

SmarTone's net profit increases 3.5 times to \$408 million Final dividend of \$0.27 per share and special cash dividend of \$3.50 per share

(23 September 2003, Hong Kong) – SmarTone Telecommunications Holdings Limited (SEHK stock code: 0315) today announced the annual results for the financial year ended 30 June 2003.

The Group's profit attributable to shareholders increased 3.5 times to \$408 million, a significant improvement from \$115 million of the previous year. Earnings per share amounted to \$0.70.

The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) rose by 33 per cent. to \$753 million.

The Group's earnings before interest and tax (EBIT) increased substantially to \$335 million.

The Board of Directors recommends a final dividend of \$0.27 per share. Together with the interim dividend of \$0.20 per share, dividend for the year will be \$0.47 per share, representing a substantial increase on \$0.07 per share for last year. To achieve a more efficient capital structure of the Group and to reward shareholders for their support, the Board proposes a special cash dividend of \$3.50 per share. After the distribution of the proposed dividends, your company still retains sufficient cash resources for expected operational needs.




"SmarTone has been pursuing a two-pronged strategy, which focuses on continual service quality improvement on the one hand and competitive pricing on the other. This strategy has proven to benefit the Group with SmarTone delivering encouraging improvements in its results amidst the outbreak of SARS and increased market competition," said Mr. Douglas Li, Chief Executive Officer of SmarTone.

SmarTone's Hong Kong mobile business delivered an encouraging operating performance during the year.

- Blended ARPU for the year increased by 7 per cent. to \$183, with postpaid ARPU growing moderately to \$213 from \$210 for the previous year.
- Postpaid churn rate improved to 2.6 per cent. in June 2003 from 3 per cent. in June 2002.
- Operating expenses has been reduced, albeit an increased number of key marketing and service initiatives launched in the year.
- As at 30 June 2003, the total number of SmarTone customers was 966,000.

SmarTone has strengthened its branding in the market. SmarTone was selected as one of Asia's Top 20 Brands in the annual "Top Asian Brands" survey conducted by *Media* magazine in June 2003. SmarTone was the only mobile operator to be included in the Top 20 alongside other major international brands.

During the year, SmarTone continued to focus on improving the three pillars of its business – products and services; network performance; and customer service – while establishing a leading position in mobile data services. With its "Get Closer" customer proposition, SmarTone has made significant achievements in enhancing the service levels of its business.

- (1) Development and marketing of new products & services:
- (A) SmarTone  is the first mobile portal in Hong Kong capable of delivering true mobile multimedia experience. With continually updated and enhanced content and services, SmarTone  has stimulated a substantial increase in data traffic and the usage of different mobile data services, including mobile games, images and music downloads, as well as content for information, fun and entertainment.
- (B) SmarTone  is a suite of mobile business tools designed for busy and frequently travelled executives to enhance their productivity and competitiveness as well as better manage their working and personal lives.
- One of the major features is **email on the go**[®], which empowers customers with greater productivity and convenience through its enhanced features, such as sending email with voice attachments as well as viewing and forwarding of emails and attachments to fax for printout.
- (C) SmarTone provides the most sophisticated, yet simple-to-use multimedia messaging services in Hong Kong.
- **picturemail**[™] offers picture messaging service that provides customers with a range of unique benefits, including assured message delivery for non-MMS phones; best-fit-to-screen picture rendition; full storage and replay of MMS messages on personal computers; and personalisation of MMS messages with picture frames.
 - **moviemail**[™] delivers the best-in-class video messaging with SmarTone's CameraPhone GX22.
 - SmarTone's International Multimedia Messaging Service is the first of such service in Hong Kong with the provision of non-MMS phone support, guaranteeing all-time assured delivery of MMS messages on reciprocal basis.
- (D) SmarTone co-developed exclusive advanced handsets with Sharp Corporation, bringing the most compelling data services to market. Both GX12 (the first GSM handset with superior xHTML browsing capability) and GX22 (the best AV mobile phone) belong to the GX series of mobile phones voted the "Best Wireless Handset" for 2003 by the GSM Association.
- (E) SmarTone introduced the CJSP Java engine, which is optimised for the best mobile gaming experience, in conjunction with rich game content sourced from the world's leading games providers. SmarTone's leading role in mobile gaming is further enhanced by its recently launched **WhoRU?**[™], the first mobile on-line role-play game in Hong Kong, allowing live interaction among players.

(2) Significant enhancement of network coverage and quality:

To enable the best mobile experience for its customers, SmarTone continues to invest in its radio, core and service networks to deliver superior availability, reliability and speed in all its services. Properly integrating sophisticated and intelligent infrastructure is key to providing data services which are simple and easy-to-use for customers.

(3) Unmatched industry recognition for SmarTone's service excellence:

SmarTone has been winning numerous major industry and service awards, which exemplifies it as a leader in customer service, not only amongst telecom operators, but also across all service industries.

A notable achievement was the winning of the Best Team Performance Award for the second year running at the 2002 Service and Courtesy Awards of the Hong Kong Retail Management Association, the major association representing Hong Kong's retail industry. This unprecedented achievement in this competition reflects the consistent high standard achieved by SmarTone's whole front-line team.


The recognition of SmarTone's excellence in customer service was elevated to regional level with its winning of three awards from the Asia Pacific Customer Service Consortium, including the overall winner of the 2002 Customer Relationship Excellence Awards.

"Going forward, SmarTone will continue to pursue the two-pronged strategy and accelerate the pace of bringing new services to market, aiming to create new revenue streams and reinforce our leadership in mobile data services," concluded Mr. Li.

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About SmarTone

Established in 1992, SmarTone is Hong Kong's leading mobile operator in data services. It is a customer-oriented company and aims to bring its customers closer to the people, the information and the entertainment that is important to them and, through this, to generate greater shareholders' value.

With our strong technological heritage and deep commitment to quality service, SmarTone intends to bring our customers into the new world of 2.5G/3G mobile infotainment and media. With a clear focus on customer needs, we have marketed numerous compelling services which deliver substantial benefits to our customers — SmarTone's branded offerings include SmarTone , SmarTone **BIZ**[™], email **on the go**[™], picturemail[™], moviemail[™], sms via email[™] and *131* PhoneHome[™].

Our commitment to quality service is well-recognised in Hong Kong, validated by numerous major retail and service industry awards.

Next Magazine's 14th Top Service Award 2003

Top Service Gold Award	2003
Top Service Category Award	2003
Champion of The Best Staff Award	2003

Asia Pacific Customer Service Consortium's Customer Relationship Excellence Awards

Customer Relationship Excellence - Outstanding Achievement	2002
Call Centre of the Year (Telecommunications)	2002
Customer Service Professional of the Year	2002

Hong Kong Retail Management Association's Annual Service and Courtesy Awards

Best Team Award	2001 & 2002
Supervisory Level Award	2001
Junior Frontline Level Award	2002

Hong Kong Retail Management Association's Mystery Shoppers Programme

Service Category Leader	2002 & 2003
Service Retailer of the Year	2002

Hong Kong Management Association's Distinguished Salesperson Award

Four SmarTone-nominated staff members won	2003
Five SmarTone-nominated staff members won	2002

Hong Kong Call Centre Association's Call Centre Award

Call Centre Team Leader - Silver & Bronze	2002
Call Centre Professional - Bronze	2002

We were the first operator to launch GSM mobile services in Asia in 1993 and the first in Hong Kong to introduce automatic international roaming. We were the first in the world to implement Enhanced Full Rate Technology in our network in 1997, greatly improving voice quality for our customers. We were the first in Hong Kong to pilot launch GPRS in 1999.

SmarTone (SEHK: 0315) has been publicly listed in Hong Kong since 1996. The Company's major shareholder is Sun Hung Kai Properties Limited (holding about 51%).

SmarTone's website is www.smartone.com.hk

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