

SmarTone reports service revenue growth driven by higher 5G adoption

- Reported profit attributable to equity holders was \$423M, down by 5% compared to \$445M in FY21; profit excluding the receipt of government subsidies increased by 16% on a year-on-year basis
- Strong core business performance delivering 3% increase in service revenue to \$4,489M
- Mobile postpaid exit ARPU rose by 5% to \$213; postpaid churn rate steady at low level of 0.7%
- The Board proposed a final dividend per share of 15.5 cents, making full year dividend per share of 30.0 cents.

(Hong Kong, 2 September 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 year ended 30 June 2022.

Under the impact of a highly competitive mobile market and heavy pressure on pricing, the Company reported a profit attributable to equity holders of \$423M, down by 5% as compared to \$445M last year. However, the profit for this year actually increased by 16% on a year-on-year basis, discounting the impact of government subsidies.

During the past year, SmarTone's service revenue grew by 3% with mobile postpaid exit ARPU rising by 5%, showing that the Company is firmly back on the track of growth. As of 30 June 2022, the 5G subscription penetration in our postpaid MNO subscriber base increased to approximately 28%, contributing to the continuous ARPU growth momentum. The Company's roaming revenues during the last quarter also saw some early signs of recovery although the size of recovery is still small.

The cost-optimization program launched by the Company in recent years has delivered sustainable savings and enhanced operational efficiency, without sacrificing any service quality as customers remains at the heart of SmarTone. The Company will maintain focus on its cost discipline and re-investing the savings into improving quality and capturing growth opportunities.

Delivering the best network in Hong Kong remains the top priority of SmarTone, as the Company continues to provide territory-wide coverage, which extends over major roads, highways and tunnels, and all MTR lines, including the East Rail Line cross-harbour extension. Apart from major shopping malls, prime office buildings and premium hotels, coverage has also been extended to major hiking trails and country parks in response to customer needs. With already over 99% population coverage, SmarTone will enhance its outstanding network performance via the

deployment of 3.5GHz/4.9GHz bands to provide even greater capacity and the 700MHz and 850MHz bands to further improve indoor coverage.

SmarTone's 5G Home Broadband service has emerged as a growth engine. The success of the service is due a number of factors: the successful penetration into households enduring slow-speed narrowband connections, customers suffering from expensive fees as they are served by a single fixed-line operator, and households needing additional broadband connections due to work-from-home demand, and other factors such as user-friendliness, high speed and competitive cost.

In order to further elevate customer's experience, in addition to actively soliciting customer feedback, SmarTone also invested to increase the use of machine learning, artificial intelligence, and other advanced predictive analytics tools to develop a deeper understanding of customers' experience. These valuable insights and learnings are crucial for the Company to pinpoint investment on enhancements that matter most to customers, driving improvement on customer services, as well as the development of products and services that are tailored to customers' needs.

As COVID continues to hit Hong Kong, SmarTone has carried out a number of initiatives to support the city's anti-pandemic work. During the height of the 5th wave of the pandemic, SmarTone proactively built out its 5G network to provide coverage for all community isolation facilities, which had no network infrastructure. The team worked intensely "day and night" and completed the most urgent build-out in two weeks. This benefited not just SmarTone customers, but all residents who stayed at such facilities, as the Company offered free SIM cards for all.

With the ethos of "Caring for the community", SmarTone provided smartphones and free basic mobile service to help elderly citizens facilitate use of the "LeaveHomeSafe" app. In addition, the Company supports students from underprivileged families in continuing their studies by offering free data cards and SmarTone 5G Home Broadband services.

Mr. Norman Tam, Executive Director and Deputy Chief Executive Officer of SmarTone Telecommunications Holdings Ltd. said, "While the economic conditions are expected to be challenging with a distinct possibility of recession, SmarTone has shown resilience and is back to growth. We see significant opportunities from more subscribers migrating to 5G, emerging growth engines in Enterprise Solutions and 5G Home Broadband, which are backed by our focus on operational efficiency and cost-effective operations. We will continue to invest in building world-class digital infrastructure to reinforce Hong Kong's development as a technology hub and support its integration with China and the Greater Bay Area."

The Board declared a final dividend of 15.5 cents, making a full-year dividend of 30.0 cents per share.

For further details of the 2021/2022 annual results, please refer to website:

https://www.smartoneholdings.com/jsp/site/investor_relations/results/english/index.jsp