

SmarTone Telecommunications Holdings Limited

Stock Code: 0315

INTERIM REPORT 2024/25

No. 1
Consumers' Best Preferred 5G Network* SmarTone



ABOUT US

SmarTone Telecommunications Holdings Limited (0315.HK), listed in Hong Kong since 1996 and a subsidiary of Sun Hung Kai Properties Limited (0016.HK).

SmarTone is a leading mobile communications provider in Hong Kong, offering territory-wide and superior 5G services, which are instrumental in driving the region's 5G development. In 2020, SmarTone was the first company in Hong Kong to introduce the groundbreaking 5G home broadband services, distinguished by its no-wiring and no-installation propositions, which have garnered the largest market share and widespread popularity among consumers. SmarTone also offers cutting-edge IoT solutions tailored for enterprises, driving digital transformation and propelling the smart city development in Hong Kong.

SmarTone has established itself as the Consumers' No.1 Best Preferred 5G Network*, with its commitment to delivering exceptional network experience, customer-centric products and services, a proactive approach to innovation and a profound understanding of customer needs. It has also been recognized by an independent global research and consulting firm as the only mobile communications provider to be ranked among the top ten brands in Hong Kong^.

SmarTone operates over 30 retail stores in Hong Kong and has 5 key sub-brands to cater to diverse market needs. Through leveraging innovative business strategies, SmarTone is leading the industry development in Hong Kong.

* Based on results obtained from study conducted by market research company NuanceTree, as commissioned by SmarTone. 3,942 post-paid SIM card users were interviewed via online survey and street interviews between January and December 2022.

^ Based on Kantar BrandZ Top 30 Strongest Brands in Hong Kong 2024.

CONTENTS

About Us	
Business Highlights	2
Chairman's Statement	6
Management Discussion and Analysis	9
Directors Profile	12
Community Initiatives	21
Staff Engagement	24
Report on Review of Interim Financial Information	25
Condensed Consolidated Profit and Loss Account	26
Condensed Consolidated Statement of Comprehensive Income	27
Condensed Consolidated Balance Sheet	28
Condensed Consolidated Statement of Cash Flows	30
Condensed Consolidated Statement of Changes in Equity	31
Notes to the Condensed Consolidated Interim Financial Statements	33
Other Information	53

BUSINESS HIGHLIGHTS

Leveraging 5G and new technologies, we aspire to be our customers' "trusted partner in digital life".

1. Technology Leadership

SmarTone delivers a seamless network experience powered by its territory-wide 5G network. Our AI-powered network optimizes resource allocation and delivers a cost-effective network, ensuring best customer experience, even in high traffic hotspots.

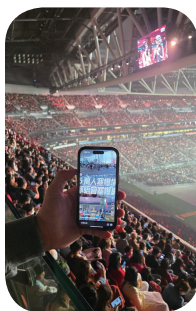
With the renewal of the exclusive 850MHz spectrum and the newly acquired 6/7GHz spectrum, SmarTone has established a robust foundation for its 5G-Advanced and future 6G network.



We supported the Hong Kong Government's infrastructure blueprint by deploying our 3.5GHz and 4.9GHz "5G Golden Spectrum" at key locations and major event venues. These include GO PARK Sai Sha, Kai Tak Sports Park, the Third Runway System at Hong Kong International Airport, and 24 high-traffic MTR stations. These deployments ensure a seamless network experience for customers during mega events and peak hours.



GO PARK Sai Sha



Kai Tak Sports Park



Central Harbourfront
Event Space

BUSINESS HIGHLIGHTS

2. Empowering Innovation

SmarTone's enterprise solutions arm, SmarTone Solutions, empowers businesses to embrace digitalization and adopt AI, forming the backbone of a more connected smart city and advancing Hong Kong's smart city development.



SmarTone supported world-class events with the ultra-fast, low-latency 5G-Advanced network, including network slicing and private 5G network, offering reliable and seamless connectivity.



The World Games Series 2024 Hong Kong



2024 SHKP Hong Kong Cyclothon



WBSC Baseball World Cup 2024

BUSINESS HIGHLIGHTS

3. Customer-Centric Strategy

SmarTone's commitment to exceptional service was recognized with prestigious award at the Hong Kong Retail Management Association's "2024 Service Talent Award". Additionally, SmarTone was the only telecom operator ranked among Hong Kong's top 10 brands by Kantar, a reputable marketing analytics company.



SmarTone was the first in Hong Kong to launch the plug-and-play 5G home broadband service and is currently ranked as the No.1 5G broadband service in the region. As a pioneer in introducing the cutting-edge Wi-Fi 7 5G Home Broadband, we strive to deliver a superior network experience, eliminating the hassle of wiring.



SmarTone strives to deliver high quality roaming experience to customers. To achieve this, we are working with roaming partners abroad to ensure they deliver "SmarTone Quality". We have also set up a toll-free hotline to offer customer support in real time, guaranteeing outstanding and stable service.

SmarTone understands that every customer has unique needs and expectations. That's why we provide tailored products and services for various segments. For instance, our SmarT Parenting Academy empowers parents to confidently guide their children through the digital realm with kid-friendly services and products.



BUSINESS HIGHLIGHTS

SmarTone places a strong emphasis on customers' network security. We offer a range of protection services, including Data Guard and Call Guard. These services ensure comprehensive privacy, network, and call security, ensuring a peace of mind for every customer.



4. Digitalization

SmarTone's digital brand, Birdie, engages with young segment with its youthful brand image and exciting offerings.



SmarTone offers a wide range of services through our website, WhatsApp hotline, and the upgraded CARE App. Our dedication to excellence has earned recognition as one of the "Top 10 Quality Trusted E-Shops" and awarded the "Top 10 O2O Retail Brand Award" by the Hong Kong Retail Management Association, highlighting our commitment to enhancing both online and offline experiences.



CHAIRMAN'S STATEMENT

(Financial figures are expressed in Hong Kong dollars)

Business review

Over the past 6 months, SmarTone delivered a profit attributable to equity holders of \$256 million (excluding one-off items), representing a 4% year-on-year growth. The market remains highly competitive, with pressure on pricing and ARPU. However, we maintained profitability by prioritising the retention of our most valuable customers and delivering high-quality service, backed by our industry leading mobile network and coverage. Our new growth engines such as 5G Home Broadband continued to expand, while we maintain strong cost discipline.

We have continued to expand our customer base which has now reached 2.87 million. Maintaining 5G penetration at about 40%, and 5G ARPU at a level doubled that of 4G, we have delivered a differentiated suite of mobile products that tailor to the needs of different customer segments. The growing reliance on the mobile network to run critical, essential applications among both consumer and enterprise customers (from social media, personal banking authentication to "work-from-anywhere") means that the demand for a high quality, secure network is becoming a priority for customers. We believe SmarTone is on a strong trajectory to capture this growing demand with our superior network and service.

A key growth engine is our 5G Home Broadband service which has experienced consistent growth over the past 3 years. Its success is driven by its speed — significantly faster than non-fiber networks — affordability, and ease of installation. We have seen strong adoption especially among apartment renters and newly arrived immigrants in Hong Kong. This service enables many Hong Kong residents to enjoy high internet speed when in the past they struggled with poor Wi-Fi. To enhance our customers' experience, we have upgraded our service with a dedicated app that optimizes Wi-Fi connectivity and a 24/7 support hotline. Recently, SmarTone became the first to launch a Wi-Fi 7 Home Broadband service, delivering a superior Wi-Fi experience. As a result, EBITDA from 5G Home Broadband has grown by 20% year-on-year.

As Hong Kong residents continue to travel to the Mainland and abroad for leisure, we have focused on giving our users a high-quality roaming experience. We are working with our roaming partners abroad to ensure they deliver "SmarTone quality". We have set up a round-the-clock toll-free hotline abroad to provide support to all our customers for any difficulties they may encounter. Additionally, we have implemented measures to protect our customers from accidental overspending. Recognizing diverse customer needs, we have diversified our product range with offerings such as "Multi-day Pass", "Mainland China & HK1-Card-2-Number" and "GBA Frequent Travellers Bundle". These initiatives have led to significant growth, with over 50% of our subscribers now utilizing our roaming services.

SmarTone's Enterprise Solutions business continued to mature, delivering a 13% increase in profit contribution over the same period last year. Leveraging key trends such as Hong Kong's Smart City development and Mega events, our Enterprise Solutions business is well-positioned for growth. During the period, we successfully launched the latest advancements of our 5G-Advanced network, including network slicing and private 5G network, at major world-class events such as the World Games Series 2024 Hong Kong, in close collaboration with the Sun Hung Kai Properties Group. We are also collaborating with Prince Margaret Hospital and Gleneagles Hospital to build a 5G public-private hybrid network that will enable industry specific applications to boost productivity and drive innovation.

CHAIRMAN'S STATEMENT

(Financial figures are expressed in Hong Kong dollars)

We are also tailoring our services to meet the needs of new talent relocating to Hong Kong driven by the Hong Kong Government's various talent schemes. We see it as a responsibility to offer services and packages that maximise convenience to these new talents, and that they settle down well in Hong Kong. In this respect, we are working closely with SHKP in providing the necessary services to ensure they have an easy move-in. We have seen strong demand for our services among new talents, particularly in 5G Home Broadband and in getting a second phone. Looking ahead, we see new talents and immigrants to Hong Kong as a key growth segment and will collaborate with the SHKP Group to help their transition to Hong Kong.

Our commitment to delivering exceptional network performance is reinforced by the renewal of our exclusive 850MHz spectrum, critical for extensive coverage and superior signal penetration. In addition, we have acquired the 6/7GHz band which lays a strong foundation for our 5G-Advanced and future 6G networks. We continue to provide the highest spectrum per subscriber in Hong Kong, delivering the best customer experience. During the period, in support of the Hong Kong Government infrastructure blueprint, we commenced the deployment of the "5G Golden Spectrum" (3.5GHz and/or 4.9GHz) at the new Kai Tak Sports Park, the Third Runway System at the Hong Kong International Airport, as well as in 24 of the busiest MTR stations. Our extensive coverage in country parks and outdoor sports leisure sites such as Go Park offer citizens a peace of mind to stay connected while enjoying nature. To enhance our network performance, we are leveraging emerging AI technology to optimize resources and deliver a cost-effective network, ensuring seamless connectivity in high-traffic areas.

The Company continues to operate under a highly disciplined zero-based cost management framework. Without compromising our network quality, the total operating cost for the current period decreased by 2% compared to last year. Our strong cost management enables the allocation of more resources towards network improvements, customer experiences, and investment in new growth areas.

Dividend

The Board proposed an interim dividend of 14.5 cents per share, consistent with last year.

Outlook

Our philosophy remains unchanged as we continue investing to deliver superior service, meet evolving customer needs, enhance protection, and build lasting trust.

Looking ahead, despite market challenges, we will continue to seek out new revenue streams tailored to our customer demands. At the same time, we will invest in streamlining operations and deliver cost efficiencies, leveraging new AI technologies to enhance performance.

The emergence of DeepSeek has triggered a new phase of AI adoption. We expect many new AI applications in the coming months, riding on our 5G network. This makes the quality of network the more important. This also makes protecting our customers from cyberattacks critical. Many consumers remain unaware of the risks associated with public Wi-Fi networks which can expose them to attacks such as data interception and unauthorized access. Similarly, unbranded prepaid SIM cards for roaming often lack proper security measures.

CHAIRMAN'S STATEMENT

(Financial figures are expressed in Hong Kong dollars)

To counter the growing threats of phishing, SMS frauds, and scam calls, we will continue to expand the current suite of innovative security solutions, including Hong Kong's first "Staff Verification Code" to help customers identify and authenticate SmarTone staff over the phone. Additionally, "Data Guard" provides professional-grade data protection for consumers, while "Call Guard" identifies and blocks fraudulent calls. For further support, we have established a dedicated hotline where customers can consult our expert team if they suspect their phones have been hacked or targeted by scams.

We have invested in a world-class 5G network that rivals, and in reality superior to, those networks in other global financial centers. We have greatly expanded the coverage and connectivity to enable our users to "work anywhere", and our network has superior coverage in country parks and remote areas. We appreciate the Government's recent supportive policies for the industry, including permitting the installation of base stations in new buildings without rent and the proposed subsidies to extend 5G coverage to rural and remote areas. These policies will undoubtedly aid us in enhancing our network coverage and contributing to the development of Hong Kong into a smart city. Building on this support, we will continue to invest to sustain and improve this network, as we believe the 5G network is a critical backbone to innovation and AI adoption in Hong Kong. The high quality of our network also ensures that Hong Kong enjoys the same level of connectivity as in other cities within the Greater Bay area.

Technology only brings value if it can be applied in daily lives and business. With this in mind, our mission is not simply to be an infrastructure provider. We want to help our users, businesses or consumers, to leverage our network and use technology for their benefits. For businesses, our enterprise solutions teams are helping companies to adopt new AI solutions to enhance productivity. For consumers, we are investing to educate our consumers ways to use technology to enrich their lives. For instance, we will be rolling out workshops to customers over the next few months on topics such as "Learning how to use DeepSeek", "Protecting yourself from hacking". We hope we will not just be a network provider, but can add real value to our users in their daily lives.

Appreciation

I would like to extend my heartfelt gratitude to our customers and shareholders for their support and trust, as well as my fellow directors for their continued guidance. To our staff, I would like to express my sincere thanks for their unwavering commitment and hard work which are the cornerstone of our success.

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 26 February 2025

MANAGEMENT DISCUSSION AND ANALYSIS

(Financial figures are expressed in Hong Kong dollars)

Review of financial results

During the period under review, the Group's profit attributable to shareholders was \$257 million (first half of 2023/24: \$246 million). Excluding one-off items, the underlying profit attributable to shareholders was \$256 million, representing a 4% increase over prior year.

The Group's total revenue was \$3,492 million, a 3% increase from \$3,390 million for the same period last year. This growth was primarily driven by higher handset and accessory sales. Our total service revenue remained steady during the period, as the market remains very competitive and there is pressure on ARPU.

The cost of services provided for the six months ended 31 December 2024 decreased by \$13 million or 5% to \$227 million, compared to \$240 million in the first half of 2023/24. This decrease amid the improvement on the margin of enterprise solution business.

Staff costs rose 1% to \$357 million (first half of 2023/24: \$353 million) due to annual salary increases, offset by a reduction in headcount.

The Group has continued to rigorously enhance cost control measures and operational efficiency during the period. Consequently, other operating expenses were reduced by 4% year-on-year, amounting to \$467 million.

Depreciation, amortization, and loss on disposal decreased by \$21 million or 2%, resulting in a total of \$859 million (first half of 2023/24: \$881 million). This reduction is primarily attributable to lower depreciation charges on network equipment due to our prudent capital expenditure management and reduced depreciation charges on right-of-use assets following rental negotiations in recent years.

Expected credit loss of \$50 million was recognized to reflect the change in credit risk for the financial assets at amortized cost.

Given the Group's robust net cash position, our net finance costs (including accretion expenses on spectrum utilization fees and lease liabilities) remained stable at \$16 million (first half of 2023/24: \$16 million).

Income tax expense amounted to \$97 million (first half of 2023/24: \$99 million), reflecting an effective tax rate of 27.5% (first half of 2023/24: 28.7%). In light of the uncertainty of the tax deductibility of the spectrum utilization fee, certain related payments have been treated as non-deductible in calculating the tax provision, which contributes to the Group effective tax rate being higher than 16.5%. The Group will continue to vigorously defend its position and pursue tax deduction of the spectrum utilization fee from the Inland Revenue Department. As at 31 December 2024, the Group's current income tax liabilities of \$745 million consists of \$601 million provision which has been made on the assumption that all spectrum utilization fee payments were not tax deductible. At the same time, tax reserve certificates of \$385 million have been purchased by the Group in this regard.

MANAGEMENT DISCUSSION AND ANALYSIS

(Financial figures are expressed in Hong Kong dollars)

Capital structure, liquidity and financial resources

The Group maintained a strong balance sheet for the period under review. During the period, the Group was mainly financed by share capital and internally generated funds. As at 31 December 2024, the Group had a total equity of \$5,248 million, including share capital and reserves of \$110 million and \$5,138 million, respectively.

The Group's cash resources remained robust with cash and bank balances including short-term bank deposits of \$1,650 million as at 31 December 2024 (30 June 2024: \$1,577 million). Total borrowings of the Group was \$62 million as at 31 December 2024, as compared to \$64 million as at 30 June 2024.

The Group has generated net cash from operating activities of \$968 million during the period ended 31 December 2024. The Group's major outflows of funds during the period were payments for purchase of fixed assets, spectrum utilization fee, leases and dividends.

The directors are of the opinion that the Group can fund its capital expenditures and working capital requirements for the financial year ending 30 June 2025 with internal cash resources.

Treasury policy

The Group invests its surplus funds in accordance with a treasury policy approved by the board of directors. Surplus funds are placed in bank deposits and invested in financial assets at amortized cost. Bank deposits and financial assets at amortized cost are predominantly maintained in Hong Kong dollars and US dollars.

The Group is required to arrange for banks to issue performance bonds and letters of credit on its behalf.

Charges on assets

The Group's bank borrowings were secured by certain assets of the Group and the carrying amount of the pledged assets amounted to \$62 million as at 31 December 2024 (30 June 2024: \$63 million).

Interest rate exposure

As at 31 December 2024, the Group's total borrowing of \$62 million is subject to floating interest rate. Management considers the corresponding interest rate exposure will not have any material impact to the Group given the low level of borrowing. The Group does not currently undertake any interest rate hedging.

Functional currency and foreign exchange exposure

The functional currency of the Company is the Hong Kong dollar. The Group is exposed to other currency movements, principally in terms of certain trade receivables, bank deposits, financial asset at fair value through other comprehensive income, financial assets at amortized cost and trade payables denominated in United States dollars. The trade payables denominated in United States dollars is partially hedged with our deposits in United States dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

(Financial figures are expressed in Hong Kong dollars)

Contingent liabilities

As at 31 December 2024, the Group provided performance guarantees of \$469 million (30 June 2024: \$523 million).

Employees, share award scheme and share option scheme

The Group had 1,693 full-time employees as at 31 December 2024 (30 June 2024: 1,756), with the majority of them based in Hong Kong. Total staff costs were \$357 million for the period ended 31 December 2024 (first half of 2023/24: \$353 million).

Employees receive a remuneration package consisting of basic salary, bonus and other benefits. Bonus payments are discretionary and depend, inter-alia, on both the Group's performance and the individual employee's performance. Benefits include retirement schemes, medical and dental care insurance. Employees are provided with both internal and external training appropriate to each individual's requirements.

A share award scheme was adopted by the Group as an incentive arrangement to recognize the contributions by certain employees and to attract and retain suitable personnel for the development of the Group. During the period under review, no unvested shares (30 June 2024: Nil) were outstanding as at 31 December 2024.

The Group has share option scheme under which the Company may grant options to participants, including directors and employees, to subscribe for shares of the Company. As at 31 December 2024, 4,000,000 share options were outstanding (30 June 2024: 4,000,000).

DIRECTORS PROFILE

KWOK Ping-luen, Raymond *Chairman & Non-Executive Director (Age: 71)*

Mr. Raymond Kwok has been with the Group since April 1992 and was appointed Director of the Company in October 1996. He is also the chairman of the Board Supervisory Committee of the Company and a director of certain subsidiaries of the Company. Mr. Kwok holds a Master of Arts degree in Law from Cambridge University, a Master's degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from Hong Kong Metropolitan University and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong.

Mr. Kwok is the chairman and managing director of Sun Hung Kai Properties Limited ("SHKP"). He is also a director of Cellular 8 Holdings Limited ("Cellular 8") and TFS Development Company Limited ("TFS"). SHKP, Cellular 8 and TFS are the substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). Mr. Kwok is also the chairman and an executive director of SUNeVision Holdings Ltd., and a non-executive director of Transport International Holdings Limited and Wing Tai Properties Limited.

In civic activities, Mr. Kwok is a director of The Real Estate Developers Association of Hong Kong.

For the financial year ended 30 June 2024, Mr. Kwok received a fee of HK\$180,000. Except for the above fee, Mr. Kwok did not receive any other emoluments during the said financial year.

CHEUNG Wing-yui *Deputy Chairman & Non-Executive Director (Age: 75)*

Mr. Cheung Wing-yui was appointed Director of the Company in March 2003. Mr. Cheung received a Bachelor of Commerce degree in accountancy from The University of New South Wales, Australia and is a member of the CPA Australia. He has been a practicing solicitor in Hong Kong since 1979 and is a consultant of the law firm Woo Kwan Lee & Lo. Mr. Cheung was also admitted as a solicitor in the United Kingdom and as an advocate and solicitor in Singapore.

Mr. Cheung is a vice chairman and a non-executive director of SUNeVision Holdings Ltd. He is also a non-executive director of Tai Sang Land Development Limited and Transport International Holdings Limited. He is a non-executive director of Sun Hung Kai Properties Insurance Limited, which is a wholly-owned subsidiary of Sun Hung Kai Properties Limited, the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). Mr. Cheung was a non-executive director of Tianjin Development Holdings Limited.

Mr. Cheung is currently a member of the Sponsorship & Development Fund Committee and a court member of Hong Kong Metropolitan University, a director of the Community Chest of Hong Kong Limited, and an honorary council member of The Hong Kong Institute of Directors Limited. He had held the positions of deputy chairman of the council of Hong Kong Metropolitan University, the deputy chairman of The Hong Kong Institute of Directors Limited, a director of Po Leung Kuk, the vice chairman of the Mainland Legal Affairs Committee of The Law Society of Hong Kong and a member of the Board of Review (Inland Revenue Ordinance).

Mr. Cheung was awarded the Bronze Bauhinia Star (BBS) in 2013.

Mr. Cheung was awarded an honorary degree of Doctor of Business Administration from Hong Kong Metropolitan University in 2016.

For the financial year ended 30 June 2024, Mr. Cheung received a fee of HK\$162,000. Except for the above fee, Mr. Cheung did not receive any other emoluments during the said financial year.

DIRECTORS PROFILE

FUNG Yuk-lun, Allen *Deputy Chairman & Executive Director (Age: 56)*

Mr. Allen Fung was appointed Non-Executive Director of the Company in December 2013 and was redesignated as Executive Director in August 2020. He is also a member of the Board Supervisory Committee and the Remuneration Committee of the Company, and a director of certain subsidiaries of the Company. Mr. Fung obtained an undergraduate degree (Modern History) from Oxford University and holds a doctoral degree in History and East Asian Languages from Harvard University. From 1996 to 1997, Mr. Fung was a visiting Assistant Professor of History at Brown University. From 1997 to 2013, He worked in McKinsey & Company Hong Kong, where he became the managing partner and director.

Mr. Fung is an executive director and a member of the executive committee of Sun Hung Kai Properties Limited ("SHKP"), the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as well as the chief executive officer of the SHKP group's non-property related portfolio investments. He is also a director of certain subsidiaries of SHKP. Mr. Fung is a vice chairman and an executive director of SUNeVision Holdings Ltd. He is also a non-executive director of Transport International Holdings Limited.

Mr. Fung is a member of the General Committee of the Hong Kong General Chamber of Commerce, the vice president of The Hong Kong Federation of Youth Groups and a board member of the Hong Kong Tourism Board. He has also been elected a professor of practice at The Hong Kong Management Association and a member of its Executive Committee.

For the financial year ended 30 June 2024, Mr. Fung received a fee of HK\$162,000. Except for the above fee, Mr. Fung did not receive any other emoluments during the said financial year.

LAU Yeuk-hung, Fiona *Executive Director & Chief Executive Officer (Age: 43)*

Ms. Fiona Lau has been an Executive Director and the Chief Executive Officer of the Company since February 2023. Ms. Lau is also a member of the Board Supervisory Committee of the Company and a director of certain subsidiaries of the Company. Ms. Lau holds a Bachelor of Arts degree in Philosophy from The University of Chicago.

Prior to joining the Company, Ms. Lau was the chief commercial officer of SUNeVision Holdings Ltd. ("SUNeVision") and had taken up various leadership roles in business development, corporate strategy, sales and marketing, product development and investor relations. Ms. Lau was appointed as an executive director of SUNeVision in October 2019 and redesignated as a non-executive director of SUNeVision on 15 February 2023.

Ms. Lau joined Sun Hung Kai Properties Limited ("SHKP"), the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) in June 2017. Prior to joining SHKP, Ms. Lau was a director at BlackRock Asset Management (North Asia), where she held various senior positions across the chairman's office, corporate strategy, and retail and private banking functions during 2010 to 2017. From 2005 to 2010, she worked in McKinsey & Company and held the position of engagement manager.

Ms. Lau has been an independent non-executive director of Octopus Holdings Limited, Octopus Cards Limited and Octopus Cards Client Funds Limited since January 2025. She is also a member of the Remuneration Committee thereof.

For the financial year ended 30 June 2024, Ms. Lau received salaries (including allowances, retirement scheme contributions and estimated money value of other benefits), bonus, share-based payments, and director's fee of HK\$6,541,000, HK\$3,831,000, HK\$1,361,000 and HK\$144,000 respectively.

DIRECTORS PROFILE

CHAU Kam-kun, Stephen *Executive Director (Age: 64)*

Mr. Stephen Chau was appointed Executive Director of the Company in April 2015. He is also a member of the Board Supervisory Committee of the Company and a director of certain subsidiaries of the Company. Mr. Chau is a member of The Institution of Engineering and Technology (IET), UK and a Chartered Engineer of the Institute of Electrical Engineers, UK.

Mr. Chau has been with the Company since 1993. He joined the Company as Head of Operations and was made Chief Technology Officer since 1999. He has been responsible for the Company's information and communications technology strategy, roadmap and deployment; he has also led the Company in a number of commercial initiatives. Mr. Chau's leadership has shaped the Company's technological innovations, impacting all areas of business operations and establishing sustainable competitive advantages. He is responsible for the Company's high performance network, which is widely recognized for its superior voice and data experience. He is the architect of the Company's advanced service platform which enables its many proprietary services, offering differentiation in the marketplace and real value to customers. Mr. Chau also oversees the evolution of the Company's industry-leading customer management and support systems enabling frontline staff to provide award-winning customer care.

Mr. Chau has held various senior management positions in telecommunications companies.

Mr. Chau is a Board Director of the Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI) and a member of its Technology Review Panel. He is a member of the Executive Committee of the Communications Association of Hong Kong (CAHK). Mr. Chau is also a member of the Advisory Committee of the Department of Electronic Engineering of The Chinese University of Hong Kong.

For the financial year ended 30 June 2024, Mr. Chau received salaries (including allowances, retirement scheme contributions and estimated money value of other benefits), bonus and director's fee of HK\$7,271,000, HK\$1,800,000 and HK\$144,000 respectively.

DIRECTORS PROFILE

David Norman PRINCE *Non-Executive Director (Age: 73)*

Mr. David Prince was appointed Director of the Company in July 2005. He is also a member of the Board Supervisory Committee and the Nomination Committee of the Company. Mr. Prince has over 20 years' experience of operating at board level in an international environment. He is a member of the Chartered Institute of Management Accountants (UK) and the Chartered Institute of Purchasing and Supply (UK).

Mr. Prince is a non-executive director of SUNeVision Holdings Ltd. He is also a director of Wilson Group Limited and a consultant of Sun Hung Kai Real Estate Agency Limited, both are wholly-owned subsidiaries of Sun Hung Kai Properties Limited, the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Mr. Prince served as a non-executive director and a member of both the Audit and Governance Committees at Adecco SA, a global leader in human resources services, until his retirement in April 2024. During his tenure, he played a key role in establishing a joint venture with Beijing Foreign Enterprise Human Resources Service Co., Ltd. (FESCO) to provide HR services in China, and he also served as a member of the joint venture's board. In recognition of his contributions, Mr. Prince was honored in 2024 with the Magnolia Silver Award by the Shanghai Municipal People's Government.

Mr. Prince was group finance director of Cable and Wireless plc. until December 2003 and prior to this, spent some 12 years working in the telecommunications industry in Hong Kong, Mainland China and Asia. From 1994 to 2000, he was finance director and latterly deputy chief executive officer of Hong Kong Telecommunications Limited until it was acquired by PCCW in 2000. He went on to join PCCW plc. as group chief financial officer. In 2002, he left PCCW to join Cable and Wireless as group finance director. Prior to his time in Hong Kong he held senior management roles for Cable and Wireless. His early career was spent in the gas, oil and electronic industries within Europe and the USA.

For the financial year ended 30 June 2024, Mr. Prince received a fee of HK\$144,000. Except for the above fee, Mr. Prince did not receive any other emoluments during the said financial year.

SIU Hon-wah, Thomas *Non-Executive Director (Age: 71)*

Mr. Thomas Siu was appointed Director of the Company in July 2008. He is also a member of the Board Supervisory Committee of the Company. Mr. Siu holds a MPhil degree from the University of Cambridge and a PhD degree in Information Systems. He is a Certified Public Accountant and is a member of the British Computer Society.

Mr. Siu was the managing director of Wilson Group (until June 2018), which is a major transport infrastructure services provider in Hong Kong and is wholly-owned by Sun Hung Kai Properties Limited, the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), and is currently a senior consultant of Wilson Group. Prior to joining Wilson Group, Mr. Siu had more than 25 years of experience in telecommunications and IT sectors. His experience covers finance, business operations and development. Mr. Siu is also a non-executive director of SUNeVision Holdings Ltd.

For the financial year ended 30 June 2024, Mr. Siu received a fee of HK\$144,000. Except for the above fee, Mr. Siu did not receive any other emoluments during the said financial year.

DIRECTORS PROFILE

POON Sun-cheong, Patrick *Non-Executive Director (Age: 77)*

Dr. Patrick Poon, SBS, LLD, BSc, FIFA, was appointed Director of the Company in April 2024. Dr. Poon is Chairman of Shing Cheong Charitable Foundation Limited, Harvest SCP Group Company Limited and Master Insight Media Limited.

Dr. Poon has had a 40-year career in the life insurance industry since 1972, starting as an actuarial trainee at AIA Hong Kong. He qualified as a Fellow of the Institute of Actuaries in 1975 and served management and CEO positions in AIA, Aetna Taiwan, Aetna International, ING group and China Pacific Life Insurance before his retirement in 2011. He was Independent Non-Executive Director of Hang Seng Insurance Company Limited in Hong Kong (2012–2022).

Dr. Poon is a Governor of The Hang Seng University of Hong Kong and Chairman of its Foundation. He is also Honorary Chairman of The Hong Kong Polytechnic University Foundation and Deputy Chairman of The University of Hong Kong Foundation. He is Charter President of the Rotary Club of Hong Kong Harbour and President of The Association of Zhong Shan Siulamese in Hong Kong. He was Chairman of the Hong Kong Sinfonietta (2021-2023) and President of the Hong Kong Professionals and Senior Executives Association (2022–2024). Dr. Poon has been an independent consultant to Sun Hung Kai Real Estate Agency Limited, which is a wholly-owned subsidiary of Sun Hung Kai Properties Limited, the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), since May 2024.

Dr. Poon is a well-known philanthropist with donations mainly in the area of supporting tertiary education and community service.

For the financial year ended 30 June 2024, Dr. Poon received a fee of HK\$32,000. Except for the above fee, Dr. Poon did not receive any other emoluments during the said financial year.

LI Ka-cheung, Eric, JP *Independent Non-Executive Director (Age: 71)*

Dr. Eric Li, GBS, OBE, JP, LLD, DSocSc., HonDSocSc (EdUHK), B.A., FCPA, FCA, FCPA (Aust.), was appointed Director of the Company in October 1996. He is also chairman of the Remuneration Committee and the Audit Committee of the Company. Dr. Li is the honorary chairman of SHINEWING (HK) CPA Limited.

Dr. Li is an independent non-executive director of Sun Hung Kai Properties Limited, the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He is also an independent non-executive director of Transport International Holdings Limited, Wong's International Holdings Limited and China Resources Beer (Holdings) Company Limited.

Dr. Li was a member of the 10th, 11th, 12th and 13th National Committee of the Chinese People's Political Consultative Conference. He was a former member of the Legislative Council of Hong Kong and chairman of its Public Accounts Committee, a past president of the Hong Kong Institute of Certified Public Accountants and a former convenor-cum-member of the Financial Reporting Review Panel.

For the financial year ended 30 June 2024, Dr. Li received a fee of HK\$288,000 including the fee for acting as the chairman of the Audit Committee of the Company. Except for the above fee, Dr. Li did not receive any other emoluments during the said financial year.

DIRECTORS PROFILE

NG Leung-sing, JP *Independent Non-Executive Director (Age: 75)*

Mr. Ng Leung-sing was appointed Director of the Company in June 1997. He is also a member of the Remuneration Committee, the Nomination Committee and the Audit Committee of the Company. Mr. Ng is chairman of Bank of China (Hong Kong) Trustees Limited and a director of BOCHK Charitable Foundation. He is also an independent non-executive director of Grand Brilliance Group Holdings Limited.

Mr. Ng was the vice-chairman of Chiyu Banking Corporation Limited from 2002 to 2017, general manager of the Bank-wide Operation Department of Bank of China (Hong Kong) Limited from 2005 to 2009, and executive director and general manager of The China and South Sea Bank Limited, Hong Kong from 1990 to 1998. He was the Chinese Representative of the Sino-British Land Commission and the trustee of the Hong Kong Government Land Fund from 1988 to 1997, a member of the Corporate Contribution Program Organization Committee of The Community Chest of Hong Kong from 1992 to 1996, a member of the Legislative Council of Hong Kong from 1996 to 2004 and from 2012 to 2016, a member of the Hong Kong Housing Authority from 1996 to 2004, a member of the Court of Lingnan University from 1999 to 2011, a member of the managing board of the Kowloon-Canton Railway Corporation from 2004 to 2007, and a member of the board of management of the Chinese Permanent Cemeteries from 2009 to 2015. Mr. Ng was also an independent non-executive director of MTR Corporation Limited from 2007 to 2017, a director of The Hong Kong Mortgage Corporation Limited from 2014 to 2018, an independent non-executive director of Hanhua Financial Holding Co., Ltd. from 2013 to 2022, and an independent non-executive director of Nine Dragons Paper (Holdings) Limited from 2013 to December 2024.

Mr. Ng was a Hong Kong Deputy to the 10th, 11th, 12th and 13th National People's Congress of the People's Republic of China. He was appointed as the Justice of the Peace in 2001, and was awarded the Silver Bauhinia Star by the HKSAR government in 2004.

For the financial year ended 30 June 2024, Mr. Ng received a fee of HK\$288,000 including the fee for acting as a member of the Audit Committee of the Company. Except for the above fee, Mr. Ng did not receive any other emoluments during the said financial year.

GAN Fock-kin, Eric *Independent Non-Executive Director (Age: 61)*

Mr. Eric Gan was appointed Director of the Company in December 2005. He is also chairman of the Nomination Committee and a member of the Audit Committee of the Company. Mr. Gan is the Chief Executive Officer of Cybereason Inc., a provider of endpoint detection and response software used to detect anomalous activity on networks and systems.

Mr. Gan was the founder and president of eAccess Ltd., the fourth mobile operator (EMOBILE brand) in Japan which became a wholly-owned subsidiary of SoftBank Corp. in 2013. Mr. Gan was an executive vice president of Softbank Corp. until he joined Cybereason in April 2023.

Mr. Gan was born in Hong Kong and graduated from Imperial College, University of London.

For the financial year ended 30 June 2024, Mr. Gan received a fee of HK\$288,000 including the fee for acting as a member of the Audit Committee of the Company. Except for the above fee, Mr. Gan did not receive any other emoluments during the said financial year.

DIRECTORS PROFILE

LAM Kwok-fung, Kenny *Independent Non-Executive Director (Age: 50)*

Mr. Kenny Lam was appointed Director of the Company in March 2017. He graduated with a MA (Honours) in Law from Oxford University and magna cum laude with a BS in Finance from the Wharton School of the University of Pennsylvania, where he was a Joseph Wharton Scholar and a Benjamin Franklin Scholar. Mr. Lam is currently chief executive officer of Two Sigma Asia Pacific, Limited and head of the Asia Pacific region of Two Sigma. He is also an independent non-executive director of Bank of East Asia (China) Limited.

Mr. Lam was group president of Noah Holdings Limited (listed on the New York Stock Exchange) until March 2019. Prior to Noah, Mr. Lam was a global partner at McKinsey & Company based in Hong Kong, a co-Leader of the firm's Asia Financial Institutions Practice, and head of its Asia Private Banking and Asset Management Practice. Before McKinsey, Mr. Lam was with American law firm Shearman & Sterling in New York and Hong Kong.

Mr. Lam is chairman of the Executive Board for Asia of the Wharton School of the University of Pennsylvania.

For the financial year ended 30 June 2024, Mr. Lam received a fee of HK\$144,000. Except for the above fee, Mr. Lam did not receive any other emoluments during the said financial year.

LEE Yau-tat, Samuel *Independent Non-Executive Director (Age: 57)*

Mr. Samuel Lee was appointed Director of the Company in April 2021. He holds a Bachelor of Arts degree in International Business from the City University of Hong Kong. Mr. Lee is the chief executive officer of Digital Edge DC. He co-founded the company in 2020 with an aim in transforming the data center business and building digital infrastructure platforms for businesses in Asia-Pacific. With more than 25 years of experience in the IT and telecom industry, Mr. Lee is widely recognized as a dynamic and forward-looking business leader, with proven track record in driving business growth and expanding the data center business footprint in the Asia-Pacific region.

Prior to joining Digital Edge DC, Mr. Lee was the President of Equinix Asia-Pacific, overseeing the company's management, strategy and growth in the region. In this role, he successfully led the growth and expansion of the company's business, including its acquisitions of Asia Tone, Bit-isle and Metronode, and the ongoing integration of the company's regional operations into its global business. Under his leadership, Equinix's business in Asia-Pacific had undergone rapid expansion to become one of the market leaders in the region with more than 40 data centers in 12 markets, and with its revenue to reach US\$1 billion. Mr. Lee also held senior management positions at various leading technology companies, including Pacific Gateway Exchange, Teleglobe International, Intel and Sprint. In addition, he was the founder of a consulting firm offering strategic consultation services to network providers in Asia. Mr. Lee has been a senior advisor to Sun Hung Kai Real Estate Agency Limited, which is a wholly-owned subsidiary of Sun Hung Kai Properties Limited, the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), since September 2019.

For the financial year ended 30 June 2024, Mr. Lee received a fee of HK\$144,000. Except for the above fee, Mr. Lee did not receive any other emoluments during the said financial year.

DIRECTORS PROFILE

Peter KUNG *Independent Non-Executive Director (Age: 62)*

Mr. Peter Kung was appointed Director of the Company in March 2022. He is also a member of the Audit Committee of the Company. Mr. Kung graduated from the University of Liverpool in 1984. He is Associate Member of the Institute of Chartered Accountants in England and Wales and Fellow of the Hong Kong Institute of Certified Public Accountants. He is also Fellow of the Taxation Institute of Hong Kong and served as its president from 2007 to 2009.

Mr. Kung became a partner of KPMG in 1997, Head of China Tax in Hong Kong and Southern China in 2001, Senior Partner of KPMG's Shenzhen office in 2006 and Senior Partner of KPMG's Southern China region in 2010. He was Vice Chairman of KPMG China from 2013 to 2017 and Senior Advisor to KPMG China from 2018 to 2019.

Mr. Kung is a member of the 13th and 14th National Committee of the Chinese People's Political Consultative Conference. He is currently Vice President of Guangdong's Association For Promotion of Cooperation between Guangdong, Hong Kong & Macao and Guangdong-HK-Macao Bay Area Entrepreneurs Union. He is also a member of the Chief Executive's Policy Unit Expert Group (Economic Advancement) of the Government of the Hong Kong Special Administrative Region. Mr. Kung is also a member of the Council of The Chinese University of Hong Kong.

Mr. Kung is an independent non-executive director and chairman of the audit committee of ORIX Asia Limited, Kingboard Laminates Holdings Limited (a company listed on The Stock Exchange of Hong Kong Limited) and CCB International (Holdings) Limited. Mr. Kung is a member of the board and chairman of the audit committee of eBRAM, and a director of CUHK Medical Centre Limited. He has been a China Tax Advisor to Sun Hung Kai Real Estate Agency Limited, which is a wholly-owned subsidiary of Sun Hung Kai Properties Limited, the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), since October 2019.

For the financial year ended 30 June 2024, Mr. Kung received a fee of HK\$257,000 including the fee for acting as a member of the Audit Committee of the Company. Except for the above fee, Mr. Kung did not receive any other emoluments during the said financial year.

DIRECTORS PROFILE

Notes:

Saved as disclosed in the Directors' respective biographical details under this section, the Directors (1) have not held any directorships in the last three years in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (2) do not hold any other positions in the Company or its subsidiaries; and (3) do not have any other relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

No service contracts have been signed between the Company and the Directors (except Ms. Lau Yeuk-hung, Fiona, and Mr. Chau Kam-kun, Stephen), and there is no fixed term for their service with the Company. Their terms of service are subject to retirement by rotation and re-election by shareholders at annual general meetings in accordance with the Bye-laws of the Company and the Listing Rules. They are entitled to a director's fee which is determined by the Board under the authority granted by shareholders at annual general meetings. The fees are subject to annual assessment based on the prevailing market rate of directors' fees for companies listed in Hong Kong.

Ms. Lau Yeuk-hung, Fiona, Executive Director, entered into an agreement with the Group for her service as an Executive Director and the Chief Executive Officer of the Company, with no fixed term of service. Ms. Lau is entitled to a basic salary which is subject to review by the Board from time to time with reference to her responsibility and performance. She is also entitled to a discretionary performance bonus the computation of which is based on her performance and contributions to the Group. Ms. Lau's term of service as a director of the Company is subject to retirement by rotation and re-election by shareholders at annual general meetings in accordance with the Bye-laws of the Company and the Listing Rules. Ms. Lau is entitled to a director's fee which is determined by the Board under the authority granted by the shareholders at annual general meetings. The fee is subject to annual assessment based on the prevailing market rate of directors' fees for companies listed in Hong Kong.

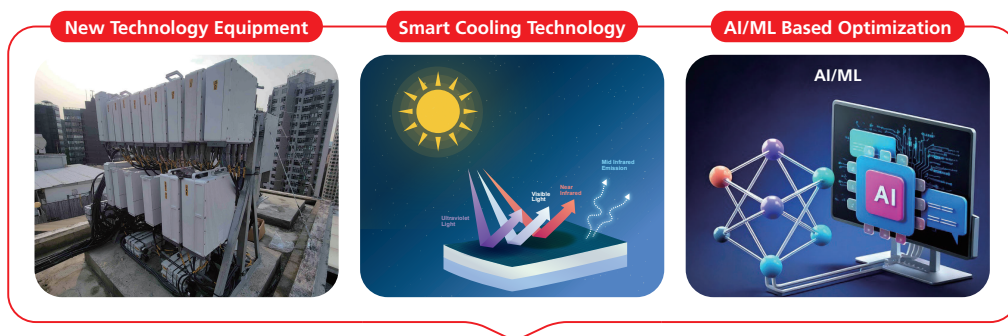
There is an employment contract entered into between Mr. Chau Kam-kun, Stephen, Executive Director, and a subsidiary of the Company for his service as the Company's Chief Technology Officer. As the Chief Technology Officer, Mr. Chau is entitled to a basic salary which is subject to review by the Board from time to time with reference to his responsibility and performance. He is also entitled to a discretionary bonus the computation of which is based on his performance and the profitability of the Group. Mr. Chau has no fixed term of service with the Company for acting as a director of the Company. Mr. Chau's term of service as a director of the Company is subject to retirement by rotation and re-election by shareholders at annual general meetings in accordance with the Bye-laws of the Company and the Listing Rules. Mr. Chau is entitled to a director's fee which is determined by the Board under the authority granted by the shareholders at annual general meetings. The fee is subject to annual assessment based on the prevailing market rate of directors' fees for companies listed in Hong Kong.

The Directors' interests in shares of the Company or any of its associated corporations, if any, within the meaning of Part XV of the Securities and Futures Ordinance as at 31 December 2024 are disclosed in the "Directors' and chief executive's interests" section on pages 53 to 56 of this Interim Report.

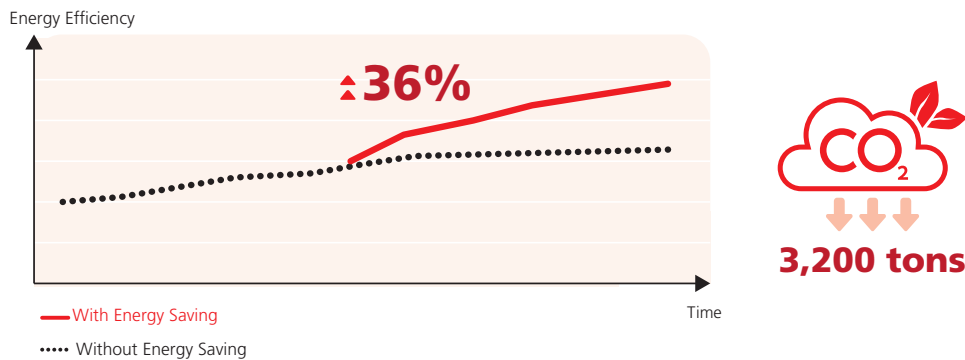
COMMUNITY INITIATIVES

1. Green 5G Network

SmarTone is dedicated to environmental protection and promoting sustainable living. By deploying advanced technology equipment, smart cooling technology, and utilizing AI-driven and machine learning-based operations optimization solution into our mobile network, we have significantly improved our energy efficiency. This effort has led to an impressive 36% overall energy efficiency improvement without compromising network performance, resulting in a remarkable 3,200 tons reduction in CO₂ emissions compared to no energy saving initiatives.



Overall Network Energy Efficiency



COMMUNITY INITIATIVES

2. Enhancing Cybersecurity Awareness

As scams grow increasingly complex and frequent, SmarTone remains committed to protecting customers through proactive security measures and timely information. We introduced Hong Kong's first "Staff Verification Code," a security initiative that empowers customers to verify the identity of SmarTone representatives during telephone interactions, ensuring their safety and peace of mind. We also introduced a 24-hour dedicated anti-scam WhatsApp hotline where customers can consult our expert team if they suspect their phones have been hacked or targeted by scams.

Our comprehensive "5 Security Tips" program provides anti-fraud guidance directly to customers. This ongoing educational initiative equips them with the knowledge and tools needed to identify suspicious communications, whether they come in the form of messages, calls, or digital links.



COMMUNITY INITIATIVES

3. Environmental Protection

SmarTone has launched recycling program to reduce electronic waste and promote environmental protection. Under the theme “Live SmarT · Rebirth Our Planet · Together for Change”, we have placed recycling boxes in our stores to collect unwanted mobile phones, power banks, charging cables, chargers, and phone cases. Additionally, we participated in the “Lai See Reuse and Recycle Programme” and encouraged our staff to recycle red packets and be environmentally friendly.



4. Supporting the Community

In collaboration with social welfare organizations, we conduct various community initiatives. These include visiting elderly, supporting community tours, and hosting smartphone helpdesk to teach elderly how to use smartphones for greater convenience.

Additionally, we empower the younger generation by supporting programs such as Strive and Rise, which help ignite interests in technology and foster personal development.



STAFF ENGAGEMENT

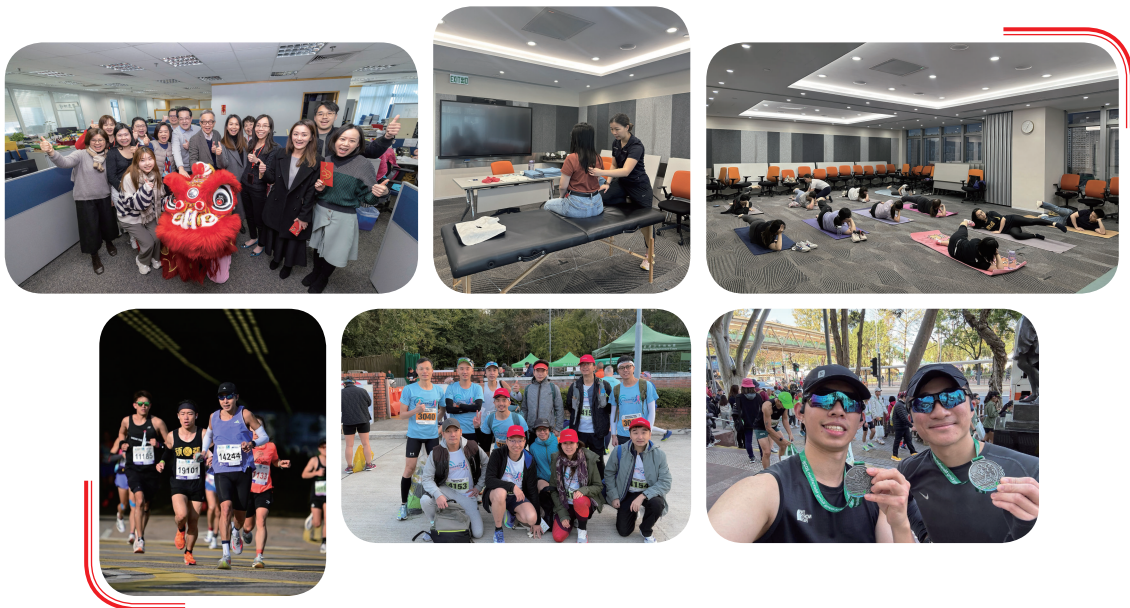
1. Nurturing Talents

We provide our team with diverse training and career advancement opportunities, including interdepartmental exchanges, skill-building workshops, and educational sessions. These initiatives collectively nurture individual growth, helping team members unlock their full potential and enhance their professional skills.



2. Supporting Our Staff

We are committed to fostering a healthy work-life balance and a supportive work environment. Through our Social Club, we promote health, well-being, and a sense of belonging through popular wellness activities, allowing employees to make the most of their free time and pursue personal interests.



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**TO THE BOARD OF DIRECTORS OF
SMARTONE TELECOMMUNICATIONS HOLDINGS LIMITED**
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 26 to 52, which comprises the condensed consolidated balance sheet of SmarTone Telecommunications Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2024 and the condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 February 2025

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 31 December 2024
(Expressed in Hong Kong dollars)

		Unaudited six months ended 31 December	
		2024	2023
	Notes	\$000	\$000
Service revenue and other related service		2,303,422	2,303,463
Handset and accessory sales		1,188,116	1,087,032
Revenues	4	3,491,538	3,390,495
Cost of inventories sold		(1,162,159)	(1,069,686)
Cost of services provided		(227,014)	(239,811)
Staff costs		(356,941)	(352,678)
Other operating expenses, net	7	(466,638)	(487,141)
Depreciation, amortization and loss on disposal	7	(859,274)	(880,344)
Operating profit		419,512	360,835
Expected credit loss on financial assets at amortized cost	7	(50,000)	–
Finance income	5	38,325	35,071
Finance costs	6	(53,976)	(51,365)
Profit before income tax	7	353,861	344,541
Income tax expense	8	(97,203)	(98,749)
Profit after income tax		256,658	245,792
Profit attributable to Company's shareholders		256,658	245,792
Earnings per share for profit attributable to Company's shareholders during the period (expressed in cents per share)	10		
Basic		23.3	22.2
Diluted		23.3	22.2

The above condensed consolidated profit and loss account should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2024
(Expressed in Hong Kong dollars)

	Unaudited six months ended	
	31 December	
	2024	2023
	\$000	\$000
Profit for the period	256,658	245,792
Other comprehensive (loss)/income		
Item that may be reclassified subsequently to profit and loss:		
Currency translation differences	(224)	164
Item that will not be reclassified subsequently to profit and loss:		
Fair value (loss)/gain on financial asset at fair value through other comprehensive income	(483)	2,147
Other comprehensive (loss)/income for the period	(707)	2,311
Total comprehensive income for the period attributable to Company's shareholders	255,951	248,103

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2024 and 30 June 2024
(Expressed in Hong Kong dollars)

		Unaudited 31 December 2024 \$000	Audited 30 June 2024 \$000
	Notes		
Non-current assets			
Fixed assets	12	2,925,862	3,017,019
Customer acquisition costs		94,802	93,304
Contract assets		44,410	27,647
Right-of-use assets		800,422	867,416
Interest in an associate		3	3
Financial asset at fair value through other comprehensive income		6,168	6,651
Financial assets at amortized cost		2,297	28,305
Intangible assets	13	3,721,410	3,958,076
Deposits and prepayments and other receivables		169,369	151,420
Deferred income tax assets		2,939	3,128
Total non-current assets		7,767,682	8,152,969
Current assets			
Cash and cash equivalents		1,649,667	1,576,915
Contract assets		99,785	101,830
Trade receivables	14	435,479	410,315
Deposits and prepayments		231,394	259,858
Other receivables		119,699	83,793
Financial assets at amortized cost		–	100,817
Inventories		252,351	107,069
Tax reserve certificate		384,709	384,709
Total current assets		3,173,084	3,025,306
Current liabilities			
Trade payables	15	353,941	366,208
Other payables and accruals		559,971	747,888
Contract liabilities		420,516	397,804
Lease liabilities		509,213	543,633
Current income tax liabilities		745,258	657,806
Bank borrowings	16	2,824	2,200
Spectrum utilization fee liabilities		231,132	228,366
Total current liabilities		2,822,855	2,943,905

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2024 and 30 June 2024
(Expressed in Hong Kong dollars)

		Unaudited 31 December 2024 \$000	Audited 30 June 2024 \$000
	Notes		
Non-current liabilities			
Asset retirement obligations		51,988	51,811
Contract liabilities		3,981	8,496
Lease liabilities		314,189	355,743
Bank borrowings	16	58,776	61,600
Spectrum utilization fee liabilities		2,277,423	2,412,756
Deferred income tax liabilities		163,866	158,315
Total non-current liabilities		2,870,223	3,048,721
Net assets		5,247,688	5,185,649
Capital and reserves			
Share capital	17	110,191	110,226
Reserves		5,137,497	5,075,423
Total equity		5,247,688	5,185,649

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2024
(Expressed in Hong Kong dollars)

	Unaudited six months ended 31 December	
	2024	2023
	\$000	\$000
Cash flows from operating activities	971,967	999,892
Income tax paid	(4,006)	(127,127)
Purchase of tax reserve certificate	–	(25,159)
Net cash inflow from operating activities	967,961	847,606
Cash flows from investing activities		
Payment for purchase of fixed assets	(333,014)	(315,988)
Payment of spectrum utilization fee	(163,711)	(159,821)
Proceeds from early redemption of financial assets at amortized cost	11,212	36,835
Proceeds from redemption of financial assets at amortized cost	62,500	–
Other investing activities	42,618	36,454
Net cash outflow from investing activities	(380,395)	(402,520)
Cash flows from financing activities		
Payment for repurchase of shares	(1,410)	(12,038)
Repayment of bank borrowings	(2,200)	(2,200)
Principal elements of lease payments	(318,205)	(345,127)
Dividends paid to the Company's shareholders	(192,860)	(193,117)
Net cash outflow from financing activities	(514,675)	(552,482)
Net increase/(decrease) in cash and cash equivalents	72,891	(107,396)
Effect of foreign exchange rate change	(139)	5
Cash and cash equivalents at 1 July	1,576,915	1,155,152
Cash and cash equivalents at 31 December	1,649,667	1,047,761

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2024
(Expressed in Hong Kong dollars)

	Unaudited Attributable to the Company's shareholders								
	Share capital \$000	Share premium \$000	Revaluation reserve \$000	Capital redemption reserve \$000	Contributed surplus \$000	Employee share-based compensation reserve \$000	Exchange reserve \$000	Retained profits \$000	Total \$000
At 1 July 2023	110,646	1,647,004	5,393	17,519	1,127	248	(2,613)	3,305,163	5,084,487
Comprehensive income									
Profit for the period	–	–	–	–	–	–	–	245,792	245,792
Other comprehensive income									
Fair value gain on financial asset at fair value through other comprehensive income	–	–	2,147	–	–	–	–	–	2,147
Currency translation differences	–	–	–	–	–	–	164	–	164
Total comprehensive income for the period ended 31 December 2023	–	–	2,147	–	–	–	164	245,792	248,103
Transactions with owners									
Share-based payments	–	–	–	–	–	746	–	–	746
Repurchase of shares	(298)	–	–	298	–	–	–	(12,038)	(12,038)
Payment of 2023 final dividend	–	–	–	–	–	–	–	(193,117)	(193,117)
Total transactions with owners	(298)	–	–	298	–	746	–	(205,155)	(204,409)
At 31 December 2023	110,348	1,647,004	7,540	17,817	1,127	994	(2,449)	3,345,800	5,128,181

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2024
(Expressed in Hong Kong dollars)

	Unaudited Attributable to the Company's shareholders								Total \$000
	Share capital \$000	Share premium \$000	Revaluation reserve \$000	Capital redemption reserve \$000	Contributed surplus \$000	Employee share-based compensation reserve \$000	Exchange reserve \$000	Retained profits \$000	
At 1 July 2024	110,226	1,647,004	4,753	17,939	1,127	1,609	(2,501)	3,405,492	5,185,649
Comprehensive income									
Profit for the period	-	-	-	-	-	-	-	256,658	256,658
Other comprehensive income									
Fair value loss on financial asset at fair value through other comprehensive income	-	-	(483)	-	-	-	-	-	(483)
Currency translation differences	-	-	-	-	-	-	(224)	-	(224)
Total comprehensive income for the period ended 31 December 2024	-	-	(483)	-	-	-	(224)	256,658	255,951
Transactions with owners									
Share-based payments	-	-	-	-	-	358	-	-	358
Repurchase of shares (note 17(a))	(35)	-	-	35	-	-	-	(1,410)	(1,410)
Payment of 2024 final dividend	-	-	-	-	-	-	-	(192,860)	(192,860)
Total transactions with owners	(35)	-	-	35	-	358	-	(194,270)	(193,912)
At 31 December 2024	110,191	1,647,004	4,270	17,974	1,127	1,967	(2,725)	3,467,880	5,247,688

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1 General information

SmarTone Telecommunications Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the provision of telecommunications services and the sale of handsets and accessories in Hong Kong.

The Company is a limited liability company incorporated in Bermuda. The address of its head office and principal place of business is 31/F, Millennium City 2, 378 Kwun Tong Road, Kwun Tong, Hong Kong.

The Company has its listing on The Stock Exchange of Hong Kong Limited (the “SEHK”).

These unaudited condensed consolidated interim financial statements (“Interim Financial Statements”) are presented in Hong Kong dollars, unless otherwise stated. These Interim Financial Statements have been approved for issue by the board of directors on 26 February 2025.

2 Basis of preparation

These Interim Financial Statements for the six months ended 31 December 2024 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. These Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 30 June 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). These Interim Financial Statements have been prepared on a historical cost basis, except for the financial asset at fair value through other comprehensive income, measured at fair value, and on a going concern basis.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2024, as described in those annual financial statements except for the adoption of the amendments to standards and interpretations to existing standards as set out below.

(a) Amendments to standards and interpretations to existing standards adopted by the Group

The Group has applied the following amendments to standards and interpretations to existing standards for the first time for their annual reporting commencing 1 July 2024.

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
HK-Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement

The adoption of these amendments to standards and interpretations to existing standards has no significant impact on these Interim Financial Statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 Basis of preparation *(continued)*

(b) New standards and amendments to standards not yet adopted

Certain new standards and amendments to standards have been published that are not mandatory for 30 June 2025 reporting periods and have not been early adopted by the Group.

HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKAS 21 (Amendments)	Lack of Exchangeability ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴
HKFRS Amendments	Annual Improvements to HKFRS Accounting Standards ³

¹ To be determined

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

3 Financial risk management and financial instruments

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Interim Financial Statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2024.

Credit risk

Impairment

Maximum exposure and year-end staging

The tables provide an update to show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which was mainly based on past due information unless other information was available without undue cost or effort, and staging classification as at 31 December 2024 and 30 June 2024. For financial assets at amortized cost, the Group also monitored them by using external credit ratings and the amounts presented below are gross carrying amount.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

3 Financial risk management and financial instruments *(continued)*

(a) Financial risk factors *(continued)*

Credit risk *(continued)*

Impairment *(continued)*

	12-month ECLs Stage 1 \$000	Lifetime ECLs Stage 2 \$000	Stage 3 \$000	Total \$000
At 31 December 2024				
Financial assets at amortized cost	–	–	283,746	283,746
At 30 June 2024				
Financial assets at amortized cost	63,876	39,824	256,870	360,570

During the period, the following loss allowances were recognized in consolidated profit and loss account in relation to the Group's financial assets measured at amortized costs.

	12-month ECLs Stage 1 \$000	Lifetime ECLs Stage 2 \$000	Stage 3 \$000	Total \$000
At 1 July 2024	–	–	231,448	231,448
Increase in loss allowance recognised in consolidated profit and loss during the period	–	–	50,000	50,000
At 31 December 2024	–	–	281,448	281,448

For the credit-impaired financial assets at amortized cost (stage 3), the impairment loss was estimated based on management's assessment on the eventual shortfall of cash recoverable using a lifetime expected credit loss model. The impairment assessment used key inputs based on the most recent available financial information of the underlying investment. The assessments on the financial assets at amortized cost under Stage 3 involved probability weighted outcomes and calculation of an expected value as a whole.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

3 Financial risk management and financial instruments *(continued)*

(a) Financial risk factors *(continued)*

Credit risk *(continued)*

Impairment *(continued)*

After calculating the expected values of financial assets at amortized cost under different scenarios, a weighted ECL was calculated for the financial assets at amortized cost.

The below table illustrates the assumptions used in estimating the ECL recorded on financial assets at amortized cost under stage 3:

Issuer	Maturity dates	Coupon rate %	Credit rating 31 December 2024	Changes in ECL recorded in profit and loss for the period ended 31 December 2024 \$M	ECL balance as at 31 December 2024 \$M	Scenario	Scenario probability %	Payment terms
Issuer 1	25 August 2022 – 9 June 2024	6.5%–7.5%	WR	9.1	108.1	– Restructuring – Straight sale – Liquidation	1%–98%	6
Issuer 2	28 March 2024 – 7 November 2024	6.45%–6.55%	WR	9.1	91.3	– Restructuring – Straight sale – Liquidation	0.25%–98%	2–6
Issuer 3	1 September 2023	7.88%	WR	5.8	56.0	– Restructuring – Straight sale – Liquidation	1%–98%	2–7
Issuer 4	30 March 2028	6.70%	WR	26.0	26.0	– Restructuring – Straight sale – Liquidation	1%–65%	–
				50.0	281.4			

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

3 Financial risk management and financial instruments *(continued)*

(a) Financial risk factors *(continued)*

Credit risk *(continued)*

Impairment *(continued)*

Issuer	Maturity dates	Coupon rate %	Credit rating 30 June 2024	Changes in ECL recorded in profit and loss for the year ended 30 June 2024 \$M	ECL balance as at 30 June 2024 \$M	Scenario	Scenario probability %	Payment terms
Issuer 1	25 August 2022 – 9 June 2024	6.5%–7.5%	WR	–	99.0	– Restructuring – Straight sale – Liquidation	2.5%–60%	7
Issuer 2	28 March 2024 – 7 November 2024	6.45%–6.55%	WR	–	82.2	– Restructuring – Straight sale – Liquidation	2.5%–60%	5
Issuer 3	1 September 2023	7.88%	WR	–	50.2	– Restructuring – Straight sale – Liquidation	2.5%–60%	2–7
				–	231.4			

(b) Fair value estimation

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

3 Financial risk management and financial instruments *(continued)*

(b) Fair value estimation *(continued)*

The following table presents the Group's financial assets measured and recognized at fair value at 31 December 2024 and 30 June 2024.

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Financial asset at fair value through other comprehensive income				
At 31 December 2024 (Unaudited)	–	6,168	–	6,168
At 30 June 2024 (Audited)	–	6,651	–	6,651

There were no transfers between level 1 and level 2 and no changes in valuation techniques during the period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The financial asset at fair value through other comprehensive income is stated at fair value based on the net asset value per unit of the respective fund as determined by the manager of the relevant fund.

All of the resulting fair value estimates are included in level 2.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 Revenues

Revenues include income generated from the provision of mobile telecommunications services, and the sales of handsets and accessories. In the current period, it also includes a one-off income totaling \$51 million in respect of exiting from Macau. An analysis of revenues is as follows:

	Unaudited six months ended 31 December	
	2024	2023
	\$000	\$000
Mobile telecommunications services	2,303,422	2,303,463
Handsets and accessories sales	1,188,116	1,087,032
	3,491,538	3,390,495

The Group's revenues from the provisions of services and delivery of goods by timing of satisfaction of performance obligations are as follows:

	Unaudited six months ended 31 December	
	2024	2023
	\$000	\$000
Timing of revenue recognition:		
Over time	2,303,422	2,303,463
At a point in time	1,188,116	1,087,032
	3,491,538	3,390,495

In a manner consistent with the way in which information is reported internally to the Group's chief operating decision-maker for the purpose of resource allocation and performance assessment, the Group has identified only one reportable segment, which is mobile telecommunications business.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

5 Finance income

	Unaudited six months ended 31 December	
	2024	2023
	\$000	\$000
Interest income from bank deposits	36,811	31,109
Interest income from financial assets at amortized cost	1,514	3,962
	38,325	35,071

6 Finance costs

	Unaudited six months ended 31 December	
	2024	2023
	\$000	\$000
Interest expense on bank and other borrowings	1,085	1,185
Accretion expenses		
Spectrum utilization fee liabilities	31,144	33,101
Lease liabilities	21,469	13,731
Asset retirement obligations	262	933
Net exchange loss on financing activities (note 9)	16	37
Loss on early redemption of financial assets at amortized cost	–	2,378
	53,976	51,365

Accretion expenses represent changes in the spectrum utilization fee liabilities, lease liabilities and asset retirement obligations due to passage of time calculated by applying an effective interest rate method of allocation to the amount of the liabilities at the beginning of the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

7 Profit before income tax

Profit before income tax is stated after charging/(crediting) the following:

	Unaudited six months ended	
	31 December	
	2024	2023
	\$000	\$000
Other operating expenses, net		
– Network costs	271,393	288,324
– Short-term and low-value leases	22,324	15,081
– Impairment loss of trade receivables (note 14)	2,020	1,846
– Net exchange loss/(gain) (note 9)	296	(1,238)
– Others	170,605	183,128
Loss on disposal of fixed assets	3,109	7,296
Gain on derecognition right-of-use assets	(412)	–
Depreciation of fixed assets	268,307	264,083
Depreciation of right-of-use assets	309,840	327,477
Amortization of spectrum utilization fee	236,666	236,666
Amortization of customer acquisition costs	41,764	44,822
Share-based payments	358	746
Expected credit loss on financial assets at amortized cost	50,000	–

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

8 Income tax expense

	Unaudited six months ended 31 December	
	2024	2023
	\$000	\$000
Current income tax		
Hong Kong profits tax	90,365	84,658
Non-Hong Kong tax	1,099	974
Under-provision in prior years		
Hong Kong profits tax	–	496
Total current income tax expense	91,464	86,128
Deferred income tax expense	5,739	12,621
Income tax expense	97,203	98,749

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

9 Net exchange loss/(gain)

The exchange differences charged/(credited) to the condensed consolidated profit and loss account are included as follows:

	Unaudited six months ended	
	31 December	
	2024	2023
	\$000	\$000
Other operating expenses, net (note 7)	296	(1,238)
Finance costs (note 6)	16	37
	312	(1,201)

10 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to Company's shareholders
- by the weighted average number of ordinary shares outstanding during the period and excluding shares held for share award scheme.

	Unaudited six months ended	
	31 December	
	2024	2023
	Cents	Cents
Basic earnings per share attributable to Company's shareholders	23.3	22.2

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

10 Earnings per share *(continued)*

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Unaudited six months ended 31 December	
	2024	2023
	Cents	Cents
Diluted earnings per share attributable to Company's shareholders	23.3	22.2

	Unaudited six months ended 31 December	
	2024	2023
	\$000	\$000
Profit attributable to Company's shareholders used in calculating basic earnings per share and diluted earnings per share	256,658	245,792

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

10 Earnings per share *(continued)*

(c) Weighted average number of shares used as the denominator

	Unaudited six months ended 31 December	
	2024	2023
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (less shares held for share award scheme)	1,102,126,623	1,104,918,857
Adjustments for calculation of diluted earnings per share:		
Effect of awarded shares	–	4,320
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	1,102,126,623	1,104,923,177

11 Dividends

(a) In respect of the period

	Unaudited six months ended 31 December	
	2024	2023
	\$000	\$000
Interim dividend declared of 14.5 cents (2023: 14.5 cents) per fully paid share	159,778	160,004

At a meeting held on 26 February 2025, the directors declared an interim dividend of 14.5 cents per fully paid share for the year ending 30 June 2025. The interim dividend declared is not reflected as a dividend payable in these Interim Financial Statements, but will be reflected as an appropriation of retained profits for the year ending 30 June 2025.

The interim dividend declared is calculated based on the number of shares in issue at the date of approval of these Interim Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

11 Dividends *(continued)*

(b) Attributable to prior year paid in the period

	Unaudited six months ended 31 December	
	2024	2023
	\$000	\$000
Final dividend of 17.5 cents (2023: 17.5 cents) per fully paid share	192,860	193,117

12 Fixed assets

	Unaudited \$000
Opening net book amount at 1 July 2024	3,017,019
Additions	183,811
Disposals	(6,554)
Exchange differences	(107)
Depreciation	(268,307)
Closing net book amount at 31 December 2024	2,925,862
Opening net book amount at 1 July 2023	2,925,297
Additions	244,982
Disposals	(7,923)
Exchange differences	112
Depreciation	(264,083)
Closing net book amount at 31 December 2023	2,898,385

During the six months ended 31 December 2024, major fixed assets acquired by the Group included network and testing equipment, including network under construction amounting to \$122,648,000 (2023: \$192,491,000).

At 31 December 2024, buildings with carrying amount of \$61,771,000 (30 June 2024: \$62,990,000) were pledged as security for bank borrowings of the Group (note 16).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

13 Intangible assets

	Unaudited
	Spectrum utilization fee \$000
Opening net book amount at 1 July 2024	3,958,076
Amortization	(236,666)
Closing net book amount at 31 December 2024	3,721,410
Opening net book amount at 1 July 2023	4,431,409
Amortization	(236,666)
Closing net book amount at 31 December 2023	4,194,743

14 Trade receivables

	Unaudited 31 December 2024 \$000	Audited 30 June 2024 \$000
Trade receivables	440,045	415,452
Less: loss allowance	(4,566)	(5,137)
	435,479	410,315

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

14 Trade receivables *(continued)*

The credit periods granted by the Group to its customers generally range from 15 days to 45 days from the date of invoice. An ageing analysis of trade receivables, net of provision, based on invoice date is as follows:

	Unaudited 31 December 2024 \$000	Audited 30 June 2024 \$000
Current to 30 days	316,742	323,423
31–60 days	18,460	14,989
61–90 days	14,641	10,152
Over 90 days	85,636	61,751
	435,479	410,315

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. This resulted in a loss of \$2,020,000 (2023: \$1,846,000) for the impairment of its trade receivables during the six months ended 31 December 2024.

15 Trade payables

An ageing analysis of trade payables based on invoice date is as follows:

	Unaudited 31 December 2024 \$000	Audited 30 June 2024 \$000
Current to 30 days	160,225	146,192
31–60 days	102,877	81,128
61–90 days	42,819	52,846
Over 90 days	48,020	86,042
	353,941	366,208

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

16 Bank borrowings

	Unaudited 31 December 2024			Audited 30 June 2024		
	Current \$000	Non-current \$000	Total \$000	Current \$000	Non-current \$000	Total \$000
Secured bank borrowings	2,824	58,776	61,600	2,200	61,600	63,800

The carrying amounts of the Group's bank borrowings included under current liabilities approximate their fair values, as the impact of discounting is not significant. The fair value of the bank borrowings included under non-current liabilities as estimated by discounting their future cash flows at the prevailing market borrowing rates at the period end date for similar borrowings is as follows:

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
At 31 December 2024				
Secured bank borrowings	–	58,776	–	58,776
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
At 30 June 2024				
Secured bank borrowings	–	61,600	–	61,600

At 31 December 2024, secured bank borrowings are secured by certain buildings of the Group (note 12) (30 June 2024: same).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

17 Share capital

	Unaudited	
	Shares of \$0.1 each	\$000
Authorized		
At 1 July 2023, 30 June 2024, 1 July 2024 and 31 December 2024	2,000,000,000	200,000
Issued and fully paid		
At 1 July 2024	1,102,259,101	110,226
Repurchase of shares (a)	(345,000)	(35)
At 31 December 2024	1,101,914,101	110,191
At 1 July 2023	1,106,464,601	110,646
Repurchase of shares	(2,988,000)	(298)
At 31 December 2023	1,103,476,601	110,348

- (a) During the six months ended 31 December 2024, the Company repurchased and cancelled 345,000 shares on the SEHK. The amount paid to acquire these cancelled shares of \$1,410,000 was deducted from equity attributable to equity holders.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

18 Share option scheme

(a) Movements in share options

	Unaudited	
	Average exercise price per share	Numbers of share options
At 30 June 2024 and 31 December 2024	\$4.96	4,000,000

At 31 December 2024, 1,200,000 share options were exercisable with average exercise price of \$4.96 per share.

(b) Terms of unexpired and unexercised share options at balance sheet date

Date of grant	Exercise period	Exercise price per share	Unaudited 31 December 2024 Number of share options	Audited 30 June 2024 Number of share options
21 April 2023	21 April 2024 to 20 April 2028	\$4.96	4,000,000	4,000,000

(c) Details of share options exercised

No share options were exercised during the six months ended 31 December 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

19 Commitments and contingent liabilities

(a) Capital commitments

	Unaudited 31 December 2024 \$000	Audited 30 June 2024 \$000
Fixed assets		
Contracted for	77,507	30,241

(b) Contingent liabilities

	Unaudited 31 December 2024 \$000	Audited 30 June 2024 \$000
Performance guarantees	468,883	522,500

20 Related party transactions

The Group is controlled by Cellular 8 Holdings Limited, which owns 69.26% of the Company's shares as at 31 December 2024. The remaining 30.74% of the shares are widely held, of which 3.92% is held by another subsidiary of Sun Hung Kai Properties Limited ("SHKP"). The ultimate holding company of the Group is SHKP, a company incorporated in Hong Kong.

During the six months ended 31 December 2024, the Group had transactions with certain fellow subsidiaries and associates of SHKP in the ordinary course of business. All related party transactions are carried out in accordance with the terms of the relevant agreements governing the transactions. These transactions are not significant to the Group's Interim Financial Statements.

OTHER INFORMATION

(Financial figures are expressed in Hong Kong dollars)

Interim dividend

The Directors declared an interim dividend of 14.5 cents per share for the six months ended 31 December 2024 (2023: 14.5 cents). The interim dividend will be paid in cash on or about Friday, 21 March 2025 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 12 March 2025.

Closure of register of members

The record date for entitlement to the interim dividend is Wednesday, 12 March 2025. For determining the entitlement to the interim dividend, the Register of Members of the Company will be closed for one day on Wednesday, 12 March 2025 during which no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 11 March 2025.

Directors' and chief executive's interests

As at 31 December 2024, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Rules Governing the Listing of Securities on SEHK (the "Listing Rules"), to be notified to the Company and SEHK, were as follows:

1. Long positions in shares and underlying shares of the Company

Name of Director	Number of shares held			Number of underlying shares held under equity derivatives	Total	% of issued voting shares
	Personal interests (held as beneficial owner)	Other interests	Total			
Kwok Ping-luen, Raymond	–	5,162,337 ¹	5,162,337	–	5,162,337	0.47
Fung Yuk-lun, Allen	437,359	–	437,359	–	437,359	0.04
Lau Yeuk-hung, Fiona	–	–	–	4,000,000 ² (Personal interests in share options)	4,000,000	0.36
Chau Kam-kun, Stephen	146,000	11,000 ³	157,000	–	157,000	0.01

OTHER INFORMATION

(Financial figures are expressed in Hong Kong dollars)

Notes:

1. Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares in the Company by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.
2. These underlying shares of the Company held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by the Company under its share option scheme. Details of these share options and their movements during the six months ended 31 December 2024 are set out in the section titled "Share option scheme".
3. These shares in the Company were held by the spouse of Mr. Chau Kam-kun, Stephen.

2. Long positions in shares and underlying shares of the associated corporations of the Company

(a) Sun Hung Kai Properties Limited ("SHKP")

Name of Director	Number of shares held			Number of underlying shares held under equity derivatives	Total	% of issued voting shares
	Personal interests (held as beneficial owner)	Other interests	Total			
Kwok Ping-luen, Raymond	188,743	611,563,991 ¹ 1,580,000 ²	613,332,734	–	613,332,734	21.17
Chau Kam-kun, Stephen	1,000	–	1,000	–	1,000	0.00
David Norman Prince	2,000	–	2,000	–	2,000	0.00
Siu Hon-wah, Thomas	–	7,000 ³	7,000	–	7,000	0.00
Li Ka-cheung, Eric	–	4,028 ⁴	4,028	–	4,028	0.00

Notes:

1. Mr. Kwok Ping-luen, Raymond was deemed to be interested in 42,317,805 shares in SHKP by virtue of him being a founder and a beneficiary of two discretionary trusts and 569,246,186 shares in SHKP by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.
2. These shares in SHKP were held by the spouse of Mr. Kwok Ping-luen, Raymond.
3. These shares in SHKP were held jointly by Mr. Siu Hon-wah, Thomas and his spouse.
4. These shares in SHKP were held by the spouse of Dr. Li Ka-cheung, Eric.

OTHER INFORMATION

(Financial figures are expressed in Hong Kong dollars)

(b) SUNeVision Holdings Ltd. (“SUNeVision”)

Name of Director	Number of shares held			Number of underlying shares held under equity derivatives	Total	% of issued voting shares
	Personal interests (held as beneficial owner)	Other interests	Total			
Kwok Ping-luen, Raymond	–	3,485,000 ¹	3,485,000	–	3,485,000	0.15
Fung Yuk-lun, Allen	4,000,000	–	4,000,000	4,000,000 ²	8,000,000	0.34
Lau Yuek-hung, Fiona	–	–	–	3,700,000 ²	3,700,000	0.16
Chau Kam-kun, Stephen	50,000	–	50,000	–	50,000	0.00

Notes:

1. Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares in SUNeVision by virtue of him being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.
2. These underlying shares of SUNeVision held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by SUNeVision under its share option scheme. Details of these share options and their movements during the six months ended 31 December 2024 were as follows:

Name of Director	Date of grant	Exercise price \$	Exercise period*	Number of share options				Balance as at 31 December 2024
				Balance as at 1 July 2024	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
Fung Yuk-lun, Allen	4 May 2022	6.532	4 May 2023 to 3 May 2027	4,000,000	–	–	–	4,000,000
Lau Yuek-hung, Fiona	5 May 2021	7.982	5 May 2022 to 4 May 2026	2,500,000	–	–	–	2,500,000
	12 January 2023	4.514	12 January 2024 to 11 January 2028	1,200,000	–	–	–	1,200,000

- * The share options of SUNeVision can be exercised up to 30% of the grant from the first anniversary of the date of grant, up to 60% of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant.

OTHER INFORMATION

(Financial figures are expressed in Hong Kong dollars)

(c) Mr. Kwok Ping-luen, Raymond had the following interests in shares of the following associated corporations:

Name of associated corporation	Actual shares held through corporation	Actual % of interests in issued voting shares
Hung Carom Company Limited	25 ¹	25.00
Tinyau Company Limited	1 ¹	50.00
Open Step Limited	8 ¹	80.00
Vivid Synergy Limited	963,536,900 ¹	20.00

Note:

1. Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares by virtue of him being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and SEHK pursuant to the Model Code.

Share option scheme

The shareholders of the Company passed an ordinary resolution at the annual general meeting of the Company held on 2 November 2021 to approve the adoption of a share option scheme (the "Share Option Scheme") of the Company. The Share Option Scheme became effective on 4 November 2021 following the grant of a listing approval by SEHK and the passing of an ordinary resolution by the shareholders of SHKP, the Company's holding company, at the annual general meeting of SHKP to approve the adoption of the Share Option Scheme.

OTHER INFORMATION

(Financial figures are expressed in Hong Kong dollars)

Movements of the share options granted to the participant(s) pursuant to the Share Option Scheme during the six months ended 31 December 2024 were as follows:

				Number of share options					
				Balance as at 1 July 2024	Granted during the period	Exercised during the period	Canceled during the period	Lapsed during the period	Balance as at 31 December 2024
Grantee	Date of grant	Exercise price \$	Exercise period						
Director									
Lau Yeuk-hung, Fiona	21 April 2023	4.964	21 April 2024 to 20 April 2028 ¹	4,000,000	–	–	–	–	4,000,000

Note:

- The share options can be exercised up to 30% of the grant from the first anniversary of the date of grant, up to 60% of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant. Any unexercised share options shall lapse after the fifth anniversary of the date of grant.

Other than the share options stated above, no share options had been granted by the Company to other participants pursuant to the Share Option Scheme. Save as disclosed above, no other share options were granted, exercised, canceled or lapsed during the period.

The number of share options available for grant under the scheme mandate of the Share Option Scheme was 105,898,860 on both 1 July 2024 and 31 December 2024.

Share award scheme

A share award scheme (the "Share Award Scheme") was adopted by the Board on 29 June 2018 as an incentive arrangement to recognize the contributions by certain employees and to attract and retain suitable personnel for the development of the Group. Pursuant to the rules of the scheme, shares of the Company will be acquired by a trustee from the market at the cost of the Company and be held in trust for selected employees until the end of each vesting period. The shares will be transferred to the selected employees upon vesting. The selected employees are not required to pay any purchase price for the transfer of the vested shares. No new shares of the Company will be issued under the Share Award Scheme.

There were no unvested awarded shares as of 1 July 2024. No shares were granted, vested, canceled or lapsed under the Share Award Scheme during the six months ended 31 December 2024.

The number of shares available for grant under the scheme mandate of the Share Award Scheme was 107,171,217 on both 1 July 2024 and 31 December 2024.

OTHER INFORMATION

(Financial figures are expressed in Hong Kong dollars)

Interests of substantial shareholder

As at 31 December 2024, the interests or short positions of the persons, other than Directors or chief executive of the Company, in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Long positions in shares of the Company

Name	Total number of shares	% of issued voting shares
Sun Hung Kai Properties Limited ("SHKP") ¹	806,362,555	73.18%
HSBC Trustee (C.I.) Limited ("HSBCCI") ²	807,292,867	73.26%

Notes:

1. TFS Development Company Limited ("TFS") and Cellular 8 Holdings Limited ("Cellular 8", a wholly owned subsidiary of TFS) held 43,162,883 shares and 763,199,672 shares in the Company respectively. For the purpose of Part XV of the SFO, TFS was deemed to be interested in the 763,199,672 shares in the Company held by Cellular 8. Accordingly, TFS had interests and deemed interests in an aggregate of 806,362,555 shares in the Company.

In addition, TFS is a wholly-owned subsidiary of Fourseas Investments Limited ("Fourseas") which in turn is a wholly-owned subsidiary of SHKP. For the purpose of Part XV of the SFO, SHKP and Fourseas were also deemed to be interested in the above-mentioned 806,362,555 shares in the Company.

2. As HSBCCI is entitled to control the exercise of one-third or more of the voting power at general meetings of SHKP, HSBCCI is deemed to have interest in the 806,362,555 shares in the Company held indirectly by SHKP for the purpose of Part XV of the SFO.

Save as disclosed above, as at 31 December 2024, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

OTHER INFORMATION

(Financial figures are expressed in Hong Kong dollars)

Purchase, sale or redemption of shares

During the six months ended 31 December 2024, the Company repurchased 345,000 shares of the Company on SEHK. These repurchased shares were cancelled prior to 31 December 2024. Details of the repurchases were as follows:

Month of repurchase	Number of shares repurchased	Price per share		Aggregate price paid
		Highest	Lowest	
		\$	\$	\$
October 2024	203,000	4.19	4.17	848,000
November 2024	142,000	3.97	3.94	562,000
	345,000			1,410,000

The Directors considered that the repurchases could lead to an enhancement of the Company's earnings per share. Save as disclosed above, at no time during the six months ended 31 December 2024 was there any purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares.

Review of interim results

An Audit Committee has been established by the Company to provide advice and recommendations to the Board. The chairman of the Committee is Dr. Li Ka-cheung, Eric (with professional accounting expertise) and the other members are Mr. Ng Leung-sing, Mr. Gan Fock-kin, Eric and Mr. Peter Kung. All the members of the Committee are Independent Non-Executive Directors of the Company. The Committee members possess appropriate business or financial expertise and experience to provide relevant advice and recommendations to the Company.

The Audit Committee held a meeting on 19 February 2025 and reviewed the interim financial statements of the Group for the six months ended 31 December 2024 as well as the report of the Risk Management Committee and the report of Internal Audit. The Committee was satisfied that the accounting policies and methods of computation adopted by the Group are appropriate and in line with the market participants in Hong Kong. The Committee found no unusual items that were omitted from the financial statements and was satisfied with the disclosures of data and explanations shown in the financial statements. The Committee was also satisfied with the risk management and internal control measures adopted by the Group.

The interim financial statements for the six months ended 31 December 2024 have not been audited but have been reviewed by the Company's external auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The financial information disclosed in this interim report complies with the disclosure requirements of Appendix D2 to the Listing Rules.

OTHER INFORMATION

(Financial figures are expressed in Hong Kong dollars)

Corporate governance

The Company is committed to building and maintaining high standards of corporate governance. Throughout the six months ended 31 December 2024, the Company has applied the principles and complied with the requirements set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules, except for the following deviation:

Code Provision C.1.6 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Gan Fock-kin, Eric and Mr. Peter Kung, Independent Non-Executive Directors, were unable to attend the annual general meeting of the Company held on 5 November 2024 due to overseas commitments or other prior engagements. The remaining nine Independent Non-Executive Directors and Non-Executive Directors (representing 82% of all independent non-executive and non-executive members of the Board at the time) attended the said meeting in person to listen to the views expressed by the shareholders.

The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the CG Code.

Compliance with model code for securities transactions by Directors

The Group adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct regarding Directors' transactions in the securities of the Company. Upon specific enquiry, each Director had confirmed that during the six months ended 31 December 2024, they had fully complied with the required standard set out in the Model Code and there was no event of non-compliance.

By order of the Board

Mak Yau-hing, Alvin

Company Secretary

Hong Kong, 26 February 2025

As at the date of this report, 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.