

## SmarTone's core business stands resilient with local service revenue growth despite continuing challenge from COVID-19

- Reported profit attributable to equity holders for the year was \$445M (Prior year \$440M before equity holders' share of impairment charge of \$61M) largely driven by a resilient core local business, productivity enhancements and enhanced network efficiency

Profit attributable to equity holders (\$M)	FY20	FY21	% change
Underlying (ex. one-off impairment in FY20)	440	445	+1%
Reported	379	445	+17%

- Local service revenue (excluding roaming) increased 2% to \$4,108M
- Customer base steady at 2.7M amid an increasing number of customers upgrading to 5G; postpaid churn rate at a low 0.8%
- SmarTone 5G network provides 99% near full coverage including all MTR lines, major roads, highways and tunnels, and with ongoing rollout across country parks and hiking trails
- The Board proposes a final dividend of 15.5 cents per share, bringing full year dividend to 30.0 cents per share, in line with the 75% payout policy of profit attributable to equity holders
- Launch of 5G Lab showcases latest 5G applications, drawing in about 200,000 visitors over the past three months

(Hong Kong, 1 September 2021) SmarTone Telecommunications Holdings Limited ("SmarTone"; SEHK: 315), the telecommunication subsidiary of Sun Hung Kai Properties (SEHK: 0016), today announced its financial results for the year ended 30 June 2021.

While business conditions remained challenging as COVID continues, with the continuous virtual stoppage of international travel which caused roaming revenue to remain at a historic low, SmarTone delivered a profit attributable to equity holders of \$445M for FY21 which compares to \$440M (excluding the one-off impairment charge of \$61M) for FY20.

During the past year, SmarTone's local service revenue (excluding roaming) was able to grow by 2%, as a result of several key factors. Firstly, the uptake on SmarTone's 5G services was encouraging, with 5G commanding a premium over 4G services. Secondly, the Enterprise

Solutions business started to rebound as corporates increasingly adopted digital services. Thirdly, SmarTone's 5G Home Broadband started to ramp up growth. These underlying drivers of revenue growth, coupled with an increasing mobile postpaid exit ARPU from \$189 to \$202, continue to show good momentum.

The Company launched 5G services in May 2020. With a strong balance sheet, technical capabilities, and strong collaboration with Ericsson, SmarTone has been able to build a high quality and cost-effective network. As of now, SmarTone's 5G network covers 99% of the population, including all MTR lines, major roads, highways and tunnels. The Company is expanding coverage in major hiking trails and country parks, as these places become hotspots in Hong Kong's daily life. Based on the results of an independent and internationally recognised network measurement company nPerf, SmarTone's 5G network was judged to be number one in Hong Kong in terms of 5G coverage.

In May 2021, together with Sun Hung Kai Properties, SmarTone launched the 5G Lab at ICC which aims to raise awareness on 5G development and demonstrate how the 5G infrastructure will support Hong Kong's development. The Lab showcases the many early benefits of 5G. With much faster uplink and much lower latency, 5G allows smooth zoom call experience, immediate feedback from mobile apps and a whole new experience in mobile gaming. 5G also allow users to do something not possible under 4G. The response of 5G Lab has been overwhelming. Within just three months, it has drawn in about 200,000 visitors. SmarTone has also opened up the 5G Lab for school visits to nurture students' interest in studying science and technology, which will help Hong Kong transform itself to become an innovation hub as laid out in the Fourteenth Five-Year Plan, and better integrate with the Greater Bay.

Although 5G development in Hong Kong is still in its early stages, enterprises are starting to exploit the potential of 5G to improve their operations with the help of SmarTone. Several construction companies are already using "Smart Helmets" which protect workers against heat stroke, heart attack and construction site dangers through a monitoring and early warning system. The Kowloon Motor Bus Company is adopting new 5G technologies to provide instant information on how crowded each bus is, so that passengers can plan their trips better and the operator can also deploy their buses better. YATA, the supermarket chain, is using 5G plus AI technologies to monitor and shorten the time of queuing in peak hours. SmarTone is also working with several operators on tele-medicine services, and several elderly care operators on "SmarHealth" solutions.

Mr. Allen Fung, Deputy Chairman and Executive Director of SmarTone Telecommunications Holdings Ltd. said, "The operating environment in Hong Kong for the coming months will remain challenging, but we do see new revenue opportunities from the accelerated upgrade of customers to 5G, ramped-up growth in enterprise solutions, as well as new services and solutions such as cyber-security and 5G Home Broadband. Our vision is to build a world-class 5G network that we and Hong Kong can be proud of. We believe 5G is crucial to Hong Kong's transition into a Smart City. As a leading mobile operator, SmarTone is proud to play a key role in building this critical digital infrastructure."

In line with the company's 75% payout policy, the Board proposes a final dividend of 15.5 cents, making a full-year dividend of 30.0 cents per share, based on profit attributable to equity holders of \$445 million.

For further details of the 2020/2021 final 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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