SmarTone Telecommunications Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock code: 315)

2014 / 2015 ANNUAL RESULTS ANNOUNCEMENT

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

- Total revenue increased 41% to $18,659 million
- Hong Kong customer numbers grew 4% to 1.96 million
- EBITDA rose 14% to $2,932 million
- EBIT improved 54% to $1,244 million
- Net profit increased 74% to $935 million
- Dividend payout ratio raised to 75%, proposed final dividend of $0.33 per share

CHAIRMAN'S STATEMENT

I am pleased to report the results of the Group for the year ended 30 June 2015.

Financial Highlights

Group total revenue increased to $18,659 million, representing a 41% growth over the previous year. Service revenue increased 3% on the previous year, with growth in local service revenue partly offset by the continuous decline in roaming revenue. Both revenue from handset sales and handset profit experienced strong growth compared to the previous year. The improvement in revenue, together with stringent cost control, contributed to a 14% growth in EBITDA to $2,932 million. Net profit increased 74% to $935 million over the same period.

Dividend

With the completion of the 2100MHz spectrum auction in December 2014, the uncertainty of renewing the spectrum was cleared. On the basis of strong group operating cash flow and a healthy balance sheet, the Board raised the dividend payout ratio to 75% of net profit. A final dividend of 33 cents per share is proposed, making full year dividend at 60 cents per share, an increase of 94% compared to last year. Shareholders have the option to receive new and fully paid shares in lieu of cash under a scrip dividend scheme.

Business Review

Group service revenue rose 3% due to a combination of customer number growth and continuous upgrade by customers to higher price-point plans. Recovering from the low in second half FY14, group service revenue has been rising 3-4% for the past two consecutive half-year periods, despite customers' continual migration from handset-bundled plans to SIM-only plans. Service revenue net of handset subsidy amortisation rose 7% over the previous year, reflecting healthy growth in underlying service revenue.

Hong Kong customer number grew 4% to 1.96 million, with the majority of the growth coming from the 3G speed-capped plan. Postpaid ARPU stands at $294. Excluding the dilution from the 3G speed-capped plan, postpaid ARPU rose 3% over the year. Average postpaid churn improved from 1.0% to 0.9%.

In the year under review, the Company completed its refarm of the 900MHz spectrum for 4G with full coverage of all MTR lines, providing additional capacity and further improving in-building coverage. The rollout of 4G at 2,600MHz at selected high traffic locations is well-underway, meeting customers' demand for ever-increasing mobile broadband usage. LTE-A on 900MHz and 1,800MHz has been enabled for over 75% of the network and pilot deployment has begun on tri-band carrier aggregation to increase spectral efficiency. These improvements will further extend the Company's leadership in delivering superior mobile broadband experience.

The Company has continued to innovate and differentiate by focusing on real customer needs. A number of leading new services, including services in the mobile commerce space, had been launched this year. SmarTone will remain at the forefront of the mobile-first world by continuing to develop purposeful services which bring meaningful value to customers.

Prospects

Leveraging on its strong brand, superior network, outstanding customer care and purposeful services, the Company will grow service revenue through continuing monetisation of customers' data usage. Stringent cost control will remain a key focus to mitigate increasing cost pressure.

The Company will continue to exceed customers' rising expectation for quality mobile service though its expertise and focus on network and service platform optimisation. Together with the implementation of 4G on additional spectrum and deployment of LTE-A carrier aggregation, the Company will extend its lead in providing outstanding mobile broadband experience.

The Hong Kong telecom market remains competitive. We experienced a steady improvement in our core mobile service business in the year under review, which provides the foundation for future growth. With a strong brand and a healthy financial position, the Company is well-placed to capture industry opportunities and bring value to both customers and shareholders in the long term.

Appreciation

During the period under review, Mr. Douglas Li resigned from his post as Executive Director and Chief Executive Officer. I would like to thank Mr. Li for his valuable contribution at SmarTone over the years. Mr. Cheung Wing-yui and Mr. Fung Yuk-lun, Allen, both being Non-Executive Directors, have been appointed as Deputy Chairmen of SmarTone. Mr. Chau Kam-kun, Stephen, has been appointed as Interim CEO effective 1 September 2015. I would like to congratulate Mr. Cheung, Mr. Fung and Mr. Chau on their new positions.

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

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 1 September 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Review of financial results

The Group's revenue increased by 41% to $18,659 million (2013/14: $13,244 million), comprising a 67% increase in handset and accessory sales and a 3% increase in service revenue. EBITDA rose by 14% to $2,932 million (2013/14: $2,563 million). Profit attributable to equity holders of the Company increased by 74% to $935 million (2013/14: $537 million).

Revenues rose by $5,414 million or 41% to $18,659 million (2013/14: $13,244 million).

- Service revenue rose by $142 million or 3% to $5,564 million (2013/14: $5,423 million), driven by higher local mobile service revenue, partly offset by lower roaming service revenue.

  Local mobile service revenue rose by 4% amidst revenue increase from the growth in customer number and improvement in market environment, partly offset by customers' migration from handset-bundled plans to SIM-only plans.

  Roaming revenue fell due to the impact of continuing global downward trend in inter-operator tariffs as well as reduced voice and SMS roaming traffic amidst cannibalisation by over-the-top applications. Roaming revenue made up of 15% of Group's service revenue (2013/14: 16%).

  Customers' migration to SIM-only plans masked a stronger improvement in underlying service revenue as there was a corresponding reduction in handset subsidy amortisation. Group service revenue net of handset subsidy amortisation rose by 7%.

  The Group achieved a 4% year-on-year growth in its Hong Kong customer base. Postpaid customers made up of 69% of Hong Kong mobile customer base. Average mobile postpaid churn rate improved to 0.9% (2013/14: 1.0%). Postpaid ARPU stands at $294, incorporating the dilutive effect of the uptake of the lower-priced 3G speed-capped plan. Excluding 3G speed-capped plan customers, postpaid ARPU rose by 3%.

- Handset and accessory sales rose by $5,273 million or 67% to $13,095 million (2013/14: $7,822 million). Both sales volume and average unit selling price increased.

Cost of inventories sold rose by $4,965 million or 64% to $12,708 million (2013/14: $7,743 million). Such increase was broadly in line with the increase in handset and accessory sales.

Staff costs rose by $62 million or 9% to $741 million (2013/14: $679 million) mainly amid higher bonus provision and annual salary increment. Excluding bonus provision, staff costs rose by 3%.

Other operating expenses rose by $19 million or 1% to $2,279 million (2013/14: $2,260 million). Higher network operating costs, sales and marketing expenses, rental and utilities and general administrative expenses were partly offset by lower cost of services provided.

Depreciation and loss on disposal increased by $55 million or 8% to $724 million (2013/14: $670 million) arising from higher disposal loss for dismantled sites and higher capital expenditure incurred in the past 2 years for the rollout of 4G LTE network and general capacity enhancement.

Handset subsidy amortisation fell by $168 million or 18% to $774 million (2013/14: $942 million) amid continuing customers' migration from handset bundled plans to SIM-only plans in the past 12 months.

Mobile licence fee amortisation rose by $46 million or 32% to $190 million (2013/14: $144 million) due to the commencement of amortisation of licence fee for 2,600 MHz spectrum since July 2014.

Finance income rose by $5 million to $62 million (2013/14: $57 million) amid higher average balance of bank deposits, partly offset by a lower return on surplus cash.

Finance costs excluding exchange gain / (loss) fell by $2 million to $182 million (2013/14: $184 million) driven by lower accretion expenses on mobile licence fee liabilities, partly offset by higher handset instalment charges due to significantly higher sales of a popular handset model and higher bank borrowings.

Exchange gain related to cash, bank deposits and borrowings amounted to $7 million (2013/14: a loss of $18 million).

Income tax expense amounted to $195 million (2013/14: $131 million), reflecting an effective tax rate of 17.3% (2013/14: 19.7%). High effective tax rate in FY13/14 was driven by an income tax provision of $22 million recorded in prior year, in light of the uncertainty of the tax deductibility of certain upfront payments for spectrum utilisation fees. Excluding this tax provision, effective tax rate for 2013/14 would have been 16.4%.

Macau operations reported an operating profit of $1 million (2013/14: operating loss of $17 million) amid higher handset profits.

Capital structure, liquidity and financial resources

During the year under review, the Group was financed by share capital, internally generated funds and bank and other borrowings. As at 30 June 2015, the Group recorded share capital of $106 million, total equity of $3,908 million and total borrowings of $2,969 million.

The Group's cash resources remained robust with cash and bank balances (including pledged bank deposits and short-term bank deposits) of $4,145 million (30 June 2014: $3,165 million).

As at 30 June 2015, the Group had bank and other borrowings of $2,969 million (30 June 2014: $2,840 million) of which 81% were denominated in United States dollars and were arranged on a fixed rate basis. Net cash, after deducting bank and other borrowings, amounted to $1,176 million as at 30 June 2015 (30 June 2014: $324 million). Net cash to EBITDA was 40% as at 30 June 2015 (30 June 2014: 13%).

The Group had net cash generated from operating activities and interest received of $2,947 million and $54 million respectively during the year ended 30 June 2015. The Group's major outflows of funds during the year were payments for tax reserve certificate, additions of handset subsidies, purchase of fixed assets, mobile licence fees 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 2016 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. Bank deposits are predominantly maintained in Hong Kong dollars, Renminbi and other currencies.

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

As at 30 June 2015, certain bank deposits of the Group, in aggregate amount of $3 million (30 June 2014: $6 million), were pledged for securing guarantees issued by the banks. In addition, 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 $85 million as at 30 June 2015 (30 June 2014: $87 million).

Interest rate exposure

The Group is exposed to interest rate changes that affect bank borrowings denominated in Hong Kong dollars which accounted for 19% of the Group's total borrowings at 30 June 2015. The remaining 81% of the Group's borrowings are fixed rates borrowings. Hence, the Group is well protected from any potential rising interest rates in the next few years. 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, available-for-sale financial assets, trade payables and bank and other borrowings denominated in Renminbi and 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 30 June 2015 under these performance bonds was $444 million (30 June 2014: $527 million).

During the year under review, a bank issued a standby letter of credit of $1,306,800,000 to a subsidiary of the Company in favor of the Office of Communications Authority ("OFCA") regarding the acceptance of the offer of the right of first refusal for the re-assignment of one of the spectrum. A bank also issued another letter of credit of $980,400,000, being the final amount of spectrum utilisation fees determined during the auction.

Employees and share option scheme

The Group had 2,121 full-time employees as at 30 June 2015 (30 June 2014: 2,137), with the majority of them based in Hong Kong. Total staff costs were $741 million for the year ended 30 June 2015 (2013/14: $679 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.

The Group has share option schemes under which the Company may grant options to participants, including directors and employees, to subscribe for shares of the Company. During the year under review, no new share options were granted; 8,574,000 share options were exercised; and 600,000 share options were cancelled or lapsed. 23,168,500 (30 June 2014: 32,342,500) share options were outstanding as at 30 June 2015.

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 year ended 30 June 2015 and the consolidated balance sheet as at 30 June 2015 of the Company and its subsidiaries (the "Group"), along with selected explanatory notes.

Consolidated Profit and Loss Account
For the year ended 30 June 2015

	Note	**2015** **$000**	2014 $000
Service revenue		**5,564,144**	5,422,640
Handset and accessory sales		**13,094,692**	7,821,760
Revenues	4	**18,658,836**	13,244,400
Cost of inventories sold		**(12,707,801)**	(7,742,690)
Staff costs		**(740,518)**	(678,893)
Other operating expenses		**(2,278,726)**	(2,260,005)
Depreciation, amortisation and loss/(gain) on disposal	7	**(1,687,954)**	(1,755,413)
Operating profit		**1,243,837**	807,399
Finance income	5	**61,621**	57,086
Finance costs	6	**(174,921)**	(201,887)
Profit before income tax	7	**1,130,537**	662,598
Income tax expense	8	**(195,318)**	(130,583)
Profit after income tax		**935,219**	532,015
Attributable to			
Equity holders of the Company		**935,379**	537,110
Non-controlling interests		**(160)**	(5,095)
		935,219	532,015
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in cents per share)	9		
Basic		**89.2**	51.7
Diluted		**89.1**	51.6
Dividends	10		
Interim dividend paid		**284,456**	186,631
Final dividend proposed		**349,449**	135,979
		633,905	322,610

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2015

	2015 **$000**	2014 $000
Profit for the year	**935,219**	532,015
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Fair value gain on financial investments, net of tax	**5,195**	1,436
Currency translation differences	**409**	165
Other comprehensive income for the year, net of tax	**5,604**	1,601
Total comprehensive income for the year	**940,823**	533,616
Total comprehensive income attributable to		
Equity holders of the Company	**940,983**	538,711
Non-controlling interests	**(160)**	(5,095)
	940,823	533,616

Consolidated Balance Sheet
At 30 June 2015

	Note	**2015 $000**	2014 $000
Non-current assets			
Leasehold land and land use rights		**14,038**	14,651
Fixed assets		**3,340,063**	3,396,056
Interest in an associate		**3**	3
Intangible assets		**2,318,714**	2,378,052
Deposits and prepayments		**98,766**	78,430
Deferred income tax assets		**6,803**	7,341
		5,778,387	5,874,533
Current assets			
Inventories		**82,252**	80,350
Financial investments		**9,910**	4,715
Trade receivables	11	**332,495**	435,749
Deposits and prepayments		**169,049**	179,168
Other receivables		**44,801**	52,746
Tax reserve certificate		**252,362**	-
Pledged bank deposits		**2,579**	6,269
Short-term bank deposits		**1,838,734**	1,321,651
Cash and cash equivalents		**2,303,783**	1,836,773
		5,035,965	3,917,421
Current liabilities			
Trade payables	12	**754,944**	778,119
Other payables and accruals		**863,191**	859,250
Current income tax liabilities		**543,525**	343,065
Bank borrowings		**124,351**	100,901
Customer prepayments and deposits		**556,482**	488,338
Deferred income		**253,222**	192,319
Mobile licence fee liabilities		**196,533**	186,741
		3,292,248	2,948,733
Net current assets		**1,743,717**	968,688
Total assets less current liabilities		**7,522,104**	6,843,221
Non-current liabilities			
Customer prepayments and deposits		**216,902**	148,144
Asset retirement obligations		**52,904**	58,636
Bank and other borrowings		**2,844,421**	2,739,317
Mobile licence fee liabilities		**365,922**	502,192
Deferred income tax liabilities		**134,002**	145,402
		3,614,151	3,593,691
Net assets		**3,907,953**	3,249,530

Consolidated Balance Sheet
At 30 June 2015

	2015 **$000**	2014 $000
Capital and reserves		
Share capital	**105,668**	104,599
Reserves	**3,745,477**	3,087,963
Total equity attributable to equity holders of the Company	**3,851,145**	3,192,562
Non-controlling interests	**56,808**	56,968
Total equity	**3,907,953**	3,249,530

Notes to the Consolidated 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 consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 1 September 2015.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

3 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by certain available-for-sale financial assets.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap.32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Amendments to standards relevant to and adopted by the Group

The following amendments to standards are mandatory and relevant to the Group for the financial year beginning on 1 July 2014.

Annual Improvements Project	Annual Improvements 2010-2012 Cycle[2]
Annual Improvements Project	Annual Improvements 2011-2013 Cycle[2]
HKAS 32 (Amendments)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets[1]

[1] Effective for annual periods beginning on or after 1 January 2014.
[2] Effective for annual periods beginning on or after 1 July 2014.

The adoption of the above amendments to standards has no significant impact on these financial statements.

3 Basis of preparation *(continued)*

(b) New standards and amendments to standards have been issued but are not yet effective and have not been early adopted by the Group

The following new standards and amendments to standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 July 2015 or later periods but which the Group has not early adopted.

Annual Improvements Project	Annual Improvements 2012-2014 Cycle[1]
HKAS 1 (Amendments)	Disclosure Initiative[1]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[1]
HKFRS 9	Financial Instruments[2]
HKFRS 10 and HKAS 28 (Amendments)	Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operation[1]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]

[1] Effective for annual periods beginning on or after 1 January 2016.
[2] Effective for annual periods beginning on or after 1 January 2018.

The Group is in the process of assessing the impact of these new standards and amendments to standards and is not yet in a position to state whether they would have a significant impact on the Group's results of operation and financial position.

In addition, the revised Rules Governing the Listing of Securities on the Stock Exchange on disclosure of financial information with reference to the new Hong Kong Companies Ordinance (Cap. 622) will come into operation as from the Group's first financial year ending on or after 30 June 2016. The Group is in the process of making an assessment of expected impact of the changes. So far it has concluded that the impact is unlikely to be significant and only the presentation and disclosure of information in the consolidated financial statements will be affected.

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 considers the business from a geographic perspective. The CODM measures the performance of its segments based on earnings before interest, tax, depreciation, amortisation and loss/gain on disposal ("EBITDA") and operating profit.

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

(a) Segment results

	For the year ended 30 June 2015			
	Hong Kong	**Macau**	**Elimination**	**Consolidated**
	$000	**$000**	**$000**	**$000**
Revenues	**18,438,493**	**858,149**	**(637,806)**	**18,658,836**
EBITDA	**2,871,944**	**59,847**	**-**	**2,931,791**
Depreciation, amortisation and loss on disposal	**(1,629,321)**	**(58,987)**	**354**	**(1,687,954)**
Operating profit	**1,242,623**	**860**	**354**	**1,243,837**
Finance income				**61,621**
Finance costs				**(174,921)**
Profit before income tax				**1,130,537**
Other information				
Additions to fixed assets	**639,211**	**40,873**	**-**	**680,084**
Additions to intangible assets	**909,383**	**14,471**	**-**	**923,854**
Depreciation	**661,855**	**43,852**	**(55)**	**705,652**
Amortisation of leasehold land and land use rights	**709**	**-**	**-**	**709**
Amortisation of intangible assets	**950,217**	**13,544**	**-**	**963,761**
Loss on disposal of fixed assets	**16,776**	**1,591**	**(299)**	**18,068**
Gain on disposal of financial investments	**(236)**	**-**	**-**	**(236)**
Impairment loss of trade receivables	**13,431**	**89**	**-**	**13,520**
Reversal of impairment loss of inventories	**(6,069)**	**(510)**	**-**	**(6,579)**

4 Segment reporting *(continued)*

(a) Segment results *(continued)*

	For the year ended 30 June 2014			
	Hong Kong $000	Macau $000	Elimination $000	Consolidated $000
Revenues	13,031,625	753,628	(540,853)	13,244,400
EBITDA	2,515,636	47,176	-	2,562,812
Depreciation, amortisation and gain on disposal	(1,692,785)	(63,716)	1,088	(1,755,413)
Operating profit/(loss)	822,851	(16,540)	1,088	807,399
Finance income				57,086
Finance costs				(201,887)
Profit before income tax				662,598
Other information				
Additions to fixed assets	899,264	36,160	-	935,424
Additions to intangible assets	470,035	11,645	-	481,680
Depreciation	638,678	45,897	(104)	684,471
Amortisation of leasehold land and land use rights	706	-	-	706
Amortisation of intangible assets	1,068,299	17,599	-	1,085,898
(Gain)/loss on disposal of fixed assets	(14,704)	220	(984)	(15,468)
Gain on disposal of financial investments	(194)	-	-	(194)
Impairment loss of trade receivables	14,531	183	-	14,714
Impairment loss of inventories	3,991	157	-	4,148

Sales between segments are carried out in accordance with terms mutually agreed by the relevant parties.

4 Segment reporting *(continued)*

(b) Segment assets/(liabilities)

	At 30 June 2015			
	Hong Kong	**Macau**	**Unallocated**	**Consolidated**
	$000	**$000**	**$000**	**$000**
Segment assets	**10,184,261**	**361,013**	**269,078**	**10,814,352**
Segment liabilities	**(6,079,931)**	**(148,941)**	**(677,527)**	**(6,906,399)**

	At 30 June 2014			
	Hong Kong	Macau	Unallocated	Consolidated
	$000	$000	$000	$000
Segment assets	9,396,525	383,370	12,059	9,791,954
Segment liabilities	(5,893,369)	(160,588)	(488,467)	(6,542,424)

The total of non-current assets other than interest in an associate and deferred income tax assets located in Hong Kong is $5,517,589,000 (2014: $5,609,187,000), and the total of these non-current assets located in Macau is $253,992,000 (2014: $258,002,000).

Unallocated assets consist of tax reserve certificate, interest in an associate, financial investments and deferred income tax assets.

Unallocated liabilities consist of current income tax liabilities and deferred income tax liabilities.

5 Finance income

	2015	2014
	$000	$000
Interest income from bank deposits	**60,473**	56,453
Accretion income	**1,148**	633
	61,621	57,086

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 year.

6 Finance costs

	2015 **$000**	2014 $000
Interest expense		
Bank and other borrowings wholly repayable within 5 years	**9,103**	8,988
Bank and other borrowings not wholly repayable within 5 years	**91,088**	85,741
Bank charges for credit card instalment	**13,192**	6,949
Accretion expenses		
Mobile licence fee liabilities	**66,866**	80,085
Asset retirement obligations	**1,777**	2,116
Net exchange (gain)/loss on financing activities	**(7,105)**	18,008
	174,921	201,887

Accretion expenses represent changes in the mobile licence fee 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 year.

7 Profit before income tax

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

	2015 **$000**	2014 $000
Charging:		
Cost of services provided	**421,395**	467,382
Operating lease rentals for land and buildings, transmission sites and leased lines	**1,017,197**	987,197
Impairment loss of trade receivables (note 11)	**13,520**	14,714
Impairment loss of inventories	**-**	4,148
Auditor's remuneration		
- Audit services	**2,549**	2,343
- Non-audit services	**1,062**	1,290
Net exchange loss	**-**	25,120
Loss on disposal of fixed assets	**18,068**	-
Depreciation of fixed assets, leasehold land and land use rights	**706,361**	685,177
Amortisation of handset subsidies	**773,942**	942,068
Amortisation of mobile licence fees	**189,819**	143,830
Crediting:		
Gain on disposal of fixed assets	**-**	15,468
Gain on disposal of financial investments	**236**	194
Net exchange gain	**278**	-
Reversal of impairment loss of inventories	**6,579**	-

8 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the tax rates prevailing in the countries in which the Group operates.

(a) The amount of income tax expense recognised in the consolidated profit and loss account represents:

	2015 **$000**	2014 $000
Current income tax		
Hong Kong profits tax	**203,774**	95,266
Overseas tax	**2,388**	1,529
(Over)/under-provision in prior years		
Hong Kong profits tax	**(133)**	249,169
Overseas tax	**151**	-
	206,180	345,964
Deferred income tax assets	**538**	208
Deferred income tax liabilities	**(11,400)**	22,426
Over-provision in prior years		
Deferred income tax	**-**	(238,015)
Income tax expense	**195,318**	130,583

(b) The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the applicable tax rate of the home country of the Group as follows:

	2015 **$000**	2014 $000
Profit before income tax	**1,130,537**	662,598
Notional tax on profit before income tax, calculated at Hong Kong tax rate of 16.5% (2014: 16.5%)	**186,539**	109,329
Effect of different tax rates in other countries	**1,275**	1,457
Expenses not deductible for tax purposes	**131**	3,134
Income not subject to tax	**(10,997)**	(9,179)
Under-provision in prior years	**18**	11,154
Tax loss not recognised	**1,550**	4,063
Temporary differences not recognised	**16,802**	10,625
Income tax expense	**195,318**	130,583

9 Earnings per share

(a) Basic

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 in issue.

	2015	2014
Profit attributable to equity holders of the Company ($000)	**935,379**	537,110
Weighted average number of ordinary shares in issue	**1,049,218,107**	1,039,783,051
Basic earnings per share (cents per share)	**89.2**	51.7

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For dilutive share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	2015	2014
Profit attributable to equity holders of the Company ($000)	**935,379**	537,110
Weighted average number of ordinary shares in issue	**1,049,218,107**	1,039,783,051
Adjustment for dilutive share options	**509,833**	128,996
Weighted average number of ordinary shares for diluted earnings per share	**1,049,727,940**	1,039,912,047
Diluted earnings per share (cents per share)	**89.1**	51.6

10 Dividends

	2015 **$000**	2014 $000
Interim dividend, paid, of 27 cents (2014: 18 cents) per share	**284,456**	186,631
Final dividend, proposed, of 33 cents (2014: 13 cents) per share	**349,449**	135,979
	633,905	322,610

For the dividends attributable to the years ended 30 June 2015 and 2014, scrip dividend elections were offered to shareholders.

At a meeting held on 1 September 2015, the directors proposed a final dividend of 33 cents per share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 30 June 2016.

The proposed final dividend is calculated based on the number of shares in issue at the date of approval of these financial statements.

The aggregate amounts of the dividends paid and proposed during 2015 and 2014 have been disclosed in the consolidated profit and loss account in accordance with the Hong Kong Companies Ordinance.

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:

	2015 **$000**	2014 $000
Current to 30 days	**296,580**	410,723
31 - 60 days	**17,603**	12,746
61 - 90 days	**5,420**	3,683
Over 90 days	**12,892**	8,597
	332,495	435,749

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

The Group has recognised a loss of $13,520,000 (2014: $14,714,000) for the impairment of its trade receivables during the year ended 30 June 2015. The loss has been included in “other operating expenses” in the consolidated profit and loss account. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

12 Trade payables

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

	2015	2014
	$000	$000
Current to 30 days	**715,044**	691,235
31 - 60 days	**16,187**	45,683
61 - 90 days	**1,595**	14,460
Over 90 days	**22,118**	26,741
	754,944	778,119

DIVIDENDS

The Directors recommended the payment of a final dividend for the year ended 30 June 2015 of 33 cents per share (2013/14: 13 cents). The proposed final dividend, together with the interim dividend of 27 cents per share paid by the Company during the year (2013/14: 18 cents), makes a total dividend for the year of 60 cents per share.

Subject to approval of the shareholders at the forthcoming Annual General Meeting, the proposed final 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 proposed final 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 Monday, 23 November 2015.

The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the proposed final dividend at the forthcoming Annual General Meeting and 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 proposed final dividend will be distributed, and the share certificates issued under the Scrip Dividend Scheme will be sent on or about Tuesday, 22 December 2015 to shareholders whose names appear on the Register of Members of the Company on Thursday, 12 November 2015.

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting of the Company is scheduled to be held on Wednesday, 4 November 2015. For determining the entitlement to attend and vote at the Annual General Meeting, the Register of Members of the Company will be closed from Monday, 2 November 2015 to Wednesday, 4 November 2015, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, 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 Friday, 30 October 2015.

The record date for entitlement to the proposed final dividend is Thursday, 12 November 2015. For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed for one day on Thursday, 12 November 2015 during which no transfer of shares will be effected. In order to qualify for the proposed final 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 (address as per above) for registration no later than 4:30 p.m. on Wednesday, 11 November 2015.

PURCHASE, SALE OR REDEMPTION OF SHARES

At no time during the year ended 30 June 2015 was there any purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the financial statements as well as the internal audit reports of the Group for the year ended 30 June 2015. 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 internal control measures adopted by the Group.

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 year ended 30 June 2015, 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. Yang Xiang-dong, Mr. Gan Fock-kin, Eric and Mrs. Ip Yeung See-ming, Christine, Independent Non-Executive Directors, were unable to attend the annual general meeting of the Company held on 4 November 2014 due to overseas commitments or other prior engagements. The remaining eight Independent Non-Executive Directors and Non-Executive Directors (representing 67% 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. Cheung Wing-yui, 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.

Full details of the report on corporate governance will be set out in the Company's 2014/15 Annual Report.

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

Hong Kong, 1 September 2015

As at the date of this announcement, the Executive Directors of the Company are Mr. Chau Kam-kun, Stephen (Interim Chief Executive Officer) and Mr. CHAN Kai-lung, Patrick; 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, Mr. TSIM Wing-kit, Alfred and Mr. John Anthony MILLER; Independent Non-Executive Directors are Dr. LI Ka-cheung, Eric, JP, Mr. NG Leung-sing, JP, Mr. YANG Xiang-dong, Mr. GAN Fock-kin, Eric and Mrs. IP YEUNG See-ming, Christine.