

# Chairman's Statement

The first half of 2023, benefitting from post-pandemic tourism recovery and the Hong Kong and Mainland China border reopening, witnessed a resurgence of the economy in Hong Kong, which has strengthened the Group's service revenue.

Loss attributable to shareholders and loss per share narrowed to HK\$19 million and 0.39 HK cents respectively, an 80% improvement compared to the same period last year.

## Dividend

The Board declared an interim dividend of 2.28 HK cents per share (2022 interim dividend: 2.28 HK cents) for the six months ended 30 June 2023, in line with the same period last year, payable on Friday, 1 September 2023, to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 23 August 2023, being the record date for determining shareholders' entitlement to the interim dividend.

## Business Highlights

The Group's service revenue grew by 15% year-on-year to HK\$1,793 million during the first half of 2023. Benefitting from the lifting of travel restrictions around the world, roaming service revenue increased considerably by HK\$95 million or 68% year-on-year to HK\$235 million in the first half of 2023, and has been a key driver of revenue growth. Local service revenue grew at a healthy rate of 10% compared to the same period last year, as market competition stabilised. The Group's total revenue for the first six months of 2023 only grew by HK\$30 million or 1% to HK\$2,328 million, as the higher roaming and local service revenue were largely offset by lower margin hardware revenue as a result of softened demand. Total margin increased by HK\$138 million or 10% year-on-year to HK\$1,528 million.

EBITDA rose by HK\$32 million or 5% to HK\$727 million in the first six months of 2023. The increase was primarily due to the notable increase in total margin, which was partially offset by higher network operating costs relating to the Group's investments in the expansion and enhancements of its network infrastructure.

LBIT of HK\$35 million improved by HK\$8 million or 19% compared to the same period last year. The improvement in EBITDA was partially offset by higher amortisation expenses associated with capitalised CACs as well as higher depreciation expenses incurred due to the abovementioned 5G network enhancements. Furthermore, as a result of interest rate hikes, the Group's bank interest increased by seven-fold to HK\$84 million in the first half of 2023. This resulted in a net interest income of HK\$46 million for the first six months of 2023 as compared to a net interest cost of HK\$27 million for the same period last year.

As of 30 June 2023, the customer base of the Group further expanded by 13%, currently standing at approximately 3.4 million compared to approximately 3.0 million for the same period last year. This improvement was mainly due to an increase in the number of prepaid customers. With continued growth in 5G Broadband and other customers, the Group's 5G penetration rate increased by 18% points to 38% compared to the same period last year. The monthly churn rate of postpaid customers increased marginally to 0.9% (1H 2022: 0.7%), which was attributed to a post-pandemic reduction in work-from-home arrangements from the Group's corporate customers. That reduction, however, had only a limited impact on the Group's related income. Overall, the Group's customer value management initiatives had proved effective in enhancing customer engagement and loyalty. Postpaid net ARPU increased by 12% to HK\$180 mainly driven by an increase in revenue from the Group's corporate solutions and roaming segments that gained momentum in the first half of the year.

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### Outlook

The Hong Kong economy had shown signs of recovery from its 2020 lows, driven by the recovery of tourism along with local spending, and is poised for further growth in the second half of 2023. The Group is optimistic that this improvement will lend support to further roaming market recovery and provide positive customer sentiment for the Group's business.

In March 2023, the Group introduced its new premium brand "SUPREME", as a multi-brand strategy, for esteemed customers. "SUPREME" provides cutting-edge 5G network services along with personalised services in the upscale consumer market.

Looking forward, the Board is optimistic towards the Group's business outlook amidst positive growth prospects. With roaming market recovery in recent months, the Group is encouraged by its turnaround in profitability in June 2023. It is on course to deliver a more positive financial performance for the year.

I would like to thank the Board and all employees for their continued dedication, diligence, professionalism, as well as their valuable contributions to the Group during these challenging times.

**FOK Kin Ning, Canning**  
Chairman

Hong Kong, 28 July 2023