SmarTone Telecommunications Holdings Ltd.

FY07 Annual Results Presentation

For the year ended 30 June 2007

Douglas Li
CEO

28 August 2007

Agenda

- Results highlights
- Financial review
- Operational review
- Outlook
- Q&A

Results highlights

Key highlights

- Continued growth in ARPU and service revenue
- Significant increase in data revenue
- Improvements in margins and profits
- Adoption of a new dividend policy
- Special cash dividend of $0.85 per share

P&L summary

($m)	FY06	FY07	
Revenues	**3,779**	**4,039**	**+7%**
Cost of goods sold & services provided	(1,510)	(1,533)	
Other gains	14	-	
OPEX	(1,467)	(1,566)	
EBITDA	**816**	**940**	**+15%**
Depreciation, amortisation & disposal loss	(711)	(757)	
EBIT	**105**	**183**	**+75%**
Net finance income / (costs)	(13)	21	
Income tax expense	(8)	(28)	
Minority interests	(14)	(19)	
Net profit	**70**	**158**	**+125%**
Basic EPS (cents)	12.0	27.1	
EBITDA margin	**21.6%**	**23.3%**	**+1.7 pp**

Dividends

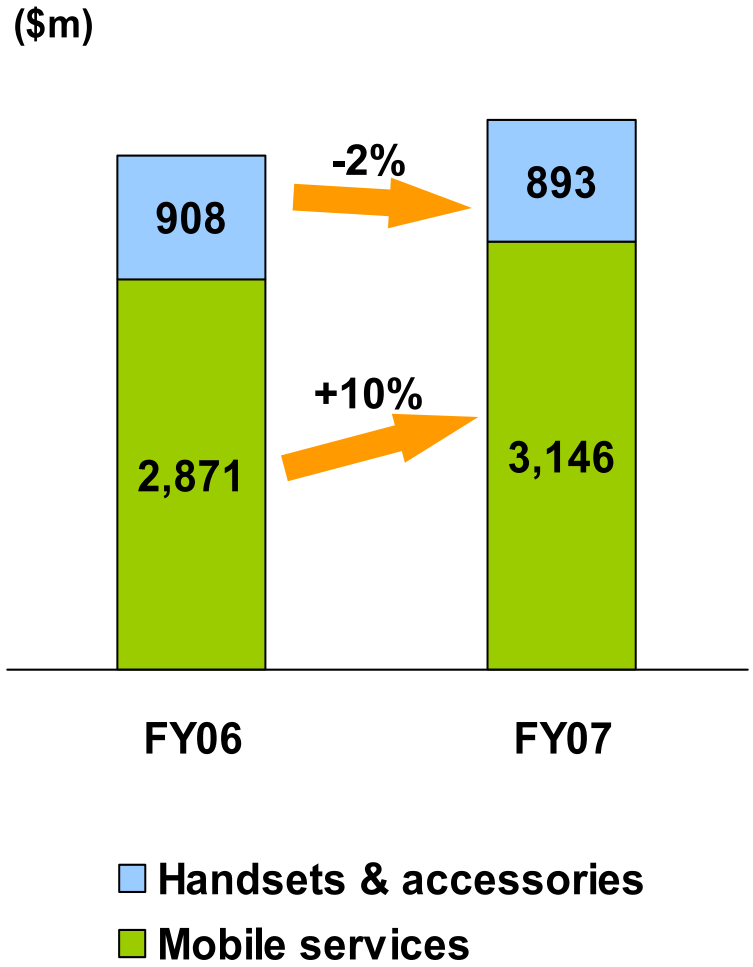
($)	FY06	FY07	YoY
Interim DPS	-	-	N.M.
Final DPS	0.12	0.27	+125%
Special cash DPS	-	0.85	N.M.
Total DPS	**0.12**	**1.12**	**+833%**

- New dividend policy
  - Distribute 100% of net profit excluding extraordinary items
  - FY07 final DPS of $0.27 per share
- Special cash dividend of $0.85 per share
- Total dividend payout of $1.12 per share

Financial review

Revenues

($m)	FY06	FY07	YoY
Revenues	**3,779**	**4,039**	**+7%**
Cost of goods sold & services provided	(1,510)	(1,533)	+1%
Other gains	14	-	-100%
OPEX	(1,467)	(1,566)	+7%
EBITDA	816	940	+15%
Depreciation, amortisation & disposal loss	(711)	(757)	+6%
EBIT	105	183	+75%
Net finance income / (costs)	(13)	21	N.M.
Income tax expense	(8)	(28)	+256%
Minority interests	(14)	(19)	+40%
Net profit	70	158	125%



10% growth in service revenue,
reflecting continuing improvement in customer profile

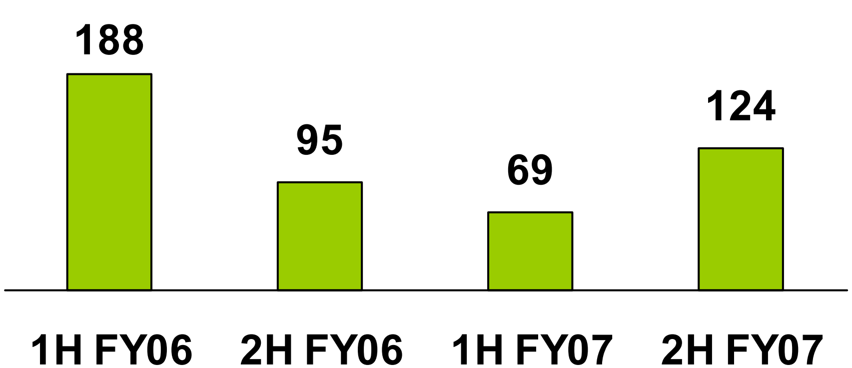
Cost of goods sold & services provided

($m)	FY06	FY07	YoY
Revenues	3,779	4,039	+7%
Cost of goods sold & services provided	**(1,510)**	**(1,533)**	**+1%**
Other gains	14	-	-100%
OPEX	(1,467)	(1,566)	+7%
EBITDA	816	940	+15%
Depreciation, amortisation & disposal loss	(711)	(757)	+6%
EBIT	105	183	+75%
Net finance income / (costs)	(13)	21	N.M.
Income tax expense	(8)	(28)	+256%
Minority interests	(14)	(19)	+40%
Net profit	70	158	125%

Breakdown of cost of goods sold & services provided

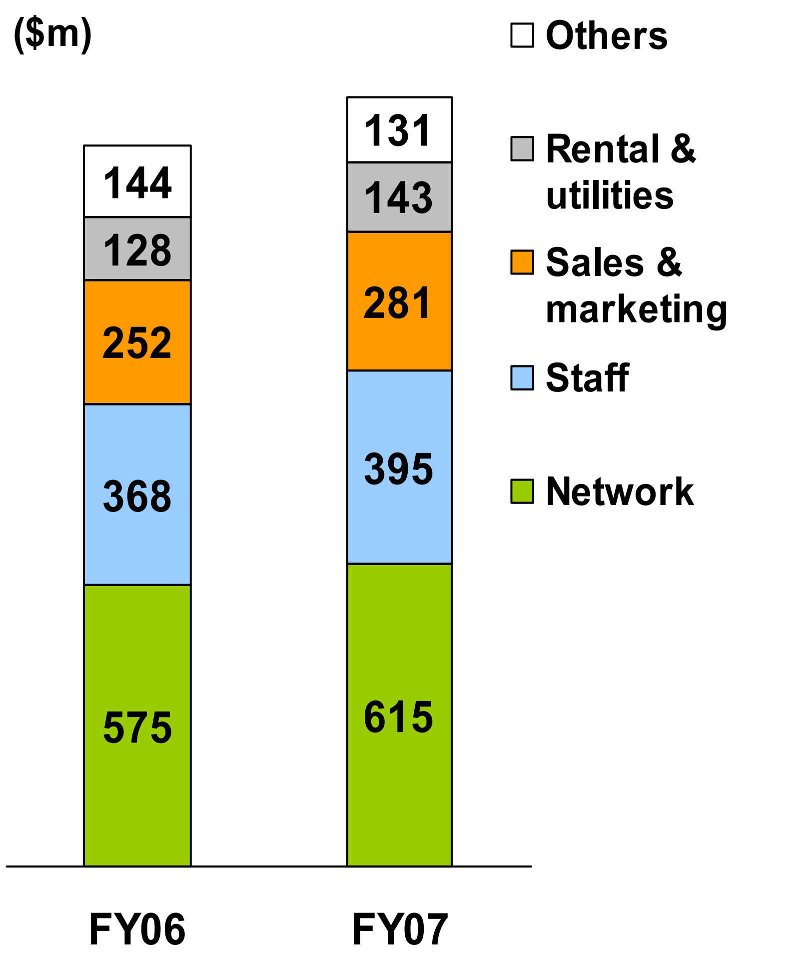
($m)	FY06	FY07
COGS (before capitalisation)	(1,170)	(1,074)
Handset subsidy capitalised	284	193
COGS (after capitalisation)	(886)	(881)
Cost of services provided	(624)	(652)
Total	(1,510)	(1,533)

Handset subsidy capitalised ($m)



OPEX

($m)	FY06	FY07	YoY
Revenues	3,779	4,039	+7%
Cost of goods sold & services provided	(1,510)	(1,533)	+1%
Other gains	14	-	-100%
OPEX	**(1,467)**	**(1,566)**	**+7%**
EBITDA	816	940	+15%
Depreciation, amortisation & disposal loss	(711)	(757)	+6%
EBIT	105	183	+75%
Net finance income / (costs)	(13)	21	N.M.
Income tax expense	(8)	(28)	+256%
Minority interests	(14)	(19)	+40%
Net profit	70	158	125%



Further enhanced our operations to reinforce our premium quality position and stimulate revenue growth

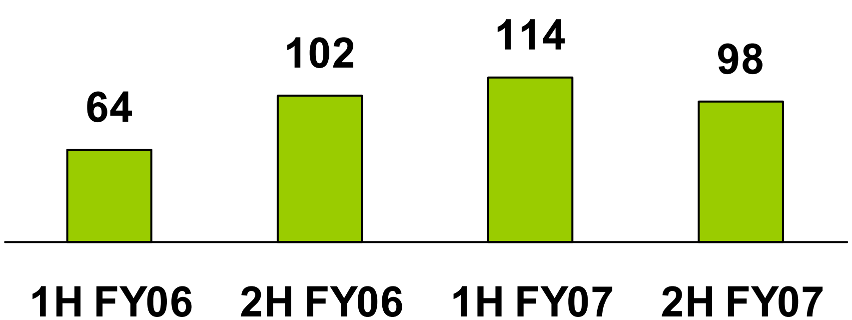
Depreciation & amortisation

($m)	FY06	FY07	YoY
Revenues	3,779	4,039	+7%
Cost of goods sold & services provided	(1,510)	(1,533)	+1%
Other gains	14	-	-100%
OPEX	(1,467)	(1,566)	+7%
EBITDA	816	940	+15%
Depreciation, amortisation & disposal loss	**(711)**	**(757)**	**+6%**
EBIT	105	183	+75%
Net finance income / (costs)	(13)	21	N.M.
Income tax expense	(8)	(28)	+256%
Minority interests	(14)	(19)	+40%
Net profit	70	158	125%

Breakdown of depreciation, amortisation & disposal loss

($m)	FY06	FY07
Depreciation & disposal loss	(486)	(482)
Amortisation of intangible assets		
Licence fee (3G & 2G)	(58)	(63)
Handset subsidy	(166)	(212)
Total	(711)	(757)

Handset subsidy amortisation ($m)



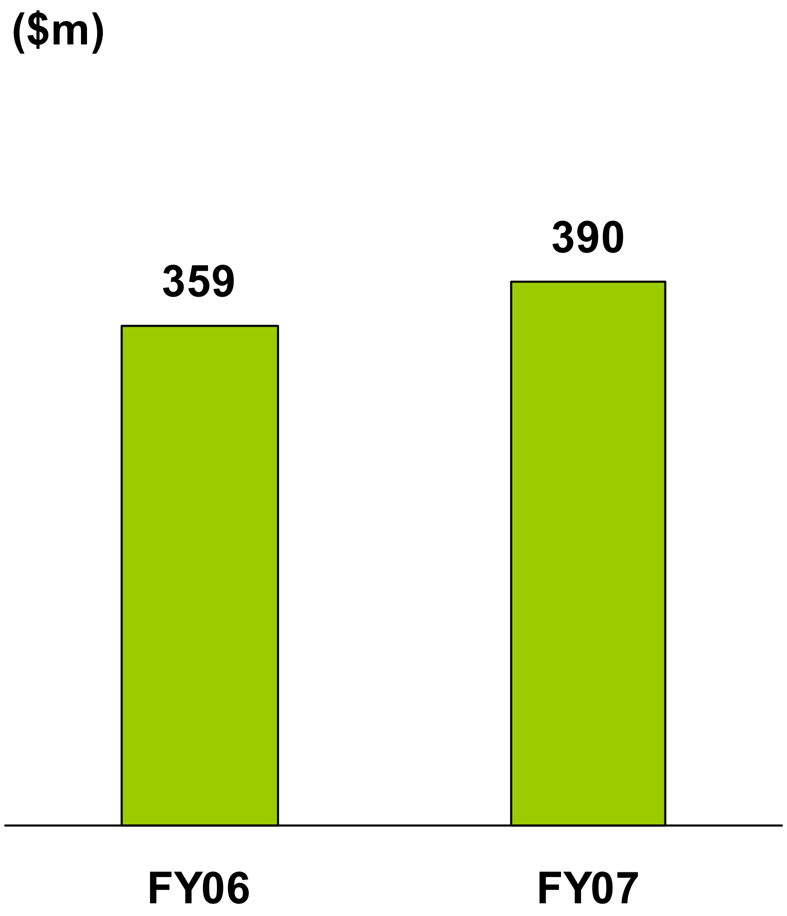
Net finance income / (costs)

($m)	FY06	FY07	YoY
Revenues	3,779	4,039	+7%
Cost of goods sold & services provided	(1,510)	(1,533)	+1%
Other gains	14	-	-100%
OPEX	(1,467)	(1,566)	+7%
EBITDA	816	940	+15%
Depreciation, amortisation & disposal loss	(711)	(757)	+6%
EBIT	105	183	+75%
Net finance income / (costs)	**(13)**	**21**	**N.M.**
Income tax expense	(8)	(28)	+256%
Minority interests	(14)	(19)	+40%
Net profit	70	158	125%

Breakdown of net finance income / (costs)

($m)	FY06	FY07
Finance income	56	100
Finance costs		
Deemed finance charges for 3G & 2G licence fee (HKAS 38)	(66)	(77)
Deemed finance charge for asset retirement obligations (HKAS 16) & others	(4)	(1)
Total	(13)	21

CAPEX



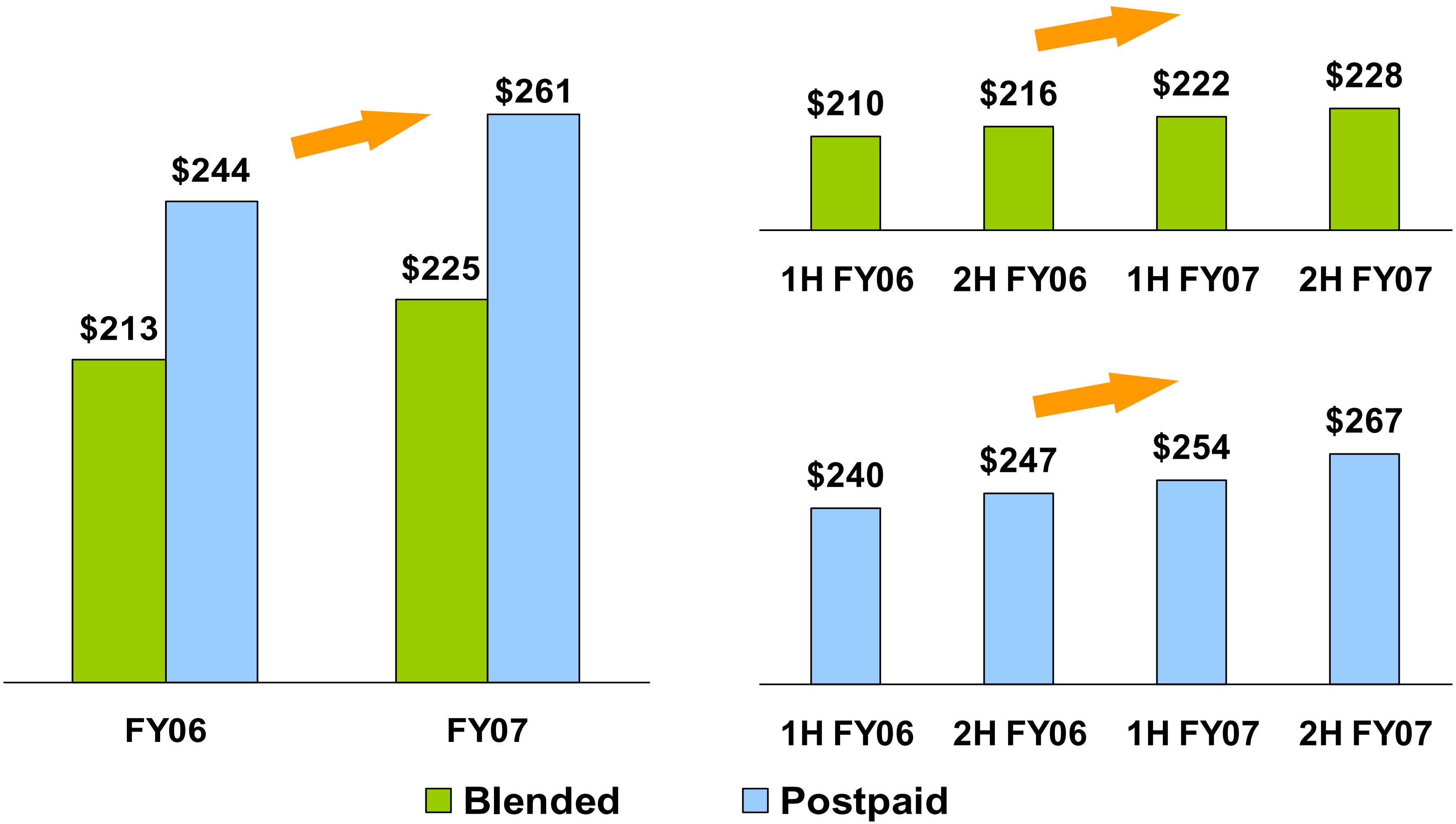
- Extend our leadership in network performance
  - Coverage
  - Throughput
  - Reliability
- Cater for new services and usage growth
- Ensure the delivery of premium service quality

Operational review

Competitive landscape

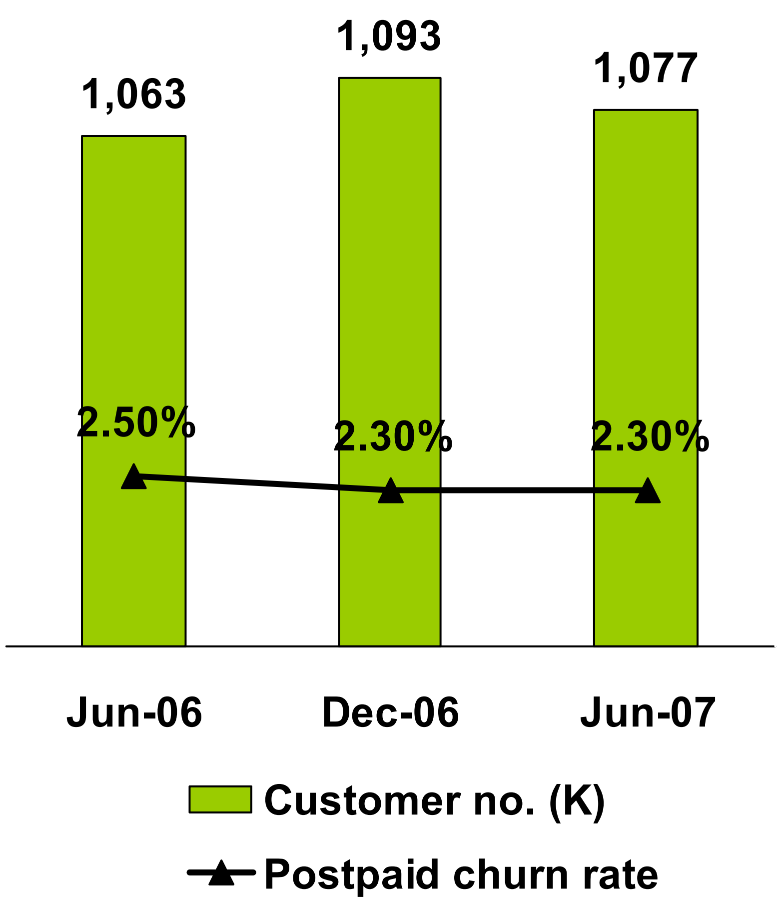
- Intensifying competition since 2Q FY07
  - Increased handset subsidies
  - Lower net tariffs
  - Aggressive bundled offers
- More competitive handset offers & tariffs from SmarTone-Vodafone since 2H FY07

ARPU



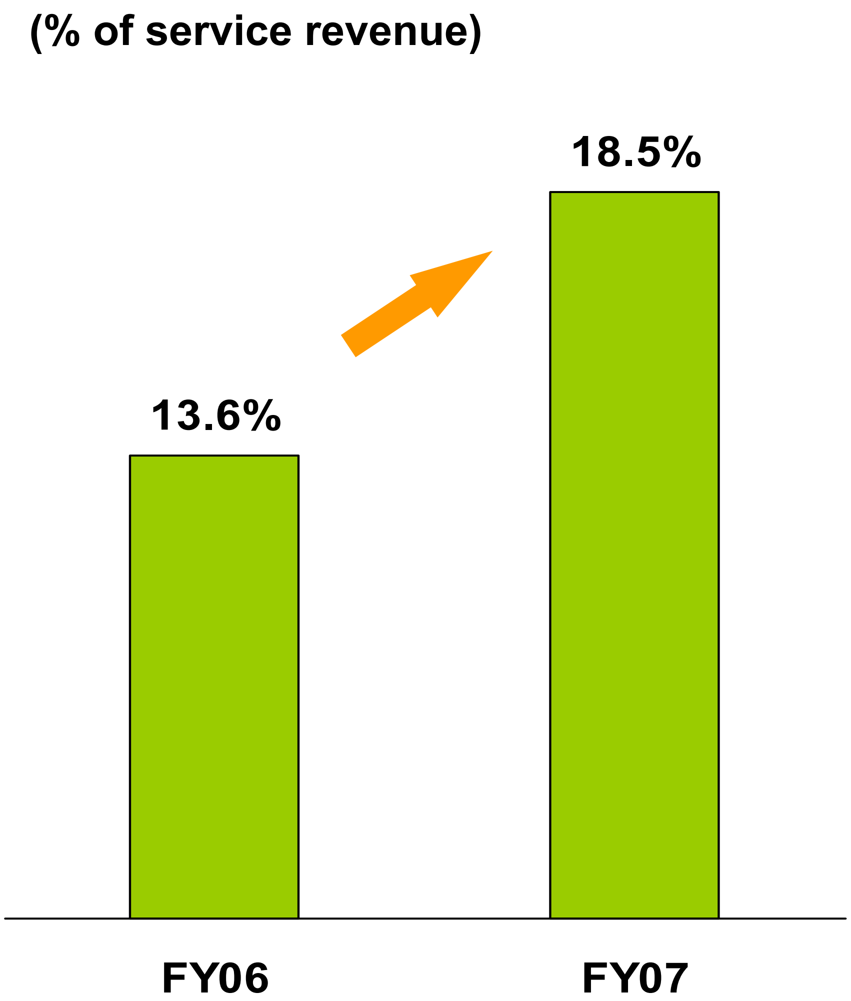
Blended ARPU +6% YoY
Postpaid ARPU +7% YoY

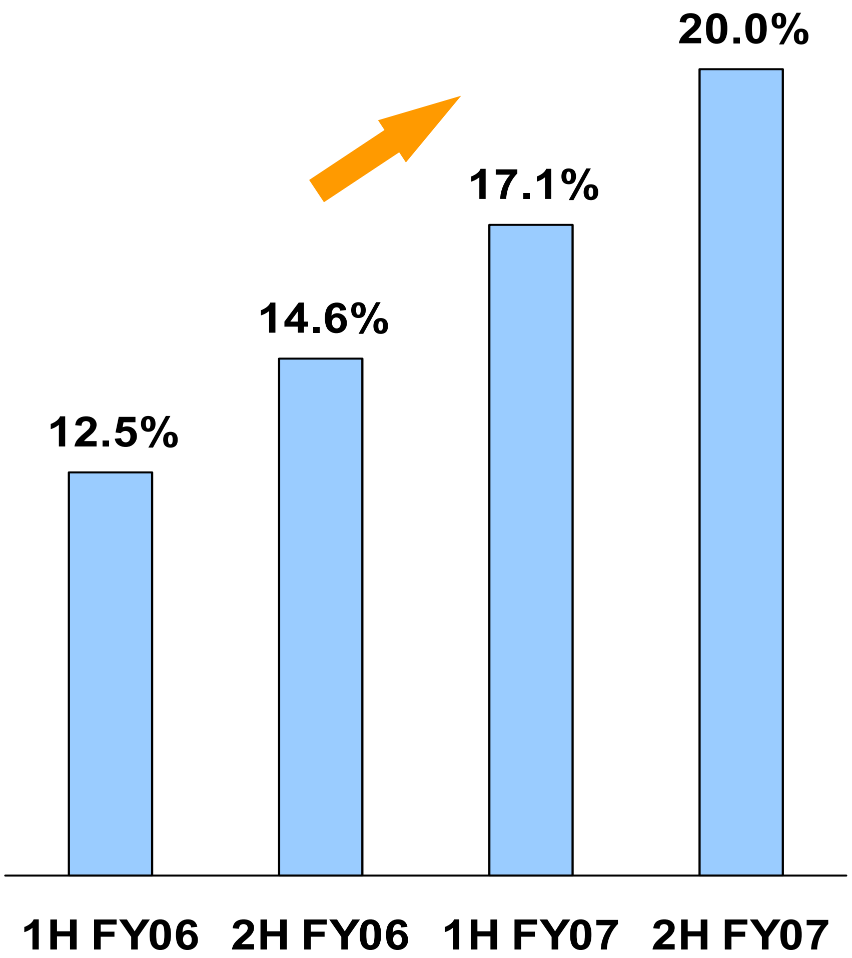
Customer base



- 3G customers now account for over 30% of postpaid
- Churn rate remained stable

Data revenue





Data accounted for 20% of service revenue in 2H FY07

Our operational focus

Better serve our targeted segments with differentiated propositions

Develop new revenue streams

Major initiatives in FY07

- New propositions
  - True Internet experience on mobile
  - Teen 地派
  - 3.6 Mbps Mobile Broadband
  - *PLUS*
  - MultiTalk
- Continuing enhancements to existing propositions
  - BlackBerry from Vodafone
  - News service
  - Bet-to-win
  - iShow™

True Internet experience on mobile

- Infinite variety of constantly renewed content
- Unique customer experience
  - Internet videos live on mobile
  - Instant sharing of Internet content
- Service-based charging to better accommodate customers' preference for unlimited usage
- Supported by our superior network
  - Powerful service platforms
  - Superior full-coverage HSPA network (now upgraded to 7.2 Mbps)

Teen 地派

- Addressing the needs of teenagers & their parents
- Teenagers
  - Community-based services
    - Voice
    - Video calling
    - Messaging (incl. group instant messaging)
  - Dedicated community portal
    - Rich infotainment
    - Sharing of self-generated content
- Parents
  - Staying in touch with their teenagers
  - Safe portal environment for teenagers
  - Effective budget management

Outlook

Outlook

- Challenging competitive environment, likely to be exacerbated by the pending issue of new licences
- Continue to focus on further improving cost efficiency
- Continue to drive revenue growth
  - Enriching customers’ mobile lifestyle with innovative services
  - Addressing their total communications needs
- Strong financial position to pursue this strategy and to compete vigorously in the market
- FY08 CAPEX target of $400-450m

Q&A

Appendix

Group P&L

($m)	FY06	FY07	1H FY07	2H FY07
Revenues	**3,779**	**4,039**	**2,102**	**1,937**
COGS	(886)	(881)	(539)	(342)
Cost of services provided	(624)	(652)	(320)	(332)
Gross profit	2,269	2,506	1,242	1,264
Other gains	14	-	-	-
OPEX	(1,467)	(1,566)	(805)	(761)
EBITDA	**816**	**940**	**437**	**503**
Depreciation, amortisation & disposal loss	(711)	(757)	(389)	(368)
EBIT	**105**	**183**	**48**	**136**
Net finance income / (costs)	(13)	21	10	11
Profit before income tax	92	205	58	146
Income tax expense	(8)	(28)	(6)	(21)
Profit after taxation	84	177	52	125
Minority interests	(14)	(19)	(8)	(11)
Net profit	**70**	**158**	**44**	**114**

Group balance sheet

($m)	30 Jun 06	31 Dec 06	30 Jun 07
Fixed assets	1,924	1,812	1,832
Intangible assets	800	790	784
Other non-current assets (excl. held-to-maturity investments)	92	114	108
Cash, bank balance & held-to-maturity debt securities (1)	2,051	2,115	2,348
Other current assets	337	382	368
Current liabilities	(1,005)	(970)	(1,075)
Non-current liabilities	(750)	(800)	(827)
Net assets	**3,449**	**3,443**	**3,538**
Share capital	58	58	58
Reserves	3,367	3,355	3,453
Total equity attributable to equity holders	3,426	3,414	3,511
Minority interests	24	30	27
Total equity	**3,449**	**3,443**	**3,538**
(1) *Cash & bank balance*	*1,359*	*2,083*	*2,316*
Held-to-maturity debt securities	*692*	*32*	*31*
Total	*2,051*	*2,115*	*2,348*
(2) *Shares in issue at balance sheet date (million shares)*	*583*	*582*	*580*
(3) *Net book value per share*	*$5.9*	*$5.9*	*$6.1*

Financial ratios & operating indicators

	FY06	FY07	1H FY07	2H FY07
Financial ratios				
EBITDA margin	21.6%	23.3%	20.8%	26.0%
EBIT margin	2.8%	4.5%	2.3%	7.0%
CAPEX / Sales	10%	10%	6%	13%
Operating indicators (HK mobile)				
Blended ARPU (period average)	$213	$225	$222	$228
Blended ARPU (last month of the period)	$218	$231	$224	$231
Postpaid ARPU (period average)	$244	$261	$254	$267
Postpaid ARPU (last month of the period)	$248	$271	$259	$271
Customer number ('000, end of period)	1,063	1,077	1,093	1,077
Churn rate (last month of the period)	2.5%	2.3%	2.3%	2.3%