

SmarTone Achieves Resilient Financial Performance Recorded Strong Growth from 5G Home Broadband and Roaming

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- Service revenue excluding revenue from MVNO, SMS and prepaid grew 2%
- Customer base expanded to 2.71 million; 5G penetration near 40%
- Roaming revenue increased 44%; as of June 2024, outbound roaming revenue among consumers recovered to 141% of pre-pandemic level
- A strong performance from 5G Home Broadband and Enterprise Solutions which grew 33% and 17% in revenue respectively
- The Board proposed a final dividend of 17.5 cents per share, making full year dividend per share of 32.0 cents, same as FY2023

(Hong Kong, 3 September 2024) 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 2024.

Under an intensely competitive landscape, SmarTone delivered a profit attributable to equity holders of \$470 million, which represented a rise of 75% when compared with the prior year. Excluding the provision made for the potential financial investment loss in the last financial year, the underlying profit this year was the same as last year.

Throughout the year, SmarTone’s business maintained a strong performance, with the company’s core 5G postpaid customer base continuing to grow. Despite intense competitive pressure, ARPU has maintained its premium, in recognition of the company’s distinguished network and customer service. Additionally, 5G penetration increased to approximately 40%, with 5G ARPU now double that of 4G.

The full resumption of travel over the past year has helped the company increase its revenue through roaming. SmarTone has refreshed its portfolio of attractive roaming products in the market and have been well received by customers. We have given particular attention to improving the roaming experience for their customers with free, dedicated hotline and work with network operators abroad to ensure good network connectivity. It is encouraged that the percentage of customers using the company’s

roaming services has doubled when compared with the pre-pandemic times and we see there is room for business growth.

SmarTone's 5G Home Broadband and Enterprise Solutions have both continued to deliver promising results. The easy-to-install 5G Home Broadband Service has become a core growth engine for the company, achieving a 33% growth in revenue and a 70% grow in EBITDA compared to last year.

SmarTone's Enterprise Solutions business continued to deliver double-digit growth. Its AI-enabled SmarTransport solution, co-designed and adopted by KMB, was awarded the "Top 5 Best Mobile Innovation for Digital Life" under the Global Mobile Awards at the Mobile World Congress, and SmarTone is the first-ever Hong Kong operator to achieve this honour. As AI applications grow in scale and effectiveness, SmarTone will focus on bringing more of these solutions to enterprise customers to enhance their operations. It has started the collaboration with Sun Hung Kai Properties' hotels, and has launched a mobile phone-based solution, allowing hotel customers to use their phone to address their needs for the stay (including remote check-in, room access, app-based housekeeping services etc).

During the year, SmarTone continued to invest in the deployment of the 3.3GHz and 3.5GHz "5G Golden Spectrum" in 24 major MTR stations. In support of the Government's new economic development plan, the Company has also invested in the 5G network infrastructure for the Third Runway System in the Hong Kong International Airport, the Kai Tak Sports Park and the Northern Metropolis. The Company was also among the first operators to launch the mobile-to-satellite services.

Ms. Fiona Lau, Executive Director and Chief Executive Officer of SmarTone said, "We recognize promising growth potential in our roaming and 5G home broadband services, with their unique value propositions and competitive pricing. Despite the intense market competition, we are confident to maintain the ARPU among our premium 5G customers, as we continue to deliver exceptional service and a superior network experience."

SmarTone's mission is to deliver the best network in Hong Kong and a network that rivals the best globally. That said, a substantial part of this investment has not been spent on the network but was paid in the form of spectrum fees to the government. In the past year alone our spectrum fees amounted to nearly \$540 million, which exceeded the company's *entire* net profit after tax for the same period. In addition, while such fees were historically tax-deductible, the Inland Revenue Department has now deemed the spectrum fees of a certain period not tax-deductible. We strongly disagree with this position. The spectrum acquired can only be used for 15 years, which is a finite period and during this time the company cannot trade or use such spectrum for any other purpose. Hence, it is a real operating cost essential for network operations, and we do not understand why it is not tax-deductible. We urge the Government to treat all spectrum cost as tax-deductible, which would allow operators to deploy more resources to further expand and improve their network, and ensure Hong Kong has as advanced a digital infrastructure as the Mainland.

The Board has proposed a final dividend of 17.5 cents per share, making full year dividend per share of 32.0 cents.

For further details of the 2023/2024 annual results, please refer to website:

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