

SmarTone sees growth in both profit and service revenue

Modest roaming revenue recovery observed with pandemic restriction relaxed

- Reported profit attributable to equity holders was \$256M, up 2% compared to \$251M in the same period last year
- Service revenue and service EBITDA increased 4% to \$2,333M and 2% to \$1,261M, respectively, driven by a strong core local service business and reinforced by a recovery in roaming revenue which further accelerated since the end of December
- Mobile postpaid ARPU rose by 6% to \$223
- The Board declares an interim dividend of 14.5 cents per share, same as last year

(Hong Kong, 22 February 2023) 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 2022.

While the mobile industry has remained competitive and pricing pressure continued in the past six months, SmarTone delivered a profit attributable to equity holders of \$256M, 2% higher compared to \$251M in the same period last year.

During the period, SmarTone achieved a service revenue growth of 4% and its mobile postpaid ARPU also increased by 6% compared to the same period last year. The increase in ARPU was primarily driven by the continuing growth in 5G subscriptions supported by a modest roaming revenue recovery as Covid restrictions were gradually relaxed in the last few months of 2022. The customer base of SmarTone’s 5G Home Broadband continued to grow strongly and together with the growth in the Enterprise Solutions portfolio, also contributed to the revenue growth.

The inflationary environment has resulted in higher cost of operations and, in particular, the cost of electricity. SmarTone has exercised a strong cost discipline through various initiatives to partially offset such increases, such as renegotiation of cell site rental costs. Priority continues to be given to investments that promote high growth areas and those that enhance service and network quality.

One of the key priorities for SmarTone is upgrading its customers to 5G services. 5G offers great value for customers who pay a small premium but enjoy a substantially faster service. This upgrade also yields positive results with an increase in both customer numbers and

ARPU. As of February 2023, 35% of SmarTone customers have become 5G users, and there is still strong momentum for further uptake. Various initiatives have been launched to enable customers to upgrade their phones to 5G phones.

SmarTone's 5G Home Broadband has continued to grow well, even though the need for "work-from-home" or "study-from-home" has receded. The business growth mainly owes to its compelling proposition, especially for households without fibre coverage, that provides a 10x-20x faster connection with substantially cheaper price and is much easier to use. It is also noticeable that the service has also attracted households who already subscribed to fibre broadband, whose fixed line broadband bill is exorbitantly high and SmarTone's 5G Home Broadband offers them substantial cost savings.

SmarTone has also launched various initiatives to enhance its service to customers. A pilot program has been rolled out for 40,000 customers who can now use WhatsApp to interact with SmarTone's store staff for support as needed. The response has been satisfactory, and the service will now be rolled out more extensively. From 1 December 2022, customers will be able to earn points in Sun Hung Kai Properties Group loyalty program "The Point" on every dollar they spend in SmarTone, and those points can be used for many benefits such as free parking or spending credit in SHKP malls.

SmarTone has been actively enhancing its network performance. Its 5G network provides exceptional coverage service to over 99% of the city's population. SmarTone's 5G network now extends, for instance, over to the new Tseung Kwan O – Lam Tin Tunnel and Cross Bay Link. SmarTone is also one of the only two operators with 5G coverage along Route 3, a crucial highway to the Northern Metropolis. By deploying multiple spectrum bands, SmarTone provides outstanding network performance across the territory and in both indoor and outdoor locations ranging from shopping malls, prime office buildings, country parks and village houses. In recognition of SmarTone's network quality, multiple influential magazines and journals have ranked its 5G network as number one in Hong Kong.

Ms. Fiona Lau, Executive Director and Chief Executive Officer at SmarTone, said, "Following the recent reopening of Hong Kong and China, we have seen a rapid uptake in our roaming revenue by nearly 70% of pre-pandemic levels in January alone, and continues to show strong growth. In addition, we are expecting further positive uptake of 5G and a healthy growth in our 5G Home Broadband business. Looking into the future, SmarTone will continue to invest in building out a world-class digital infrastructure to support the Government's vision of Hong Kong as an international innovation and technology center, and reinforce Hong Kong's development as a technology hub, which will further support the city's integration with China and 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 2022/2023 interim results, please refer to website:

https://www.smartoneholdings.com/jsp/site/media_room/press_release/english/index.jsp

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