

# HKT

## Interim Report 2013

stock code: 6823



*HKT - a PCCW Group member*

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## CORPORATE PROFILE

HKT is Hong Kong's premier telecommunications service provider. It meets the needs of the Hong Kong public and local and international businesses with a wide range of services including local telephony, local data and broadband, international telecommunications, mobile, and other telecommunications businesses such as customer premises equipment sale, outsourcing, consulting, and contact centers.

Together with the highly successful media business of its parent company, PCCW Limited, HKT offers innovative media content and services across the PCCW Group's unique quadruple-play platforms – fixed-line, broadband Internet access, TV and mobile.

Employing approximately 15,900 staff, HKT is headquartered in Hong Kong and maintains a presence in mainland China as well as other parts of the world.

The share stapled units of the HKT Trust and HKT Limited are listed on The Stock Exchange of Hong Kong Limited (SEHK: 6823).

## STATEMENT FROM THE CHAIRMAN

Riding on its market and technology strengths, HKT reported a set of robust operational results for the first half of 2013 despite the lacklustre performance of the Hong Kong economy.

With our continued drive to improve service levels to capture higher revenue contribution per customer, in particular for our fiber broadband and mobile businesses, HKT registered a strong and steady cash flow for the six months to June.

In order to enhance customer experience and to strengthen our position in the mobile market, we utilized additional spectrum that was acquired earlier this year to upgrade our 4G LTE network from 100Mbps to 150Mbps in June, and introduced Hong Kong's first 1000Mbps Wi-Fi service a month later.

Our Signature Store in Central was unveiled in February. This, together with progressive rejuvenation of other shops in strategic locations allows us to build our brand and to showcase our array of services such as Smart Living, which is gaining traction.

PCCW Global has been actively forming alliances in various regions and developing solutions packages to better serve its enterprise and carrier customers, and is poised to benefit from the expected continued increase in international connectivity traffic.

To conclude, not only has HKT maintained its leadership in the local telecommunications sector, but it has also broadened its scope of activities to meet the evolving needs of its customers. Our strategy is to provide leading-edge network platforms, ultra-high fixed and mobile transmission speeds, an integrated user experience, plus new services that enrich modern lifestyles. This strategy should enable us to build further growth opportunities.



**Richard Li**

Chairman

August 5, 2013

## STATEMENT FROM THE GROUP MANAGING DIRECTOR

I am pleased to report that HKT achieved good operational results across the various lines of business and recorded a strong and steady cash flow in the first six months of this year.

We have continued the drive to upgrade customers to genuine fiber-to-the-home (FTTH) broadband service. The number of NETVIGATOR customers enjoying FTTH service increased at a satisfactory pace in the first half, while our FTTH infrastructure has now been installed within buildings accounting for three quarters of all households in Hong Kong. These efforts have contributed positively to our operational results – and, also importantly, they uplift customer service levels which has been a top priority of our business.

As an integrated telecom service provider, we constantly seek to enhance customer service as a leading edge. Last year, we built an online portal where customers could conveniently manage on their desktop their various accounts of the quadruple services of HKT and our parent PCCW Group, as well as obtain support. This service has now also been made available through an app called “my HKT” for iOS and Android mobile devices, so that customers can check bills and service plans, and access other functions while on the go. We will enrich the functions of the portal and the app on an ongoing basis to provide customers with more comprehensive service and timely support.

### BEYOND-4G MOBILE EXPERIENCE

In the past few months, we made great strides in enhancing the mobile cellular network as well as our Wi-Fi network. With the advent of new LTE CAT 4 smartphone and devices which are 150Mbps-enabled, we have upgraded our 4G LTE network from the network specification of 100Mbps to 150Mbps, using an additional 5MHz of spectrum acquired from public auction in March to roll out a total of 2x20MHz of spectrum at the 2600MHz band.

With the network upgrade, even existing 4G LTE devices have seen download speed improve considerably. In addition to the 2600MHz spectrum, we have also re-farmed the 1800MHz spectrum for LTE to provide a powerful dual band 4G LTE network with comprehensive indoor and outdoor coverage.

Another major achievement in PCCW-HKT’s network enhancement roadmap was the launch of Hong Kong’s first 1000Mbps Wi-Fi service using the new 802.11ac technology, whose transmission speed is approximately three times faster than the previous technology. We will be progressively upgrading our entire Wi-Fi network and increasing the number of Wi-Fi hotspots to more than 20,000 in 2014. Our Wi-Fi capability is an important element of our overall wireless strategy and it helps to manage our infrastructure costs through offloading of mobile data demand.

As the first operator to scrap unlimited mobile data plans, we have successfully used tier pricing to monetize the continuous increase in data usage. To meet different data consumption needs of our customers, we have introduced a wider range of plans to enable customers to flexibly manage their data usage needs.

HKT was the first mobile operator to announce cooperation with a bank to provide mobile payment service using Near Field Communication (NFC) technology. The service was officially launched by Hang Seng Bank in June. A special SIM card can be inserted into an NFC-enabled mobile phone to effect secure, contactless Hang Seng credit card payments. The number of merchant outlets accepting this payment method is expected to exceed 2,500 this summer. In the meantime, we are exploring other business opportunities for NFC mobile payment or other applications in Hong Kong.

### ENRICHING EVERYDAY LIFE

In February, we opened our Signature Store in Central Hong Kong to showcase our latest product and service offerings. This Signature Store has been well received and, together with 10 other shops that we have refurbished, our new retail presence has reinforced our leading position in Hong Kong and strengthened our brand attributes.

In designing the new retail outlets, we have been attentive to the needs to accommodate service initiatives such as Smart Living and eSmartHealth. Although these are relatively novel services, we are encouraged by the early feedback from our customers.

## SOCIAL RESPONSIBILITY

HKT is cognizant of its everyday role in servicing the community. Hence we consciously seek to develop new service offerings for our customers – one example is the series of “Love & Care” services for the elderly designed jointly with the Senior Citizen Home Safety Association. Introduced in April, the services use cloud, mobile and other advanced technologies to offer social support and caring services. Our mobile service can connect an elderly citizen directly to a help center if they press an emergency button on a Mobile Safety Phone. Another key feature is based on HKT’s eSmartHealth cloud-based management service, where a user can upload blood pressure and blood glucose data via our **eye** tablet. Nurses will remotely monitor the data and take action where necessary.

## SERVING BUSINESS CUSTOMERS BETTER

During the first half, HKT recorded a steady business performance in the commercial and public segments amid the uncertain economic outlook and a sluggish Hong Kong economy.

With almost 100% fiber coverage of Grade A and B commercial buildings in Hong Kong, we have an ongoing program to extend our coverage in other commercial premises where demand arises. We are confident that our best-in-class service and the competitive pricing of our business lines will ensure our position as the preferred service provider in the market.

The increasing need of enterprises to effectively deploy their IT resources while ensuring an advanced system architecture and a high standard of security to meet company and industry compliance requirements has given rise to a strong demand for cloud services in the commercial sector. HKT has recently launched a carrier-grade cloud service, HKT Enterprise Cloud, through collaboration with leading technology company HP. HKT Enterprise Cloud provides a resource pool that enables customers to manage virtual infrastructure such as CPU, storage, RAM and network according to their needs. HKT is the only service provider in Hong Kong offering all-round carrier-grade services in the enterprise cloud market – from network connection, facilities management, local support, to professional services.

## GAINING FROM DATA TRAFFIC GROWTH

The international connectivity business benefited from a continued increase in data traffic in the first half. PCCW Global actively expanded its MPLS and Ethernet networks with interconnection agreements with operators in other parts of the world including the growing Middle East market. Our new points of presence demonstrate PCCW Global’s commitment to delivering better communications services for its customers.

In July, PCCW Global launched a High-Definition (HD) video calling service for enterprise customers and carrier partners, as rapid HD communications growth is driven by enterprises looking for high-quality but cost-effective communications solutions. HD video calling allows enterprise customers to make video calls without the requirement for a conference bridge or a preset time to speak. For carrier partners, HD video calling is an opportunity to interconnect with PCCW Global and to deliver switched video calling using existing business models developed for the voice market. Carriers can increasingly monetize the investments that have been put into their bandwidth networks.

## HERE TO SERVE

It is evident that HKT is actively growing its business to serve not just the basic telecommunications needs of our customers today – our aim is to expand our range of services to meet the needs of our customers tomorrow and to enrich their lifestyle. We are growing beyond the basic connectivity needs of our customers in order to build sustainable and recurrent service revenues into the future to diversify and grow our business prospects.



**Alex Arena**

Group Managing Director  
August 5, 2013

# BOARD OF DIRECTORS

## EXECUTIVE DIRECTORS

### **LI Tzar Kai, Richard**

#### **Executive Chairman**

Mr Li, aged 46, was appointed the Executive Chairman and an Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, in November 2011. He is the Chairman of HKT's Executive Committee and a member of the Nomination Committee of the Board. Mr Li has also been an Executive Director and the Chairman of PCCW Limited (PCCW) since August 1999, the Chairman of PCCW's Executive Committee and a member of the Nomination Committee of the board of directors of PCCW. He is also the Chairman and Chief Executive of the Pacific Century Group, an Executive Director and the Chairman of Pacific Century Premium Developments Limited (PCPD), the Chairman of PCPD's Executive Committee, a member of PCPD's Remuneration Committee and Nomination Committee, the Chairman and an Executive Director of Singapore-based Pacific Century Regional Developments Limited (PCRD), and the Chairman of PCRD's Executive Committee.

Mr Li is a Non-Executive Director of The Bank of East Asia, Limited. He is also a member of the Center for Strategic and International Studies' International Councillors' Group in Washington, D.C., and a member of the Global Information Infrastructure Commission. Mr Li was awarded the Lifetime Achievement Award by the Cable & Satellite Broadcasting Association of Asia in November 2011.

### **Alexander Anthony ARENA**

#### **Group Managing Director**

Mr Arena, aged 62, has been the Group Managing Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, since November 2011. He is also a member of HKT's Executive Committee and holds directorships in various Group companies. Mr Arena is primarily responsible for the overall corporate management, planning,

operation and development of the Group. Mr Arena is also a Non-Executive Director of Pacific Century Regional Developments Limited. Prior to the spin-off and separate listing of HKT, Mr Arena was an Executive Director of PCCW Limited (PCCW) from August 1999 to November 2011 and the Group Managing Director of PCCW from April 2007 to November 2011. He was also the Group Chief Financial Officer of PCCW from June 2002 to April 2007. Mr Arena was also the Deputy Chairman of PCCW's Executive Committee, a member of PCCW's Regulatory Compliance Committee, an Executive Director and Deputy Chairman of Pacific Century Premium Developments Limited (PCPD) and a member of PCPD's Executive Committee prior to November 2011.

Prior to joining the Pacific Century Group in 1998, Mr Arena was a Special Policy Adviser to the Hong Kong Government from 1997 to 1998. From 1993 to 1997, he was the Director-General of Telecommunications at the Office of the Telecommunications Authority (OFTA) of Hong Kong, as well as a member of the Broadcasting Authority of Hong Kong.

Before taking up his post at OFTA, Mr Arena was appointed by the Hong Kong Government to plan a reform program for the liberalization of Hong Kong's telecommunications sector. Prior to his appointment to the Hong Kong Government, he served as an inaugural member of the Australian Telecommunications Authority for four years. Mr Arena has led an extensive career in public administration, specializing in high technology and infrastructure industries. From a practicing radio/communications engineer to a public policy maker, his experience spans such diverse areas as commercialization of government-owned business enterprises and deregulation in the aviation, transport, telecommunications and postal industries.

Mr Arena completed a bachelor's degree in electrical engineering from the University of New South Wales, Australia in 1972 and graduated in 1973. He completed an MBA at the University of Melbourne, Australia in 1977 and graduated in 1978. He has been a Fellow of the Hong Kong Institution of Engineers since 2001.

### **HUI Hon Hing, Susanna**

#### **Group Chief Financial Officer**

Ms Hui, aged 48, has been the Group Chief Financial Officer of HKT Limited (HKT) and an Executive Director of HKT and HKT Management Limited, the trustee-manager of the HKT Trust, since November 2011. She is also a member of HKT's Executive Committee and holds directorships in various Group companies. Ms Hui is primarily responsible for overseeing the financial matters of the Group. Ms Hui is and has been the Group Chief Financial Officer of PCCW Limited (PCCW) since April 2007 and an Executive Director of PCCW since May 2010. She is also a member of PCCW's Executive Committee and Regulatory Compliance Committee. Prior to her appointment as the Group Chief Financial Officer of PCCW, she was the Director of Group Finance of the PCCW Group from September 2006 to April 2007, and the Director of Finance of the PCCW Group with responsibility for the telecommunications services sector and regulatory accounting. Ms Hui was also the Chief Financial Officer of Pacific Century Premium Developments Limited from July 2009 to November 2011.

Prior to joining Cable & Wireless HKT Limited (which was subsequently acquired by PCCW) in September 1999, Ms Hui was the chief financial officer of a listed company engaged in hotel and property investment and management.

Ms Hui graduated with a bachelor's degree in social sciences from the University of Hong Kong with first class honours. She is a qualified accountant and a member of both the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

## NON-EXECUTIVE DIRECTORS

### **Peter Anthony ALLEN**

#### **Non-Executive Director**

Mr Allen, aged 58, was appointed a Non-Executive Director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust, in November 2011. He is an Executive Director and the Group Managing Director of Pacific Century Regional Developments Limited, an Executive Director and the Chief Financial Officer of the Pacific Century Group and Senior Advisor to PCCW Limited (PCCW). Mr Allen was an Executive Director of PCCW from August 1999 to November 2011.

Prior to joining the Pacific Century Group, Mr Allen joined KPMG in 1976 before taking up an appointment at Occidental International Oil Incorporated in 1980. In 1983, he joined Schlumberger Limited and worked in various countries holding key management positions. In 1989, he moved to Singapore as Regional Financial Director of the Vestey Group.

Mr Allen joined Boustead Singapore Limited as the Group Operations Controller in 1992 before taking up an appointment with Morgan Grenfell Investment Management (Asia) Limited as a Director and Chief Operating Officer in 1995. He joined the Pacific Century Group in 1997.

Mr Allen was educated in England and graduated from the University of Sussex with a degree in economics. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow Member of CPA Australia and a Fellow of the Institute of Singapore Chartered Accountants.

### **CHUNG Cho Yee, Mico**

#### **Non-Executive Director**

Mr Chung, aged 52, was appointed a Non-Executive Director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust, in November 2011. Mr Chung was a Non-Executive Director of PCCW Limited (PCCW) from May 2010 to November 2011. He was an Executive Director of PCCW from November 1996 who was responsible for merger and acquisition activities and was re-designated to a Non-Executive Director of PCCW in May 2010. He joined the Pacific Century Group in March 1999.

Mr Chung graduated from University College, University of London in the United Kingdom, with a law degree in 1983.

Mr Chung is currently the Chairman and an Executive Director of CSI Properties Limited which he joined in 2004. He is also an Independent Non-Executive Director of HKC (Holdings) Limited. He was an Independent Non-Executive Director of CIAM Group Limited between March 9, 2001 and May 31, 2008.

### **LU Yimin**

#### **Non-Executive Director**

Mr Lu, aged 49, was appointed a Non-Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, in November 2011. He is a member of HKT's Remuneration Committee, Nomination Committee and Executive Committee of the Board. Mr Lu became a Non-Executive Director of PCCW Limited (PCCW) in May 2008 and the Deputy Chairman of the board of directors of PCCW in November 2011. He is a member of PCCW's Executive Committee.

Mr Lu is an Executive Director and President of China Unicom (Hong Kong) Limited. He is Vice Chairman and President of 中國聯合網絡通信集團有限公司 (China United Network Communications Group Company Limited\*). He is also a Director and President of China United Network Communications Limited and a Director and President of China United Network Communications Corporation Limited.

Mr Lu joined China Network Communications Group Corporation (CNC) in December 2007, serving as senior management. Prior to joining CNC, Mr Lu was a member of the Secretary Bureau of the General Office of the Chinese Communist Party Central Committee, serving as the Deputy Director and the Director of the Information Processing Office since 1992, Secretary at deputy director general level since 2001 and Secretary at director general level since 2005.

Mr Lu is a researcher level senior engineer and has extensive experience in government administration and business management. He graduated from Shanghai Jiao Tong University in 1985 with a bachelor's degree in computer science and then was awarded a master's degree in public administration by the John F. Kennedy School of Government at Harvard University in the United States.

### **LI Fushen**

#### **Non-Executive Director**

Mr Li, aged 50, was appointed a Non-Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, in November 2011. He is a member of HKT's Regulatory Compliance Committee. Mr Li became a Non-Executive Director of PCCW Limited (PCCW) in July 2007. He is a member of the Nomination Committee of the board of directors of PCCW.

\* For identification only



## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Li is an Executive Director and Chief Financial Officer of China Unicom (Hong Kong) Limited (Unicom HK). He is a Director, Vice President and Chief Accountant of 中國聯合網絡通信集團有限公司 (China United Network Communications Group Company Limited<sup>#</sup>). He is also a Director of China United Network Communications Limited and a Director and Senior Vice President of China United Network Communications Corporation Limited.

He served as a Senior Vice President of Unicom HK from February 2009 to March 2011. He served as an Executive Director of China Netcom Group Corporation (Hong Kong) Limited (CNC HK) since January 2007 and as Chief Financial Officer of CNC HK since September 2005. He served as Joint Company Secretary of CNC HK from December 2006 to March 2008. Since October 2005, he has served as Chief Accountant of China Network Communications Group Corporation (CNC). From October 2003 to August 2005, he served as General Manager of the Finance Department of CNC. From November 2001 to October 2003, he served as Deputy General Manager of the former Jilin Provincial Telecommunications Company and Jilin Communications Company.

Mr Li graduated from the Australian National University with a master's degree in management in 2004, and from the Jilin Engineering Institute with a degree in engineering management in 1988. Mr Li has worked in the telecommunications industry for a long period of time and has extensive management experience.

### **Professor CHANG Hsin Kang,** **FREng, GBS, JP**

#### **Independent Non-Executive Director**

Professor Chang, aged 73, was appointed an Independent Non-Executive Director of HKT Limited (HKT) and HKT Management Limited (Trustee-Manager), the trustee-manager of the HKT Trust, in November 2011. He is also a member of HKT's Audit Committee, Remuneration Committee, Nomination Committee and Regulatory Compliance Committee, and a member of the Trustee-Manager's Audit Committee. Professor Chang was an Independent Non-Executive Director of PCCW Limited from October 2000 to November 2011.

Professor Chang became an Honorary Professor of Tsinghua University in September 2007, and (Honorary Professor and) Yeh-Lu Xun Chair Professor at Peking University in February 2008. He was the President and University Professor of City University of Hong Kong from 1996 to 2007. Prior to that, he was the Dean of the School of Engineering at the University of Pittsburgh in the United States from 1994 to 1996, Founding Dean of the School of Engineering at Hong Kong University of Science and Technology from 1990 to 1994 and the Chairperson of the Department of Biomedical Engineering at the University of Southern California in the United States from 1985 to 1990.

Professor Chang is a Foreign Member of the Royal Academy of Engineering of the United Kingdom, a Member of International Eurasian Academy of Sciences; and Chevalier dans l'Ordre National de la Légion d'Honneur as well as Commandeur dans l'Ordre des Palmes Académiques of France. He was appointed Justice of the Peace in July 1999 and awarded the Gold Bauhinia Star by the Hong Kong Government in July 2002.

Professor Chang obtained his bachelor's degree in civil engineering from the National Taiwan University, a master's degree in structural engineering from Stanford University in the United States and a doctorate in biomedical engineering from Northwestern University in the United States.

Professor Chang is also an Independent Non-Executive Director of Hon Kwok Land Investment Company, Limited, Brightoil Petroleum (Holdings) Limited and Nanyang Commercial Bank, Limited.

### **Sir Rogerio (Roger) Hyndman LOBO,** **CBE, LL.D, JP**

#### **Independent Non-Executive Director**

Sir Roger, aged 89, was appointed an Independent Non-Executive Director of HKT Limited (HKT) and HKT Management Limited (Trustee-Manager), the trustee-manager of the HKT Trust, in November 2011. He is the Chairman of both HKT's Regulatory Compliance Committee and Nomination Committee, a member of HKT's Audit Committee and Remuneration Committee, and a member of the Trustee-Manager's Audit Committee. Sir Roger was an Independent Non-Executive Director of PCCW Limited from August 1999 to November 2011.

Sir Roger is also a Director of several organizations, including Shun Tak Holdings Limited, Johnson & Johnson (HK) Ltd., Kjeldsens Limited and Melco International Development Limited.

<sup>#</sup> For identification only

Sir Roger's extensive record of public service includes membership of the Hong Kong Housing Authority, the Urban Council, the Executive Council and serving as a senior member of the Legislative Council. Sir Roger served as Commissioner of the Civil Aid Service, Chairman of the Hong Kong Broadcasting Authority, Chairman of the Advisory Committee on Post-retirement Employment and also served as Advisory Committee Chairman, Complaints Committee Member and Corruption Prevention Advisory Committee Member of Independent Commission Against Corruption.

Sir Roger currently serves as Chairman (Board of Trustees) of the Vision 2047 Foundation, Vice Patron of the Community Chest of Hong Kong and The Society of Rehabilitation and Crime Prevention, Hong Kong, Advisory Board Member of the Hong Kong Aids Foundation, Member of the Board of Trustees of Business and Professionals Federation of Hong Kong, and Council Member of Caritas Hong Kong.

Sir Roger has received several awards and honors from the British Crown and the Vatican.

#### **The Hon Raymond George**

##### **Hardenbergh SEITZ**

###### **Independent Non-Executive Director**

Mr Seitz, aged 72, was appointed an Independent Non-Executive Director of HKT Limited (HKT) and HKT Management Limited (Trustee-Manager), the trustee-manager of the HKT Trust, in November 2011. He is the Chairman of HKT's Remuneration Committee and a member of HKT's Audit Committee and the Trustee-Manager's Audit Committee. Mr Seitz was an Independent Non-Executive Director of PCCW Limited (PCCW) from February 2005 to November 2011. He was a Non-Executive Director of PCCW from October 2000 and was re-designated as an Independent Non-Executive Director in February 2005.

Mr Seitz was Vice-Chairman of Lehman Brothers International from April 1995 to April 2003 and was United States Ambassador to Great Britain from 1991 to 1994. Prior to that, Mr Seitz acted as the United States Assistant Secretary of State for Europe from 1989 to 1991 and Minister at the United States Embassy in London from 1984 to 1989. He was Non-Executive Chairman and a member of the Special Committee of Sun-Times Media Group, Inc. from July 2003 to January 2009.

#### **Sunil VARMA**

##### **Independent Non-Executive Director**

Mr Varma, aged 69, was appointed an Independent Non-Executive Director of HKT Limited (HKT) and HKT Management Limited (Trustee-Manager), the trustee-manager of the HKT Trust, in November 2011. He is also the Chairman of both HKT's Audit Committee and the Trustee-Manager's Audit Committee and a member of HKT's Nomination Committee.

Mr Varma is a certified chartered accountant as well as a cost and management accountant. He has extensive working experience of over 40 years including with Price Waterhouse Management Consultants and the IBM Consulting Group, specializing in management and business-problem consulting. He was the partner responsible for establishing and developing the Price Waterhouse consulting practice in Indonesia and was the Head of the Price Waterhouse consulting practice in Hong Kong until 1994. Mr Varma was the Vice President and Principal responsible for the IBM Consulting Group in India between 1996 and 1998. He was the Interim Chief Financial Officer and Managing Director of Asia Online, Ltd. from 1999 to 2000 and was the Interim Chief Financial Officer of HCL – Perot Systems in India in 2003.

Mr Varma had previously worked in a number of countries in Africa and the Asia Pacific region including Australia, India, Indonesia, Hong Kong, Thailand and the PRC. He advised large multinationals as well as domestic companies in the areas of corporate governance, financial management, organizational strengthening, efficiency improvement, process re-engineering and business systems. He is experienced in a cross-section of industries including financial services, information technology, energy, fertilizers and steel. He had previously conducted several large assignments for public sector organizations, funded by World Bank, Asian Development Bank and other multi-lateral funding agencies.

Mr Varma is also a Director and the Chairman of Audit Committee of various companies in India including International Asset Reconstruction Company Pvt. Ltd. and Shriram City Union Finance Ltd. Mr Varma was a Director and a member of the Audit Committee of Shriram EPC Ltd. and a Director and the Chairman of the Audit Committee of Vistaar Livelihood Finance Pvt. Ltd. in India.

Mr Varma obtained his Bachelor of Arts degree in mathematics and economics from Punjab University in July 1962. He has been an Associate member of the Institute of Chartered Accountants of India since August 1966 and a Fellow since June 1972, and an associate member of the Institute of Cost and Management Accountants of India since September 1975.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

- Total revenue increased by 14% to HK\$11,071 million
- Total EBITDA increased by 3% to HK\$3,839 million
- Profit attributable to holders of Share Stapled Units increased by 53% to HK\$1,189 million; basic earnings per Share Stapled Unit was 18.54 HK cents
- Adjusted funds flow for the period increased by 4% to HK\$1,484 million; adjusted funds flow per Share Stapled Unit was 23.13 HK cents
- Interim distribution per Share Stapled Unit of 21 HK cents

## MANAGEMENT REVIEW

We are pleased to announce a solid set of HKT financial results for the six months ended June 30, 2013. These results reflect our efforts to consolidate the strong performance that was delivered in 2012 and to position HKT for further growth, in particular our continued drive to improve service levels to capture higher revenue contribution per customer and the broadening of our scope of activities to meet the evolving needs of customers.

Total revenue for the six months ended June 30, 2013 increased by 14% to HK\$11,071 million and total EBITDA during the period was HK\$3,839 million, an increase of 3% over the same period in 2012.

Profit attributable to holders of Share Stapled Units was HK\$1,189 million, an increase of 53% over the same period in 2012. Basic earnings per Share Stapled Unit was 18.54 HK cents.

Adjusted funds flow for the six months ended June 30, 2013 reached HK\$1,484 million, an increase of 4% over the same period in 2012. Adjusted funds flow per Share Stapled Unit was 23.13 HK cents.

We also took advantage of the historically low Treasury yields in the U.S. during the period to raise US\$500 million by issuing 10-year bonds at a coupon rate of 3.75%, locking in a low cost of capital as we build our business. As a result, HKT's overall cost of financing has been reduced and the average maturity of our liabilities has been extended. The bonds were rated Baa2/BBB by Moody's and Standard & Poor's respectively with a stable outlook.

The board of directors of the Trustee-Manager has resolved to declare an interim distribution of 21 HK cents per Share Stapled Unit for the six months ended June 30, 2013. This represents a payout ratio of 91% of the adjusted funds flow per Share Stapled Unit, which is consistent with the payout ratio for the six months ended June 30, 2012.

## OUTLOOK

HKT is actively growing its business to serve not just the basic telecommunications needs of our customers today – our aim is to expand our range of services to meet the needs of our customers tomorrow and to enrich their lifestyle. We are growing beyond the basic connectivity needs of our customers in order to build sustainable and recurrent service revenues into the future to diversify and grow our business prospects.

Within our fixed line business, the focus will continue to be the upgrading of our broadband subscribers to fiber-to-the-home ("FTTH") which can deliver more stable and faster connectivity. The extension of our service offerings into areas such as Smart Living provides an additional segment of growth and is gaining traction.

Mobile will remain a source of growth as customers increasingly value the superior performance of our networks and the benefits of our fixed-mobile integration. Customers also benefit from industry leading applications such as our Near Field Communication ("NFC") mobile payments service launched in conjunction with Hang Seng Bank as well as the opportunity to view premium content, such as the Barclays Premier League, through the co-operation with PCCW's Media business.

We would like to take the opportunity to thank all of our customers, employees and shareholders for their support during the period. We will continue to work hard to deliver the best services and enhance the value of the HKT Share Stapled Units.

## FINANCIAL REVIEW BY SEGMENT

For the six months ended HK\$ million	June 30, 2012	December 31, 2012	June 30, 2013	Better/ (Worse) y-o-y
<b>Revenue</b>				
TSS	8,425	9,941	<b>9,630</b>	14%
Mobile	1,133	1,333	<b>1,360</b>	20%
Other Businesses	368	316	<b>318</b>	(14)%
Eliminations	(211)	(224)	<b>(237)</b>	(12)%
<b>Total revenue</b>	9,715	11,366	<b>11,071</b>	14%
<b>Cost of sales</b>	(3,922)	(5,105)	<b>(4,901)</b>	(25)%
<b>Operating costs before depreciation, amortization, and gain/(loss) on disposal of property, plant and equipment, net</b>	(2,057)	(2,328)	<b>(2,331)</b>	(13)%
<b>EBITDA<sup>1</sup></b>				
TSS	3,467	3,659	<b>3,522</b>	2%
Mobile	342	394	<b>441</b>	29%
Other Businesses	(73)	(120)	<b>(124)</b>	(70)%
<b>Total EBITDA<sup>1</sup></b>	3,736	3,933	<b>3,839</b>	3%
<b>TSS EBITDA<sup>1</sup> margin</b>	41%	37%	<b>37%</b>	
<b>Mobile EBITDA<sup>1</sup> margin</b>	30%	30%	<b>32%</b>	
<b>Total EBITDA<sup>1</sup> margin</b>	38%	35%	<b>35%</b>	
Depreciation and amortization	(2,281)	(2,407)	<b>(2,399)</b>	(5)%
Gain/(loss) on disposal of property, plant and equipment, net	2	(2)	<b>10</b>	400%
Other gains, net	10	8	<b>49</b>	390%
Finance costs, net	(411)	(394)	<b>(458)</b>	(11)%
Share of results of an associate and joint ventures	(62)	(17)	<b>6</b>	NA
<b>Profit before income tax</b>	994	1,121	<b>1,047</b>	5%

## ADJUSTED FUNDS FLOW

For the six months ended HK\$ million	June 30, 2012	December 31, 2012	June 30, 2013	Better/ (Worse) y-o-y
<b>Total EBITDA<sup>1</sup></b>	3,736	3,933	<b>3,839</b>	3%
Less cash outflows in respect of:				
Customer acquisition costs and licence fees	(756)	(963)	<b>(712)</b>	6%
Capital expenditures <sup>6</sup>	(832)	(1,074)	<b>(988)</b>	(19)%
<b>Adjusted funds flow before tax paid, net finance costs paid and changes in working capital</b>	2,148	1,896	<b>2,139</b>	0%
Adjusted for:				
Tax payment	(23)	(180)	<b>(107)</b>	(365)%
Net finance costs paid	(355)	(373)	<b>(239)</b>	33%
Changes in working capital	(340)	(101)	<b>(309)</b>	9%
<b>Adjusted funds flow<sup>2</sup></b>	1,430	1,242	<b>1,484</b>	4%
<b>Adjusted funds flow per Share Stapled Unit<sup>3</sup> (HK cents)</b>	22.29	19.35	<b>23.13</b>	

## KEY OPERATING DRIVERS<sup>4</sup>

As of or for the six months ended	June 30, 2012	December 31, 2012	June 30, 2013	Better/(Worse) y-o-y	h-o-h
Exchange lines in service ('000)	2,641	2,646	<b>2,651</b>	0%	0%
Business lines ('000)	1,233	1,238	<b>1,242</b>	1%	0%
Residential lines ('000)	1,408	1,408	<b>1,409</b>	0%	0%
Total broadband access lines ('000) (Consumer, business and wholesale customers)	1,540	1,567	<b>1,567</b>	2%	0%
Retail consumer broadband subscribers ('000)	1,385	1,410	<b>1,408</b>	2%	0%
Retail business broadband subscribers ('000)	122	126	<b>128</b>	5%	2%
Traditional data (Exit Gbps)	1,689	1,811	<b>2,276</b>	35%	26%
Retail IDD minutes (million minutes)	558	551	<b>521</b>	(7)%	(5)%
Mobile subscribers ('000)	1,605	1,645	<b>1,652</b>	3%	0%
Post-paid subscribers ('000)	1,005	1,013	<b>1,017</b>	1%	0%
Prepaid subscribers ('000)	600	632	<b>635</b>	6%	0%

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- Note 1 EBITDA represents earnings before interest income, finance costs, income tax, depreciation of property, plant and equipment, amortization of land lease premium and intangible assets, gain/loss on disposal of property, plant and equipment and interests in leasehold land, net other gains/losses, losses on property, plant and equipment, restructuring costs, impairment losses on goodwill, tangible and intangible assets and interests in an associate and joint ventures, and the Group's share of results of an associate and joint ventures. While EBITDA is commonly used in the telecommunications industry worldwide as an indicator of operating performance, leverage and liquidity, it is not presented as a measure of operating performance in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") and should not be considered as representing net cash flows from operating activities. The computation of the Group's EBITDA may not be comparable to similarly titled measures of other companies.*
- Note 2 Adjusted Funds Flow is defined as EBITDA less capital expenditures, customer acquisition costs and licence fees paid, taxes paid, finance costs and interest expense paid, and adjusted for interest income received and changes in working capital. It is not presented as a measure of leverage or liquidity in accordance with HKFRS and should not be considered as representing net cash flows or any other similar measures derived in accordance with HKFRS, or an alternative to cash flow from operations or a measure of liquidity. The Group's Adjusted Funds Flow is computed in accordance with the above definition using financial information derived from the Group's unaudited condensed consolidated financial statements. The Adjusted Funds Flow may be used for debt repayment.*
- Note 3 Adjusted Funds Flow per Share Stapled Unit is calculated by dividing the adjusted funds flow for the period by the number of issued Share Stapled Units as at end of the respective period.*
- Note 4 Figures are stated as at the period end, except for International Direct Dial ("IDD") minutes which is the total for the period.*
- Note 5 Gross debt refers to the principal amount of short-term borrowings and long-term borrowings. Net debt refers to the principal amount of short-term borrowings and long-term borrowings minus cash and cash equivalents.*
- Note 6 Group capital expenditures represent additions to property, plant and equipment, and interests in leasehold land.*

## Telecommunications Services (“TSS”)

For the six months ended HK\$ million	June 30, 2012	December 31, 2012	June 30, 2013	Better/ (Worse) y-o-y
Local Telephony Services	1,680	1,721	<b>1,680</b>	0%
Local Data Services	2,875	3,180	<b>3,140</b>	9%
International Telecommunications Services	2,188	3,059	<b>3,222</b>	47%
Other Services	1,682	1,981	<b>1,588</b>	(6)%
<b>TSS revenue</b>	8,425	9,941	<b>9,630</b>	14%
Cost of sales	(3,488)	(4,682)	<b>(4,535)</b>	(30)%
Operating costs before depreciation and amortization	(1,470)	(1,600)	<b>(1,573)</b>	(7)%
<b>TSS EBITDA<sup>1</sup></b>	3,467	3,659	<b>3,522</b>	2%
<b>TSS EBITDA<sup>1</sup> margin</b>	41%	37%	<b>37%</b>	

TSS revenue for the six months ended June 30, 2013 increased by 14% to HK\$9,630 million and EBITDA increased by 2% to HK\$3,522 million for the period. EBITDA margin eased from 41% to 37% as a result of a shift in the mix of revenues generated during the period.

*Local Telephony Services.* Local telephony services revenue remained steady at HK\$1,680 million for the six months ended June 30, 2013. The stable revenue performance reflected a 2% increase in retail fixed-line revenue as a result of an increase in the subscriber base and increased penetration of the higher average revenue per user (“ARPU”) *eye* service, which were offset by lower revenue from wholesale services revenue during the period. Total fixed lines in service at the end of June 2013 increased slightly to 2,651,000, while penetration of the *eye* service grew to 20% of the residential customer base by the end of the period. The recent launch of the *eye3* service on the Samsung GALAXY Tab 3 is expected to further boost ARPU and revenue.

*Local Data Services.* Local data services revenue, comprising broadband network revenue and local data revenue, increased by 9% year-on-year to HK\$3,140 million for the six months ended June 30, 2013. The significant increase in revenue reflects the continued subscriptions and upgrades to our FTTH service and the launch of our HKT Premier service which focuses on high-value customers. At the end of the period, there were 362,000 FTTH subscribers which represented a substantial increase of 60% from a year earlier.

*International Telecommunications Services.* International telecommunications services revenue for the six months ended June 30, 2013 increased significantly by 47% year-on-year to HK\$3,222 million, which was largely attributable to the expansion of our Gateway branded business in Europe and Africa since the second half of 2012, as well as strong demand from carrier and enterprise customers generally.

*Other Services.* Other services revenue primarily comprises revenue from the sales of network equipment and customer premises equipment (“CPE”), provision of technical and maintenance subcontracting services and contact centre services (“Teleservices”). Although higher mobile handset sales drove up overall CPE sales, the timing of the completion of certain telecommunications projects resulted in a 6% year-on-year decrease of other services revenue to HK\$1,588 million for the six months ended June 30, 2013.

## Mobile

For the six months ended HK\$ million	June 30, 2012	December 31, 2012	June 30, 2013	Better/ (Worse) y-o-y
<b>Mobile Revenue</b>	1,133	1,333	<b>1,360</b>	20%
<b>Mobile EBITDA<sup>1</sup></b>	342	394	<b>441</b>	29%
<b>Mobile EBITDA<sup>1</sup> margin</b>	30%	30%	<b>32%</b>	

The Mobile business continued its growth momentum with a 20% year-on-year increase in total revenue to HK\$1,360 million for the six months ended June 30, 2013. Given our strategy to focus on higher-value premier mobile customers, ARPU increased by 13% to HK\$209 from HK\$185 a year ago. The total subscriber base also increased by 3% to 1,652,000. Benefiting from the increasing scale of the business and the cost advantages of our integrated fixed-mobile network, EBITDA increased by 29% to HK\$441 million with the margin improving to 32% from 30%.

In order to enhance customer experience and to strengthen our position in the mobile market, we upgraded our 4G LTE network on the 2600MHz band and re-farmed the 1800MHz band to provide a powerful dual band 4G LTE network with comprehensive indoor and outdoor coverage. We also introduced Hong Kong's first 1000MHz Wi-Fi service, with a plan to increase the number of our Wi-Fi hotspots to more than 20,000 in 2014.

Following our move in early 2012 to tiered data plans, we have continued to expand our range of attractively priced tariff plans to monetize the increase in customer data usage. To meet the high consumption needs of some customers, we have recently introduced an 80GB plan priced at HK\$888 per month. We believe our extensive range of tariff plans will enable customers to flexibly manage their data usage, which is expected to continue to rise. For the six months ended June 30, 2013, mobile data revenue increased by 29% year-on-year and accounted for 79% of mobile service revenue for the period.

### Other Businesses

Other Businesses primarily comprised Unihub China Information Technology Company Limited (the "ZhongYing JV"), which provides network integration and related services to telecommunications operators in the PRC. Revenue from Other Businesses was HK\$318 million for the six months ended June 30, 2013, as compared to HK\$368 million a year ago. The decline in revenue was mainly due to the conscious shift of business focus of ZhongYing JV from lower-margin CPE sales to higher-margin software development projects.

### Eliminations

Eliminations were HK\$237 million for the six months ended June 30, 2013, as compared to HK\$211 million a year ago. Eliminations mainly relate to internal charges for telecommunications services consumed amongst HKT's business units.

### Cost of Sales

Cost of sales for the six months ended June 30, 2013 increased by 25% year-on-year to HK\$4,901 million. The increase in cost of sales was driven by the growth in revenue as well as a shift in the mix of revenues generated during the period.

### General and Administrative Expenses

During the period, operating costs before depreciation, amortization, and gain/(loss) on disposal of property, plant and equipment, net, increased by 13% year-on-year to HK\$2,331 million, largely due to business expansion plans, in particular the International business in Europe and Africa, and inflationary pressure on staff costs and rental expenses. Customer acquisition costs and capital expenditure increased in line with business growth and thus depreciation and amortization expenses increased by 5% year-on-year to HK\$2,399 million. As a result, general and administrative expenses increased by 9% year-on-year to HK\$4,720 million for the six months ended June 30, 2013.

### EBITDA<sup>1</sup>

Solid performance in the TSS business and continued growth in the Mobile business led to an overall EBITDA improvement in the first half of 2013. EBITDA increased by 3% year-on-year to HK\$3,839 million for the six months ended June 30, 2013.

### Finance Costs, Net

Net finance costs for the six months ended June 30, 2013 increased to HK\$458 million from HK\$411 million. The increase in net finance costs was due to the issue of US\$500 million 10-year guaranteed notes in March 2013 and a one-off, non-cash expense associated with the refinancing of banking facilities during the period.



## Income Tax

Current income tax expense for the six months ended June 30, 2013 was HK\$297 million as compared to HK\$298 million a year ago. During the period, a deferred income tax credit of HK\$458 million was recognized mainly due to a loss-making company turning profitable. As a result, the Group recorded a net income tax credit of HK\$161 million in the first half of 2013.

## Non-controlling Interests

Non-controlling interests of HK\$19 million (June 30, 2012: HK\$27 million) primarily represented the net profit attributable to the minority shareholders of the ZhongYing JV.

## Profit Attributable to Holders of Share Stapled Units/ Shares of the Company

Profit attributable to holders of Share Stapled Units/shares of the Company for the six months ended June 30, 2013 increased by 53% year-on-year to HK\$1,189 million (June 30, 2012: HK\$778 million).

## LIQUIDITY AND CAPITAL RESOURCES

The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholders' return and a sound capital position. Adjustments are made, when necessary, to maintain an optimal capital structure in light of changes in economic conditions and to reduce the cost of capital.

Taking advantage of the favorable market environment and historically low Treasury yields in the US in the first quarter of 2013, the Group raised US\$500 million through the issue of 10-year guaranteed notes at a coupon rate of 3.75% in March 2013 to refinance the US\$500 million 6% guaranteed notes due in July 2013. The Group's gross debt<sup>5</sup> was HK\$25,873 million as at June 30, 2013 (December 31, 2012: HK\$24,124 million). Cash and cash equivalents totaled HK\$3,414 million as at June 30, 2013 (December 31, 2012: HK\$2,401 million). The Group's net debt<sup>5</sup> was HK\$22,459 million as at June 30, 2013 (December 31, 2012: HK\$21,723 million).

As at June 30, 2013, the Group had ample liquidity as evidenced by committed bank loan facilities totaling HK\$17,676 million, of which HK\$7,403 million remained undrawn.

The Group's gross debt<sup>5</sup> to total assets was 38% as at June 30, 2013 (December 31, 2012: 36%).

## CREDIT RATINGS OF HONG KONG TELECOMMUNICATIONS (HKT) LIMITED

As at June 30, 2013, Hong Kong Telecommunications (HKT) Limited, an indirect wholly-owned subsidiary of the Company, had investment grade ratings with Moody's Investors Service (Baa2) and Standard & Poor's Ratings Services (BBB).

## CAPITAL EXPENDITURE<sup>6</sup>

Capital expenditure including capitalized interest for the six months ended June 30, 2013 was HK\$1,015 million (June 30, 2012: HK\$852 million). Capital expenditure remained at 9% of revenue for the six months ended June 30, 2013 and 9% of revenue for the six months ended June 30, 2012. Major outlays for the period were mainly in network expansion and enhancement to meet demand for high-speed broadband fiber services, mobile services and international networks.

Going forward, the Group will continue to invest in its delivery platforms and networks taking into account the prevailing market conditions, and using assessment criteria including internal rate of return, net present value and payback period.

## HEDGING

Market risk arises from foreign currency and interest rate exposures related to cash investments and borrowings. As a matter of policy, the Group continues to manage the market risk directly relating to its operations and financing and does not undertake any speculative derivative trading activities. The Finance and Management Committee, a sub-committee of the Executive Committee of the board of directors of the Company, determines appropriate risk management activities with the aim of prudently managing the market risk associated with transactions undertaken in the normal course of the Group's business. All treasury risk management activities are carried out in accordance with the policies and guidelines, approved by the Finance and Management Committee, which are reviewed on a regular basis.

More than three quarters of the Group's consolidated revenue and costs are denominated in Hong Kong dollars. For those operations with revenues denominated in foreign currencies, the related costs and expenses are usually denominated in the same foreign currencies and hence providing a natural hedge against each other. Therefore, the Group is not exposed to significant foreign currency fluctuation risk from operations.

As for financing, a majority portion of the Group's debt is denominated in United States dollars. Accordingly, the Group has entered into forward and swap contracts in order to manage its exposure to adverse fluctuations in foreign currency exchange rates and interest rates. These instruments are executed with creditworthy financial institutions. As at June 30, 2013, all cross currency interest rate swap contracts were designated as cash flow hedges and fair value hedges for the Group's foreign currency denominated short-term and long-term borrowings.

As a result, the Group's operational and financial risks are considered minimal.

**CHARGE ON ASSETS**

As at June 30, 2013, no assets of the Group (December 31, 2012: nil) were pledged to secure loans and banking facilities of the Group.

**CONTINGENT LIABILITIES**

HK\$ million	As at December 31, 2012 (Audited)	<b>As at June 30, 2013 (Unaudited)</b>
Performance guarantee	280	<b>301</b>
Others	63	<b>68</b>
	343	<b>369</b>

The Group is subject to certain corporate guarantee obligations to guarantee performance of its subsidiaries and fellow subsidiaries in the normal course of their businesses. The amount of liabilities arising from such obligations, if any, cannot be ascertained but the directors are of the opinion that any resulting liability would not materially affect the financial position of the Group.

**HUMAN RESOURCES**

As at June 30, 2013, the Group had approximately 15,900 employees (June 30, 2012: 14,900). About 60% of these employees work in Hong Kong and the others are based mainly in the PRC, the Philippines, Panama and the United States. The Group has established incentive bonus schemes designed to motivate and reward employees at all levels to achieve the Group's business performance targets. Payment of bonuses is generally based on achievement of EBITDA and free cash flow targets for the Group as a whole and for each of the individual business units.

**INTERIM DIVIDEND/DISTRIBUTION**

The board of directors of the Trustee-Manager has resolved to declare an interim distribution by the HKT Trust in respect of the Share Stapled Units, of 21 HK cents per Share Stapled Unit (after deduction of any operating expenses permissible under the trust deed dated November 7, 2011 constituting the HKT Trust (the "Trust Deed")), in respect of the six months ended June 30, 2013 (and in order to enable the HKT Trust to pay that distribution, the board of directors of the Company has resolved to declare an interim dividend in respect of the ordinary shares in the Company held by the Trustee-Manager, of 21 HK cents per ordinary share, in respect of the same period) to holders of the Share Stapled Units.

The board of directors of the Trustee-Manager has confirmed, in accordance with the Trust Deed, that (i) the auditors of the Group have performed limited assurance procedures in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants to review and verify the Trustee-Manager's calculation of the above distribution entitlement per Share Stapled Unit and (ii) having made all reasonable enquiries, immediately after making the above distribution to the registered unitholders of the HKT Trust, the Trustee-Manager will be able to fulfill, from the Trust Property (as defined in the Trust Deed), the liabilities of the HKT Trust as they fall due.

# CONSOLIDATED INCOME STATEMENT OF HKT TRUST AND OF HKT LIMITED

For the six months ended June 30, 2013

In HK\$ million (except for earnings per Share Stapled Unit/share of the Company)	Note(s)	2012 (Unaudited)	2013 (Unaudited)
Turnover	2	9,715	<b>11,071</b>
Cost of sales		(3,922)	<b>(4,901)</b>
General and administrative expenses		(4,336)	<b>(4,720)</b>
Other gains, net	3	10	<b>49</b>
Interest income		9	<b>20</b>
Finance costs		(420)	<b>(478)</b>
Share of results of joint ventures		(49)	<b>21</b>
Share of results of an associate		(13)	<b>(15)</b>
Profit before income tax	2, 4	994	<b>1,047</b>
Income tax	5	(189)	<b>161</b>
Profit for the period		805	<b>1,208</b>
Attributable to:			
Holders of Share Stapled Units/shares of the Company		778	<b>1,189</b>
Non-controlling interests		27	<b>19</b>
		805	<b>1,208</b>
Earnings per Share Stapled Unit/share of the Company			
Basic and diluted	7	12.13 cents	<b>18.54 cents</b>

The notes on pages 25 to 37 form an integral part of this unaudited condensed consolidated interim financial information. As explained in note 1, the unaudited condensed consolidated interim financial information of the HKT Trust and the unaudited condensed consolidated interim financial information of HKT Limited are presented together.

Details of distribution/dividend payable to holders of Share Stapled Units/shareholders attributable to the profit for the period are set out in note 6.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF HKT TRUST AND OF HKT LIMITED

For the six months ended June 30, 2013

In HK\$ million	2012 (Unaudited)	2013 (Unaudited)
Profit for the period	805	<b>1,208</b>
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	9	<b>(63)</b>
Available-for-sale financial assets:		
– changes in fair value	8	<b>(3)</b>
Cash flow hedges:		
– effective portion of changes in fair value	(14)	<b>(25)</b>
– transfer from equity to consolidated income statement	16	<b>(19)</b>
Other comprehensive income/(loss) for the period	19	<b>(110)</b>
Total comprehensive income for the period	824	<b>1,098</b>
Attributable to:		
Holders of Share Stapled Units/shares of the Company	797	<b>1,079</b>
Non-controlling interests	27	<b>19</b>
	824	<b>1,098</b>

The notes on pages 25 to 37 form an integral part of this unaudited condensed consolidated interim financial information. As explained in note 1, the unaudited condensed consolidated interim financial information of the HKT Trust and the unaudited condensed consolidated interim financial information of HKT Limited are presented together.

# CONSOLIDATED BALANCE SHEET OF HKT TRUST AND OF HKT LIMITED

As at June 30, 2013

In HK\$ million

	Note	As at December 31, 2012 (Audited)	As at June 30, 2013 (Unaudited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		14,227	14,133
Interests in leasehold land		303	297
Goodwill		36,026	36,018
Intangible assets		4,573	4,239
Interest in an associate		200	194
Interests in joint ventures		605	796
Available-for-sale financial assets		85	82
Financial assets at fair value through profit or loss		4	9
Derivative financial instruments		253	74
Deferred income tax assets		3	362
Other non-current assets		531	540
		56,810	56,744
<b>Current assets</b>			
Prepayments, deposits and other current assets		2,733	3,128
Inventories		971	862
Trade receivables, net	8	3,425	3,444
Amounts due from related companies		25	40
Derivative financial instruments		4	–
Financial assets at fair value through profit or loss		4	11
Cash and cash equivalents		2,401	3,414
		9,563	10,899
<b>Current liabilities</b>			
Short-term borrowings		8,462	3,879
Trade payables	9	1,966	2,010
Accruals and other payables		2,539	2,252
Derivative financial instruments		–	8
Carrier licence fee liabilities		200	253
Amounts due to related companies		135	249
Amounts due to fellow subsidiaries		672	829
Advances from customers		1,684	1,601
Current income tax liabilities		347	538
		16,005	11,619
<b>Net current liabilities</b>		(6,442)	(720)
<b>Total assets less current liabilities</b>		50,368	56,024

CONSOLIDATED BALANCE SHEET OF HKT TRUST AND OF HKT LIMITED (CONTINUED)

As at June 30, 2013

In HK\$ million	Note	As at December 31, 2012 (Audited)	As at June 30, 2013 (Unaudited)
<b>Non-current liabilities</b>			
Long-term borrowings	10	15,644	21,458
Derivative financial instruments		–	317
Deferred income tax liabilities		1,831	1,732
Deferred income		989	939
Carrier licence fee liabilities		736	712
Other long-term liabilities		51	51
		19,251	25,209
<b>Net assets</b>		31,117	30,815
<b>CAPITAL AND RESERVES</b>			
Share capital	11	6	6
Reserves		30,928	30,607
<b>Equity attributable to holders of Share Stapled Units/shares of the Company</b>		30,934	30,613
Non-controlling interests		183	202
<b>Total equity</b>		31,117	30,815

The notes on pages 25 to 37 form an integral part of this unaudited condensed consolidated interim financial information. As explained in note 1, the unaudited condensed consolidated interim financial information of the HKT Trust and the unaudited condensed consolidated interim financial information of HKT Limited are presented together.

# BALANCE SHEET OF HKT LIMITED

As at June 30, 2013

In HK\$ million

	As at December 31, 2012 (Audited)	As at June 30, 2013 (Unaudited)
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Investments in subsidiaries	20,004	20,004
	20,004	20,004
<b>Current assets</b>		
Prepayments, deposits and other current assets	1	1
Amount due from a subsidiary	7,481	7,494
Cash and cash equivalents	3	3
	7,485	7,498
<b>Current liabilities</b>		
Accruals and other payables	4	–
Amounts due to subsidiaries	92	93
Current income tax liabilities	7	10
	103	103
<b>Net current assets</b>	7,382	7,395
<b>Net assets</b>	27,386	27,399
<b>CAPITAL AND RESERVES</b>		
Share capital	6	6
Reserves	27,380	27,393
<b>Total equity</b>	27,386	27,399

The notes on pages 25 to 37 form an integral part of this unaudited condensed consolidated interim financial information of the Company.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF HKT TRUST AND OF HKT LIMITED

For the six months ended June 30, 2013

In HK\$ million

2012  
(Unaudited)

	Attributable to holders of Share Stapled Units/shares of the Company										Non-controlling interests	Total equity
	Share capital	Capital contribution reserve	Currency translation reserve	Merger reserve	Hedging reserve	Other reserve	Equity compensation reserve	Treasury stock	Retained profits	Total		
<b>At January 1, 2012</b>	6	26,466	366	(347)	212	(13)	–	–	4,066	30,756	177	30,933
<b>Total comprehensive income for the period</b>												
Profit for the period	–	–	–	–	–	–	–	–	778	778	27	805
Other comprehensive income/ (loss) items that may be reclassified subsequently to income statement:												
Exchange differences on translating foreign operations	–	–	9	–	–	–	–	–	–	9	–	9
Available-for-sale financial assets:												
– changes in fair value	–	–	–	–	–	8	–	–	–	8	–	8
Cash flow hedges:												
– effective portion of changes in fair value	–	–	–	–	(14)	–	–	–	–	(14)	–	(14)
– transfer from equity to income statement	–	–	–	–	16	–	–	–	–	16	–	16
	–	–	9	–	2	8	–	–	778	797	27	824
<b>Transactions with equity holders</b>												
Purchase of Share Stapled Units under the Share Stapled Units Award Schemes	–	–	–	–	–	–	–	(7)	–	(7)	–	(7)
Employee share-based compensation	–	–	–	–	–	–	1	–	–	1	–	1
Final Distribution/Dividend paid in respect of the previous year (note 6(b))	–	(216)	–	–	–	–	–	–	–	(216)	–	(216)
Dividend declared and paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	–	(37)	(37)
Increase in interests in subsidiaries	–	–	–	–	–	–	–	–	(2)	(2)	(3)	(5)
	–	(216)	–	–	–	–	1	(7)	(2)	(224)	(40)	(264)
<b>At June 30, 2012</b>	6	26,250	375	(347)	214	(5)	1	(7)	4,842	31,329	164	31,493



In HK\$ million

2013  
(Unaudited)

	Attributable to holders of Share Stapled Units/shares of the Company										Non-controlling interests	Total equity
	Share capital	Capital contribution reserve	Currency translation reserve	Merger reserve	Hedging reserve	Other reserve	Equity compensation reserve	Treasury stock	Retained profits	Total		
<b>At January 1, 2013</b>	6	26,250	464	(347)	177	-	4	(7)	4,387	30,934	183	31,117
<b>Total comprehensive income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	1,189	1,189	19	1,208
Other comprehensive loss that may be reclassified subsequently to income statement:												
Exchange differences on translating foreign operations	-	-	(63)	-	-	-	-	-	-	(63)	-	(63)
Available-for-sale financial assets:												
- changes in fair value	-	-	-	-	-	(3)	-	-	-	(3)	-	(3)
Cash flow hedges:												
- effective portion of changes in fair value	-	-	-	-	(25)	-	-	-	-	(25)	-	(25)
- transfer from equity to income statement	-	-	-	-	(19)	-	-	-	-	(19)	-	(19)
	-	-	(63)	-	(44)	(3)	-	-	1,189	1,079	19	1,098
<b>Transactions with equity holders</b>												
Purchase of Share Stapled Units under the Share Stapled Units Award Schemes	-	-	-	-	-	-	-	(20)	-	(20)	-	(20)
Employee share-based compensation	-	-	-	-	-	-	5	-	-	5	-	5
Vesting of Share Stapled Units under the Share Stapled Units Award Schemes	-	-	-	-	-	-	(3)	3	-	-	-	-
Final Distribution/Dividend paid in respect of the previous year (note 6(b))	-	-	-	-	-	-	-	-	(1,385)	(1,385)	-	(1,385)
	-	-	-	-	-	-	2	(17)	(1,385)	(1,400)	-	(1,400)
<b>At June 30, 2013</b>	6	26,250	401	(347)	133	(3)	6	(24)	4,191	30,613	202	30,815

The notes on pages 25 to 37 form an integral part of this unaudited condensed consolidated interim financial information. As explained in note 1, the unaudited condensed consolidated interim financial information of the HKT Trust and the unaudited condensed consolidated interim financial information of HKT Limited are presented together.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF HKT TRUST AND OF HKT LIMITED

For the six months ended June 30, 2013

In HK\$ million	Note	2012 (Unaudited)	2013 (Unaudited)
Net cash generated from operating activities		3,370	<b>3,403</b>
Net cash used in investing activities		(1,977)	<b>(2,146)</b>
Net cash used in financing activities		(1,575)	<b>(247)</b>
Net (decrease)/increase in cash and cash equivalents		(182)	<b>1,010</b>
Exchange differences		(14)	<b>3</b>
Cash and cash equivalents at January 1,		2,226	<b>2,401</b>
Cash and cash equivalents at June 30,		2,030	<b>3,414</b>
Analysis of the balance of cash and cash equivalents:			
Cash and bank balances		2,030	<b>3,414</b>
		2,030	<b>3,414</b>

The notes on pages 25 to 37 form an integral part of this unaudited condensed consolidated interim financial information. As explained in note 1, the unaudited condensed consolidated interim financial information of the HKT Trust and the unaudited condensed consolidated interim financial information of HKT Limited are presented together.

## 1 BASIS OF PREPARATION AND PRESENTATION

The HKT Trust (the “HKT Trust”) is constituted by a Hong Kong law governed trust deed and as supplemented, amended or substituted from time to time (the “Trust Deed”), entered into between HKT Management Limited (the “Trustee-Manager”, in its capacity as the trustee-manager of the HKT Trust) and HKT Limited. In accordance with the Trust Deed, the HKT Trust and HKT Limited are each required to prepare their own interim financial information on a consolidated basis. The HKT Trust unaudited condensed consolidated interim financial information for the period ended June 30, 2013 comprises the unaudited condensed consolidated interim financial information of the HKT Trust, HKT Limited (or the “Company”) and its subsidiaries (together the “Group”), and the Group’s interests in an associate and joint ventures. The HKT Limited unaudited condensed consolidated interim financial information for the period ended June 30, 2013 comprises the unaudited condensed financial information of HKT Limited and its subsidiaries (together the “HKT Limited Group”) and the HKT Limited Group’s interests in an associate and joint ventures, and the Company’s balance sheet.

The HKT Trust controls HKT Limited and the sole activity of the HKT Trust during the period ended June 30, 2013 was investing in HKT Limited. Therefore, the consolidated results and financial position that would be presented in the unaudited condensed consolidated interim financial information of the HKT Trust are identical to the consolidated financial results and financial position of HKT Limited with the only differences being disclosures of the capital of HKT Limited. Directors of the Trustee-Manager and of the Company believe therefore that it is clearer to present the unaudited condensed consolidated financial information of the HKT Trust and of the Company together. The unaudited condensed consolidated interim financial information of the HKT Trust and the unaudited condensed consolidated interim financial information of HKT Limited are presented together to the extent they are identical and are hereinafter referred as the “HKT Trust and HKT Limited unaudited condensed consolidated interim financial information”.

The Group and the HKT Limited Group are referred as the “Groups”.

The share stapled units (the “Share Stapled Units”) structure comprises: (a) a unit in the HKT Trust; (b) a beneficial interest in a specifically identified ordinary share in the Company, held by the Trustee-Manager as legal owner in its capacity as the trustee-manager of the HKT Trust, which is “linked” to the unit; and (c) a specifically identified preference share in the Company which is “stapled” to the unit. The Share Stapled Units, which are jointly issued by the HKT Trust and the Company, are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The HKT Trust and HKT Limited unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The HKT Trust and HKT Limited unaudited condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements of the HKT Trust and HKT Limited for the year ended December 31, 2012.

The HKT Trust and HKT Limited unaudited condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated. The HKT Trust and HKT Limited unaudited condensed consolidated interim financial information was approved for issue on August 5, 2013.

The HKT Trust and HKT Limited unaudited condensed consolidated interim financial information has been reviewed by the Audit Committee of the Trustee-Manager and of the Company and, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA, by the Groups’ independent auditor.

## 1 BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

The preparation of the HKT Trust and HKT Limited unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Groups make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing the HKT Trust and HKT Limited unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Groups' accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2012, with the exception of changes in estimates that are required in determining the useful lives of certain property, plant and equipment. During the six months ended June 30, 2013, the Groups performed a review to reassess the useful lives of certain exchange equipment and transmission plant of the Groups, based on the current expectations of the Groups' operational management and technological trends. The reassessment has resulted in changes in the estimated useful lives of these assets. The Groups consider this to be a change in accounting estimate and has therefore accounted for the change prospectively from January 1, 2013. As a result of this change in accounting estimate, the Groups' profit for the six months ended June 30, 2013 have increased by HK\$43 million and the net assets as at June 30, 2013 have increased by HK\$43 million.

The accounting policies, basis of presentation and methods of computation used in preparing the HKT Trust and HKT Limited unaudited condensed consolidated interim financial information are consistent with those followed in preparing the Groups' annual consolidated financial statements for the year ended December 31, 2012, except for the adoption of the following new, revised or amended Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations ("Ints") (collectively "new HKFRSs") which are effective for accounting periods beginning on or after January 1, 2013 as described below.

- Amendment to HKAS 1, 'Presentation of Financial Statements' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). Since the change in accounting standard only impacts on presentation aspects of the financial statements, there is no impact on earnings per share. The HKT Trust and HKT Limited unaudited condensed consolidated interim financial information has been prepared under the revised disclosure requirements.
- Amendment to HKFRS 7, 'Disclosures – Offsetting Financial Assets and Financial Liabilities', requires new disclosure requirements which focus on quantitative information about recognized financial instruments that are offset in the balance sheet, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The Groups will make additional relevant disclosures in their annual consolidated financial statements for the year ending December 31, 2013.
- HKFRS 12, 'Disclosures of Interests in Other Entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Groups will make additional relevant disclosures in their annual consolidated financial statements for the year ending December 31, 2013.
- HKFRS 13, 'Fair Value Measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned with other HKFRSs, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The Groups will make additional relevant disclosures in their annual consolidated financial statements for the year ending December 31, 2013 and has included the disclosures required by HKAS 34, 'Interim Financial Reporting' in note 16 of this unaudited condensed consolidated interim financial information.

## 1 BASIS OF PREPARATION AND PRESENTATION *(CONTINUED)*

The following new HKFRSs are mandatory for the first time for the financial year beginning January 1, 2013, but have no material effect on the Groups' results and financial position for the current and prior periods:

- HKAS 19 (2011), Employee Benefits.
- HKAS 27 (2011), Separate Financial Statements.
- HKAS 28 (2011), Investments in Associates and Joint Ventures.
- HKFRS 1 (Revised) (Amendment), Accounting for Government Loans.
- HKFRS 10, Consolidated Financial Statements.
- HKFRS 11, Joint Arrangements.
- HK(IFRIC) – Int 20, Stripping Costs in the Production Phase of a Surface Mine.
- Annual Improvements 2009-2011 Cycle published in June 2012 by HKICPA.

The Groups have not adopted any new HKFRSs that are not yet effective for the current accounting period.

## 2 SEGMENT INFORMATION

The chief operating decision-maker (the "CODM") is the Groups' senior executive management. The CODM reviews the Groups' internal reporting in order to assess performance and allocate resources and the segment information is reported below in accordance with this internal reporting.

The CODM considers the business from both geographic and product perspectives. From a product perspective, management assesses the performance of the following segments:

- Telecommunications Services ("TSS") is the leading provider of telecommunications products and services including local telephony, broadband access services, local and international data, international direct dial, sales of equipment, technical, maintenance and subcontracting services, and teleservices businesses.
- Mobile includes the Groups' mobile telecommunications businesses in Hong Kong.
- Other businesses of the Groups primarily comprise Unihub China Information Technology Company Limited, which provides network integration and related services to telecommunications operators in the PRC.

The CODM assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortization ("EBITDA"). EBITDA represents earnings before interest income, finance costs, income tax, depreciation of property, plant and equipment, amortization of land lease premium and intangible assets, gain/loss on disposal of property, plant and equipment and interests in leasehold land, net other gains/losses, losses on property, plant and equipment, restructuring costs, impairment losses on goodwill, tangible and intangible assets and interests in an associate and joint ventures and the Groups' share of results of an associate and joint ventures.

Segment revenue, expense and segment performance include transactions between segments. Inter-segment pricing is based on similar terms to those available to external parties for similar services. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated income statement.

For the six months ended June 30, 2013

**2 SEGMENT INFORMATION (CONTINUED)**

Information regarding the Groups' reportable segments as provided to the Groups' CODM is set out below:

In HK\$ million	For the six months ended June 30, 2012 (Unaudited)				
	TSS	Mobile	Other Businesses	Eliminations	Total
<b>REVENUE</b>					
External revenue	8,214	1,133	368	–	9,715
Inter-segment revenue	211	–	–	(211)	–
<b>Total revenue</b>	<b>8,425</b>	<b>1,133</b>	<b>368</b>	<b>(211)</b>	<b>9,715</b>
<b>RESULTS</b>					
EBITDA	3,467	342	(73)	–	3,736

In HK\$ million	For the six months ended June 30, 2013 (Unaudited)				
	TSS	Mobile	Other Businesses	Eliminations	Total
<b>REVENUE</b>					
External revenue	<b>9,393</b>	<b>1,360</b>	<b>318</b>	–	<b>11,071</b>
Inter-segment revenue	<b>237</b>	–	–	<b>(237)</b>	–
<b>Total revenue</b>	<b>9,630</b>	<b>1,360</b>	<b>318</b>	<b>(237)</b>	<b>11,071</b>
<b>RESULTS</b>					
EBITDA	<b>3,522</b>	<b>441</b>	<b>(124)</b>	–	<b>3,839</b>

A reconciliation of total segment EBITDA to profit before income tax is provided as follows:

In HK\$ million	Six months ended	
	June 30, 2012 (Unaudited)	June 30, 2013 (Unaudited)
Total segment EBITDA	3,736	<b>3,839</b>
Gain on disposal of property, plant and equipment, net	2	<b>10</b>
Depreciation and amortization	(2,281)	<b>(2,399)</b>
Other gains, net	10	<b>49</b>
Interest income	9	<b>20</b>
Finance costs	(420)	<b>(478)</b>
Share of results of joint ventures	(49)	<b>21</b>
Share of results of an associate	(13)	<b>(15)</b>
<b>Profit before income tax</b>	<b>994</b>	<b>1,047</b>

### 3 OTHER GAINS, NET

In HK\$ million	Six months ended	
	June 30, 2012 (Unaudited)	June 30, 2013 (Unaudited)
Net gain on cash flow hedging instruments transferred from equity	10	10
Net gain on fair value hedging instruments	–	17
Recovery of impairment loss on an interest in a joint venture	–	22
	10	49

### 4 PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging the following:

In HK\$ million	Six months ended	
	June 30, 2012 (Unaudited)	June 30, 2013 (Unaudited)
Cost of inventories sold	1,182	1,153
Cost of sales, excluding inventories sold	2,740	3,748
Depreciation of property, plant and equipment	1,103	1,037
Amortization of intangible assets	1,172	1,356
Amortization of land lease premium – interests in leasehold land	6	6
Finance costs on borrowings	386	448
Staff costs	836	960

### 5 INCOME TAX

In HK\$ million	Six months ended	
	June 30, 2012 (Unaudited)	June 30, 2013 (Unaudited)
Current income tax:		
Hong Kong profits tax	275	280
Overseas tax	23	17
Movement of deferred income tax	(109)	(458)
	189	(161)

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the period. Overseas tax has been calculated on the estimated assessable profits for the period at the rates prevailing in the respective jurisdictions.

For the six months ended June 30, 2013

## 6 DISTRIBUTIONS/DIVIDENDS

### a. Distribution/Dividend attributable to the interim period

In HK\$ million	Six months ended	
	June 30, 2012 (Unaudited)	June 30, 2013 (Unaudited)
Interim distribution/dividend declared after the interim period of 21 HK cents (2012: 20.06 HK cents) per Share Stapled Unit/ordinary share of the Company	1,287	1,348

At meetings held on August 5, 2013, the directors of the Trustee-Manager and the Company declared an interim distribution/dividend of 21 HK cents per Share Stapled Unit/ordinary share of the Company for the year ending December 31, 2013. This interim distribution/dividend is not reflected as a distribution/dividend payable in the HKT Trust and HKT Limited unaudited condensed consolidated interim financial information.

### b. Distribution/Dividend approved and paid during the interim period

In HK\$ million	Six months ended	
	June 30, 2012 (Unaudited)	June 30, 2013 (Unaudited)
Final distribution/dividend in respect of the previous financial year, approved and paid during the interim period of 21.58 HK cents (2012: 3.36 HK cents) per Share Stapled Unit/ordinary share of the Company	216	1,385

## 7 EARNINGS PER SHARE STAPLED UNIT/SHARE OF THE COMPANY

The calculations of basic and diluted earnings per Share Stapled Unit/share of the Company are based on the following data:

	Six months ended	
	June 30, 2012 (Unaudited)	June 30, 2013 (Unaudited)
<b>Earnings (in HK\$ million)</b>		
Earnings for the purposes of basic and diluted earnings per Share Stapled Unit/share of the Company	778	1,189
<b>Number of Share Stapled Units/shares of the Company</b>		
Weighted average number of Share Stapled Units/ordinary shares of the Company	6,416,730,792	6,416,730,792
Effect of Share Stapled Units purchased from the market under the Company's Share Stapled Units Award Schemes	(419,934)	(2,094,288)
Effect of Share Stapled Units vested under the Company's Share Stapled Units Award Schemes	–	239,063
Weighted average number of Share Stapled Units/ordinary shares of the Company for the purpose of basic earnings per Share Stapled Unit/share of the Company	6,416,310,858	6,414,875,567
Effect of Share Stapled Units awarded under the Company's Share Stapled Units Award Schemes	–	160,661
Weighted average number of Share Stapled Units/ordinary shares of the Company for the purpose of diluted earnings per Share Stapled Unit/share of the Company	6,416,310,858	6,415,036,228



## 8 TRADE RECEIVABLES, NET

An aging of trade receivables is set out below:

In HK\$ million	As at	
	December 31, 2012 (Audited)	June 30, 2013 (Unaudited)
0–30 days	1,768	<b>1,578</b>
31–60 days	422	<b>446</b>
61–90 days	278	<b>254</b>
91–120 days	113	<b>192</b>
Over 120 days	969	<b>1,110</b>
Less: Impairment loss for doubtful debts	(125)	<b>(136)</b>
	3,425	<b>3,444</b>

Included in trade receivables, net of the Groups was the amount due from related parties of HK\$129 million and HK\$41 million as at June 30, 2013 and December 31, 2012, respectively.

Trade receivables have a normal credit period ranging up to 30 days from the date of invoice unless there is a separate mutual agreement on extension of the credit period. The Groups maintain a well-defined credit policy and individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors who have overdue payables are requested to settle all outstanding balances before any further credit is granted.

## 9 TRADE PAYABLES

An aging of trade payables is set out below:

In HK\$ million	As at	
	December 31, 2012 (Audited)	June 30, 2013 (Unaudited)
0–30 days	604	<b>718</b>
31–60 days	273	<b>202</b>
61–90 days	75	<b>135</b>
91–120 days	84	<b>120</b>
Over 120 days	930	<b>835</b>
	1,966	<b>2,010</b>

Included in trade payables of the Groups was the amount due to related parties of HK\$80 million and HK\$63 million as at June 30, 2013 and December 31, 2012, respectively.

For the six months ended June 30, 2013

## 10 LONG-TERM BORROWINGS

On March 8, 2013, PCCW-HKT Capital No.5 Limited, an indirect wholly-owned subsidiary of the Company, issued US\$500 million 3.75% guaranteed notes due 2023, which are listed on the Singapore Exchange Securities Trading Limited. The notes are irrevocably and unconditionally guaranteed by two wholly owned subsidiaries of the Company, Hong Kong Telecommunications (HKT) Limited (“HKTL”) and HKT Group Holdings Limited (“HKTGH”), and rank pari passu with all other outstanding unsecured and unsubordinated obligations of HKTL and HKTGH. The carrying amount of the notes was HK\$3,466 million as at June 30, 2013.

## 11 EQUITY OF HKT LIMITED

	Number of shares (Unaudited)	Nominal value (Unaudited) HK\$
Authorized:		
Ordinary shares of HK\$0.0005 each	20,000,000,000	10,000,000
Preference shares of HK\$0.0005 each	20,000,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.0005 each Balances as at January 1, 2013 and June 30, 2013	6,416,730,792	3,208,365
Preference shares of HK\$0.0005 each Balances as at January 1, 2013 and June 30, 2013	6,416,730,792	3,208,365

Movements in reserves of the Company during the period ended June 30, 2013 are as follows:

In HK\$ million	Share premium (Unaudited)	The Company 2012 Retained profits (Unaudited)	Total (Unaudited)
At January 1, 2012	27,560	3	27,563
Total comprehensive income for the period	–	18	18
Distribution to equity owners	(216)	–	(216)
At June 30, 2012	27,344	21	27,365

In HK\$ million	Share premium (Unaudited)	The Company 2013 Retained profits (Unaudited)	Total (Unaudited)
At January 1, 2013	27,344	36	27,380
Total comprehensive income for the period	–	1,398	1,398
Distribution to equity owners	–	(1,385)	(1,385)
At June 30, 2013	27,344	49	27,393

## 12 SHARE AWARD SCHEMES OF PCCW AND SHARE STAPLED UNITS AWARD SCHEMES OF THE COMPANY

Pursuant to the share incentive award schemes of PCCW, namely the Purchase Scheme and the Subscription Scheme (collectively the “PCCW Share Award Schemes”) and the award schemes of the Company, namely the HKT Share Stapled Units Purchase Scheme and the HKT Share Stapled Units Subscription Scheme (collectively the “Share Stapled Units Award Schemes”), PCCW and the Company have awarded a number of shares of PCCW Limited (“PCCW Shares”) and Share Stapled Units, to eligible employees of the Company and/or its subsidiaries during the six months ended June 30, 2013.

A summary of movements in the PCCW Shares and the Share Stapled Units held under the PCCW Share Award Schemes and the Share Stapled Units Award Schemes during the six months ended June 30, 2013 are as follows:

	Number of PCCW Shares (Unaudited)	Number of Share Stapled Units (Unaudited)
As at January 1, 2012	–	–
Purchase from the market by the trustee at average market price of HK\$2.87 per PCCW Share/HK\$6.07 per Share Stapled Unit	2,215,122	1,158,000
As at June 30, 2012	2,215,122	1,158,000
	Number of PCCW Shares (Unaudited)	Number of Share Stapled Units (Unaudited)
As at January 1, 2013	<b>2,236,000</b>	<b>1,158,000</b>
Purchase from the market by the trustee at average market price of HK\$3.85 per PCCW Share/HK\$7.99 per Share Stapled Unit	<b>4,277,000</b>	<b>2,531,000</b>
PCCW Shares/Share Stapled Units vested	<b>(1,025,870)</b>	<b>(534,203)</b>
As at June 30, 2013	<b>5,487,130</b>	<b>3,154,797</b>

The average fair values of PCCW Shares and Share Stapled Units awarded during the six months ended June 30, 2013 at the dates of award are HK\$3.62 (2012: HK\$2.80) per PCCW Share and HK\$7.59 (2012: HK\$5.98) per Share Stapled Unit respectively, which are measured by the quoted market price of the PCCW Shares and Share Stapled Units at the respective award dates.

## 13 CAPITAL COMMITMENTS

In HK\$ million	As at	
	December 31, 2012 (Audited)	June 30, 2013 (Unaudited)
Authorized and contracted for	926	<b>923</b>
Authorized but not contracted for	739	<b>597</b>
	1,665	<b>1,520</b>

For the six months ended June 30, 2013

**14 CONTINGENT LIABILITIES**

In HK\$ million	As at	
	December 31, 2012 (Audited)	June 30, 2013 (Unaudited)
Performance guarantee	280	301
Others	63	68
	343	369

The Groups are subject to certain corporate guarantee obligations to guarantee performance of the Company's subsidiaries and fellow subsidiaries in the normal course of their businesses. The amount of liabilities arising from such obligations, if any, cannot be ascertained but the directors of the Company are of the opinion that any resulting liability would not materially affect the financial position of the Groups.

**15 RELATED PARTY TRANSACTIONS**

During the period, the Groups had the following significant transactions with related parties:

**a. Related party transactions**

In HK\$ million	Six months ended	
	June 30, 2012 (Unaudited)	June 30, 2013 (Unaudited)
Telecommunications service fees and systems integration charges received or receivable from a substantial shareholder of PCCW Limited ("PCCW")	57	58
Telecommunications service fees paid or payable to a substantial shareholder of PCCW	58	67
Telecommunications service fees and interest income received or receivable from joint ventures	27	16
Telecommunications service fees, outsourcing fees and rental charges paid or payable to a joint venture	115	164
Consultancy service charges and interest income received or receivable from an associate	–	12
Telecommunications service fees, IT and logistics charges, management fee and other costs recharge received or receivable from fellow subsidiaries	352	386
Telecommunications service fees, IT and logistics charges, system development and integration charges, consultancy fee, management fee and other costs recharge paid or payable to fellow subsidiaries	733	702
Rental and facilities management charges paid or payable to fellow subsidiaries	59	65
Key management compensation (Note b)	27	34

The above transactions were carried out after negotiations between the Groups and the related parties in the ordinary course of business and on the basis of estimated market value as determined by the directors. In respect of transactions for which the price or volume has not yet been agreed with the relevant related parties, the directors have determined the relevant amounts based on their best estimation.

## 15 RELATED PARTY TRANSACTIONS (CONTINUED)

### b. Details of key management compensation

In HK\$ million	Six months ended June 30, 2012 (Unaudited)	Six months ended June 30, 2013 (Unaudited)
Salaries, share-based compensation and other short-term employee benefits	26	33
Post-employment benefits	1	1
	27	34

## 16 FINANCIAL INSTRUMENTS

### a. Financial risk factors

Exposure to credit, liquidity, and market (including foreign currency, interest rate) risk arise in the normal course of the Groups' business. The Groups' are also exposed to equity price risk arising from its equity investments in other entities. Exposures to these risks are controlled by the Groups' financial management policies and practices.

The HKT Trust and HKT Limited unaudited condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the Groups' annual consolidated financial statements; they should be read in conjunction with the Groups' annual consolidated financial statements for the year ended December 31, 2012. There have been no changes in any financial management policies and practices since December 31, 2012.

### b. Estimation of fair values

The tables below analyze financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices that are observable either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for asset or liability that are not based on observable market data (level 3).

The following table presents the Groups' financial instruments that are measured at fair value at December 31, 2012:

In HK\$ million	As at December 31, 2012 (Audited)			Total
	Level 1	Level 2	Level 3	
Assets				
Available-for-sale financial assets				
– Listed equity securities	85	–	–	85
Derivative financial instruments	–	257	–	257
Financial assets at fair value through profit or loss	8	–	–	8
Total assets	93	257	–	350

For the six months ended June 30, 2013

**16 FINANCIAL INSTRUMENTS (CONTINUED)**
**b. Estimation of fair values (continued)**

The following table presents the Groups' financial instruments that are measured at fair value at June 30, 2013:

In HK\$ million	As at June 30, 2013 (Unaudited)			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Available-for-sale financial assets				
– Listed equity securities	82	–	–	82
Derivative financial instruments	–	74	–	74
Financial assets at fair value through profit or loss	20	–	–	20
<b>Total assets</b>	<b>102</b>	<b>74</b>	<b>–</b>	<b>176</b>
<b>Liabilities</b>				
Derivative financial instruments	–	325	–	325

The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Groups included in level 1 is the current bid price. Instruments included in level 1 comprise primarily available-for-sale financial assets listed on the Alternative Investment Market operated by London Stock Exchange plc and financial assets at fair value through profit or loss listed on the Stock Exchange.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques and making assumptions that are based on market conditions existing at the end of each reporting period. Instruments included in level 2 comprise cross currency swap contracts. In measuring the swap transactions, the fair value is the net present value of the estimated future cash flows discounted at the market quoted swap rates.

There were no transfers of financial assets and liabilities between fair value hierarchy classifications during the six months ended June 30, 2013.

**c. Groups' valuation process**

The Groups' finance department includes a team that performs the valuations of financial assets required for financial reporting purposes. Valuation results are reviewed by senior management semi-annually, in line with the Groups' reporting dates.

**d. Fair values of financial assets and liabilities measured at amortized cost**

All financial instruments are carried at amounts not materially different from their fair values as at June 30, 2013 except as follows, with fair value calculated by quoted prices:

In HK\$ million	As at December 31, 2012		As at June 30, 2013	
	Carrying amount (Audited)	Fair value (Audited)	Carrying amount (Unaudited)	Fair value (Unaudited)
Short-term borrowings	8,462	8,557	3,879	3,885
Long-term borrowings	15,644	16,090	21,458	21,839

## 17 TRANSACTIONS WITH NON-CONTROLLING INTEREST

In HK\$ million	Six months ended	
	June 30, 2012 (Unaudited)	June 30, 2013 (Unaudited)
Consideration paid to acquire non-controlling interests	5	–
Less: Carrying amount of non-controlling interests acquired	(3)	–
Excess of non-controlling interests acquired over consideration paid recognized within equity	2	–

There were no transactions with non-controlling interests for the six months ended June 30, 2013.

During the six months ended June 30, 2012, the Groups acquired an additional 30% and 15% of the issued shares of two subsidiaries of IP BPO Holdings Pte. Ltd., PCCW Teleservices (Philippines) Inc. and PCCW Teleservices (US), Inc. respectively, for an aggregate purchase consideration of approximately HK\$5 million. The aggregate carrying amount of the non-controlling interests in PCCW Teleservices (Philippines) Inc. and PCCW Teleservices (US), Inc. on the dates of acquisition was approximately HK\$3 million. The Groups recognized a decrease in equity attributable to the holders of Share Stapled Units/shares of the Company of approximately HK\$2 million.

# INCOME STATEMENT OF HKT MANAGEMENT LIMITED

For the six months ended June 30, 2013

In HK\$'000	Note	Six months ended June 30, 2012 (Unaudited)	Six months ended June 30, 2013 (Unaudited)
Management fee income		27	13
General and administrative expenses		(27)	(1)
Profit before income tax	2	–	12
Income tax	3	–	–
Profit for the period		–	12

The notes on pages 43 to 44 form an integral part of this unaudited condensed interim financial information.



# STATEMENT OF COMPREHENSIVE INCOME OF HKT MANAGEMENT LIMITED

For the six months ended June 30, 2013

In HK\$'000	Six months ended June 30, 2012 (Unaudited)	<b>Six months ended June 30, 2013 (Unaudited)</b>
Profit for the period	–	<b>12</b>
Other comprehensive income	–	–
Total comprehensive income for the period	–	<b>12</b>

The notes on pages 43 to 44 form an integral part of this unaudited condensed interim financial information.

# BALANCE SHEET OF HKT MANAGEMENT LIMITED

As at June 30, 2013

In HK\$'000	Note	As at December 31, 2012 (Audited)	As at June 30, 2013 (Unaudited)
<b>ASSETS AND LIABILITIES</b>			
<b>Current assets</b>			
Amounts due from a fellow subsidiary		26	<b>38</b>
		26	<b>38</b>
<b>Current liabilities</b>			
Accruals and other payables		39	<b>39</b>
		39	<b>39</b>
Net current liabilities		(13)	<b>(1)</b>
<b>Net liabilities</b>		(13)	<b>(1)</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	4	–	–
Deficit		(13)	<b>(1)</b>
<b>Total equity</b>		(13)	<b>(1)</b>

The notes on pages 43 to 44 form an integral part of this unaudited condensed interim financial information.

# STATEMENT OF CHANGES IN EQUITY OF HKT MANAGEMENT LIMITED

For the six months ended June 30, 2013

In HK\$'000

2012  
(Unaudited)

	Share capital	Deficit	Total
<b>As at January 1, 2012</b>	–	–	–
<b>Total comprehensive income for the period</b>			
Profit for the period	–	–	–
Other comprehensive income	–	–	–
	–	–	–
<b>Transactions with equity owner of the Company</b>	–	–	–
<b>As at June 30, 2012</b>	–	–	–

In HK\$'000

2013  
(Unaudited)

	Share capital	Deficit	Total
<b>As at January 1, 2013</b>	–	(13)	(13)
<b>Total comprehensive income for the period</b>			
Profit for the period	–	12	12
Other comprehensive income	–	–	–
	–	(1)	(1)
<b>Transactions with equity owner of the Company</b>	–	–	–
<b>As at June 30, 2013</b>	–	(1)	(1)

The notes on pages 43 to 44 form an integral part of this unaudited condensed interim financial information.

# CONDENSED STATEMENT OF CASH FLOWS OF HKT MANAGEMENT LIMITED

For the six months ended June 30, 2013

In HK\$'000	Six months ended June 30, 2012 (Unaudited)	Six months ended June 30, 2013 (Unaudited)
Net cash generated from operating activities	–	–
Net cash used in investing activities	–	–
Net cash used in financing activities	–	–
Net decrease in cash and cash equivalents	–	–
Cash and cash equivalents at January 1,	–	–
Cash and cash equivalents at June 30,	–	–

The notes on pages 43 to 44 form an integral part of this unaudited condensed interim financial information.

# NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION OF HKT MANAGEMENT LIMITED

For the six months ended June 30, 2013

## 1 BASIS OF PREPARATION

The unaudited condensed interim financial information of HKT Management Limited (the “Company”) has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This unaudited condensed interim financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2012.

This unaudited condensed interim financial information is presented in Hong Kong dollars, unless otherwise stated. This unaudited condensed interim financial information was approved for issue on August 5, 2013.

The unaudited condensed interim financial information has been reviewed by the Company’s Audit Committee and, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA, by the Company’s independent auditor.

The preparation of the unaudited condensed interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing this unaudited condensed interim financial information, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2012. The Company has no accounting estimates and judgements that would significantly affect its results and financial position.

The accounting policies and methods of computation used in preparing this unaudited condensed interim financial information are consistent with those followed in preparing the Company’s annual financial statements for the year ended December 31, 2012, except for the adoption of the following new, revised or amended Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (“Ints”) (collectively “new HKFRSs”) which are effective for accounting periods beginning on or after January 1, 2013.

The following new HKFRSs are mandatory for the first time for the financial year beginning January 1, 2013, but have no material effect on the Company’s results and financial position for the current and prior periods:

- HKAS 1 (Revised) (Amendment), Presentation of Financial Statements.
- HKFRS 1 (Revised) (Amendment), Accounting for Government Loans.
- HKFRS 7 (Amendment), Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities.
- HKFRS 10, Consolidated Financial Statements.
- HKFRS 10 (Amendment), Consolidated Financial Statements – Transition Disclosures.
- HKFRS 11, Joint Arrangements.
- HKFRS 11 (Amendment), Joint Arrangements – Transition Disclosures.
- HKFRS 12, Disclosure of Interests in Other Entities.
- HKFRS 12 (Amendment), Disclosures of Interests in Other Entities – Transition Disclosures.
- HKFRS 13, Fair Value Measurements.
- HKAS 19 (2011), Employee Benefits.
- HKAS 27 (2011), Separate Financial Statements.
- HKAS 28 (2011), Investments in Associates and Joint Ventures.
- HK(IFRIC) – Int 20, Stripping Costs in the Production Phase of a Surface Mine.
- Annual Improvements 2009-2011 Cycle published in June 2012 by HKIPCA.

The Company has not adopted any new HKFRSs that are not yet effective for the current accounting period.

For the six months ended June 30, 2013

## 2 PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging the following:

In HK\$'000	Six months ended June 30, 2012 (Unaudited)	Six months ended June 30, 2013 (Unaudited)
Auditor's remuneration	26	–
Professional and consultancy fees	1	1

## 3 INCOME TAX

No Hong Kong profits tax has been provided as the Company does not have any assessable profit during the period (2012: same).

## 4 SHARE CAPITAL

	2013	
	Number of shares (Unaudited)	Nominal value (Unaudited) HK\$
Authorized: Ordinary shares of HK\$1 each	10,000	10,000
Issued and fully paid: Ordinary shares of HK\$1 each	1	1

## 5 RELATED PARTY TRANSACTIONS

During the period, the Company had the following significant transaction with a related party:

In HK\$'000	Six months ended June 30, 2012 (Unaudited)	Six months ended June 30, 2013 (Unaudited)
Management fee refund from a fellow subsidiary	27	13

(a) This transaction was carried out after negotiations between the Company and the related party in the ordinary course of business and on the basis of estimated market value as determined by the directors.

(b) The directors' emoluments of the Company were borne by a fellow subsidiary of the Company for the period (2012: same).

## GENERAL INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARE STAPLED UNITS AND UNDERLYING SHARE STAPLED UNITS OF THE HKT TRUST AND THE COMPANY, AND SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at June 30, 2013, the directors of HKT Limited (the "Company") and the directors of HKT Management Limited (the "Trustee-Manager", in its capacity as the trustee-manager of the HKT Trust) (collectively referred to as the "Directors"), the chief executives of the Company and the Trustee-Manager (collectively referred to as the "Chief Executives") and their respective associates had the following interests and short positions in the share stapled units of the HKT Trust and the Company (the "Share Stapled Units") and underlying Share Stapled Units, and the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register(s) required to be kept under Section 352 of the SFO or as otherwise notified to the Company, the Trustee-Manager and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"):

#### 1. Interests in the HKT Trust and HKT Limited

The table below sets out the aggregate long positions in the Share Stapled Units held by the Directors and the Chief Executives:

Name of Director/Chief Executive	Number of Share Stapled Units held				Number of underlying Share Stapled Units held under equity derivatives	Total	Approximate percentage of issued Share Stapled Units
	Personal interests	Family interests	Corporate interests	Other interests			
Li Tzar Kai, Richard	–	–	177,552,046 (Note 1(a))	125,358,732 (Note 1(b))	–	302,910,778	4.72%
Alexander Anthony Arena	1,054,756	–	–	762,401 (Note 2)	–	1,817,157	0.03%
Hui Hon Hing, Susanna	–	–	–	330,374 (Note 2)	–	330,374	0.01%
Peter Anthony Allen	18,245	–	–	–	–	18,245	0.0003%
Chung Cho Yee, Mico	84,100	802 (Note 3)	–	–	–	84,902	0.001%
Professor Chang Hsin Kang	2,790	–	–	–	–	2,790	0.00004%

Each Share Stapled Unit confers an interest in:

- (a) one voting ordinary share of HK\$0.0005 in the Company; and
- (b) one voting preference share of HK\$0.0005 in the Company,

for the purposes of Part XV of the SFO, in addition to an interest in one unit in the HKT Trust.

Under the trust deed dated November 7, 2011 constituting the HKT Trust entered into between the Trustee-Manager and the Company as supplemented, amended or substituted from time to time (the "Trust Deed") and the Company's amended and restated articles of association, the number of ordinary shares and preference shares of the Company in issue must be the same at all times and must also, in each case, be equal to the number of units of the HKT Trust in issue; and each of them is equal to the number of Share Stapled Units in issue.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARE STAPLED UNITS AND UNDERLYING SHARE STAPLED UNITS OF THE HKT TRUST AND THE COMPANY, AND SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (CONTINUED)

### 1. Interests in the HKT Trust and HKT Limited (continued)

#### Notes:

1. (a) Of these Share Stapled Units, Pacific Century Diversified Limited ("PCD"), a wholly-owned subsidiary of Chiltonlink Limited ("Chiltonlink"), held 17,142,046 Share Stapled Units, Eisner Investments Limited ("Eisner") held 39,000,000 Share Stapled Units and ING Life Insurance Company (Bermuda) Limited ("ING") held 121,410,000 Share Stapled Units. Li Tzar Kai, Richard owned 100% of the issued share capital of Chiltonlink and Eisner; and indirectly owned 100% of the issued share capital of ING.
- (b) These interests represented:
  - (i) a deemed interest in 2,646,156 Share Stapled Units held by Yue Shun Limited ("Yue Shun"), a subsidiary of Hutchison Whampoa Limited ("HWL"). Cheung Kong (Holdings) Limited ("Cheung Kong") through certain subsidiaries held more than one-third of the issued share capital of HWL. Li Tzar Kai, Richard was a discretionary beneficiary of certain discretionary trusts which held units in unit trusts which in turn held interests in certain shares of Cheung Kong and HWL. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 2,646,156 Share Stapled Units held by Yue Shun;
  - (ii) a deemed interest in 11,152,220 Share Stapled Units held by Pacific Century Group Holdings Limited ("PCGH"). Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 11,152,220 Share Stapled Units held by PCGH;
  - (iii) a deemed interest in 111,548,140 Share Stapled Units held by Pacific Century Regional Developments Limited ("PCRD"), a company in which PCGH had, through itself and certain wholly-owned subsidiaries being Anglang Investments Limited, Pacific Century Group (Cayman Islands) Limited, Pacific Century International Limited and Borsington Limited, an aggregate of 75.98% interest. Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Li Tzar Kai, Richard was also deemed to be interested in 0.91% of the issued share capital of PCRD through Hopestar Holdings Limited, a company wholly-owned by Li Tzar Kai, Richard. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 111,548,140 Share Stapled Units held by PCRD; and
  - (iv) a deemed interest in 12,216 Share Stapled Units held by PineBridge Investments LLC ("PBI LLC") in the capacity of investment manager. PBI LLC was an indirect subsidiary of Chiltonlink and Li Tzar Kai, Richard owned 100% of the issued share capital of Chiltonlink. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 12,216 Share Stapled Units held by PBI LLC in the capacity of investment manager.
2. These interests represented awards made to these Directors which were subject to certain vesting conditions pursuant to an award scheme of the Company, namely the HKT Share Stapled Units Purchase Scheme, the details of which are set out in the section below headed "Share Stapled Units Award Schemes".
3. These Share Stapled Units were held by the spouse of Chung Cho Yee, Mico.

### 2. Interests in the Associated Corporations of the Company

#### A. PCCW Limited ("PCCW", being the holding company of the HKT Trust and the Company and therefore an associated corporation)

- (i) The table below sets out the aggregate long positions in the shares and underlying shares of PCCW held by the Directors and the Chief Executives:

Name of Director/Chief Executive	Number of ordinary shares of PCCW held				Number of underlying shares of PCCW held under equity derivatives	Total	Approximate percentage of issued share capital of PCCW
	Personal interests	Family interests	Corporate interests	Other interests			
Li Tzar Kai, Richard	–	–	271,666,824 (Note 1(a))	1,740,004,335 (Note 1(b))	–	2,011,671,159	27.66%
Alexander Anthony Arena (Note 4)	760,000	–	–	1,560,408 (Note 3)	6,400,200 (Note 2)	8,720,608	0.12%
Hui Hon Hing, Susanna	–	–	–	1,301,177 (Note 3)	–	1,301,177	0.02%
Peter Anthony Allen	253,200	–	–	–	2,000,000 (Note 5)	2,253,200	0.03%
Chung Cho Yee, Mico	1,176,260	18,455 (Note 6)	–	–	5,695,200 (Note 5)	6,889,915	0.09%
Professor Chang Hsin Kang	64,180	–	–	–	–	64,180	0.001%



## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARE STAPLED UNITS AND UNDERLYING SHARE STAPLED UNITS OF THE HKT TRUST AND THE COMPANY, AND SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

(CONTINUED)

### 2. Interests in the Associated Corporations of the Company (continued)

#### A. PCCW Limited ("PCCW", being the holding company of the HKT Trust and the Company and therefore an associated corporation) (continued)

(i) (continued)

**Notes:**

1. (a) Of these PCCW shares, PCD held 237,919,824 shares and Eisner held 33,747,000 shares.  
  
(b) These interests represented:
  - (i) a deemed interest in 36,726,857 shares of PCCW held by Yue Shun. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 36,726,857 shares of PCCW held by Yue Shun;
  - (ii) a deemed interest in 154,785,177 shares of PCCW held by PCGH. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 154,785,177 shares of PCCW held by PCGH;
  - (iii) a deemed interest in 1,548,211,301 shares of PCCW held by PCRD. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 1,548,211,301 shares of PCCW held by PCRD; and
  - (iv) a deemed interest in 281,000 shares of PCCW held by PBI LLC in the capacity of investment manager. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 281,000 shares of PCCW held by PBI LLC in the capacity of investment manager.
2. These interests represented Alexander Anthony Arena's beneficial interest in: (a) 200 underlying shares of PCCW held in the form of 20 American Depositary Receipts which constituted listed equity derivatives; and (b) 6,400,000 underlying shares of PCCW in respect of share options granted by PCCW to Alexander Anthony Arena as beneficial owner pursuant to a share option scheme of PCCW adopted on September 20, 1994, termination of which was approved by the shareholders of PCCW at its annual general meeting held on May 19, 2004 ("1994 PCCW Scheme"), the details of which are set out in paragraph 2A(ii) below.
3. These interests represented awards made to these Directors which were subject to certain vesting conditions pursuant to an award scheme of PCCW, namely the Purchase Scheme.
4. As disclosed previously in the prospectus dated November 16, 2011 jointly issued by the HKT Trust and the Company and the annual reports and interim reports of PCCW, in 2009 a private company owned by Li Tzar Kai, Richard has provided a seven year interest-free loan in the amount of US\$10,000,000 to Alexander Anthony Arena at his request and for personal reasons. Alexander Anthony Arena has entered into a seven year consultancy agreement with another private company owned by Li Tzar Kai, Richard with an annual consultancy fee sufficient to repay the aforementioned loan over its seven year term. This private arrangement was reviewed by the remuneration committee of PCCW prior to its finalization. The committee noted that the consultancy services provided to the private company would be publicly disclosed, would not conflict with Alexander Anthony Arena's duties at PCCW and overall would be in the interests of PCCW.
5. These interests represented the interests in underlying shares of PCCW in respect of share options granted by PCCW to these Directors as beneficial owners pursuant to the 1994 PCCW Scheme, the details of which are set out in paragraph 2A(ii) below.
6. These PCCW shares were held by the spouse of Chung Cho Yee, Mico.

(ii) The table below sets out the interests of the Directors and the Chief Executives in share options of PCCW which remain outstanding under the 1994 PCCW Scheme as at January 1, 2013 and June 30, 2013:

Name of Director/ Chief Executive	Date of grant (Note 1)	Vesting period (Note 1)	Exercise period (Note 1)	Exercise price HK\$	Number of options	
					Outstanding as at 01.01.2013	Outstanding as at 06.30.2013
Alexander Anthony Arena	07.25.2003	07.25.2004 to 07.25.2006	07.25.2004 to 07.23.2013	4.35	6,400,000	6,400,000 (Note 2)
Peter Anthony Allen	07.25.2003	07.25.2004 to 07.25.2006	07.25.2004 to 07.23.2013	4.35	2,000,000	2,000,000 (Note 2)
Chung Cho Yee, Mico	07.25.2003	07.25.2004 to 07.25.2006	07.25.2004 to 07.23.2013	4.35	5,695,200	5,695,200 (Note 2)

**Notes:**

1. All dates are shown month/day/year.
2. Subsequent to June 30, 2013, these share options lapsed on July 24, 2013.

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARE STAPLED UNITS AND UNDERLYING SHARE STAPLED UNITS OF THE HKT TRUST AND THE COMPANY, AND SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**  
(CONTINUED)

**2. Interests in the Associated Corporations of the Company** (continued)

**B. PCCW-HKT Capital No.2 Limited** (an indirect wholly-owned subsidiary of the Company and therefore an associated corporation)

PineBridge Investments Asia Limited ("PBIA") in the capacity of investment manager held US\$10,000,000 of 6% guaranteed notes due 2013 (the "2013 Notes") issued by PCCW-HKT Capital No.2 Limited. PBIA was an indirect subsidiary of Chiltonlink and Li Tzar Kai, Richard owned 100% of the issued share capital of Chiltonlink. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the amount of US\$10,000,000 of the 2013 Notes held by PBIA in the capacity of investment manager. Subsequent to June 30, 2013, the 2013 Notes were matured on July 15, 2013.

**C. Pacific Century Premium Developments Limited ("PCPD", an indirect subsidiary of PCCW and therefore an associated corporation)**

The table below sets out the long position in the shares and underlying shares of PCPD held by a Director:

Name of Director	Number of ordinary shares of PCPD held				Number of underlying shares of PCPD held under equity derivatives	Total	Approximate percentage of issued share capital of PCPD
	Personal interests	Family interests	Corporate interests	Other interests			
Chung Cho Yee, Mico	–	–	–	–	5,000,000	5,000,000	1.26%

The above interests represented the interests in underlying shares in respect of share options granted by PCPD to the Director as beneficial owner pursuant to a share option scheme of PCPD adopted on March 17, 2003, the termination of which was approved by the shareholders of PCPD at its annual general meeting held on May 13, 2005 ("2003 PCPD Scheme"). Details of the PCPD's share options outstanding under the 2003 PCPD Scheme as at January 1, 2013 and June 30, 2013 are as follows:

Name of Director	Date of grant (Note)	Vesting period (Note)	Exercise period (Note)	Exercise price HK\$	Number of options	
					Outstanding as at 01.01.2013	Outstanding as at 06.30.2013
Chung Cho Yee, Mico	12.20.2004	Fully vested on 12.20.2004	12.20.2004 to 12.19.2014	2.375	5,000,000	5,000,000

**Note:** All dates are shown month/day/year.

As at June 30, 2013, the total number of shares of PCPD that might be issued upon exercise of all the share options granted and yet to be exercised under the 2003 PCPD Scheme was 5,000,000 shares, which represented approximately 1.26% of the issued share capital of PCPD as at that date.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARE STAPLED UNITS AND UNDERLYING SHARE STAPLED UNITS OF THE HKT TRUST AND THE COMPANY, AND SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

*(CONTINUED)*

### **2. Interests in the Associated Corporations of the Company** *(continued)*

#### **D. PCCW-HKT Capital No.4 Limited (an indirect wholly-owned subsidiary of the Company and therefore an associated corporation)**

ING, a company indirectly wholly-owned by Li Tzar Kai, Richard, held US\$9,000,000 of 4.25% guaranteed notes due 2016 issued by PCCW-HKT Capital No.4 Limited.

Save as disclosed in the foregoing, as at June 30, 2013, none of the Directors or the Chief Executives or their respective associates had any interests or short positions in any Share Stapled Units or underlying Share Stapled Units or in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register(s) required to be kept under Section 352 of the SFO or as otherwise notified to the Company, the Trustee-Manager and the Stock Exchange pursuant to the Model Code of the Listing Rules.

### **SHARE STAPLED UNITS OPTION SCHEME**

The HKT Trust and the Company conditionally adopted on November 7, 2011 (the "Adoption Date") a Share Stapled Units option scheme (the "2011-2021 Option Scheme") which became effective upon listing of the Share Stapled Units, under which the board of directors of the Trustee-Manager (the "Trustee-Manager Board") and the board of directors of the Company (the "Company Board") may, at their discretion, grant Share Stapled Unit options to the eligible participants to subscribe for such number of Share Stapled Units as the Trustee-Manager Board and the Company Board may determine at a subscription price on and subject to the terms and conditions stipulated therein.

No Share Stapled Unit options have been granted under the 2011-2021 Option Scheme since the Adoption Date and up to and including June 30, 2013.

### **SHARE STAPLED UNITS AWARD SCHEMES**

On October 11, 2011, the Company conditionally adopted two award schemes pursuant to which awards of Share Stapled Units may be made, namely the HKT Share Stapled Units Purchase Scheme and the HKT Share Stapled Units Subscription Scheme (collectively the "Share Stapled Units Award Schemes"). The Share Stapled Units Award Schemes are on similar terms and were conditionally adopted by the Company and became effective upon listing of the Share Stapled Units as a potential means to incentivize and reward the eligible participants.

Subject to the rules of the Share Stapled Units Award Schemes, each scheme provides that following the making of an award to an employee of the Company and its subsidiaries (collectively the "HKT Limited Group"), the relevant Share Stapled Units are held in trust for that employee and then shall vest over a period of time provided that the employee remains, at all times after the award date and on the relevant vesting date, an employee of the HKT Limited Group and satisfies any other conditions specified at the time the award is made, notwithstanding that the relevant committee of the Company Board shall be at liberty to waive such condition.

During the six months ended June 30, 2013, an aggregate of 2,387,498 Share Stapled Units were granted subject to certain vesting conditions, pursuant to the HKT Share Stapled Units Purchase Scheme, including awards in respect of 762,401 and 330,374 Share Stapled Units made respectively to Alexander Anthony Arena and Hui Hon Hing, Susanna, who are directors of the Company and the Trustee-Manager. Additionally, 8,193 Share Stapled Units have lapsed and/or been forfeited. As at June 30, 2013, 2,985,367 Share Stapled Units granted pursuant to the HKT Share Stapled Units Purchase Scheme remain unvested. No Share Stapled Units have been granted under the HKT Share Stapled Units Subscription Scheme since the date of its adoption and up to and including June 30, 2013. Please also refer to the summary of movements in the Share Stapled Units held under the above schemes which are set out in note 12 to the HKT Trust and HKT Limited unaudited condensed consolidated interim financial information.

**SHARE STAPLED UNITS AWARD SCHEMES (CONTINUED)**

Save as disclosed above, at no time during the period under review was the Trustee-Manager, the Company or any of their subsidiaries, holding companies or fellow subsidiaries a party to any arrangement that may enable the Directors to acquire benefits by means of the acquisition of Share Stapled Units in the HKT Trust and the Company, or shares in, or debentures of, the Company or any other body corporate and none of the Directors or the Chief Executives or their spouses or children under 18 years of age had any right to subscribe for equity or debt securities of the HKT Trust and/or the Company or any of its associated corporations or had exercised any such right during the period under review.

**INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL HOLDERS OF SHARE STAPLED UNITS**

As at June 30, 2013, the following persons (other than any Directors or Chief Executives) were substantial holders of Share Stapled Units, and of ordinary shares and preference shares in the Company, and had interests or short positions in the Share Stapled Units and underlying Share Stapled Units, and shares and underlying shares of the Company as recorded in the register(s) required to be kept under Section 336 of the SFO:

Name	Capacity	Number of Share Stapled Units held	Approximate percentage of issued Share Stapled Units	Note
PCCW	Interest in controlled entity	4,047,215,832	63.07%	1
CAS Holding No. 1 Limited	Beneficial interest	4,047,215,832	63.07%	
The Capital Group Companies, Inc.	Interest in controlled entities	511,640,000	7.97%	2

Each Share Stapled Unit confers an interest in:

- (a) one voting ordinary share of HK\$0.0005 in the Company; and
- (b) one voting preference share of HK\$0.0005 in the Company,

for the purposes of Part XV of the SFO, in addition to an interest in one unit in the HKT Trust.

Under the Trust Deed and the Company's amended and restated articles of association, the number of ordinary shares and preference shares of the Company in issue must be the same at all times and must also, in each case, be equal to the number of units of the HKT Trust in issue; and each of them is equal to the number of Share Stapled Units in issue.

**Notes:**

The Trustee-Manager held all of the issued ordinary shares of the Company in its capacity as trustee and manager of the HKT Trust, upon and subject to the terms and conditions of the Trust Deed.

1. PCCW indirectly held these interests through its direct wholly-owned subsidiary, CAS Holding No. 1 Limited.
2. The Capital Group Companies, Inc. indirectly held these interests through its direct/indirect wholly-owned subsidiaries, based on the information that was publicly available to the Company.

Save as disclosed above in this section, the Company and the Trustee-Manager have not been notified of any other persons (other than any Directors or Chief Executives) who had an interest or a short position in the Share Stapled Units or underlying Share Stapled Units, or in the shares, underlying shares or debentures of the Company as recorded in the register(s) required to be kept pursuant to Section 336 of the SFO as at June 30, 2013.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Under the Trust Deed and for so long as the Trust Deed remains in effect, the Share Stapled Units cannot be repurchased or redeemed by the HKT Trust and the Company unless and until specific regulations which expressly permit repurchase or redemption are introduced by the Securities and Futures Commission. Therefore, the holders of Share Stapled Units have no right to request the Trustee-Manager to repurchase or redeem their Share Stapled Units, and the HKT Trust and the Company are not allowed to repurchase their own Share Stapled Units.

During the six months ended June 30, 2013, none of the HKT Trust (including the Trustee-Manager), the Company or the Company's subsidiaries purchased, sold or redeemed any Share Stapled Units.

## **AUDIT COMMITTEE**

The Trustee-Manager's Audit Committee and the Company's Audit Committee have reviewed the accounting policies adopted by the HKT Trust and the Company together with the Company's subsidiaries; and the Trustee-Manager, the unaudited condensed consolidated interim financial information of the HKT Trust and HKT Limited for the six months ended June 30, 2013 and the unaudited condensed interim financial information of the Trustee-Manager for the same period. Such financial information of the HKT Trust and HKT Limited and of the Trustee-Manager has not been audited but has been reviewed by the independent auditor of the Trustee-Manager and the Company.

## **MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES**

The HKT Trust and the Company have adopted the standard required by the Model Code as set out in Appendix 10 to the Listing Rules and established their own code of conduct regarding securities transactions by directors, senior management and relevant employees as defined in the HKT Trust and HKT Limited Code of Conduct for Securities Transactions by Directors, Senior Management and Nominated Persons (the "HKT Code") in terms no less exacting than the required standard indicated by the Model Code.

Having made specific inquiries of all the Directors, confirmations have been received of compliance with the required standard set out in the Model Code and the HKT Code during the accounting period covered by this interim report.

## **CORPORATE GOVERNANCE CODE**

The HKT Trust, the Trustee-Manager and the Company are committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that their affairs are conducted in accordance with applicable laws and regulations.

The HKT Trust and the Company have applied the principles and complied with all relevant code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules during the six months ended June 30, 2013. The requirement to establish a separate Remuneration Committee with written terms of reference for the Trustee-Manager under the Code Provision B.1.2 of the CG Code is not relevant to the Trustee-Manager as its directors are not entitled to any remuneration under the Trust Deed, and therefore has not been complied with. In addition, given the unique circumstances of the HKT Trust i.e., the fact that the Trust Deed requires that the directors of the Company and the directors of the Trustee-Manager must always be the same individuals, the establishment of a separate Nomination Committee for the Trustee-Manager as required by Code Provision A.5.1 of the CG Code is not relevant to the Trustee-Manager, and therefore has not been complied with.

# CORPORATE INFORMATION

## HKT LIMITED

(incorporated in the Cayman Islands with limited liability)

### BOARD OF DIRECTORS

Executive Directors:

Li Tzar Kai, Richard (*Executive Chairman*)  
Alexander Anthony Arena (*Group Managing Director*)  
Hui Hon Hing, Susanna (*Group Chief Financial Officer*)

Non-Executive Directors:

Peter Anthony Allen  
Chung Cho Yee, Mico  
Lu Yimin  
Li Fushen

Independent Non-Executive Directors:

Professor Chang Hsin Kang, FREng, GBS, JP  
Sir Rogerio (Roger) Hyndman Lobo, CBE, LLD, JP  
The Hon Raymond George Hardenbergh Seitz  
Sunil Varma

### GROUP GENERAL COUNSEL AND COMPANY SECRETARY

Philana WY Poon

### REGISTERED OFFICE

PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

39th Floor, PCCW Tower  
TaiKoo Place, 979 King's Road  
Quarry Bay, Hong Kong

### INTERIM REPORT 2013

This Interim Report 2013 in both English and Chinese is now available in printed form from HKT Limited, HKT Management Limited and the Share Stapled Units Registrar, and in accessible format on the websites of HKT Limited ([www.hkt.com/ir](http://www.hkt.com/ir)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

Holders of share stapled units who:

- A) received the Interim Report 2013 using electronic means through the website of HKT Limited may request a printed copy, or
- B) received the Interim Report 2013 in either English or Chinese may request a printed copy of the other language version

by writing or sending email to HKT Limited and/or HKT Management Limited c/o the Share Stapled Units Registrar at:

Computershare Hong Kong Investor Services Limited  
Investor Communications Centre  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong  
Telephone: +852 2862 8688  
Fax: +852 2865 0990  
Email: [hkt@computershare.com.hk](mailto:hkt@computershare.com.hk)

Holders of share stapled units who have chosen (or are deemed to have agreed) to receive the corporate communications of the HKT Trust, HKT Limited and HKT Management Limited (including but not limited to the Interim Report 2013) using electronic means through the website of HKT Limited and who, for any reason, have difficulty in receiving or gaining access to the Interim Report 2013 will promptly, upon request in writing or by email to the Share Stapled Units Registrar, be sent the Interim Report 2013 in printed form, free of charge.

Holders of share stapled units may change their choice of language and/or means of receipt of future corporate communications of the HKT Trust, HKT Limited and HKT Management Limited at any time, free of charge, by reasonable prior notice in writing or by email to the Share Stapled Units Registrar.

### LISTING

The share stapled units of the HKT Trust and HKT Limited are listed on The Stock Exchange of Hong Kong Limited.

### STOCK CODES

The Stock Exchange of Hong Kong Limited  
Reuters  
Bloomberg

6823  
6823.HK  
6823 HK

## HKT MANAGEMENT LIMITED

(incorporated in Hong Kong with limited liability)

### (THE TRUSTEE-MANAGER OF THE HKT TRUST)

### BOARD OF DIRECTORS

Executive Directors:

Li Tzar Kai, Richard (*Executive Chairman*)  
Alexander Anthony Arena (*Group Managing Director*)  
Hui Hon Hing, Susanna (*Group Chief Financial Officer*)

Non-Executive Directors:

Peter Anthony Allen  
Chung Cho Yee, Mico  
Lu Yimin  
Li Fushen

Independent Non-Executive Directors:

Professor Chang Hsin Kang, FREng, GBS, JP  
Sir Rogerio (Roger) Hyndman Lobo, CBE, LLD, JP  
The Hon Raymond George Hardenbergh Seitz  
Sunil Varma

### GROUP GENERAL COUNSEL AND COMPANY SECRETARY

Philana WY Poon

### REGISTERED OFFICE

39th Floor, PCCW Tower  
TaiKoo Place, 979 King's Road  
Quarry Bay, Hong Kong

### PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall, Cricket Square  
Grand Cayman, KY1-1102  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong  
Telephone: +852 2862 8555  
Fax: +852 2865 0990  
Email: [hkinfo@computershare.com.hk](mailto:hkinfo@computershare.com.hk)

### SHARE STAPLED UNITS REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong  
Telephone: +852 2862 8555  
Fax: +852 2865 0990  
Email: [hkinfo@computershare.com.hk](mailto:hkinfo@computershare.com.hk)

### SHARE STAPLED UNITS INFORMATION

Board lot: 1,000 units  
Issued units as at June 30, 2013: 6,416,730,792 units

### DIVIDEND/DISTRIBUTION

Interim dividend/distribution per ordinary share/share stapled unit for the six months ended June 30, 2013: 21 HK cents

### FINANCIAL CALENDAR

Announcement of 2013 Interim Results August 5, 2013

Closure of books September 12-13, 2013  
(both days inclusive)

Record date for 2013 interim distribution September 13, 2013

Payment of 2013 interim distribution on or around September 26, 2013

Announcement of 2013 Annual Results February 2014

### INVESTOR RELATIONS

For more information, please contact Investor Relations at:  
Telephone: +852 2514 5084  
Email: [ir@hkt.com](mailto:ir@hkt.com)

### WEBSITE OF HKT LIMITED

[www.hkt.com](http://www.hkt.com)



**HKT Trust** (A trust constituted on November 7, 2011 under the laws of Hong Kong and managed by HKT Management Limited)  
and  
**HKT Limited** (Incorporated in the Cayman Islands with limited liability)

Principal Place of Business in Hong Kong:  
39/F, PCCW Tower, TaiKoo Place, 979 King's Road, Quarry Bay, Hong Kong  
T: +852 2888 2888 F: +852 2877 8877 [www.hkt.com](http://www.hkt.com)

The Share Stapled Units are listed on The Stock Exchange of Hong Kong Limited (SEHK: 6823).

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