

## SmarTone's core business remains resilient with service revenue growth of 3% in spite of persisting challenge from the pandemic

- Reported profit attributable to equity holders was \$251M, down 6% compared to \$267M in 1H FY21
- Core business remained resilient; service revenue increased 3% to 2,242M
- Mobile postpaid exit ARPU increased 4% to \$210; postpaid churn rate at 0.7%
- Additional spectrum acquired to enhance 5G coverage and performance
- The Board declares an interim dividend of 14.5 cents per share, same as last year

**(Hong Kong, 23 February 2022)** SmarTone Telecommunications Holdings Limited ("SmarTone"; SEHK: 315), the telecommunication subsidiary of Sun Hung Kai Properties (SEHK: 0016), today announced its financial results for the six months ended 31 December 2021.

Despite the operating environment continued to be challenging due to the persistence of the pandemic, subdued roaming revenues and highly competitive mobile market, SmarTone delivered a profit attributable to equity holders of \$251M, down 6% compared to \$267M in the same period last year. Discounting the impact of the government subsidies in 1H FY21, the profit for the current period actually increased.

During the past six months, SmarTone's service revenue increased by 3% and mobile postpaid exit ARPU grew 4% to \$210. The growth was contributed by several factors, including the strong customer uptake since the launch of 5G in May 2020, with subscribers to 5G services now ~20% of the postpaid MNO base; the higher ARPU of 5G plans over 4G plans and strong subscriber growth in its 5G Home Broadband services, offering high speed connectivity at lower cost. Benefitting from the corporate digitalization drive, the Enterprise Solution business was also a key contributor to revenue growth.

SmarTone launched a cost efficiency program to manage the impact of the pandemic without compromising service quality. It has achieved recurring material productivity improvement and savings. As part of SmarTone's continuing digitalization, further measures have been planned to deliver efficiency improvements. The savings from these programs have allowed SmarTone to reinvest in other priority areas, such as enhancements to its network and customer services.

Since its 5G network was launched, SmarTone has been working tirelessly to deliver a world-class 5G network experience. As of today, SmarTone network extends to 99% of the population, covering all MTR lines, major roads, highways and tunnels. The company is also expanding its coverage in major hiking trails and country parks to meet changing customer needs. In response to the COVID situation in the city, SmarTone's 5G network coverage has been extended to the Penny's Bay Quarantine Centre. In October 2021, SmarTone has also successfully acquired additional spectrum at a reasonable cost and now has the most spectrum resources per subscriber amongst all operators.

SmarTone 5G Home Broadband service has received very positive customer feedback since its launch, which provides a super-fast and often cheaper choice to consumers who have been suffering from very low internet speeds or very expensive fees against existing dominant fixed-line carries. It even comes with a free trial guarantee that allows customers to try before committing, in which over 90% of the users ended up subscribing the service long-term.

To accelerate the adoption of 5G over time, SmarTone launched the 5G Lab in May 2021. It has welcomed nearly 400,000 visitors and students from more than 200 secondary schools, to raise the awareness on 5G and demonstrate how 5G infrastructure can support Hong Kong's development.

With increasing number of corporates launched their digitalization efforts, SmarTone's Enterprise Solution business has registered strong double-digital growth over the past six months. Many leading construction companies have adopted SmarTone's award-winning Smart Construction offering, which enables site worker safety monitoring and detection through 5G, IoT and AI-powered video analytics technology.

There are many more applications in other sectors such as retail, healthcare, education, property management, etc., where digitalization brings enormous efficiency gains. Digitalization is an important pillar for Hong Kong to become a successful technology hub and SmarTone will continue to play a key role in providing solutions to enterprises to build up their digital capabilities which is expected to accelerate.

SmarTone is also using digital channels and data with the support of AI to enhance customer service, as part of their digital transformation. For instance, by expanding their customer service channels in conjunction with "machine learning", SmarTone is able to understand their customers better and identify areas for improvement in network, call centers, services as well as improving productivity.

In this critical pandemic period, SmarTone is committed to using their resources to fight against the pandemic. The "Quarantine Without Losing Touch" initiative was launched to provide free data and calls as well as broadband access to customers under quarantine in Penny's Bay to help them stay connected with colleagues and family members. A special 6-month 5G home broadband contract offer was also introduced to cater to families' needs on work-from-home and e-learning. SmarTone also provided smartphones and free basic mobile service to help elderly citizens facilitate downloads and use of the "LeaveHomeSafe" app as support for the "Jockey Club Digital Support Project for the Elderly".

Mr. Norman Tam, Executive Director and Deputy Chief Executive Officer of SmarTone Telecommunications Holdings Ltd. said, “Although the fifth wave of pandemic has added uncertainty to the business outlook, the strong customer uptake on 5G and 5G Home Broadband, together with the growing Enterprise Solution business are resulting in the company’s resilient profitability and strong business momentum. SmarTone is committed to investing in building a world-class digital infrastructure in 5G and beyond. We believe this is important both for Hong Kong’s aspiration to be a technology hub and for its integration with China and specifically with the Greater Bay Area.”

The Board declared an interim dividend of 14.5 cents per share, which is the same as last year. The Company intends to continue to pay a dividend equivalent to 75% of profit attributable to equity holders on a full-year basis.

For further details of the 2021/2022 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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