

## SmarTone's resilient core business sees local service revenue growth H-on-H

- Reported underlying profit attributable to equity holders was \$267M compared to \$265M during the same period last year, suppressed by the impact of ongoing COVID-related travel restrictions
- Core business remained resilient as local service revenue increased 3% H-on-H
- Customer numbers increased 6% to 2.8M; postpaid churn rate at industry-low of 0.8%
- Collapse of roaming revenue was offset by successful execution of cost reduction and productivity initiatives
- Rapid roll-out of investment in 5G has provided nearly full coverage in Hong Kong with the widest coverage both indoors and outdoors
- The Board declares an interim dividend of 14.5 cents per share

(Hong Kong, 23 February 2021) SmarTone Telecommunications Holdings Limited (“SmarTone”; SEHK: 315), the telecommunication subsidiary of Sun Hung Kai Properties (SEHK: 0016), today announced its interim financial results for the six months ended 31 December 2020.

Despite the continuously challenging business operating environment and the reduction in roaming revenue (previously a key earning driver) as a result of pandemic-related travel restrictions, SmarTone reported an underlying profit attributable to equity holders of \$267M, slightly up from \$265M during the same period last year. This was achieved by implementing robust measures to improve revenues, reduce costs and enhance productivity.

Compared to the pre-pandemic July to December 2019 period, the current period's local service revenue was 3% higher against the prior six-month period. There were a number of growth drivers. First, the Company was able to both retain customers and increase their base-plan ARPU. Second, the launch of 5G has so far exceeded expectations. Third, 5G Home Broadband has also begun to ramp up, providing high-speed connectivity at a low cost, to customers who currently suffer from low-speed or very high service fees.

SmarTone stays committed to providing the best 5G service in Hong Kong with the aim to be among the world's best infrastructures. 5G roll-out in Hong Kong is well ahead of Europe, the US and Singapore. As of today, the SmarTone 5G network already provides nearly full coverage across Hong Kong. To this end, SmarTone is also pleased to have been selected as the "Best Preferred Mobile Operator for 5G" by a recent independent market survey<sup>1</sup>.

Over the last 6 months, SmarTone has launched a number of initiatives to reduce cost and improve productivity. These include a reduction in service fees (e.g. backhaul, cell-site rental, shop rentals) and other measures streamlining the organisation to enhance productivity, and improvements in network efficiency. Most of these initiatives bring recurring savings for the future, and none has a negative impact on network quality or the level of customer service. These savings have allowed us to redeploy resources to invest in future revenue streams.

SmarTone will continue to invest in its Enterprise Solution business, especially 5G applications, as more companies accelerate their digitisation journey following the pandemic. The Company recently implemented Hong Kong's first 5G "SmarTransport" safety monitoring system for the Tai Lam Tunnel, which takes advantage of fast 5G uplink and AI analytics to enhance safety to drivers. The 5G "Smart Malls" applications, which includes "Smart Restrooms" and smart 5G robots, bring enhanced shopping experience and operational efficiency. Already implemented in Sun Hung Kai Properties' MOKO and Metroplaza shopping malls, these applications will also be extended to other mall operators and property managers.

While the operating environment will likely continue to be competitive and challenging, SmarTone is confident that roaming services will eventually return as vaccinations are being rolled out globally.

The Board declared an interim dividend of 14.5 cents per share, the same as the interim dividend for 2019/2020. The Company's intention is to continue to pay a dividend equivalent to 75% of profit attributable to equity holders on a full-year basis.

Mr. Allen Fung, Deputy Chairman and Executive Director of SmarTone Telecommunications Holdings Ltd., said: "With the promising uptake of 5G amongst consumers, we will focus on capturing growth opportunities in the market to open new revenue streams. Looking at 5G roll-out internationally, Hong Kong probably ranks number three in the world measured by the speed and depth of the roll-out. It is already well ahead of Europe, the US and Singapore in 5G roll-out

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<sup>1</sup> Independent research by Nuance Tree Research Company

too. For Hong Kong to pursue its vision to become a “smart city” and further integrate with the Greater Bay, 5G is essential; SmarTone is proud to be playing its part in building Hong Kong’s digital infrastructure, and helping Hong Kong to be a leading 5G-enabled city through the investment in a world-class 5G network.”

For further details of the 2020/2021 interim results, please refer to website:  
[https://www.smartoneholdings.com/jsp/site/investor\\_relations/results/english/index.jsp](https://www.smartoneholdings.com/jsp/site/investor_relations/results/english/index.jsp)

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