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HKT

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)

(Stock Code: 6823)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2015

The directors of HKT Management Limited (the “Trustee-Manager”, in its capacity as the trustee-manager of the HKT Trust) and HKT Limited (the “Company” or “HKT”) are pleased to announce the unaudited consolidated results of the HKT Trust and of the Company together with the Company’s subsidiaries (collectively the “Group”) for the six months ended June 30, 2015. This condensed consolidated interim financial information has not been audited, but has been reviewed by the Audit Committee of the Trustee-Manager and of the Company and, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by the Group’s independent auditor, PricewaterhouseCoopers.

- Total revenue increased by 28% to HK\$15,974 million
- Total EBITDA increased by 30% to HK\$5,770 million
- Profit attributable to holders of Share Stapled Units increased by 27% to HK\$1,778 million; basic earnings per Share Stapled Unit was 23.50 HK cents
- Adjusted funds flow increased by 23% to HK\$1,953 million; adjusted funds flow per Share Stapled Unit was 25.79 HK cents
- Interim distribution per Share Stapled Unit of 25.79 HK cents

MANAGEMENT REVIEW

We are pleased to announce another set of solid financial results for HKT during the six months ended June 30, 2015, demonstrating the strong market position of all of our lines of business and the successful integration of CSL since the completion of the acquisition in May 2014.

Total revenue for the six months ended June 30, 2015 increased by 28% to HK\$15,974 million and total EBITDA for the period was HK\$5,770 million, an increase of 30% over the same period in 2014. This growth reflected a full six-month integration of CSL as well as steady growth in the Telecommunications Services (“TSS”) business.

Profit attributable to holders of Share Stapled Units was HK\$1,778 million, an increase of 27% over the same period in 2014. Basic earnings per Share Stapled Unit were 23.50 HK cents.

Adjusted funds flow for the six months ended June 30, 2015 reached HK\$1,953 million, an increase of 23% over the same period in 2014. Adjusted funds flow per Share Stapled Unit was 25.79 HK cents.

The board of directors of the Trustee-Manager has resolved an interim distribution of 25.79 HK cents per Share Stapled Unit for the six months ended June 30, 2015.

OUTLOOK

HKT has built a fiber-rich fixed broadband network while our market-leading mobile network is also being dimensioned for higher speeds – we view this as a crucial success factor for the future of our business because consumers are increasingly bandwidth-hungry due to the continuing development of faster consumer devices and the emergence of more sophisticated applications. We have positioned ourselves as the one-stop-shop which can meet the various communication needs of our individual and business customers. Our continuous enhancement of user experience in both fixed and mobile services – 10G PON and the new payment service being examples – will fuel further growth of these segments.

Meanwhile, we anticipate more synergies will be unlocked as we press on with the integration of CSL, as the enlarged mobile business marches into its second year of operation as Hong Kong’s leading mobile operator.

Internationally, despite uncertainties in some advanced economies, HKT expects to continue to benefit from the growth in demand for connectivity services, especially in emerging markets.

Having grown at a modest pace this year, the Hong Kong economy looks set to face further uncertainties given the generally weak macro-conditions within the major global economies. Management will retain a cautious approach in our operations, but we are confident that our innovation and market-leading services will continue to give us a competitive advantage even in a challenging environment.

FINANCIAL REVIEW BY SEGMENT

For the six months ended HK\$ million	Jun 30, 2014	Dec 31, 2014	Jun 30, 2015	Better/ (Worse) y-o-y
Revenue				
TSS	9,565	10,348	10,145	6%
Mobile	2,910	6,040	6,044	108%
Other Businesses	286	278	84	(71)%
Eliminations	(241)	(363)	(299)	(24)%
Total revenue	12,520	16,303	15,974	28%
Cost of sales	(5,333)	(6,720)	(6,544)	(23)%
Operating costs before depreciation, amortization, and (loss)/gain on disposal of property, plant and equipment, net	(2,762)	(3,766)	(3,660)	(33)%
EBITDA¹				
TSS	3,594	3,768	3,654	2%
Mobile	965	2,182	2,298	138%
Other Businesses	(134)	(133)	(182)	(36)%
Total EBITDA¹	4,425	5,817	5,770	30%
<i>TSS EBITDA¹ margin</i>	<i>38%</i>	<i>36%</i>	<i>36%</i>	
<i>Mobile EBITDA¹ margin</i>	<i>33%</i>	<i>36%</i>	<i>38%</i>	
<i>Total EBITDA¹ margin</i>	<i>35%</i>	<i>36%</i>	<i>36%</i>	
Depreciation and amortization	(2,350)	(3,536)	(3,194)	(36)%
(Loss)/gain on disposal of property, plant and equipment, net	(2)	–	3	NA
Other gains, net	41	58	33	(20)%
Finance costs, net	(452)	(672)	(631)	(40)%
Share of results of an associate and joint ventures	2	(31)	(15)	NA
Profit before income tax	1,664	1,636	1,966	18%

ADJUSTED FUNDS FLOW

For the six months ended HK\$ million	Jun 30, 2014	Dec 31, 2014	Jun 30, 2015	Better/ (Worse) y-o-y
Total EBITDA¹	4,425	5,817	5,770	30%
Less cash outflows in respect of:				
Customer acquisition costs and licence fees	(770)	(2,032)	(1,519)	(97)%
Capital expenditures ⁵	(1,135)	(1,375)	(1,304)	(15)%
Adjusted funds flow before tax paid, net finance costs paid and changes in working capital	2,520	2,410	2,947	17%
Adjusted for:				
Tax payment	(80)	(315)	(75)	6%
Net finance costs paid	(368)	(433)	(435)	(18)%
Changes in working capital	(482)	102	(484)	0%
Adjusted funds flow²	1,590	1,764	1,953	23%

KEY OPERATING DRIVERS³

	Jun 30, 2014	Dec 31, 2014	Jun 30, 2015	Better/ (Worse) y-o-y	h-o-h
Exchange lines in service ('000)	2,654	2,654	2,657	0%	0%
Business lines ('000)	1,245	1,245	1,248	0%	0%
Residential lines ('000)	1,409	1,409	1,409	0%	0%
Total broadband access lines ('000) (Consumer, business and wholesale customers)	1,567	1,567	1,567	0%	0%
Retail consumer broadband subscribers ('000)	1,408	1,404	1,404	0%	0%
Retail business broadband subscribers ('000)	131	136	138	5%	1%
Traditional data (Exit Gbps)	3,016	3,372	3,673	22%	9%
Retail IDD minutes (million minutes)	431	397	356	(17)%	(10)%
Mobile subscribers ('000)	4,512	4,585	4,653	3%	1%
Post-paid subscribers ('000)	3,183	3,178	3,147	(1)%	(1)%
Prepaid subscribers ('000)	1,329	1,407	1,506	13%	7%

- 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 ("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 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 unaudited condensed consolidated financial statements. The Adjusted Funds Flow may be used for debt repayment.*
- Note 3 Figures are stated as at the period end, except for International Direct Dial ("IDD") minutes which is the total for the period.*
- Note 4 Gross debt refers to the principal amount of short-term borrowings and long-term borrowings.*
- Note 5 Group capital expenditures represent additions to property, plant and equipment, and interests in leasehold land.*
- Note 6 Adjusted Funds Flow per Share Stapled Unit is calculated by dividing the adjusted funds flow for the period by the number of Share Stapled Units in issue as at June 30, 2015.*

Telecommunications Services

For the six months ended HK\$ million	Jun 30, 2014	Dec 31, 2014	Jun 30, 2015	Better/ (Worse) y-o-y
Local Telephony Services	1,682	1,801	1,690	0%
Local Data Services	3,236	3,490	3,356	4%
International Telecommunications Services	3,465	3,538	3,869	12%
Other Services	1,182	1,519	1,230	4%
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TSS revenue	9,565	10,348	10,145	6%
Cost of sales	(4,301)	(4,638)	(4,569)	(6)%
Operating costs before depreciation and amortization	(1,670)	(1,942)	(1,922)	(15)%
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TSS EBITDA¹	3,594	3,768	3,654	2%
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TSS EBITDA¹ margin	38%	36%	36%	

TSS revenue for the six month ended June 30, 2015 increased by 6% year-on-year to HK\$10,145 million and EBITDA for the period increased by 2% to HK\$3,654 million resulting in an EBITDA margin of 36%.

Local Telephony Services. Local telephony services revenue remained steady at HK\$1,690 million for the six months ended June 30, 2015, as compared to HK\$1,682 million a year earlier. Total fixed lines in service at the end of June 2015 remained stable at 2.66 million.

Local Data Services. Local data services revenue, comprising broadband network revenue and local data revenue, increased by 4% year-on-year to HK\$3,356 million for the six months ended June 30, 2015. The broadband network business reinforced its strong market position and generated solid revenue growth of 5% in the first half of 2015. This expansion in revenue occurred as a result of continued customer upgrades to our high speed fiber service, the take-up of higher speed plans and further pricing improvements. At the end of June 2015, there were 537,000 fiber-to-the-home (“FTTH”) subscribers which represented an increase of 16% from a year earlier. Local data revenue was steady during the period despite persistent pricing pressure and cautious spending by enterprise customers amid the lackluster economic conditions in Hong Kong.

International Telecommunications Services. International telecommunications services revenue for the six months ended June 30, 2015 increased by 12% year-on-year to HK\$3,869 million. This was driven by the high demand for IP transit traffic and Internet usage from enterprise customers, as well as the solid demand for voice and data connectivity services from international carriers and enterprise customers in HKT’s expanding footprint.

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”). Other services revenue for the six months ended June 30, 2015 increased by 4% year-on-year to HK\$1,230 million.

Mobile

For the six months ended HK\$ million	Jun 30, 2014	Dec 31, 2014	Jun 30, 2015	Better/ (Worse) y-o-y
Mobile Services	2,328	4,570	4,583	97%
Handset Sales	582	1,470	1,461	151%
Mobile Revenue	<u>2,910</u>	<u>6,040</u>	<u>6,044</u>	108%
Mobile Services	964	2,123	2,272	136%
Handset Sales	1	59	26	>500%
Mobile EBITDA¹	<u>965</u>	<u>2,182</u>	<u>2,298</u>	138%
Mobile EBITDA¹ margin	<u>33%</u>	<u>36%</u>	<u>38%</u>	
<i>Mobile Services EBITDA¹ margin</i>	<u>41%</u>	<u>46%</u>	<u>50%</u>	

The Mobile business, which included the full six-month contribution from the acquired CSL business, registered a 108% increase in total revenue to HK\$6,044 million for the six months ended June 30, 2015. Mobile services revenue for the period increased by 97% to HK\$4,583 million from HK\$2,328 million a year earlier. Revenue from handset sales increased by 151% to HK\$1,461 million from HK\$582 million a year earlier reflecting the continued take-up of several popular handsets that were launched in the second half of 2014. Mobile revenues represented 38% of total HKT revenues for the six months ended June 30, 2015 as compared to 23% a year ago.

The post-paid exit average revenue per user (“ARPU”) increased by 4% to HK\$224 as at the end of June 2015 from HK\$216 a year earlier. As at June 30, 2015, the total mobile customer base was 4,653,000, of which 3,147,000 were post-paid customers. Of these post-paid customers, approximately 80% were smart device users. The churn rate for post-paid customers improved to 1.4% in the first half of 2015, as compared to 1.6% a year earlier.

For the six months ended June 30, 2015, mobile data revenue increased by 100% year-on-year and accounted for 69% of mobile services revenue for the period, while IDD and roaming revenue accounted for 18% of mobile services revenue for the period.

EBITDA for the period increased by 138% to HK\$2,298 million, with the margin improving significantly to 38% from 33% a year earlier. More importantly, the EBITDA margin for mobile services increased to 50% from 41% a year earlier benefiting from the synergies achieved so far in the integration of CSL and the enlarged scale of the Mobile business. Integration of the radio cell sites progressed smoothly and we target to have one unified radio network by the end of 2015.

Other Businesses

Revenue from Other Businesses was HK\$84 million for the six months ended June 30, 2015, as compared to HK\$286 million a year ago. The decrease in revenue was mainly due to the disposal of the entire 38.2% effective equity interest in Unihub China Information Technology Company Limited (“ZhongYing JV”) so as to optimize the investment value of this non-core business in China. The disposal of ZhongYing JV was completed in December 2014 and a gain of HK\$55 million was recognized in 2014.

Eliminations

Eliminations were HK\$299 million for the six months ended June 30, 2015, as compared to HK\$241 million a year ago. Eliminations mainly related 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, 2015 increased by 23% year-on-year to HK\$6,544 million, which was in line with the revenue growth during the period. Gross margin improved to 59% from 57% a year ago.

General and Administrative Expenses

During the period, operating costs before depreciation, amortization, and (loss)/gain on disposal of property, plant and equipment, net, (“operating costs”) increased by 33% year-on-year to HK\$3,660 million largely due to the enlarged business scale following the CSL acquisition. Other contributing factors included inflationary pressure on staff costs and rental expenses. Operating costs to revenue ratio was 23%, as compared to 22% a year ago due to the higher contribution of the Mobile business.

Depreciation and amortization expenses increased by 36% year-on-year to HK\$3,194 million for the six months ended June 30, 2015, which reflected higher customer acquisition costs in the prior year due to the enlarged business scale following the CSL acquisition.

As a result, general and administrative expenses increased by 34% year-on-year to HK\$6,851 million for the six months ended June 30, 2015.

EBITDA¹

As a result of the steady performance in the TSS business and the contribution from the enlarged Mobile business, overall EBITDA increased by 30% year-on-year to HK\$5,770 million for the six months ended June 30, 2015. The EBITDA margin improved slightly to 36% from 35% a year ago.

Finance Costs, Net

Net finance costs for the six months ended June 30, 2015 increased to HK\$631 million from HK\$452 million a year ago due to the incurrence of interest on the borrowings raised to finance the CSL acquisition and the recognition of additional finance costs associated with the spectrum license fees arising from the CSL acquisition.

Income Tax

Income tax expense for the six months ended June 30, 2015 was HK\$171 million, as compared to HK\$245 million a year ago, representing an effective tax rate of 9% for the period. The decrease in the tax expense is mainly due to recognition of a deferred income tax asset resulting from a loss-making company turning profitable.

Non-controlling Interests

Non-controlling interests of HK\$17 million (June 30, 2014: HK\$19 million) primarily represented the net profit attributable to the minority shareholders of Sun Mobile Limited.

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, 2015 increased by 27% year-on-year to HK\$1,778 million (June 30, 2014: HK\$1,400 million).

LIQUIDITY AND CAPITAL RESOURCES

The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholder 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.

During the first half of 2015, HKT took advantage of the favorable interest rate environment and raised a total of approximately US\$1,013 million through the issuance of US\$300 million in 15-year, zero coupon guaranteed notes, US\$500 million in 10-year, 3.625% guaranteed notes and €200 million in 12-year, 1.65% guaranteed notes. The use of proceeds was for general corporate purposes including the refinancing of outstanding debt. HKT's gross debt⁴ increased to HK\$37,041 million as at June 30, 2015 (December 31, 2014: HK\$36,847 million). Cash and cash equivalents totaled HK\$2,885 million as at June 30, 2015 (December 31, 2014: HK\$3,613 million).

HKT's gross debt⁴ to total assets was 41% as at June 30, 2015 (December 31, 2014: 41%).

As at July 31, 2015, HKT had ample liquidity as evidenced by committed banking facilities totaling HK\$27,147 million, of which HK\$6,003 million remained undrawn.

CREDIT RATINGS OF HONG KONG TELECOMMUNICATIONS (HKT) LIMITED

As at June 30, 2015, 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 EXPENDITURE⁵

Capital expenditure including capitalized interest for the six months ended June 30, 2015 was HK\$1,313 million (June 30, 2014: HK\$1,145 million). Capital expenditure relative to revenue was 8% for the six months ended June 30, 2015 (June 30, 2014: 9%). The capital investments made by HKT in the first six months of 2015 were attributable to the network integration work for the Mobile business as well as to satisfy demand for the high speed broadband fiber services and international voice and data connectivity services.

HKT 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 exposure related to cash investments and borrowings. 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 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.

Approximately 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.

As for financing, a significant portion of HKT's debt is denominated in foreign currency including United States dollars. Accordingly, HKT 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, 2015, all forward contracts and cross currency interest rate swap contracts were designated as cash flow hedges and/or fair value hedges for the Company's foreign currency denominated short-term and long-term borrowings.

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

CHARGE ON ASSETS

As at June 30, 2015, no assets of the Group (December 31, 2014: nil) were pledged to secure loans and banking facilities of HKT.

CONTINGENT LIABILITIES

HK\$ million	As at Dec 31, 2014 (Audited)	As at Jun 30, 2015 (Unaudited)
Performance guarantees	2,076	2,084
Tender guarantees	52	52
Others	74	67
	2,202	2,203

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.

HUMAN RESOURCES

HKT had approximately 17,500 employees as at June 30, 2015 (June 30, 2014: 17,200) located in over 40 countries and cities. About 62% of these employees work in Hong Kong and the others are based mainly in mainland China, the Philippines and the United States. HKT has established incentive bonus schemes designed to motivate and reward employees at all levels to achieve business performance targets. Payment of 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 employees.

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 25.79 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, 2015 (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 25.79 HK cents per ordinary share, in respect of the same period) to holders of 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.

CLOSURE OF BOOKS

The record date for the interim distribution will be Thursday, August 27, 2015. 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, August 26, 2015 to Thursday, August 27, 2015 (both days inclusive), in order to determine entitlements to the interim distribution. During such period, no transfer of Share Stapled Units will be effected. In order to qualify for the interim 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, for registration no later than 4:30 p.m. on Tuesday, August 25, 2015. Distribution warrants will be despatched to holders of Share Stapled Units on or around Friday, September 25, 2015.

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, 2015, 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 unaudited condensed consolidated interim financial information of the HKT Trust and HKT Limited for the six months ended June 30, 2015 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.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended June 30, 2015, 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 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. The appointments of company secretaries during the period were discussed and approved at the physical executive committee meetings in accordance with the delegated board authority, of which the directors were briefed on the outcome, and therefore the requirement by code provision F.1.2 of the CG Code to approve these matters by physical board meetings has not been complied with. It is considered that the approval process is efficient and appropriate in the view of directors.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM 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 2015 interim 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
Grace M.Y. Lee
Group General Counsel and Company Secretary

Hong Kong, August 5, 2015

CONSOLIDATED INCOME STATEMENT OF HKT TRUST AND OF HKT LIMITED

For the six months ended June 30, 2015

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

	Note(s)	2014 (Unaudited)	2015 (Unaudited)
Revenue	2	12,520	15,974
Cost of sales		(5,333)	(6,544)
General and administrative expenses		(5,114)	(6,851)
Other gains, net	3	41	33
Finance costs, net		(452)	(631)
Share of results of an associate		(13)	(14)
Share of results of joint ventures		15	(1)
Profit before income tax	2, 4	1,664	1,966
Income tax	5	(245)	(171)
Profit for the period		<u>1,419</u>	<u>1,795</u>
Attributable to:			
Holders of Share Stapled Units/shares of the Company		1,400	1,778
Non-controlling interests		19	17
Profit for the period		<u>1,419</u>	<u>1,795</u>
Earnings per Share Stapled Unit/share of the Company	7		
Basic		(Adjusted) 20.97 cents	<u>23.50 cents</u>
Diluted		(Adjusted) 20.97 cents	<u>23.49 cents</u>

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

For the six months ended June 30, 2015

In HK\$ million	2014 (Unaudited)	2015 (Unaudited)
Profit for the period	1,419	1,795
Other comprehensive loss		
Items that may be reclassified subsequently to consolidated income statement:		
Exchange differences on translating foreign operations	(8)	(21)
Available-for-sale financial assets:		
- changes in fair value	(35)	(34)
Cash flow hedges:		
- effective portion of changes in fair value	(11)	(126)
- transfer from equity to consolidated income statement	(9)	(47)
Other comprehensive loss for the period	(63)	(228)
Total comprehensive income for the period	<u>1,356</u>	<u>1,567</u>
Attributable to:		
Holders of Share Stapled Units/shares of the Company	1,337	1,550
Non-controlling interests	19	17
Total comprehensive income for the period	<u>1,356</u>	<u>1,567</u>

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

As at June 30, 2015

In HK\$ million	Note	As at December 31, 2014 (Audited)	As at June 30, 2015 (Unaudited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		15,489	15,922
Interests in leasehold land		278	272
Goodwill		49,655	49,831
Intangible assets		10,307	9,697
Interest in an associate		171	182
Interests in joint ventures		550	557
Available-for-sale financial assets		61	26
Financial assets at fair value through profit or loss		21	11
Derivative financial instruments		–	90
Deferred income tax assets		371	384
Other non-current assets		639	607
		77,542	77,579
Current assets			
Prepayments, deposits and other current assets		4,006	4,208
Inventories		621	791
Trade receivables, net	8	3,875	4,163
Amounts due from related companies		76	91
Derivative financial instruments		49	40
Financial assets at fair value through profit or loss		18	14
Cash and cash equivalents		3,613	2,885
		12,258	12,192

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

As at June 30, 2015

In HK\$ million	Note	As at December 31, 2014 (Audited)	As at June 30, 2015 (Unaudited)
Current liabilities			
Short-term borrowings	10	(3,877)	(11,042)
Trade payables	9	(1,979)	(2,581)
Accruals and other payables		(5,023)	(4,523)
Carrier licence fee liabilities		(433)	(447)
Amounts due to related companies		(94)	(66)
Amounts due to fellow subsidiaries		(278)	(25)
Advances from customers		(1,997)	(2,040)
Current income tax liabilities		(734)	(926)
		(14,415)	(21,650)
Non-current liabilities			
Long-term borrowings	10	(32,549)	(25,514)
Derivative financial instruments		(100)	(318)
Deferred income tax liabilities		(2,591)	(2,500)
Deferred income		(1,033)	(960)
Carrier licence fee liabilities		(954)	(925)
Other long-term liabilities		(119)	(141)
		(37,346)	(30,358)
Net assets		38,039	37,763
CAPITAL AND RESERVES			
Share capital		8	8
Reserves		37,924	37,645
Equity attributable to holders of Share Stapled			
Units/shares of the Company		37,932	37,653
Non-controlling interests		107	110
Total equity		38,039	37,763

NOTES

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, 2015 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, 2015 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 statement of financial position.

The HKT Trust controls HKT Limited and the sole activity of the HKT Trust during the period ended June 30, 2015 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, 2014.

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, 2015.

1. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

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.

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. As part of the Groups’ continuous accounting procedure, it is required to reassess the useful life of their intangible assets on regular basis. Pursuant to such reassessment, the Groups’ profit for the period ended June 30, 2015 decreased by HK\$334 million and the net assets as at June 30, 2015 decreased by HK\$334 million.

The accounting policies, basis of preparation 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, 2014, 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, 2015 as described below.

The following new HKFRSs are mandatory for the first time for the financial year beginning January 1, 2015, but have no material effect on the Groups’ results and financial position for the current and prior periods:

- HKAS 19 (2011) (Amendment), Defined Benefit Plans: Employee Contributions.
- Annual Improvements to 2010-2012 Cycle published in January 2014 by HKICPA.
- Annual Improvements to 2011-2013 Cycle published in January 2014 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 the product perspective. 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 comprised Unihub China Information Technology Company Limited (“ZhongYing JV”), which provides network integration and related services to telecommunications operators in the PRC, and corporate support functions. In December 2014, the Groups completed the disposal of its entire equity interest in ZhongYing JV.

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.

2. SEGMENT INFORMATION (CONTINUED)

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

For the six months ended June 30, 2014
(In HK\$ million)

	TSS (Unaudited)	Mobile (Unaudited)	Other Businesses (Unaudited)	Eliminations (Unaudited)	Total (Unaudited)
REVENUE					
Total Revenue	9,565	2,910	286	(241)	12,520
RESULTS					
EBITDA	3,594	965	(134)	–	4,425

For the six months ended June 30, 2015
(In HK\$ million)

	TSS (Unaudited)	Mobile (Unaudited)	Other Businesses (Unaudited)	Eliminations (Unaudited)	Total (Unaudited)
REVENUE					
Total Revenue	10,145	6,044	84	(299)	15,974
RESULTS					
EBITDA	3,654	2,298	(182)	–	5,770

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

In HK\$ million	Six months ended	
	June 30, 2014 (Unaudited)	June 30, 2015 (Unaudited)
Total segment EBITDA	4,425	5,770
(Loss)/gain on disposal of property, plant and equipment, net	(2)	3
Depreciation and amortization	(2,350)	(3,194)
Other gains, net	41	33
Finance costs, net	(452)	(631)
Share of results of an associate and joint ventures	2	(15)
Profit before income tax	1,664	1,966

3. OTHER GAINS, NET

In HK\$ million	Six months ended	
	June 30, 2014 (Unaudited)	June 30, 2015 (Unaudited)
Net gain on cash flow hedging instruments transferred from equity	11	11
Net gain on fair value hedging instruments	23	24
Others	7	(2)
	41	33

4. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging the following:

In HK\$ million	Six months ended	
	June 30, 2014 (Unaudited)	June 30, 2015 (Unaudited)
Cost of inventories sold	1,326	1,965
Cost of sales, excluding inventories sold	4,007	4,579
Depreciation of property, plant and equipment	1,096	919
Amortization of intangible assets	1,248	2,269
Amortization of land lease premium	6	6
Finance costs on borrowings	438	594
Staff costs	1,018	1,370

5. INCOME TAX

In HK\$ million	Six months ended	
	June 30, 2014 (Unaudited)	June 30, 2015 (Unaudited)
Current income tax:		
Hong Kong profits tax	315	266
Overseas tax	20	1
Movement of deferred income tax	(90)	(96)
Income tax expense	245	171

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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.

6. DISTRIBUTIONS/DIVIDENDS

a. Distribution/Dividend attributable to the interim period

In HK\$ million	Six months ended	
	June 30, 2014 (Unaudited)	June 30, 2015 (Unaudited)

Interim distribution/dividend declared after the interim period of 25.79 HK cents (2014: 21 HK cents) per Share Stapled Unit/ordinary share of the Company	1,590	1,953
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At meetings held on August 5, 2015, the directors of the Trustee-Manager and the Company declared an interim distribution/dividend of 25.79 HK cents per Share Stapled Unit/ordinary share of the Company for the year ending December 31, 2015. 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, 2014 (Unaudited)	June 30, 2015 (Unaudited)

Distribution/dividend in respect of the previous financial year, approved and paid during the interim period of 23.30 HK cents (2014: 24.21 HK cents) per Share Stapled Unit/ordinary share of the Company	1,553	1,764
Less: Distribution/dividend for Share Stapled Units/shares held by the Company's Share Stapled Units Award Schemes	(1)	(1)
	1,552	1,763

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, 2014 (Unaudited)	June 30, 2015 (Unaudited)
Earnings (in HK\$ million)		
Earnings for the purposes of basic and diluted earnings per Share Stapled Unit/share of the Company	1,400	1,778
Number of Share Stapled Units/shares of the Company		
Weighted average number of Share Stapled Units/ordinary shares of the Company (note (a))	6,682,895,634	7,571,742,334
Effect of Share Stapled Units held under the Company's Share Staple Units Award Schemes (note (a))	(6,700,216)	(7,049,915)
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	6,676,195,418	7,564,692,419
Effect of Share Stapled Units awarded under the Company's Share Stapled Units Award Schemes (note (a))	1,034,402	5,380,714
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	6,677,229,820	7,570,073,133

- (a) The weighted average number of Share Stapled Units/ordinary shares of the Company for the period ended June 30, 2014 has been adjusted to reflect the effect of the rights issue of Share Stapled Units of the HKT Trust and the Company during the year ended December 31, 2014.

8. TRADE RECEIVABLES, NET

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

In HK\$ million	As at December 31, 2014 (Audited)	As at June 30, 2015 (Unaudited)
0 – 30 days	2,161	2,191
31 – 60 days	542	698
61 – 90 days	258	195
91 – 120 days	146	231
Over 120 days	919	1,029
	4,026	4,344
Less: Impairment loss for doubtful debts	(151)	(181)
	3,875	4,163

Included in trade receivables, net of the Groups were the amounts due from related parties of HK\$24 million and HK\$25 million as at June 30, 2015 and December 31, 2014, 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

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

In HK\$ million	As at December 31, 2014 (Audited)	As at June 30, 2015 (Unaudited)
0 – 30 days	974	1,646
31 – 60 days	128	46
61 – 90 days	39	41
91 – 120 days	37	34
Over 120 days	801	814
	1,979	2,581

Included in trade payables of the Groups was the amount due to related parties of HK\$70 million and HK\$22 million as at June 30, 2015 and December 31, 2014, respectively.

10. SHORT-TERM AND LONG-TERM BORROWINGS

- (a) During the six months ended June 30, 2015, certain bank borrowings of approximately HK\$3,266 million and guaranteed notes of US\$500 million (approximately HK\$3,876 million) have been reclassified from long-term liabilities to short-term liabilities as their maturity dates fall due within the next twelve-month period. As at June 30, 2015, the Groups had a total of cash and cash equivalents of HK\$2,885 million and undrawn banking facilities of approximately HK\$9,711 million. In July 2015, the Groups had reduced its short-term borrowings by refinancing its maturing guaranteed notes of US\$500 million (approximately HK\$3,876 million) with the Groups' long-term borrowings.
- (b) **US\$300 million zero coupon guaranteed notes due 2030**
On January 15, 2015, HKT Capital No. 1 Limited, an indirect wholly-owned subsidiary of the Company, issued US\$300 million (approximately HK\$2,326 million) zero coupon guaranteed notes due 2030, which are listed on the Taipei Exchange (previously known as the GreTai Securities Market) in Taiwan, China. The notes are irrevocably and unconditionally guaranteed by HKT Group Holdings Limited ("HKTGH") and Hong Kong Telecommunications (HKT) Limited ("HKTL"), both being wholly owned subsidiaries of the Company, and rank pari passu with all other outstanding unsecured and unsubordinated obligations of the HKTGH and HKTL.
- (c) **US\$500 million 3.625% guaranteed notes due 2025**
On April 2, 2015, HKT Capital No. 2 Limited, an indirect wholly-owned subsidiary of the Company, issued US\$500 million (approximately HK\$3,876 million) 3.625% guaranteed notes due 2025, which are listed on the Singapore Exchange Securities Trading Limited. The notes are irrevocably and unconditionally guaranteed by HKTGH and HKTL and rank pari passu with all other outstanding unsecured and unsubordinated obligations of the HKTGH and HKTL.
- (d) **€200 million 1.65% guaranteed notes due 2027**
On April 10, 2015, HKT Capital No. 3 Limited, an indirect wholly-owned subsidiary of the Company, issued €200 million (approximately HK\$1,729 million) 1.65% guaranteed notes due 2027, which are listed on the Singapore Exchange Securities Trading Limited. The notes are irrevocably and unconditionally guaranteed by HKTGH and HKTL and rank pari passu with all other outstanding unsecured and unsubordinated obligations of the HKTGH and HKTL.

**INCOME STATEMENT OF
HKT MANAGEMENT LIMITED**
For the six months ended June 30, 2015

In HK\$'000	2014 (Unaudited)	2015 (Unaudited)
Management fee income	42	42
General and administrative expenses	(2)	(2)
Profit before income tax	40	40
Income tax	–	–
Profit for the period	40	40

**STATEMENT OF COMPREHENSIVE INCOME OF
HKT MANAGEMENT LIMITED**
For the six months ended June 30, 2015

In HK\$'000	2014 (Unaudited)	2015 (Unaudited)
Profit for the period	40	40
Other comprehensive income	–	–
Total comprehensive income for the period	40	40

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

As at June 30, 2015

In HK\$'000	As at December 31, 2014 (Audited)	As at June 30, 2015 (Unaudited)
ASSETS AND LIABILITIES		
Current assets		
Amount due from a fellow subsidiary	84	126
	84	126
Current liabilities		
Accruals and other payables	(82)	(82)
Amount due to a fellow subsidiary	(44)	(46)
	(126)	(128)
Net liabilities	(42)	(2)
CAPITAL AND RESERVES		
Share capital	–	–
Deficit	(42)	(2)
Total equity	(42)	(2)

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*); Alexander Anthony Arena (*Group Managing Director*) and Hui Hon Hing, Susanna (*Group Chief Financial Officer*)

Non-Executive Directors:

Peter Anthony Allen; Chung Cho Yee, Mico; Lu Yimin; Li Fushen and Srinivas Bangalore Gangaiah (aka BG Srinivas)

Independent Non-Executive Directors:

Professor Chang Hsin Kang, F_{REng}, GBS, JP; Sunil Varma; Aman Mehta and Frances Waikwun Wong

Forward-Looking Statements

This announcement may contain certain forward-looking statements. These forward-looking statements include, without limitation, statements relating to revenues and earnings. 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.