

# Chairman's Statement

The Hong Kong economy recorded modest growth in the first half of 2024, which was partly driven by the rebound in the tourism sector. However, the business environment and retail sales performance faced headwinds and the Group continued to experience challenges with changes in consumer spending behaviour as a result of living cost pressures, which softened the Group's total revenue.

Loss attributable to shareholders and loss per share narrowed to HK\$12 million and 0.25 HK cents respectively, a 37% improvement compared to the same period last year.

## Dividend

The Board declared an interim dividend of 2.28 HK cents (2023 interim dividend: 2.28 HK cents) per share for the six months ended 30 June 2024, in line with the same period last year, payable on Friday, 6 September 2024, to shareholders (except for the holders of treasury shares, if any) whose names appear on the Register of Members of the Company at the close of business on Wednesday, 28 August 2024, being the record date for determining shareholders' entitlement to the interim dividend. Currently, there are no treasury shares held by the Company (whether held or deposited in the Central Clearing and Settlement System, or otherwise).

## Business Highlights

Strong outbound tourism supported solid growth in the Group's roaming service revenue which increased considerably by HK\$73 million or 31% year-on-year to HK\$308 million in the first half of 2024, leveraging its exceptional international connectivity and services. This growth was restrained by a 44% lower hardware revenue as a result of prudent market sentiment and prolonged mobile phone replacement cycle. The Group's total revenue for the first six months of 2024 decreased by HK\$270 million or 12% to HK\$2,058 million compared to the same period last year. Despite a decline in total revenue, total margin remained stable at HK\$1,523 million, primarily driven by revenue mix with an increase in roaming service revenue.

EBITDA remained steady at HK\$728 million in the first six months of 2024, mainly attributable to lower operating expenses driven by effective cost saving initiatives, which was partially offset by higher CACs.

LBIT of HK\$30 million slightly improved by HK\$5 million or 14% compared to the same period last year, mainly attributable to the lower depreciation and amortisation expenses. With the continued high interest rate environment, the Group's bank interest income increased by 11% to HK\$93 million in the first half of 2024, resulting in an increase in net interest income of HK\$6 million for the first six months of 2024 compared to the same period last year.

During the first half of 2024, the customer base of the Group continued to grow and reached approximately 4.3 million as at 30 June 2024, a 25% increase compared to approximately 3.4 million for the same period last year. The substantial increase was primarily attributable to an increase in the prepaid customer base including SoSIM customers. The Group's 5G penetration rate rose 13% points to 51% compared to the same period last year, evidencing positive traction in 5G service subscriptions. The monthly churn rate of postpaid customers increased marginally to 1.0% (1H 2023: 0.9%), mainly due to movements related to corporate customers. With the Group's effective customer value management initiatives and retention programmes, the churn rate of postpaid customers in the mass market remained stable.

## Chairman's Statement

### Outlook

With the ongoing external macroeconomic uncertainties, the Hong Kong economy is anticipated to continue to face challenges for the remainder of 2024. The Group remains agile and is proactively monitoring demand uncertainty and other key indicators to dynamically adjust operating plans and capital investments as needed, to steer towards further growth in the second half of 2024.

Alongside the focus on achieving a more robust financial performance, the Group continues to embrace sustainability as one of its core values. On the path to decarbonisation, the Group remains devoted to exploring and investing in energy-saving and energy efficient technologies to create a more sustainable future. By continuing to prioritise employee's welfare, the Group strives to maintain a supportive and productive corporate culture.

Looking forward, the Board retains an optimistic outlook regarding the Group's business prospects, while continuing to stay vigilant amidst global economic volatility. The Group will continue to explore value-enhancing opportunities for shareholders and is dedicated to strengthening its overall financial profile for shareholder value maximisation. The Group is committed to delivering a further enhanced financial performance and targets to achieve a turnaround in profitability for the year.

I would like to thank the Board and all staff members for their continued dedication, diligence, professionalism and valuable contributions to the Group.

**FOK Kin Ning, Canning**  
Chairman

Hong Kong, 30 July 2024