SmarTone Telecommunications Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 315)

2019 / 2020 INTERIM RESULTS ANNOUNCEMENT

(All references to "$" are to the Hong Kong dollars)

- Business environment for mobile continued to be competitive and challenging
- Under HKFRS 16, Group service revenue grew 3% to $2,412m. However, due to a decline in handset profit, a fall in inbound roaming, and higher depreciation from investments in the prior period, Group net profit was 20% lower at $265m (*Pre-HKFRS 16: $271m*)
- Customer numbers increased, up 7% to 2.64m and churn rate fell; mobile postpaid ARPU was slightly down at $225 vs $227 last year
- Strong portfolio of 5G spectrum acquired, laying the foundation for a successful 5G launch later this year
- Vigilant control on investments and costs in place to alleviate short-term negative impact and enhance long-term profitability
- The Board declares an interim dividend of 14.5 cents per share

CHAIRMAN'S STATEMENT

Business review

During the period under review, the business environment for mobile continued to be competitive and challenging. Under HKFRS 16, Group net profit was 20% lower at $265 million *(Pre-HKFRS 16: $271 million)*. This decline was primarily due to lower profitability in the handset business, a substantial decline in inbound roaming due to the significant fall in visitors, and higher depreciation resulting from investments in mobile infrastructure and IT systems in the prior period. Full year depreciation for FY20 is, however, expected to be similar to last year's.

The Company saw a 3% increase in service revenue to $2,412 million, reflecting an increase in customer numbers, a lower average churn rate offset by a small decline in ARPU ($225 vs $227 last year). Group EBITDA was 36% higher at $1,274 million, as rental costs were capitalised and depreciated rather than recognised as OPEX. Under the pre-HKFRS 16 accounting standard, Group EBITDA would have been $870 million, down 7%.

Customer segmentation remained a core focus for the Company, with particular emphasis on high-end segments, millennials, and enterprises. In addition, the Company expanded alternative sales channels such as online and flexible mobile salesforce to meet the needs of customers' changing shopping behaviour. Customer numbers grew 7% to 2.64 million, and churn rate improved further to 0.8% from 1.0% in the same period last year.

In recognition of SmarTone's commitment to delivering superior customer experience, the Company was awarded "Best Mobile Network Operator" from the Communications Association of Hong Kong. In addition, SmarTone won 22 accolades, the highest in the industry, at the HKRMA 2019 Service & Courtesy Award.

SmarTone's increased focus and investment in the Enterprise Solutions business resulted in an increase in customers and strong revenue growth. The Company's portfolio of solutions for selected industries, including construction, hospitality and facility management, enables its clients to improve performance and enhance efficiency. SmarTone's Smart Construction solution received the 1st Prize in the Construction Innovation Award 2019 presented by the Construction Industry Council. The solution helps companies improve safety and management efficiency at construction sites.

As the 5G era approaches, SmarTone is well-positioned to be a leader in this new technology. In the recent 5G spectrum auctions, the Company successfully acquired a strong portfolio of spectrums. On a per subscriber basis, the Company acquired the most spectrum amongst all operators in the critical 3.5GHz band. SmarTone targets to launch 5G service by mid-2020, offering a richer customer experience and enabling new applications for enterprise and Smart City initiatives. In selected markets such as Korea, operators have been able to charge a premium because of the enhanced customer experience. The Company will make reference to overseas successful launch experience to optimise its go-to-market strategy.

Dividend

In line with the Company's dividend policy, the Board declared an interim dividend of 14.5 cents per share. Shareholders have the option to receive new and fully paid shares in lieu of cash under a scrip dividend scheme.

Outlook

The mobile industry remains intensely competitive in the near term. At the same time, the recent social events and the outbreak of coronavirus have put additional pressure on the Hong Kong economy, and on consumers and enterprises alike. Some aspects of SmarTone's businesses will be adversely impacted. Inbound and outbound roaming, in particular, will be significantly affected due to reduced travel. In face of these headwinds, the Company will focus on serving our customers better and identifying new services and revenue streams. The Company will also maintain vigilant control on investments and costs, with productivity measures to alleviate short-term negative impact and enhance long-term profitability.

SmarTone will focus on the core local business by delivering outstanding network performance and superior customer experience. The launch of 5G later this year will be a key priority for the Company. 5G will present opportunities for consumer upgrade, with material enhancement in user experience. It will also drive new potential for the Enterprise segment, not least from additional Smart City initiatives.

The Company aims to create a network that has strong coverage but also operates cost effectively. Initial estimates of Group CAPEX, including 5G, over the next five years will not be materially higher than what the Company incurred over the last five years. Because of the greater throughput and higher spectrum efficiency, 5G will, in the long run, be cheaper to serve customers' growing data needs.

Appreciation

I would like to take this opportunity to express my gratitude to our customers and shareholders for their continuing support, to my fellow directors for their guidance as well as to our staff for their dedication and hard work.

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 18 February 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Review of financial results

During the period under review, the Group profit attributable to shareholders was 20% lower at $265 million (first half of 2018/19: $332 million). The decline was primarily due to lower profitability in the handset business, a substantial decline in inbound roaming due to the significant fall in visitors, and higher depreciation resulting from investments in mobile infrastructure and IT systems in the prior period.

Under the pre-HKFRS 16 accounting standard, Group EBITDA was $870 million, down 7%. Group profit attributable to shareholders declined 18% to $271 million.

Group service revenue increased by 3% to $2,412 million (first half of 2018/19: $2,345 million) mainly due to the growth in Enterprise Solutions services. Mobile postpaid ARPU fell 1% to $225 (first half of 2018/19: $227). Compared with the second half of 2018/19, Group service revenue increased by $123 million or 5% mainly due to additional revenue from Enterprise Solutions.

Group's handset and accessory sales fell by $997 million or 35% to $1,845 million when compared with $2,842 million for same period last year mainly due to weakness in the handset trading business. Compared with the second half of 2018/19, Group's handset and accessories sales increased by $905 million or 96% due to significant increase in sales volume coincide with the timing of new phones launched in the market.

As a result, Group total revenue decreased by 18% to $4,257 million (first half of 2018/19: $5,187 million) mainly due to lower handset revenue. Compared with the second half of 2018/19, Group total revenue increased by $1,028 million or 32% mainly due to higher handset revenue.

Roaming revenue, which made up of 15% of Group's service revenue (first half of 2018/19: 16%) decreased by 4% due to the sharp decline in visitors as a result of social event during the period.

Hong Kong customer number grew 7% year-on-year to 2.64 million and 4% half-on-half through growth in different segments. Postpaid churn rate improved to an industry low of 0.8% compared to 1.0% during the same period last year.

Cost of inventories sold fell by $959 million or 34% to $1,854 million (first half of 2018/19: $2,813 million), in line with the corresponding decrease in handset and accessory sales.

Staff costs rose by $18 million or 5% to $382 million (first half of 2018/19: $364 million) amid annual salary increment and increase in share-based payments due to the grant of share awards to over 300 management staff in January 2019.

With the adoption of HKFRS 16 during the period under review, a right-of-use asset (the right to use the leased item) and a lease liability (to pay rentals) are recognised at the date of which the leased asset is available for use by the Group. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Under HKFRS 16, cost of services provided and other operating expenses fell by $323 million or 30% to $748 million (first half of 2018/19: $1,071 million) as majority of the Group's lease expenses are now recognised in right-of-use assets depreciation and finance costs.

Cost of services provided and other operating expenses (pre-HKFRS 16) increased $46 million or 4%. Cost of services provided rose to support the corresponding increase in Enterprise Solutions revenue. Other operating expenses increased 1%.

Under HKFRS 16, depreciation and loss on disposal rose by $412 million or 125% to $742 million (first half of 2018/19: $330 million) mainly amid the recognition of right-of-use assets depreciation. Depreciation and loss on disposal increased by $19 million (pre-HKFRS 16) or 6% mainly due to commencement of depreciation for CAPEX during the previous financial year.

Amortisation of customer acquisition costs rose by $3 million to $30 million (first half of 2018/19: $27 million).

Spectrum utilisation fee amortisation remained stable at $143 million.

Finance income rose by $4 million or 11% to $40 million (first half of 2018/19: $36 million) mainly due to higher deposit interest income.

Finance costs increased by $7 million or 14% to $62 million (first half of 2018/19: $55 million) mainly amid the recognition of accretion expenses on lease liabilities under HKFRS 16. Based on the previous accounting standard, finance costs fell by $10 million or 18% mainly due to lower accretion expenses on mobile licence fee liabilities.

Income tax expense amounted to $78 million (first half 2018/19: $94 million), reflecting an effective tax rate of 23.1% (first half of 2018/19: 22.4%). In light of the uncertainty of the tax deductibility of the spectrum utilisation fees, these payments have been treated as non-deductible on cash or amortisation basis. As a result, Group effective tax rate is higher than 16.5%. The Group will continue to vigorously defend its position and pursue tax deduction of the spectrum utilisation fees from the Inland Revenue Department.

Under HKFRS 16, Group EBITDA increased by $335 million or 36% to $1,274 million (first half of 2018/19: $939 million). Group operating profit was $359 million, representing an 18% decrease as compared with same period last year. Group profit attributable to shareholders fell by $67 million or 20% to $265 million (first half of 2018/19: $332 million).

Compared with the second half of 2018/19, Group EBITDA increased by 41% (second half of 2018/19: $902 million), while Group operating profit fell by 7%. Group profit attributable to equity holders of the Company fell by 11% (second half of 2018/19: $300 million). Excluding a one-off cost adjustment in second half of 2018/19, Group profit attributable to equity holders of the Company increased by $17 million or 7% mainly amid the increase in service revenue.

Capital structure, liquidity and financial resources

The Group maintained a strong balance sheet for the period under review. During the period, the Group was financed by share capital, internally generated funds and bank and other borrowings. As at 31 December 2019, the Group recorded share capital of $112 million, total equity of $5,089 million and total borrowings of $2,234 million.

The Group's cash resources remained robust with cash and bank balances of $1,895 million as at 31 December 2019 (30 June 2019: $2,129 million).

As at 31 December 2019, the Group had bank and other borrowings of $2,234 million (30 June 2019: $2,303 million) of which 77% were denominated in United States dollars and were arranged on a fixed rate basis. The Group was in a net cash position with net cash, including financial assets at amortised costs, amounted to $94 million as at 31 December 2019 (30 June 2019: $310 million).

The Group had net cash generated from operating activities and interest received of $827 million and $54 million respectively during the period ended 31 December 2019. The Group's major outflows of funds during the period were payments for leases, payments for purchase of fixed assets, payment for dividends, mobile licence fees and repayment of bank borrowings.

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 2020 with internal cash resources and available banking facilities.

Treasury policy

The Group invests its surplus funds in accordance with a treasury policy approved from time to time by the board of directors. Surplus funds are placed in bank deposits and invested in financial assets at amortised costs. Bank deposits and financial assets at amortised costs 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. The Group may partially or fully collateralise such instruments by bank deposits to lower the issuance costs.

Charges on assets

Certain Hong Kong dollar denominated bank borrowings were secured by certain assets of the Group and the carrying amount of the pledged assets amounted to $74 million as at 31 December 2019 (30 June 2019: $75 million).

Interest rate exposure

The Group is exposed to interest rate changes that affect bank borrowings denominated in Hong Kong dollars which accounted for 23% of the Group's total borrowings at 31 December 2019. The remaining 77% of the Group's borrowings are fixed rates borrowings. Hence, the Group is well protected from any potential increase in interest rates in the future. 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 amortised cost, trade payables and bank and other borrowings denominated in United States dollars. The Group does not currently undertake any foreign exchange hedging.

Contingent liabilities

Performance bonds

Certain banks, on the Group's behalf, had issued performance bonds to the telecommunications authorities of Hong Kong and Macau in respect of obligations under mobile licences issued by those authorities. The total amount outstanding as at 31 December 2019 under these performance bonds was $472 million (30 June 2019: $404 million).

A bank issued a standby letter of credit of $1,080 million to a subsidiary of the Company in favour of the Office of the Communications Authority ("OFCA") regarding the acceptance of the offer of the right of first refusal for the re-assignment of two of the spectrum.

A bank also issued two standby letters of credit with amounts of $580 million and $760 million respectively, being the final amount of spectrum utilisation fees determined during the auction.

During the period under review, a bank issued a standby letter of credit of $480 million to a subsidiary of the Company in favour of the OFCA for submission of a deposit to participate in the auction for spectrums, of which $200 million was cancelled during the period. A bank also issued a letter of credit of $284 million to a subsidiary of the Company in favour of the OFCA in relation to the assignment of new spectrum the Group acquired, of which $68 million was utilised and included in the outstanding amount of the performance bonds reported above.

Employees, share award scheme and share option scheme

The Group had 1,932 full-time employees as at 31 December 2019 (30 June 2019: 1,893), with the majority of them based in Hong Kong. Total staff costs were $382 million for the period ended 31 December 2019 (first half of 2018/19: $364 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 recognise the contributions by certain employees and to attract and retain suitable personnel for the development of the Group. During the period under review, 522,390 shares were vested and 69,890 shares were lapsed. 2,953,120 shares (30 June 2019: 3,545,400) were outstanding as at 31 December 2019.

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. During the period under review, no share options were granted, cancelled or lapsed. 3,000,000 (30 June 2019: 3,000,000) share options were outstanding as at 31 December 2019.

RESULTS

The Board of Directors of SmarTone Telecommunications Holdings Limited (the "Company") is pleased to present the consolidated profit and loss account and consolidated statement of comprehensive income for the six months ended 31 December 2019 and the consolidated balance sheet as at 31 December 2019 of the Company and its subsidiaries (the "Group"), all of which are unaudited and condensed, along with selected explanatory notes.

Condensed Consolidated Profit and Loss Account
For the six months ended 31 December 2019

	Notes	Unaudited six months ended 31 December **2019** **$000**	2018 $000
Service revenue and other related service		**2,411,972**	2,344,586
Handset and accessory sales		**1,844,634**	2,841,975
Revenues	4	**4,256,606**	5,186,561
Cost of inventories sold		**(1,853,515)**	(2,812,795)
Cost of services provided		**(224,947)**	(190,700)
Staff costs		**(381,561)**	(363,755)
Other operating expenses		**(522,730)**	(880,005)
Depreciation, amortisation and loss on disposal	7	**(915,026)**	(500,344)
Operating profit		**358,827**	438,962
Finance income	5	**39,780**	35,808
Finance costs	6	**(61,950)**	(54,548)
Profit before income tax	7	**336,657**	420,222
Income tax expense	8	**(77,823)**	(94,030)
Profit after income tax		**258,834**	326,192
Attributable to			
Equity holders of the Company		**265,467**	332,410
Non-controlling interests		**(6,633)**	(6,218)
		258,834	326,192
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in cents per share)	9		
Basic		**23.7**	29.7
Diluted		**23.7**	29.7

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 December 2019

	Unaudited six months ended 31 December	
	2019	2018
	$000	$000
Profit for the period	**258,834**	326,192
Other comprehensive loss		
Item that may be reclassified subsequently to profit and loss:		
Currency translation differences	**(1,730)**	(5,326)
Item that will not be reclassified subsequently to profit and loss:		
Fair value gain/(loss) on financial asset at fair value through other comprehensive income	**233**	(939)
Other comprehensive loss for the period	**(1,497)**	(6,265)
Total comprehensive income for the period	**257,337**	319,927
Total comprehensive income attributable to		
Equity holders of the Company	**263,970**	326,145
Non-controlling interests	**(6,633)**	(6,218)
	257,337	319,927

Condensed Consolidated Balance Sheet
As at 31 December 2019 and 30 June 2019

	Notes	**Unaudited 31 December 2019 $000**	Audited 30 June 2019 $000
Non-current assets			
Leasehold land and land use rights		**-**	10,038
Fixed assets		**2,631,498**	2,839,714
Customer acquisition costs		**76,156**	60,288
Contract assets		**133,845**	103,196
Right-of-use assets		**1,013,863**	-
Interest in an associate		**3**	3
Financial asset at fair value through other comprehensive income		**4,793**	4,560
Financial assets at amortised cost		**-**	156,423
Intangible assets		**2,755,256**	2,764,958
Deposits and prepayments		**112,473**	121,568
Deferred income tax assets		**4,540**	4,789
Total non-current assets		**6,732,427**	6,065,537
Current assets			
Inventories		**177,190**	79,472
Financial assets at amortised cost		**433,544**	326,912
Contract assets		**282,222**	294,867
Trade receivables	11	**589,693**	442,312
Deposits and prepayments		**181,821**	167,287
Other receivables		**47,123**	124,995
Tax reserve certificate		**252,362**	252,362
Short-term bank deposits		**-**	173,327
Cash and cash equivalents		**1,894,547**	1,955,987
Total current assets		**3,858,502**	3,817,521
Current liabilities			
Trade payables	12	**327,475**	448,469
Other payables and accruals		**576,512**	812,171
Contract liabilities		**292,796**	267,970
Lease liabilities		**617,795**	-
Current income tax liabilities		**581,151**	508,199
Bank borrowings		**430,783**	430,393
Customer prepayments and deposits		**89,546**	146,172
Mobile licence fee liabilities		**44,076**	60,041
Total current liabilities		**2,960,134**	2,673,415

Condensed Consolidated Balance Sheet
As at 31 December 2019 and 30 June 2019

	Unaudited 31 December 2019 $000	Audited 30 June 2019 $000
Non-current liabilities		
Customer prepayments and deposits	**15,728**	22,650
Asset retirement obligations	**42,795**	41,911
Lease liabilities	**395,969**	-
Bank and other borrowings	**1,803,132**	1,872,516
Mobile licence fee liabilities	**168,223**	83,309
Deferred income tax liabilities	**116,037**	112,608
Total non-current liabilities	**2,541,884**	2,132,994
Net assets	**5,088,911**	5,076,649
Capital and reserves		
Share capital	**112,167**	112,453
Reserves	**4,963,891**	4,944,710
Total equity attributable to equity holders of the Company	**5,076,058**	5,057,163
Non-controlling interests	**12,853**	19,486
Total equity	**5,088,911**	5,076,649

Notes to the Condensed Consolidated Interim Financial Statements

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 and Macau.

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.

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 18 February 2020.

2 Basis of preparation

These Interim Financial Statements for the six months ended 31 December 2019 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 2019, 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 2019, as described in those annual financial statements except for the adoption of the new standards, amendments to standards and interpretations to existing standards as set out below.

(a) New standards, amendments to standards and interpretations to existing standards adopted by the Group

The Group has applied the following new standards, amendments to standards and interpretations to existing standards for the first time for their annual reporting commencing 1 July 2019.

Annual Improvements Project	Annual Improvements 2015-2017 Cycle
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK (IFRIC) 23	Uncertainty over Income Tax Treatments

2 Basis of preparation *(continued)*

(a) New standards, amendments to standards and interpretations to existing standards adopted by the Group *(continued)*

The Group had to change its accounting policies following the adoption of HKFRS 16. The impact of the adoption of this standard is disclosed in note 3 below. The other amendments to standards and interpretation did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

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

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

The following new standards and amendments to standards have been issued but are not yet effective for the financial year beginning 1 July 2019 and have not been early adopted.

HKAS 1 and HKAS 8 (Amendments)	Definition of Material[1]
HKFRS 3 (Amendments)	Definition of a Business[1]
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Revised Conceptual Framework for IBOR Reform and its Effects on Financial Reporting – Phase 1[1]
HKFRS 17	Insurance Contracts[2]

[1] Effective for annual periods beginning on or after 1 January 2020.
[2] Effective for annual periods beginning on or after 1 January 2021.

3 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's Interim Financial Statements and discloses the new accounting policies that have been applied from 1 July 2019.

(a) HKFRS 16, "Leases"

The Group has adopted HKFRS 16 from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions in HKFRS 16, the Group has adopted the modified retrospective approach for transition to the new lease standard. Under this transition approach, (i) comparative information for prior periods is not restated; (ii) the date of the initial application of HKFRS 16 is the first day of the annual reporting period in which the Group first applies the requirement of HKFRS 16, i.e. 1 July 2019 and (iii) right-of-use assets will be measured at the amount equal to the lease liability on adoption (adjusted by any prepaid or accrued lease expenses).

Accounting policies

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

3 Changes in accounting policies *(continued)*

(a) HKFRS 16, "Leases" *(continued)*

Accounting policies (continued)

The Group leases various offices, warehouses, retail stores, transmission sites and leased lines. Rental contracts are typically made for fixed periods of one to fifteen years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Before the adoption of HKFRS 16, leases in which a significant portion of the risks and rewards of ownership are retained by the lessor were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the condensed consolidated profit and loss account on a straight-line basis over the period of the lease. Commitments under operating leases for future periods were not recognised by the Group as liabilities.

From 1 July 2019, leases are recognised as right-of-use assets and the corresponding lease liabilities at the dates at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the condensed consolidated profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs.

3 Changes in accounting policies *(continued)*

(a) HKFRS 16, "Leases" *(continued)*

Accounting policies (continued)

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and

- payments associated with short-term leases for all classes of underlying assets are recognised on a straight-line basis over the lease terms as expenses in the condensed consolidated profit and loss account. Short-term leases are leases with a lease term of 12 months or less.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 *Leases* and HK (IFRIC) 4 *Determining whether an Arrangement contains a Lease*.

3 Changes in accounting policies *(continued)*

(b) Impact on the Interim Financial Statements

The following tables show the adjustments recognised for each individual line items after the application of HKFRS 16:

Condensed Consolidated Profit and Loss Account	Unaudited six months ended 31 December 2019 Reported under current accounting policies $000	Effect of HKFRS 16 $000	Balance without the adoption of HKFRS 16 $000
Service revenue and other related service	**2,411,972**	**(35,152)**	**2,376,820**
Handset and accessory sales	**1,844,634**	**-**	**1,844,634**
Revenues	**4,256,606**	**(35,152)**	**4,221,454**
Cost of inventories sold	**(1,853,515)**	**-**	**(1,853,515)**
Cost of services provided	**(224,947)**	**-**	**(224,947)**
Staff costs	**(381,561)**	**-**	**(381,561)**
Other operating expenses	**(522,730)**	**(368,769)**	**(891,499)**
Depreciation, amortisation and loss on disposal	**(915,026)**	**393,535**	**(521,491)**
Operating profit	**358,827**	**(10,386)**	**348,441**
Finance income	**39,780**	**-**	**39,780**
Finance costs	**(61,950)**	**17,456**	**(44,494)**
Profit before income tax	**336,657**	**7,070**	**343,727**
Income tax expense	**(77,823)**	**(1,140)**	**(78,963)**
Profit after income tax	**258,834**	**5,930**	**264,764**
Attributable to			
Equity holders of the Company	**265,467**	**5,885**	**271,352**
Non-controlling interests	**(6,633)**	**45**	**(6,588)**
	258,834	**5,930**	**264,764**

3 Changes in accounting policies *(continued)*

(b) Impact on the Interim Financial Statements *(continued)*

		Unaudited 31 December 2019	
Condensed Consolidated Balance Sheet	**Reported under current accounting policies $000**	**Effect of HKFRS 16 $000**	**Balance without the adoption of HKFRS 16 $000**
Non-current assets			
Leasehold land and land use rights	**-**	**9,543**	**9,543**
Fixed assets	**2,631,498**	**11,549**	**2,643,047**
Customer acquisition costs	**76,156**	**-**	**76,156**
Contract assets	**133,845**	**-**	**133,845**
Right-of-use assets	**1,013,863**	**(1,013,863)**	**-**
Interest in an associate	**3**	**-**	**3**
Financial asset at fair value through other comprehensive income	**4,793**	**-**	**4,793**
Intangible assets	**2,755,256**	**-**	**2,755,256**
Deposits and prepayments	**112,473**	**11,695**	**124,168**
Deferred income tax assets	**4,540**	**-**	**4,540**
Total non-current assets	**6,732,427**	**(981,076)**	**5,751,351**
Current assets			
Inventories	**177,190**	**-**	**177,190**
Financial assets at amortised cost	**433,544**	**-**	**433,544**
Contract assets	**282,222**	**-**	**282,222**
Trade receivables	**589,693**	**-**	**589,693**
Deposits and prepayments	**181,821**	**6,624**	**188,445**
Other receivables	**47,123**	**-**	**47,123**
Tax reserve certificate	**252,362**	**-**	**252,362**
Cash and cash equivalents	**1,894,547**	**-**	**1,894,547**
Total current assets	**3,858,502**	**6,624**	**3,865,126**

3 Changes in accounting policies *(continued)*

(b) Impact on the Interim Financial Statements *(continued)*

Condensed Consolidated Balance Sheet	**Unaudited 31 December 2019** Reported under current accounting policies $000	Effect of HKFRS 16 $000	Balance without the adoption of HKFRS 16 $000
Current liabilities			
Trade payables	**327,475**	**-**	**327,475**
Other payables and accruals	**576,512**	**32,242**	**608,754**
Contract liabilities	**292,796**	**-**	**292,796**
Lease liabilities	**617,795**	**(617,795)**	**-**
Current income tax liabilities	**581,151**	**1,140**	**582,291**
Bank borrowings	**430,783**	**-**	**430,783**
Customer prepayments and deposits	**89,546**	**-**	**89,546**
Mobile licence fee liabilities	**44,076**	**-**	**44,076**
Total current liabilities	**2,960,134**	**(584,413)**	**2,375,721**
Non-current liabilities			
Customer prepayments and deposits	**15,728**	**-**	**15,728**
Asset retirement obligations	**42,795**	**-**	**42,795**
Lease liabilities	**395,969**	**(395,969)**	**-**
Bank and other borrowings	**1,803,132**	**-**	**1,803,132**
Mobile licence fee liabilities	**168,223**	**-**	**168,223**
Deferred income tax liabilities	**116,037**	**-**	**116,037**
Total non-current liabilities	**2,541,884**	**(395,969)**	**2,145,915**
Net assets	**5,088,911**	**5,930**	**5,094,841**
Capital and reserves			
Share capital	**112,167**	**-**	**112,167**
Reserves	**4,963,891**	**5,885**	**4,969,776**
Total equity attributable to equity holders of the Company	**5,076,058**	**5,885**	**5,081,943**
Non-controlling interests	**12,853**	**45**	**12,898**
Total equity	**5,088,911**	**5,930**	**5,094,841**

3 Changes in accounting policies *(continued)*

(b) Impact on the Interim Financial Statements *(continued)*

Condensed Consolidated Balance Sheet	Audited 30 June 2019 As previously reported $000	Effect of HKFRS 16 $000	Unaudited 1 July 2019 $000
Non-current assets			
Leasehold land and land use rights	10,038	(10,038)	-
Fixed assets	2,839,714	(10,088)	2,829,626
Customer acquisition costs	60,288	-	60,288
Contract assets	103,196	-	103,196
Right-of-use assets	-	1,027,809	1,027,809
Interest in an associate	3	-	3
Financial asset at fair value through other comprehensive income	4,560	-	4,560
Financial assets at amortised cost	156,423	-	156,423
Intangible assets	2,764,958	-	2,764,958
Deposits and prepayments	121,568	(12,428)	109,140
Deferred income tax assets	4,789	-	4,789
Total non-current assets	6,065,537	995,255	7,060,792
Current assets			
Inventories	79,472	-	79,472
Financial assets at amortised cost	326,912	-	326,912
Contract assets	294,867	-	294,867
Trade receivables	442,312	-	442,312
Deposits and prepayments	167,287	(6,677)	160,610
Other receivables	124,995	-	124,995
Tax reserve certificate	252,362	-	252,362
Short-term bank deposits	173,327	-	173,327
Cash and cash equivalents	1,955,987	-	1,955,987
Total current assets	3,817,521	(6,677)	3,810,844
Current liabilities			
Trade payables	448,469	-	448,469
Other payables and accruals	812,171	(30,101)	782,070
Contract liabilities	267,970	-	267,970
Lease liabilities	-	610,852	610,852
Current income tax liabilities	508,199	-	508,199
Bank borrowings	430,393	-	430,393
Customer prepayments and deposits	146,172	-	146,172
Mobile licence fee liabilities	60,041	-	60,041
Total current liabilities	2,673,415	580,751	3,254,166

3 Changes in accounting policies *(continued)*

(b) Impact on the Interim Financial Statements *(continued)*

Condensed Consolidated Balance Sheet	Audited 30 June 2019 As previously reported $000	Effect of HKFRS 16 $000	Unaudited 1 July 2019 $000
Non-current liabilities			
Customer prepayments and deposits	22,650	-	22,650
Asset retirement obligations	41,911	-	41,911
Lease liabilities	-	407,827	407,827
Bank and other borrowings	1,872,516	-	1,872,516
Mobile licence fee liabilities	83,309	-	83,309
Deferred income tax liabilities	112,608	-	112,608
Total non-current liabilities	2,132,994	407,827	2,540,821
Net assets	5,076,649	-	5,076,649
Capital and reserves			
Share capital	112,453	-	112,453
Reserves	4,944,710	-	4,944,710
Total equity attributable to equity holders of the Company	5,057,163	-	5,057,163
Non-controlling interests	19,486	-	19,486
Total equity	5,076,649	-	5,076,649

Difference between operating lease commitments disclosed under HKAS 17 and lease liabilities recognised under HKFRS 16

The operating lease commitments disclosed as at 30 June 2019 were HK$1,920 million, while the lease liabilities recognised as at 1 July 2019 were HK$1,019 million, of which HK$611 million were current lease liabilities and HK$408 million were non-current lease liabilities.

The differences between the operating lease commitments discounted using the Group's incremental borrowing rate and the total lease liabilities recognised in the condensed consolidated balance sheet at the date of initial application of HKFRS 16 comprised the exclusion of non-lease components and short-term leases recognised on a straight-line basis as expenses, and different treatments on lease contracts in relation to termination options or under renewal process. The weighted average Group's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.28%.

4 Segment reporting

The chief operating decision-maker (the "CODM") has been identified as the Group's senior executive management. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM examines the Group's performance from a geographic perspective based on the location in which the sale originated. The CODM measures the performance of its segments based on earnings before interest, tax, depreciation, amortisation and loss on disposal ("EBITDA") and operating profit.

An analysis of the Group's segment information by geographical segments is set out as follows:

(a) Segment results

	Unaudited six months ended 31 December 2019			
	Hong Kong $000	Macau $000	Elimination $000	Consolidated $000
External revenue	**4,110,086**	**146,520**	**-**	**4,256,606**
Inter-segment revenue	**95,901**	**2,841**	**(98,742)**	**-**
Total revenue	**4,205,987**	**149,361**	**(98,742)**	**4,256,606**
Timing of revenue recognition				
At a point in time	**1,843,658**	**95,954**	**(94,978)**	**1,844,634**
Over time	**2,362,329**	**53,407**	**(3,764)**	**2,411,972**
	4,205,987	**149,361**	**(98,742)**	**4,256,606**
EBITDA	**1,274,026**	**(173)**	**-**	**1,273,853**
Depreciation, amortisation and loss on disposal	**(892,551)**	**(22,479)**	**4**	**(915,026)**
Operating profit/(loss)	**381,475**	**(22,652)**	**4**	**358,827**
Finance income				**39,780**
Finance costs				**(61,950)**
Profit before income tax				**336,657**

4 Segment reporting *(continued)*

(a) Segment results *(continued)*

	Unaudited six months ended 31 December 2018			
	Hong Kong $000	Macau $000	Elimination $000	Consolidated $000
External revenue	4,862,697	323,864	-	5,186,561
Inter-segment revenue	309,182	2,922	(312,104)	-
Total revenue	5,171,879	326,786	(312,104)	5,186,561
Timing of revenue recognition				
At a point in time	2,882,985	267,294	(308,304)	2,841,975
Over time	2,288,894	59,492	(3,800)	2,344,586
	5,171,879	326,786	(312,104)	5,186,561
EBITDA	941,238	(1,932)	-	939,306
Depreciation, amortisation and loss on disposal	(480,919)	(19,432)	7	(500,344)
Operating profit/(loss)	460,319	(21,364)	7	438,962
Finance income				35,808
Finance costs				(54,548)
Profit before income tax				420,222

4 Segment reporting *(continued)*

(b) Segment assets/(liabilities)

	At 31 December 2019 (Unaudited)			
	Hong Kong $000	**Macau $000**	**Unallocated $000**	**Consolidated $000**
Segment assets	**9,660,082**	**235,605**	**695,242**	**10,590,929**
Segment liabilities	**(4,679,143)**	**(125,687)**	**(697,188)**	**(5,502,018)**

	At 30 June 2019 (Audited)			
	Hong Kong $000	Macau $000	Unallocated $000	Consolidated $000
Segment assets	8,878,622	259,387	745,049	9,883,058
Segment liabilities	(4,059,149)	(126,454)	(620,806)	(4,806,409)

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment results.

5 Finance income

	Unaudited six months ended 31 December	
	2019 $000	2018 $000
Interest income from listed debt securities	**9,522**	12,222
Interest income from bank deposits	**28,839**	22,331
Accretion income	**1,419**	1,255
	39,780	35,808

Accretion income represents changes in the rental deposits due to passage of time calculated by applying an effective interest rate method of allocation to the amount of rental deposits at the beginning of the period.

6 Finance costs

	Unaudited six months ended 31 December	
	2019	2018
	$000	$000
Interest expense on bank and other borrowings	**41,905**	43,021
Bank charges for credit card instalment	**618**	1,048
Accretion expenses		
Mobile licence fee liabilities	**7,135**	9,710
Asset retirement obligations	**920**	751
Lease liabilities	**17,456**	-
Net exchange (gain)/loss on financing activities	**(6,084)**	18
	61,950	54,548

Accretion expenses represent changes in the mobile licence fee liabilities, asset retirement obligations and lease liabilities 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.

7 Profit before income tax

Profit before income tax is stated after charging and crediting the following:

	Unaudited six months ended 31 December	
	2019	2018
	$000	$000
Charging:		
Rentals for land and buildings, transmission sites and leased lines	**146,490**	523,214
Impairment loss of trade receivables (note 11)	**6,683**	2,522
Impairment loss of inventories	**1,205**	1,630
Loss on disposal of fixed assets	**4,421**	5,729
Depreciation of fixed assets, leasehold land and land use rights	**342,954**	324,411
Depreciation of right-of-use assets	**394,811**	-
Amortisation of mobile licence fees	**142,735**	142,735
Amortisation of customer acquisition costs	**30,105**	27,469
Share-based payments	**6,341**	4,544
Crediting:		
Net exchange gain	**7,682**	5,600

8 Income tax expense

	Unaudited six months ended 31 December	
	2019	2018
	$000	$000
Current income tax		
Hong Kong profits tax	**72,890**	96,556
Overseas tax	**720**	538
Under-provision in prior year		
Hong Kong profits tax	**535**	536
Total current income tax expense	**74,145**	97,630
Deferred income tax		
Decrease in deferred income tax assets	**249**	201
Increase/(decrease) in deferred income tax liabilities	**3,429**	(3,801)
Total deferred income tax expense	**3,678**	(3,600)
Income tax expense	**77,823**	94,030

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

9 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Company
- 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	
	2019	2018
	Cents	Cents
Total basic earnings per share attributable to the equity holders of the Company	**23.7**	29.7

9 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	
	2019	2018
	Cents	Cents
Total diluted earnings per share attributable to the equity holders of the Company	**23.7**	29.7

(c) Reconciliations of earnings used in calculating earnings per share

	Unaudited six months ended 31 December	
	2019	2018
	$000	$000
Profit attributable to the equity holders of the Company used in calculating basic earnings per share and diluted earnings per share	**265,467**	332,410

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

	Unaudited six months ended 31 December	
	2019	2018
	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)	**1,121,567,316**	1,120,512,051
Adjustments for calculation of diluted earnings per share:		
Effect of awarded shares	**597,188**	410,709
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**1,122,164,504**	1,120,922,760

10 Dividends

(a) In respect of the period

	Unaudited six months ended 31 December	
	2019	2018
	$000	$000
Interim dividend declared of 14.5 cents (2018: 18 cents) per fully paid share	**162,643**	201,822

At a meeting held on 18 February 2020, the directors declared an interim dividend of 14.5 cents per fully paid share for the year ending 30 June 2020. 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 2020.

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

(b) Attributable to prior year paid in the period

	Unaudited six months ended 31 December	
	2019	2018
	$000	$000
Final dividend of 21 cents (2018: 23 cents) per fully paid share	**235,378**	257,714

11 Trade receivables

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 2019 $000	Audited 30 June 2019 $000
Current to 30 days	**395,003**	381,416
31 - 60 days	**74,345**	43,166
61 - 90 days	**8,868**	5,524
Over 90 days	**111,477**	12,206
	589,693	442,312

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 $6,683,000 for the impairment of its trade receivables during the six months ended 31 December 2019.

12 Trade payables

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

	Unaudited 31 December 2019 $000	Audited 30 June 2019 $000
Current to 30 days	**149,177**	151,275
31 - 60 days	**50,040**	86,820
61 - 90 days	**14,297**	45,841
Over 90 days	**113,961**	164,533
	327,475	448,469

INTERIM DIVIDEND

The Directors declared an interim dividend of 14.5 cents per share for the six months ended 31 December 2019 (2018: 18 cents). The interim dividend will be payable in cash, with an option to receive new and fully paid shares in lieu of cash under a scrip dividend scheme (the "Scrip Dividend Scheme"). The Directors may, after having made enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange in relation to the Scrip Dividend Scheme, exclude any shareholder outside Hong Kong from the Scrip Dividend Scheme provided that the Directors consider such exclusion to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place. Such shareholders will receive the interim dividend in cash. A circular containing details of the Scrip Dividend Scheme and the relevant election form are expected to be sent to shareholders on or about Wednesday, 11 March 2020.

The Scrip Dividend Scheme is conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme.

The interim dividend will be distributed, and the share certificates issued under the Scrip Dividend Scheme will be sent on or about Thursday, 9 April 2020 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 3 March 2020.

CLOSURE OF REGISTER OF MEMBERS

The record date for entitlement to the interim dividend is Tuesday, 3 March 2020. For determining the entitlement to the interim dividend, the Register of Members of the Company will be closed for one day on Tuesday, 3 March 2020 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 Monday, 2 March 2020.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 31 December 2019, the Company repurchased 3,141,000 shares of the Company on The Stock Exchange of Hong Kong Limited. These repurchased shares were cancelled prior to 31 December 2019. Details of the repurchases were as follows:

Month of repurchase	Number of shares repurchased	Price per share Highest	Price per share Lowest	Aggregate price paid
		$	$	$
July 2019	240,000	7.25	7.24	1,740,000
August 2019	507,000	7.25	7.08	3,643,000
September 2019	2,394,000	6.95	6.69	16,139,000
	3,141,000			21,522,000

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 2019 was there any purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company has reviewed the interim financial statements of the Group for the six months ended 31 December 2019 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 2019 have not been audited but have been reviewed by the Company's external auditor.

The financial information disclosed above complies with the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CORPORATE GOVERNANCE

The Company is committed to building and maintaining high standards of corporate governance. Throughout the six months ended 31 December 2019, the Company has applied the principles and complied with the requirements set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules, except for the following deviations:

Code Provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term. Non-Executive Directors of the Company are not appointed with specific term but they are required to retire from office by rotation and are subject to re-election by shareholders at annual general meeting once every three years in accordance with the Company's Bye-laws. As such, no Director has a term of appointment longer than three years.

Code Provision A.6.7 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Code Provision E.1.2 of the CG Code also provides that the chairman of the board should attend the annual general meeting. Mr. Kwok Ping-luen, Raymond, Non-Executive Director and Chairman of the Board, and Mr. Gan Fock-kin, Eric and Mr. Lam Kwok-fung, Kenny, Independent Non-Executive Directors, were unable to attend the annual general meeting of the Company held on 1 November 2019 due to overseas commitments or other prior engagements. The remaining eight Independent Non-Executive Directors and Non-Executive Directors (representing 73% 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. Mr. Fung Yuk-lun, Allen, a Non-Executive Director of the Company, took the chair of the said meeting pursuant to the Bye-laws of the Company.

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

By order of the Board
Mak Yau-hing, Alvin
Company Secretary

Hong Kong, 18 February 2020

As at the date of this announcement, the Executive Directors of the Company are Ms. Anna YIP (Chief Executive Officer), Mr. CHAN Kai-lung, Patrick and Mr. CHAU Kam-kun, Stephen; Non-Executive Directors are Mr. KWOK Ping-luen, Raymond (Chairman), Mr. CHEUNG Wing-yui (Deputy Chairman), Mr. FUNG Yuk-lun, Allen (Deputy Chairman), Mr. David Norman PRINCE, Mr. SIU Hon-wah, Thomas and Mr. John Anthony MILLER; Independent Non-Executive Directors are Dr. LI Ka-cheung, Eric, JP, Mr. NG Leung-sing, JP, Mr. GAN Fock-kin, Eric, Mrs. IP YEUNG See-ming, Christine and Mr. LAM Kwok-fung, Kenny.