

# Chairman's Statement

The first half of 2022 showed a small setback of the economic recovery which resulted in a financial impediment for the Group. Nevertheless, the gradual easing of COVID-19 measures is expected to bring back a transition towards normality.

Challenging operational uncertainties persisted during the first half of the year, leading to a decrease in the revenue of the Group by HK\$267 million or 10% to HK\$2,298 million in the first six months of 2022. Service revenue weakened by 4% compared with the same period last year mainly due to HK\$85 million or 6% lower local service revenue from intense competition and the slowdown of corporate solution revenue in light of the tightened measures during the fifth-wave of COVID-19 in Hong Kong during the first half of 2022. This decline was partially offset by a slight improvement in roaming service revenue. Hardware and other product revenue reported a HK\$195 million or 21% drop as a result of supply chain constraints.

EBITDA decreased by HK\$52 million or 7% to HK\$695 million in the first six months of 2022. The lower EBITDA was mainly attributable to the aforementioned lower service revenue and the higher network operating costs driven by the Group's effort in building the best mobile network in Hong Kong, which was partially offset by the strengthened shop-in-shop strategy and ongoing efficiency enhancement initiatives.

LBIT was HK\$43 million which, compared to the same period last year, shifted downward by HK\$135 million or 147%. Aside from the lower service revenue and the higher network operating costs impacting EBITDA above, the decrease was mostly due to the higher depreciation and amortisation from the renewal of spectrum licence in 2021 as well as the robust investments in network infrastructure and related-technologies to cater the upsurge demand in digital experience.

Loss attributable to shareholders and loss per share were HK\$96 million and 1.99 HK cents, a 410% decrease compared to the same period last year.

As of 30 June 2022, the total number of customers in Hong Kong and Macau amounted to approximately 3.0 million, a drop of 7% from approximately 3.2 million compared with the same period last year, largely due to the real-name registration for SIM cards in Hong Kong which commenced on 1 March 2022. The decline was partially offset by the increase in postpaid, mobile broadband and SoSIM customers. Monthly churn rate of postpaid customers improved to 0.7% (1H 2021: 1.1%) mainly due to the effect of focused strategy to improve customer loyalty and the continuous effort in customer retention. Local postpaid net ARPU decreased by 7% to HK\$149 as a result of softer ARPU and slower than expected corporate solutions contributions as a result of the tightened measures during the fifth-wave of COVID-19 in Hong Kong at the beginning of 2022.

## Dividend

The Board declared an interim dividend of 2.28 HK cents (2021 interim dividend: 2.28 HK cents) per share for the six months ended 30 June 2022, in line with the same period last year, payable on Friday, 2 September 2022, to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 24 August 2022, being the record date for determining shareholders' entitlement to the interim dividend.

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### Outlook

Although the economic conditions remain a challenge, the gradual easing of COVID-19 measures should lift business and consumer confidence.

Apart from the investments of more than HK\$3 billion in mobile network expansion and 5G network development since 2019, this year the Group has activated its commercial 5G network on 700MHz band spectrum. This 700MHz band is an optimal frequency band which increases network efficiency, enables deep indoor penetration within buildings, widens coverage in rural areas and empowers faster 5G services. The 5G broadband service of the Group, providing ultra-fast and seamless connectivity for businesses and household customers, was a great success since launch. The robust 5G network of the Group now led the way for the transition from LTE to 5G, advancing smart city development and powering digital lifestyle.

As the Group has sustained a good portfolio of loyal postpaid customers which leads to a healthier churn rate, the Board is optimistic with the business outlook, and is confident that the Group is on track to deliver solid local operating results, and will maintain a strong cash flow in the transition ahead to normal operating conditions. The ongoing investments of the Group in digitalisation unlock opportunities in the digital-focus future, embracing sustainable business strategies and ensuring that long-term value for all its stakeholders is warranted.

To conclude, I would like to thank the Board of Directors and all staff members for their continued dedication, diligence, professionalism, as well as their contributions to the Group during these unprecedented times.

**FOK Kin Ning, Canning**  
Chairman

Hong Kong, 29 July 2022