

## SMARTONE ANNOUNCES FULL YEAR RESULTS 2016/17

### Proactive measures to maintain steady performance in a challenging market

- *Group service revenue was \$5,160 million and postpaid service revenue net of handset subsidy amortisation remained unchanged*
- *Customer number grew 4% to 2.06 million; Churn rate at 1.0%*
- *Mobile postpaid ARPU at \$285*
- *Group net profit was \$672 million*
- *Proposed final dividend of 33 cents per share, making a full year dividend of 60 cents per share*
- *SmarTone welcomes the Government's move to clarify the spectrum supply roadmap*

(Hong Kong, 29 August 2017) – SmarTone Telecommunications Holdings Limited (“SmarTone” or the “Group”) (HKEx stock code: 315) today reported unaudited results for the twelve months ended 30 June 2017.

**Anna Yip, Chief Executive Officer of SmarTone commented:**

*“While it is clear that the environment has been challenging and our profitability has been impacted, we have taken proactive measures to reposition our business for future growth. Active measures are in place to drive productivity improvements and we are taking a long-term view to investing in our business. Our focus remains on delivering the best experience to our customers. We are creating segmented offerings to meet the needs of specific customer groups, developing new digital service platforms to provide greater convenience, and are investing to expand capacity and ensure that we continue to deliver superior network performance.”*

Group service revenue was \$5,160 million, a drop of 6% over the previous year, due to increased migration from handset-bundled plans to SIM Only plans, weakness in the prepaid segment and a decline in voice roaming revenues. However, net of handset subsidy amortisation, the underlying postpaid service revenue has shown resilience and remained unchanged. Local mobile postpaid service revenue net of handset subsidy amortisation has increased by 2%, reflecting the strength of the core local mobile business.

SmarTone increased its Hong Kong customer number by 4% to 2.06 million. This was driven by a number of measures, including a focus on customer acquisition through segmented offerings

and retention through loyalty initiatives. The Company has continued to invest in branding and marketing to grow its customer base. During the reporting period, churn rate was 1.0% and mobile postpaid ARPU was \$285.

The Company has aggressively continued its drive for operational efficiency and OPEX remained stable. CAPEX fell by 14%.

During the year under review, SmarTone reinforced its network superiority and technological leadership with the aim of providing the best customer experience in Hong Kong. The Company is in the process of modernising its core network, an important step to support the network evolution from 4.5G to 5G. In addition, SmarTone became the first mobile operator in Hong Kong to successfully complete the LAA trial, an innovative technology combining licensed and unlicensed spectrum to uplift LTE data speed.

SmarTone announced a final dividend of 33 cents per share, making a full-year dividend of 60 cents per share.

The challenging operating environment is expected to continue. A number of factors, including higher spectrum costs, declining voice roaming revenues, lower handset profits and severe competitive pressures will weigh on profitability. SmarTone is taking proactive steps to mitigate the impact of these factors. The Company's priority is to improve productivity throughout the business while maintaining investments to deliver the best network experience. The Company also aims to accelerate growth of new revenue sources. As part of its customer-centric strategy, SmarTone will continue to deepen its segmented offerings and invest in a number of new digital platforms and services that better suit customers' increasingly digital lifestyle.

***Anna Yip, Chief Executive Officer of SmarTone added:***

*"SmarTone welcomes the Government's move to clarify the spectrum supply roadmap. It is critical for the industry to have sufficient supply of spectrum at a reasonable price to spur innovation and the adoption of services enabled by new technologies & 5G. This is essential to Hong Kong's position as a competitive and global economy."*

## 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).