and wholly owns Silver Log.
4. Silver Log is an indirect wholly-owned subsidiary of CITIC Limited, via the following chain of intermediate holding companies (on a wholly-owned basis at each level): CITIC Corporation Limited and CITIC Investment (HK).
5. Ease Action is an indirect wholly-owned subsidiary of CITIC Limited, via the following chain of intermediate holding companies (on a wholly-owned basis at each level): CITIC Pacific Limited ("CITIC Pacific") and CITIC Pacific Communications Limited ("CP Communications"), which is the direct holding company of Ease Action.
6. Richtone is an indirect wholly-owned subsidiary of CITIC Limited, via the following chain of intermediate holding companies (on a wholly-owned basis at each level): CITIC Pacific and CP Communications, which is the direct holding company of Richtone.
7. Perfect New is an indirect wholly-owned subsidiary of CITIC Limited, via the following chain of intermediate holding companies (on a wholly-owned basis at each level): CITIC Pacific and CP Communications, which is the direct holding company of Perfect New.
8. CITIC Limited, CITIC Investments (HK), Ease Action, Richtone and Silver Log are parties to agreements which section 317 of the SFO applies. As such, the interests of Ease Action, Richtone, Silver Log and Perfect New (all being indirect wholly-owned subsidiaries of CITIC Limited) are aggregated for disclosure purpose.
9. "Percentage to the number of issued shares" attributable to CITIC Group and/or its subsidiaries (each a "relevant reporting entity") as presented in the table above has been re-computed by the Company as follows: dividing (a) "the number of shares of the Company" as disclosed by the relevant reporting entity and as recorded in the register of interests in shares and short positions required to be kept under section 336 of the SFO, by (b) the total number of issued shares of the Company as at 31 December 2025 (i.e. 3,700,891,382 shares). Such percentage so re-computed and presented, therefore, may deviate slightly from the percentage as so recorded on the relevant register, due to intervening changes in the total number of issued shares of the Company between the date of the relevant disclosure and 31 December 2025 where such changes may or may not have triggered disclosure by the relevant reporting entity.
10. L denotes the entity's long position in the shares of the Company.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

The Company and the controlling shareholders of the Company have entered into the following contracts of significance which were subsisting during the year ended 31 December 2025:

1. Deed of non-competition dated 21 March 2007 executed by CITIC Limited in favour of the Company, details of which are set out in the prospectus of the Company, mainly to the effect that at any time during which the shares of the Company are listed on the Stock Exchange and CITIC Limited and/or its associates are regarded as a controlling shareholder of the Company under the Listing Rules, (i) CITIC Limited will not engage and will procure its subsidiaries not to engage in the provisions of telecommunications hub-based service (the "Restricted Activity") globally or in any other business that may compete with the Restricted Activity, and (ii) in the event that any opportunity is made available to CITIC Limited to invest in any independent third party's business engaging in the Restricted Activity, CITIC Limited will use its best efforts to procure that such investment opportunity is offered to the Group and the Group shall have a first right of refusal.
2. Deed of Indemnity dated 21 March 2007 given by CITIC Limited in favour of the Company (and its subsidiaries), pursuant to which CITIC Limited will keep the Company and its subsidiaries indemnified against any taxation falling on it resulting from or by reference to any revenue, income, profits or gains granted, earned, accrued, received or made on the listing date of the Company or any event, transaction, act or omission occurring or deemed to occur on or before the listing date of the Company.

DIRECTORS' REPORT

3. Administrative services agreement dated 20 August 2014 (the "Administrative Services Agreement") entered into between the Company and CITIC Pacific, a controlling shareholder of the Company, pursuant to which CITIC Pacific and the Company will share the company secretarial services and the internal audit services with retrospective effect from 1 July 2014. The amount payable by the Company to CITIC Pacific for the services received shall be determined on costs basis with payment terms to be agreed between the parties from time to time. The Administrative Services Agreement may be terminated if CITIC Limited, the immediate holding company of CITIC Pacific, shall hold less than 30% of the shares of the Company and is terminable by giving a six months' prior notice in writing by either party. Mr. Yang Feng is a director and the chief financial officer of CITIC Pacific and therefore, he has indirect interests in the Administrative Services Agreement. A copy of the Administrative Services Agreement will be available for inspection at the 2026 Annual General Meeting.

Apart from the above and the transactions as mentioned in the section of "Continuing Connected Transactions", none of the Company or any of its subsidiaries has entered into any other contract of significance with the Company's controlling shareholders or their subsidiaries which were subsisting during the year ended 31 December 2025.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year, or subsisted at the end of the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company as at the latest practicable date prior to the issue of this report, during the year ended 31 December 2025, the Company has maintained sufficient public float of at least 25% of the Company's total number of issued shares as required under Rule 13.32B(1) of the Listing Rules.

Details of (1) shareholding of substantial shareholders and directors of the Company in the issued share capital of the Company as at 31 December 2025 is set out on pages 92 to 94 of this Directors' Report; and (2) structure of the share capital of the Company as at 31 December 2025 is set out in note 28(c) to the financial statements.

BORROWINGS AND ISSUE OF GUARANTEED BONDS

On 5 March 2013, CITIC Telecom International Finance Limited ("CITIC Telecom International Finance", a wholly-owned subsidiary of the Company, which was dissolved on 23 December 2025) issued US\$450 million 6.1% guaranteed bonds due 2025 (the "Bonds") to professional investors pursuant to a subscription agreement made between the Company (as guarantor), CITIC Telecom International Finance and CITIC Securities Corporate Finance (HK) Limited, Deutsche Bank AG, Singapore Branch, Standard Chartered Bank and UBS AG, Hong Kong Branch on 26 February 2013 for financing part of the consideration paid by the Company in respect of the acquisition of 79% interest in Companhia de Telecomunicações de Macau, S.A.R.L. (currently known as Companhia de Telecomunicações de Macau, S.A.). The Bonds was listed on the Stock Exchange on 6 March 2013 and was fully redeemed with corresponding accrued interest on the maturity date of 5 March 2025.

Particulars of borrowings of the Group as at 31 December 2025 are set out in note 24 to the financial statements.

DIRECTORS' REPORT

LISTED SECURITIES

There was no movement in the Company's share capital during the year ended 31 December 2025.

Save for redemption of the Bonds as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the year ended 31 December 2025.

CONFIRMATION OF INDEPENDENCE

The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to the factors set out in Rule 3.13 of the Listing Rules and considers all independent non-executive directors remain independent.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 50 of this Annual Report.

PROPERTY

Particulars of the major property held for investment of the Group are shown on page 278 of this Annual Report.

RETIREMENT SCHEMES AND OTHER POST-EMPLOYMENT BENEFITS

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

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

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

AUDITOR

At the close of the annual general meeting in 2025, Messrs PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, retired as auditor of the Company upon expiration of its term of office and Messrs KPMG ("KPMG"), Certified Public Accountants, Hong Kong, were appointed as auditor of the Company to hold office until the conclusion of the 2026 Annual General Meeting.

KPMG will retire and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the 2026 Annual General Meeting.

By Order of the Board

Luo Xicheng

Chairman

Hong Kong, 12 March 2026

FORWARD LOOKING STATEMENTS

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

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

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

SUSTAINABILITY REPORT



LEADING TO SUSTAINABLE DEVELOPMENT

THE GROUP ADHERES TO THE VISION AND MISSION OF THE ENTERPRISE

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

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

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

SUSTAINABILITY REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGY

The Group places corporate responsibility at its core, establishing clear strategies in environmental, social, and governance (“ESG”) matters. In the course of business operations, we are committed to advancing sustainable development and consistently generating positive social impact. To achieve these objectives, we actively engage in environmental protection, talent development, operational optimisation, and social contribution, striving to build strong and lasting trust among the Group, shareholders, and clients. At the same time, we work hand in hand with employees, partners, and society to foster a harmonious and mutually supportive business environment.



Vision

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



Mission

With the backing of Chinese mainland, establishing a foothold in Hong Kong and Macau, and connecting to the world

Focusing on international development, pursuing technological innovation, and enhancing core competitiveness

Customer-oriented, with value creation as our goal, providing sustainable return for our shareholders

BOARD STATEMENT ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUE

The Board holds ultimate leadership responsibility for sustainability matters. The Board oversees the Group’s ESG and climate-related strategies, performance and reporting, while ensuring effective governance processes and internal controls. The Board has delegated authority to its Audit Committee to perform formulation and oversight responsibilities, including establishing and reviewing ESG and climate strategies and directions, materiality analysis results, the setting of sustainability-related goals and progress towards achieving them, as well as reviewing the compliance of the sustainability report. The Audit Committee holds at least one meeting annually to review ESG matters, including climate-related risks and opportunities, and regularly reports progress and recommendations to the Board to ensure that the Group advances its sustainability initiatives under an effective system of management and internal control.

Through ongoing consultation with internal and external stakeholders, the Group identifies, assesses, and prioritises ESG issues affecting the Group and its stakeholders. Appropriate mitigation measures are developed and implemented based on priority, and key issues are disclosed in the Group’s sustainability report to address stakeholders’ concerns. Please refer to the “Materiality Analysis” section (pages 108 to 109) of this report for further details on the stakeholder engagement process and the results of the materiality analysis.

SUSTAINABILITY REPORT

2025 SUSTAINABLE DEVELOPMENT HIGHLIGHTS

Governance

Business Ethics Policies
& Practices

- ◆ During the year, 15 anti-corruption training sessions were conducted, amounting to a total of **2,746** training hours. The content covered common integrity risks encountered by business organisations, reinforcing with employees the importance of adhering to compliance requirements regarding anti-bribery and anti-corruption.

Social

Talent Development and
Community Engagement

- ◆ Hosted the “**2025 Work Conference**” and a youth staff forum to promote cross-regional knowledge sharing and collaboration.
- ◆ Conducted two large-scale training events, engaging external experts to deliver insights to the Group’s mid-to-senior level personnel on the latest trends in digital transformation, global telecommunications industry development, and AI industry advancements.
- ◆ Total training hours for the year amounted to **42,401**, of which **7,579** hours were dedicated to health and safety training.
- ◆ Total volunteer service hours reached **1,403**, covering areas such as education, environmental protection, and elderly care.

Privacy & Data Security



- ◆ Maintained certification under ISO/IEC 20000/27001, successfully completing the annual external audits as well as internal and external IT audits.
- ◆ Achieved Level 3 certification under the Data Management Capability Maturity Model (DCMM).
- ◆ Received for the first time the **Gold Award in Privacy-Friendly Awards** from the Office of the Privacy Commissioner for Personal Data, Hong Kong.
- ◆ Delivered a total of **4,456** hours of information security training for employees throughout the year.

Environmental

Climate Change



- ◆ Completed climate scenario analysis and expanded the Scope 3 greenhouse gas emissions (GHG) calculations.
- ◆ Conducted three large-scale climate-related training sessions, covering topics such as emerging trends in the new energy industry trends and sustainability disclosure requirements.

SUSTAINABILITY REPORT

OUR AWARDS AND RECOGNITIONS



01



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Corporate Governance

- 01 Good MPF Employer Award – Best All-round MPF Employer (Mandatory Provident Fund Schemes Authority)
- 02 Signed Business Sector Integrity Charter (Independent Commission Against Corruption)

Privacy and Data Security

- 03 Privacy-Friendly Awards – Gold Award (Office of the Privacy Commissioner for Personal Data, Hong Kong)

Respecting and Protecting Employees' Rights

- 04 The Racial Diversity and Inclusion Charter for Employers (Equal Opportunities Commission)
- 05 Bronze Award for Racial Equity in Hiring Award (Equal Opportunities Commission)
- 06 Bronze Award for Inclusive Workplace Award (Equal Opportunities Commission)
- 07 Silver Award in the Digital Accessibility Recognition Scheme (Hong Kong Internet Registration Corporation Limited)

SUSTAINABILITY REPORT



03



05 06



08



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Employee Training and Development

- 08 ERB Manpower Developer Award Scheme – Manpower Developers (Employees Retraining Board)
- 09 ERB Manpower Developer Award Scheme – Super MD (Employees Retraining Board)

Investing In Our Workforce and Caring for Their Health

- 10 H-Care Health-Friendly Scheme – Certificate of Appreciation (Chinese YMCA of Hong Kong)
- 11 Happiness-at-work Promotional Scheme 2025 – Happy Company 10 Years+ (Promoting Happiness Index Foundation)
- 12 Workplace Mental Health Award (Department of Health, Labour Department and Occupational Safety & Health Council)
- 13 Harmony@Workplace Organisation (Occupational Safety and Health Council)
- 14 Good Employer Charter and Supportive Family-friendly Good Employer Logo (Labour Department)
- 15 Family-Friendly Employer Award, Breastfeeding-friendly Workplace Award & Fight through Adversity Award (The Women's General Association of Macau)

SUSTAINABILITY REPORT

OUR AWARDS AND RECOGNITIONS



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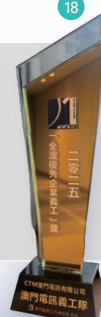
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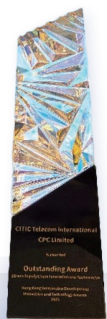
Our Commitment to Green and Low-carbon Development

- 16 Good Level in Hong Kong Green Organisation Certification Energywi\$e Certificate (Hong Kong Productivity Council)
- 17 Good Level in Hong Kong Green Organisation Certification Wastewi\$e Certificate (Hong Kong Productivity Council)
- 18 Carbon Audit • Green Partner (Environment and Ecology Bureau)
- 19 EcoPartner (Federation of Hong Kong Industries and Bank of China (Hong Kong))
- 20 Outstanding Award in Green Supply Chain Innovation and Technology at 2025 Hong Kong Sustainable Development Innovation & Technology Awards (World Institute of Sustainable Development Planners)
- 21 ESG Pledge (The Chinese Manufacturers' Association of Hong Kong and The Hong Kong Brand Development Council)

Building a Culture of Giving

- 22 Y-Care CSR Scheme – Bronze Partner, Long-term Partner and Outstanding Social Achievement Award (Chinese YMCA of Hong Kong)
- 23 15 Year Plus Caring Company Logo (The Hong Kong Council of Social Service)
- 24 SDG Excellence Awards 2024/25 – Corporate Award: Honourable Mention (Fair Trade Hong Kong)
- 25 Partner Employer Award (The Hong Kong General Chamber of Small and Medium Business)
- 26 2025 Outstanding Corporate Volunteer in Macau (Association of Volunteer Social Service Macao)

SUSTAINABILITY REPORT



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Commitment to Premium Products and Services

- 27 BEYOND Best Choice Awards, BEYOND Innovation Awards (BEYOND Expo)
- 28 FreeWiFi.MO Service Coverage Award (Macao Post and Telecommunications Bureau)
- 29 AI-Oriented Business Innovation and Premium User Experience Award (IDATE DigiWorld)
- 30 AI-WAN Best Implementation Award (IPv6 Forum)
- 31 Silver Award in The 50th Geneva International Exhibition of Inventions
- 32 CAHK STAR Award 2025 – Best Enterprise Solution Award (Communications Association of Hong Kong)

SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE STRUCTURE

Sound corporate governance forms the foundation of the Group's sustainable growth. To build long-term value, we have progressively established a comprehensive sustainability management framework spanning all organisational levels and continue advancing related practices based on this foundation.

The Board plays a pivotal role in ensuring that corporate governance aligns with the Group's sustainable development and business interests, providing leadership over the sustainability governance structure. Our governance framework clearly defines the responsibilities and authorities across different levels. The Board is responsible for setting the overall ESG and climate-related strategies, and for overseeing the Group's ESG performance, as well as climate-related risks and opportunities. To ensure that Board members possess the necessary expertise and capabilities to address climate-related risks and opportunities, the Group provides training on corporate sustainability matters. During the reporting period, Board members participated in capacity-building training on sustainability and climate-related topics, with a focus on the latest regulatory requirements and emerging trends in climate-related risks and opportunities.

The Audit Committee oversees the implementation of ESG and climate-related strategies, and reviews progress against ESG and climate objectives, outcomes of materiality assessments, and the compliance of sustainability reporting. To enhance the monitoring of overall sustainability performance, the Group conducts annual performance evaluations of its management personnel, with remuneration adjustments determined based on assessment outcomes. These evaluations incorporate sustainability-related areas such as compliance with integrity requirements, management of key risks, accountability for production safety, and adherence to environmental regulations, thereby ensuring that management integrates sustainability considerations fully into operational decisions and duty execution.

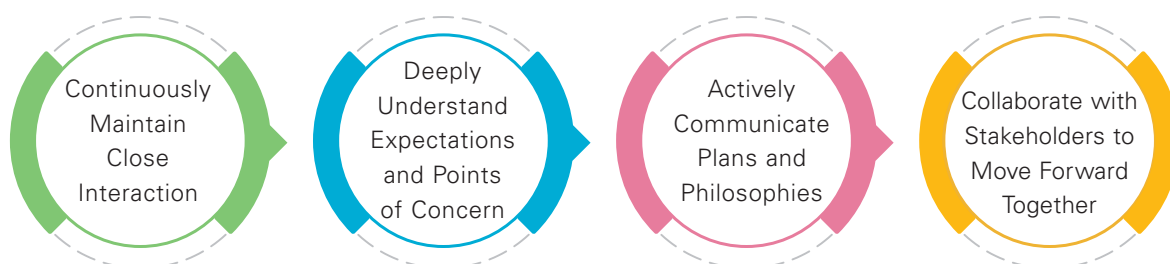
At the business unit level, subsidiaries conduct irregular discussions under the Group's leadership to actively review their sustainability performance and systematically report annual progress to the Group at least once per year. To strengthen the coordinated leadership of ESG initiatives, the Group has established an "ESG Committee". The Committee is chaired by the Chairman of the Group, with the Chief Executive Officer serving as the Vice Chairman, and other management as committee members. In addition, the Group has set up an ESG Office, whose core members include department heads of headquarters and major subsidiaries.



SUSTAINABILITY REPORT

STAKEHOLDER COMMUNICATION

The Group places a high priority on stakeholder feedback, regarding it as a key foundation for continuous improvement. The ESG Office, comprising representatives from various departments and business units, actively engages with stakeholders through diverse channels to maintain close interaction, thereby gaining a deeper understanding of stakeholders' expectations and key concerns regarding the Group's sustainability strategy and performance. The Group also proactively communicates its plans and principles in sustainability to different stakeholders, ensuring that it can work collaboratively with them throughout its long-term development journey.



Stakeholders and Investors

- Group annual reports and announcements
- General meetings
- Investors' meetings
- Roadshows
- Group website
- Surveys

Customers

- Regular visits and interviews
- Customers satisfaction surveys
- Collection and analysis of customer service benchmarks

Staff

- Employee Seminar
- Staff training and development programmes
- Performance management system
- Internal communications
- Staff suggestion box
- Surveys



Suppliers and Partners

- Establishment of supplier and business partner management system
- Advocacy of green supply chain management and signing of environmental agreements with suppliers
- Performance evaluation
- Open tenders, invited to tenders and other regular meetings
- Surveys

Non-government Organisations, Community Groups, Media

- Community welfare activities
- News releases, press conferences and presentations
- Regular meetings

SUSTAINABILITY REPORT

MATERIALITY ANALYSIS

The Group conducts materiality analysis to understand stakeholders' views on our sustainability strategy. In 2025, we reviewed the materiality analysis findings from the previous year. The assessment process comprised four steps, designed to identify and prioritise ESG issues that are material to both the Group and its stakeholders.

Step 1: Issues Identification

Industry trends were reviewed and performance was benchmarked against peers to identify ESG issues relevant to the Group.

Step 2: Materiality Analysis

Each identified ESG issue was analysed and assessed based on two dimensions: "importance to stakeholders" and "importance to the Group's business".

Step 3: Issue Review

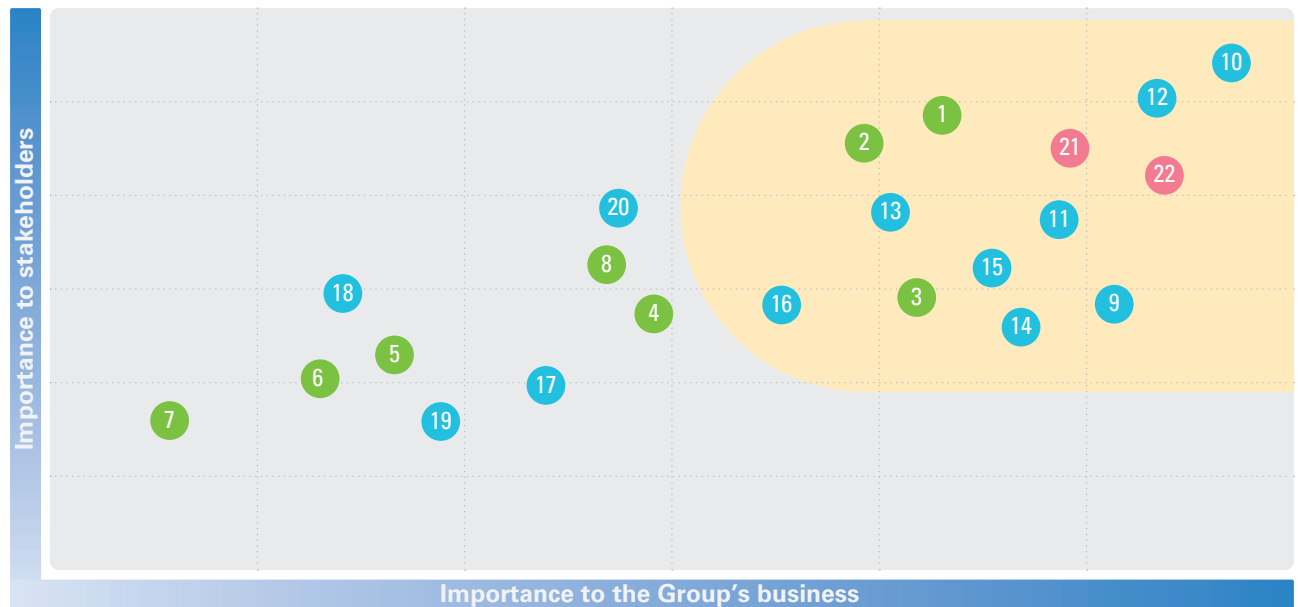
Management reviewed the outcomes of the materiality analysis.

Step 4: Confirmation of Material Topics

The final list of material topics was confirmed and is disclosed with emphasis in this report to address stakeholders' key concerns.

SUSTAINABILITY REPORT

2025 CITIC Telecom Materiality Matrix



	Most Material Topic	Moderate Material Topic
Environmental	1 Energy 2 Waste 3 Climate change management	4 Air emissions 5 Water 6 Biodiversity 7 Circular economy 8 GHG emissions
Social	9 Employee retention 10 Employee wellbeing 11 Occupational health and safety 12 Training and development 13 Service and product innovation 14 Privacy and data security 15 Premium products and services 16 Supply chain management	17 Diversity and equal opportunities 18 Community investment 19 Human rights protection 20 Access to telecommunications
Governance	21 Standards of Business Ethics 22 Corporate governance risk management	

SUSTAINABILITY REPORT

STRENGTHENING GOVERNANCE AND RISK MANAGEMENT

Strengthening Corporate Governance

The Group regards sound corporate governance as a fundamental driver of long-term development in the telecommunications industry, and as essential to safeguarding corporate value and sustainable growth. We have established a clear governance structure to ensure well-defined responsibilities, standardised processes, and strict adherence to business ethics, legal and regulatory requirements, and market rules, thereby protecting the shared interests of shareholders, employees, customers, and society. The Board undertakes strategic leadership and policy approval responsibilities, and strengthens oversight through the establishment of dedicated committees, including the Audit, Risk Management, Remuneration and Nomination Committees. For further details on Board members and other aspects of corporate governance, please refer to the “Corporate Governance” section of this Annual Report (pages 51 to 74).

Governance Policy

The Group has developed and implemented a series of sustainability-related policies, which are regularly reviewed and updated to respond to changing external conditions and evolving community needs. The following are the Group’s key policies:

Environment 	Green Policy	
Social 	- Employee Handbook - Regulations on Employee Rewards and Misconducts - Regulations for the Selection and Appointment of Manager	- Safety Management Manual - Health and Safety Policy - Occupational Health and Safety Policy
Governance 	- Risk Management Policy - Compliance Management Policy - Anti-corruption Policy - Anti-bribery Policy - Anti-money Laundering Policy - Whistle-blowing Policy - Anti-competitive Policy	- Information Security Policy - Data Privacy Policy - Intellectual Property Rights Protection Policy - Intellectual Property Management Policy - Supplier Management Procedures - Procurement Policy - Code of Conduct

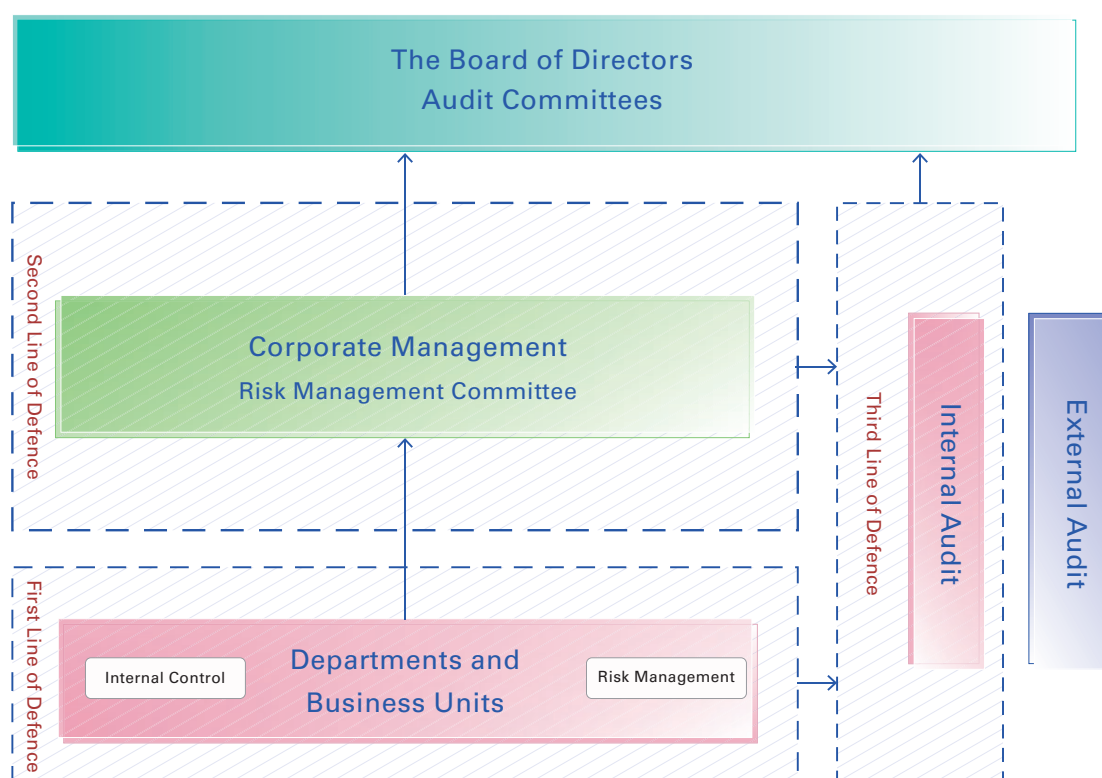
SUSTAINABILITY REPORT

Comprehensive Risk Management

In accordance with the Board's guiding principles, the Group has established comprehensive risk management and internal control mechanisms across all business areas, designed to systematically identify, assess and manage various risks arising from operations.

Comprehensive Risk Management Structure

The Group's comprehensive risk management framework is anchored in its corporate governance structure, integrating the "Three Layers and Four Levels" model with the "Three Lines of Defence".



The Board bears ultimate responsibility for maintaining the soundness and effectiveness of the comprehensive risk management framework. The Audit Committee, acting on behalf of the Board, oversees the Group's financial reporting system and comprehensive risk management system, reviews and monitors the effectiveness of the internal audit function, and evaluates corporate governance policies and practices. For detailed information on the specific mandate, responsibilities and operations of the Audit Committee, please refer to the "Board Committees – Audit Committee" section of this Annual Report (pages 63 to 64).

The Risk Management Department is responsible for coordinating and advancing risk management initiatives across the Group, while relevant functional departments manage specific risk categories according to their respective areas of expertise. Under the framework of the comprehensive risk management system, each member unit continuously identifies and manages its own risk profile and reports relevant matters upward in a timely manner as required.

SUSTAINABILITY REPORT

Risk Management Policy

In developing the Group's risk management framework, due consideration has been given to policy guidelines, regulatory requirements, and industry best practices, aligned with the Group's business development strategy and control structure. Guided by its risk appetite, the Group has progressively established a multi-layered and multi-category risk management system, continuously enhancing its scope of application and management effectiveness. An integrated, cross-entity, multi-level risk appetite framework has been developed, employing a balanced approach of qualitative and quantitative assessments to define the overall risk capacity, risk tolerance thresholds, structural distribution, and individual risk limits, with a comprehensive process management mechanism for setting, transmission, implementation, monitoring, and reporting.

Key policies and systems are designed to continuously refine the comprehensive risk management structure across all levels, while strengthening risk assessment and oversight of priority projects and core business activities. Through remote monitoring and on-site inspections, the Group comprehensively reviews the operational status, financial performance, and significant business developments of its subsidiaries to assess potential risks. For identified management gaps and emerging risks, a timely reporting mechanism is enforced, and responsible units are required to implement corrective actions under supervision, thereby enhancing the integrity and effectiveness of the Group's risk management framework. Each subsidiary also designates dedicated departments or personnel, corresponding to its business nature and organisational scale, to manage risk-related responsibilities.

Risk Management Procedure

The Group has established a comprehensive and core-focused risk control process, built upon its risk strategy and risk appetite framework. Standardised and tiered management procedures are designed according to the characteristics of each business, enabling close integration of systems, processes, platforms, and data. We conduct regular risk identification and assessment, with enhanced analysis and monitoring of major projects and critical business activities. A risk information reporting system has been implemented to enable timely collection, analysis, communication, and sharing of risk intelligence. In addition, dedicated task forces are formed in response to significant risk events to facilitate effective risk resolution and mitigation. This establishes a complete control cycle – from risk identification and assessment, through monitoring and reporting, to corrective action and implementation, ensuring robust and systematic risk management across the organisation.

Standards of Business Ethics

The Group regards business ethics and integrity as fundamental pillars of sustainable corporate growth. A comprehensive business ethics policy framework has been established, covering employee conduct, anti-corruption, whistleblowing mechanisms, anti-money laundering, and supply chain management. The Group strictly adheres to legal and regulatory requirements in its operating jurisdictions concerning the prevention of commercial bribery, extortion, fraud, and money laundering, with all business operations subject to audit at least once every three years.

The Audit Committee, chaired by an independent non-executive director, is responsible for overseeing matters relating to business ethics. It regularly reviews policies on regulatory compliance, codes of conduct, and corporate governance practices, and annually examines implementation and compliance reports to uphold the highest standards of operational integrity. During the reporting period, no cases of corruption, bribery, fraud, money laundering, or other violations of laws or regulations were identified within the Group.

SUSTAINABILITY REPORT

This year, the Group signed the “Business Sector Integrity Charter”, jointly initiated by the Independent Commission Against Corruption (“ICAC”) and the Chinese General Chamber of Commerce in Hong Kong. Through this commitment, the Group publicly pledges to actively implement the integrity management system to strengthen ethical business practices, contribute to a fair and transparent business environment, and convey a strong, positive message against corruption.

The Group has established the following core policies to ensure the comprehensiveness and effectiveness of its business ethics management:

Employee Code of Conduct

The Group has established a Code of Conduct as the core document governing employee behaviour and disciplinary requirements, complemented by mechanisms for conflict of interest declarations and procurement management procedures, forming a comprehensive business ethics management framework. All employees are required to strictly adhere to the Code of Conduct and comply with the conflict of interest disclosure requirements. The Group provides clear policy guidance on business ethics, procurement process oversight, and personal conduct, covering areas such as bribery, acceptance of gifts and conflicts of interest.

Annually, the Group assesses compliance with ethical standards through internal and external review processes, including regulatory benchmarking, internal control audits, and self-assessments. Findings from these reviews inform necessary revisions and enhancements to the Code of Conduct, ensuring that ethical standards are effectively upheld and implemented. For any breach of the rules, the Group has established a clear disciplinary procedure to reinforce its commitment to maintaining the highest standards of ethical conduct.

Anti-bribery and Anti-corruption Policies

The Group has established an Anti-corruption Policy, which clearly requires directors, management and all employees to comply with relevant anti-corruption laws and regulations, uphold the highest standards of professional and ethical conduct when carrying out Group business and strictly adhere to applicable laws in Hong Kong and other jurisdictions where the Group operates, such as Hong Kong’s Prevention of Bribery Ordinance (Cap. 201). The policy adopts a zero-tolerance approach towards any violations, aiming to eliminate improper practices such as commercial bribery, extortion, fraud and money laundering while safeguarding fair competition and ethical business operations. The Anti-corruption Policy has been published on the Group’s intranet and corporate website for easy access by all employees and the public.

The Group has also established the Measures for Executive’s Integrity and Treatment of Violations, designed to prevent conflicts of interest, bribery, insider trading, and the acceptance of improper gifts or commissions. Through a rigorous declaration system and a clearly defined disciplinary framework, appropriate actions are taken according to the severity of any breach, including reporting to government authorities or referring cases to the ICAC or judicial bodies for legal proceedings. These regulations have been posted on the Group’s intranet for employee reference and are reinforced through regular awareness campaigns to enhance employee understanding and commitment.

SUSTAINABILITY REPORT

Whistle-blowing Policy

To establish accessible feedback channels and uphold the Group's business ethics, the Group has implemented a Whistleblowing Policy that clearly sets out the relevant principles and procedures. Employees and external partners (such as clients, suppliers, and other stakeholders) who become aware of any improper conduct – including fraud, corruption, or breaches of Group policies or the Code of Conduct, may submit anonymous reports via email or by post to a dedicated mailbox to the Head of Internal Audit, the Chairman of the Group, or the Chairman of the Audit Committee. In particular, the postal reporting method provides an additional layer of protection for the whistleblower's identity. All personal data disclosed during the reporting process is strictly confidential, and any form of retaliation, including discrimination, harassment, intimidation, unjust disciplinary action, or solicitation of financial gain, is strictly prohibited. The Whistleblowing Policy has been published on the Group's intranet and corporate website for easy access by all employees and the general public.

The Group actively encourages employees to raise concerns without fear of retaliation. Should a complaint regarding retaliation be received, an immediate investigation will be initiated. Depending on the circumstances, appropriate protection and support will be provided to the whistleblower, with corresponding actions taken and recommendations submitted to the Group Chairman. If an employee is found to have engaged in retaliatory conduct, disciplinary measures will be imposed in accordance with internal procedures; in serious cases, the matter may be referred to the relevant judicial authorities. Conversely, if a report is found to be false or made in bad faith, the individual concerned will also be subject to disciplinary action.

To ensure fair and impartial assessment and investigation of all reports, all cases are formally recorded, with the Internal Audit Department responsible for review and investigation. The process and findings are reported directly to the Chairman of the Group. The Audit Committee oversees the effectiveness of the Whistleblowing Policy and related systems. Furthermore, if a whistleblower is dissatisfied with the investigation outcome or the actions taken, a formal appeal mechanism enables them to submit a request for further review to the Chairman of the Group, Chief Executive Officer, or Chairman of the Audit Committee.

Supplier Anti-Corruption Policy

In conducting procurement activities, the Group strictly prohibits employees from soliciting or accepting any improper benefits from suppliers, including monetary payments, gifts, or other forms of bribery. Suppliers are evaluated and selected based on objective criteria such as professional competence, price competitiveness, quality standards, and delivery reliability. The Group is committed to maintaining transparency throughout the procurement process and ensures that all relevant documentation and records are complete, accurate, and properly maintained. To manage collaboration risks, we assess suppliers' backgrounds, market reputations, and past compliance performance to identify suitable partners.

In addition to requiring internal adherence to the Anti-corruption Policy, the Group encourages all business partners, including contractors and suppliers, to uphold the same ethical standards. This promotes a supply chain governed by high business ethics and ensures fairness and transparency in commercial dealings. Currently, anti-corruption provisions have been incorporated into contracts with certain suppliers, and the Group plans to progressively extend their application. Going forward, all suppliers will be required to establish their own anti-corruption policies and implement corresponding management measures as a condition of engagement.

SUSTAINABILITY REPORT

Anti-Money Laundering Policy

The Group places strong emphasis on ethical standards and has established, and continues to enhance, its Anti-Money Laundering Policy, which was reviewed and revised during the current year. To strengthen the implementation framework, a clear anti-money laundering organisational structure has been established, with well-defined roles and responsibilities for supervisory units, enabling them to collectively fulfil their regulatory obligations in accordance with functional specialisation. The policy also sets out designated reporting channels and procedures for handling violations, ensuring that all employees are fully aware of the Group's commitment to ethical principles and its stringent expectations regarding personal conduct.

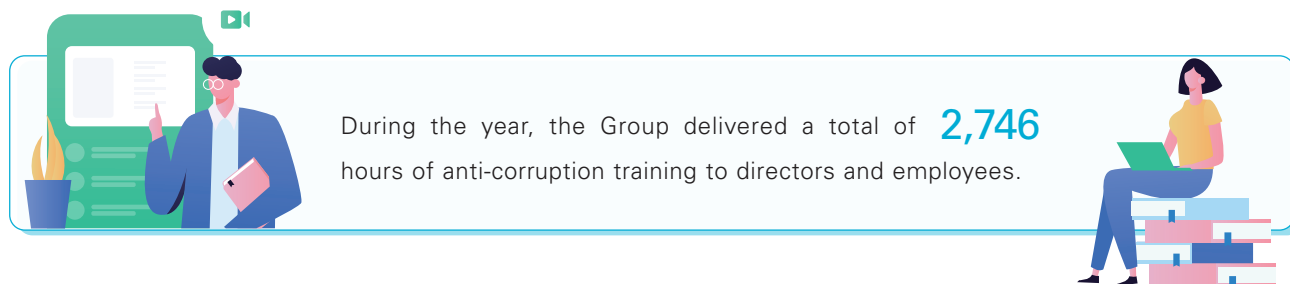
This policy is designed to prevent and deter money laundering and terrorist financing activities, while ensuring that the Group and all personnel comply with applicable legal and regulatory requirements. The updated policy has been published in full on the Group's intranet for employee reference and access. For further details on compliant operations and risk assessment procedures, please refer to the "Risk Management" section of this Annual Report (pages 39 to 49).

Employee Business Ethics and Anti-Corruption Training

To strengthen corporate ethics and compliance awareness, the Group continues to deliver systematic training programmes for all employees and personnel across functional departments, including full-time, part-time, and contract staff. Training modules cover a range of topics, including anti-bribery and compliance management, anti-corruption practices, and prevention of money laundering and terrorist financing. These initiatives aim to enhance employees' understanding of integrity requirements and relevant regulations, as well as deepen their familiarity with the Group's and its subsidiaries' codes of conduct. Materials on anti-corruption and business integrity have also been uploaded to the Group's internal learning platform, enabling employees to access them at any time.

New joiners are required to sign a declaration upon onboarding, confirming that they have read, understood, and agreed to comply with the integrity provisions set out in the Group's Code of Conduct. Mandatory training on integrity and business ethics is also incorporated into the induction programme. The Group regularly communicates key policy messages to all employees, reaffirming their obligation to uphold ethical standards and maintain integrity, thereby reinforcing a strong culture of compliance.

During the year, the Group delivered a total of 2,746 hours of anti-corruption training to directors and employees.



SUSTAINABILITY REPORT

Privacy and Data Security

Information Security Responsibility System

The Group regards information security and data privacy as integral components of corporate governance and risk management and has established a top-down management framework. The management bears primary responsibility for overseeing information technology and information security matters, ensuring that relevant policies are effectively implemented and that accountability is clearly defined. To strengthen protection, the Group has established an Information Technology Leadership Team, which is specifically responsible for addressing security matters involving customer personal data, and requires all subsidiaries to establish and maintain robust information security management systems. The Board incorporates information security into corporate governance, culture, and strategic planning, and is responsible for supervising and evaluating related initiatives. Senior management is responsible for approving strategic objectives and policies, while the Information Technology Leadership Team reviews IT development plans and risk policies, and coordinates the resolution of major information technology risks and security issues.

The Group has established a suite of information security and privacy policies applicable to all business lines and subsidiaries, including the Information Security Policy, Threat Intelligence and Vulnerability Management Policy, Security Incident Handling Procedure, Cloud Services Security Policy, Data Leakage Prevention Policy, and Data Privacy Policy. These policies provide a unified framework for the processing of customer data, vulnerability management, and the transmission and disclosure of sensitive information, aiming to prevent data breaches. At the same time, the Group strictly complies with all applicable local data protection laws and regulations, including but not limited to the Data Security Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China, Hong Kong's Personal Data (Privacy) Ordinance, the EU General Data Protection Regulation (GDPR), and Singapore's Personal Data Protection Act (PDPA).

Privacy and Data Security Training

The Group continues to provide privacy and information security training to all employees, including full-time, part-time, and contract staff. The training curriculum covers a range of areas, including compliance with laws and regulations, analysis of external security threats, password usage standards, phishing attack prevention, cyber defence exercises, risks related to artificial intelligence, and information technology security policies. Through structured training programmes, the Group not only strengthens employees' awareness and protective capabilities but also ensures the effective safeguarding of customer and employee privacy and personal data in daily operations.

This year, the Group provided a total of 4,456 hours of information security training to employees. We enhanced awareness of information security through a variety of initiatives, including specialised training sessions on AI applications and risk management, practical workshops addressing phishing and artificial intelligence-related risks, and participation in online seminars hosted by the Office of the Privacy Commissioner for Personal Data, Hong Kong. These efforts have continuously strengthened employees' understanding of information security policies and their ability to respond to emerging risks.



SUSTAINABILITY REPORT

Information Protection Technology

The Group has launched a new TrustCSI™ 3.0 CloudShield cybersecurity solution, integrating artificial intelligence and modernised Security Operations Centre technologies to significantly enhance corporate protection capabilities and security management standards. Through the SOC4Future development strategy, we have re-engineered key service architectures, transforming our network and information defence mechanisms from reactive response to proactive monitoring, enabling client organisations adapt to an evolving threat landscape. The Group engages independent external parties annually to conduct information security reviews, supported by comprehensive assessments aligned with relevant international ISO standards.



TrustCSI™ 3.0

The Group performs organisation-wide vulnerability scanning on a monthly basis and regularly updates the malware databases of its antivirus gateways and email security systems. High-risk viruses or malicious code that are detected are subject to immediate analysis and remediation. To meet the demands of remote working, the Group has fully implemented multi-factor authenticated virtual private networks (VPNs) to reduce potential security exposure associated with remote access. Furthermore, the Hong Kong subsidiary has leveraged rapidly advancing artificial intelligence technology to develop an “AI Visual Security”. This platform transcends traditional security frameworks by employing intelligent algorithms, including weakly supervised regularisation, visual computing, and neural networks, to convert data sets into image features for the detection of potential malware.

To safeguard personal and sensitive data, the Group has implemented a range of technical measures, including:

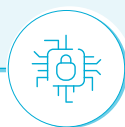
Access Control Technologies

Such as authentication, permission management and minimum permission principle, and access restrictions



Data Encryption Technologies

Including encryption of data in transit and at rest, and de-identification techniques



Network Security Technologies

Such as firewalls, vpns and network segmentation



In addition, the Group further reduces the risk of data leakage through log monitoring systems (such as Trust CSI real-time activity logging), Data Loss Prevention (DLP) technologies (such as URL identification and filtering), backup and recovery technologies (including regular backups and disaster recovery planning), and physical security controls (such as data centre security and access control systems).

At the same time, by integrating secure development practices (including code reviews and security testing) with staff training and awareness initiatives (such as routine training and social engineering exercises), the Group has established a multi-layered defence framework to comprehensively safeguard personal and sensitive information.

SUSTAINABILITY REPORT

Consumer Data Protection

The Group strictly complies with all applicable data protection laws and regulations in the jurisdictions where it operates and actively promotes the establishment of comprehensive privacy protection frameworks across the Group and its subsidiaries. Privacy safeguards are embedded into daily operational processes to ensure that all customer data collection activities are conducted in a regulated and transparent manner. In delivering and enhancing services, we are committed to protecting customers' privacy and safeguarding their rights and interests.

When handling personal information, employees are required to follow data protection guidelines by clearly informing customers of the purpose, rationale, methods, and scope of data collection, and must obtain their consent prior to any collection. The collection process must be lawful, reasonable, and proportionate, with all customer data securely protected to prevent unauthorised or unlawful processing. Customers may access their personal information at any time and submit requests for inquiries or corrections via dedicated customer service hotlines or email channels. Upon termination of service, customers may also request the permanent deletion of their personal data in accordance with relevant terms and conditions.

All collected data are subject to defined retention periods, after which they are irreversibly destroyed. Customer data are obtained exclusively through lawful and legitimate means, and personal data processing activities must serve a clear and justifiable purpose, avoiding excessive collection. When employees access or process customer personal information in the course of their duties, such handling is strictly limited to legal compliance, customer service, and legitimate business needs. Appropriate confidentiality measures are applied, and data are disclosed only to authorised personnel within the Group who require access for their roles, and solely for purposes compatible with the original collection intent. Furthermore, the Group consistently fulfils its confidentiality and data protection obligations under agreements with third parties. Personal data are not collected from third parties unless required by law. The Group conducts annual internal audits, complemented by external independent ISO 27001 certification audits performed by third parties, both of which include data security assessment components. Regular information security awareness training is also provided to employees to ensure the continued effectiveness and resilience of the Group's data protection framework.

Measures to Address Data Breaches

The Group has established a systematic data classification and protection framework, applying corresponding management controls according to the sensitivity and importance of information. All data are stored in accordance with defined security standards and protected through strict access controls, ensuring that only authorised personnel may access relevant information on a need-to-know basis. The Group continuously employs technical and administrative measures to maintain the integrity and security of personal data.

To minimise the risk of customer data leakage, the Group adheres to the minimum collection principles, collecting only the minimum amount of personal information necessary to fulfil specific business purposes. The collection and use of all personal data are based on clear and legitimate objectives. Employees are required to clearly communicate the purpose of data collection and strictly follow established procedures when gathering information. The Group has defined specific retention periods for each data category, ensuring that data are retained solely for the duration necessary to achieve the intended purpose. Where personal data are processed by third parties, contractual or legal safeguards are implemented to ensure compliance with the Group's policies and applicable regulatory requirements.

SUSTAINABILITY REPORT

In addition, the Group conducts regular information security incident simulation exercises to strengthen employees' capabilities in responding to data breaches and other security incidents, enabling prompt reaction and effective risk mitigation. Robust access control mechanisms further reinforce data protection by permitting only authorised personnel to access sensitive information.

In addressing potential security incidents, the Group has established comprehensive response measures. A dedicated team has been formed to review the overall cybersecurity risk landscape and monitor suspicious network traffic and activities to defend against cyber threats. The Group has also implemented internal information security policies that define required actions in the event of a security incident. Incidents are classified according to severity, with clearly defined response timeframes to ensure that they are managed swiftly, effectively, and in a structured manner, thereby minimising or eliminating any adverse impact on the Group.

Supplier Data Protection Management

In product contracts involving data protection, the Group collaborates with partners to classify and grade the relevant data and agrees on protective measures that are both compliant with applicable regulations and operationally feasible, based on the required level of protection for each data type. The Group strictly adheres to its Data Privacy Policy when processing and using personal data. This policy clearly documents the nature of the personal data stored, the purposes for which it is collected and processed, as well as the legal and operational requirements governing data retention.

Prior to permitting any external party to access the Group's information or processing facilities, a comprehensive security risk assessment is conducted, including a review of data security controls. Where necessary, the Group enters into confidentiality Non-Disclosure Agreement (NDA) or Data Processing Agreement (DPA) with clients or suppliers. In addition, the Group has established a Service Provider Management Policy to govern and standardise all related third-party relationships, ensuring alignment with the Group's data protection and security standards.

System Certification

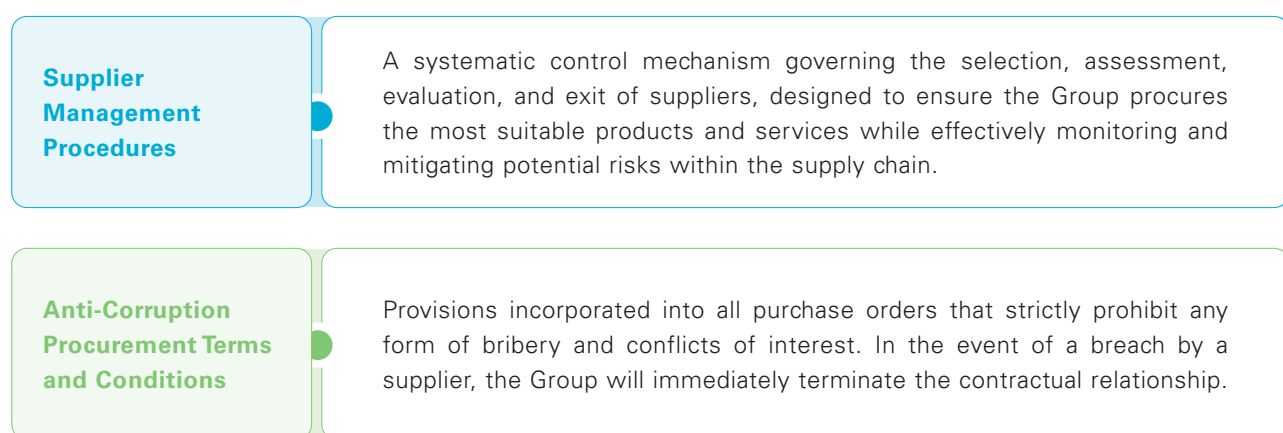
The Group and its subsidiaries are committed to delivering high-quality services and ensuring operational security. All in-house data centres, as well as the IT services provided by the Hong Kong and Macau subsidiaries, have obtained certification under the ISO/IEC 27001 Information Security Management System standard, reinforcing the robustness and effectiveness of the Group's management systems. The Group is actively expanding the scope of its ISO/IEC 27001 certification from traditional network services to smart transformation services, positioning itself as the most comprehensively certified enterprise in the local telecommunications industry and continuously demonstrating its commitment as a trusted guardian of the network. For details on other system certifications, please refer to the "Delivering Quality Service" section of this report (pages 132 to 134).

SUSTAINABILITY REPORT

Sustainable Supply Chain Management

The Group operates across multiple global markets and has established partnership relationships with numerous suppliers to jointly uphold commitments to business ethics and social responsibility. To ensure fairness and transparency in procurement activities, the Code of Conduct clearly sets out the requirement for procurement personnel to adhere to professional ethics and anti-bribery regulations. In parallel, end-to-end oversight is implemented through the Procurement Policy, ensuring that the procurement of all goods and services complies with the highest ethical standards and meets stringent requirements for quality and efficiency.

The Group's supply chain management policy applies to all partnership relationships and is underpinned by the following unified management framework:



Compliance and Risk Management in Procurement

The tendering process is monitored throughout by the Group's internal audit function, with a post-tender review conducted to enhance the effectiveness of procurement management. For major tenders, tender documents include explicit warnings against bid-rigging, and bidders are required to sign an anti-collusion agreement prior to participation, underscoring the Group's commitment to integrity and regulatory compliance. The procurement team rigorously implements internal supply chain controls to eliminate bribery, commissions, fraud, and other improper conduct. The team regularly reviews information issued by the Competition Commission to assess whether any existing suppliers are associated with non-compliant activities.

Employees are expected to uphold the highest standards of integrity and ethical conduct. Personnel involved in procurement are required to submit conflict of interest declarations in accordance with Group policies at the commencement of each procurement process and must make annual declarations for all ongoing supplier relationships. These measures ensure that procurement and supplier management adhere to high ethical standards and the principles of fair procurement, safeguarding the integrity and transparency of the procurement process and protecting the Group's reputation and core values. The Group promotes transparent and efficient disclosure of interests by providing accessible reporting channels and requires suppliers to proactively disclose and report any potential conflicts of interest with employees involved in the procurement process.

The Group has established a Centralised Procurement Management Committee comprising management representatives and professionals from the Finance, Legal & Compliance, Internal Audit, and other relevant departments. The Committee is responsible for strengthening and enhancing centralised procurement governance, including reviewing key procurement policies, deliberating on significant procurement matters and projects that have a material impact on business operations and development, and overseeing other critical management and supervisory issues related to procurement activities. It also approves the centralised procurement catalogue and thresholds for open tendering, and reviews procurement plans and their implementation status.

SUSTAINABILITY REPORT

Intellectual Property Protection

To foster a culture of scientific research and sustain innovation, the Group has established a comprehensive intellectual property protection framework. This system is designed to systematically safeguard technological achievements and innovative assets, while strengthening internal research and development capabilities, thereby laying a solid foundation for technological breakthroughs and service enhancements in the telecommunications sector.

The Group's intellectual property management framework applies to all operating units and employees, underpinned by the following unified structure:

Intellectual Property Right Protection Policy

Requires all employees to comply with relevant laws relating to copyright, trademarks, and patents. Any use of materials involving intellectual property, such as logos or images, must be supported by a signed written authorisation agreement and formal approval prior to use. Employees are expected to act within reasonable limits to avoid any conduct that may expose the Group to legal risk. Compliance with the Copyright Ordinance and the protection of intellectual property rights are explicitly communicated during new employee induction training.

Intellectual Property Management Policy

Defines the internal intellectual property management structure of the Group, encourages departments and employees to pursue innovation, and requires subsidiaries to enhance collaboration in protecting the Group's rights and taking appropriate action against infringement. When using third-party intellectual property, a formal licensing agreement must be executed. Similarly, any transfer of the Group's IP rights or authorisation for third-party use must undergo a formal assessment and be documented through a signed agreement.

To combat infringement, piracy, and counterfeit or substandard products, members of innovation teams across the Group and its subsidiaries are required to sign a written Research Integrity Pledge annually. This commitment ensures that no acts of plagiarism, misappropriation, or infringement of third-party intellectual property rights occur, reinforcing a culture of ethical innovation and respect for intellectual property across the organisation.

SUSTAINABILITY REPORT

INVESTING IN OUR WORKFORCE AND CARING FOR THEIR HEALTH

Respecting and Protecting Employees' Rights

The Group firmly believes that employees are the key drivers of sustainable growth and innovation. Guided by the core human resource management principles of "Selection, Cultivation, Placement, Management and Retention" and "Strengthening the Enterprise through Talent", we attract top talent through diversified recruitment, enhance professional capabilities via systematic training, optimise human resources by deploying talent effectively, safeguard labour rights to ensure a fair workplace, and retaining talent with long-term incentive mechanisms. We are committed to creating an attractive and development-oriented working environment that builds a robust talent pipeline and drives continuous business progress. We are committed to respecting and safeguarding human rights across our operations and value chain, adhering to internationally recognised human rights standards, and striving to build an equitable and safe environment for employees, communities, and all stakeholders.

Diversity and Equal Opportunities

The Group is committed to fostering a diverse and inclusive working environment. The Group's Employee Handbook sets out in detail procedures relating to remuneration and termination, recruitment and promotion, working hours and leave arrangements, and clearly articulates principles of equal opportunity and diversity and inclusion, actively promoting equality and embracing diversity through concrete actions.

The Group strictly complies with all applicable labour laws and regulations in Hong Kong and other jurisdictions in which it operates, including but not limited to the Employment Ordinance (Cap. 57), the Sex Discrimination Ordinance, the Disability Discrimination Ordinance, the Family Status Discrimination Ordinance, and the Race Discrimination Ordinance. The use of child labour and forced labour is strictly prohibited across all business operations. As of 2025, there have been no incidents of unlawful conduct or non-compliance with these regulations related to discrimination within the Group.

The Group does not tolerate any form of discrimination on the grounds of race, gender, religion, place of origin, nationality, marital status, sexual orientation, disability, veteran status, or any other grounds. The Human Resources department is responsible for driving related policies and providing corresponding training and support. Equal employment is a core principle of the Group's human resource management, and we strictly adhere to legislation on equality and anti-discrimination, actively cultivating a corporate culture that is diverse, fair, and inclusive.

In recruitment and promotion, we comply with local labour laws and uphold the principle of merit-based appointment, ensuring that the entire selection process is fair and free from discrimination. Certain subsidiaries engage licensed employment agencies for recruitment, with dedicated departments conducting rigorous oversight to maintain compliance and transparency. During the year, the Group enhanced employee awareness of equal employment through new staff induction programmes, thematic seminars, and educational activities, continuously reinforcing employees' understanding of respect, equality, and anti-discrimination. Subsidiaries also invited experts from the Equal Opportunities Commission to deliver specialised talks and appointed Equal Employment Officers to ensure the effective implementation of related policies.

SUSTAINABILITY REPORT

Attracting and Retaining Talent

Employees are the core drivers of the Group's sustainable development. The Group has established a performance-based assessment and reward mechanism through its Regulations on Employee Rewards and Misconducts. In parallel, the Regulations for the Selection and Appointment of Manager clearly define the eligibility criteria and procedural requirements for personnel selection and appointment. The Human Resources department conducts rigorous evaluations of each candidate and regularly reports assessment outcomes and appointment recommendations at management personnel meetings, ensuring that all employees have equitable access to promotion opportunities.

Regarding external recruitment, we continue to expand its diversified talent sourcing channels, including online job platforms, campus recruitments, and Greater Bay Area job fairs, while actively leveraging social media to enhance corporate visibility. We also deepen collaboration with higher education institutions by offering internship programmes and corporate visits, fostering stronger integration between academia and industry.

The Group fully leverages the strategic advantages of the Guangdong-Hong Kong-Macao Greater Bay Area, utilising mainland employment platforms and Hong Kong's various talent attraction schemes, such as the Top Talent Pass Scheme, the Admission of Mainland Talents and Professionals Scheme, and the Immigration Arrangements for Non-local Graduates, to attract international professional talent and progressively build a high-calibre talent pool.

Regarding internal talent development, we have launched the Graduate Trainee Programme, which supports newly hired graduates in integrating practical experience with personal growth through rotational assignments, thematic training, mentorship, and cross-functional learning, and enable systematic talent development. We continue to enhance our training and development platforms, providing clear career progression pathways and diverse development platforms, and regularly reviews our compensation and benefits system to maintain overall fairness and market competitiveness. To recognise employee contributions, multiple recognition schemes have been established, including the annual "The Best Manager" and "The Best Employee" awards, based on annual performance appraisal results and overall performance, as well as the "Long Service Award" to honour employees for their sustained dedication and contributions, thereby strengthening employees' sense of belonging and sense of identity.



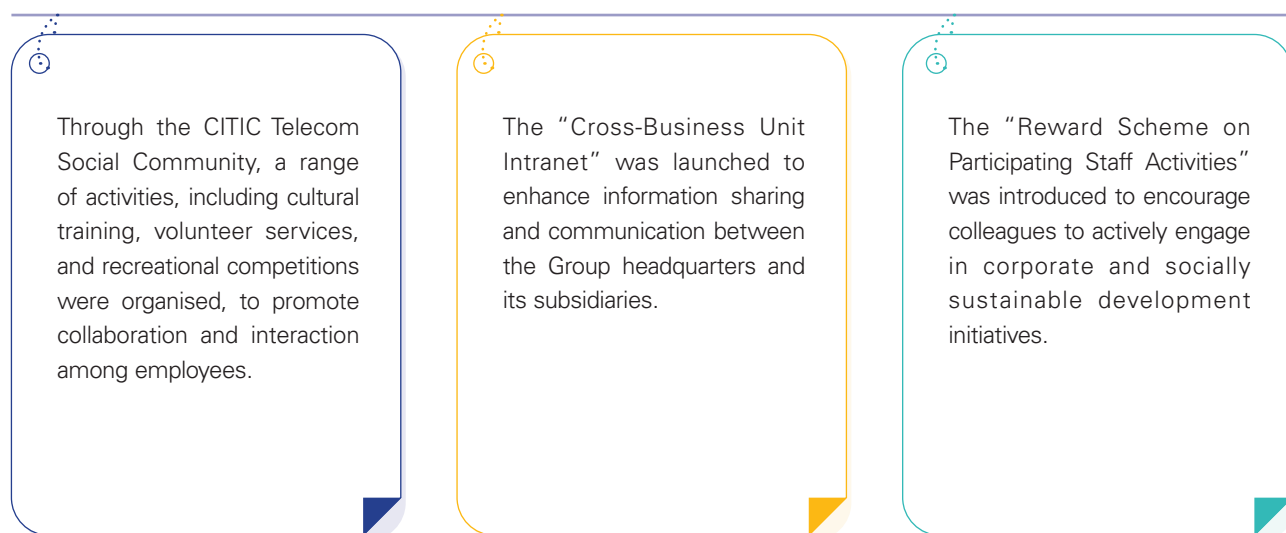
SUSTAINABILITY REPORT

Open and Two-way Communication

To enhance employee engagement and sense of belonging, the Group has established diverse communication channels to facilitate dialogue on key topics such as business development, organisational changes, workplace environment, and training and development. Primary communication methods include the Group's dedicated internal communication platform, suggestion boxes located on each office floor, regular employee surveys, and standing employee forums.

Feedback is collected through multiple channels, including post-activity and post-training evaluation forms, the annual employee opinion survey, and exit interviews conducted upon employee departure, which help to understand reasons for resignation and gather perspectives on Group policies, management practices, and work arrangements. Based on the feedback gathered, we adjust the Group's policies and initiatives accordingly and hold cross-departmental collaboration meetings to jointly explore ways to address employee feedback from various angles and to develop concrete improvement measures. The Group respects employees' right to collective bargaining. In accordance with applicable legal requirements in each operating location, we actively maintain two-way and effective communication with employee trade unions.

In 2025, the Group made significant progress in further strengthening employee care and engagement initiatives:



Employee Compensation and Benefits

As a leading enterprise in the telecommunications industry, the Group has established a comprehensive and competitive compensation and benefits framework. We not only provide statutory remuneration and mandatory benefits in compliance with the law, but also design incentive mechanisms closely linked to performance, ensuring that our compensation structure is capable of attracting top industry talent while effectively motivating employees to achieve outstanding performance and enabling shared growth between individuals and the organisation.

The Group clearly outlines all monetary and non-monetary benefits in the Employee Handbook, covering base salaries, performance-linked annual bonuses and sales commissions, various allowances, leave arrangements, medical coverage, employees' compensation insurance and other related insurance schemes, retirement benefits, and employee telecommunications services. Through well-structured leave policies, we support employees in maintaining a healthy balance between professional responsibilities and personal life. In addition, the Group provides comprehensive employees' compensation insurance coverage for all employees, ensuring full protection and support in the event of workplace accidents or injuries.

SUSTAINABILITY REPORT

Compensation Management

The Group implements a compensation structure directly linked to performance and contribution and has fully adopted a variable pay system to encourage employee excellence. We have established fair performance appraisal and reward schemes and utilise an electronic evaluation system to regularly assess employee performance. Year-end bonuses and sales commissions are determined based on the Group's operational results, individual performance ratings, and sales data, thereby reinforcing a culture of recognition and ensuring pay equity. Management regularly reviews compensation and benefits levels, making adjustments and enhancements in alignment with business development. In addition, the Group provides transparent and diverse career progression pathways; employees who demonstrate outstanding performance and meet internal promotion criteria are considered for advancement through a formal review process. We also periodically review retirement arrangements and offer retirement planning seminars to support employees in preparing for their future.

To strengthen governance over senior management remuneration, the Group has established the "Implementation Policy of Remuneration Clawback Mechanism", which creates a balanced compensation mechanism that aligns incentives and accountability, enhances risk management awareness, and helps prevent unlawful, non-compliant, or negligent conduct. Under this policy, if senior executives or responsible personnel violate local regulatory requirements, are subject to takeover measures by regulators or their delegated bodies, trigger significant risk events, cause serious disruption to market order, or inflict substantial damage on the Group's assets or reputation, the Group will enforce the recovery of their remuneration. This policy ensures a balanced approach between incentive compensation and risk control, reinforcing a strong sense of responsibility and compliance among senior management.

During the year, the Group was once again awarded the highest-tier "Best All-round MPF Employer Award" accolade by the Mandatory Provident Fund Schemes Authority and has been recognised as an "MPF Good Employer" for over eleven consecutive years, demonstrating our consistent excellence in fulfilling statutory employer obligations and complying with MPF-related regulations.

Employee Benefits

The Group provides statutory employee benefits in accordance with the laws and regulations of the countries or regions in which it operates, and provides other benefits to employees in accordance with local industry conditions and company policies to attract and retain talents. The Hong Kong headquarters provides employees with lunch and shuttle transportation services to support their daily work needs. Additionally, the "Happy Wednesday" afternoon tea initiative is implemented, offering fruits, desserts, and beverages to alleviate employees' stress and enhance job satisfaction. Employees at the Hong Kong headquarters also entitled to a range of additional benefits, including dental care coverage, festival leave and shopping discounts.

SUSTAINABILITY REPORT

Employee Training and Development

The Group values employees' personal development and professional growth, adhering to the training philosophy of "optimisation of professional performance, motivation of employees' potentials, and revitalisation of learning culture". We actively invest resources in internal and external training and development programmes, regularly review departmental performance, and provide targeted professional development opportunities and diverse learning platforms to encourage ongoing advancement and ensure alignment with global leading telecommunications and telecommunication technologies and services.

To advance the Group's talent development strategy, multiple large-scale talent exchange forums were held during the year, including the "CITIC Telecom International Group Work Conference 2025" and the Headquarter Young Employees Forum. Through diverse internal and external training initiatives, we promote cross-regional knowledge sharing and experience transfer, strengthening business integration and collaborative effectiveness.

The Group has established a systematic training policy framework, with tailored development programmes designed for general staff, young talent, mid-level managers, and directors/senior executives, ensuring that employees at all levels have access to appropriate learning opportunities and career progression pathways. Training teams from the Group's Hong Kong and Macau subsidiaries conduct annual training needs surveys to understand employees' learning requirements, which serve as key reference input for planning the following year's training programmes.

Training and Development for General Staff

Our training strategy focuses on creating diverse learning and development opportunities for employees, enhancing the knowledge and skills required to perform their roles effectively, and driving technological innovation, operational efficiency, and new product development capabilities. We regularly offer training programmes categorised into the following three core areas:



Technical Training

Covering topics such as Greater Bay Area study visits, workshops on artificial intelligence applications and decision-making, creative thinking, and digital and intelligent innovation sharing sessions.



Soft Skills Training

Including courses on creativity and the application of psychology, situational leadership, team building, occupational health, and leadership development.



Legal and Compliance Training

Addressing key issues such as sanctions risk management, procurement compliance, intellectual property and generative AI, data protection, prevention of sexual harassment, and anti-corruption practices.

To strengthen employee awareness of climate-related risks and sustainability, we have delivered a series of climate-focused training sessions covering practical energy efficiency and carbon reduction measures, ESG development trends in the new energy sector and net-zero transition, as well as the implications and strategic responses to International Sustainability Standards Board (ISSB) requirements for corporate ESG disclosures. Through thematic seminars and interactive activities, we support employees in integrating climate risk management and decarbonisation considerations into business decision-making processes.

SUSTAINABILITY REPORT

Internship and Young Talent Schemes

The Group is committed to nurturing the next generation of management and technical talent, providing training and development opportunities for young individuals aspiring to build careers in the telecommunications sector. We recruit young talent through multiple channels, including campus recruitment in collaboration with local tertiary institutions, online job postings, and virtual hiring events. Key initiatives undertaken during the year include:

- The Macau subsidiary's continued participation in the internship programme, attracting both local and overseas graduates to join the organisation.
- The launch of Youth Technical Talent Development Programme, designed to support young technicians in systematically acquiring telecommunications expertise and progressively developing into future technical leaders.
- The establishment of internship programme that enables participants to rotate across different departments and engage in project work, fostering a comprehensive understanding of Group operations, as well as enhancing communication and managerial competencies.
- Collaboration with local vocational secondary schools to implement a secondary student internship programme, cultivating potential industry talent at an early stage.

Training for Middle Management

The Group recognises middle management as a key driving force behind sustained organisational advancement. To support their growth, we collaborate with subsidiaries to design tailored development programmes for middle-level managers, encompassing structured coursework, practical projects, external mentoring, and internal resource support. We also actively provide clear progression pathways to enable them to gradually assume more strategic leadership responsibilities. Key initiatives undertaken during the year include:

Regularly organising cross-business unit meetings, team management workshops, and inter-departmental training sessions to strengthen middle managers' capabilities in cross-functional collaboration, team leadership, and change management.

Inviting external experts to deliver presentations to the Group's mid-and-senior level executives on the latest trends in digital transformation, global telecommunications industry developments, and advancements in artificial intelligence, supporting the management team in integrating cutting-edge insights into Group strategy and business innovation.

SUSTAINABILITY REPORT

Continuous Professional Development of the Board and Senior Management

The Group's directors and senior management team continue to engage in professional development activities to stay abreast of regulatory changes and market trends. This year, they participated in a series of internal training sessions and were supported to attend local and overseas telecommunications industry conferences and seminars, broadening their perspectives and enhancing their industry expertise. Further details on related training activities can be found in the "Continuing Professional Development Programme" section of this Annual Report (pages 61 to 62).

Our efforts in talent development have also received industry recognition, including the conferment of the "Manpower Developers" title under the "ERB Manpower Developer Award Scheme." In addition, our Hong Kong subsidiary was awarded the "Super MD" accolade, in recognition of our outstanding practices and achievements in employee training and development.



Occupational Health & Safety

The Group regards employees' occupational health and safety as a primary responsibility, strictly adhering to relevant regulations and continuously enhancing the workplace environment to foster a safe, healthy, and vibrant working atmosphere. We provide comprehensive medical coverage and a range of health-related benefits, ensuring that every employee can focus on their work with full physical and mental support.

SUSTAINABILITY REPORT

Occupational Health and Safety Management

To clearly define the Group's responsibilities regarding occupational health and safety, we have issued the Health and Safety Policy and the Safety Management Manual. These documents guide the appointment of designated personnel, implementation of safety training, conduct of risk assessments, development of fire response and first-aid plans, and the establishment of an incident reporting mechanism. The Macau subsidiary has further developed the CTM Health and Safety Policy and related Work Safety Policy which mandate the provision of adequate safety equipment and protective gear and require employees to use them correctly during operations. Safety supervisors are appointed to conduct regular site inspections and provide immediate risk mitigation guidance. In addition, through regular building safety inspections, we continuously improve fire prevention measures and address potential hazardous conditions. Emergency response procedures are established for various scenarios, and regular fire drills and accident simulations are conducted to ensure the safety of employees is effectively safeguarded.

The Group organises a range of occupational health and safety initiatives to enhance employees' awareness and understanding of workplace risks. These include the regular dissemination of health and safety information, workshops on work safety and fire prevention, fire drills, and encouragement for staff to obtain first-aid certification, ensuring employees are equipped with essential knowledge and skills to respond to emergencies. We have also developed an office hazard inspection checklist, with safety supervisors conducting regular workplace inspections to assess and follow up on potential risks, ensuring the safe operation of office premises and associated facilities.

The Data Centre department conducts regular safety training related to construction activities, requiring technicians to maintain valid qualifications such as the "Construction Industry Safety Training Certificate" and electrician licences. Safety production standards and risk assessment procedures have been established to ensure that all contractors, regardless of project scale, comply with safety requirements.

To strengthen fire prevention and emergency management, we have established a "Fire Protection (Fire Prevention) Work Leading Group" and a "Fire Prevention Work Office". These bodies are responsible for updating safety guidelines and evacuation plans, enhancing fire protection measures in offices and data centres, conducting comprehensive maintenance of fire-fighting equipment, and carrying out regular inspections and drills to ensure employee safety. All relevant guidelines are published on the Group's and its subsidiaries' intranets, enabling continuous communication of safety messages to staff.

During the year, the Group delivered a total of 7,579 hours of health and safety training to employees. Over the past three years, there have been no work-related fatality cases within the Group.



SUSTAINABILITY REPORT

Work-life Balance

The Group values employees' work-life balance and encourages colleagues to maintain physical and mental well-being and attend to family needs while pursuing professional development, promoting timely stress relief following busy work periods.

During the year, the Group organised a range of festive and team-building activities, including:

Cultural and Educational Training Activities

Guided visits to exhibitions such as the National Security Education Day Exhibition and the 80th Anniversary of Chinese Victory in the War of Resistance Exhibition



Public Welfare and Social Responsibility Initiatives

Participation in events including the "Community Chest Walk for Millions", beach clean-ups, mangrove planting, and blood donation campaigns



SUSTAINABILITY REPORT



Sports and Team-Building Competitions

Basketball championship cup and cross-business-unit sports tournaments



Recreational and Wellness Activities

Physiotherapy-led pilates sessions, healthy cooking workshops, woven flower basket coaster crafting workshops, workplace first-aid awareness sessions and traditional Chinese medicine wellness seminars



SUSTAINABILITY REPORT

DELIVERING QUALITY SERVICE

Products and Services Innovation

With the rapid advancement of information technology and the market's diverse demand for digital services, the Group continues to increase investment in research and development, driving differentiation of core products and accelerating digital transformation. We actively explore cutting-edge fields such as 5G, GSMA Open Gateway and eSIM, with the goal of developing innovative products and services, enhancing our technological competitiveness, and contributing to the development of a smart society. In addition to our own R&D efforts, we also collaborate with research institutions, participate in international innovation events, share technical expertise and expand industry influence, working together to build a sustainable digital future.

R&D Investment and Innovation Strategy

Each year, the Group allocates a dedicated portion of capital and operating expenditure to R&D to strengthen our internal innovation capabilities, advance market differentiation of core products and support internal digital transformation. The Group has established the CITIC Hong Kong Artificial Intelligence Innovation Centre and formulated an AI development strategy of "empowering internal and external intellectual support". Our innovation roadmap focuses on artificial intelligence, cloud native technologies, big data, 5G, GSMA Open Gateway and eSIM, driving key technological breakthroughs, new product development, traditional business upgrading and exploration of new products and services.

Artificial Intelligence and Big Data Applications

Leveraging professional expertise and AI capabilities, the Hong Kong subsidiary develops customised modelling and data analysis solutions tailored to the specific needs of industries such as healthcare, finance, retail and manufacturing. By consistently delivering award-winning AI applications and breakthrough innovations, we demonstrate our strong commitment to research excellence.

The AI Workflow platform enables enterprise customers to build self-managed administrative and document processing systems, offering flexible intellectual property controls and highly customisable features. Through automation of meeting bookings, leave requests, expense claims, attendance, overtime, recruitment, training and other administrative tasks, the platform effectively enhances operational efficiency, streamlines processes and boosts productivity.

During the year, the Group secured a total of 27 patents and software copyrights. To further improve the quality and quantity of intellectual-property outputs, we increased resource support for the R&D team and enhanced employee awareness of Intellectual Property protection through training and education. Employees are encouraged to proactively document innovation achievements for timely patent filing. We also established partnerships with research institutions such as The Hong Kong Polytechnic University to jointly pursue R&D projects. Furthermore, by participating in professional competitions such as the "2025 Guangdong-Hong Kong-Macao Greater Bay Area High-value Intellectual Property Development Competition", we promote knowledge exchange across the industry and drive sustained innovation development.

The Macau subsidiary is actively exploring big data and AI applications. With strong in-house development capabilities, the team developed three AI applications for internal use and assisted Macau government departments in developing two AI applications and multiple big-data solutions, contributing to smart-city development. The Group's Hong Kong subsidiary also partnered with The Hong Kong Polytechnic University to establish a Joint Laboratory for AI and Intelligent Innovation, collaborating on research for an "Optimised Edge Multi-Modal Large Model and Embodied Intelligence System for Elderly Care", supporting Hong Kong's smart society initiatives.

SUSTAINABILITY REPORT

Technological Breakthroughs and Industry Influence

Our self-developed “Intelligent Network Quality Monitoring System Based on Big Data and Artificial Intelligence” has been successfully selected as one of the “2025 Top 100 Outstanding Data Management Cases” by the China Federation of Electronics and Information Industry, reflecting the industry’s recognition of our technological capabilities and enabling technical experience sharing to expand industry influence. Meanwhile, the Group has actively engaged in international innovation events, including the 2025 World Artificial Intelligence Conference, and won a Silver Award at the 50th International Exhibition of Inventions Geneva. Furthermore, we achieved remarkable success by securing three Gold Awards at the 2025 Asia International Innovation Awards, fully demonstrating the Group’s outstanding innovation capabilities and strong international competitiveness in technological innovation.

Commitment to Premium Products and Services

The Group places strong emphasis on product and service quality. In the fields of international telecommunications and ICT services, we strive to deliver exceptional service and focus on designing, building, operating and maintaining stable and reliable communication networks that meet high performance and quality standards.

We closely monitor every stage of the customer-service process and remain committed to providing a meticulous and attentive service experience. Before launching new products or services, we conduct rigorous internal testing against key performance metrics to ensure they meet required quality standards. During service delivery, we actively listen to customer feedback and carry out regular evaluations, including monthly visits to selected clients, to continuously improve products, services and the overall customer experience. At our Macau subsidiary, the Quality Management Committee and Quality Assurance Department closely monitor and analyse service performance across various areas, laying a solid foundation for quality assessments and future business enhancement.

Customer Complaint Management and Continuous Improvement

The Group has established a dedicated customer-service team and implemented a comprehensive complaint handling procedure designed to effectively minimise the number of complaints and improve customer satisfaction. Upon receiving a written or telephone complaint, the Engineering & Services Department immediately acknowledges and records all relevant information before forwarding it to the responsible department. Department heads investigate the issue thoroughly and, where complaints are substantiated, must propose concrete and actionable improvement measures along with prevention plans, and report the outcomes back to the Engineering & Services Department. The Engineering & Services Department maintains close communication with customers throughout the process to ensure their acceptance and satisfaction with the proposed solutions, and documents all records and dates in the system for future review and continuous service enhancement.

To uphold high product and service standards, the Group also holds monthly Quality Management Committee meetings to regularly review service performance and drive ongoing improvement, ensuring our services consistently meet customer expectations. During the year, the Group’s subsidiaries received a total of 293 customer complaints related to products and services. The Group treated each complaint with utmost importance, continued its practice of conducting in-depth analysis to identify root causes and implement targeted corrective actions to prevent recurrence, thereby ensuring ongoing improvement in service quality. This year, the customer loyalty rate at the Macau subsidiary reached 90%, demonstrating strong customer recognition of our service excellence.

SUSTAINABILITY REPORT

Responsible Marketing

Across all platforms, formats and regions, the Group adheres to principles of integrity in all promotional activities and strictly complies with local laws, regulations and advertising-platform policies. We ensure that all marketing content is produced and published responsibly, safeguarding our brand image and fulfilling our corporate obligations.

In managing advertising related risks, the Group strictly follows the Reputation Risk Management Policy to ensure effective responses to potential crises. Relevant personnel are provided with crisis management training as necessary, and a special crisis management command group has been established to maintain efficient internal and external communication and feedback mechanisms, minimise risks during advertising activities and uphold our responsibility to deliver high quality products and services.

Quality Certifications

The Group and its subsidiaries maintain high-standards management systems and consistently comply with international certification requirements to ensure world-class service quality and security. We have established a comprehensive quality management system and obtained multiple international certifications, including ISO9001, ISO14001, ISO20000, and ISO27001, becoming one of the first management service providers in Hong Kong to obtain multiple certifications at the same time, committed to providing customers with high-quality services that meet international standards. In addition, our subsidiary is the first Infrastructure-as-a-Service (IaaS) provider in Hong Kong to be certified by ISO27017.

The Group continues to advance technological innovation, securing prestigious certifications across software development, data governance, and network technologies:

Our subsidiary has been awarded the “CMMI Maturity Level 3 Certifications” by the Capability Maturity Model Integration Institute (CMMI), further demonstrating our expertise in software development and service management.

In 2025, the Group successfully achieved Level 3 assessment under the Data Management Capability Maturity Model (DCMM). DCMM is China’s first internationally aligned standard in the field of data management and serves as an authoritative benchmark for evaluating enterprise data management capabilities. Achieving this certification demonstrates that the Group recognises data as a critical asset in achieving performance objectives and has established standardised data management processes to promote greater consistency and governance in data management practices.

Our private network SD-WAN and SASE services have also been certified by the China Academy of Information and Communications Technology, becoming one of the few vendors with the “SD-WAN Ready 2.0” certificate, demonstrating our international leadership in network services and security management.

SUSTAINABILITY REPORT

BUILDING A CULTURE OF GIVING

Leveraging Our Strengths to Support Community Development

The Group actively leverages its resources to advance sustainable development in society. We place strong emphasis on community investment initiatives to build and maintain corporate reputation, extend social impact, and respond to stakeholder expectations. Through collaboration with various community organisations, we organise diverse community activities and volunteer services, guided by the principle of “giving back to the community and serving the community,” with the aim of enhancing public quality of life. The Group encourages employees to actively participate, providing tangible support to underprivileged families and vulnerable groups, and contributing collectively to societal progress. During the year, the Group’s total donations amounted to approximately HK\$1 million, with employees contributing 1,403 hours of volunteer service.



SUSTAINABILITY REPORT

Key community engagement activities during the year included:

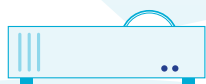
The Group co-organised two volunteer initiatives with the Hong Kong Chinese YMCA to support the healthy development of the community. Under the “Movie Viewing Volunteer Activity,” the Group’s volunteer team invited and sponsored 100 elderly participants from the Chai Wan Neighbourhood Elderly Centre to attend a screening of a Hong Kong film, conveying the spirit of community care and demonstrating corporate compassion.



The Group’s volunteer team participated in a handicraft mobile phone stand workshop titled “Knitting Joy” with elderly individuals and their caregivers in the Chai Wan district. Through the knitting activity, participants were able to alleviate daily stress, while the initiative helped reduce feelings of social isolation among the elderly, bringing warmth and joy to the community.



In November 2025, a serious fire occurred at Wang Fuk Court in Tai Po, Hong Kong. The Group actively fulfilled its corporate social responsibility by launching the “CITIC Telecom International – Tai Po Wang Fuk Court Post-fire Relief Donation.” The funds were donated to the “Support Fund for Wang Fuk Court in Tai Po” established by the HKSAR government to support post-disaster recovery and reconstruction efforts. Through this tangible action, the Group stood in solidarity with the affected community, embodying the spirit of mutual support in Hong Kong society.



SUSTAINABILITY REPORT



“Protecting the Stars • Caring for Children with Special Needs” Volunteer Initiative

The Group’s subsidiaries in Beijing and Shanghai organised volunteers to visit an education centre, where they tidied teaching materials and cleaned classrooms, creating a clean and welcoming learning environment for the children.



Charity Run of Caritas Macau

The Macau subsidiary organised employees and their families to participate in a charity walk event, raising funds for social welfare organisations through physical activity, promoting inclusivity for persons with disabilities, and fostering family harmony.



SUSTAINABILITY REPORT

Youth Development Support

The Group regards the development of local youth talent as a key mission and is committed to advancing the future of the telecommunications industry. This year, we further deepened collaboration with schools and youth organisations, engaging the public through diverse activities to showcase the practical operations of the telecommunications sector and inspire more young people to pursue careers in the local industry.

Key youth-focused initiatives during the year included:

The Macau subsidiary established a “5.5G + AI Smart Applications” experience zone at exhibitions and retail outlets, inviting student groups and organisations to visit. The interactive displays demonstrated real-world applications of 5.5G, artificial intelligence, and integrated big data technologies, enhancing young people’s understanding of innovative technologies and Macau’s smart city development.

The Hong Kong subsidiary co-organised corporate visit programmes with the Hong Kong Federation of Youth Groups, hosting secondary school students company visit. Graduate trainees shared their career journeys and work experiences, helping students gain insights into the roles, responsibilities, and growth opportunities within the telecommunications technology sector, and supporting them in shaping future career aspirations.

The ongoing “Youth Development Programme” provided trainees with learning opportunities across different departments and involvement in day-to-day operations, actively encouraging young people to engage early with information technologies such as artificial intelligence and build essential digital competencies.

Serving the Community

As a key service provider in the telecommunications sector, the Group remains committed to delivering stable, efficient, and inclusive telecom services that support social connectivity, information exchange, and digital advancement. In 2025, the Group successfully ensured communication resilience during the 15th National Games and throughout the passage of Super Typhoon “Ragasa”, serving the livelihood needs of Hong Kong and Macau residents. Through continuous expansion of network coverage, promotion of innovative technology applications, and active participation in community connectivity initiatives, we have supported deeper digital integration across education, healthcare, business, and daily life. While fulfilling our corporate responsibilities, we place strong emphasis on the accessibility and reliability of our services, striving to bridge the digital divide and provide foundational support for building a more resilient and inclusive smart society.

Promoting and Popularising Telecommunications Services

The Macau subsidiary is committed to promoting the sustainable development of the telecommunications industry and addressing societal needs through multi-stakeholder collaboration:

Enhancing public understanding of the telecommunications sector and its evolving trends through diverse communication channels, thereby increasing awareness and comprehension of next-generation network technologies and their applications.

Establishing partnerships with various organisations to leverage the Group’s network infrastructure and technical expertise in delivering diverse, high-quality communication and information services, supporting the continuous improvement of education, public services, and business applications.

Providing end-to-end network and technical support for major local events, ensuring seamless, secure, and reliable communications during such occasions, thereby strengthening urban operational resilience.

SUSTAINABILITY REPORT

Advancing the integration of technology and public welfare by exploring innovative service models through internet-based philanthropy initiatives, expanding the positive impact of telecommunications technology on sustainable social development.



CITIC Telecom Invites Hong Kong & Shanghai Data Society for Site Visit, Together We Paint a New Picture of Digitalisation and Intelligence for Enterprises Going Global

The Hong Kong and Shanghai Data Society delegation visited CITIC Telecom International, where they toured the company's data centre and security operations centre and engaged in discussions on digital and intelligent transformation initiatives. CITIC Telecom International shared its strategic development in the areas of NaaS (Network as a Service), including global mobile authentication and financial fraud prevention, as well as DaaS (Data as a Service), covering data products and the International Express Network. Both parties explored potential areas of collaboration, and the Society invited the company to participate in future events to further strengthen digital ecosystem cooperation between Shanghai and Hong Kong. The exchange reinforced partners' recognition of CITIC Telecom International's service capabilities and laid a solid foundation for expanding future business applications.



CITIC Telecom International CPC Solutions Day 2025: Exploring Innovative Applications of Artificial Intelligence

The Group delivered a keynote presentation on the theme of "Preventing Financial Scams and Fraud using AI", collaborating with clients and partners to explore innovative AI use cases and future possibilities. The presentation highlighted four key roles of AI in anti-fraud solutions:

- 01 Comprehensive, multi-layered and precision-driven intelligent fraud risk management
- 02 AI-powered fraud detection and protection mechanisms
- 03 Rapid data analysis enabled by artificial intelligence
- 04 Dual safeguards through secure collaboration and practical AI implementation



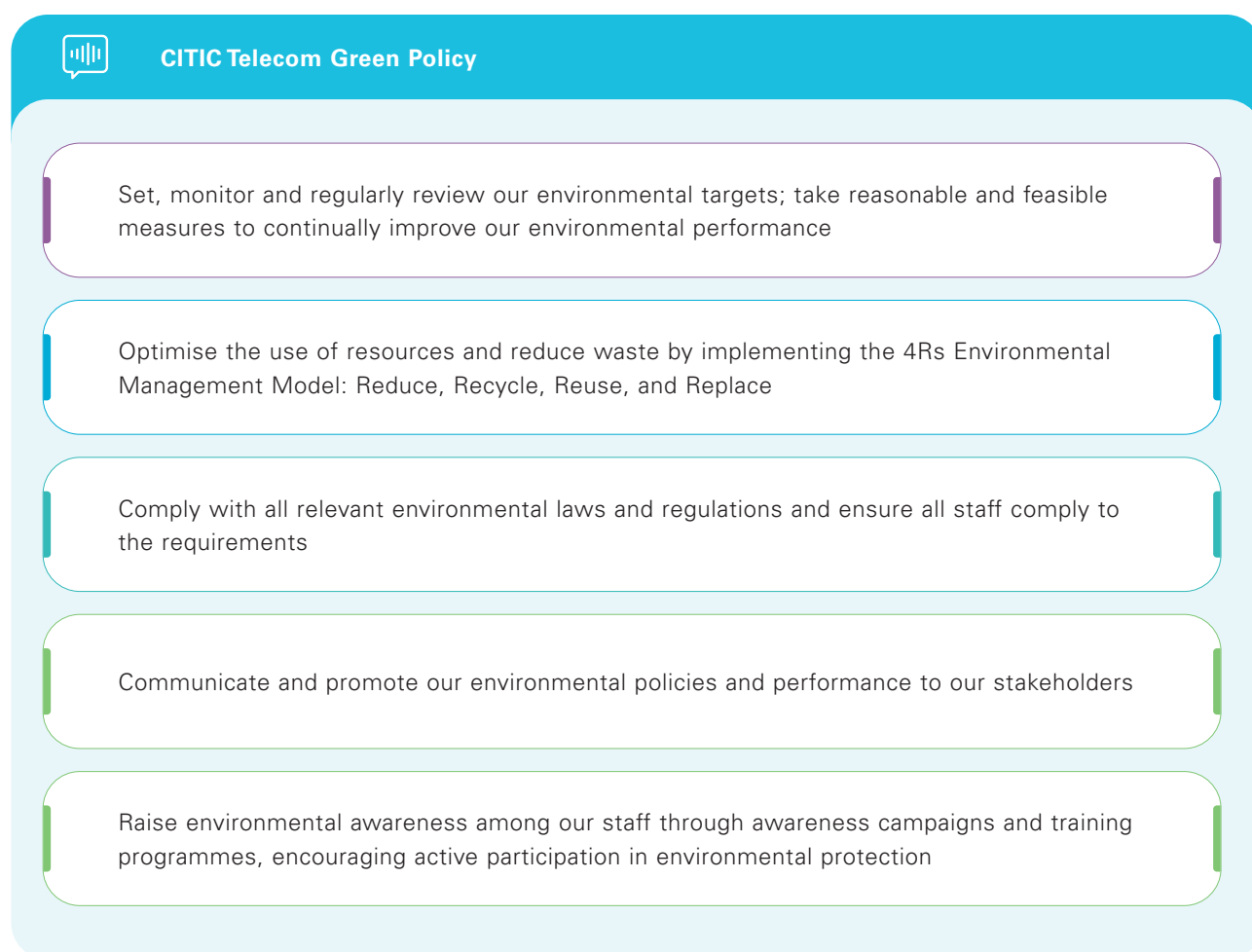
The event attracted approximately 100 corporate clients, including over 25 from the financial and related sectors, as well as representatives from more than 20 partner organisations and industry stakeholders. It strengthened our engagement and collaboration with key stakeholders in the "AI + Security" domain.

SUSTAINABILITY REPORT

OUR COMMITMENT TO GREEN AND LOW-CARBON DEVELOPMENT

The Group understands the importance of environmental protection and therefore actively takes action to advance sustainable development. Under the leadership of the Board, the “CITIC Telecom International ESG Committee”, comprising members of the management levels, formulates sustainability strategies and implements various initiatives to translate policies into concrete results. We continue to optimise energy conservation and emission reduction solutions, and implement efficient management in offices, data centres and network facilities, successfully reducing energy consumption and GHG emissions.

To systematically manage environmental performance, the Group has established the “CITIC Telecom Green Policy”, which provides unified guidance on resource utilisation, waste reduction management and compliance requirements.



Our Response to Climate Change

Governance

The Group has established a top-down climate governance structure to monitor and manage the Group’s sustainability performance. We have also integrated the management of climate-related risks and opportunities into our overall governance process to better address the impacts of climate change. For details of the governance structure, please refer to the “Sustainability Governance Structure” section (page 106) of this report.

SUSTAINABILITY REPORT

Strategy

In recent years, climate change has emerged as one of the world's most pressing and widely discussed issues. The Group conducts comprehensive assessments of climate-related risks and implements corresponding mitigation measures to effectively manage operational risk and minimise potential adverse impacts. We recognise the importance of enhancing energy efficiency and reducing carbon emissions in our daily operations as part of our proactive response to climate challenges. Therefore, our ESG Committee regularly reviews key sustainability topics and continuously evaluates the implications of climate change for our business. Through these efforts, we aim to ensure that our operations are increasingly aligned with sustainable development principles and are well-positioned to address the escalating challenges posed by a changing climate.

During the reporting period, we conducted qualitative climate scenario analysis to help identify climate-related risks and opportunities. The analysis adopted turquoise and brown scenarios to assess the Group's major assets in Chinese mainland, Hong Kong, Macau and Singapore.

	 Turquoise Scenario (Low-emission Scenario)	 Brown Scenario (High-emission Scenario)
Key Assumptions	Climate policies are sufficiently stringent, creating a high likelihood that global warming will be limited to below 2°C. With governments and enterprises accelerating decarbonisation efforts within this decade, CO₂ emissions are expected to gradually decline.	Only existing policies and Nationally Determined Contributions (NDCs) are implemented, with limited investment and climate action. Global temperatures are expected to rise by at least 3°C above pre-industrial levels by 2100, resulting in intensified and increasingly unpredictable physical risks.
Scenario Reference	IPCC SSP1-2.6 NGFS "Net Zero 2050"	IPCC SSP5-8.5 NGFS "Current Policies"
Time Horizons	Short-term (2026-2027), Medium-term (2028-2030), Long-term (2031-2050)	

SUSTAINABILITY REPORT

Based on these scenario assumptions, we carried out qualitative assessments of both physical risks and transition risks across the short, medium and long term. This analysis evaluated the potential impacts of climate change on our business model and value chain, serving as the foundation for developing corresponding mitigation and adaptation measures. The table below outlines the key findings on overall physical and transition risks, together with the Group's response actions.

Risk	Time Horizon	Impact on Business Model and Value Chain	Mitigation Measures
Physical Risks			
Typhoons 	Long-term	More frequent typhoons may cause disruptions to network services for critical network facilities, including base stations, data centres, and cables, in typhoon-affected areas. This could hinder business continuity for corporate customers and daily usage for retail customers. Typhoon-related transportation interruptions may also impede deployment of repair materials and personnel, prolonging service recovery time.	• Strengthen wind-resistant design standards for outdoor facilities, ensuring base stations and external equipment are engineered and installed by qualified professionals in compliance with safety and wind-resilience requirements. • Establish comprehensive typhoon preparedness and recovery plans. Upon receiving typhoon alerts, activate protective measures immediately to secure facilities. During extreme weather, closely monitor network operations to maintain service continuity. After the typhoon, provide prompt support to affected customers and carry out network repairs to restore services as quickly as possible.

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Risk	Time Horizon	Impact on Business Model and Value Chain	Mitigation Measures
Flood 	Long-term	Persistent or intense rainfall may trigger flooding, posing severe threats to buildings and critical infrastructure in low-lying and coastal areas. This may significantly disrupt network continuity and impede normal operations of offices and retail locations. Flooding may damage and disable base stations, equipment rooms, and data centre infrastructure, leading to service outages that affect business continuity for corporate customers and daily usage for retail customers. Furthermore, washed out transport routes may delay delivery of replacement parts and equipment, extending recovery timeframes-out transport routes may delay delivery of replacement parts and equipment, extending recovery timeframes.	• Install water barriers at appropriate heights in low-lying facilities, removing them after flood threats subside to ensure equipment safety. • Deploy effective drainage and pumping systems around key facilities to reduce the risk of water accumulation. • Conduct regular health checks and emergency drills for telecom buildings and data centres to ensure that the buildings are in good condition and can effectively respond to hazardous situations. If damage is identified, emergency repairs will be carried out immediately.
Rising Temperatures 	Long-term	Continuous increases in average temperature elevate cooling demand in data centres, driving up electricity consumption. Operating equipment under high temperatures may accelerate wear and increase failure rates and maintenance costs. Unstable power supply or overheated equipment may also cause network disconnections and service interruptions.	• Implement liquid cooling, natural cooling and other low-energy cooling technologies in data centres to reduce reliance on traditional air-conditioning and control cooling-related energy growth. • Adopt higher ambient temperature operating standards for new facilities and procured equipment, and enhance ventilation and insulation at critical sites.

SUSTAINABILITY REPORT

Risk	Time Horizon	Impact on Business Model and Value Chain	Mitigation Measures
Transformation Risks			
Policies & Regulations (Tightening Requirements) 	Short to Medium-term	Governments may implement more stringent decarbonisation policies, requiring enterprises to strengthen carbon management and enhance disclosure standards. Rising global carbon pricing may further increase manufacturing and procurement costs, adding pressure to operational expenses and compliance obligations.	• Increase the use of green electricity and implement energy-saving upgrades to reduce actual emissions and carbon-related costs. • Regularly review updated energy-efficiency and environmental regulations across regions, assess compliance gaps, and develop phased facility upgrade and capital expenditure plans accordingly.
Technology (Transition to Low-carbon Technologies) 	Short to Medium-term	Achieving decarbonisation goals requires significant upfront investment in energy-efficient equipment, renewable energy deployment, and data centre technology upgrades. In the short term, this may place pressure on capital allocation and operating costs. Failure to adopt advanced low-carbon technologies in a timely manner may weaken competitiveness, reducing customer satisfaction and market share.	• Develop phased technology-upgrade roadmaps to balance investment pacing and efficiency gains. • Strengthen collaboration with technology providers to pilot and scale mature energy-saving solutions. • Establish a technical monitoring mechanism to continuously track industry advancements.
Market (Shifts in Consumer Preferences) 	Medium to Long-term	Customers' environmental awareness continues to rise, such as a preference for low-carbon products. Enterprises that fail to demonstrate meaningful progress in green transformation may risk loss of market share and competitive disadvantages.	• Deepen communication with corporate customers regarding sustainability expectations and offer customised green solutions. • Enhance branding through certifications and transparent reporting to strengthen credibility in sustainable service offerings.

SUSTAINABILITY REPORT

Opportunities	Time Horizon	Impact on Business Model and Value Chain	Mitigation Measures
Resource Efficiency (Resource Efficiency Improvements) 	Short to Medium-term	Optimise Power Usage Effectiveness (PUE) for network equipment and data centres, and adopt efficient cooling technologies (such as liquid cooling), intelligent energy consumption management, and green power procurement to reduce energy consumption and carbon emissions, and improve operational cost-effectiveness.	- Gradually carry out energy-saving transformation of high-energy consumption data centres and introduce energy efficiency optimisation systems. - Establish an energy efficiency monitoring platform to achieve real-time management and continuous optimisation.
Products/Services (Low-carbon Solutions) 	Long-term	Growing customer demand for green products and services creates opportunities for revenue expansion. Offering green products and services (such as green cloud services and energy-efficient data centre solutions), which can meet the market demand for low-carbon products, create new revenue streams, and enhance competitive advantages.	- Conduct customer demand research and provide green products and services. - Strengthen marketing and highlight the Group's leadership in sustainable communications.

In response to the identified climate-related risks and opportunities, the Group will progressively promote energy conservation in high-power facilities such as data centres, continue to enhance operational resilience under extreme weather, and review and optimise relevant operational policies and business continuity plans in a timely manner. We are also committed to enhancing supply chain resilience. The Group and its subsidiaries have established clear baseline controls for supplier management and require suppliers to fully incorporate climate transition considerations into their supply chain planning to mitigate climate related risks. The ESG Committee and the procurement team conduct periodic assessments of supplier quality and performance to ensure alignment with the Group's standards, thereby strengthening overall supply chain resilience and risk management capabilities. Looking ahead, the Group will continue to closely monitor market and policy developments, enhance energy efficiency on a steady basis, and further improve response capabilities to extreme weather events.

The climate-related risks and opportunities identified by the Group may have current and expected financial impacts on its financial position, financial performance, and cash flows. During the reporting period, climate-related risks and opportunities did not have a material financial impact on the Group. We have not identified any of the aforementioned factors that would require significant adjustments to the carrying amounts of assets and liabilities in the Group's financial statements for the next reporting period. To further enhance the Group's ability to manage climate-related risks and opportunities, we plan to continuously refine our existing climate scenario analysis and develop corresponding response strategies, in order to more comprehensively identify and assess the anticipated financial impacts of climate-related factors on our financial position and performance.

SUSTAINABILITY REPORT

Climate Risk Management

The Group has established a comprehensive risk management policy and classified climate and environmental risks as subcategories of operational risks, which are fully integrated into the enterprise risk management framework. We adopt a unified risk-scoring methodology and risk matrix to identify and assess various risks according to their likelihood of occurrence and potential impact. The results are documented in the risk register to support the development of corresponding mitigation and adaptation measures, ensuring that the overall risk profile remains aligned with the Group's defined risk appetite. Climate and environmental risks are also identified, assessed, prioritised and managed alongside other key business risks to ensure that climate-related risks are fully integrated into the Group's overall risk management process.

The Board assumes oversight responsibility for overall risk management and assists in monitoring climate-related risks and opportunities through the Risk Management Committee to ensure that climate factors are incorporated into the Group's strategic planning, financial management and operational decision-making. The Risk Management Committee reviews the effectiveness of relevant risks and control measures at least annually and reports its findings to the Board.

Building on our existing risk management framework, we identified, assessed and prioritised key risks and opportunities with potential material impact on the Group during the reporting period by analysing market trends and climate-related risks and opportunities in the telecommunications industry. Based on the nature, likelihood and severity of these risks and opportunities, and with reference to the United Nations Intergovernmental Panel on Climate Change (IPCC) Shared Socio-Economic Pathways (SSP) and the Network for Greening the Financial System (NGFS) scenarios, we conduct a qualitative analysis of the potential impacts of key operating regions in the short-term (2026-2027), medium-term (2028-2030) and long-term (2031-2050) under different climate scenarios. We develop corresponding strategies to address the key risks and opportunities identified and incorporate them into our strategic planning and resource allocation.

Metrics and Targets

To further advance the implementation of our sustainability vision, the Hong Kong headquarters has established clear environmental targets. By analysing historical data, forecasting future trends and benchmarking against industry peers, we have set quantitative indicators covering electricity consumption, electronic waste recycling and waste paper recycling. To achieve these targets, we have introduced a series of policies and initiatives and continue to closely monitor progress.

Since 2023, all computer and electronic waste generated by the Hong Kong headquarters has been properly processed and recycled by authorised recyclers, we will continue progressing towards our established targets. We have also made phased progress towards the electricity consumption goal and will continue our efforts to ensure these environmental goals are fully met.

SUSTAINABILITY REPORT



Goal

Electricity Consumption

Using 2020 as the baseline year, reduce Power Usage Effectiveness (PUE) at the Hong Kong headquarters' data centres by **9%** by 2026.



Progress

Following the implementation of policies and initiatives, there was good progress in 2025. We will continue to closely monitor and review our progress.



Goal

Non-hazardous Waste – Waste Paper

Using 2020 as the baseline year, increase waste paper recycling at the Hong Kong headquarters by **8%** by 2025.



Progress

In 2025, paper recycling volume declined by 39% from the baseline year, falling short of the target. This was primarily due to the effective implementation of source reduction measures, which reduced the base volume of recyclable waste paper. Although the recycling volume fell short of expectations, we believe these measures still delivered positive environmental benefits. The Hong Kong headquarters' annual paper consumption in 2025 declined by 17% from 2020 levels, preventing resource consumption at the source and reducing disposal of waste. Building on this foundation, we will continue to strengthen source reduction initiatives to further enhance overall waste management performance.



Goal

Hazardous Waste – Computer and Electronic Equipment

Ensure **100%** of computers and electronic waste at the Hong Kong headquarters continue to be properly disposed of and reused through certified recycling distributors in 2025 and beyond.



Progress

Target Achieved

In 2025, 100% of computers and electronic waste at the Hong Kong headquarters were properly disposed of and reused through certified recycling distributors.



During the reporting period, we further expanded our scope of Scope 3 GHG emissions to include in seven categories: Category 1 (Purchased goods and services), Category 2 (Capital goods), Category 3 (Fuel and energy-related activities), Category 5 (Waste generated in operations), Category 6 (Business travel), Category 11 (Use of sold products), Category 12 (End-of-life treatment of sold products). Please refer to the "Environmental Key Performance Indicators" section (pages 156 to 158) of this report for relevant data.

SUSTAINABILITY REPORT

Construction and Operation of Environmentally Friendly Green Data Centres

Data centre operations are the core business of the Group. We are committed to promoting the construction and operation of green data centres, and always prioritise energy conservation and reduction in data centre design and system procurement. By adopting high-performance equipment and optimising operational solutions, we actively reduce energy consumption and carbon emissions, while coordinating with various environmental measures to ensure that data centres achieve higher energy efficiency and environmental benefits while providing stable services.

Construction of Telecom Equipment Room and Planning of System Facilities

Since the air-conditioning system and cabinet power supply system are the main sources of power consumption, the Group has taken energy efficiency into a core consideration during the design stage, prioritising the use of high-performance systems and components to reduce energy consumption in the computer room and related systems.

Cooling System Optimisation

We use an advanced Computer Room Air Conditioning (CRAC) system equipped with EC fans and Smart Control to continuously monitor the temperature and humidity of the data centre and automatically coordinate cooling operations. At the same time, we procure air-conditioning equipment with high-quality cooling performance to reduce electricity waste.

Power Supply and Environmental Certifications

The cabinet power supply system uses uninterruptible power supply systems and cabinet power distributors that are ISO14006 Eco-design certified and comply with environmental requirements such as the European Union (EU) Restriction of Hazardous Substances Directive (RoHS) and the Waste Electrical and Electronic Equipment (WEEE) Directive to reduce environmental impact.

Environmentally Friendly Refrigerants and Fire Extinguishing Systems

Gas fire extinguishing systems and air-conditioning systems have been installed in the Group's telecommunications buildings and data centres, and the newly constructed systems have adopted more environmentally friendly fire extinguishing agents NOVEC1230 and environmentally friendly refrigerant R513A to replace the fire extinguishing agents and refrigerants used in the past to reduce the damage to the ozone layer.

SUSTAINABILITY REPORT



Hong Kong Headquarters Data Centre

The data centre at the Hong Kong headquarters is committed to improving energy efficiency and reducing energy consumption to address the challenges of climate change and sustainable development. We have implemented a series of measures for our data centre operations to further improve performance and save energy.

We closely monitor the power consumption of old equipment and replace it at appropriate time. In July 2025, the CTT Phase 1 and 2 data centres completed the replacement of refrigeration units that have been in use for more than 10 years, and the new equipment uses oil-free magnetic technology and R513A environmentally friendly refrigerant, reducing the PUE of the data centre to about 1.7, an improvement of 7% compared to 2020.



Reducing the PUE of the data centre to about **↓1.7**, an improvement of **7%** compared to 2020.

In daily management, we employ intelligent monitoring systems to monitor the temperature and humidity in the field in real time and automatically adjust the operation of refrigerators and air coolers to ensure the efficient operation of the cooling system. At the same time, the system dynamically adjusts energy management strategies based on the data centre's electricity consumption and load conditions, further optimising energy consumption based on meeting standards. For low-utilisation cabinet rooms, we only turn on necessary lighting and air conditioning equipment; All newly constructed data halls will use LED lighting tubes to save energy. The data centre is designed with a hot and cold aisle layout, with raised floors and a building management system (BMS) to monitor the operation status and energy use of E&M facilities.



Macau Subsidiary Data Centre

The Macau subsidiary has implemented a series of energy-saving measures in communication computer rooms and data centres to improve energy efficiency and reduce energy consumption. The air conditioning system design of the communication computer room and data centre adopts cold aisle containment solution in design of cooling system, reducing the power consumption of CRAC system by about 20%. In addition, we fully use energy-efficient LED lights, reducing electricity consumption by approximately 275 kWh.



Adopts cold aisle containment solution in design of cooling system, reducing the power consumption of CRAC system by about **20%**;

Adopts energy-efficient LED lights, reducing electricity consumption by approximately **275** kWh.

In terms of mobile cell site stations, we use high-temperature resistant equipment to reduce the demand for air conditioning and cooling, reducing energy consumption by around 10%. At the same time, the air-conditioning system in the machine building uses energy-efficient equipment with high energy efficiency ratio to replace the old equipment to further reduce power consumption. We also plan to consolidate aging and decentralised small equipment buildings and concentrate resources on large core data centres to maximise scale efficiency, improve energy efficiency, and facilitate management.

SUSTAINABILITY REPORT

Energy-saving Measures

The Group continues to promote energy conservation efforts and is committed to reducing energy consumption in its daily operations. We actively reduce energy waste through intelligent monitoring, customer collaboration, and clean energy applications.

Intelligent Monitoring and Dynamic Management

Data centres deploy real-time monitoring systems to deeply analyse equipment data, dynamically optimise energy strategies, automatically adjust cooling systems based on weather forecasts, and prevent failures and energy waste through real-time anomaly warnings and automatic emergency response mechanisms.

Collaborative Emission Reduction For Customers

Through the electricity report management platform, we regularly provide electricity consumption data to customers to help them optimise energy management and promote the implementation of energy-saving measures.

Clean Energy Applications

Four electric vehicle charging devices are installed in the car park area of the Hong Kong headquarters to support green travel, and solar panels and 15 solar lamps are installed in some rooftop computer rooms, which are expected to generate 18 kWh of renewable energy.

Clean Energy Generation

The Macau subsidiary installed solar photovoltaic panels at the Coloane satellite station, generating approximately 3,120 kWh of electricity in 2025, which will be fully sold to the Companhia de Electricidade de Macau.

SUSTAINABILITY REPORT

Below are examples of energy-saving measures at various business locations:



Hong Kong Headquarters Office

The Hong Kong headquarters continues to implement initiatives to improve energy efficiency and reduce office energy consumption. We have supported WWF's annual Earth Hour campaign for years, demonstrating our commitment to environmental protection by turning off office lights for one hour on the day of the event. In terms of office lighting, nearly 100% of the energy is T5 environmentally friendly and energy-saving light tubes, and LED lights are installed in most areas, while nearly 200 surplus light tubes are removed. In addition, the staircase area is fully equipped with sensor lighting to avoid unnecessary electricity use. We also encourage employees to switch off unused electrical equipment after office hours and have placed energy-saving reminder labels near light switches and air-conditioning controls to promote responsible use of lighting and cooling.

In terms of air-conditioning management, as building owners, we regularly inspect and replace the central air-conditioning system, adjusting the operating hours according to the utilisation rate and turning it on only during necessary times to reduce energy consumption. We also applied UV protection film to windows to reduce direct sunlight and reduce air conditioning requirements and adopted air-conditioning systems with automatic room temperature adjustment or shutdown features to further enhance energy efficiency.

For equipment and procurement, we regularly inspect our lifts to improve energy efficiency and prioritise the procurement of energy-efficient products. The desktops, laptops and monitors purchased by the Group are TCO certified, and the batteries from UPS and generator sets, as well as electronic equipment (such as hard disks and laptops), are properly recycled in accordance with the policies of the Hong Kong Environmental Protection Department to avoid long-term environmental damage. We have included energy efficiency requirements in the procurement of energy-related products and aligned with the Mandatory Energy Efficiency Labelling Scheme to ensure that our products have Grade 1 or Level 2 energy labels. In addition, we have installed a lighting zone control system to independently control the lighting fixtures in different areas, and continuously monitor various energy consumption levels, including lighting electricity consumption, to ensure that energy conservation measures are implemented.

We have installed automatic motion-sensor lighting control systems in our offices to ensure that lights are switched on or off based on occupancy, preventing unnecessary energy consumption in unoccupied areas.



Macau Subsidiary Office

At the Rua De Pedro Coutinho Building (office and telecom network equipment facilities), a central air-conditioning system equipped with magnetic levitation compressors has been adopted, reducing air-conditioning energy consumption by approximately 20%. Office air-conditioning temperatures are set at 25.5°C with humidity maintained below 65%, resulting in a 10% reduction in energy consumption from air-handling units and a 10% reduction in central air-conditioning system energy use. On certain floors, traditional fresh air-air units have been replaced with heat recovery ventilation units, lowering energy consumption by 15% while improving indoor air quality. To extend equipment lifespan, we have installed a battery monitoring system to track the operational status of each battery in real time. In addition, motion-sensor LED lights have been installed in office corridors, achieving a further 16% reduction in energy usage compared with standard LED lighting.



Singapore Subsidiary Office

At the Singapore subsidiary office, the building's air-conditioning system is centrally controlled and operates only during office hours, shutting down during non-working periods and public holidays to avoid energy consumption.

SUSTAINABILITY REPORT

Green Operation and Resource Management

To advance green operations and strengthen resource management, we adhere to the “CITIC Telecom Green Policy” and integrate the 4R principles into our daily operations. Through initiatives such as digitalised application management, electronic billing, water-saving measures, waste-reduction and recycling programmes, and various environmental campaigns, we continue to enhance resource-use efficiency and reduce our carbon footprint.

Electronic Application Management

We actively promote paperless operations by implementing electronic workflows across the Group. These include the e-Workflow system, MOA (Mobile Office Automation) system, e-HR platform, and digital processes for payslips, tax returns, leave applications, employee training and activity registration, travel requests, recruitment needs, and performance evaluations. Our Singapore subsidiary also adopts digital employee records, employee self-service tools (such as e-Leave and e-Payslip), performance assessments, and an e-Billing system for customer invoicing, further reducing paper consumption. Furthermore, the new digital access application and registration system for data centres was launched in August this year, fully replacing paper-based procedures and significantly reducing paper usage.

Electronic Bills

Our Macau subsidiary has been actively encouraging customers to adopt electronic billing and online self-service platforms to foster a low-carbon and convenient lifestyle over the years. Since 2018, customers have been able to view bills and make payments via the “CTM Buddy” mobile app. Upon receiving customer consent, paper bills are discontinued, and payment reminders are sent via SMS. For customers not using the app, we introduced the CTM WeChat official account, which provides diversified billing and payment functions. These combined efforts resulted in electronic bills accounting for 89% of all bills issued during the year, with paper bills reduced to 11%, a 6% reduction compared with 2024. Paper envelope usage also decreased by 3% compared with 2024.

To complement the electronic billing strategy, we launched a one-stop online application and electronic certificate management system to streamline customer processes and shorten processing times. This reduces paper printing and mailing costs while enhancing service efficiency and customer experience, which achieve both environmental and operational benefits. Paper-reduction measures such as double-sided printing, recycling bins and envelope reuse are also implemented across office areas to reinforce our paper-saving efforts.

SUSTAINABILITY REPORT

Enhance Stewardship on Water Use

Multiple water-saving measures have been implemented at our office buildings and data centres. Automatic sensor faucets, which consume approximately 25% less water than traditional push-type faucets, have been installed in restrooms, along with automated flushing systems to further improve water-use efficiency. Water-saving reminders are displayed in pantries and restrooms to encourage employees to adopt water-conservation habits. Water consumption is monitored through utility bills to maintain usage at low levels. At the equipment level, our Macau subsidiary adopts chiller plant with oil-free compressor and magnetic bearings at the Rua De Pedro Coutinho and CTM Telecentro to reduce reliance on water-based cooling. At the Hong Kong headquarters, water of the cooling system from the data centre is reused for toilet flushing, further enhancing overall water-resource efficiency.

Proactive Boost on Waste Recycling Rate

The Group continues to implement stringent waste management practices to ensure that all waste is handled in a compliant, safe and environmentally responsible manner.

Hazardous waste, such as computers and electronic equipment, is processed by licensed and qualified disposal contractors in accordance with local environmental regulations. Non-hazardous waste is properly handled by professional cleaning and waste management service providers. To safeguard data security and uphold environmental responsibility, we engage an IT asset disposal company with ISO certification and Dun & Bradstreet ESG Registered IT Asset Disposition organisation annually to centrally collect and securely dispose hard disks and tapes. Disposal contractors are required to provide detailed disposal reports and photographic evidence to ensure full traceability throughout the entire process.

For IT asset management, all departments must complete asset inventory checks prior to disposal and submit a disposal application form endorsed by both the Finance Department and the respective user department. We also carry out centralised collection and disposal of waste electrical and electronic equipment (“WEEE”) every six months to maintain standardised processes. Data centres appoint licensed contractors to collect used batteries, cardboard boxes and other waste materials and obtain recycling certificates as proof of proper handling. The Beijing KeChuang datahouse under our Hong Kong subsidiary also follows ISO 14001 requirements, implementing environmental factor identification and materiality analysis procedures to ensure that recycling and disposal activities meet international environmental management standards. Furthermore, disposal of UPS and generator batteries, as well as electronic products (such as computer hard disks and laptops), is carried out in accordance with Hong Kong environmental policies to ensure proper recycling and prevent long-term environmental harm.

At the office level, we provide recycling bins to facilitate the collection of wastepaper, plastic bottles and aluminium cans, and promote practices such as double-sided printing and envelope reuse to minimise paper waste. Through these measures, the Group continues to advance green operations, reduce its carbon footprint and ensure that waste recycling and disposal processes comply with environmental and regulatory requirements.

SUSTAINABILITY REPORT

Environmental Activities

The Group continues to promote environmental awareness among its employees through various communication channels and encourage active participation in sustainability-related activities. These includes:

Environmental Knowledge Promotion:

Establishing a “Green Corner” on the intranet to regularly share environmental information; co-organising an “Energy Efficiency & Conservation Talk and Interactive Roadshow” with the Electrical and Mechanical Services Department (EMSD) to promote knowledge on energy classification, energy labelling schemes, renewable energy applications and household energy conservation.



Global Climate Action: Participating in WWF’s global “Earth Hour” campaign for the tenth consecutive year. To mark the 10th anniversary of our participation, the initiative was expanded this year to offices in Beijing, Shanghai and Southeast Asia. On 19 March, all participating offices switched off lights for one hour during lunchtime, demonstrating the Group’s long-term commitment to sustainable development.



Community Recycling and Waste Reduction:

Organising red packet reuse and recycling campaigns, as well as the “SHARE for Joy Environmental Recycling Campaign”, and actively supporting book recycling, clothing recycling and the collection of children’s apparel and mooncake boxes. Our Singapore subsidiary also organised beach clean-ups, waste management workshops and upcycling activities to promote community waste transformation and marine ecological protection.



SUSTAINABILITY REPORT



Singapore Affiliate Waste Conversion & Marine Conservation Practice

The Singapore subsidiary organised a trip for employees to the Ban Amphur community in Chonburi, Thailand, to participate in a Corporate Social Responsibility activity, learning about waste-to-value transformation and promoting sustainable practices. The activities included beach clean-ups, waste management learning stations, and upcycling workshops. A total of 9 kilograms of plastic bottle caps were collected and donated for the community's "waste-to-value" projects. Employees also released juvenile crabs back into the ocean, highlighting the importance of protecting marine ecosystems and offering a profound experience of how collective action can positively impact the environment.

*Environmental and Sustainable Procurement*

To strengthen green operations and resource-responsible sourcing, the Group requires all new suppliers to complete the "Supplier Sustainability Questionnaire" as part of our assessment process. This questionnaire serves as a key reference for evaluating suppliers' performance in environmental protection, social responsibility, product quality and operational reliability. In addition, environmental protection clauses are incorporated into cooperation agreements to reinforce the Group's environmental commitments and drive continuous improvement in environmental performance. We are committed to establishing a systematic supplier review mechanism and enforcing end-to-end procurement governance under the Procurement Policy to ensure that all procured goods and services adhere to the highest ethical standards and meet the Group's quality and specification requirements.

In the supplier selection process, the Group has considered sustainability performance and professional certifications as core evaluation indicators. Potential partners are required to provide information on their social responsibility frameworks, environmental management systems (such as ISO 14001), specific environmental and social targets, waste management measures, energy management programmes and recycling services. We also encourage suppliers to regularly review and publicly report their sustainability performance.

We place strong emphasis on suppliers' third-party certifications and prioritise those offering products and packaging that are recyclable or environmentally safe. In procurement decisions, suppliers, brands and product models that comply with environmental standards receive priority consideration. For example, when selecting data-centre cabinet suppliers, we prioritise companies certified under RoHS2/REACH and those that meet both ISO 9001 and ISO 14001 standards.

For procurement of IT equipment, the Group has established Environment Guidance Notes, giving priority to TCO-certified desktop computers, laptops, monitors and projectors. Office paper and billing paper are selected from the "Paper One", which are certified by Forest Stewardship Council (FSC) and PEFC. Throughout the procurement process, we prioritise environmentally friendly materials, including using biodegradable plastic bags and adopting half-card SIM designs, which reduce PVC material usage by 50%. For new equipment procurement, especially large installations, we require that all manufacturing materials comply with the latest environmental requirements. For chiller replacement projects, we mandate the use of refrigerants that meet international environmental standards.

SUSTAINABILITY REPORT

KEY PERFORMANCE INDICATORS SUMMARY

Environmental Key Performance Indicators¹

Resource usage	Unit	2025	2024	Variation
Energy use				
Electricity	kWh	79,484,845	81,741,910	-2.8%
Gasoline	litres	94,591	102,519 ²	-7.7%
Diesel	litres	15,324	16,749 ²	-8.5%
Energy use density	GJ/million HKD Telecommunication revenue	36.5	37.1	-1.6%
Water consumption				
Water consumption	m ³	19,605	24,754	-20.8%
Water consumption density	m ³ /million HKD Telecommunication revenue	2.5	3.1	-19.4%
Waste generation				
Non-hazardous waste generation				
Waste paper	kg	27,838	17,522	58.9% ³
Metal scrap	kg	98,733	31,580	212.6% ⁴
General waste ^{5,8}	kg	2,982	/	/
Other non-hazardous waste ⁶	pc	49	48	2.1%
Hazardous waste generation				
Computers, communications and electronic equipment	pc	14,610	7,840	86.4%
Industrial batteries	pc	1,257	155	711.0% ⁷
Toner cartridges and ink cartridges	pc	148	127	16.5%
Cable ⁸	m	26,894	/	/
Waste fluorescent tubes ⁸	kg	1	/	/

¹ The data expressed in the report for 2024 to 2025 are rounded off or have slight differences from the actual annual rate of change.

² After reviewing data accuracy, the figures have been restated.

³ The increase in waste paper generation is in response to the rising demand to promote new businesses.

⁴ The Macau subsidiary, due to SmarTone's withdrawal from the Macau market, reached an agreement to provide telecommunication services to its customers for the remaining contract period, thus requiring the handling of customers' legacy network equipment. At the same time, to manage the decommissioning of GSM/3G equipment, the volume of metal scrap increased.

⁵ General waste includes household waste, security equipment waste, office equipment waste, and scrapped official vehicles.

⁶ Other non-hazardous waste includes wooden cable shaft discs.

⁷ The increase in the generation of hazardous waste industrial batteries is due to the disposal of waste batteries by the Macau subsidiary, which has been fully recycled to support environmental protection.

⁸ The data is disclosed for the first time in 2025, so there are no comparative figures for 2024.

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Waste recycling	Unit	2025	2024	Variation
Non-hazardous waste recycling				
Waste paper	kg	4,607	2,981	54.5%
Metal scrap	kg	98,733	31,580	212.6%
General waste ^{5,8}	kg	2,886	/	/
Other non-hazardous waste ⁶	pc	49	44	11.4%
Hazardous waste recycling				
Computers, communications and electronic equipment	pc	14,610	7,133	104.8%
Industrial batteries	pc	1,257	155	711.0%
Toner cartridges and ink cartridges	pc	134	118	13.6%
Cable ⁸	m	26,894	/	/
Waste fluorescent tubes ⁸	kg	1	/	/
Air emissions⁸				
Nitrogen oxides	kg	57.5	/	/
Sulphur oxides	kg	1.3	/	/
Particulate matter	kg	4.2	/	/

SUSTAINABILITY REPORT

GHG emissions ⁹	Unit	2025	2024	Variation
Scope 1: Direct emissions	tCO ₂ e	1,723.3	662.2 ²	160.2% ¹⁰
Scope 2: Indirect emissions from energy use (location-based)	tCO ₂ e	42,322.4	43,210.2	-2.1%
Scope 3: Other indirect emissions	tCO ₂ e	39,438.2	85.8	45,865.3% ¹¹
• Category 1: Purchased goods and services	tCO ₂ e	17,220.3	/	/
• Category 2: Capital goods	tCO ₂ e	13,196.7	/	/
• Category 3: Fuel and energy-related activities	tCO ₂ e	5,495.6	/	/
• Category 5: Waste generated in operations	tCO ₂ e	5.1	/	/
• Category 6: Business travel	tCO ₂ e	118.2	/	/
• Category 11: Use of sold products	tCO ₂ e	3,386.7	/	/
• Category 12: End-of-life treatment of sold products	tCO ₂ e	15.6	/	/
Total GHG emissions	tCO ₂ e	83,483.9	43,958.2 ²	89.9%
GHG emission intensity	tCO ₂ e/million HKD telecommunications revenue	10.5	5.5 ²	90.9%

⁹ GHG emissions are calculated based on operational control and in accordance with the GHG Protocol. GHG emission factors reference the global warming potential values from the Intergovernmental Panel on Climate Change's Sixth Assessment Report, the Announcement on the Release of 2022 Power Sector Carbon Dioxide Emission Factors issued by the Ministry of Ecology and Environment and the National Bureau of Statistics of the People's Republic of China, the US environmentally-extended input output (EEIO) database, the UK Government GHG Conversion Factors for Company Reporting, as well as the latest emission factors from Hong Kong Electric Company Limited, CLP Group, Companhia de Electricidade de Macau, Energy Market Authority of Singapore, and other regions.

¹⁰ The increase in Scope 1 direct emissions was mainly due to the increase in refrigerant usage driven by the need for regular refrigerant replenishment of some ageing air-conditioning equipment to maintain operation.

¹¹ Scope 3 other indirect emissions increased compared to prior years, primarily due to the expansion of Scope 3 GHG emissions coverage to 7 categories in 2025.

SUSTAINABILITY REPORT

Social Key Performance Indicators

Employment Data¹²

	2025	2024
Total number of employees	2,416	2,512
Total number of employees by gender¹³		
Male	1,569	1,622
Female	847	890
Total number of employees by age group		
30 and below	477	562
31-40	987	1,006
41-50	625	609
51 and above	327	335
Total number of employees by employment contract		
Long-term	1,992	2,096
Contract	424	416
Total number of employees by employment category		
Senior management	7	6
Middle management	55	56
First-line manager	359	355
General staff	1,995	2,095
Total number of employees by geographical region		
Hong Kong	468	510
Chinese Mainland	741	752
Macau	908	939
Singapore	109	120
Other Asian Countries	126	124
European Countries and Others	64	67

¹² This year, the statistics on the number of employees by gender, age and employment type have been extended to cover staff in Europe and the United Kingdom. The relevant data in 2024 has been restated accordingly.

¹³ These include three Executive Directors and four Senior Management of the Group in this year as referenced to and disclosed under paragraph 12 of Appendix D2 of the Listing Rules.

SUSTAINABILITY REPORT

Employee Turnover Data^{14,15}

	2025	2024
Total employee turnover rate	13.7%	11.7%
Total employee turnover rate by geographical region		
Hong Kong	20.9%	13.3%
Chinese Mainland	10.7%	9.0%
Macau	10.8%	10.1%
Singapore	30.3%	23.3%
Other Asian Countries	13.5%	24.2%
European Countries and Others	3.1%	6.0%
Total employee turnover rate by gender		
Male	12.8%	12.1%
Female	15.5%	11.5%
Total employee turnover rate by age group		
30 and below	27.7%	21.2%
31-40	11.3%	10.5%
41-50	8.5%	7.0%
51 and above	10.7%	4.2%

Training Data¹⁴

	2025	2024
Total training hours and average training hours		
Number of employees trained	2,215	2,385
Percentage of employees participated in training	91.7%	95.0%
Total training hours	42,401	37,703
Average training hours per employee	17.6	15.0
Percentage of trained employees by gender		
Male	93.6%	96.9%
Female	88.2%	98.7%
Percentage of trained employees by employment category		
Senior management	100.0%	100.0%
Middle management	96.4%	96.4%
First-line manager	96.4%	98.8%
General staff	90.7%	97.4%
Average training hours per employee by gender		
Male	18.7	16.0
Female	15.5	14.4
Average training hours per employee by employment category		
Senior management	81.4	41.4
Middle management	32.4	23.7
First-line manager	20.6	19.9
General staff	16.4	14.4

¹⁴ The employee turnover rates by gender and age, as well as the percentage of trained employees and average training hours per employee by gender, have been expanded to cover employees in Europe and the United Kingdom this year. The relevant data in 2024 does not include these regions.

¹⁵ Employee turnover rate excludes retired staff.

SUSTAINABILITY REPORT

Occupational Health and Safety Data

	2025	2024
Lost days due to work injury	101.0	463.0
Number of work-related fatalities	0	0
Fatality rate	0.0%	0.0%

Supply Chain Data

	2025	2024
Hong Kong	376	396
Chinese Mainland	446	406
Macau	349	560
Singapore	1,212	443
Other Asian Countries	308	328
Pacific Countries	5	7
North American Countries	33	29
European Countries	82	28
Middle East Countries	0	4
African Countries	1	1

SUSTAINABILITY REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE

Compliance with Reporting Standards

This report has been prepared in accordance with the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Code (formerly titled the Environmental, Social and Governance Reporting Guide) and complies with its mandatory disclosure requirements as well as the "comply or explain" provisions. In determining the report content, we have also followed the four principles advocated by the Exchange, materiality, quantification, balance and consistency, to ensure that the report meets the relevant standards.

Reporting and Data Scope

This report outlines the sustainability practices and performance of the Group headquarters and its subsidiaries for the period from 1 January to 31 December 2025. The Group applies the operational control approach to define the reporting boundary and determines the reporting scope based on the principle of materiality, taking into account its core business activities, primary sources of revenue, and the relationship between its operations and ESG factors. Unless otherwise stated, the disclosure of environmental data covers the Group's core business units, including the headquarters, CTM, CPC and Acclivis, whose combined telecommunications service revenue accounts for over 90% of the Group's total revenue in this category.

Content Index

Key aspects	General disclosures and KPIs		Section/statement	Referencing page number
Governance Structure	A statement from the board containing the following elements:		Board Statement on Environmental, Social and Governance Issue	Page 100
	(i)	a disclosure of the board's oversight of ESG issues;		
	(ii)	the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and		
	(iii)	how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.		
A. Environment				
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazard and non-hazardous waste.	Our Commitment to Green and Low-carbon Development The Group is not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group during the reporting period.	Pages 140-155
	KPI A1.1	The types of emissions and respective emissions data.	Key Performance Indicators Summary – Environmental Key Performance Indicators	Pages 156-158

SUSTAINABILITY REPORT

Key aspects	General disclosures and KPIs		Section/statement	Referencing page number
Aspect A2: Use of resources	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Indicators Summary – Environmental Key Performance Indicators	Pages 156-158
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Indicators Summary – Environmental Key Performance Indicators	Pages 156-158
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Given the Group does not generate a significant amount of emissions during operation, the Group has not set emissions targets.	Not applicable
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Our Commitment to Green and Low-carbon Development	Pages 140-155
	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Our Commitment to Green and Low-carbon Development	Pages 140-155
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Key Performance Indicators Summary – Environmental Key Performance Indicators	Pages 156-158
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key Performance Indicators Summary – Environmental Key Performance Indicators	Pages 156-158
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Our Commitment to Green and Low-carbon Development	Pages 140-155
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	The Group does not have any issue in sourcing water that is fit for purpose.	Not applicable
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Given the Group's operations do not involve significant amount of packaging materials, this topic was regarded non-material in the materiality analysis, and thus such data is not disclosed.	Not applicable

SUSTAINABILITY REPORT

Key aspects	General disclosures and KPIs		Section/statement	Referencing page number
Aspect A3: The environment and natural resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Our Commitment to Green and Low-carbon Development	Pages 140-155
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Commitment to Green and Low-carbon Development	Pages 140-155
B. Social				
Employment and labour practices				
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Investing in our Workforce and Caring for Their Health The Group is not aware of any material non-compliance with relevant employment laws and regulations that have a significant impact on the Group during the reporting period.	Pages 122-131
	KPI B1.1	Total workforce by gender, employment type, age Group and geographical region.	Key Performance Indicators Summary – Social Key Performance Indicators	Pages 159-161
	KPI B1.2	Employee turnover rate by gender, age Group and geographical region.	Key Performance Indicators Summary – Social Key Performance Indicators	Pages 159-161
Aspect B2: Health and safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Investing in our Workforce and Caring for Their Health The Group is not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group during the reporting period.	Pages 122-131
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Key Performance Indicators Summary – Social Key Performance Indicators	Pages 159-161
	KPI B2.2	Lost days due to work injury.	Key Performance Indicators Summary – Social Key Performance Indicators	Pages 159-161
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Investing in our Workforce and Caring for Their Health	Pages 122-131

SUSTAINABILITY REPORT

Key aspects	General disclosures and KPIs		Section/statement	Referencing page number
Aspect B3: Development and training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Investing in our Workforce and Caring for Their Health	Pages 122-131
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Key Performance Indicators Summary – Social Key Performance Indicators	Pages 159-161
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Key Performance Indicators Summary – Social Key Performance Indicators	Pages 159-161
Aspect B4: Labour standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Investing in our Workforce and Caring for Their Health The Group has not violated any relevant laws and regulations on the prevention of child or forced labour.	Pages 122-131
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Given the Group's operations do not expose to significant risk of child and forced labour, this topic was regarded non-material in the materiality analysis, and thus such data is not disclosed.	Not applicable
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Given the Group's operations do not expose to significant risk of child and forced labour, this topic was regarded non-material in the materiality analysis, and thus such data is not disclosed.	Not applicable
Operating practices				
Aspect B5: Supply chain management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Strengthening Governance and Risk Management	Pages 110-121
	KPI B5.1	Number of suppliers by geographical region.	Key Performance Indicators Summary – Social Key Performance Indicators	Pages 159-161
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Strengthening Governance and Risk Management	Pages 110-121
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Strengthening Governance and Risk Management	Pages 110-121

SUSTAINABILITY REPORT

Key aspects	General disclosures and KPIs	Section/statement	Referencing page number
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Our Commitment to Green and Low-carbon Development Pages 140-155
Aspect B6: Product responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Delivering Quality Service Pages 132-134
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Given the Group's operations do not expose to significant risk of product recalls, this topic was regarded non material in the materiality analysis, and thus such data is not disclosed. Not applicable
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Delivering Quality Service Pages 132-134
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Strengthening Governance and Risk Management Pages 110-121
	KPI B6.4	Description of quality assurance process and recall procedures.	Delivering Quality Service Pages 132-134
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Strengthening Governance and Risk Management Pages 110-121

SUSTAINABILITY REPORT

Key aspects	General disclosures and KPIs		Section/statement	Referencing page number
Aspect B7: Anti corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Strengthening Governance and Risk Management	Pages 110-121
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	The Group is not aware of any material non-compliance with relevant laws and regulations on anti-corruption that have a significant impact on the Group during the reporting period.	Not applicable
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Strengthening Governance and Risk Management	Pages 110-121
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Strengthening Governance and Risk Management	Pages 110-121
Community				
Aspect B8: Community investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Building a Culture of Giving	Pages 135-139
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Building a Culture of Giving	Pages 135-139
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Building a Culture of Giving	Pages 135-139

SUSTAINABILITY REPORT

Climate-related Disclosures

Aspect	Indicator	Disclosure obligation	Section/statement	Referencing page number
Governance	19(a)	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	Sustainability Governance Structure	Page 106
	19(a)(i)	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;		
	19(a)(ii)	how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;		
	19(a)(iii)	how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;		
	19(a)(iv)	how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and		
	19(b)	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:		
	19(b)(i)	whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and		
	19(b)(ii)	whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.		

SUSTAINABILITY REPORT

Aspect	Indicator	Disclosure obligation	Section/statement	Referencing page number
Strategy	Climate-related risks and opportunities	20	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	Our Commitment to Green and Low-carbon Development – Our Response to Climate Change Pages 140-147
		20(a)	describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	
		20(b)	explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	
		20(c)	specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	
		20(d)	explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	
	Business model and value chain	21	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:	Our Commitment to Green and Low-carbon Development – Our Response to Climate Change Pages 140-147
		21(a)	a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and	
		21(b)	a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	

SUSTAINABILITY REPORT

Aspect	Indicator	Disclosure obligation	Section/statement	Referencing page number
Strategy and decision-making	22	An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	Our Commitment to Green and Low-carbon Development – Our Response to Climate Change	Pages 140-147
	22(a)	information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	The Group has not yet developed a climate-related transition plan.	
	22(a)(i)	current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;		
	22(a)(ii)	current and anticipated adaptation and mitigation efforts (whether direct or indirect);		
	22(a)(iii)	any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and		
	22(a)(iv)	how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and		
	22(b)	information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).		
	23	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).		

SUSTAINABILITY REPORT

Aspect	Indicator	Disclosure obligation	Section/statement	Referencing page number
Current financial effect	24	An issuer shall disclose qualitative and quantitative information about:	Our Commitment to Green and Low-carbon Development – Our Response to Climate Change	Pages 140-147
	24(a)	how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and		
	24(b)	the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.		
Anticipated financial effect	25	The issuer shall provide qualitative and quantitative disclosures about:	Our Commitment to Green and Low-carbon Development – Our Response to Climate Change	Pages 140-147
	25(a)	how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:		
	25(a)(i)	its investment and disposal plans; and	As we continue to enhance our capabilities in managing climate-related risks and opportunities, we plan to conduct quantitative climate scenario analysis in the future. This analysis will help assess the anticipated financial impacts of climate risks and opportunities across short, medium, and long terms. We will closely monitor market developments and provide quantified information in future reports.	
	25(a)(ii)	its planned sources of funding to implement its strategy; and		
	25(b)	how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.		

SUSTAINABILITY REPORT

Aspect	Indicator	Disclosure obligation	Section/statement	Referencing page number
Climate resilience	26	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	Our Commitment to Green and Low-carbon Development – Our Response to Climate Change	Pages 140-147
	26(a)	the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:		
	26(a)(i)	the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;		
	26(a)(ii)	the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and		
	26(a)(iii)	the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;		
	26(b)	how and when the climate-related scenario analysis was carried out, including:		

SUSTAINABILITY REPORT

Aspect	Indicator	Disclosure obligation	Section/statement	Referencing page number
	26(b)(i)	information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);		
	26(b)(ii)	the key assumptions the issuer made in the analysis; and		
	26(b)(iii)	the reporting period in which the climate-related scenario analysis was carried out.		
Risk Management	27	An issuer shall disclose information about:	Our Commitment to Green and Low-carbon Development	Pages 140-147
	27(a)	the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	– Our Response to Climate Change	
	27(a)(i)	the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	Compared to the previous reporting period, the Group has not changed the processes used to identify and evaluate climate-related opportunities.	
	27(a)(ii)	whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;		
	27(a)(iii)	how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);		
	27(a)(iv)	whether and how the issuer prioritises climate-related risks relative to other types of risks;		
	27(a)(v)	how the issuer monitors climate-related risks; and		

SUSTAINABILITY REPORT

Aspect		Indicator	Disclosure obligation	Section/statement	Referencing page number
		27(a)(vi)	whether and how the issuer has changed the processes it uses compared with the previous reporting period;		
		27(b)	the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and		
		27(c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.		
Metrics and Targets	Greenhouse gas emissions	28	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent, classified as:	Key Performance Indicators Summary – Environmental Key Performance Indicators	Pages 156-158
		28(a)	Scope 1 greenhouse gas emissions;		
		28(b)	Scope 2 greenhouse gas emissions; and		
		28(c)	Scope 3 greenhouse gas emissions.		
		29	An issuer shall:		
		29(a)	measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;		
		29(b)	disclose the approach it uses to measure its greenhouse gas emissions including:		
		29(b)(i)	the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;		
		29(b)(ii)	the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and		
		29(b)(iii)	any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;		
		29(c)	for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and		

SUSTAINABILITY REPORT

Aspect	Indicator	Disclosure obligation	Section/statement	Referencing page number
	29(d)	for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).		
Climate-related transition risks	30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	During the reporting year, the Group conducted a qualitative climate scenario analysis and identified climate-related transition risks, physical risks, and opportunities. However, based on the Group's current assessment and mitigation measures, no assets or business activities have been identified as significantly vulnerable to transition or physical risks. Meanwhile, as customer demand for carbon reduction-related information and communications technology services continues to grow, the Group has implemented relevant energy-saving and green technology solutions in its operations, and expects these opportunities to generate additional business value in the future. The Group will continue to monitor climate-related risks and opportunities and disclose quantitative data in future reports as appropriate.	Not applicable
Climate-related physical risks	31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.		
Climate-related opportunities	32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.		
Capital deployment	33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	The Group has continued to invest resources in improving the energy efficiency of its data centres and completed the replacement of chiller units during the reporting year. As the related expenditures were not financially material, they have not been disclosed.	Not applicable

SUSTAINABILITY REPORT

Aspect	Indicator	Disclosure obligation	Section/statement	Referencing page number
Internal carbon prices	34	An issuer shall disclose:	The Group currently does not apply carbon pricing in its decision-making.	Not applicable
	34(a)	an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and		
	34(b)	the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.		
Remuneration	35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Sustainability Governance Structure	Page 106
Climate-related targets	37	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	Our Commitment to Green and Low-carbon Development – Our Response to Climate Change	Pages 140-147
	37(a)	the metric used to set the target;		
	37(b)	the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);		
	37(c)	the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);		
	37(d)	the period over which the target applies;		
	37(e)	the base period from which progress is measured;		
	37(f)	milestones or interim targets (if any);		
	37(g)	if the target is quantitative, whether the target is an absolute target or an intensity target; and		
	37(h)	how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.		

SUSTAINABILITY REPORT

Aspect	Indicator	Disclosure obligation	Section/statement	Referencing page number
	38	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	Our Commitment to Green and Low-carbon Development – Our Response to Climate Change	Pages 140-147
	38(a)	whether the target and the methodology for setting the target has been validated by a third party;	The targets and the methodology for setting the targets have not been	
	38(b)	the issuer's processes for reviewing the target;	validated by a third party. No	
	38(c)	the metrics used to monitor progress towards reaching the target; and	revisions have been made to the targets.	
	38(d)	any revisions to the target and an explanation for those revisions.		
	39	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Our Commitment to Green and Low-carbon Development – Our Response to Climate Change	Pages 140-147
	40	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	The Group will assess the feasibility of establishing GHG emission targets in the future.	Not applicable
	40(a)	which greenhouse gases are covered by the target;		
	40(b)	whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;		

SUSTAINABILITY REPORT

Aspect	Indicator	Disclosure obligation	Section/statement	Referencing page number
	40(c)	whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;		
	40(d)	whether the target was derived using a sectoral decarbonisation approach; and		
	40(e)	the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:		
	40(e)(i)	the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;		
	40(e)(ii)	which third-party scheme(s) will verify or certify the carbon credits;		
	40(e)(iii)	the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and		
	40(e)(iv)	any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).		

INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report
to the members of CITIC Telecom International Holdings Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of CITIC Telecom International Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 186 to 277, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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 ("HKSAs") 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

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.

Impairment assessments of goodwill

Refer to note 13 and the accounting policies in note 1(o)(ii) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2025, the Group's goodwill of HK\$9,738 million was allocated to groups of cash-generating units ("CGUs") comprising: (i) Telecoms business – Macau, (ii) Enterprise solutions (outside Macau), and (iii) Other telecommunications services. Management performs annual impairment assessments of goodwill, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. In performing such assessments, management allocates goodwill to the respective CGUs and determines the recoverable amount of each CGU based on value-in-use calculations using discounted cashflow forecasts. The preparation of discounted cashflow forecasts involves significant management judgement, particularly in estimating future revenue growth rates, gross profit margins, long-term growth rates and discount rates.	Our audit procedures in relation to the impairment assessments of goodwill included: - Obtaining an understanding of the management's impairment assessments, and assessing management's identification of CGUs and the allocation of goodwill to the respective CGUs with reference to the requirements of the prevailing accounting standards and our understanding of the Group's business; - Involving our internal valuation specialists to assist us in evaluating the appropriateness of the methodology applied in the impairment assessments with reference to requirements of the prevailing accounting standards and the reasonableness of the long term growth rates and the discount rates by comparing with those used by companies in the same industry and/or available market data;

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Impairment assessments of goodwill (Continued)

The Key Audit Matter	How the matter was addressed in our audit
We identified the impairment assessments of goodwill as a key audit matter because the impairment assessments prepared by management are complex and involve significant management judgement which could be subject to management bias.	• Evaluating the reasonableness of the key assumptions used with reference to our understanding of the business, historical performance, the Group's future business plans and observable market data of the telecommunications sector; • Comparing the revenue and gross profit margins included in discounted cashflow forecasts prepared in the prior year with the current year's actual performance and making enquiries of management as to the reasons for any significant variations identified, to assess the reliability of management's forecasting process and whether there were any indicators of management bias; • Performing sensitivity analyses on the key assumptions adopted in the discounted cashflow forecasts and assessing the impact of changes in key assumptions on the conclusions reached in the impairment assessments; and • Assessing the reasonableness of the disclosures in the consolidated financial statements in respect of the impairment assessments of goodwill with reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Revenue recognition from telecommunications services: telecommunications billing systems

Refer to note 3 and the accounting policies in note 1(z) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Group recognised revenue of HK\$5,206 million from the provision of mobile services, internet services, international telecommunications services and fixed line services during the year ended 31 December 2025. Recognition of revenue from telecommunications services is highly reliant on the Group's telecommunications billing systems, which are complex and process large volumes of data with a large combination of different products sold and services provided, and price changes during the year. We identified recognition of revenue from telecommunications services as a key audit matter because of the complexity of the telecommunications billing systems, the large volumes of data processed, and the significant reliance placed on those systems for accurate revenue recognition.	Our audit procedures to assess the recognition of revenue from telecommunications services included the following: • With the assistance of our information technology specific team members, evaluating the design, implementation and operating effectiveness of key internal controls over: • the general IT controls for the telecommunications billing systems, including access to programme controls, programme change controls, and computer operation controls; • IT application controls, with particular emphasis on the capturing and recording the data usage, authorisation of rate changes and calculation of amounts billed to customers; • the end-to-end interface controls from the telecommunications billing systems to the accounting system; • Assessing the design, implementation and operating effectiveness of key manual controls over the revenue recognition process; • Selecting, on a sample basis, invoices generated from the telecommunications billing systems, and comparing the nature and rates of services to the underlying customer contracts and relevant documentation; and • Reconciling revenue recorded by the telecommunications billing systems with the general ledger and evaluating whether the reconciling items are adequately supported by relevant documentation, on a sample basis.

INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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. This report is made 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 HKSA's 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 HKSA's, 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.
- 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.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- 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 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 Ho Wai Ming (practising certificate number: P05285).

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

12 March 2026

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$ million	2024 \$ million
Revenue	3(a)	9,567	9,573
Valuation loss on investment properties	10(a)	(10)	(7)
Other income	4	64	86
Cost of sales and services	5(a)	(5,968)	(6,022)
Depreciation and amortisation	5(b)	(683)	(727)
Staff costs	5(c)	(1,085)	(1,020)
Other operating expenses		(605)	(550)
		1,280	1,333
Finance costs	5(d)	(152)	(252)
Share of profit of a joint venture		–	1
Profit before taxation	5	1,128	1,082
Income tax	6(a)	(193)	(154)
Profit for the year		935	928
Attributable to:			
Equity shareholders of the Company		920	910
Non-controlling interests		15	18
Profit for the year		935	928
Earnings per share (HK cents)	9		
Basic and diluted earnings per share		24.9	24.6

The notes on pages 191 to 277 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 28(b).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$ million	2024 \$ million
Profit for the year		935	928
Other comprehensive income for the year (after tax and reclassification adjustments)			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit plan assets/obligations, net	26(c)(v)	41	12
Deferred tax recognised on the remeasurement of defined benefit plan assets/obligations, net	6(d)	(5)	(1)
		36	11
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation adjustments:			
– exchange differences on translation of financial statements of operations outside Hong Kong and its related borrowings		55	(30)
Net movement in the hedging reserve		(6)	2
		49	(28)
Other comprehensive income for the year		85	(17)
Total comprehensive income for the year		1,020	911
Attributable to:			
Equity shareholders of the Company		1,002	895
Non-controlling interests		18	16
Total comprehensive income for the year		1,020	911

The notes on pages 191 to 277 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$ million	2024 \$ million
Non-current assets			
Investment properties	10	609	668
Property, plant and equipment	10	1,794	1,931
Right-of-use assets	11	467	461
Intangible assets	12	683	732
Goodwill	13	9,738	9,696
Interest in a joint venture	15	12	11
Contract costs	18	20	21
Non-current contract assets	20(a)	58	33
Non-current finance lease receivables	19	–	2
Non-current trade and other receivables	21	81	112
Non-current derivative financial instruments	16	–	2
Defined benefit plan assets	26	13	–
Deferred tax assets	6(d)	78	69
		13,553	13,738
Current assets			
Derivative financial instruments	16	–	2
Inventories	17	98	375
Finance lease receivables	19	2	2
Contract assets	20(a)	228	235
Trade and other receivables	21	1,152	1,476
Current tax recoverable	6(c)	9	16
Cash and deposits	22(a)	1,945	1,611
		3,434	3,717
Current liabilities			
Trade and other payables	23	1,691	1,591
Contract liabilities	20(b)	225	445
Bank and other borrowings	24	1,206	3,561
Lease liabilities	25	92	88
Current tax payable	6(c)	189	179
		3,403	5,864
Net current assets/(liabilities)		31	(2,147)
Total assets less current liabilities		13,584	11,591
Non-current liabilities			
Non-current contract liabilities	20(b)	1	1
Non-current bank and other borrowings	24	2,051	346
Non-current lease liabilities	25	208	236
Non-current derivative financial instruments	16	4	–
Non-current other payables	23	15	15
Defined benefit plan obligations	26	9	33
Deferred tax liabilities	6(d)	124	133
Non-current tax payable	6(c)	31	–
		2,443	764
NET ASSETS		11,141	10,827
CAPITAL AND RESERVES			
Share capital	28(c)	4,758	4,758
Reserves		6,265	5,959
Total equity attributable to equity shareholders of the Company		11,023	10,717
Non-controlling interests		118	110
TOTAL EQUITY		11,141	10,827

Approved and authorised for issue by the board of directors on 12 March 2026.

Luo Xicheng
Director

Wu Jun
Director

The notes on pages 191 to 277 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

(Expressed in Hong Kong dollars)

	Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
		Share capital	Capital reserve	Property revaluation reserve	Exchange reserve	Hedging reserve	Retained profits	Total		
		\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Balance as at 1 January 2025		4,758	–	62	(51)	2	5,946	10,717	110	10,827
Changes in equity for 2025:										
Profit for the year		–	–	–	–	–	920	920	15	935
Other comprehensive income for the year		–	–	–	52	(6)	36	82	3	85
Total comprehensive income for the year		–	–	–	52	(6)	956	1,002	18	1,020
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(10)	(10)
Dividends approved in respect of the previous financial year	28(b)(ii)	–	–	–	–	–	(474)	(474)	–	(474)
Dividends declared in respect of the current financial year	28(b)(i)	–	–	–	–	–	(222)	(222)	–	(222)
		–	–	–	–	–	(696)	(696)	(10)	(706)
Balance as at 31 December 2025		4,758	–	62	1	(4)	6,206	11,023	118	11,141

	Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
		Share capital	Capital reserve	Property revaluation reserve	Exchange reserve	Hedging reserve	Retained profits	Total		
		\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Balance as at 1 January 2024		4,756	2	62	(23)	–	5,959	10,756	108	10,864
Changes in equity for 2024:										
Profit for the year		–	–	–	–	–	910	910	18	928
Other comprehensive income for the year		–	–	–	(28)	2	11	(15)	(2)	(17)
Total comprehensive income for the year		–	–	–	(28)	2	921	895	16	911
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(14)	(14)
Shares issued under share option plan	27	2	–	–	–	–	–	2	–	2
Dividends approved in respect of the previous financial year	28(b)(ii)	–	–	–	–	–	(714)	(714)	–	(714)
Release upon lapse of share options	27	–	(2)	–	–	–	2	–	–	–
Dividends declared in respect of the current financial year	28(b)(i)	–	–	–	–	–	(222)	(222)	–	(222)
		2	(2)	–	–	–	(934)	(934)	(14)	(948)
Balance as at 31 December 2024		4,758	–	62	(51)	2	5,946	10,717	110	10,827

The notes on pages 191 to 277 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$ million	2024 \$ million
Operating activities			
Cash generated from operations	22(e)	2,434	1,788
Tax paid:			
– Hong Kong Profits Tax paid		(20)	(69)
– Macau Complementary Tax paid		(138)	(129)
– Tax paid for jurisdictions outside Hong Kong and Macau		(23)	(32)
Tax refunded:			
– Hong Kong Profits Tax refunded		7	–
– Tax refunded for jurisdictions outside Hong Kong and Macau		6	2
Net cash generated from operating activities		2,266	1,560
Investing activities			
Payment for the purchase of property, plant and equipment		(366)	(404)
Proceeds from sale of property, plant and equipment		1	1
Decrease in other deposits		26	44
Interest received		37	60
Net cash used in investing activities		(302)	(299)
Financing activities			
Proceeds from new bank and other loans	22(f)	5,649	341
Proceeds from new shares issued under share option plan		–	2
Payment for redemption of bonds	22(f)	(3,490)	–
Repayment of bank and other loans	22(f)	(2,750)	(342)
Payment for transaction costs on bank loans	22(f)	(6)	–
Other borrowing costs paid	22(f)	(198)	(233)
Capital element of lease rentals paid	22(f)	(106)	(125)
Interest element of lease rentals paid	22(f)	(15)	(15)
Dividends paid to equity shareholders of the Company		(696)	(936)
Dividends paid to non-controlling interests		(10)	(14)
Net cash used in financing activities		(1,622)	(1,322)
Net increase/(decrease) in cash and cash equivalents		342	(61)
Cash and cash equivalents as at 1 January		1,007	1,078
Effect of foreign exchange rate changes		14	(10)
Cash and cash equivalents as at 31 December	22(a)	1,363	1,007

The notes on pages 191 to 277 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable 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. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise CITIC Telecom International Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") and the Group's interest in a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except that investment property (see note 1(ii)) and derivative financial instruments (see note 1(g)) are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances, transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(u) or 1(v) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(o)).

(e) Joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in a joint venture is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which joint control ceases.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the joint venture, after applying the expected credit loss ("ECL") model to such other long-term interests where applicable (see note 1(o)(i)).

Unrealised gains arising from transactions with the joint venture are eliminated against the investment to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of an impairment.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired (see note 1(o)).

(g) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation (see note 1(h)).

(h) Hedging

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates. Some borrowings and derivatives are designated as hedges of the foreign exchange risk of a net investment in a foreign operation.

(i) *Cash flow hedges*

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve within equity. The effective portion that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion is recognised immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve is removed from the reserve and is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified through OCI to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve is immediately reclassified through OCI to profit or loss.

(ii) *Hedge of net investments in foreign operations*

The effective portion of any foreign exchange gains or losses on the borrowings is recognised in OCI and presented in the exchange reserve within equity, while the effective portion of the changes in fair value of derivative is recognised in OCI and accumulated in the reserve within equity. Any ineffective portion is recognised immediately in profit or loss. The amount accumulated in the exchange reserve and hedging reserve are fully or partially reclassified through OCI to profit or loss as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Investment property

Investment property is initially measured at cost, and subsequently at fair value with changes therein recognised in profit or loss.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with note 1(z)(ii)(a).

An item of investment property is transferred to land and buildings held for own use or property held by a lessee as a right-of-use asset ("owner-occupied property") when there is a change in use evidenced by commencement of owner-occupation, the fair value at the date of transfer becomes the deemed cost for subsequent accounting as land and buildings held for own use or right-of-use asset, if applicable.

(j) Property, plant and equipment

Property, plant and equipment is stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 1(o)).

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is initially recognised at cost less any accumulated impairment losses (see note 1(o)). The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(ab)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the property revaluation reserve. Any loss is recognised in profit or loss.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

No depreciation is provided in respect of construction in progress. Upon completion and commissioning for operation, depreciation will be provided at the appropriate rates specified below.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Property, plant and equipment (Continued)

The estimated useful lives for the current and comparative periods are as follows:

- Freehold land is not depreciated.
- Buildings situated on freehold land are depreciated over their estimated useful lives, being no more than 50 years after the date of completion.
- The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and the buildings' estimated useful lives, being no more than 50 years after the date of completion.
- Telecommunications equipment is depreciated over 2 to 20 years.
- Other assets are depreciated over 2 to 10 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 1(o)).

Expenditure on internally generated goodwill and brands is recognised in profit or loss as incurred.

Concession assets represent the Shared Assets (see note 12(a)). These assets, in respect of which the Group retains only the right to access, use and operate for the provision of public services in Macau during the concession period, are recognised as intangible assets at cost less accumulated amortisation and any impairment losses (note 1(o)). The cost reflects the net carrying amount of the assets at the date of transfer and is amortised on a straight-line basis over the remaining period during which the concession assets are expected to be available for use by the Group.

Expenditure for the replacement and/or upgrade of the assets subject to concession is capitalised and amortised on a straight-line basis at rates sufficiently to write off the cost over the period in which the concession assets are expected to be available for use by the Group.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

- | | |
|--------------------------|---------------|
| – Trade names/trademarks | 15 – 27 years |
| – Customer relationships | 2 – 17 years |
| – Computer software | 3 years |
| – Concession assets | 10 – 15 years |

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(I) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) *As a lessee*

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 1(o)).

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(I) Leased assets (Continued)

(i) As a lessee (Continued)

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(z).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 1(l)(i), then the Group classifies the sub-lease as an operating lease.

When the Group leases out assets under finance lease, the present value of lease receipts is recognised as a receivable. Each lease receipt is allocated between the receivables and interest income. The interest element of the lease receipt is recognised in the consolidated income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivables for each period.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(l) Leased assets (Continued)

(ii) As a lessor (Continued)

When the Group leases out assets under operating lease, the assets are included in the consolidated statement of financial position according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies. Revenue arising from operating lease is recognised in the consolidated income statement in equal instalments over the accounting periods covered by the lease term.

(m) Financial assets

The Group classifies its financial assets as to be measured at amortised cost.

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

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

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is recognised in the consolidated income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated income statement.

(n) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(o) Credit losses and impairment of assets

(i) *Credit losses from financial instruments, contract assets and lease receivables*

The Group recognises a loss allowance for ECLs on:

- financial assets measured at amortised cost (including cash and deposits, and trade and other receivables);
- contract assets (see note 1(r)); and
- lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group applies the HKFRS 9 simplified approach where loss allowances for trade debtors, contract assets and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(o) Credit losses and impairment of assets (Continued)

(i) *Credit losses from financial instruments, contract assets and lease receivables (Continued)*

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is over 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter into bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(o) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories, contract costs, contract assets, defined benefit plan assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(q) Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(p)), property, plant and equipment (see note 1(j)) or intangible assets (see note 1(k)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised to profit or loss when the revenue to which the asset relates is recognised (see note 1(z)(i)).

(r) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(z)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see note 1(o)(i)) and are reclassified to receivables when the right to the consideration become unconditional (see note 1(s)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(z)(i)). A contract liability is also recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 1(s)).

(s) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 1(o)(i)).

Insurance reimbursement is recognised and measured in accordance with note 1(y).

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 1(o)(i)).

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(u) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(v) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(ab).

(w) Employee benefits

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) *Defined benefit plan obligations*

The Group has the following two categories of defined benefit plans:

- Long service payment (“LSP”) under the Hong Kong Employment Ordinance.
- CTM Staff Provident Fund (the “Fund”), a defined benefit retirement plan is registered with Autoridade Monetária de Macau (“AMCM”) and is under the management of Macau Pension Fund Management Co. Ltd..

The Group’s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group’s MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees. For the Fund, the net obligation is after deducting the fair value of plan assets.

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method. For the Fund, when the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements arising from the defined benefit plans, which comprise actuarial gains and losses, the return on plan assets in the Fund (excluding interest) and the effect of any asset ceiling (excluding interest), are recognised immediately in OCI. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(w) Employee benefits (Continued)

(iii) *Share-based payments*

The grant-date fair value of equity-settled share-based payments to employees is measured using the binomial option pricing model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

(x) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (“OECD”).

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(x) Income tax (Continued)

Where investment properties are carried at their fair value in accordance with note 1(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(y) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 1(o)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(z) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services; or as other income when it arises from the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(z) Revenue and other income (Continued)

Further details of the Group's revenue and other income recognition policies are as follows:

(i) *Revenue from contracts with customers*

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(a) *Revenue from telecommunications services*

Revenue with contracted fees is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance and is based on output method, either as the service allowance units are used or as time elapses, because it reflects the pattern by which the Group satisfies the performance obligation through the transfer of services to the customers.

(b) *Sale of mobile handsets and equipment*

Revenue is recognised when the customer takes possession of and accepts the goods. If the goods are a partial fulfilment of a contract covering other distinct goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the distinct goods and services promised under the contract on a relative stand-alone selling price basis except when a variable consideration is allocated to a specific performance obligation in the contract. Generally, the Group establishes standalone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances to similar customers.

(c) *Revenue from business solution projects*

When the outcome of a project can be reasonably measured, project revenue is recognised progressively over time by measuring the progress towards complete satisfaction of a performance obligation, by reference to surveys of performance completed to date or milestones reached.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the project cannot be reasonably measured, project revenue is recognised only to the extent of project costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with note 1(y).

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(z) Revenue and other income (Continued)

(ii) *Revenue from other sources and other income*

(a) *Rental income from investment properties*

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(aa) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see note 1(h)(ii)); and
- qualifying cash flow hedges to the extent that the hedges are effective (see note 1(h)).

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Hong Kong dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Hong Kong dollars at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(aa) Translation of foreign currencies (Continued)

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(ab) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(ac) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(ad) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

Notes 10(c), 13, 26(c), and 29 contain information about the assumptions and their risk factors relating to valuation of investment property, goodwill impairment, defined benefit plan asset/obligation and financial instruments. Other significant sources of estimation uncertainty are as follows:

(a) Impairment of assets

In considering the impairment losses that may be required for certain non-financial assets of the Group, the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of its fair value less costs of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as growth rates assumptions, appropriate discount rates and identification of CGUs. The Group uses all readily available information in determining an amount that is reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and operating costs.

The impairment provisions for trade debtors and contract assets are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the customer's credit worthiness and past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see note 29(a).

An increase or decrease in the above impairment losses would affect the net profit in current and future years.

(b) Business solution projects

As explained in note 1(z)(i)(c), revenue from business solution projects is recognised over time. Such revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the contract, as well as the work done to date. Based on the Group's recent experience and the nature of the business solution activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached, the related contract assets disclosed in note 20(a) do not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total costs or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

NOTES TO THE FINANCIAL STATEMENTS

2 CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(c) Depreciation and amortisation

Property, plant and equipment, right-of-use assets and intangible assets are depreciated and amortised on a straight-line basis over its estimated useful lives. The Group reviews annually the useful life of an asset and its residual value, if any, and consider factors including the track record or history of the concession assets arrangement. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimation. Changes in technology or changes in the intended use of these assets may cause the estimated period of use or value of these assets to change.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the provision of telecommunications services, including mobile services, internet services, international telecommunications services, enterprise solutions and fixed line services, and sales of mobile handsets and equipment.

Revenue represents fees from the provision of telecommunications services and sales of mobile handsets and equipment.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines or products is as follows:

	Note	2025 \$ million	2024 \$ million
Revenue from contracts with customers			
Disaggregated by major service lines or products:			
Mobile services	(i)	1,159	1,090
Internet services	(ii)	1,436	1,499
International telecommunications services	(iii)	2,489	2,365
Enterprise solutions	(iv)	2,745	2,958
Fixed line services	(v)	122	133
Fees from the provision of telecommunications services		7,951	8,045
Sales of mobile handsets and equipment		1,616	1,528
		9,567	9,573

Notes:

- (i) Mobile services broadly include mobile local and roaming services, other mobile value-added services and others.
- (ii) Internet services broadly include internet access services, data centre services and others.
- (iii) International telecommunications services broadly include voice services, messaging services and “DataMall 自由行” services.
- (iv) Enterprise solutions broadly include enterprise solutions services, business solution projects, virtual private network services, sales of related products and others.
- (v) Fixed line services broadly include domestic and international fixed telephony services and others.

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

(i) Disaggregation of revenue (Continued)

Disaggregation of revenue from external customers by geographical location is disclosed in note 3(b) (iv).

During the years ended 31 December 2025 and 2024, fees from the provision of telecommunications services is substantially recognised over time and sales of mobile handsets and equipment is recognised at a point-in-time.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

	2025 \$ million	2024 \$ million
Within 1 year	2,274	2,217
Over 1 year	1,128	1,154
	3,402	3,371

The Group will recognise the expected revenue in future when or as the service is performed or the work is completed.

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its contracts for services or products such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for services or products that had an original expected duration of one year or less.

(b) Segment reporting

In a manner consistent with the way in which information is reported internally to the Group's senior executive management, which has been identified as being the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has identified only one operating segment, i.e. telecommunications operations.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources, the Group's senior executive management monitors the results, assets and liabilities attributable to the reportable segment on the following bases:

- Segment assets include all assets, with the exception of investment properties, interest in a joint venture, deferred tax assets, current tax recoverable, derivative financial instruments, and other corporate assets. Segment liabilities include trade and other payables, contract liabilities, lease liabilities and defined benefit plan obligations attributable to the operating activities of the segment.
- Revenue and expenses are allocated to the reportable segment with reference to sales generated by the segment and the expenses incurred by the segment or which otherwise arise from the depreciation or amortisation of assets attributable to the segment.

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(ii) Reconciliation of reportable segment profit

	2025 \$ million	2024 \$ million
Profit		
Reportable segment profit	1,972	2,026
Net loss on disposal of property, plant and equipment	(1)	(2)
Net foreign exchange gain	9	23
Depreciation and amortisation	(683)	(727)
Finance costs	(152)	(252)
Share of profit of a joint venture	–	1
Interest income	38	60
Rentals income from investment properties less direct outgoings	25	25
Valuation loss on investment properties	(10)	(7)
Unallocated head office and corporate expenses	(70)	(65)
Consolidated profit before taxation	1,128	1,082

(iii) Reconciliations of reportable segment assets and liabilities

	2025 \$ million	2024 \$ million
Assets		
Reportable segment assets	16,209	16,620
Investment properties	609	668
Interest in a joint venture	12	11
Non-current derivative financial instruments	–	2
Deferred tax assets	78	69
Derivative financial instruments	–	2
Current tax recoverable	9	16
Unallocated head office and corporate assets	70	67
Consolidated total assets	16,987	17,455
Liabilities		
Reportable segment liabilities	2,221	2,388
Bank and other borrowings	1,206	3,561
Current tax payable	189	179
Non-current bank and other borrowings	2,051	346
Non-current derivative financial instruments	4	–
Deferred tax liabilities	124	133
Non-current tax payable	31	–
Unallocated head office and corporate liabilities	20	21
Consolidated total liabilities	5,846	6,628

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(iv) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties, property, plant and equipment, right-of-use assets, intangible assets, goodwill, interest in a joint venture, non-current contract assets and contract costs ("specified non-current assets"). The geographical location of revenue is based on the physical location of assets through which the services were provided or the location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of investment properties, property, plant and equipment, and right-of-use assets; the location of the operations to which they are allocated, in the case of intangible assets, goodwill, non-current contract assets and contract costs; and the location of the operations, in the case of interest in a joint venture.

	Revenue from external customers		Specified non-current assets	
	2025 \$ million	2024 \$ million	2025 \$ million	2024 \$ million
Hong Kong (place of domicile)	3,889	3,715	1,752	1,748
Chinese mainland	995	1,182	382	423
Macau	3,969	3,913	10,604	10,759
Singapore	386	499	448	429
Others	328	264	195	194
	5,678	5,858	11,629	11,805
	9,567	9,573	13,381	13,553

4 OTHER INCOME

	2025 \$ million	2024 \$ million
Interest income from deposits	35	55
Interest income from finance leases and other interest income	3	5
	38	60
Gross rentals income from investment properties (note)	26	26
	64	86

Note: The rentals income from investment properties less direct outgoings of \$1,000,000 (2024: \$1,000,000) for the year ended 31 December 2025 is \$25,000,000 (2024: \$25,000,000).

NOTES TO THE FINANCIAL STATEMENTS

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Cost of sales and services

Cost of sales and services represents the cost of provision of telecommunications services, which includes interconnection charges, roaming costs and other network operating costs, and the cost of sales of mobile handsets and equipment.

	2025 \$ million	2024 \$ million
Cost of provision of telecommunications services (note)	4,383	4,514
Cost of sales of mobile handsets and equipment	1,585	1,508
	5,968	6,022

Note: Rental charges for leased circuits of \$717,000,000 (2024: \$779,000,000) are included in cost of provision of telecommunications services for the year ended 31 December 2025.

(b) Depreciation and amortisation

	2025 \$ million	2024 \$ million
Depreciation charge		
– property, plant and equipment (note 10(a))	436	479
– right-of-use assets (note 11)	122	139
Amortisation (note 12)	125	109
	683	727

(c) Staff costs (including directors' emoluments (note 7))

	2025 \$ million	2024 \$ million
Contributions to defined contribution retirement plans	65	63
Expenses recognised in respect of defined benefit plans:		
– long service payments (note 26(b))	2	2
– the Fund (note 26(c)(v))	6	6
Salaries, wages and other benefits	1,012	949
	1,085	1,020

NOTES TO THE FINANCIAL STATEMENTS

5 PROFIT BEFORE TAXATION (Continued)**(d) Finance costs**

	2025 \$ million	2024 \$ million
Interest on bank and other borrowings	136	231
Interest on lease liabilities (note 22(f))	15	15
Other finance charges	4	5
Others	(3)	1
	152	252

(e) Other items

	2025 \$ million	2024 \$ million
Auditors' remuneration		
– audit services	8	7
– non-audit services	2	4
	10	11
Impairment losses for trade debtors and contract assets (note 29(a))	82	48
Net loss on disposal of property, plant and equipment	1	2
Net foreign exchange gain	(9)	(23)

NOTES TO THE FINANCIAL STATEMENTS

6 INCOME TAX

(a) Income tax in the consolidated income statement

(i) *Income tax in the consolidated income statement represents:*

	2025 \$ million	2024 \$ million
Current tax		
Hong Kong Profits Tax		
– Provision for the year	27	32
– Over-provision in respect of prior years	(8)	–
	19	32
Pillar Two income taxes (note 6(b))	31	–
	50	32
Macau Complementary Tax		
– Provision for the year	142	138
– Under-provision in respect of prior years	1	1
	143	139
Jurisdictions outside Hong Kong and Macau		
– Provision for the year	25	24
– Over-provision in respect of prior years	(3)	(22)
	22	2
Deferred tax		
Origination and reversal of temporary differences (note 6(d))	(22)	(19)
	193	154

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2024/25 subject to a maximum reduction of \$1,500 for each business (2024: a maximum reduction of \$3,000 was granted for the year of assessment 2023/24 and was taken into account in calculating the provision for 2024).

The provision for Macau Complementary Tax for 2025 is calculated at 12% (2024: 12%) of the estimated assessable profits for the year. Assessable profits of the first Macau Patacas (“MOP”) 600,000 (equivalent to approximately \$582,000) (2024: MOP600,000 (equivalent to approximately \$582,000)) are exempted from Macau Complementary Tax.

Taxation for jurisdictions outside Hong Kong and Macau is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions. As disclosed in note 6(b), the Group is also liable to Pillar Two income taxes.

NOTES TO THE FINANCIAL STATEMENTS

6 INCOME TAX (Continued)

(a) Income tax in the consolidated income statement (Continued)

(ii) Reconciliation between actual tax expense and accounting profit at applicable tax rates:

	2025 \$ million	2024 \$ million
Profit before taxation	1,128	1,082
Notional tax on profit before taxation, calculated at the rates applicable to profits in the cities or countries concerned	141	139
Tax effect of non-deductible expenses	35	58
Tax effect of non-taxable income	(8)	(18)
Tax effect of temporary differences previously not recognised and recognition of previous unused tax losses	2	(4)
Current income tax impact arising from Pillar Two model rules (note 6(b))	31	–
Over-provision in respect of prior years	(10)	(21)
Others	2	–
Actual tax expense	193	154

(b) Pillar Two income taxes

The Group is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") published by the OECD.

From 1 January 2025, the Group is subject to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in the Hong Kong SAR and certain other jurisdictions where a domestic minimum top-up tax has not been implemented, including Chinese mainland and the Macau SAR.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred. During the year ended 31 December 2025, a top-up tax of \$31,000,000 has been recognised as current tax.

(c) Current taxation in the consolidated statement of financial position represents:

	2025 \$ million	2024 \$ million
Current		
Current tax recoverable	(9)	(16)
Current tax payable	189	179
	180	163
Non-current		
Provision for Pillar Two income taxes	31	–
	211	163

NOTES TO THE FINANCIAL STATEMENTS

6 INCOME TAX (Continued)

(d) Deferred tax assets and liabilities recognised:

The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Intangible assets arising from business combination \$ million	Depreciation allowances in excess of the related depreciation \$ million	Defined benefit retirement asset/ obligation \$ million	Future benefits of tax losses \$ million	Right- of-use assets \$ million	Lease liabilities \$ million	Others \$ million	Total \$ million
Deferred tax arising from:								
As at 1 January 2024	101	95	(5)	(98)	54	(59)	(5)	83
(Credited)/charged to profit or loss								
(note 6(a)(ii))	(13)	(4)	–	7	3	(3)	(9)	(19)
Charged to reserves	–	–	1	–	–	–	–	1
Exchange adjustments	(1)	–	1	–	–	–	(1)	(1)
As at 31 December 2024	87	91	(3)	(91)	57	(62)	(15)	64
As at 1 January 2025	87	91	(3)	(91)	57	(62)	(15)	64
(Credited)/charged to profit or loss								
(note 6(a)(ii))	(13)	(7)	–	(6)	(4)	4	4	(22)
Charged to reserves	–	–	5	–	–	–	–	5
Exchange adjustments	1	–	–	(1)	1	(1)	(1)	(1)
As at 31 December 2025	75	84	2	(98)	54	(59)	(12)	46

Reconciliation to the consolidated statement of financial position

	2025 \$ million	2024 \$ million
Net deferred tax assets in the consolidated statement of financial position	(78)	(69)
Net deferred tax liabilities in the consolidated statement of financial position	124	133
	46	64

(e) Deferred tax assets not recognised

In accordance with the accounting policies set out in note 1(x), the Group has not recognised deferred tax assets in respect of unused tax losses of \$26,000,000 (2024: \$32,000,000) as at 31 December 2025 as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities. \$12,000,000 (2024: \$22,000,000) of the tax losses do not expire under the current tax legislation, and \$14,000,000 (2024: \$10,000,000) of the tax losses will expire after 1 to 10 years.

NOTES TO THE FINANCIAL STATEMENTS

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	2025							
	Directors' fees	Basic salaries and allowances	Discretionary bonuses	Benefits in kind	Retirement scheme contributions	Share-based payments	Sub-total	Total
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Executive directors								
Luo Xicheng ^Δ	-	4.43	-	0.03	0.02	-	4.48	4.48
Wu Jun ^Δ (appointed on 25 July 2025)	-	1.61	-	0.08	0.11	-	1.80	1.80
Luan Zhenjun ^{#Δ} (resigned on 30 January 2026)	-	3.64	0.15	0.17	0.22	-	4.18	4.18
Non-executive directors								
Liu Jifu (retired on 24 March 2025)	-	-	-	-	-	-	-	-
Zhao Lei	-	-	-	-	-	-	-	-
Wang Hua	-	-	-	-	-	-	-	-
Yang Feng (appointed on 24 March 2025)	-	-	-	-	-	-	-	-
Independent non-executive directors								
Zuo Xunsheng	0.34	-	-	-	-	-	0.34	0.34
Lam Yiu Kin	0.34	-	-	-	-	-	0.34	0.34
Wen Ku	0.34	-	-	-	-	-	0.34	0.34
Total	1.02	9.68	0.15	0.28	0.35	-	11.48	11.48

Note: Discretionary bonuses of \$1,900,000 was determined and paid to Mr. Xin Yue Jiang (retired on 27 October 2023) during the year ended 31 December 2025, such amount was related to his term of service in the previous years.

Director's emoluments of Mr. Luan Zhenjun were determined and paid during the year ended 31 December 2025, such amounts included discretionary bonuses related to his term of service in the previous years.

Δ The discretionary bonuses for 2025 will be determined based on an evaluation to be conducted and finalised in the coming years. Such emoluments, when finalised, will be disclosed on an individual name basis in the consolidated financial statements in such coming years.

NOTES TO THE FINANCIAL STATEMENTS

7 DIRECTORS' EMOLUMENTS (Continued)

2024								
	Directors' fees	Basic salaries and allowances	Discretionary bonuses	Benefits in kind	Retirement scheme contributions	Sub-total	Share-based payments	Total
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Executive directors								
Luo Xicheng ^{#Δ}	-	4.43	0.82	0.03	0.02	5.30	-	5.30
Luan Zhenjun ^{#Δ}	-	3.64	2.34	0.14	0.20	6.32	-	6.32
Non-executive directors								
Liu Jifu	-	-	-	-	-	-	-	-
Zhao Lei (appointed on 6 December 2024)	-	-	-	-	-	-	-	-
Zhang Bo (resigned on 6 December 2024)	-	-	-	-	-	-	-	-
Wang Hua (appointed on 21 May 2024)	-	-	-	-	-	-	-	-
Fei Yiping (resigned on 21 May 2024)	-	-	-	-	-	-	-	-
Independent non-executive directors								
Zuo Xunsheng	0.34	-	-	-	-	0.34	-	0.34
Lam Yiu Kin	0.34	-	-	-	-	0.34	-	0.34
Wen Ku	0.34	-	-	-	-	0.34	-	0.34
Total	1.02	8.07	3.16	0.17	0.22	12.64	-	12.64

Note: Discretionary bonuses of \$2,390,000 was determined and paid to Mr. Xin Yue Jiang (retired on 27 October 2023) during the year ended 31 December 2024, such amount was related to his term of service in the previous years.

Directors' emoluments of Mr. Luo Xicheng and Mr. Luan Zhenjun were determined and paid during the year ended 31 December 2024, such amounts included discretionary bonuses related to their term of service in the previous years.

Δ The discretionary bonuses for 2024 will be determined based on an evaluation to be conducted and finalised in the coming years. Such emoluments, when finalised, will be disclosed on an individual name basis in the consolidated financial statements in such coming years.

The above tables included emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries, and emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the period of his/her being as a director. The above emoluments are included in staff costs as presented in note 5(c).

A number of the Company's directors were granted share options of the Company. Details of the share option plan are set out in note 27.

The discretionary bonuses of the Group were determined and approved by the Company's remuneration committee with reference to the performance of the Group and the respective directors.

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Company to any of the directors as an inducement to join or upon joining the Company or as compensation for loss of office, and none of the directors has waived or agreed to waive any emoluments.

NOTES TO THE FINANCIAL STATEMENTS

7 DIRECTORS' EMOLUMENTS (Continued)

During the years ended 31 December 2025 and 2024, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable, no consideration was provided to or receivable by third parties for making available directors' services, and there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities.

No director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the years ended 31 December 2025 and 2024.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one is a director (2024: two are directors) whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other four (2024: three) individuals are as follows:

	2025 \$ million	2024 \$ million
Salaries and other emoluments	11.65	9.71
Discretionary bonuses	14.19	11.92
Retirement scheme contributions	0.59	0.51
	26.43	22.14

The emoluments of the four (2024: three) individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
\$		
4,000,001 – 4,500,000	2	2
4,500,001 – 5,000,000	1	–
13,000,001 – 13,500,000	1	1

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Company to any of the highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office.

NOTES TO THE FINANCIAL STATEMENTS

9 EARNINGS PER SHARE

(a) Basic earnings per share

	2025 \$ million	2024 \$ million
Profit attributable to equity shareholders of the Company	920	910

The weighted average number of ordinary shares in issue during the year, is calculated as follows:

	Number of shares	
	2025 million	2024 million
Issued ordinary shares as at 1 January	3,701	3,700
Effect of share options exercised	–	1
Weighted average number of ordinary shares as at 31 December	3,701	3,701
Basic earnings per share (HK cents)	24.9	24.6

(b) Diluted earnings per share

Diluted earnings per share for the years ended 31 December 2025 and 2024 were the same as basic earnings per share, as there were no potential dilutive ordinary shares in existence, or any potential dilutive ordinary shares did not have a significant impact on the weighted average number of ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

10 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Land and buildings held for own use	Telecommu- nications equipment	Other assets (note 10(e))	Construction in progress	Sub-total	Investment properties (notes 10(b) and 10(c))	Total
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Cost or valuation:							
As at 1 January 2024	315	6,149	526	68	7,058	726	7,784
Additions	–	112	36	262	410	–	410
Disposals	–	(345)	(11)	–	(356)	–	(356)
Transfer from investment property to owner-occupied property (note 10(b)(i) and note 11)	19	–	–	–	19	(51)	(32)
Transfer upon completion	–	246	12	(258)	–	–	–
Fair value adjustment	–	–	–	–	–	(7)	(7)
Exchange adjustments	(1)	(29)	(5)	–	(35)	–	(35)
As at 31 December 2024	333	6,133	558	72	7,096	668	7,764
Representing:							
Cost	333	6,133	558	72	7,096	–	7,096
Valuation – 2024	–	–	–	–	–	668	668
	333	6,133	558	72	7,096	668	7,764
As at 1 January 2025	333	6,133	558	72	7,096	668	7,764
Additions	–	102	34	224	360	–	360
Disposals	–	(309)	(3)	–	(312)	–	(312)
Transfer from investment properties to owner-occupied property (note 10(b)(i) and note 11)	23	–	–	–	23	(61)	(38)
Transfer from owner-occupied property to investment properties (note 10(b)(iii))	(19)	–	–	–	(19)	12	(7)
Transfer to intangible assets (note 12(a))	–	(171)	–	–	(171)	–	(171)
Transfer upon completion	–	222	7	(230)	(1)	–	(1)
Fair value adjustment	–	–	–	–	–	(10)	(10)
Exchange adjustments	1	29	8	–	38	–	38
As at 31 December 2025	338	6,006	604	66	7,014	609	7,623
Representing:							
Cost	338	6,006	604	66	7,014	–	7,014
Valuation – 2025	–	–	–	–	–	609	609
	338	6,006	604	66	7,014	609	7,623

NOTES TO THE FINANCIAL STATEMENTS

10 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Reconciliation of carrying amount (Continued)

	Land and buildings held for own use	Telecommu- nications equipment	Other assets (note 10(e))	Construction in progress	Sub-total	Investment properties (notes 10(b) and 10(c))	Total
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Accumulated depreciation:							
As at 1 January 2024	145	4,521	403	–	5,069	–	5,069
Charge for the year (note 5(b))	7	434	38	–	479	–	479
Written back on disposals	–	(342)	(11)	–	(353)	–	(353)
Exchange adjustments	–	(26)	(4)	–	(30)	–	(30)
As at 31 December 2024	152	4,587	426	–	5,165	–	5,165
As at 1 January 2025	152	4,587	426	–	5,165	–	5,165
Charge for the year (note 5(b))	8	390	38	–	436	–	436
Transfer from owner-occupied property to investment properties (note 10(b)(iii))	(7)	–	–	–	(7)	–	(7)
Transfer to intangible assets (note 12(a))	–	(97)	–	–	(97)	–	(97)
Written back on disposals	–	(307)	(3)	–	(310)	–	(310)
Exchange adjustments	1	25	7	–	33	–	33
As at 31 December 2025	154	4,598	468	–	5,220	–	5,220
Net book value:							
As at 31 December 2025	184	1,408	136	66	1,794	609	2,403
As at 31 December 2024	181	1,546	132	72	1,931	668	2,599

NOTES TO THE FINANCIAL STATEMENTS

10 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Transfers

(i) *Transfer from investment properties to owner-occupied property*

During the year ended 31 December 2025, due to the change of use, part of the Group's investment properties was transferred to land and buildings held for own use (which is included in property, plant and equipment) and ownership interests in leasehold land held for own use (which is included in right-of-use assets). Upon the date of transfer, the fair value was determined by directors with reference to the professional valuations using direct comparison approach and are categorised as Level 3 fair value measurement as defined in HKFRS 13, *Fair value measurement*. As a result, the fair value of \$23,000,000 (2024: \$19,000,000) and \$38,000,000 (2024: \$32,000,000) at the date of transfer became the deemed costs of land and buildings held for own use and ownership interests in leasehold land held for own use respectively for subsequent accounting.

(ii) *Transfer from owner-occupied property to investment properties*

During the year ended 31 December 2025, due to the change of use, part of the Group's land and buildings held for own use was transferred to investment properties. Upon the date of transfer, the fair value was determined by directors with reference to the professional valuations using direct comparison approach and are categorised as Level 3 fair value measurement as defined in HKFRS 13, *Fair value measurement*. As a result, revaluation surplus of less than \$1,000,000 was recognised in other comprehensive income.

(c) Fair value measurement of investment properties

(i) *Fair value hierarchy*

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

NOTES TO THE FINANCIAL STATEMENTS

10 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair value measurement of investment properties (Continued)

(i) Fair value hierarchy (Continued)

	Fair value as at 31 December 2025 \$ million	Fair value measurements as at 31 December 2025 categorised into		
		Level 1 \$ million	Level 2 \$ million	Level 3 \$ million
Recurring fair value measurement				
Investment properties:				
– Industrial – Hong Kong	597	–	–	597
– Commercial – Chinese mainland	12	–	–	12

	Fair value as at 31 December 2024 \$ million	Fair value measurements as at 31 December 2024 categorised into		
		Level 1 \$ million	Level 2 \$ million	Level 3 \$ million
Recurring fair value measurement				
Investment property:				
– Industrial – Hong Kong	668	–	–	668
– Commercial – Chinese mainland	–	–	–	–

During the year ended 31 December 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2024: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2025 and 2024.

The valuation for the investment property located in Hong Kong was carried out by an independent firm of surveyors, Centaline Surveyors Limited, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

The valuation for the investment property located in Chinese mainland was carried out by an independent firm of surveyors who have among their staff Fellows of the China Appraisal Society with recent experience in the location and category of property being valued.

The management has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

NOTES TO THE FINANCIAL STATEMENTS

10 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair value measurement of investment properties (Continued)

(ii) Information about Level 3 fair value measurements

i. Investment property – Industrial – Hong Kong

	Valuation technique	Major unobservable input	Input amount	Relationship of unobservable inputs to fair value
Investment property Industrial – Hong Kong	Direct comparison approach	Adjusted market unit rate	\$3,874 per square foot (2024: \$3,930 per square foot)	The higher the adjusted market unit rate, the higher the fair value

The fair value of investment property located in Hong Kong is determined by using direct comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for timing factors, size, quality and location of the investment property.

The movement during the year in the balance of the Level 3 fair value measurement is as follows:

	2025 \$ million	2024 \$ million
As at 1 January	668	726
Transfer to owner-occupied property (notes 10(a), 10(b)(i) and note 11)	(61)	(51)
Fair value adjustment (note 10(a))	(10)	(7)
As at 31 December	597	668

ii. Investment property – Commercial – Chinese mainland

The fair value of investment property located in Chinese mainland is determined by using direct comparison approach.

The movement during the year in the balance of the Level 3 fair value measurement is as follows:

	2025 \$ million	2024 \$ million
As at 1 January	–	–
Transfer from owner-occupied property (notes 10(a) and 10(b)(ii))	12	–
As at 31 December	12	–

iii. Fair value adjustment of investment properties is recognised in the line item “valuation loss on investment properties” on the face of the consolidated income statement.

The fair value adjustment recognised in profit or loss for the year arises from the investment properties held at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

10 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) Investment properties

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2025 \$ million	2024 \$ million
Within 1 year	21	22
After 1 year but within 2 years	10	18
After 2 years but within 3 years	–	8
	31	48

- (e) Other assets include electronic data processing equipment, furniture and fixtures, motor vehicles, leasehold improvements and office equipment.

NOTES TO THE FINANCIAL STATEMENTS

11 RIGHT-OF-USE ASSETS

	Ownership interests in leasehold land held for own use (note (i)) \$ million	Other properties leased for own use (note (ii)) \$ million	Other assets (note (iii)) \$ million	Total \$ million
Cost:				
As at 1 January 2024	211	762	5	978
Additions	–	121	–	121
Transfer from investment property (notes 10(a) and 10(b)(i))	32	–	–	32
Surrenders and expiry of leases	–	(135)	–	(135)
Exchange adjustments	–	(13)	–	(13)
As at 31 December 2024	243	735	5	983
As at 1 January 2025	243	735	5	983
Additions	–	85	–	85
Transfer from investment properties (notes 10(a) and 10(b)(i))	38	–	–	38
Surrenders and expiry of leases	–	(110)	(5)	(115)
Exchange adjustments	–	16	–	16
As at 31 December 2025	281	726	–	1,007
Accumulated depreciation:				
As at 1 January 2024	58	461	5	524
Charge for the year (note 5(b))	8	131	–	139
Surrenders and expiry of leases	–	(135)	–	(135)
Exchange adjustments	–	(6)	–	(6)
As at 31 December 2024	66	451	5	522
As at 1 January 2025	66	451	5	522
Charge for the year (note 5(b))	8	114	–	122
Surrenders and expiry of leases	–	(109)	(5)	(114)
Exchange adjustments	–	10	–	10
As at 31 December 2025	74	466	–	540
Net book value:				
As at 31 December 2025	207	260	–	467
As at 31 December 2024	177	284	–	461

NOTES TO THE FINANCIAL STATEMENTS

11 RIGHT-OF-USE ASSETS (Continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 \$ million	2024 \$ million
Depreciation charge	122	139
Interest on lease liabilities (note 5(d))	15	15
Expense relating to short-term leases	133	107

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 22(g) and 25 respectively.

(i) Ownership interests in leasehold land held for own use

The Group holds an industrial building in Hong Kong. The Group is the registered owner of this property interest, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire this property interests from its previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its offices, retail stores, cell sites and data centres through tenancy agreements. The leases typically run for an initial period of over 1 to 6 years, with the exception of three rental contracts which have been entered into for the period of 15 years.

Some leases include an option to renew the lease for an additional period after the end of the non-cancellable lease term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarised below:

	2025 \$ million	2024 \$ million
Potential future lease payments under extension options not included in lease liabilities (undiscounted)		
Offices – Outside Hong Kong	13	12

(iii) Other assets

Other assets include leased circuits and equipment under leases expiring from over 1 to 5 years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments.

NOTES TO THE FINANCIAL STATEMENTS

12 INTANGIBLE ASSETS

	Customer relationships \$ million	Trade names/ trademarks \$ million	Computer software \$ million	Concession assets (note 12(a)) \$ million	Total \$ million
Cost:					
As at 1 January 2024	1,148	801	26	–	1,975
Additions	18	–	–	–	18
Write-off	–	–	(5)	–	(5)
Exchange adjustments	–	(1)	–	–	(1)
As at 31 December 2024	1,166	800	21	–	1,987
As at 1 January 2025	1,166	800	21	–	1,987
Transfer from property, plant and equipment (notes 10(a) and 12(a))	–	–	–	74	74
Transfer upon completion from construction in progress (note 10(a))	–	–	–	1	1
Exchange adjustments	2	2	–	–	4
As at 31 December 2025	1,168	802	21	75	2,066
Accumulated amortisation:					
As at 1 January 2024	803	323	25	–	1,151
Charge for the year (note 5(b))	78	31	–	–	109
Write-off	–	–	(5)	–	(5)
Exchange adjustments	–	(1)	1	–	–
As at 31 December 2024	881	353	21	–	1,255
As at 1 January 2025	881	353	21	–	1,255
Charge for the year (note 5(b))	92	31	–	2	125
Exchange adjustments	2	1	–	–	3
As at 31 December 2025	975	385	21	2	1,383
Net book value:					
As at 31 December 2025	193	417	–	73	683
As at 31 December 2024	285	447	–	–	732

NOTES TO THE FINANCIAL STATEMENTS

12 INTANGIBLE ASSETS (Continued)

(a) Concession assets

In September 2025, the Company's subsidiary, Companhia de Telecomunicações de Macau, S.A. ("CTM") and the Macau Government entered into a supplemental concession agreement (the "2025 Supplemental Concession Agreement"), under which the Macau Government agreed to extend the concession for operating domestic and international fixed voice telephony services (the "Concession") under the Midterm Review of the Concession Agreement for Public Telecommunications Services (the "Midterm Review of Concession Agreement") by two years until 30 September 2027. The 2025 Supplemental Concession Agreement also grants the Macau Government a termination right by giving CTM 60 days' prior notice, exercisable from 1 October 2026.

Pursuant to the 2025 Supplemental Concession Agreement, certain assets (the "Assets"), as defined under Clauses 5, 6, and 7 of the Midterm Review of Concession Agreement, were transferred to the Macau Government on 1 October 2025, on the same day, the Macau Government handed over the Assets to CTM for its continuing use during the concession period. The Macau Government has also indicated its intention to make part of the Assets, such as the concession ducts, available for use by other telecommunications network operators in the Macau Special Administrative Region (the "Shared Assets").

As a result, CTM reclassified the net book value of the Shared Assets of \$74,000,000 as Concession Assets and amortised their carrying amounts over a period during which they are expected to be available for use by CTM.

For the remaining part of the Assets (the "Remaining Assets"), as CTM retains control over them to derive economic benefits, it will continue to be recognised as property, plant, and equipment. Their carrying amounts will be depreciated over their estimated useful lives. As at 31 December 2025, the net book value of the Remaining Assets is \$148,000,000.

For determining and estimating the useful lives of the Shared Assets and Remaining Assets, CTM based on the assumption of the subsequent successful renewal of the Concession or the grant of a new operating license to CTM to enable the continuation of managing and operating those assets.

NOTES TO THE FINANCIAL STATEMENTS

13 GOODWILL

	2025 \$ million	2024 \$ million
Cost and carrying amount:		
As at 1 January	9,696	9,717
Exchange adjustments	42	(21)
As at 31 December	9,738	9,696

Impairment tests for groups of cash-generating units containing goodwill

Goodwill is allocated to the groups of cash-generating units identified as follows:

	2025 \$ million	2024 \$ million
Telecoms business – Macau	8,893	8,885
Enterprise solutions (outside Macau)	250	234
Other telecommunications services	595	577
	9,738	9,696

The recoverable amounts of the groups of cash-generating units are determined based on value-in-use calculations which are higher than the carrying amounts. These calculations use cash flow projections based on financial budgets approved by management covering a three-year period. For the subsequent two years of the model, data from the financial budgets is extrapolated generally using simplified assumptions such as macro-economic and industry assumptions. Cash flows after the first five-year period are extrapolated generally using expected annual long-term growth rates, in order to calculate the terminal value.

Key assumptions used for the value-in-use calculations are as follows:

	2025	2024
Services revenue growth rates	1.1% to 3.4%	0.1% to 2.8%
Profit margins	20.0% to 48.6%	20.7% to 49.3%
Long-term growth rates	2.5%	3.0%
Discount rates	7.7% to 9.7%	9.2% to 10.5%

The average services revenue growth rates, profit margins and long-term growth rates used for the respective groups of cash-generating units are based on past performance and management's expectation for market development. The discount rates used are pre-tax and reflect specific risks relating to the respective groups of cash-generating units. Any adverse change in the key assumptions could reduce the recoverable amount below carrying amount.

A reasonable possible change in the above assumptions would not result in impairment and as such disclosure of sensitivity analysis is not considered as necessary.

NOTES TO THE FINANCIAL STATEMENTS

14 INTERESTS IN SUBSIDIARIES

(a) The following list contains only the particulars of principal subsidiaries of the Group as at 31 December 2025.

Name of company	Place of incorporation/ operation	Particulars of issued and fully paid-up capital	Proportion of ownership interest		Principal activity
			Held by the Company	Held by subsidiaries	
Acclivis Technologies and Solutions Pte. Ltd.	Republic of Singapore	Singapore Dollars ("SGD") 16,500,000*	100%	–	Provision of telecommunications services
Asia Pacific Internet Exchange Limited	Hong Kong	HK\$2*	–	100%	Property and equipment holding, and investment holding
China Enterprise ICT Solutions Limited ("CEC") ***	The People's Republic of China	Renminbi ("RMB") 84,620,000	–	49% (note (i))	Provision of value-added telecommunications services
China Enterprise Netcom Corporation Limited	Hong Kong	HK\$100*	–	100%	Provision of telecommunications and technology services
CITIC Telecom CPC Estonia OÜ	Republic of Estonia	Euro ("EUR") 20,001*	–	100%	Provision of telecommunications services
CITIC Telecom CPC Netherlands B.V.	Netherlands	EUR131,056.71*	–	100%	Provision of wired telecommunications services and investment holding
CITIC Telecom CPC Poland Sp.zo.o.	Republic of Poland	Polish Zloty 56,000*	–	100%	Provision of telecommunications services
CITIC Telecom International CPC Limited	Hong Kong	HK\$402,712,186*	–	100%	Provision of telecommunications services
CITIC Telecom International CPC Japan Limited	Japan	Japanese Yen ("JPY") 10,000,000*	–	100%	Provision of telecommunications services
CITIC Telecom International CPC (Malaysia) Sdn. Bhd.	Malaysia	Malaysian Ringgit ("MYR") 500,000*	–	100%	Provision of telecommunications services
CITIC Telecom International CPC (Singapore) Pte. Ltd.	Republic of Singapore	SGD2,000,000*	–	100%	Provision of telecommunications services
CITIC Telecom International (Data) Limited	Hong Kong	HK\$2*	–	100%	Provision of telecommunications services

NOTES TO THE FINANCIAL STATEMENTS

14 INTERESTS IN SUBSIDIARIES (Continued)

- (a) The following list contains only the particulars of principal subsidiaries of the Group as at 31 December 2025. (Continued)

Name of company	Place of incorporation/ operation	Particulars of issued and fully paid-up capital	Proportion of ownership interest		Principal activity
			Held by the Company	Held by subsidiaries	
CITIC Telecom International (Japan) Ltd.	Japan	JPY10,000,000*	–	100%	Provision of telecommunications services
CITIC Telecom International Limited	Hong Kong	HK\$2*	100%	–	Provision of telecommunications services and investment holding
CITIC Telecom (UK) Limited	United Kingdom	Pound Sterling 2*	–	100%	Provision of telecommunications services
ComNet Telecom (HK) Limited	Hong Kong	HK\$2*	–	100%	Provision of telecommunications services
ComNet Telecom International Limited	Hong Kong	HK\$2*	–	100%	Provision of telecommunications services
Companhia de Telecomunicações de Macau, S.A.	Macau	MOP 150,000,000*	99%	–	Provision of telecommunications services
Neostar Investment Limited	Hong Kong	HK\$2*	–	100%	Property holding
Pacific ComNet (M) Sdn. Bhd.	Malaysia	MYR700,000*	–	100%	Provision of telecommunications services
Pacific Internet (S) Pte. Ltd.	Republic of Singapore	SGD500,000*	–	100%	Provision of telecommunications services
Pacific Internet (Thailand) Limited	Thailand	Thai Baht 188,176,100*	–	100%	Provision of telecommunications services
中信電訊(上海)科技有限公司**	The People's Republic of China	RMB26,600,000	100%	–	Provision of telecommunications services and property holding

Notes:

- (i) The Group has consolidated the results of CEC as the Group is exposed and has rights to variable returns from its involvement with CEC and has the ability to affect those returns through its power over CEC.

* Represents ordinary shares.

** Registered as wholly foreign owned enterprise under the law of the People's Republic of China.

*** Registered as limited liability company under the law of the People's Republic of China.

- (b) The Group had no subsidiaries which have material non-controlling interests for the years ended 31 December 2025 and 2024.

NOTES TO THE FINANCIAL STATEMENTS

15 INTEREST IN A JOINT VENTURE

As at 31 December 2025, the Group's 85% equity interest in a joint venture of \$12,000,000 (2024: \$11,000,000) comprised an investee company.

The principal activity of this investee company is investment holding and has a wholly-owned subsidiary which is principally engaged in the provision of telecommunications services.

The equity interest in this investee company is accounted for as a joint venture in the consolidated financial statements under the equity method as the Group and the other shareholder of this investee company share joint control over the entity and have rights to the net assets of the entity.

16 DERIVATIVE FINANCIAL INSTRUMENTS

	2025 \$ million	2024 \$ million
Derivative financial assets		
– held as cash flow hedging instrument (notes 29(d)(i) and 29(d)(ii))	–	2
– other derivative (note 29(d)(iii))	–	2
	–	4
Less: amount included under “current assets”	–	(2)
	–	2
Derivative financial liability		
– other derivative (note 29(d)(iii))	4	–

17 INVENTORIES

Inventories in the consolidated statement of financial position mainly comprise mobile handsets and equipment and business solutions projects' parts.

As at 31 December 2025, the carrying amount of inventories of \$98,000,000 (2024: \$375,000,000) is stated at lower of cost and net realisable value.

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 \$ million	2024 \$ million
Carrying amount of inventories sold	1,853	1,863
Write-down of inventories	–	1
	1,853	1,864

NOTES TO THE FINANCIAL STATEMENTS

18 CONTRACT COSTS

Contract costs capitalised primarily relate to the incremental sales commissions paid to employees or agents whose selling activities resulted in customers entering into contracts for the provision of telecommunications services. Contract costs are recognised as part of “costs of sales and services” in the consolidated income statement in the period in which revenue from the related contracts is recognised. The amount of capitalised costs recognised in profit or loss during the year was \$4,000,000 (2024: \$5,000,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year (2024: Nil).

The Group applies the practical expedient in paragraph 94 of HKFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less from the initial recognition of the asset.

19 FINANCE LEASE RECEIVABLES

The following table shows the maturity analysis of the minimum finance lease receivables:

	2025 \$ million	2024 \$ million
Within 1 year	2	2
After 1 year but within 2 years	–	2
Total contractual undiscounted finance lease receivables and carrying amount of finance lease receivables	2	4
Present value of minimum finance lease receivables:		
Within 1 year	2	2
After 1 year but within 2 years	–	2
	2	4

During the years ended 31 December 2025 and 2024, no new finance lease arrangements were entered into by the Group. The terms of finance leases are for 3-5 years (2024: 2-5 years). The legal title of relevant assets will pass to the lessee at the end of the lease term. All interest rates inherent in the leases are fixed at the contract date over the lease terms and ranged from 2.14% to 9.75% (2024: 2.14% to 9.75%) per annum.

Finance lease receivables are secured over the computer hardware and peripheral equipment leased. The Group does not permit lessee to sell or repledge the collateral in the absence of default.

NOTES TO THE FINANCIAL STATEMENTS

20 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2025 \$ million	2024 \$ million
Arising from international telecommunications services	10	8
Arising from sales of mobile handsets and equipment bundled with services	164	118
Arising from business solution projects	112	142
	286	268
Represented by:		
Non-current portion	58	33
Current portion	228	235
	286	268
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "trade and other receivables" (note 21)	846	912

Typical payment terms which impact on the amount of contract assets recognised are as follows:

– International telecommunications services

The Group provides international telecommunications services to telecommunications operators. The Group and certain telecommunications operators enter into contracts with minimum commitments on either transaction amount or unit of traffic to be processed and contract term would usually last for over three months. Such contracts involve large amount of transactions and both parties are required to verify and reconcile the transactions details received from the counter party against their own records. Once the verification and reconciliation work have been completed, the Group will issue an invoice to the telecommunications operator. The Group's right to the consideration is generally unconditional upon the completion of verification and reconciliation work from both parties as well as the issuance of invoice.

– Sales of mobile handsets and equipment bundled with services

The Group offers packages to the customer which include the bundle sales of mobile handsets and equipment and provision of services. In this situation, the Group offers a discount that allows the customer to buy mobile handsets and equipment and pay the cash selling price over contract period after delivery, which is normally over twelve months. The mobile handsets and equipment are delivered to the customer at the inception of the contract and the Group recognises transaction price allocated to the mobile handsets and equipment as revenue. The portion of revenue recognised in excess of cash receipt at the inception of the contract represents a consideration for mobile handsets and equipment transferred which has not yet been due and paid by the customer and will be received by installment over the contract period. The Group's right to the consideration is conditional on the provision of service over the contract period.

– Business solution projects

Business solution project is one of the businesses of enterprise solutions. The Group's business solution projects include payment schedules which require stage payments over the project period once milestones are reached. This gives rise to contract assets when the revenue recognised on the project exceeds the amount billed to customers.

NOTES TO THE FINANCIAL STATEMENTS

20 CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

(b) Contract liabilities

	2025 \$ million	2024 \$ million
Billings in advance of performance		
– Business solution projects	15	249
– Other telecommunications services	211	197
	226	446
Represented by:		
Non-current portion	1	1
Current portion	225	445
	226	446

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

– Business solution projects

The Group's certain business solution projects include payment schedules which require advance payments from customers for the projects. This gives rise to contract liabilities when the amount of the payment made by customer exceeds the revenue recognised on the project.

– Other telecommunications services

The Group's telecommunications services normally include payment schedules which require advance payments from customers for the services. This gives rises to contract liabilities until revenue recognised on the services are provided.

Revenue which was included in the contract liabilities balance at the beginning of the year amounting to \$439,000,000 (2024: \$171,000,000), was recognised during the year ended 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS

21 TRADE AND OTHER RECEIVABLES

	2025 \$ million	2024 \$ million
Trade debtors and bills receivable	1,004	999
Less: loss allowance	(141)	(87)
	863	912
Prepayments	187	392
Other receivables and deposits	183	284
	1,233	1,588
Represented by:		
Non-current portion	81	112
Current portion	1,152	1,476
	1,233	1,588

The carrying amount of trade debtors and bills receivable, and other receivables and deposits is considered to be the same as its fair value.

As at 31 December 2025, an advance payment for the acquisition of the remaining equity interest in a subsidiary of RMB62,000,000 (equivalent to approximately \$69,000,000) (2024: RMB62,000,000 (equivalent to approximately \$67,000,000)) (see note 32(a)(ii)) was included in other receivables and deposits.

Ageing analysis

At the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables) based on the invoice date and net of loss allowance is as follows:

	2025 \$ million	2024 \$ million
Within 1 year	853	895
Over 1 year	10	17
	863	912

Trade debtors and bills receivable are due within 7 to 180 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade debtors and bills receivable are set out in note 29(a).

NOTES TO THE FINANCIAL STATEMENTS

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2025 \$ million	2024 \$ million
Cash at bank and in hand	844	734
Time deposits with banks	525	275
Other deposits (note 22(d))	576	602
Cash and deposits in the consolidated statement of financial position (note 22(b))	1,945	1,611
Less: interest receivable	(4)	–
Less: pledged deposits (note 22(c))	(2)	(2)
Less: other deposits (note 22(d))	(576)	(602)
Cash and cash equivalents in the consolidated cash flow statement	1,363	1,007

The carrying amount of cash and deposits is considered to be the same as its fair value.

- (b)** As at 31 December 2025, cash and deposits situated in Chinese mainland amounted to \$145,000,000 (2024: \$142,000,000). Remittance of funds out of Chinese mainland is subject to relevant rules and regulations of foreign exchange control.
- (c)** As at 31 December 2025, bank deposits of \$2,000,000 (2024: \$2,000,000) were pledged to secure parts of the banking facilities of the Group.
- (d)** As at 31 December 2025, other deposits of \$576,000,000 (2024: \$602,000,000) were deposited in CITIC Finance International Limited, a fellow subsidiary of the Group which is principally engaged in the provision of treasury management services. These unsecured cash deposits carry interest at market rates and can be withdrawn by the Group on demand or in accordance with the terms of agreement.

NOTES TO THE FINANCIAL STATEMENTS

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(e) Reconciliation of profit before taxation to cash generated from operations:

	Note	2025 \$ million	2024 \$ million
Profit before taxation		1,128	1,082
Adjustments for:			
Depreciation and amortisation	5(b)	683	727
Valuation loss on investment properties	10(a)	10	7
Net loss on disposal of property, plant and equipment	5(e)	1	2
Share of profit of a joint venture		–	(1)
Finance costs	5(d)	152	252
Interest income	4	(38)	(60)
Foreign exchange loss/(gain)		4	(29)
		1,940	1,980
Changes in working capital:			
Decrease/(increase) in inventories		277	(318)
Decrease in contract costs		1	3
Decrease/(increase) in trade and other receivables		353	(95)
Decrease in finance lease receivables		2	6
(Increase)/decrease in contract assets		(18)	1
Increase/(decrease) in trade and other payables		95	(48)
(Decrease)/increase in contract liabilities		(220)	262
Increase/(decrease) in defined benefit plan obligations, net		4	(3)
Cash generated from operations		2,434	1,788

NOTES TO THE FINANCIAL STATEMENTS

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)**(f) Reconciliation of liabilities arising from financing activities**

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank and other borrowings \$ million (note 24)	Lease liabilities \$ million (note 25)	Total \$ million
As at 1 January 2025	3,907	324	4,231
Changes from financing cash flows:			
Proceeds from new bank and other loans	5,649	–	5,649
Payment for redemption of bonds	(3,490)	–	(3,490)
Repayment of bank and other loans	(2,750)	–	(2,750)
Capital element of lease rentals paid	–	(106)	(106)
Interest element of lease rentals paid	–	(15)	(15)
Payment for transaction costs on bank loans	(6)	–	(6)
Other borrowing costs paid	(198)	–	(198)
Total changes from financing cash flows	(795)	(121)	(916)
Exchange adjustments	5	7	12
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	76	76
Surrenders of leases	–	(1)	(1)
Interest on lease liabilities (note 5(d))	–	15	15
Interest expenses and other finance charges	140	–	140
Total other changes	140	90	230
As at 31 December 2025	3,257	300	3,557

NOTES TO THE FINANCIAL STATEMENTS

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(f) Reconciliation of liabilities arising from financing activities (Continued)

	Bank and other borrowings \$ million (note 24)	Lease liabilities \$ million (note 25)	Total \$ million
As at 1 January 2024	3,934	340	4,274
Changes from financing cash flows:			
Proceeds from new bank and other loans	341	–	341
Repayment of bank and other loans	(342)	–	(342)
Capital element of lease rentals paid	–	(125)	(125)
Interest element of lease rentals paid	–	(15)	(15)
Other borrowing costs paid	(233)	–	(233)
Total changes from financing cash flows	(234)	(140)	(374)
Exchange adjustments	(29)	(9)	(38)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	118	118
Interest on lease liabilities (note 5(d))	–	15	15
Interest expenses and other finance charges	236	–	236
Total other changes	236	133	369
As at 31 December 2024	3,907	324	4,231

(g) Total cash outflow for leases

Amounts included in the consolidated cash flow statement for leases comprise the following:

	2025 \$ million	2024 \$ million
Within operating cash flows	133	107
Within financing cash flows	121	140
	254	247

These amounts above relate to lease rentals paid.

NOTES TO THE FINANCIAL STATEMENTS

23 TRADE AND OTHER PAYABLES

	2025 \$ million	2024 \$ million
Trade creditors	846	843
Other payables and accruals	860	763
	1,706	1,606
Represented by:		
Non-current portion	15	15
Current portion	1,691	1,591
	1,706	1,606

The carrying amount of trade and other payables is considered to be the same as its fair value.

At the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables) based on the invoice date is as follows:

	2025 \$ million	2024 \$ million
Within 1 year	722	715
Over 1 year	124	128
	846	843

NOTES TO THE FINANCIAL STATEMENTS

24 BANK AND OTHER BORROWINGS

	2025 \$ million	2024 \$ million
Bank and other loans	3,251	346
Guaranteed bonds at 6.1% due 2025 (note 24(b))	–	3,492
	3,251	3,838
Interest payable	6	69
	3,257	3,907

At the end of the reporting period, bank and other borrowings are unsecured and repayable as follows:

	2025 \$ million	2024 \$ million
Within 1 year or on demand	1,206	3,561
After 1 year but within 2 years	354	–
After 2 years but within 5 years	1,697	346
	2,051	346
	3,257	3,907

All of the non-current bank and other borrowings are carried at amortised cost. None of the non-current bank and other borrowings is expected to be settled within one year.

- (a) Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position and financial performance ratios (including ratios for consolidated borrowings to net worth, consolidated total liabilities over consolidated total assets, and earnings before interest, taxes, depreciation and amortisation ("EBITDA") over gross interest expenses), as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants or in any case of an event of default, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2025 and 2024, the Group was in compliance with the relevant requirements.
- (b) On 5 March 2013, a wholly-owned subsidiary of the Company issued US\$450,000,000 (equivalent to approximately \$3,493,000,000) bonds with a maturity of twelve years due on 5 March 2025 (the "Guaranteed Bonds"). The Guaranteed Bonds were unconditionally and irrevocably guaranteed by the Company.

The Guaranteed Bonds were issued at 100% of the aggregate principal amount, denominated in USD and bore interest at 6.1% per annum payable semi-annually in arrears. The Guaranteed Bonds would become repayable on demand in case of an event of default.

The Guaranteed Bonds were fully redeemed on the maturity date of 5 March 2025.

NOTES TO THE FINANCIAL STATEMENTS

25 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2025		2024	
	Present value of the lease payments \$ million	Total lease payments \$ million	Present value of the lease payments \$ million	Total lease payments \$ million
Within 1 year	92	106	88	108
After 1 year but within 2 years	71	80	68	78
After 2 years but within 5 years	118	128	129	143
After 5 years	19	20	39	38
	208	228	236	259
	300	334	324	367
Less: total future interest expenses		(34)		(43)
Present value of lease liabilities		300		324

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.

NOTES TO THE FINANCIAL STATEMENTS

26 POST-EMPLOYMENT BENEFITS

The Group operates a MPF scheme for the employees employed under the Hong Kong Employment Ordinance who are also entitled to long service payment if the eligibility criteria are met. In addition, a subsidiary of the Company, CTM, operates a retirement plan, which is registered with AMCM and is under the management of Macau Pension Fund Management Co. Ltd. (see note 26(c)).

LSP and the Fund are defined benefit plans. The analysis of the carrying amount of defined benefit plan (assets)/obligations is as follows:

	2025 \$ million	2024 \$ million
Long service payment liabilities (note 26(b))	9	7
The Fund (assets)/liabilities (note 26(c))	(13)	26
	(4)	33
Represented by:		
Defined benefit plan assets	(13)	–
Defined benefit plan obligations	9	33
	(4)	33

(a) Defined contribution retirement plans

The Group operates a MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of \$30,000. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

CTM also operates the defined contribution fund ("Defined Contribution Fund") which was set up under the terms of Decree Law 6/99/M and registered with AMCM. The Defined Contribution Fund is for all full time Macau employees who joined CTM after 1 May 2002. The Defined Contribution Fund is under the management of Macau Pension Fund Management Co. Ltd.. The employees and CTM are each required to make contributions to the Defined Contribution Fund at 5% of the employee's relevant income. Contributions to the Defined Contribution Fund vest immediately.

Employees employed by the Group outside Hong Kong and Macau are covered by the appropriate local defined contribution schemes pursuant to the local labour rules and regulations.

NOTES TO THE FINANCIAL STATEMENTS

26 POST-EMPLOYMENT BENEFITS (Continued)

(b) Long service payment liabilities

Hong Kong employees that have been employed continuously for at least five years are entitled to long service payments in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at \$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme (see note 26(a)), with an overall cap of \$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation.

Starting from 1 May 2025, the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "2022 Amendment Ordinance") came into effect, which abolishes the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF scheme. Separately, a 25-year scheme to provide a subsidy ("Subsidy") for employers' costs in relation to the post-transition portion of the LSP has been implemented with effect on 1 May 2025 (the "Transition Date").

Among other things, upon the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in note 1(w)(ii). The Group was granted the Subsidy of less than \$1,000,000 during the year ended 31 December 2025.

(c) The Fund (assets)/liabilities

A subsidiary of the Company, CTM, makes contributions to a defined benefit retirement plan, CTM Staff Provident Fund. The Fund was established on 1 January 2003. The members of the Fund are all the employees who were members of the original staff provident fund. No new members joined the Fund after 1 May 2002. The members are required to make contributions to the Fund at 5% of their relevant income. CTM is required to make contributions to the Fund in accordance with an independent actuary's recommendation based on periodic actuarial valuations. CTM is also obliged to make any extraordinary contributions which may be deemed necessary by Macau Pension Fund Management Co. Ltd. when there are insufficient assets in the Fund to meet the liabilities of the Fund or when such insufficiency is anticipated. Upon retirement or resignation, each member is entitled to receive a lump sum payment calculated on the basis of a multiplying factor ranging from 0.6 to 2 times the final monthly salary and the number of service year that the member has served with CTM.

The latest independent actuarial valuation of the Fund was as at 31 December 2025 and was prepared by qualified staff of Willis Towers Watson, who are members of the Society of Actuaries of the United States of America, using the projected unit credit method. The actuarial valuation indicates that CTM's obligation under the Fund is 106% (2024: 91%) covered by the plan assets held by the trustees as at 31 December 2025. The Fund exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk, and market (investment) risk.

NOTES TO THE FINANCIAL STATEMENTS

26 POST-EMPLOYMENT BENEFITS (Continued)

(c) The Fund (assets)/liabilities (Continued)

(i) The amounts recognised in the consolidated statement of financial position are as follows:

	2025 \$ million	2024 \$ million
Present value of plan obligations	229	291
Fair value of plan assets	(242)	(265)
	(13)	26

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Group expects to pay \$4,000,000 in contributions to the Fund in 2026.

(ii) Plan assets consist of the following:

	2025 \$ million	2024 \$ million
Cash and money market	12	12
Bonds		
– Government bonds	67	47
– Corporate bonds	72	69
	139	116
Equity securities		
– Asia	8	16
– North America	76	114
– Europe	4	5
– Other areas	3	2
	91	137
	242	265

All of the equity securities and bonds have quoted prices in active markets. The bonds have a credit rating of A – to AAA.

At the end of each reporting period, a study is performed by the Fund's asset manager in which the consequences of the strategic investment policies are analysed. The strategic investment policy of the Fund can be summarised as follows:

- a strategic assets mix comprising 37% equity securities, 58% bonds and 5% other investments (2024:51% equity securities, 44% bonds and 5% other investments);
- interest rate risk is managed by duration limitation; and
- foreign currency risk is managed by allocation guideline.

NOTES TO THE FINANCIAL STATEMENTS

26 POST-EMPLOYMENT BENEFITS (Continued)

(c) The Fund (assets)/liabilities (Continued)

(iii) Movements in the present value of the defined benefit obligation

	2025 \$ million	2024 \$ million
As at 1 January	291	300
Remeasurements:		
– Experience adjustments	1	(2)
– Actuarial (gains)/losses arising from changes in financial assumptions	(13)	8
	(12)	6
Benefits paid by the Fund	(62)	(31)
Employees' contributions	2	3
Current service cost	6	6
Interest cost	4	7
As at 31 December	229	291

The weighted average duration of the defined benefit asset/obligation is 4 years (2024: 4 years).

(iv) Movements in plan assets

	2025 \$ million	2024 \$ million
As at 1 January	265	257
Employer's and employees' contributions paid to the Fund	7	15
Benefits paid by the Fund	(62)	(31)
Administrative expenses	(1)	(1)
Interest income	3	6
Return on plan assets, excluding interest income	29	18
Exchange adjustments	1	1
As at 31 December	242	265

NOTES TO THE FINANCIAL STATEMENTS

26 POST-EMPLOYMENT BENEFITS (Continued)

(c) The Fund (assets)/liabilities (Continued)

(v) Amounts recognised in the consolidated income statement and consolidated statement of comprehensive income are as follows:

	2025 \$ million	2024 \$ million
Current service cost	6	6
Net interest on net defined benefit assets/obligations	1	1
Administrative expenses	1	1
Total amounts recognised in profit or loss	8	8
Actuarial (gains)/losses	(12)	6
Return on plan assets, excluding interest income	(29)	(18)
Total amounts recognised in other comprehensive income	(41)	(12)
Net defined benefit gain	(33)	(4)

The current service cost and the net interest on net defined benefit assets/obligations are recognised in the following line items in the consolidated income statement:

	2025 \$ million	2024 \$ million
Staff costs (note 5(c))	6	6
Other operating expenses	1	1
Finance costs	1	1
	8	8

NOTES TO THE FINANCIAL STATEMENTS

26 POST-EMPLOYMENT BENEFITS (Continued)

(c) The Fund (assets)/liabilities (Continued)

(vi) Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:

	2025	2024
Discount rate	2.6%	1.3%
Future salary growth	2.5%	2.5%

The below analysis shows how the defined benefit (asset)/obligation as at 31 December 2025 would have increased/(decreased) as a result of a 0.25% (2024: 0.25%) change in the respective actuarial assumptions:

	2025		2024	
	Defined benefit asset		Defined benefit obligation	
	Increase in 0.25% \$ million	Decrease in 0.25% \$ million	Increase in 0.25% \$ million	Decrease in 0.25% \$ million
Discount rate	2	(2)	(3)	3
Future salary growth	(2)	2	3	(3)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

NOTES TO THE FINANCIAL STATEMENTS

27 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option plan ("CITIC Telecom International Plan") which was adopted on 17 May 2007 whereby the directors of the Company are authorised, at their discretion, to offer any person employed by the Company or any of its subsidiaries and any person who is an officer or director (whether executive or non-executive) of the Company or any of its subsidiaries options to subscribe for shares in the Company to recognise their contributions to the growth of the Company. The CITIC Telecom International Plan was valid and effective for a period of ten years till 16 May 2017. Each option gives the holder the right to subscribe for one ordinary share of the Company.

Particulars of the last lot of outstanding share options granted under the CITIC Telecom International Plan to directors, officers and employees of the Company and its subsidiaries lapsed in 2024 with details as follows:

Date of grant	Number of share options granted	Exercise price per share	Exercise period
24 March 2017	45,339,500	\$2.45 ^(Note)	From 24 March 2019 to 23 March 2024

Note: The closing price of the Company's ordinary shares on the date of grant was \$2.37 per share.

All options granted under CITIC Telecom International Plan have expired.

NOTES TO THE FINANCIAL STATEMENTS

27 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

The number and weighted average exercise prices of the last lot of outstanding share options are as follows:

	2025		2024	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	–	–	\$2.45	3,799,500
Exercised during the year (note 28(c))	–	–	\$2.45	(856,000)
Lapsed during the year	–	–	\$2.45	(2,943,500)
Outstanding at the end of the year	–	–	–	–
Exercisable at the end of the year	–	–	–	–

During the year ended 31 December 2024, options for 856,000 shares were exercised, options for 2,943,500 shares have lapsed and no option has been cancelled. The value of vested options lapsed during the year ended 31 December 2024 was \$2,000,000.

The weighted average closing price at the date of exercise of share options exercised during the year ended 31 December 2024 was \$2.87. There was no option outstanding as at 31 December 2024.

During the year ended 31 December 2024, the proceeds from new shares issued under share option plan was \$2,000,000.

NOTES TO THE FINANCIAL STATEMENTS

28 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Note	Share capital \$ million	Capital reserve \$ million	Hedging reserve \$ million	Retained profits \$ million	Total \$ million
Balance as at 1 January 2024		4,756	58	–	4,013	8,827
Changes in equity for 2024:						
Total comprehensive income for the year		–	–	6	1,075	1,081
Shares issued under share option plan	27	2	–	–	–	2
Dividends approved in respect of the previous financial year	28(b)(iii)	–	–	–	(714)	(714)
Release upon lapse of share options	27	–	(2)	–	2	–
Dividends declared in respect of the current financial year	28(b)(i)	–	–	–	(222)	(222)
Balance as at 31 December 2024 and 1 January 2025		4,758	56	6	4,154	8,974
Changes in equity for 2025:						
Total comprehensive income for the year		–	–	(6)	1,032	1,026
Dividends approved in respect of the previous financial year	28(b)(ii)	–	–	–	(474)	(474)
Dividends declared in respect of the current financial year	28(b)(i)	–	–	–	(222)	(222)
Balance as at 31 December 2025		4,758	56	–	4,490	9,304

NOTES TO THE FINANCIAL STATEMENTS

28 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2025 \$ million	2024 \$ million
Interim dividend declared and paid of HK6.0 cents (2024: HK6.0 cents) per share	222	222
Final dividend proposed after the end of the reporting period of HK13.0 cents (2024: HK12.8 cents) per share	481	474
	703	696

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2025 \$ million	2024 \$ million
Final dividend in respect of the previous financial year, approved and paid during the year, of HK12.8 cents (2024: HK19.3 cents) per share	474	714

NOTES TO THE FINANCIAL STATEMENTS

28 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital

	Note	2025		2024	
		No. of shares	Amount \$ million	No. of shares	Amount \$ million
Ordinary shares, issued and fully paid:					
As at 1 January	(i)	3,700,891,382	4,758	3,700,035,382	4,756
Shares issued under share option plan	(ii)	–	–	856,000	2
As at 31 December	(i)	3,700,891,382	4,758	3,700,891,382	4,758

Notes:

- (i) The holders of ordinary shares are entitled to receive dividends as declared from time to time and every member shall have one vote per share on a poll at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.
- (ii) During the year ended 31 December 2025, no share was issued by the Company (2024: 856,000 ordinary shares were issued at a weighted average exercise price of \$2.45 per ordinary share to share option holders who had exercised their options. These new shares issued rank equally with the then existing ordinary shares in issue).

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve represents the portion of the grant date fair value of unexercised share options granted to directors or employees of the Group under the Company's share option plan that has been recognised in accordance with the accounting policies adopted for share-based payments set out in note 1(w)(iii).

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in notes 1(h)(ii) and 1(aa).

(iii) Property revaluation reserve

The property revaluation reserve represents the surplus on revaluation of owner-occupied property upon change of use to investment property and is dealt with in accordance with the accounting policies adopted for owner-occupied property in note 1(j).

(iv) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in hedge of net investments in foreign operations and cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for hedging in note 1(h).

(e) Distributability of reserves

As at 31 December 2025, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance, was \$4,490,000,000 (2024: \$4,154,000,000). After the end of the reporting period, the directors proposed a final dividend of HK13.0 cents (2024: HK12.8 cents) per share, amounting to \$481,000,000 (2024: \$474,000,000). This dividend has not been recognised as a liability at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

28 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(f) Capital management

The Group's primary objective on capital management is to safeguard the Group's ability to continue as a going concern, while at the same time continues to provide returns for shareholders.

The Group regularly reviews its capital structure to maintain a balance between the enhancement of shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. Adjustments are made to the capital structure as necessary in response to changes in economic conditions.

The capital structure of the Group consists of its total equity attributable to equity shareholders of the Company, comprising share capital and reserves as disclosed in the consolidated financial statements. The Group's net gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt (which includes current and non-current bank and other borrowings), less cash and deposits. Total capital is total equity attributable to equity shareholders of the Company, as shown in the consolidated statement of financial position, plus net debt.

The Group's net gearing ratio as at 31 December 2025 and 2024 is as follows:

	2025 \$ million	2024 \$ million
Total debt	3,257	3,907
Less: Cash and deposits	(1,945)	(1,611)
Net debt	1,312	2,296
Total equity attributable to equity shareholders of the Company	11,023	10,717
Total capital	12,335	13,013
Net gearing ratio	11%	18%

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade debtors and contract assets. The Group's exposure to credit risk arising from other receivables and deposits are considered to be low as the counterparty has capacity to meet its contractual cash flow obligation. Therefore, applying the expected credit risk model resulted in an immaterial impact on the loss allowances for other receivables and deposits.

The Group's exposure to credit risk arising from cash and deposits and bills receivable is limited because the Group mainly deals with financial institutions which have good credit ratings with prestigious credit ratings companies (such as Moody's Investors Service, Standard & Poor's and Fitch Group), or the note-issuing banks in Hong Kong and Macau, or its group companies, and the Group has a pre-defined policy and regular review on the rest of the cash portfolio, therefore, it is considered that the Group is exposed to a low credit risk in this respect.

The Group applies a simplified approach to recognise lifetime ECL for finance lease receivables. Given the track record of regular cash flow received by the Group, the directors are of the opinion that the risk of default by these counterparties is not significant and does not expect any losses from non-performance by the counterparties. Therefore, the credit risk of finance lease receivables is assessed to be immaterial and no ECL was made as at 31 December 2025 and 2024.

Other than those disclosed in note 31, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of those financial guarantees at the end of the reporting period is disclosed in the note 31.

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade debtors and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 17.1% (2024: 20.3%) of the total trade debtors and contract assets was due from the Group's five largest debtors.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade debtors are due within 7 to 180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade debtors and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The loss allowance based on past due status is further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade debtors and contract assets:

Trade debtors

	Expected loss rate	2025 Gross carrying amount \$ million	Loss allowance \$ million	Expected loss rate	2024 Gross carrying amount \$ million	Loss allowance \$ million
Current (not past due)	0.4%	506	(2)	0.3%	545	(2)
1 – 90 days past due	2.5%	289	(7)	3.5%	285	(9)
91 – 180 days past due	24.0%	39	(9)	22.5%	53	(12)
181 – 365 days past due	58.1%	50	(29)	39.2%	60	(24)
More than 365 days past due	90.7%	103	(94)	71.2%	56	(40)
		987	(141)		999	(87)

Contract assets

	Expected loss rate	2025 Gross carrying amount \$ million	Loss allowance \$ million	Expected loss rate	2024 Gross carrying amount \$ million	Loss allowance \$ million
Current (not past due)	8.3%	311	(25)	0.0%	268	–

The various Group companies have different credit policies, depending on the requirements of their markets and the businesses in which they operate. Analyses of the age of debtors are prepared and closely monitored with a view to minimising credit risk associated with receivables.

Expected loss rates are based on the corresponding historical losses experience up to 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Movement in the loss allowance account in respect of trade debtors and contract assets during the year is as follows:

	2025 \$ million	2024 \$ million
Balance as at 1 January	87	45
Amounts written off	(3)	(6)
Impairment losses recognised (note 5(e))	82	48
Balance as at 31 December	166	87

(b) Liquidity risk

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

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which is based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2025						2024					
	Contractual undiscounted cash outflow					Carrying amount as at 31 December	Contractual undiscounted cash outflow					Carrying amount as at 31 December
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash outflow		Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash outflow	
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Trade and other payables	1,691	-	-	15	1,706	1,706	1,584	-	-	15	1,599	1,599
Bank and other borrowings	1,209	-	-	-	1,209	1,206	3,600	-	-	-	3,600	3,561
Lease liabilities	106	80	128	20	334	300	108	78	143	38	367	324
Non-current bank and other borrowings	71	425	1,711	-	2,207	2,051	10	10	355	-	375	346
	3,077	505	1,839	35	5,456	5,263	5,302	88	498	53	5,941	5,830

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

	2025					2024				
	Contractual undiscounted cash inflow/(outflow)					Contractual undiscounted cash inflow/(outflow)				
	Within	More than	More than	Total	contractual	Within	More than	More than	Total	contractual
	1 year or	1 year but	2 years but			1 year or	1 year but	2 years but		
	on demand	less than	less than	More than	undiscounted	on demand	less than	less than	More than	undiscounted
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Derivative settled gross:										
Gross contractual amounts payable										
- Forward foreign exchange contracts	-	-	-	-	-	(3,412)	-	-	-	(3,412)
- Cross currency swap	(12)	(369)	-	-	(381)	(11)	(11)	(353)	-	(375)
	(12)	(369)	-	-	(381)	(3,423)	(11)	(353)	-	(3,787)
Gross contractual amounts receivable										
- Forward foreign exchange contracts	-	-	-	-	-	3,416	-	-	-	3,416
- Cross currency swap	10	364	-	-	374	10	10	355	-	375
	10	364	-	-	374	3,426	10	355	-	3,791
Net receivable/(payable)	(2)	(5)	-	-	(7)	3	(1)	2	-	4

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

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

(i) Interest rate risk profile

The following table details the interest rate risk profile of the Group's borrowings, excluding interest payable and taking the effect of cross currency swap arrangement, at the end of the reporting period:

	2025		2024	
	Effective		Effective	
	interest rate		interest rate	
		\$ million		\$ million
Fixed rate borrowings:				
Guaranteed bonds		–		3,492
Bank and other loans (note)		354		346
		<u>354</u>		<u>3,838</u>
Cross currency swap arrangement (note)		4		(3)
	3.3%	<u>358</u>	5.8%	<u>3,835</u>
Variable rate borrowings:				
Bank and other loans	3.6%	2,897	–	–
Exposure	3.6%	<u>2,897</u>	–	<u>–</u>
Total borrowings	3.6%	3,255	5.8%	3,835
Fixed rate borrowings as a percentage of total borrowings, after taking the effect of cross currency swap arrangement		11.0%		100.0%

Note: The Group entered into fixed-to-fixed cross currency swap during the year ended 31 December 2024 to eliminate foreign exchange risk associated with the retranslation of part of the net investment in Singapore subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk (Continued)

(ii) Sensitivity analysis

As at 31 December 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit for the year and retained profits by approximately \$14,000,000. Other components of consolidated equity would not be affected by the changes in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit for the year and retained profits that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit for the year and retained profits is estimated as an annualised impact on interest expenses of such a change in interest rates.

No sensitivity analysis is presented for 2024 as there were no variable rate borrowings as at 31 December 2024.

(d) Currency risk

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

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

The Group manages this risk as follows:

(i) Hedges of foreign currency risk in forecast transaction

As at 31 December 2024, the Group hedged around 98% of its estimated foreign currency exposure in respect of highly probable forecast bond redemption.

The Group uses forward exchange contracts to manage its currency risk until the maturity date of the foreign currency bond redemption. The Group designates those forward exchange contracts as hedging instruments in cash flow hedges and does not separate the forward and spot element of a forward exchange contract but instead designates the forward exchange contract in its entirety in a hedging relationship. Correspondingly, the hedged item is measured based on the forward exchange rate.

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(i) *Hedges of foreign currency risk in forecast transaction (Continued)*

The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the forward exchange contracts and the highly probable forecast transactions based on their currency amounts and the timing of their respective cash flows.

The main sources of ineffectiveness in these hedging relationships are:

- (i) the effect of the counterparty's and the Group's own credit risk on the fair value of the forward exchange contracts which is not reflected in the change in the value of the hedged cash flows attributable to the forward rate; and
- (ii) changes in the timing of the hedged transactions.

The following table details the forward exchange contracts that have been designated as cash flow hedges of the Group's highly probable forecast transactions at the end of the reporting period:

	2025		2024	
	Foreign currency \$ million	Hong Kong dollar \$ million	Foreign currency \$ million	Hong Kong dollar \$ million
Notional amount – Buy USD	–	–	440	3,412
	2025 \$ million		2024 \$ million	
Carrying amount (note) – Asset	–		2	

Note: Forward exchange contract assets are included in the "Derivative financial instruments" (note 16).

As at 31 December 2024, the forward exchange contracts had a maturity of less than one year from the reporting date and had an average exchange rate of 7.7554 between USD and Hong Kong dollar.

The effective portion of the cash flow hedge in respect of foreign currency risk recognised in OCI is \$6,000,000 during the year ended 31 December 2024.

(ii) *Recognised assets and liabilities*

The net fair value of forward exchange contracts used by the Group as economic hedges of monetary assets and liabilities denominated in foreign currencies as at 31 December 2024 was \$2,000,000, recognised as derivative financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(iii) Hedge of net investment in foreign subsidiaries

A foreign currency exposure arises from the Group's net investment in its Singaporean subsidiaries that have Singapore dollar as its functional currency. The risk arises from the fluctuation in spot exchange rates between the Singapore dollar and the Hong Kong dollar, which causes the carrying amount of the net investment to vary. During the year ended 31 December 2024, the Group entered into fixed-to-fixed cross currency swap to eliminate foreign exchange risk associated with the retranslation of part of the net investment in Singapore subsidiaries. As at 31 December 2025, the swap had a RMB320,000,000 (equivalent to approximately \$354,000,000) (2024: RMB320,000,000 (equivalent to approximately \$345,000,000)) receive leg, and a SGD59,000,000 (equivalent to approximately \$358,000,000) (2024: SGD59,000,000 (equivalent to approximately \$342,000,000)) pay leg. The Company's RMB dollar denominated bank loan together with the cross currency swap are designated as hedging instruments for the changes in the value of the net investment that is attributable to changes in the HKD/SGD spot rate. The position is reviewed every year.

The change in the value of cross currency swap of less than \$1,000,000 (2024: \$4,000,000) has been debited in OCI for the year ended 31 December 2025.

(iv) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HKD, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency and the exposure arising from the bank and other loans that is designated as a hedge of the Group's net investment in its subsidiaries in Singapore (see (iii) above) are excluded.

	Exposure to foreign currencies (expressed in HKD)	
	RMB 2025 \$ million	RMB 2024 \$ million
Trade and other receivables	33	27
Cash and deposits	21	13
Trade and other payables	(16)	(14)
	38	26

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(v) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit for the year and retained profits that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. Other components of consolidated equity would not be affected (2024: Nil) by the changes in the foreign exchange rates.

	2025		2024	
	Increase/ (decrease) in foreign exchange rates	Effect on profit for the year and retained profits \$ million	Increase/ (decrease) in foreign exchange rates	Effect on profit for the year and retained profits \$ million
RMB	10% (10%)	3 (3)	10% (10%)	2 (2)

Results of the analysis as presented in the above table represented an aggregation of the instantaneous effects on each of the Group's entities' profit for the year and equity measured in the respective functional currencies, and then translated into HKD at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency and the bank and other loan that is designated as a hedge of the Group's net investment in its subsidiaries in Singapore (see (iii) above). The analysis is performed on the same basis for 2024.

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement

Financial assets and liabilities measured at fair value.

Fair value hierarchy

The following table presents the fair value of the Group's derivative financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value measurements as at 31 December 2025	Fair value measurements as at 31 December 2024
	Fair value as at 31 December 2025 \$ million	Fair value as at 31 December 2024 \$ million
Recurring fair value measurements		
Assets:		
Derivative financial instruments:		
– Cross currency swap	–	2
– Forward exchange contracts	–	2
Liability:		
Derivative financial instrument:		
– Cross currency swap	4	–

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and significant inputs used in Level 2 fair value measurements

The fair value of the cross currency swap is determined based on the amount that the Group would receive or pay to terminate the swaps at the end of the reporting period, taking into account current interest rates and current creditworthiness of the swap counterparty.

The fair value of forward exchange contracts in Level 2 is determined by discounting the difference between the contractual forward price and the current forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

NOTES TO THE FINANCIAL STATEMENTS

30 COMMITMENTS

Capital commitments outstanding at the end of the reporting period not provided for in the consolidated financial statements are as follows:

	2025 \$ million	2024 \$ million
Contracted for	39	60
Authorised but not contracted for	29	58
	68	118

31 PERFORMANCE BONDS

At the end of the reporting period, performance bonds of the Group are as follows:

	2025 \$ million	2024 \$ million
Performance bonds provided to customers of business solutions projects	44	66
Performance bonds provided to others	10	12
	54	78

In respect of above, no provision has been made in the consolidated financial statements. As at 31 December 2025 and 2024, the directors did not consider it probable that a claim will be made against the Group under any of the performance bonds. The maximum liability of the Group at the end of the reporting period is the total amount guaranteed by the performance bonds of \$54,000,000 (2024: \$78,000,000).

NOTES TO THE FINANCIAL STATEMENTS

32 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with affiliates of the Group and its holding company

(i) Recurring transactions

	2025 \$ million	2024 \$ million
Internet data centre services fee received/receivable from fellow subsidiaries	32	26
Virtual private network services fee received/receivable from fellow subsidiaries	33	28
Internet access services fee received/receivable from fellow subsidiaries	10	12
Information security management services fee received/receivable from fellow subsidiaries	16	9
Cloud computing solutions services fee received/receivable from fellow subsidiaries	9	6
Messaging services fee received/receivable from fellow subsidiaries	11	11
Telecommunications services and related expenses paid/payable to		
– a fellow subsidiary	(22)	(23)
– an associate of the ultimate holding company	(8)	(10)
Professional fees paid/payable to a controlling shareholder for the provision of internal audit and company secretarial services	(6)	(6)
Building management fees, water and electricity fees, air conditioning charges and car parking spaces rental paid/payable to fellow subsidiaries	(14)	(14)
Rental income and building management charges received/receivable from a fellow subsidiary	17	17
Interest income from deposits received/receivables from fellow subsidiaries	20	31
Finance costs on bank and other loans paid/payable to fellow subsidiaries	(40)	(17)

The directors are of the opinion that the above transactions with related parties were conducted on normal commercial terms in the ordinary course of business and the terms are fair and reasonable so far as the shareholders of the Company are concerned. The professional fees paid by the Group were reimbursement of costs incurred by the related party, the prices which the Group paid for the relevant services were fair and reasonable with reference to market price.

NOTES TO THE FINANCIAL STATEMENTS

32 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with affiliates of the Group and its holding company (Continued)

(ii) Balances with affiliates of the Group

	2025 \$ million	2024 \$ million
Advance payment for the acquisition of the remaining equity interest in a subsidiary included in trade and other receivables and deposits to a fellow subsidiary	69	67
Lease liabilities due to fellow subsidiaries	(42)	(49)
Deposits with fellow subsidiaries (note (i))	714	724
Bank and other loans from fellow subsidiaries (note (ii))	(1,298)	–

Notes:

- (i) Deposits with fellow subsidiaries are unsecured, interest-bearing at the prevailing market rates and can be withdrawn on demand or in accordance with the terms of agreement.
- (ii) Bank and other loans from fellow subsidiaries are unsecured, interest-bearing at the prevailing market rates and repayable in accordance with the terms of agreement.

(iii) Assets leased out under operating leases to a fellow subsidiary

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods are as follows:

	2025 \$ million	2024 \$ million
Within 1 year	15	15
After 1 year but within 2 years	6	15
After 2 years but within 3 years	–	6
	21	36

The leases related to a fellow subsidiary typically runs for an initial period of 3 years and the related commitments are included in note 10(d).

NOTES TO THE FINANCIAL STATEMENTS

32 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with affiliates of the Group and its holding company (Continued)

(iv) Leasing arrangement

On 17 September 2024, the Group renewed a three-year lease (including an option to renew for a further term of three years) in respect of certain leasehold properties from a fellow subsidiary. The amount of rent payable by the Group under the lease is approximately \$803,000 per month from 20 September 2024 to 19 September 2027, which was determined with reference to the current rental and prevailing open market rates for similar properties in the vicinity. At the commencement date of the lease, the Group recognised a right-of-use asset and a lease liability of \$50,000,000 based on the three-year lease and the option to renew for another three-year term.

(b) Transactions with other government-related entities

The Group is a government-related enterprise and has transactions with entities directly or indirectly controlled by the Government of the People's Republic of China (the "PRC") through government authorities, agencies, affiliates and other organisation (collectively referred to as "government-related entities").

Apart from transactions with the affiliates of the Group as disclosed above, the Group has collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

- rendering and receiving services; and
- financial services arrangements.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not government-related. The Group has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are government-related entities or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group's buying, pricing strategy and approval processes, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the directors are of the opinion that the following transactions with other government-related entities require disclosure:

(i) Transactions with other government-related entities including state-controlled banks in the PRC

	2025 \$ million	2024 \$ million
Interest income from bank deposits	11	16
Finance costs on bank loans	(33)	–
Fees received/receivable from the provision of telecommunications services	1,566	1,639
Fees paid/payable for cost of sales and services	(1,433)	(1,471)

NOTES TO THE FINANCIAL STATEMENTS

32 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with other government-related entities (Continued)

(ii) Balances with other government-related entities including state-controlled banks in the PRC

	2025 \$ million	2024 \$ million
Bank deposits	679	404
Trade debtors	118	165
Contract assets	9	6
Trade creditors	(236)	(253)
Bank loans	(1,053)	(346)

(c) Key management personnel emoluments

Emoluments for key management personnel of the Group are as follows:

	2025 \$ million	2024 \$ million
Short-term employee benefits	33	33
Post-employment benefits	1	1
	34	34

Total emoluments are included in “staff costs” (see note 5(c)).

NOTES TO THE FINANCIAL STATEMENTS

33 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2025 \$ million	2024 \$ million
Non-current assets			
Property, plant and equipment		2	3
Investments in subsidiaries		11,553	11,553
Non-current derivative financial instruments		–	2
Deferred tax assets		2	2
		11,557	11,560
Current assets			
Derivative financial instruments		–	2
Trade and other receivables		1,534	1,663
Cash and deposits		199	67
		1,733	1,732
Current liabilities			
Trade and other payables		700	3,968
Loan from a subsidiary		20	–
Bank and other borrowings		1,206	–
		1,926	3,968
Net current liabilities		(193)	(2,236)
Total assets less current liabilities		11,364	9,324
Non-current liabilities			
Non-current derivative financial instruments		4	–
Defined benefit plan obligations		5	4
Non-current bank and other borrowings		2,051	346
		2,060	350
NET ASSETS		9,304	8,974
Capital and reserves	28(a)		
Share capital		4,758	4,758
Reserves		4,546	4,216
TOTAL EQUITY		9,304	8,974

Approved and authorised for issue by the board of directors on 12 March 2026.

Luo Xicheng
Director

Wu Jun
Director

NOTES TO THE FINANCIAL STATEMENTS

34 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (i) After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 28(b)(i).
- (ii) CTM entered into an agreement on 12 January 2026 with Greater Options Limited and Colonial Nominees Limited to acquire 100% equity interest in Hutchison Telephone (Macau) Company Limited ("Hutchison Macau"), for a total cash consideration of \$110,000,000. The results of Hutchison Macau will be consolidated into the Group's results following the completion of the acquisition.

35 IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY

As at 31 December 2025, the directors consider the immediate parent and the ultimate controlling party of the Group to be Ease Action Investments Corp., which is incorporated in the British Virgin Islands, and CITIC Group Corporation, which is a wholly state-owned company in the PRC, respectively. The intermediate holding company, CITIC Limited, which is incorporated and listed in Hong Kong, produces financial statements available for public use.

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

NOTES TO THE FINANCIAL STATEMENTS

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025 (Continued)

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1, *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18. The Group is in the process of making an assessment of the detailed implications of applying the new standard on the Group's consolidated financial statements. Except for the abovementioned changes in presentation and disclosure, these amendments are not expected to have a material impact on the results or the financial position of the Group.

PROPERTY

MAJOR PROPERTY HELD FOR INVESTMENT

Location	Existing use	Term of lease
4 Lorry Parking Spaces on 1st Floor, 2 Lorry Parking Spaces on 2nd Floor, 1 Lorry Parking Space on 3rd Floor and Unit 2102 to 2104 and 2108 on 21st Floor, CITIC Telecom Tower, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong	Lorry Parking Space and Ancillary Office	Medium
5th to 11th Floors and Flat B on 12th Floor, CITIC Telecom Tower, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong	Industrial	Medium

GLOSSARY

5G	5th generation mobile networks
5.5G	5.5G (5G-Advanced) 5.5G, also known as 5G-Advanced, represents an intermediate stage of evolution between 5G and the future 6G. It is not a new generation of mobile technology but rather a significant enhancement of the existing 5G network. The primary goals of 5.5G are to deliver substantial improvements in key performance indicators, including “ultra-high speed”, “ultra-low latency”, and “massive connectivity”. It aims to increase download speeds tenfold from 1 Gbps to 10 Gbps, reduce latency to as low as 1 millisecond, and support over a million connected devices per square kilometer. These enhancements are designed to enable more demanding applications such as immersive extended reality (XR), autonomous driving, telemedicine, and large-scale Internet of Things (IoT) deployments
50G-PON	PON (Passive Optical Network) is what we commonly refer to as “fiber broadband access technology”. 50G-PON is the next-generation standard in Passive Optical Network (PON) technology. 50G-PON can provide downstream speeds of 50 Gbps and upstream options of 12.5 Gbps, 25 Gbps, or 50 Gbps. This technology allows service providers to deliver multiple services, such as residential broadband, business connectivity, and mobile backhaul, over a single fiber infrastructure. A key advantage is its ability to coexist with previous PON generations like GPON and XGS-PON on the same optical distribution network (ODN)
AI	Artificial Intelligence
AI-WAN	AI-WAN refers to the integration of Artificial Intelligence (AI) into Wide Area Networks (WANs). It uses AI algorithms and machine learning to enhance network performance, automate operations, and improve security. An AI-WAN solution can intelligently manage network traffic, predict potential issues like congestion, and automatically optimize network paths for better performance
API	API stands for Application Programming Interface. In the telecommunications field, it acts like a “capability socket” or a “service supermarket.” Telecom operators package their own communication capabilities (such as sending SMS, voice calls, number verification, network quality assurance, etc.) into standardized “components” or “services,” which are then opened up via APIs for third-party developers or enterprises to use
Big Data	Big data refer to the use of predictive analytics, user behavior analytics, or certain other advanced data analytics methods that extract value from data
Cloud/cloud computing	Cloud/cloud computing is a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g. networks, servers, storage, applications and services etc.) that can be rapidly provisioned and released with minimal management effort or service provider interaction

GLOSSARY

eSIM	Embedded-SIM
FTTR	FTTR (Fiber-to-the-Room) is a technology that extends fiber optic internet to individual rooms in a home or building, providing ultra-fast, stable, and reliable connectivity. It eliminates Wi-Fi dead zones, ensures gigabit speeds, and supports bandwidth-heavy activities like 4K streaming, gaming, and smart home devices. FTTR is a future-ready solution for seamless internet coverage
ICT	Information and Communications Technology (ICT), an umbrella term that includes any communication device or application, encompassing: radio, television, cellular phones, computer and network hardware and software, satellite systems etc., as well as the various services and applications associated with them
Internet of Things (IoT)	The Internet of Things (IoT) is the network of physical devices, vehicles, home appliances and other items embedded with electronics, software, sensors, actuators, and connectivity which enables these objects to connect and exchange data
IoV	IoV (Internet of Vehicles) is a network that connects vehicles, infrastructure, devices, and users to enable data exchange and intelligent transportation. It supports V2X communication (e.g., vehicle-to-vehicle, vehicle-to-infrastructure) for improved safety, traffic management, and autonomous driving. IoV enhances road safety, reduces congestion, and enables smart transportation systems
IPX	IP Packet Exchange (IPX), a network architecture connecting carriers and operators to provide a private interconnection that can support both bilateral and multilateral types of connections
ISP	Internet Service Provider
NaaS	NaaS (Network-as-a-Service) is a cloud-based service model that provides network resources like connectivity, VPNs, and SD-WAN on a subscription or pay-as-you-go basis. It eliminates the need for businesses to own or maintain physical network hardware, offering flexibility, scalability, and easy cloud integration. NaaS is ideal for remote work, IoT deployments, and businesses needing cost-effective, on-demand networking solutions
PoP(s)	Point(s)-of-Presence, connection facilities co-located in the data centres of other telecoms operators that consist primarily of transmission equipment with which calls and data are routed to and from the Group's hub
SA	The standalone (SA) mode of 5G refers to using 5G cells for both signalling and information transfer
SD-WAN	SD-WAN is an acronym for software-defined networking in a wide area network (WAN). An SD-WAN simplifies the management and operation of a WAN by decoupling (separating) the networking hardware from its control mechanism

GLOSSARY

SEPP	In 5G, SEPP (Security Edge Protection Proxy) is a network function that secures signaling communication between different networks (PLMNs), such as during roaming. It encrypts sensitive data, ensures message integrity, hides network topology, and facilitates secure communication over the N32 interface using application-layer security like JSON Web Encryption (JWE). SEPP replaces the Diameter Edge Agent (DEA/DRA) used in 4G and is essential for secure inter-network signaling in 5G
SIMN	Single IMSI Multiple Number (SIMN) service, a Mobile VAS which allows mobile operators' subscribers to hold multiple overseas mobile phone numbers on their existing SIM cards, providing frequent travelers and mobile roamers the choice of saving roaming charges in SIMN-enabled regions
SMS	Short Message Service (SMS), a service available on most digital mobile phones that permits the sending of short messages between mobile phones, other handheld devices and even landline telephones
VoLTE	Voice Over LTE (VoLTE) means connection of voice call through 4G LTE network
Wi-Fi 7	Wi-Fi 7 is the next generation of Wi-Fi. It builds upon Wi-Fi 6/6E and introduces several key innovations to achieve significantly higher speeds, lower latency, and greater capacity

CORPORATE INFORMATION

HEADQUARTERS AND REGISTERED OFFICE

25th Floor, CITIC Telecom Tower
93 Kwai Fuk Road
Kwai Chung
New Territories
Hong Kong

Tel: 2377 8888
Fax: 2376 2063

WEBSITE

www.citictel.com contains a description of the Company's business, copies of the reports to shareholders, announcements, press releases and other information.

STOCK CODES

The Stock Exchange of Hong Kong:	01883
Bloomberg:	1883:HK
Reuters:	1883.HK

SHARE REGISTRAR

Shareholders should contact our Registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong at 2980 1333, or by fax: 2810 8185, on matters such as transfer of shares, change of name or address, or loss of share certificates.

FINANCIAL CALENDAR

Closure of Register: 15 May 2026 to 20 May 2026 and
28 May 2026 to 1 June 2026

Annual General Meeting: 20 May 2026, 10:00 a.m.
Concord Room I, 8th Floor
Renaissance Harbour View Hotel
1 Harbour Road, Wanchai
Hong Kong

Final Dividend Payable: 25 June 2026

ANNUAL REPORT 2025

The Annual Report is prepared in English and Chinese and is available on the Company's website at www.citictel.com under "Announcements & Circulars" in the Investors section and HKEXnews's website at www.hkexnews.hk.

For Shareholders and Non-registered Shareholders who wish to receive a printed form of the Annual Report, please refer to "Corporate Communications Requests" in the Investors section of the Company's website at www.citictel.com for details.



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