





# OPERATIONS REVIEW

The Group continues to unlock 5G potentials for a sustainable digital-centric future.

# Operations Review



## A Sustainable Digital-centric Future

The COVID-19 pandemic has forced multiple industries, from food and beverage to fashion and beauty, to reshape their operational processes and become more digital-centric. Unstaffed payment kiosks, self-service mobile ordering and checkout, augmented reality applications, and real-time data modelling are all examples of how digital connectivity is increasingly being used to make businesses more resilient. However, shifting permanently to a reliance on robust digital connectivity and smart technologies requires guaranteed high quality data transmission. As one of Hong Kong's leading mobile operators, the Group is wholly committed to providing Hong Kong with the ultra-reliable connectivity it needs to meet growing data demands, as well as enabling innovative applications with a transformative impact that can help to create a sustainable digital-centric future.



## A Drive for Network Excellence

Since 2019, 3 Hong Kong has invested more than HK\$3 billion in expanding its mobile network and developing its 5G network, investment that demonstrates its commitment to delivering a reliable network service and that affirms its leading position in 5G network services. The Group has refarmed the 2100 MHz spectrum band for comprehensive 5G network coverage and achieved 5G network population coverage of 99% in a short period of time. By the end of 2021, the Group had made significant progress in the expansion project begun in 2020, which involves building over 1,300 3.5 GHz 5G "golden spectrum" band base stations covering Hong Kong Island, Kowloon, the New Territories and the outlying islands.

Note: Based on the test results in relation to 3 Hong Kong's 5G network & population distribution of Hong Kong conducted in January 2021.

Apart from increasing the number of its 5G base stations by 43% since the third quarter of 2020, 3 Hong Kong also terminated its 2G network services in September 2021, reallocating the spectrum resources for more advanced mobile services. The Group is continuing to improve connectivity on a zonal basis, giving more and more residents access to a super-high speed and low-latency network anytime, anywhere. Network reconfiguration in the 900MHz spectrum band was completed to further improve user experience and availability of the network, improving network coverage and connectivity.

In October 2021, the Office of the Communications Authority conducted an auction of radio spectrum in Hong Kong. Together with the additional spectrums acquired, 3 Hong Kong has a rich portfolio of spectrums to meet the long-term network capacity needs for a seamless 5G experience for both consumers and enterprises.

## Strategic Partnership to Expand Distribution Network

Leveraging its close ties with the wide range of businesses under CKHH Group, and riding on the "3.OneWorld" vision, 3 Hong Kong is continuing to collaborate strategically with other members of the CKHH Group to create synergistic value.



▶ Since 2019, 3 Hong Kong has invested more than HK\$3 billion in expanding its mobile network and developing its 5G network.



▶ 3 Hong Kong's strategic partnership with MoneyBack creates a convenient ecosystem for customers.

Leveraging the CKHH Group's extensive retail network, 3 Hong Kong strengthened its shop-in-shop strategy during the year, reducing the number of its retail stores while creating sales points in electronic retail chain Fortress. The "3@Fortress" sales points offer all-round services including subscription and contract renewal, SIM card replacement, bill payment and autopay services as well as purchases of a wide range of new digital products and gadgets. Together with MoneyBack, the loyalty programme of A.S. Watson Group, this strategic partnership has been strengthened with incentive points, Fortress vouchers, and special offers for redemption of home appliances.

3 Hong Kong also partnered with CASETiFY in a phone case upcycling campaign to solidify the Group's brand proposition in mass and young segments as well as to promote circular economy.



▶ The SoSIM prepaid cards have gained in popularity since launch in late 2020.

The SoSIM prepaid card has surged in popularity among customers since its launch in late 2020. It enables customers to stay connected whether working, learning, or just having fun. In 2021, 3 Hong Kong extended its SoSIM sales points from PARKnSHOP and Watsons on both offline and online channels, expanding the distribution network to over 500 stores throughout Hong Kong. Customers can purchase and recharge their prepaid cards while shopping, or through the mobile application. The enhanced distribution network is opening up new prepaid market business opportunities and making it easier for customers to manage their prepaid cards than ever before.

### Unlocking 5G Potential for Sustainable Future Growth

3 Hong Kong introduced the 5G Broadband service for both consumer and enterprise markets in 2021, providing a true hassle-free solution for indoor high speed internet access. Go beyond the limits of traditional broadband service with 3 Hong Kong's 5G Broadband, there is no landline installation required. The service provides a flexible and convenient Plug & Play experience, best matching with the selected powerful Wi-Fi 6 5G router to connect all smart devices at home and working space with 3 Hong Kong's strongest 5G network. 3 Hong Kong also offers the first-to-market monthly plan for customers to enjoy the broadband service at two separate locations under one single subscription. Hence, the broadband services cover not only at home but also in the workplace, catering for customers' rising needs for data usage.

The 3 Hong Kong enterprise solutions team has been using its expertise to help customers manage the application process for the Subsidy Scheme for Encouraging Early Deployment of 5G, which the Office of the Communications Authority extended the deadline of the scheme to July 2022.

3 Hong Kong supplied the super-high speed and ultra-low latency 5G network for a non-fungible token ("NFT")-based project, the 3 • Orbstellar by XCEPT NFT BIG BANG Immersive Experience Hall during the year. Visitors were able to experience crypto art in an immersive space, and to create collective digital art using blockchain technology.

Also during the year, 3 Hong Kong launched DIGI3OX, a 4,500 square-foot innovation centre aimed at the government and private sectors. DIGI3OX showcases solutions made possible by the 5G network, presenting use cases such as smart robots, new surveillance technologies, smart campus solutions, and much more. The new centre is proving a valuable means of promoting the Group's efforts in expanding the possibilities of 5G for the future.



▶ 3 Hong Kong has created Hong Kong's first NFT Big Bang immersive experience.

### Diverse and Innovative 5G Enterprise Applications

A super-high speed and low-latency 5G network enables applications such as 5G 4K live streaming, virtual reality, and real time data transfer. One beneficiary has been The Hong Kong Dance Company, which adopted 3 Hong Kong's 5G 4K Broadcasting Solution to broadcast performances and conduct dance classes online, enabling it to overcome geographical and social distancing barriers to reach global customers. Similarly, 3 Hong Kong's 5G network enabled the Hong Kong Chinese Orchestra to conduct an outdoor 5G 4K live concert, "Universe in a Flower Concert", at Tsz Shan Monastery.

Another successful use case developed by 3 Hong Kong was the smart robot deployed at a shopping mall. The smart robot serves as a mobile kiosk and concierge during the day, providing an e-directory and assisting with shoppers' enquiries. It also acted as a night-time guard, with the ability to capture and analyse real-time data and escalate incidents to the security control room. The smart robot solution is not only streamlining and automating traditional processes but also improving cost efficiency, customer experience and safety.

Construction modelling is another area where 3 Hong Kong has been contributing to the development of innovative solutions. The efficient data transmission made possible by a super-high speed and low-latency 5G network, coupled with Mixed Reality devices and Building Information Modelling technology, allows workers to visualise 3D Mixed Reality images, compare an architectural design with the onsite situation, conduct clash detection, preview building processes, and experience a sense of project completion in real time on

their devices in the office and at the worksite. Planning and design defects can be detected early, reducing the need for modifications during construction and thus boosting efficiency and productivity while cutting down on waste.

### Digital Transformation

3 Hong Kong has continued to demonstrate its business agility by expanding and diversifying its service offerings in the ever-changing digital landscape. It launched the SoSIM mobile application in April 2021, giving customers the ability to easily manage their accounts, check usage, top up both offline and online through credit card and MoneyBack, and purchase other services. It also enables them to port in their mobile numbers and obtain the latest special offers. 3Care, a comprehensive health protection for customers, and 3Mall, an online sales channel for handsets, SIM cards and a wide range of other products, are further enriching the customer shopping experience.

### Macau

Given the success of SoSIM in Hong Kong, 3 Macau introduced a SoSIM prepaid card to address the rising demand in Macau for data usage, especially under social distancing and travel restrictions. 3 Macau launched the SoSIM prepaid card at all 16 PARKnSHOPS in Macau in January 2021. An ePIN is also available for instant recharge of SoSIMs.

3 Macau is committed to the continuous enhancement of 4G LTE coverage, and to exploring potential new sales channels as well as other corporate solution offerings to enhance the quality of its customer experience and network services. 3 Macau's WeChat platform provides sales and promotion updates from subscription to top-up services as well as account management and bill enquiries.



▶ 3 Macau is committed to the continuous enhancement of 4G LTE coverage.