SmarTone Telecommunications Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 315)

2024 / 2025 INTERIM RESULTS ANNOUNCEMENT

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

- Profit attributable to equity holders was $256 million (excluding one-off items), a 4% increase over the prior year.
- Service revenue was similar to the same period last year at $2,303 million.
- The customer base grew by 8.5% to 2.87 million and 5G penetration reached 40%.
- Roaming revenue registered a 6% growth, driven by increasing usage of SmarTone's international roaming products.
- Strong momentum continued in the 5G Home Broadband's product offering, with revenue growing at 18%, and EBITDA increasing by 20%.
- The Board proposes an interim dividend of 14.5 cents per share, the same as last year.

CHAIRMAN'S STATEMENT

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 & HK 1-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.

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.

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

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.

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.

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).

RESULTS

The Board of Directors of SmarTone Telecommunications Holdings Limited (the "Company") is pleased to present the consolidated profit and loss account and the consolidated statement of comprehensive income for the six months ended 31 December 2024 and the consolidated balance sheet as at 31 December 2024 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 2024

	Notes	Unaudited six months ended 31 December **2024** **$000**	2023 $000
Service revenue and other related service		**2,303,422**	2,303,463
Handset and accessory sales		**1,188,116**	1,087,032
Revenues	3	**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		**(466,638)**	(487,141)
Depreciation, amortization and loss on disposal	6	**(859,274)**	(880,344)
Operating profit		**419,512**	360,835
Expected credit loss on financial assets at amortized cost	6	**(50,000)**	-
Finance income	4	**38,325**	35,071
Finance costs	5	**(53,976)**	(51,365)
Profit before income tax	6	**353,861**	344,541
Income tax expense	7	**(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)	8		
Basic		**23.3**	22.2
Diluted		**23.3**	22.2

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 December 2024

	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

Condensed Consolidated Balance Sheet
As at 31 December 2024 and 30 June 2024

	Notes	**Unaudited 31 December 2024 $000**	Audited 30 June 2024 $000
Non-current assets			
Fixed assets		**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		**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	10	**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	11	**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		**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

	Unaudited 31 December 2024 $000	Audited 30 June 2024 $000
Non-current liabilities		
Asset retirement obligations	**51,988**	51,811
Contract liabilities	**3,981**	8,496
Lease liabilities	**314,189**	355,743
Bank borrowings	**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	**110,191**	110,226
Reserves	**5,137,497**	5,075,423
Total equity	**5,247,688**	5,185,649

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.

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.

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 Exchangability[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 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.

4 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

5 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	**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.

6 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 10)	**2,020**	1,846
- Net exchange loss/(gain)	**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**	-

7 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
Total 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.

8 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

8 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

8 Earnings per share *(continued)*

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

	Unaudited six months ended 31 December **2024** **Number**	2023 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

9 Dividends

(a) In respect of the period

	Unaudited six months ended 31 December **2024** **\$000**	2023 \$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.

9 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

10 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 2024	Audited 30 June 2024
	$000	$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.

11 Trade payables

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

	Unaudited 31 December 2024	Audited 30 June 2024
	$000	$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

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.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 31 December 2024, the Company repurchased 345,000 shares of the Company on The Stock Exchange of Hong Kong Limited. 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 Highest	Price per share Lowest	Aggregate price paid
		$	$	$
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

The Audit Committee of the Company has 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.

The financial information disclosed above complies with the disclosure requirements of Appendix D2 to 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 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 deviations:

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.

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

Hong Kong, 26 February 2025

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