

SmarTone Announces Interim Results 1H FY2017

Core Postpaid Service Business Remains Resilient Despite Challenging Conditions

- *Focus on strengthening business fundamentals; new growth areas in segment service plans and enterprise solutions showing positive business impact*
- *Interim dividend of HK\$0.27 per share, same as interim dividend in FY16*
- *SmarTone urges Government to accelerate the release of more spectrum supply*

Hong Kong, 16 February 2017 – SmarTone Telecommunications Holdings Limited (“SmarTone” or the “Group”) (HKEx stock code: 315) today reported unaudited results for the six months ended 31 December 2016. Its core postpaid service revenues remained stable during the period despite challenging market and industry conditions.

Group service revenue was HK\$2,674 million, a decline of 4% over the same period last year and a 1% dip over the previous half. The decline in service revenue was due to customers continuing to migrate to SIM Only plans, weakness in the prepaid segment and the increasing use of Over-the-Top (OTT) services affecting voice roaming revenues.

During the six month period, core underlying figures remained stable. Postpaid service revenue net of handset subsidy amortization was resilient, up 2% both year-on-year and half-on-half. Hong Kong customer base grew to 2 million, and mobile postpaid ARPU remained stable at HK\$299. Net profit was HK\$393 million, a slight decrease of 2% year-on-year and unchanged half-on-half.

SmarTone has been focusing on its core mobile business, and has been targeting different market segments with tailored services and offerings including roaming packages and Family Plans, while actively exploring new income streams. SmarTone has seen healthy growth at its Enterprise Solutions business, which offers tailored services to corporations beyond connectivity. It has also

leveraged channels such as online stores, websites and mobile apps, using the digital platforms to drive sales and tighten customer engagement. In addition, SmarTone has underpinned its brand proposition with excellent customer service and technology leadership.

With rising spectrum costs, lower roaming business as customers continue to migrate to OTT services and slower handset business, the Company expects pressure on profitability in the second half of FY17.

“SmarTone’s interim figures show how the company is taking proactive, concrete steps to offset the impact of the challenging industry conditions,” said Anna Yip, SmarTone’s Chief Executive Officer. “While we do not expect market issues to dissipate quickly, SmarTone is well placed to meet the challenges, serve our customers and deliver value for our shareholders.”

SmarTone’s Board announced an interim dividend of 27 cents per share, stating its intention that, barring unforeseen circumstances, it would keep the absolute full-year FY17 dividend per share unchanged from FY16. Shareholders have the option to receive new and fully paid shares in lieu of cash under a scrip dividend scheme.

Looking to the future, SmarTone urged the Government to accelerate its release of spectrum to the market and provide a spectrum supply roadmap.

“The industry is faced with rising spectrum costs and uncertainty regarding spectrum supply,” said Ms Yip. “We urge the Government to accelerate the supply of spectrum to the market and provide a clear roadmap. This is crucial for long-term industry planning, and we look forward to working closely with the government on this issue.”

About SmarTone Telecommunications Holdings Limited

SmarTone Telecommunications Holdings Limited (0315.HK) is a leading telecommunications company with operating subsidiaries in Hong Kong and Macau, providing voice, multimedia and mobile broadband services, as well as fixed fibre broadband services for the consumer and corporate markets. Its goal is to deliver unbeatable and valuable experiences to customers through its powerful network, purposeful apps and passionate service. The company has been listed in Hong Kong since 1996. It is a subsidiary of Sun Hung Kai Properties Limited (0016.HK).