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HKT Trust

(a trust constituted on 7 November 2011 under the laws of Hong Kong and managed by HKT Management Limited)

and

HKT Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6823)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The directors of HKT Management Limited (in its capacity as the trustee-manager of the HKT Trust) (the “Trustee-Manager”) and HKT Limited (the “Company” or “HKT”) are pleased to announce the audited consolidated results of the HKT Trust and of the Company together with the Company’s subsidiaries (collectively the “Group”) for the year ended 31 December 2024.

- Consolidated market leadership in broadband, with FTTH connections reaching 1.04 million; upgraded 2.5G/5G/10G/50G plans offered to consumers and recently launched an 800G AI Superhighway service targeting data centre, cloud and AI service providers;
- Accelerated 5G upgrades by our mobile customers, with 5G customer base increasing by 25% to 1.747 million, and higher roaming revenue contributing to 5% growth in Mobile services revenue;
- Enterprise business continued to scale, achieving a revenue increase of 8% and securing new project wins of over HK\$5 billion in 2024, an expansion of 11%;
- Total revenue increased by 1% to HK\$34,753 million; total revenue excluding Mobile product sales rose by 2% to HK\$32,031 million;
- Total EBITDA grew by 3% to HK\$13,743 million, fuelled by efficiency improvements including the deployment of various AI applications across the Group;
- Adjusted funds flow also advanced by 3% to HK\$5,973 million;
- Profit attributable to holders of Share Stapled Units increased by 2% to HK\$5,070 million; basic earnings per Share Stapled Unit was 66.92 HK cents; and
- Final distribution per Share Stapled Unit of 45.88 HK cents, resulting in a total distribution of 78.80 HK cents representing the full payout of the adjusted funds flow per Share Stapled Unit for the year.

LETTER TO HOLDERS OF SHARE STAPLED UNITS

Dear Holders of Share Stapled Units,

In these uncertain times, we at HKT have remained steadfast in executing our strategic priorities of delivering high-quality, reliable and innovative services to customers, furthering our transformation into a dynamic technology solutions provider and fortifying our financial position. 2024 was a solid year for HKT in terms of performance, with all of our main business lines experiencing growth. Total revenue excluding Mobile product sales grew by over 2% to HK\$32,031 million, EBITDA expanded by 3% to HK\$13,743 million and adjusted funds flow (“AFF”) increased by 3% to HK\$5,973 million. With our successful deleveraging towards the end of last year, HKT’s net-debt-to-EBITDA ratio improved to 2.9x, enabling us to navigate rapidly shifting economic and industry conditions with confidence and supporting further AFF growth in 2025.

HKT’s digital superhighway

Central to our competitive edge is the integrated high-speed network infrastructure that we have built. We continue to invest in and upgrade this infrastructure so that consumers can enjoy the latest services and enterprises can deploy the most advanced technologies. We have now enhanced the speed of our fibre-to-the-home (“FTTH”) PON service to 50G and are offering up to 400G Carrier Ethernet service to businesses. We also recently launched an 800G AI Superhighway service specifically designed for data centres, cloud and artificial intelligence (“AI”) service providers.

Empowering the public sector and enterprises in their digital transformation

The rapid adoption of digital services and technological advancements are expediting the transformation of public service providers and businesses across all industries. As a long-term trusted partner and with our unique fixed-mobile convergence capabilities, HKT is supporting many of these organisations on their digital transition journeys, utilising the latest technologies such as 5G, Internet of Things (“IoT”), AI, cloud and cybersecurity. During the year, we deployed a next-generation contact centre leveraging AI for a public service provider to improve efficiency and bolster service levels. We also helped businesses in the utility, construction and retail sectors adopt IoT applications to strengthen the monitoring and safety of workers, as well as the quality of products they offer. In addition, we have been assisting small and medium-sized enterprises (“SME”) and businesses in the food and beverage (“F&B”) sector by providing affordable integrated cloud solutions such as payment, online booking and membership solutions to overcome the subdued spending environment in Hong Kong.

In the healthcare sector, we have upgraded the network infrastructure for numerous healthcare organisations, including 18 public and private hospitals. On the back of these modernised networks, we are now supporting them in their deployment of a wide range of industry-leading smart applications that improve the quality of patient care and safety while boosting workflow automation and productivity. As a testament to our leadership in this sector, we have won projects with a total contract value of HK\$1.5 billion since 2023 and with more projects in the pipeline.

To further accelerate growth, we have been expanding our enterprise business beyond Hong Kong into mainland China. This segment serves both mainland Chinese enterprises seeking to scale up domestically and internationally, and Hong Kong-based and international enterprises growing their presence in the mainland China market. The business successfully achieved its target of HK\$1 billion in revenue for 2024, growing at 37%, and is well positioned to maintain this upward trajectory.

Having secured new project wins with a total value of over HK\$5 billion during 2024, an increase of 11% year-on-year, the HKT Enterprise Solutions business will remain a key growth driver for HKT in the future.

LETTER TO HOLDERS OF SHARE STAPLED UNITS (Continued)

Elevating the consumer experience

Consumers are increasingly seeking a single provider that can cater for their connectivity needs both at home and on the go delivering a seamless experience that enables access to digital services from anywhere. HKT is the only service provider in Hong Kong that can offer widespread, converged connectivity.

In terms of our wireless service, more than half of our mobile post-paid base has now upgraded to 5G technology, reaching 1.747 million by the end of December 2024, an increase of 25%. Our wireless customers benefit from the leading 5G network in Hong Kong, which we are progressively upgrading to the 5G Advanced standard, and which, with 5G standalone capabilities, allows us to support large-scale mega events as well as location-based applications.

On the fibre front, we enhanced our service offerings with the introduction of 2.5G, 5G, 10G as well as 50G plans. These services are available to around 90% of households in Hong Kong, and when paired with the latest Wi-Fi 7 routers, enable our customers to experience best-in-class connectivity at home. Our FTTH connections now total 1.04 million, representing 71% of our consumer broadband base as at the end of December 2024. We were also the first network provider in Hong Kong to meet the F5G-A standard, which ensures a seamless transition from our 5G mobile network to our broadband network at home or indoors.

With the increasing popularity of video streaming services, we witnessed a strong take-up of our Now OTT service, which grew by 15% as customers signed up to the platform to enjoy the breadth of its comprehensive content portfolio, ranging from live sports to dramas, documentaries and children programmes.

A core focus for our team has been to increase the number of customers using multiple services on the HKT platform. To promote these services to existing customers, we launched initiatives such as 1010 HOME to cross-sell our fibre services to our mobile customers, allowing them to enjoy a premium service for all their connectivity needs.

Personalised digital services offering

To further enrich the long-term relationship that we have cultivated with our customers, HKT is continually broadening its range of value-added digital services. Through The Club, which now has over 4 million registered members, these services are offered on a personalised basis and include exclusive online shopping promotions and bespoke financial services from leading financial institutions. We also reward members with an array of unique travel options and have formed a rewards alliance with several international telecom companies, allowing our members to enjoy exclusive benefits while travelling. We are seeing good traction with our members, with spending increasing by 4% during the year.

The Club's expanding digital ecosystem should help to strengthen our relationship with customers and create a spending flywheel as our understanding of customer needs and preferences deepens.

LETTER TO HOLDERS OF SHARE STAPLED UNITS (Continued)

Embracing AI applications

In addition to supporting our enterprise customers on their digital journey, HKT is leveraging the power of AI technology to become an AI-enabled organisation. The automation facilitated by AI is allowing HKT to scale more quickly, improve productivity and enhance customer satisfaction.

We have already had tremendous success in areas such as customer service, resulting in reduced handling time for our customer service centres and faster resolution of customer enquiries. We will continue to deploy AI applications across our organisation to better serve our customers and optimise the efficiency of our operations.

Supporting Hong Kong

At HKT, we are mindful of the important role that the company plays in the Hong Kong community. Through the provision and continuous enhancement of our industry-leading services, we are helping safeguard Hong Kong's reputation as an exceptional place to live and conduct business, thereby attracting global talent and foreign investment. Our investments in research and development also help drive innovation and new services to ensure Hong Kong remains at the cutting edge. Furthermore, we have been actively supporting the government in a number of areas, including the upgrade of public healthcare services and the support and promotion of mega events.

With our recent deleveraging, we are in a strong position to take advantage of emerging opportunities as well as weather the uncertain economic conditions and interest rate outlook.

I would like to take this opportunity to thank all holders of HKT Share Stapled Units. Through your continued support, I trust that HKT will scale even greater heights and have a brighter future ahead.

Susanna Hui

Group Managing Director

Hong Kong, 20 February 2025

FINANCIAL REVIEW BY SEGMENT

For the year ended 31 December HK\$ million	2023			2024			Better/ (Worse) y-o-y
	H1	H2	Full Year	H1	H2	Full Year	
Revenue							
TSS	11,685	12,485	24,170	12,063	12,394	24,457	1%
- Local TSS Services	8,159	8,714	16,873	8,289	9,061	17,350	3%
- International Telecommunications Services	3,526	3,771	7,297	3,774	3,333	7,107	(3)%
Mobile	4,968	6,340	11,308	4,976	6,508	11,484	2%
- Mobile Services	3,815	4,533	8,348	3,990	4,772	8,762	5%
- Mobile Product Sales	1,153	1,807	2,960	986	1,736	2,722	(8)%
Other Businesses	596	286	882	552	328	880	–
Eliminations	(849)	(1,181)	(2,030)	(922)	(1,146)	(2,068)	(2)%
Total revenue	16,400	17,930	34,330	16,669	18,084	34,753	1%
Total revenue (excluding Mobile Product Sales)	15,247	16,123	31,370	15,683	16,348	32,031	2%
Cost of sales	(8,279)	(9,175)	(17,454)	(8,491)	(9,219)	(17,710)	(1)%
Operating costs before depreciation, amortisation, and (losses)/gains on disposal of property, plant and equipment and right-of-use assets, net	(2,112)	(1,364)	(3,476)	(2,010)	(1,290)	(3,300)	5%
EBITDA¹							
TSS	4,219	5,152	9,371	4,296	5,236	9,532	2%
Mobile	2,194	2,866	5,060	2,302	3,009	5,311	5%
- Mobile Services	2,194	2,863	5,057	2,300	3,006	5,306	5%
- Mobile Product Sales	–	3	3	2	3	5	67%
Other Businesses	(404)	(627)	(1,031)	(430)	(670)	(1,100)	(7)%
Total EBITDA¹	6,009	7,391	13,400	6,168	7,575	13,743	3%
TSS EBITDA¹ Margin	36%	41%	39%	36%	42%	39%	
Mobile EBITDA¹ Margin	44%	45%	45%	46%	46%	46%	
- Mobile Services EBITDA ¹ Margin	58%	63%	61%	58%	63%	61%	
Total EBITDA¹ Margin	37%	41%	39%	37%	42%	40%	
Total EBITDA¹ Margin (excluding Mobile Product Sales)	39%	46%	43%	39%	46%	43%	
Depreciation and amortisation	(2,700)	(2,952)	(5,652)	(2,683)	(2,822)	(5,505)	3%
(Losses)/Gains on disposal of property, plant and equipment and right-of-use assets, net	–	(2)	(2)	9	1	10	NA
Other gains, net	9	1	10	16	115	131	>500%
Finance costs, net	(925)	(1,209)	(2,134)	(1,092)	(1,146)	(2,238)	(5)%
Share of results of associates and joint ventures	(60)	(54)	(114)	(84)	(42)	(126)	(11)%
Profit before income tax	2,333	3,175	5,508	2,334	3,681	6,015	9%

ADJUSTED FUNDS FLOW³

For the year ended 31 December HK\$ million	2023			2024			Better/ (Worse) y-o-y
	H1	H2	Full Year	H1	H2	Full Year	
Total EBITDA¹	6,009	7,391	13,400	6,168	7,575	13,743	3%
Less cash outflows in respect of capital expenditures, customer acquisition costs and licence fees ² :							
Capital expenditures	(1,078)	(1,060)	(2,138)	(1,041)	(996)	(2,037)	5%
Customer acquisition costs and licence fees	(794)	(937)	(1,731)	(716)	(982)	(1,698)	2%
Fulfilment costs	(270)	(383)	(653)	(291)	(365)	(656)	–
Right-of-use assets	(686)	(744)	(1,430)	(731)	(681)	(1,412)	1%
Adjusted funds flow³ before tax paid, net finance costs paid and changes in working capital	3,181	4,267	7,448	3,389	4,551	7,940	7%
Adjusted for:							
Net finance costs paid	(693)	(865)	(1,558)	(887)	(941)	(1,828)	(17)%
Tax payment	(251)	(56)	(307)	(182)	(75)	(257)	16%
Changes in working capital	192	23	215	175	(57)	118	(45)%
Adjusted funds flow³	2,429	3,369	5,798	2,495	3,478	5,973	3%
Annual adjusted funds flow per Share Stapled Unit (HK cents)⁴			76.49			78.80	

KEY OPERATING DRIVERS⁵

	2023		2024		Better/ (Worse) y-o-y
	H1	H2	H1	H2	
Exchange lines in service ('000)	2,283	2,227	2,168	2,114	(5)%
Business lines ('000)	1,160	1,148	1,126	1,104	(4)%
Residential lines ('000)	1,123	1,079	1,042	1,010	(6)%
Total broadband access lines ('000) (Consumer, business and wholesale)	1,642	1,647	1,646	1,650	0.2%
Retail consumer broadband access lines ('000)	1,468	1,471	1,472	1,474	0.2%
Retail business broadband access lines ('000)	162	164	162	160	(2)%
Mobile subscribers ('000)	4,656	4,764	4,884	4,805	1%
Post-paid subscribers ('000)	3,383	3,428	3,433	3,459	1%
Prepaid subscribers ('000)	1,273	1,336	1,451	1,346	1%
Pay TV installed base ('000)	1,428	1,429	1,430	1,433	0.3%
The Club members ('000)	3,778	3,847	3,939	4,008	4%
Tap & Go accounts in use ('000)	3,711	3,772	3,824	3,885	3%
DrGo registered users ('000)	371	386	395	400	4%

- Note 1 EBITDA represents earnings before interest income, finance costs, income tax, depreciation and amortisation, gains/losses on disposal of property, plant and equipment, interests in leasehold land, right-of-use assets and intangible assets, net other gains/losses, losses on property, plant and equipment, restructuring costs, impairment losses on goodwill, tangible and intangible assets and interests in associates and joint ventures, and the Group's share of results of associates 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 ("HKFRSs") 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 Group capital expenditures represent additions to property, plant and equipment and interests in leasehold land. Fulfilment costs and right-of-use assets are considered as part of customer acquisition costs and capital expenditures, respectively, for the purpose of adjusted funds flow calculation.*
- Note 3 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 HKFRSs and should not be considered as representing net cash flows or any other similar measures derived in accordance with HKFRSs, 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 audited consolidated financial statements. The adjusted funds flow may be used for debt repayment and the repurchase of Share Stapled Units.*
- Note 4 Annual adjusted funds flow per Share Stapled Unit is calculated by dividing the adjusted funds flow for the year by the number of Share Stapled Units in issue as at the respective year end.*
- Note 5 Figures are stated as at the period end.*
- Note 6 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 short-term deposits.*

Telecommunications Services

For the year ended 31 December HK\$ million	2023			2024			Better/ (Worse) y-o-y
	H1	H2	Full Year	H1	H2	Full Year	
TSS Revenue							
Local TSS Services	8,159	8,714	16,873	8,289	9,061	17,350	3%
International Telecommunications Services	3,526	3,771	7,297	3,774	3,333	7,107	(3)%
Total TSS Revenue	11,685	12,485	24,170	12,063	12,394	24,457	1%
Cost of sales	(6,306)	(6,516)	(12,822)	(6,664)	(6,416)	(13,080)	(2)%
Operating costs before depreciation and amortisation	(1,160)	(817)	(1,977)	(1,103)	(742)	(1,845)	7%
Total TSS EBITDA¹	4,219	5,152	9,371	4,296	5,236	9,532	2%
TSS EBITDA¹ margin	36%	41%	39%	36%	42%	39%	

Revenue from Local TSS Services grew by 3% to HK\$17,350 million for the year ended 31 December 2024, underpinned by an increase of 6% in Local Data Services revenue to HK\$13,552 million. Local Data Services is the largest component of the Local TSS Services segment, accounting for 78% of revenue. Pay TV Services generated revenue of HK\$2,320 million, while Local Telephony Services revenue decreased by 10% to HK\$2,011 million. During the year, the International Telecommunications Services business recorded revenue of HK\$7,107 million. As a result, total TSS revenue rose by 1% to HK\$24,457 million.

Local Data Services. Local Data Services revenue, which comprises broadband revenue and local data revenue, rose by 6% year-on-year to HK\$13,552 million for the year ended 31 December 2024.

The broadband business recorded revenue growth for the 17th consecutive year, with revenue increasing by 3% as demand for our high-speed, reliable fibre services continued during the year, driven by the growing number of intelligent, connected devices in the home and the escalating bandwidth requirements of applications. In addition to 2.5G, 5G and 10G fibre services, we pioneered the launch of a 50G PON service to accommodate next-generation applications such as 8K video streaming, virtual reality and AI, which are increasingly being adopted by consumers. We were also the first services provider in Hong Kong to meet the F5G-A standard, ensuring a seamless transition from our 5G mobile network to our broadband network at home or indoors.

Our FTTH connections reached 1.04 million at the end of December 2024, representing a net increase of 33,000 or 3% growth from a year earlier. In particular, the 2.5G service saw the fastest growth, with three times the number of subscribers from 12 months ago and an uplift in average revenue per user (“ARPU”) of around HK\$75. As at the end of December 2024, FTTH connections represented 71% of our consumer broadband base of 1.474 million.

Telecommunications Services (Continued)

On the enterprise side, local data revenue achieved robust growth of 8%, reflecting HKT's position as a long-term trusted partner to both public and private enterprises in providing unique fixed-mobile integrated solutions utilising the latest technologies such as 5G, IoT, AI, cloud and cybersecurity. During the year, HKT Enterprise Solutions secured new project wins with a total contract value of over HK\$5 billion, an increase of 11% year-on-year, which will fuel further growth in this segment.

Leveraging our strong reputation and track record in the healthcare sector, HKT Enterprise Solutions has upgraded the 5G, Wi-Fi and IoT network infrastructures for numerous healthcare organisations, including 18 public and private hospitals. On the back of these modernised networks, we are now supporting them in deploying a wide range of industry-leading smart healthcare applications that improve the quality of patient care and safety while boosting workflow automation and productivity. We are also assisting businesses in the construction, utilities and retail sectors in adopting IoT applications to strengthen the monitoring and safety of workers, as well as the quality of the products they offer. In addition, we are incorporating cutting-edge digital technologies including AI and Supercomputing to help customers enhance the efficiency and precision of their operations.

To further accelerate growth, HKT has been expanding its enterprise business beyond Hong Kong into mainland China. We are serving both mainland Chinese enterprises seeking to scale domestically and internationally, and Hong Kong-based and international enterprises expanding their presence in mainland China. We have captured business opportunities across multiple sectors including retail, electric vehicles, finance, entertainment, IT and sports by providing a portfolio of comprehensive cross-boundary solutions including connectivity, digital ICT, IoT, cloud, cybersecurity, and enterprise managed services. Our enterprise business in mainland China successfully achieved its 2024 revenue target of HK\$1 billion, growing 37% year-on-year, and is well positioned to maintain this upward trajectory.

Pay TV Services. Our Pay TV business remained resilient with revenue of HK\$2,320 million for the year ended 31 December 2024 versus HK\$2,365 million a year earlier, despite intense competition from a wide range of free and paid entertainment services.

As the leading content aggregator in Hong Kong, Now TV continues to deliver a diverse and comprehensive content portfolio, including premier live sporting events, world-class entertainment programmes ranging from Chinese, Asian and Western blockbusters to documentaries and children programmes. In order to provide our customers with greater subscription flexibility, we have introduced distinctive, customised sports and entertainment packages that cater to diverse viewer interests. We have also enhanced our premium content package, including the refreshed MAX online streaming service launched in November 2024.

With the flourishing popularity of video streaming services, we launched a refreshed Now OTT service in January 2024 and saw a strong uptake, with subscriber growth of 15% during the year. This contributed an increase in the Now TV installed base to 1.433 million from 1.429 million a year earlier.

Leveraging its strong market penetration in Hong Kong's 5-star and 4-star hotels, Now TV has expanded its geographic footprint to luxury resorts in Macau via a strategic alliance with Galaxy MacauTM. Now TV also extended into interactive advertising solutions with the launch of an addressable TV advertising service. This marks the first live TV targeting solution in Hong Kong, which applies the latest technology to enable precise campaign targeting, along with a TV plus Augmented Reality ("AR") advertising solution designed to drive engagement and conversions beyond a traditional TV commercial. These new solution offerings provide advertisers and sponsors with the flexibility to deliver targeted commercials to specific customer segments to enhance customer engagement and optimise their promotion efficiency.

Telecommunications Services (Continued)

Local Telephony Services. Revenue from Local Telephony Services experienced a decline of 10% to HK\$2,011 million for the year ended 31 December 2024 versus HK\$2,229 million a year earlier. The total number of fixed lines in service at the end of December 2024 declined to 2.114 million from 2.227 million a year earlier as the business continued to be affected by the shift from basic voice services to mobile and data services as well as sustained weakness in the SME segment.

International Telecommunications Services. Revenue from International Telecommunications Services amounted to HK\$7,107 million for the year ended 31 December 2024 versus HK\$7,297 million a year earlier. The drop in revenue primarily stemmed from the weaker wholesale voice business although the business recorded increased data revenue and growing demand for our Console Connect service. Console Connect, our software defined cloud connectivity platform, continued to expand its international coverage and is now connected to over 1,000 data centres and 200 cloud on-ramps.

The TSS business saw an increase of 2% year-on-year in EBITDA to HK\$9,532 million, outpacing the rise in revenue. This growth was fuelled by further operating efficiencies during the year, resulting in the expansion of the EBITDA margin to 39.0% from 38.8%.

Mobile

For the year ended 31 December HK\$ million	2023			2024			Better/ (Worse) y-o-y
	H1	H2	Full Year	H1	H2	Full Year	
Mobile Revenue							
Mobile Services	3,815	4,533	8,348	3,990	4,772	8,762	5%
Mobile Product Sales	1,153	1,807	2,960	986	1,736	2,722	(8)%
Total Mobile Revenue	4,968	6,340	11,308	4,976	6,508	11,484	2%
Mobile EBITDA¹							
Mobile Services	2,194	2,863	5,057	2,300	3,006	5,306	5%
Mobile Product Sales	–	3	3	2	3	5	67%
Total Mobile EBITDA¹	2,194	2,866	5,060	2,302	3,009	5,311	5%
Mobile EBITDA¹ margin	44%	45%	45%	46%	46%	46%	
<i>Mobile Services EBITDA¹ margin</i>	<i>58%</i>	<i>63%</i>	<i>61%</i>	<i>58%</i>	<i>63%</i>	<i>61%</i>	

The Mobile business recorded growth of 5% in services revenue to HK\$8,762 million for the year ended 31 December 2024, underpinned by a higher contribution from roaming, further 5G upgrades alongside growth in our post-paid customer base, and an increase in mobile wholesale revenue.

With travel fully recovered, consumer outbound roaming revenue surpassed pre-pandemic levels of 2019, fuelling a 37% year-on-year growth in total roaming revenue during the year. Total roaming revenue fully rebounded in 2024, reaching 98% of pre-pandemic levels. The government's intensified efforts to promote Hong Kong as a tourist and events destination are expected to further expand inbound roaming revenue.

5G upgrades continued, with our 5G customer base reaching 1.747 million by the end of December 2024, an increase of 25% year-on-year. More than half of our mobile post-paid base has now upgraded to 5G service plans, helping to boost services revenue as, on average, 5G ARPU is around 40% higher than 4G ARPU.

Overall, the Mobile business reported a net gain of 31,000 year-on-year in its post-paid customer base to reach 3.459 million by the end of December 2024, despite continued market competition, particularly in the price-sensitive segment. In our core 1O1O and csl segment, the customer base further expanded by over 5% during the year.

Post-paid exit ARPU for December 2024 rose by 1% to HK\$193 versus HK\$191 for December 2023, benefitting from the recovery of roaming and the wider adoption of higher value 5G service plans. The post-paid churn rate of our core 1O1O and csl customers remained low at 0.7% during the year, as vigorous customer retention efforts, including initiatives through The Club and 1O1O HOME service, helped to deepen customer engagement and loyalty.

Mobile product sales of HK\$2,722 million for the year ended 31 December 2024 were comparatively softer as consumers delayed handset upgrades due to weak consumer sentiment and limited new handset features.

Mobile services EBITDA for the year rose by 5% to HK\$5,306 million with a stable margin of 61%. Total Mobile EBITDA for the year also increased by 5% to HK\$5,311 million from HK\$5,060 million a year earlier. The overall EBITDA margin for the year improved to 46% as the contribution from lower margin Mobile product sales was reduced.

Other Businesses

Other Businesses primarily comprises businesses including our loyalty platform, The Club, and corporate support functions. These businesses are an integral component of HKT's strategic focus to provide a wide range of lifestyle services beyond connectivity to cater to members' interests. For the year ended 31 December 2024, revenue from Other Businesses was stable at HK\$880 million versus HK\$882 million a year earlier.

The Club's membership base expanded by 4% to 4.01 million in 2024 from 3.85 million a year earlier. To further strengthen the long-term relationships we have cultivated with our customers, HKT is continually broadening its range of value-added digital services. Through The Club, these services are offered on a personalised basis and include exclusive online shopping promotions and bespoke financial services from leading financial institutions. We also reward members with an array of unique travel options and have formed a rewards alliance with several international telecom companies, allowing our members to enjoy exclusive benefits while travelling. As a result of these concerted efforts, spending by The Club members increased by 4% during the year.

Eliminations

Eliminations were HK\$2,068 million for the year ended 31 December 2024 versus HK\$2,030 million a year earlier, reflecting the increased collaboration across HKT's business segments.

Cost of Sales

Cost of sales for the year ended 31 December 2024 increased by 1% to HK\$17,710 million, which was in line with revenue growth during the year.

General and Administrative Expenses

For the year ended 31 December 2024, operating costs before depreciation, amortisation, and (losses)/gains on disposal of property, plant and equipment and right-of-use assets, net ("operating costs") improved by 5% to HK\$3,300 million, reflecting the Group's continued focus on operating efficiency and cost optimisation initiatives across each of the business segments, including enhancing business processes via the adoption of AI, consolidation of business operations and rationalisation of IT platforms. As such, overall operating costs-to-revenue ratio for the year reached 9.5% versus 10.1% a year earlier.

For the year ended 31 December 2024, total depreciation and amortisation expenses were lowered by 3% to HK\$5,505 million. The lower depreciation expenses reflected our recent level of capital expenditure spending while the higher amortisation expenses related to fulfilment costs for our growing enterprise projects.

As a result of the above, general and administrative expenses decreased by 4% to HK\$8,795 million for the year ended 31 December 2024 versus HK\$9,130 million a year earlier.

EBITDA¹

Reflecting the growth in TSS and Mobile services revenue and further operating efficiencies, total EBITDA excluding Mobile Product Sales increased by 3% to HK\$13,738 million at an improved margin of 42.9%. Total EBITDA also increased by 3% to HK\$13,743 million with the margin increasing to 40%.

Finance Costs, Net

Net finance costs for the year ended 31 December 2024 increased by 5% to HK\$2,238 million from HK\$2,134 million a year earlier, mainly due to higher HIBOR during the year. The average cost of debt was 4.23% during the year, compared to 4.05% a year earlier, with the impact of higher HIBOR mitigated by our healthy mix of fixed and floating rate debt.

Income Tax

Income tax expense for the year ended 31 December 2024 was HK\$914 million, as compared to HK\$496 million a year earlier. The effective tax rate for the year was 15.2%, compared to 9.0% a year earlier. The year-on-year increase was primarily due to a reversal of income tax provisions that occurred in the prior year.

Non-controlling Interests

Non-controlling interests of HK\$31 million (2023: HK\$21 million) comprised the net profits/losses attributable to the non-controlling shareholders of the Group's subsidiaries.

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 year ended 31 December 2024 increased by 2% to HK\$5,070 million (2023: HK\$4,991 million).

LIQUIDITY AND CAPITAL RESOURCES

The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholder return and 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. To counter the prevailing elevated levels of interest rates, the Group completed a successful deleveraging towards the end of 2024 resulting in its gross debt⁶-to-EBITDA and net debt⁶-to-EBITDA ratio improving to 3.0x and 2.9x respectively.

HKT's gross debt⁶ was HK\$41,723 million as at 31 December 2024 (31 December 2023: HK\$44,804 million). Cash and short-term deposits totalled HK\$2,145 million as at 31 December 2024 (31 December 2023: HK\$1,709 million). HKT's gross debt⁶ to total assets improved to 36% as at 31 December 2024 (31 December 2023: 40%).

As at 31 December 2024, HKT had ample liquidity as evidenced by banking facilities totalling HK\$37,610 million, of which HK\$18,612 million remained undrawn.

CREDIT RATINGS OF HONG KONG TELECOMMUNICATIONS (HKT) LIMITED

As at 31 December 2024, Hong Kong Telecommunications (HKT) Limited, an indirect wholly-owned subsidiary of the Company, had investment grade ratings with Moody's Investors Service Hong Kong Limited (Baa2) and S&P Global Ratings (BBB).

CAPITAL EXPENDITURE²

Capital expenditure including capitalised interest for the year ended 31 December 2024 was HK\$2,214 million (2023: HK\$2,273 million). Capital expenditure relative to revenue was 6.4% for the year ended 31 December 2024 (2023: 6.6%).

Capital expenditure for HKT's Mobile business was 5% lower during the year, reflecting the efficiency gains from capacity upgrades and network maintenance following the completion of our territory-wide 5G coverage. TSS capital expenditure was 4% lower during the year reflecting our already extensive geographic fibre coverage and phased timing of subsea cable investments.

HKT will continue to invest in building digital capabilities to support its existing businesses and enable its growth in new areas, and prudently invest in expanding and upgrading its 5G network while taking into account the prevailing market conditions using assessment criteria including internal rate of return, net present value and payback period.

ADJUSTED FUNDS FLOW³

AFF increased by 3% to HK\$5,973 million for the year ended 31 December 2024 from HK\$5,798 million for the year ended 31 December 2023.

Notably, our operating AFF in 2024 increased by 7% driven by the 3% expansion in EBITDA, disciplined capex investments, lower customer acquisition costs due to improved sales channel efficiencies as well as lower right-of-use assets payments. After accounting for higher net finance costs and lower tax payments, our total AFF increased by 3% during the year.

The amounts presented in the AFF calculation represent the respective cash flows to the Group during the year, which may be different from the related corresponding amounts recognised in the consolidated income statement due to various reasons such as non-cash items recognised in the consolidated income statement and timing difference between accounting recognition and actual cash flows.

HEDGING

Market risk arises from foreign currency and interest rate exposure related to investments and financing. As a matter of policy, HKT 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 the 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 policies and guidelines approved by the Finance and Management Committee, which are reviewed on a regular basis.

More than three quarters of HKT'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 provide a natural hedge against each other. Therefore, the Group is not exposed to significant foreign currency fluctuation risk from operations.

A significant portion of the Group's financing is denominated in foreign currencies including 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 31 December 2024, all forward and swap contracts were designated as cash flow hedges for the related financing of the Group.

As a result, the impacts of these operational and financial risks to HKT are considered not material.

CHARGE ON ASSETS

As at 31 December 2024, no assets of the Group (2023: nil) were pledged to secure loans and banking facilities of the Group.

CONTINGENT LIABILITIES

As at 31 December	2023	2024
HK\$ million		
Performance guarantees	1,027	903
Others	2	2
	1,029	905

The Group is subject to certain corporate guarantee obligations to guarantee the performance of its 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 will not materially affect the financial position of the Group.

HUMAN RESOURCES

HKT had over 13,100 employees as at 31 December 2024 (2023: 13,600) located in 22 countries and cities. About 63% of these employees work in Hong Kong and the others are based mainly in mainland China, the United States, the United Kingdom and the Philippines. HKT has established performance-based bonus and incentive schemes designed to motivate and reward employees at all levels to achieve business performance targets. Payment of performance bonuses is generally based on achievement of revenue, EBITDA and free cash flow targets for HKT as a whole and for each of the individual business units and performance ratings of employees.

FINAL DIVIDEND/DISTRIBUTION

The board of directors of the Trustee-Manager has recommended the payment of a final distribution by the HKT Trust in respect of the Share Stapled Units, of 45.88 HK cents per Share Stapled Unit (after deduction of any operating expenses permissible under the trust deed dated 7 November 2011 constituting the HKT Trust (the “Trust Deed”)), in respect of the year ended 31 December 2024 (and in order to enable the HKT Trust to pay that distribution, the board of directors of the Company has recommended the payment of a final dividend in respect of the ordinary shares in the Company held by the Trustee-Manager, of 45.88 HK cents per ordinary share, in respect of the same period), subject to the approval of unitholders of the HKT Trust and of shareholders of the Company at the forthcoming annual general meeting of unitholders of the HKT Trust and of shareholders of the Company to be held on a combined basis as a single meeting characterised as an annual general meeting of registered holders of Share Stapled Units (“AGM”). An interim distribution/dividend of 32.92 HK cents per Share Stapled Unit/ordinary share of the Company for the six months ended 30 June 2024 was paid to holders of Share Stapled Units/shareholders of the Company in September 2024.

The board of directors of the Trustee-Manager has confirmed, in accordance with the Trust Deed, that (i) the auditor of the Group has performed limited assurance procedures in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *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 fulfil, from the Trust Property (as defined in the Trust Deed), the liabilities of the HKT Trust as they fall due.

CLOSURE OF BOOKS

The record date for the proposed final distribution will be Thursday, 22 May 2025. The register of registered holders of Share Stapled Units, the register of holders of units, the principal and Hong Kong branch registers of members of the Company and the register of beneficial interests as maintained by the Trustee-Manager and the Company in accordance with the provisions of the Trust Deed will all be closed from Wednesday, 21 May 2025 to Thursday, 22 May 2025 (both days inclusive), in order to determine entitlements to the proposed final distribution. During such period, no transfer of Share Stapled Units will be effected. In order to qualify for the proposed final distribution, all transfers of Share Stapled Units accompanied by the relevant certificates in respect of the Share Stapled Units must be lodged with the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited, Transfer Office, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong (the “Share Stapled Units Registrar”), for registration no later than 4.30pm on Tuesday, 20 May 2025. Subject to the approval of holders of Share Stapled Units at the AGM, distribution warrants will be despatched to holders of Share Stapled Units on or around Thursday, 19 June 2025.

RECORD DATE FOR DETERMINING ELIGIBILITY TO ATTEND AND VOTE AT THE AGM

The record date for determining the entitlement of the holders of Share Stapled Units to attend and vote at the AGM, which is to be held on Thursday, 15 May 2025, will be Friday, 9 May 2025. All transfers of Share Stapled Units accompanied by the relevant certificates in respect of the Share Stapled Units must be lodged with the Share Stapled Units Registrar for registration no later than 4.30pm on Friday, 9 May 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2024, 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 Group and the Trustee-Manager, the audited consolidated financial statements of the HKT Trust and HKT Limited for the year ended 31 December 2024 and the audited financial statements of the Trustee-Manager for the same period.

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 their businesses, 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") in each case as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2024, save and except for the code provisions set out below. The requirement to establish a separate Remuneration Committee with written terms of reference for the Trustee-Manager under the code provision E.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 with written terms of reference for the Trustee-Manager as required by code provision B.3.1 of the CG Code is not relevant to the Trustee-Manager, and therefore has not been complied with.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.hkt.com/ir) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2024 annual report will be despatched to holders of Share Stapled Units and available on the above websites in due course.

By order of the boards of
HKT Management Limited
and
HKT Limited
Cheung Hok Chee, Vanessa
Group General Counsel and Company Secretary

Hong Kong, 20 February 2025

AUDITED CONSOLIDATED INCOME STATEMENT OF HKT TRUST AND OF HKT LIMITED

For the year ended 31 December 2024

(In HK\$ million except for earnings per Share Stapled Unit/share of the Company)

	Note(s)	2023	2024
Revenue	2, 3	34,330	34,753
Cost of sales		(17,454)	(17,710)
General and administrative expenses		(9,130)	(8,795)
Other gains, net		10	131
Finance costs, net		(2,134)	(2,238)
Share of results of associates		(108)	(121)
Share of results of joint ventures		(6)	(5)
Profit before income tax	2, 4	5,508	6,015
Income tax	5	(496)	(914)
Profit for the year		<u>5,012</u>	<u>5,101</u>
Profit attributable to:			
Holders of Share Stapled Units/shares of the Company		4,991	5,070
Non-controlling interests		21	31
Profit for the year		<u>5,012</u>	<u>5,101</u>
Earnings per Share Stapled Unit/share of the Company	7		
Basic		<u>65.89 cents</u>	<u>66.92 cents</u>
Diluted		<u>65.88 cents</u>	<u>66.91 cents</u>

**AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF
HKT TRUST AND OF HKT LIMITED**

For the year ended 31 December 2024

(In HK\$ million)

	2023	2024
Profit for the year	5,012	5,101
Other comprehensive (loss)/income		
Item that will not be reclassified subsequently to consolidated income statement:		
Changes in fair value of financial assets at fair value through other comprehensive income	(17)	413
Items that have been reclassified or may be reclassified subsequently to consolidated income statement:		
Translation exchange differences:		
- exchange differences on translating foreign operations of subsidiaries	24	(74)
- exchange differences on translating foreign operations of joint ventures	–	(9)
Cash flow hedges:		
- effective portion of changes in fair value	(179)	(183)
- transfer from equity to consolidated income statement	(147)	208
Costs of hedging	(41)	118
Share of other comprehensive loss of an associate	–	(2)
Other comprehensive (loss)/income for the year	(360)	471
Total comprehensive income for the year	4,652	5,572
Attributable to:		
Holders of Share Stapled Units/shares of the Company	4,631	5,541
Non-controlling interests	21	31
Total comprehensive income for the year	4,652	5,572

**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF
HKT TRUST AND OF HKT LIMITED**

As at 31 December 2024

(In HK\$ million)

	Note	As at 31 December 2023	As at 31 December 2024
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		27,278	28,368
Right-of-use assets		1,988	1,826
Interests in leasehold land		165	153
Goodwill		49,806	49,799
Intangible assets		17,675	18,711
Fulfilment costs		1,925	2,097
Customer acquisition costs		912	872
Contract assets		324	261
Interests in associates		484	412
Interests in joint ventures		478	810
Financial assets at fair value through other comprehensive income		130	823
Financial assets at fair value through profit or loss		28	17
Derivative financial instruments		29	58
Deferred income tax assets		895	790
Other non-current assets		558	931
		102,675	105,928
Current assets			
Inventories		959	1,503
Prepayments, deposits and other current assets		3,176	3,702
Contract assets		511	601
Trade receivables, net	8	2,838	2,710
Amounts due from related companies		22	20
Financial assets at fair value through profit or loss		15	18
Tax recoverable		2	7
Restricted cash		211	179
Short-term deposits		79	295
Cash and cash equivalents		1,630	1,850
		9,443	10,885

**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF
HKT TRUST AND OF HKT LIMITED (CONTINUED)**

As at 31 December 2024

(In HK\$ million)

	Note	As at 31 December 2023	As at 31 December 2024
Current liabilities			
Short-term borrowings		(1,049)	(3,934)
Trade payables	9	(5,781)	(7,212)
Accruals and other payables		(6,002)	(6,667)
Derivative financial instruments		(151)	(41)
Carrier licence fee liabilities		(338)	(324)
Amount due to a fellow subsidiary		(2,349)	(2,929)
Amounts due to related companies		(84)	(82)
Advances from customers		(279)	(301)
Contract liabilities		(1,450)	(1,415)
Lease liabilities		(1,070)	(1,028)
Current income tax liabilities		(1,576)	(1,888)
		(20,129)	(25,821)
Non-current liabilities			
Long-term borrowings		(43,518)	(37,372)
Derivative financial instruments		(602)	(769)
Deferred income tax liabilities		(5,498)	(5,746)
Carrier licence fee liabilities		(3,086)	(3,198)
Contract liabilities		(980)	(973)
Lease liabilities		(979)	(825)
Amount due to a non-controlling interest		–	(344)
Other long-term liabilities		(1,944)	(2,120)
		(56,607)	(51,347)
Net assets		35,382	39,645
CAPITAL AND RESERVES			
Share capital		8	8
Reserves		35,304	38,274
Equity attributable to holders of			
Share Stapled Units/shares of the Company		35,312	38,282
Non-controlling interests		70	1,363
Total equity		35,382	39,645

NOTES

1. BASIS OF PREPARATION AND PRESENTATION

The HKT Trust (the “HKT Trust”) is constituted by a Hong Kong law governed trust deed as supplemented, amended or substituted from time to time (the “Trust Deed”), entered into between HKT Management Limited (in its capacity as the trustee-manager of the HKT Trust) (the “Trustee-Manager”) and HKT Limited (the “Company”). In accordance with the Trust Deed, the HKT Trust and the Company are each required to prepare their own sets of financial statements on a consolidated basis. The HKT Trust consolidated financial statements for the year ended 31 December 2024 comprise the consolidated financial statements of the HKT Trust, the Company and its subsidiaries (together the “Group”), and the Group’s interests in associates and joint ventures. The HKT Limited consolidated financial statements for the year ended 31 December 2024 comprise the consolidated financial statements of the Company and its subsidiaries (together the “HKT Limited Group”) and the HKT Limited Group’s interests in associates and joint ventures, and the Company’s statement of financial position.

The HKT Trust controls the Company and the sole activity of the HKT Trust during the year ended 31 December 2024 was investing in the Company. Therefore, the consolidated financial results and financial position that would be presented in the consolidated financial statements of the HKT Trust are identical to the consolidated financial results and financial position of the Company with the only differences being disclosures of the capital of the Company. The directors of the Trustee-Manager and the directors of the Company believe therefore that it is clearer to present the consolidated financial statements of the HKT Trust and of the Company together. The consolidated financial statements of the HKT Trust and the consolidated financial statements of the Company are presented together to the extent they are identical and are hereinafter referred to as the “HKT Trust and HKT Limited consolidated financial statements”.

The consolidated income statements, consolidated statements of comprehensive income, consolidated statements of financial position, consolidated statements of changes in equity, consolidated statements of cash flows, material accounting policies and the related explanatory information are common to the HKT Trust and the Company.

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

The HKT Trust and HKT Limited consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, which is a collective term for all individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The following amended Hong Kong Financial Reporting Standards are adopted for the financial year beginning 1 January 2024, but have no material effect on the Groups’ reported results and financial position for the current and prior accounting periods.

- HKAS 1 (Revised) (Amendments), *Presentation of Financial Statements*
- HKAS 7 (Amendments), *Statement of Cash Flows*
- HKFRS 7 (Amendments), *Financial Instruments: Disclosures*
- HKFRS 16 (Amendments), *Leases*
- HK Interpretation 5 (Revised), *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

The Groups have not early adopted any new or amended Hong Kong Financial Reporting Standards that are not yet effective for the current accounting period.

1. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

As at 31 December 2024, the current liabilities of the Groups exceeded their current assets by HK\$14,936 million. After considering the Groups' ability to generate net operating cash inflows and raise additional debt financing, and the undrawn banking facilities available as at 31 December 2024, management considers the Groups are able to meet their liabilities as and when they fall due within the next 12-month period. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

The financial information of the Trustee-Manager relating to the years ended 31 December 2023 and 2024 included in this preliminary announcement of annual results for the year ended 31 December 2024 does not constitute the Trustee-Manager's statutory annual financial statements for those years but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

- The Trustee-Manager's financial statements combined with the HKT Trust and HKT Limited consolidated financial statements (collectively the "Combined Financial Statements") for the year ended 31 December 2023 have been delivered to the Registrar of Companies and the Combined Financial Statements for the year ended 31 December 2024 will be delivered to the Registrar of Companies in due course.
- The Trustee-Manager's auditor has reported on the financial statements of the Trustee-Manager for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

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. Management has also made judgements in applying the Groups' accounting policies.

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 the product perspective and assesses the performance of the following segments:

- Telecommunications Services (“TSS”) is the leading provider of technology and telecommunications and related services including enterprise solutions, total home solutions, and media entertainment. It operates primarily in Hong Kong, and also serves customers in mainland China and other parts of the world.
- Mobile includes the Groups’ mobile telecommunications businesses in Hong Kong.
- Other businesses of the Groups (“Other Businesses”) primarily comprise other new businesses such as The Club’s loyalty platform, HKT Financial Services and healthtech services, as well as corporate support functions.

The CODM assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortisation (“EBITDA”). EBITDA represents earnings before interest income, finance costs, income tax, depreciation and amortisation, gains/losses on disposal of property, plant and equipment, interests in leasehold land, right-of-use assets and intangible assets, net other gains/losses, losses on property, plant and equipment, restructuring costs, impairment losses on goodwill, tangible and intangible assets and interests in associates and joint ventures, and the Groups’ share of results of associates 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 other 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.

2. SEGMENT INFORMATION (CONTINUED)

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

For the year ended 31 December 2023

(In HK\$ million)

	TSS	Mobile	Other Businesses	Eliminations	Consolidated
Revenue					
External revenue	22,867	10,621	842	–	34,330
Inter-segment revenue	1,303	687	40	(2,030)	–
Total revenue	24,170	11,308	882	(2,030)	34,330
External revenue from contracts with customers:					
Timing of revenue recognition					
At a point in time	4,123	2,824	492	–	7,439
Over time	18,655	7,797	350	–	26,802
External revenue from other sources:					
Rental income	89	–	–	–	89
	22,867	10,621	842	–	34,330
Results					
EBITDA	9,371	5,060	(1,031)	–	13,400

For the year ended 31 December 2024

(In HK\$ million)

	TSS	Mobile	Other Businesses	Eliminations	Consolidated
Revenue					
External revenue	23,243	10,684	826	–	34,753
Inter-segment revenue	1,214	800	54	(2,068)	–
Total revenue	24,457	11,484	880	(2,068)	34,753
External revenue from contracts with customers:					
Timing of revenue recognition					
At a point in time	5,136	2,526	727	–	8,389
Over time	18,025	8,158	99	–	26,282
External revenue from other sources:					
Rental income	82	–	–	–	82
	23,243	10,684	826	–	34,753
Results					
EBITDA	9,532	5,311	(1,100)	–	13,743

2. SEGMENT INFORMATION (CONTINUED)

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

In HK\$ million	2023	2024
Total segment EBITDA	13,400	13,743
(Losses)/Gains on disposal of property, plant and equipment and right-of-use assets, net	(2)	10
Depreciation and amortisation	(5,652)	(5,505)
Other gains, net	10	131
Finance costs, net	(2,134)	(2,238)
Share of results of associates	(108)	(121)
Share of results of joint ventures	(6)	(5)
Profit before income tax	5,508	6,015

The following table sets out information about the geographical location of the Groups' revenue from external customers. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location that the Groups derive revenue from customers.

In HK\$ million	2023	2024
Hong Kong (place of domicile)	28,240	28,154
Mainland and other parts of China	1,583	1,849
Others	4,507	4,750
	34,330	34,753

As at 31 December 2024, the total of non-current assets, other than financial instruments and deferred income tax assets, located in Hong Kong was HK\$101,241 million (2023: HK\$98,755 million), and the total of these non-current assets located in other geographical locations was HK\$2,917 million (2023: HK\$2,718 million).

3. REVENUE

In HK\$ million	2023	2024
Revenue from contracts with customers	34,241	34,671
Revenue from other sources: rental income	89	82
	34,330	34,753

3. REVENUE (CONTINUED)

a. Revenue recognition in relation to contract liabilities

In HK\$ million	2023	2024
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	1,410	1,450

b. Unsatisfied long-term fixed-price contracts

In HK\$ million	2023	2024
Aggregate amount of the transaction price allocated to long-term fixed-price contracts that are partially or fully unsatisfied as at 31 December	19,953	22,506

As at 31 December 2024, management expected that 53% and 27% (2023: 54% and 29%) of the transaction price allocated to the unsatisfied long-term fixed-price contracts would be recognised as revenue during the first and second year respectively after the end of the reporting period. The remaining 20% (2023: 17%) would be recognised as revenue in the periods afterward. The amount disclosed above does not include unsatisfied performance obligation that is related to the Groups' contracts with customers with duration of one year or less and contracts with customers billed directly according to performance completed to date.

4. PROFIT BEFORE INCOME TAX

Profit before income tax was stated after charging the following:

In HK\$ million	2023	2024
Cost of inventories sold	6,940	8,172
Cost of sales, excluding inventories sold	10,514	9,538
Impairment loss for trade receivables	188	232
Depreciation of property, plant and equipment	1,301	1,066
Depreciation of right-of-use assets – land and buildings	1,224	1,197
Depreciation of right-of-use assets – network capacity and equipment	109	101
Amortisation of land lease premium – interests in leasehold land	12	12
Amortisation of intangible assets	1,419	1,402
Amortisation of fulfilment costs	386	484
Amortisation of customer acquisition costs	1,201	1,243

5. INCOME TAX

In HK\$ million	2023	2024
Current income tax:		
Hong Kong profits tax		
- provision for current year	337	551
- over provision in respect of prior years	(392)	(36)
Overseas tax	27	48
Movement of deferred income tax	524	351
	496	914

Hong Kong profits tax is provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year. Overseas tax is calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the respective jurisdictions.

6. DISTRIBUTIONS/DIVIDENDS

In HK\$ million	2023	2024
Interim distribution/dividend declared and paid in respect of the current year of 32.92 HK cents (2023: 32.05 HK cents) per Share Stapled Unit/ordinary share of the Company	2,429	2,495
Less: distribution/dividend for Share Stapled Units/ordinary shares of the Company held by the Share Stapled Unit award schemes	(2)	(1)
	2,427	2,494
Final distribution/dividend declared in respect of the previous financial year, approved and paid during the year of 44.44 HK cents (2023: 43.15 HK cents) per Share Stapled Unit/ordinary share of the Company	3,271	3,369
Less: distribution/dividend for Share Stapled Units/ordinary shares of the Company held by the Share Stapled Unit award schemes	(2)	(2)
	3,269	3,367
	5,696	5,861

For the year ended 31 December 2024, the Company proposed a final dividend of 45.88 HK cents per ordinary share, totalling HK\$3,478 million (2023: 44.44 HK cents per ordinary share, totalling HK\$3,369 million) to the HKT Trust after the end of the reporting period.

For the year ended 31 December 2024, the HKT Trust proposed a final distribution of 45.88 HK cents per Share Stapled Unit, totalling HK\$3,478 million (2023: 44.44 HK cents per Share Stapled Unit, totalling HK\$3,369 million) to holders of Share Stapled Units after the end of the reporting period.

The final distribution/dividend proposed after the end of the reporting period, referred to above, is not recognised as a liability as at the end of the reporting period.

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 were based on the following data:

	2023	2024
Earnings (in HK\$ million)		
Earnings for the purpose of basic and diluted earnings per Share Stapled Unit/share of the Company	4,991	5,070
Number of Share Stapled Units/shares of the Company		
Weighted average number of Share Stapled Units/ordinary shares of the Company	7,579,742,334	7,579,751,203
Effect of Share Stapled Units held under the Share Stapled Unit award schemes	(5,020,059)	(4,053,880)
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	7,574,722,275	7,575,697,323
Effect of Share Stapled Units awarded under the Share Stapled Unit award schemes	1,192,489	1,412,948
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	7,575,914,764	7,577,110,271

8. TRADE RECEIVABLES, NET

The ageing of trade receivables based on the date of invoice is set out below:

In HK\$ million	2023	2024
1 – 30 days	1,873	1,580
31 – 60 days	363	389
61 – 90 days	175	177
91 – 120 days	139	170
Over 120 days	427	531
	2,977	2,847
Less: loss allowance	(139)	(137)
Trade receivables, net	2,838	2,710

As at 31 December 2024, included in trade receivables, net were amounts due from related parties of HK\$152 million (2023: HK\$104 million).

The Groups' normal credit period for customers is 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 balances are requested to settle all outstanding balances before any further credit is granted.

9. TRADE PAYABLES

The ageing of trade payables based on the date of invoice is set out below:

In HK\$ million	2023	2024
1 – 30 days	3,015	2,841
31 – 60 days	1,084	1,685
61 – 90 days	804	895
91 – 120 days	340	980
Over 120 days	538	811
	<u>5,781</u>	<u>7,212</u>

As at 31 December 2024, included in trade payables were amounts due to related parties of HK\$155 million (2023: HK\$96 million).

10. CHANGE IN INTERESTS IN SUBSIDIARIES WITHOUT A LOSS OF CONTROL

On 26 June 2024, the Company's indirect wholly-owned subsidiary, Apex Link Communications Holdings Limited (the "Seller"), entered into a share purchase agreement with an independent third party (the "Partner"), pursuant to which the Partner shall purchase (i) 40% interest in Fiber Link Global Limited (the "Passive Netco"), an indirect wholly-owned subsidiary of the Company which would engage in the provision of copper and fibre connection access services in Hong Kong and the Greater Bay Area and operating, maintaining and extending the passive components of copper and fibre access networks and providing related services; and (ii) a receivable in the amount of HK\$344 million owing from Passive Netco to the Seller, for an aggregate consideration of US\$870 million (the "Transaction"). As at 31 December 2024, all conditions of the agreement have been fulfilled and the Transaction has been completed.

**AUDITED INCOME STATEMENT OF
HKT MANAGEMENT LIMITED**

For the year ended 31 December 2024

(In HK\$'000)

	2023	2024
Management fee income	59	61
General and administrative expenses	(59)	(61)
Result before income tax	—	—
Income tax	—	—
Result for the year	—	—

**AUDITED STATEMENT OF COMPREHENSIVE INCOME OF
HKT MANAGEMENT LIMITED**

For the year ended 31 December 2024

(In HK\$'000)

	2023	2024
Result for the year	—	—
Other comprehensive income	—	—
Total comprehensive income for the year	—	—

**AUDITED STATEMENT OF FINANCIAL POSITION OF
HKT MANAGEMENT LIMITED**

As at 31 December 2024

(In HK\$'000)

	As at 31 December 2023	As at 31 December 2024
ASSET AND LIABILITIES		
Current asset		
Amount due from a fellow subsidiary	606	667
	606	667
Current liabilities		
Accruals and other payables	(55)	(57)
Amounts due to fellow subsidiaries	(551)	(610)
	(606)	(667)
Net assets	—	—
CAPITAL AND RESERVES		
Share capital	—	—
Reserves	—	—
Total equity	—	—

As at the date of this announcement, the directors of the Trustee-Manager and the Company are as follows:

Executive Directors:

Li Tzar Kai, Richard (*Executive Chairman*) and Hui Hon Hing, Susanna (*Group Managing Director*)

Non-Executive Directors:

Peter Anthony Allen; Chung Cho Yee, Mico; Tang Yongbo and Zhao Xingfu

Independent Non-Executive Directors:

Chang Hsin Kang; Sunil Varma; Aman Mehta; Frances Waikwun Wong and Charlene Dawes

Forward-Looking Statements

This announcement may contain certain forward-looking statements. These forward-looking statements include, without limitation, statements relating to revenues, earnings and prospects. The words “believe”, “intend”, “expect”, “anticipate”, “project”, “estimate”, “predict”, “is confident”, “has confidence” and similar expressions are also intended to identify forward-looking statements. These forward-looking statements are not historical facts. Rather, the forward-looking statements are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of HKT relating to the business, industry and markets in which HKT operates.