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SmarTone Telecommunications Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00315)

DISCLOSEABLE TRANSACTION IN RELATION TO AUCTION OF RADIO SPECTRUM

The Board is pleased to announce that SmarTone Mobile, an indirect wholly-owned subsidiary of the Company, is the provisional successful bidder of the Relevant 850 MHz Frequency Block and the Relevant 6/7 GHz Frequency Blocks, being a total of 110 MHz, in the auctions of radio spectrum in the 850/900 MHz, 2.3 GHz and 6/7 GHz bands for the provision of public mobile services.

The total SUF payable under the Transaction will be HK\$361.5 million. SmarTone Mobile may choose to pay the SUF for the respective frequency block(s) in full as a lump sum payment upfront, or annually in 15 instalments, with the first instalment equivalent to the lump sum amount divided by 15 and for each subsequent instalment an amount equal to the SUF payable in the immediately preceding instalment increased by 2.5%.

The assignment of the Relevant 850 MHz Frequency Block and the Relevant 6/7 GHz Frequency Blocks and the corresponding licence will be valid for a period of 15 years.

As the highest of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Transaction is more than 5% and less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that SmarTone Mobile, an indirect wholly-owned subsidiary of the Company, is the provisional successful bidder of the Relevant 850 MHz Frequency Block and the Relevant 6/7 GHz Frequency Blocks in the auctions of radio spectrum in the 850/900 MHz, 2.3 GHz and 6/7 GHz bands for the provision of public mobile services.

Background

The Communications Authority and the Secretary for Commerce and Economic Development issued joint statements in May 2023 and March 2024 announcing the decisions to assign a total of 510 MHz of spectrum in the aforementioned bands through auction for the provision of public mobile services including the fifth generation (5G) services. The auctions took place in November 2024 and SmarTone Mobile has participated in the auctions.

The Transaction

(A) Auction I

Auction I commenced on 11 November 2024 and was concluded on 20 November 2024. SmarTone Mobile participated in the auction and successfully bid for a total of 10 MHz at the following frequency block:

Frequency block	Frequency range (MHz)	Bandwidth	SUF (HK\$'Million)
A1	832.5 – 837.5 paired with 877.5 – 882.5	2 x 5 MHz	151.5

(the “**Relevant 850 MHz Frequency Block**”)

On 20 November 2024, the Communications Authority published a Provisional Successful Bidder Notice announcing the provisional successful bidders of Auction I, which include SmarTone Mobile.

Assignment of the Relevant 850 MHz Frequency Block

Within 35 business days after publication of the Provisional Successful Bidder Notice, SmarTone Mobile is required to provide to the Communications Authority a letter of credit in full amount of the SUF payable by it from a qualifying bank to guarantee payment of the SUF on or before 31 March 2026.

SmarTone Mobile may choose to pay the SUF in full as a lump sum payment upfront; or annually in 15 instalments, with the first instalment equivalent to the lump sum amount divided by 15 and for each subsequent instalment an amount equal to the SUF payable in the immediately preceding instalment increased by 2.5%. In the case of payment by annual instalments, SmarTone Mobile is required to maintain at all times throughout the whole assignment period a rolling performance bond issued by a qualifying bank to guarantee payment of the SUF payable in the ensuing five years, or the SUF payable for the remaining duration of the assignment term if it is less than five years. The SUF is currently intended to be satisfied by the internal resources of the Group.

To ensure compliance with the network and service rollout requirement, SmarTone Mobile is required to provide to the Communications Authority a performance bond issued by a qualifying bank in the amount of HK\$25.0 million. The performance bond must be provided on or before 31 March 2026.

Since SmarTone Mobile is the incumbent assignee of spectrum in the frequency range of the Relevant 850 MHz Frequency Block, SmarTone Mobile may choose to provide network coverage figures demonstrating to the satisfaction of the Communications Authority on or before 30 September 2025 that its network operating with the spectrum concerned has already fulfilled the 90% minimum population coverage requirement, in lieu of a performance bond.

After SmarTone Mobile has, among others, paid the Communications Authority the SUF in the prescribed manner and has provided the Communications Authority a performance bond or network coverage figures for the network and service rollout requirement in accordance with the deadline as specified above, the Communications Authority will grant a licence to SmarTone Mobile on 1 June 2026 for the assignment of the Relevant 850 MHz Frequency Block. The assignment of the Relevant 850 MHz Frequency Block and the licence will be valid for a period of 15 years.

(B) Auction II

Auction II commenced on 25 November 2024 and was concluded on 29 November 2024. SmarTone Mobile participated in the auction and successfully bid for a total of 100 MHz at the following frequency blocks:

Frequency block	Frequency range (MHz)	Bandwidth	SUF (HK\$'Million)
A11	6925 – 6945	20 MHz	42.0
A12	6945 – 6965	20 MHz	42.0
A13	6965 – 6985	20 MHz	42.0
A14	6985 – 7005	20 MHz	42.0
A15	7005 – 7025	20 MHz	42.0

(the “**Relevant 6/7 GHz Frequency Blocks**”)

On 29 November 2024, the Communications Authority published a Provisional Successful Bidder Notice announcing the provisional successful bidders of Auction II, which include SmarTone Mobile.

Assignment of the Relevant 6/7 GHz Frequency Blocks

Within 30 business days after publication of the Provisional Successful Bidder Notice, SmarTone Mobile is required to pay the Communications Authority the SUF payable by it; and provide to the Communications Authority a performance bond issued by a qualifying bank in the amount of HK\$100 million to ensure compliance with the network and service rollout requirement.

SmarTone Mobile may choose to pay the SUF in full as a lump sum payment upfront; or annually in 15 instalments, with the first instalment equivalent to the lump sum amount divided by 15 and for each subsequent instalment an amount equal to the SUF payable in the immediately preceding instalment increased by 2.5%. In the case of payment by annual instalments, SmarTone Mobile is required to maintain at all times throughout the whole assignment period a rolling performance bond issued by a qualifying bank to guarantee payment of the SUF payable in the ensuing five years, or the SUF payable for the remaining duration of the assignment term if it is less than five years. The SUF is currently intended to be satisfied by the internal resources of the Group.

After SmarTone Mobile has, among others, paid the Communications Authority the SUF in the prescribed manner and has provided the Communications Authority the performance bond for network and service rollout requirement in accordance with the deadline as specified above, the Communications Authority will grant a licence to SmarTone Mobile on or before 31 March 2025 for the assignment of the Relevant 6/7 GHz Frequency Blocks. The assignment of the Relevant 6/7 GHz Frequency Blocks and the licence will be valid for a period of 15 years.

Reasons for and Benefits of the Transaction

The Transaction enables the Group to secure valuable frequency resources to ensure the continuity of its quality mobile services for customers, and to meet the long-term network capacity requirements in supporting the Group's business growth.

The Board considers that the terms of the Transaction are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Information about the Group and the Communications Authority

SmarTone Mobile is an indirect wholly-owned subsidiary of the Company. The Group is a leading telecommunications provider in Hong Kong, offering voice, multimedia and mobile broadband services, as well as fixed fibre broadband services for both consumer and corporate markets.

The Communications Authority is an independent statutory body established under the Communications Authority Ordinance (Chapter 616 of the Laws of Hong Kong) on 1 April 2012. It is a unified regulatory body overseeing the converging telecommunications and broadcasting sectors. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Communications Authority is a third party independent of the Company and its connected persons.

Implications under the Listing Rules

The total SUF payable under the Transaction will be HK\$361.5 million. As the highest of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Transaction is more than 5% and less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Definitions

“Auction I”	the public auction of a total of 110 MHz of spectrum for the provision of public mobile services, including 20 MHz in the 850/900 MHz bands and 90 MHz in the 2.3 GHz band;
“Auction II”	the public auction of a total of 400 MHz of spectrum in the 6/7 GHz band for the provision of public mobile services;
“Board”	the board of directors of the Company;

“Company”	SmarTone Telecommunications Holdings Limited;
“Directors”	the directors of the Company;
“GHz”	Gigahertz;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MHz”	megahertz;
“Relevant 6/7 GHz Frequency Blocks”	the frequency blocks that SmarTone Mobile successfully bid for in Auction II;
“Relevant 850 MHz Frequency Block”	the frequency block that SmarTone Mobile successfully bid for in Auction I;
“SmarTone Mobile”	SmarTone Mobile Communications Limited, an indirect wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“SUF”	spectrum utilization fee; and
“Transaction”	the acquisition of the Relevant 850 MHz Frequency Block and the Relevant 6/7 GHz Frequency Blocks by SmarTone Mobile through Auction I and Auction II.

By order of the Board
SmarTone Telecommunications Holdings Limited
Mak Yau-hing, Alvin
Company Secretary

Hong Kong, 29 November 2024

As at the date of this announcement, the Executive Directors of the Company are Mr. FUNG Yuk-lun, Allen (Deputy Chairman), Ms. LAU Yeuk-hung, Fiona (Chief Executive Officer) and Mr. CHAU Kam-kun, Stephen; Non-Executive Directors are Mr. KWOK Ping-luen, Raymond (Chairman), Mr. CHEUNG Wing-yui (Deputy Chairman), Mr. David Norman PRINCE, Mr. SIU Hon-wah, Thomas and Dr. POON Sun-cheong, Patrick; Independent Non-Executive Directors are Dr. LI Ka-cheung, Eric, JP, Mr. NG Leung-sing, JP, Mr. GAN Fock-kin, Eric, Mr. LAM Kwok-fung, Kenny, Mr. LEE Yau-tat, Samuel and Mr. Peter KUNG.