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## CORPORATE PROFILE

HKT is Hong Kong's premier telecommunications service provider and leading operator in fixed-line, broadband and mobile communication services. It meets the needs of the Hong Kong public and local and international businesses with a wide range of services including local telephony, local data and broadband, international telecommunications, mobile, enterprise solutions, and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting, and contact centers.

HKT offers a unique quadruple-play experience in Hong Kong delivering media content on its fixed-line, broadband Internet access and mobile platforms jointly with its parent company, PCCW Limited.

HKT also provides a range of innovative and smart living services beyond connectivity to make the daily lives of customers smarter, whether they are at home, in the workplace, or on the go. Consumers and merchants alike may also enjoy HKT's financial-related services such as mobile payment, smart mobile point-of-sale solutions, and insurance.

For enterprises, HKT delivers end-to-end integrated solutions employing emerging technologies such as cloud computing, Internet of Things (IoT) and Artificial Intelligence (AI) to accelerate their digital transformation, contributing to Hong Kong's development into a smart city.

The Club is HKT's loyalty program and one of the largest of its kind in Hong Kong, not only offering a variety of privileges and benefits to enrich the lifestyle of members, but also increasingly amalgamating merchants and becoming an integral part of a new digital ecosystem connecting consumers and merchants.

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

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

## STATEMENT FROM THE CHAIRMAN

I am pleased to report resilient results and a stable AFF (adjusted funds flow) for HKT for the six months ended June 30, 2020, despite the highly challenging economic and operating environments due to COVID-19.

Since the viral outbreak earlier this year, HKT has been unfailingly supporting the growing connectivity demand of citizens and enterprises for digital interactions for study, work, and entertainment. This reflects the superior quality and reliability of our extensive fiber network, and has generated a positive impact on the first-half performance.

In April, HKT became the first local mobile operator to launch a true 5G network with differentiated 5G services in Hong Kong. Customer uptake has been encouraging in the first few months and network coverage is being extended to ensure our customers can enjoy a unique mobile experience anytime, anywhere.

We also expect 5G to provide additional growth momentum for our commercial business, as the medical, property, construction and other sectors will recognize 5G as a super enabler of solutions and applications that will improve their operational efficiencies and effectiveness.

The precautions taken to stay home during the pandemic have augmented the continued evolution of consumer behaviors to increased online consumption. We have strengthened our digital channels and deployed data analytics to enhance the offering of personalized products and services to customers. Furthermore, we have enriched the HKT ecosystem with the introduction of a telemedicine platform.

A resurgence of local infection cases in Hong Kong at the beginning of the second half has prolonged the pandemic's impact on people's daily life and added uncertainty to economic recovery. As we look forward to the rebound of the economy and society's return to normality, we shall remain focused on delivering reliable connectivity and innovative services to meet customer needs, while maintaining a heightened awareness of the risks of the pandemic and our responsibilities to our employees, customers and other stakeholders, and hence the need to take all necessary mitigation and precautionary measures.



**Richard Li**  
Chairman  
August 5, 2020

# STATEMENT FROM THE GROUP MANAGING DIRECTOR

In the first six months of 2020, Hong Kong experienced one of its worst economic setbacks due to COVID-19. Anti-epidemic measures such as social distancing and mandatory suspension of business at public premises resulted in a destitute operating environment for many small businesses. Both inbound and outbound travel practically came to a complete stop. Amid a highly uncertain local economic environment, and amplified tensions between China and the United States on trade and technology, large enterprises also became more cautious about investments.

Against a background of the stark, across-the-board impact on economic activities, HKT saw a noticeable drop in foot traffic to our retail outlets, reduction in consumer handset and business equipment purchases, a sharp decline in mobile roaming revenue, and slowdown in ICT projects in the private sector.

Nevertheless, I am pleased to report that HKT's operations continued to demonstrate resilience during the first half despite the adverse external conditions. This was attributable in part to projects we have secured from the Government and public sector, which help offset the headwinds in the private sector. We also owe this to the fundamental strengths of our diversified businesses and the dedication and perseverance of the HKT team.

In the following sections, I will outline the development of our businesses in the period under review and how we continue to generate momentum for future growth.

## Trusted connectivity provider

The need for online study and remote office underscores the importance of a resilient, high-quality fiber network. HKT recorded a surge in connectivity and bandwidth demand from both households and business customers in the first half, reflecting our leading position in the market.

In particular, the need for high speed broadband and Home Wi-Fi solutions helped drive NETVIGATOR residential customer acquisitions and upgrades. While many businesses especially the SMEs (small and medium enterprises) in the hospitality sector took a heavy beating amid the pandemic, which led to closures and financial difficulties of business operators, we recorded an overall net gain in broadband customers in the last six months.

In the first half of 2020, HKT was awarded several government projects to build submarine cables and fiber networks for the provision of high-speed broadband to about 80 remote villages in the New Territories and on outlying islands.

Console Connect, PCCW Global's software defined interconnection platform, continued to align and connect to leading cloud service providers around the world in order to enable our customers to manage multi-cloud services and apps on a single platform on a pay-as-you-go basis. At the core of Console Connect is the continuity and security of PCCW Global's fiber and IP network, which has coverage over 3,000 cities and 160 countries.

## Ushering in the 5G era

On April 1, HKT became the first local mobile operator in Hong Kong to launch a true 5G network with differentiated services. HKT's 5G network is backed by our substantial holding of 5G spectrum across all bands, and a robust and extensive fiber backhaul infrastructure.

At the launch, we provided seamless continuous coverage in the golden bowl districts on both sides of the harbor, as well as in key infrastructure such as Hong Kong International Airport and major shopping malls. Coverage has since been extended to several other districts, and we use mobile big data analytics to prioritize our rollouts. HKT is committed to providing comprehensive 5G coverage across the entire city for mobile users, and we are on track to reach 90% coverage by the end of the third quarter.

We have introduced a variety of content and applications that bring out the best in 5G for consumers. These include exclusive Korean VR (virtual reality) entertainment content in 4K, 4K soccer broadcast, exclusive online games, 24-bit music, as well as an AR (augmented reality) lens app through which customers may spot and obtain special offers from participating shops and restaurants. AR lens collaboration with malls and shopping areas will help draw traffic to the hard hit retail and food and beverage sectors.

While HKT has offered various makes and models of 5G phones, some exclusively, poor consumer sentiment during the first half and the immature handset ecosystem – notably the unavailability of 5G iPhones – led to sluggish handset sales and slow-paced migration to 5G. Nevertheless, we are pleased to record an encouraging 5G uptake in the first several months of our rollout. At the end of June 30, about four per cent of csl and 1010 post-paid retail customers were 5G adopters, which compared favorably with the penetration rates in the initial launch periods of 5G in mainland China and Korea.

### 5G potential in enterprise applications

With our strong know-how in fixed and mobile technologies and technical expertise, HKT has been driving digital transformation with emerging technologies for different industries. The arrival of 5G will create new business opportunities as its key characteristics – ultra-high speed, ultra-low latency and massive connectivity – make it a super enabler of technologies such as Internet of Things (IoT), AR, cloud computing, Artificial Intelligence (AI), and robotics. The adoption by these technologies, particularly in sectors such as medical, property, construction, transport, logistics, and retail, will generate additional growth momentum in the 5G arena.

HKT is already delivering Hong Kong's largest IoT-powered PropTech deployment for a global real estate services firm. More than 4,000 IoT sensors will be installed at over 200 properties to monitor temperature, humidity, air quality, security or water leakage. The customer may use data collected to attain business insights, and to re-engineer processes to uplift efficiency and sustainability.

### Innovative HealthTech collaborations

In a landmark development supporting digital transformation in the healthcare sector, HKT launched a telemedicine platform, DrGo, in July. DrGo is an app-based platform connecting users in Hong Kong with doctors who provide medical consultation and advice via video consultation. Prescribed medicine will be delivered to the patient's designated address. Telemedicine serves a growing need in the community as it offers ease and convenience, and is particularly helpful at a time like the present pandemic.

Initially we are partnering with private sector doctors to provide consultation services. Our long-term goal is to offer remote healthcare services to users of the public healthcare system, which will improve patients' accessibility to general out-patient services and follow-up consultations for chronic diseases.

HKT is also exploring B2B (business to business) opportunities of HealthTech for applications in hospitals, clinics and universities such as telemedicine, remote mentoring, remote clinical training, and smart hospitals. HKT is capable of enabling technologies of 5G, IoT and AI for big data analytics, which will enhance medical research, disease prevention and diagnosis, and will therefore be of enormous benefits to everyone in the community. For instance, the high bandwidth and low latency of 5G enable an immersive experience with 4K camera video and radiology imaging for real-time diagnostics at remote locations.

### Enriching FinTech offerings

As we incorporate HealthTech into our digital ecosystem, we are also expanding our range of financial services. In addition to Tap & Go mobile payment and smart POS (point of sale) merchant solutions, we introduced in May an app-based micro lending service, HKT Flexi, initially for customers who make purchases at HKT, 1010 or csl shops. Offering personalized interest rates based on total customer relationship, the service will be extended to the group's online channels in phases.

HKT is a joint venture partner in Mox, one of the first virtual banks licensed to operate in Hong Kong. Mox plans to launch shortly, providing retail banking services entirely digitally over its app. Mox represents a next generation of banking, a cloud-based bank with secure and resilient infrastructure and services, as well as rapid and cost-efficient development cycles.

Our digital ecosystem, which also integrates travel and insurance services, is built upon a massive customer base. HKT's loyalty platform, The Club, deepens our relationship with customers thereby enhancing customer retention and engagement. Membership rose to more than three million at the end of June, with further increases of coalition and redemption partners offering a broader catalogue of redemption choices and special offers.

The e-commerce platform Club Like has benefitted from increasing online consumption, recording a significant jump in sales in the first half. More than 18,000 SKUs (stock keeping units) of products from 1,800 local and international brands are available on Club Like for purchase in cash and by Clubpoints.

### A caring employer and corporate citizen

As we seek to maintain business continuity and productivity amid the pandemic, we have also taken great care to protect our employees from the threat of COVID-19 and help the community curb its spread. We have introduced work from home and flexible work-hour arrangements, frequent cleaning and disinfection of premises, while minimizing face to face meetings. Field colleagues are required to strictly follow prescribed precautionary measures for on-site duties. We suspended the operations of some shops and shortened the business hours when circumstances warranted. We will monitor the situation closely and strengthen the measures where necessary.

Despite the economic downturn, HKT will continue to groom new talent and invest in staff development and retraining so that our employees are equipped with the mindset and skills to service our customers into the future.

Recognizing the communication needs in the community, CSL Mobile offered handsets and free mobile data to 160 elderly nursing homes of non-governmental organizations at the early stage of the pandemic for the residents to keep in touch with their families via video calls. We also presented complimentary data to existing mobile customers.

Free business services and special offers were made available to corporate customers, especially SMEs, to conduct their businesses remotely.

### Outlook

As a leading innovator and the premier ICT service provider in Hong Kong, HKT is ideally positioned to support the adoption of 5G by consumers and enterprises. As the 5G handset ecosystem continues to evolve in the second half, 5G adoption will likely accelerate provided the economic condition does not deteriorate further.

HKT is also actively exploring with the public sector and various industries the deployment of 5G and other emerging technologies to improve efficiencies and business insights, as well as helping to propel Hong Kong's continued development into a smart city.

Riding on our massive loyal customer base, we will continue to prudently grow revenue sources for the medium and longer term in the new verticals such as healthcare, where there is a growing demand in the community. As we enlarge our role as a lifestyle enhancer in the digital era, we are also stepping up our digital engagement to embrace the new norm in services.

While the full extent of COVID-19 related disruption cannot be predicted with any certainty, the local economic and market environments will remain highly challenging for the remainder of the year. A spike of infection cases in July has cast new uncertainties to the pace of economic recovery. There is no room for complacency, but I am confident that HKT will prevail given our robust foundation and diversified business portfolio. To this end, we must also exercise stringent cost controls. Our primary objective continues to be the delivery of a stable return for unitholders.



**Susanna Hui**

Group Managing Director

August 5, 2020

# BOARD OF DIRECTORS

## EXECUTIVE DIRECTORS

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

#### Executive Chairman

Mr. Li, aged 53, was appointed the Executive Chairman and an Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, in November 2011.

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

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

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

#### Group Managing Director

Ms. Hui, aged 55, is the Group Managing Director of HKT Limited (HKT) and HKT Management Limited (Trustee-Manager), the trustee-manager of the HKT Trust, since September 2018. She has been an Executive Director of HKT and the Trustee-Manager since November 2011. She is a member of HKT's Executive Committee and holds directorships in various Group companies. She was the Group Chief Financial Officer of HKT from November 2011 to August 2018 primarily responsible for overseeing the financial matters of the Group. Ms. Hui is also the Group Chief Financial Officer and Executive Director of PCCW Limited (PCCW), a member of PCCW's Executive Committee, and an Executive Director of Pacific Century Premium Developments Limited (PCPD).

Ms. Hui joined Cable & Wireless HKT Limited (which was subsequently acquired by PCCW) in September 1999. Since then, she has served the PCCW Group in various capacities in the past 21 years, including as Director of Group Finance of the PCCW Group from September 2006 to April 2007, and the Director of Finance of the PCCW Group with responsibility for the telecommunications services sector and regulatory accounting. Ms. Hui was also the Chief Financial Officer of PCPD from July 2009 to November 2011.

Prior to joining Cable & Wireless HKT Limited, Ms. Hui was the chief financial officer of a listed company engaged in hotel and property investment and management.

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

## NON-EXECUTIVE DIRECTORS

### **Peter Anthony ALLEN**

#### Non-Executive Director

Mr. Allen, aged 65, was appointed a Non-Executive Director of HKT Limited (HKT) and HKT Management Limited (Trustee-Manager), the trustee-manager of the HKT Trust, in November 2011. He is a member of HKT's Audit Committee and the Trustee-Manager's Audit Committee. He is an Executive Director and the Group Managing Director of Pacific Century Regional Developments Limited, an Executive Director and the Chief Financial Officer of the Pacific Century Group, a Director of certain FWD group companies and Senior Advisor to PCCW Limited (PCCW). He is also a Director of certain other companies controlled by Mr. Li Tzar Kai, Richard, the Executive Chairman of HKT and the Trustee-Manager. Mr. Allen was an Executive Director of PCCW from August 1999 to November 2011.

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

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

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



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

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

Mr. Chung, aged 59, was appointed a Non-Executive Director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust, in November 2011. Mr. Chung was a Non-Executive Director of PCCW Limited (PCCW) from May 2010 to November 2011. He was an Executive Director of PCCW from November 1996 who was responsible for merger and acquisition activities and was re-designated to a Non-Executive Director of PCCW in May 2010. He joined the Pacific Century Group in March 1999.

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

Mr. Chung is currently the Chairman and an Executive Director of CSI Properties Limited which he joined in 2004. He was an Independent Non-Executive Director of HKC (Holdings) Limited.

### **LI Fushen**

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

Mr. Li, aged 57, was appointed a Non-Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, in November 2011. He is a member of HKT's Remuneration Committee, Nomination Committee and Executive Committee. Mr. Li became a Non-Executive Director of PCCW Limited (PCCW) in July 2007 and the Deputy Chairman of the board of directors of PCCW in September 2018. He is a member of PCCW's Executive Committee.

Mr. Li is an Executive Director of China Unicom (Hong Kong) Limited (Unicom HK). He is also a Director of China United Network Communications Group Company Limited (Unicom), China United Network Communications Limited (Unicom A-Share) and China United Network Communications Corporation Limited.

He served as Deputy General Manager of the former Jilin Provincial Telecommunications Company and Jilin Communications Company, General Manager of the Finance Department and Chief Accountant of China Network Communications Group Corporation, Chief Financial Officer, Executive Director and Joint Company Secretary of China Netcom Group Corporation (Hong Kong) Limited, Vice President and Chief Accountant of Unicom, Senior Vice President of Unicom A-Share, and Senior Vice President and Chief Financial Officer of Unicom HK.

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

### **ZHU Kebing**

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

Mr. Zhu, aged 45, was appointed a Non-Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, in September 2018. He is a member of HKT's Regulatory Compliance Committee. Mr. Zhu is also a Non-Executive Director of PCCW Limited (PCCW) and a member of the Nomination Committee of the board of directors of PCCW.

Mr. Zhu is an Executive Director and Chief Financial Officer of China Unicom (Hong Kong) Limited, the Chief Accountant of China United Network Communications Group Company Limited, the Chief Financial Officer and Board Secretary of China United Network Communications Limited, and a Director and the Chief Financial Officer of China United Network Communications Corporation Limited.

Mr. Zhu previously worked as Deputy Head of the Financial Department, General Manager, Budgeting Controller and Asset Management Controller of the Operation and Financial Department of Baosteel Group Co., Ltd., Chief Financial Officer, Board Secretary and Supervisor of Baoshan Iron and Steel Co., Ltd., General Manager of the Industry Finance Development Center of China Baowu Steel Group Corporation Limited, Director of Shanghai Baosight Software Co., Ltd., Non-Executive director of China Pacific Insurance (Group) Co., Ltd., General Manager of Hwabao Investment Co., Ltd.,

Director of Sailing Capital International Investment Fund (Shanghai) Co., Ltd., Director of Sailing Capital Management Co., Ltd., Director of Siyuanhe Equity Investment Management Co., Ltd. and Vice President of PE Association of Shanghai etc.

Mr. Zhu is a Senior Accountant graduated from Northeastern University in 1997 and he received a Professional Accountancy master's degree from Chinese University of Hong Kong in 2011. Mr. Zhu has extensive experience in corporate finance and investment management.

**Srinivas Bangalore GANGAIAH**  
(aka BG Srinivas)

**Non-Executive Director**

Mr. Srinivas, aged 59, was appointed a Non-Executive Director of HKT Limited (HKT) and HKT Management Limited (Trustee-Manager), the trustee-manager of the HKT Trust, in August 2014. He is an Executive Director and Group Managing Director of PCCW Limited (PCCW) since July 2014. He is also a member of PCCW's Executive Committee. He is also an Alternate Director of certain FWD group companies controlled by Mr. Li Tzar Kai, Richard, the Executive Chairman of HKT and the Trustee-Manager.

As part of the PCCW Group's responsibility, Mr. Srinivas is focused to ensure the PCCW Group maintains its leadership position in all its portfolio of business in Hong Kong while crafting strategies to expand each line of business. He has over 30 years of experience and has assisted enterprises in leveraging technology to transform businesses. Prior to joining PCCW, Mr. Srinivas had worked for the previous 15 years with Infosys Group, where his last role was the President and Whole-time Director of Infosys Limited. He played distinct role in crafting strategies and driving growth across several industry sectors for Infosys. Prior to that, Mr. Srinivas worked for 14 years with Asea Brown Boveri Group, where he held several leadership positions in process automation and power transmission divisions.

Mr. Srinivas has been on the panel of judges for the European Business Awards (EBA) for three consecutive years and is a frequent speaker at World Economic Forum, and academic institutions such as INSEAD and Yale University.

Mr. Srinivas holds a degree in mechanical engineering from Bangalore University, India, and has participated in executive programs at Wharton Business School, US, and Indian Institute of Management Ahmedabad (IIMA), India.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Professor CHANG Hsin Kang,**

**FREng, GBS, JP**

**Independent Non-Executive Director**

Professor Chang, aged 80, was appointed an Independent Non-Executive Director of HKT Limited (HKT) and HKT Management Limited (Trustee-Manager), the trustee-manager of the HKT Trust, in November 2011. He is the Chairman of HKT's Regulatory Compliance Committee, a member of HKT's Audit Committee, Remuneration Committee and Nomination Committee, and a member of the Trustee-Manager's Audit Committee. Professor Chang was an Independent Non-Executive Director of PCCW Limited from October 2000 to November 2011.

Professor Chang became an Honorary Professor of Beijing Foreign Studies University in 2005, an Honorary Professor of Peking University in 2006, an Honorary Professor of Tsinghua University in September 2007, and the Honorary President of China Institute of Our Hong Kong Foundation in 2017. He was the President and University Professor of City University of Hong Kong from 1996 to 2007. Prior to that, he was the Dean of the School of Engineering at the University of Pittsburgh in the United States from 1994 to 1996, Founding Dean of the School of Engineering at Hong Kong University of Science and Technology from 1990 to 1994 and the Chairperson of the Department of Biomedical Engineering at the University of Southern California in the United States from 1985 to 1990.

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

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

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

#### **Sunil VARMA**

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

Mr. Varma, aged 76, was appointed an Independent Non-Executive Director of HKT Limited (HKT) and HKT Management Limited (Trustee-Manager), the trustee-manager of the HKT Trust, in November 2011. He is also the Chairman of both HKT's Audit Committee and the Trustee-Manager's Audit Committee and a member of HKT's Nomination Committee, Remuneration Committee and Regulatory Compliance Committee.

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

Mr. Varma had previously worked in a number of countries in Africa and the Asia Pacific region including Australia, India, Indonesia, Hong Kong, Thailand and the PRC. He advised large multinationals as well as domestic companies in the areas of corporate governance, financial management, organizational strengthening, efficiency improvement, process re-engineering and business systems.

He is experienced in a cross-section of industries including financial services, information technology, energy, fertilizers and steel. He had previously conducted several large assignments for public sector organizations, funded by World Bank, Asian Development Bank and other multi-lateral funding agencies.

Mr. Varma is a Lead Independent Director,

the Chairman of Audit Committee and a member of various committees of Dr. Lal PathLabs Limited in India.

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

#### **Aman MEHTA**

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

Mr. Mehta, aged 73, was appointed an Independent Non-Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, in May 2014. He is the Chairman of HKT's Nomination Committee. Mr. Mehta has been an Independent Non-Executive Director of PCCW Limited (PCCW) since February 2004. He is also the Chairman of the Audit Committee, the Nomination Committee and the Remuneration Committee of the board of directors of PCCW.

Mr. Mehta joined the board of directors of PCCW following a distinguished career in the international banking community. Mr. Mehta held the position of Chief Executive Officer of The Hongkong and Shanghai Banking Corporation Limited (HSBC) until December 2003, when he retired.

Born in India in 1946, Mr. Mehta joined HSBC group in Bombay in 1967. After a number of assignments throughout HSBC group, he was appointed Manager – Corporate Planning at HSBC's headquarters in Hong Kong in 1985. After a three-year posting to Riyadh in Saudi Arabia, he was appointed Group General Manager in 1991, and General Manager – International the following year, with responsibility for overseas subsidiaries. He subsequently held senior positions in the United States, overseeing HSBC group companies in the Americas and later becoming responsible for HSBC's operations in the Middle East.

In 1998, Mr. Mehta was reappointed General Manager – International, after which he became Executive Director International. In 1999, he was appointed Chief Executive Officer, a position he held until retirement.

Following his retirement in December 2003, Mr. Mehta took up residence in New Delhi. He is an Independent Director on the board of several public companies and institutions in India and internationally. He is an Independent Non-Executive Director of Godrej Consumer Products Limited, Wockhardt Limited and Tata Steel Limited

in Mumbai, India; and Max Financial Services Limited in New Delhi, India. He was an Independent Non-Executive Director of Emaar MGF Land Limited, Jet Airways (India) Limited, Cairn India Limited, Vedanta Resources plc, Tata Consultancy Services Limited and Vedanta Limited; and an Independent Director on the Supervisory Board of ING Groep N.V., a Netherlands company.

Mr. Mehta is also a member of the Governing Board of Indian School of Business, Hyderabad.

#### **Frances Waikun WONG**

**Independent Non-Executive Director**  
Ms. Wong, aged 58, was appointed an Independent Non-Executive Director of HKT Limited (HKT) and HKT Management Limited, the trustee-manager of the HKT Trust, in May 2015. She is the Chairwoman of HKT's Remuneration Committee. Ms. Wong has been an Independent Non-Executive Director of PCCW Limited (PCCW) since March 2012 and is the Chairwoman of the Regulatory Compliance Committee and a member of the Nomination Committee and the Remuneration Committee of the board of directors of PCCW. She is also an Independent Non-Executive Director of Pacific Century Regional Developments Limited.

Ms. Wong is currently a financial advisor of Good Harbour Finance Limited. She began her career as a management consultant at McKinsey & Company in the United States. Ms. Wong returned to Hong Kong and joined the Hutchison Whampoa group of companies in 1988, taking on various positions. She was managing director of Weatherite Manufacturing Limited, an air conditioning manufacturer. Later, Ms. Wong became chief executive officer of Metro Broadcast Corporation Limited. Eventually, she became chief financial officer of Star TV, Asia's first satellite television company. After leaving the Hutchison Whampoa Group, she became group chief financial officer for the Pacific Century Group. After she resigned from the Pacific Century Group, she founded the Independent Schools Foundation in Hong Kong in 2000.

Ms. Wong was educated in the United States at Stanford University where she received a Bachelor of Science degree. She holds a Master of Science degree from the Massachusetts Institute of Technology. Ms. Wong was a member of the Central Policy Unit, the Government of the Hong Kong Special Administrative Region (think tank). She has served on many educational boards including the Canadian International School of Hong Kong, The Open University of Hong Kong and was a member of the Joint Committee on Student Finance of Student Financial Assistance Agency.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- Total revenue excluding Mobile product sales decreased by 1% to HK\$13,636 million, reflecting the decline in roaming revenue due to the travel restrictions that were in place throughout much of the first six months of the year; total revenue decreased by 3% to HK\$14,606 million
- Accordingly total EBITDA decreased by 3% to HK\$5,546 million
- Adjusted funds flow remained steady at HK\$2,280 million due to the clear reduction in discretionary spending; adjusted funds flow per Share Stapled Unit was 30.10 HK cents
- Interim distribution per Share Stapled Unit of 30.10 HK cents
- Profit attributable to holders of Share Stapled Units decreased by 12% to HK\$1,898 million; basic earnings per Share Stapled Unit was 25.06 HK cents

### MANAGEMENT REVIEW

We are pleased to announce that HKT delivered a resilient set of financial results for the six months ended June 30, 2020, amidst the most challenging economic and operating environment due to COVID-19.

During the period, consumers and businesses in Hong Kong and globally were subject to extensive social distancing measures as well as travel restrictions as a result of COVID-19. HKT saw a noticeable drop in foot traffic to its retail outlets, reduction in consumer handset and business equipment purchases, a sharp decline in mobile roaming revenue and a slowdown in Information and Communications Technology (“ICT”) projects in the private sector.

Despite this, the overall softness in the Mobile segment was cushioned by the scale and resilience of the Telecommunications Services (“TSS”) segment. Revenue from TSS increased by 2% to HK\$10,386 million reflecting the boost in demand for high quality, high speed home broadband services to accommodate work and entertainment needs arising from the stay home advice during the period. EBITDA was relatively stable at HK\$3,801 million as a result of continued cost efficiency improvements to counter the impact of downsizings and closures in hard-hit segments such as retail and hospitality as well as across small and medium-sized enterprises (“SMEs”).

The material decline in roaming inevitably led to a drop in Mobile services revenue which fell by 8% to HK\$3,573 million. However, the core local revenue was kept steady reflecting the initial benefits of the average revenue per user (“ARPU”) uplift from 5G upgrades which offset the continued price competition in the low-end segment of the market and reduced corporate spending. Subdued consumer sentiment drove down Mobile product sales to HK\$970 million. EBITDA from the Mobile segment declined by 7% to HK\$2,050 million, with the overall margin increasing to 45%.

As a result of the above, total EBITDA for the period was HK\$5,546 million, a decrease of 3% over the same period in 2019. Profit attributable to holders of the share stapled units of the HKT Trust and HKT (“Share Stapled Units”) was HK\$1,898 million, a decrease of 12% over the same period in 2019. Basic earnings per Share Stapled Unit was 25.06 HK cents.

Adjusted funds flow for the six months ended June 30, 2020 was upheld at HK\$2,280 million due to the clear reduction in discretionary spending and savings in rentals. The adjusted funds flow per Share Stapled Unit<sup>4</sup> was 30.10 HK cents.

The board of directors of the Trustee-Manager has resolved an interim distribution of 30.10 HK cents per Share Stapled Unit for the six months ended June 30, 2020.

## OUTLOOK

As a leading innovator and the premier ICT service provider in Hong Kong, HKT is ideally positioned to support the adoption of 5G by consumers and enterprises. As the 5G handset ecosystem continues to evolve in the second half of 2020, 5G adoption will likely accelerate provided the economic condition does not deteriorate further.

HKT is also actively exploring with the public sector and various industries the deployment of 5G and other emerging technologies to improve efficiencies and business insights, as well as helping to propel Hong Kong's continued development into a smart city.

Riding on its massive loyal customer base, the Group will continue to prudently grow revenue sources for the medium and longer term in the new verticals such as healthcare, where there is a growing demand in the community. As the Group enlarges its role as a lifestyle enhancer in the digital era, the Group is also stepping up its digital engagement to embrace the new norm in services.

While the full extent of COVID-19 related disruption cannot be predicted with any certainty, the local economic and market environments will remain highly challenging for the remainder of the year. A spike of infection cases in July has cast new uncertainties to the pace of economic recovery. There is no room for complacency, but HKT is confident that the Group will prevail given its robust foundation and diversified business portfolio. To this end, the Group must also exercise stringent cost controls. HKT's primary objective continues to be the delivery of a stable return for unitholders.

## FINANCIAL REVIEW BY SEGMENT

| For the six months ended<br>HK\$ million  | Jun 30,<br>2019 | Dec 31,<br>2019 | Jun 30,<br>2020 | Better/<br>(Worse)<br>y-o-y |
|---|-----------------|-----------------|-----------------|-----------------------------|
| <b>Revenue</b>  |                 |                 |                 |                             |
| TSS   | 10,209          | 11,744          | <b>10,386</b>   | 2%                          |
| Mobile  | 5,222           | 6,592           | <b>4,543</b>    | (13)%                       |
| – Mobile Services   | 3,881           | 4,533           | <b>3,573</b>    | (8)%                        |
| – Mobile Product Sales  | 1,341           | 2,059           | <b>970</b>      | (28)%                       |
| Other Businesses  | 103             | 133             | <b>106</b>      | 3%                          |
| Eliminations  | (425)           | (475)           | <b>(429)</b>    | (1)%                        |
| <b>Total revenue</b>  | 15,109          | 17,994          | <b>14,606</b>   | <b>(3)%</b>                 |
| <b>Total revenue (excluding Mobile Product Sales)</b>   | 13,768          | 15,935          | <b>13,636</b>   | <b>(1)%</b>                 |
| <b>Cost of sales</b>  | (6,950)         | (8,837)         | <b>(6,941)</b>  | 0%                          |
| <b>Operating costs before depreciation, amortization,<br/>and gain/(loss) on disposal of property, plant<br/>and equipment, net</b> | (2,426)         | (2,073)         | <b>(2,119)</b>  | 13%                         |
| <b>EBITDA<sup>1</sup></b>   |                 |                 |                 |                             |
| TSS   | 3,828           | 4,532           | <b>3,801</b>    | (1)%                        |
| Mobile  | 2,206           | 2,862           | <b>2,050</b>    | (7)%                        |
| – Mobile Services   | 2,222           | 2,879           | <b>2,057</b>    | (7)%                        |
| – Mobile Product Sales  | (16)            | (17)            | <b>(7)</b>      | 56%                         |
| Other Businesses  | (301)           | (310)           | <b>(305)</b>    | (1)%                        |
| <b>Total EBITDA<sup>1</sup></b>   | 5,733           | 7,084           | <b>5,546</b>    | <b>(3)%</b>                 |
| <b>TSS EBITDA<sup>1</sup> Margin</b>  | 37%             | 39%             | <b>37%</b>      |                             |
| <b>Mobile EBITDA<sup>1</sup> Margin</b>   | 42%             | 43%             | <b>45%</b>      |                             |
| – Mobile Services EBITDA <sup>1</sup> Margin  | 57%             | 64%             | <b>58%</b>      |                             |
| <b>Total EBITDA<sup>1</sup> Margin</b>  | 38%             | 39%             | <b>38%</b>      |                             |
| <b>Total EBITDA<sup>1</sup> Margin (excluding Mobile Product Sales)</b>   | 42%             | 45%             | <b>41%</b>      |                             |
| Depreciation and amortization   | (2,371)         | (2,750)         | <b>(2,491)</b>  | (5)%                        |
| Gain/(loss) on disposal of property, plant and equipment, net   | 1               | (3)             | <b>2</b>        | 100%                        |
| Other gains/(losses), net   | 1               | 2               | <b>(50)</b>     | NA                          |
| Finance costs, net  | (662)           | (710)           | <b>(658)</b>    | 1%                          |
| Share of results of associates and joint ventures   | (23)            | (28)            | <b>(30)</b>     | (30)%                       |
| <b>Profit before income tax</b>   | 2,679           | 3,595           | <b>2,319</b>    | <b>(13)%</b>                |

ADJUSTED FUNDS FLOW<sup>3</sup>

| For the six months ended<br>HK\$ million   | Jun 30,<br>2019 | Dec 31,<br>2019 | Jun 30,<br>2020 | Better/<br>(Worse)<br>y-o-y |
|--|-----------------|-----------------|-----------------|-----------------------------|
| <b>Total EBITDA<sup>1</sup></b>  | 5,733           | 7,084           | <b>5,546</b>    | <b>(3)%</b>                 |
| Less cash outflows in respect of capital expenditures,<br>customer acquisition costs and licence fees <sup>2</sup> : |                 |                 |                 |                             |
| Capital expenditures   | (1,292)         | (1,350)         | <b>(1,169)</b>  | 10%                         |
| Customer acquisition costs and licence fees  | (401)           | (796)           | <b>(411)</b>    | (2)%                        |
| Fulfillment costs  | (273)           | (222)           | <b>(289)</b>    | (6)%                        |
| Right-of-use assets  | (849)           | (795)           | <b>(764)</b>    | 10%                         |
| <b>Adjusted funds flow<sup>3</sup> before tax paid, net finance costs paid<br/>and changes in working capital</b>    | 2,918           | 3,921           | <b>2,913</b>    | <b>0%</b>                   |
| Adjusted for:  |                 |                 |                 |                             |
| Net finance costs paid   | (473)           | (420)           | <b>(378)</b>    | 20%                         |
| Tax payment  | (185)           | –               | <b>(149)</b>    | 19%                         |
| Changes in working capital   | 12              | (444)           | <b>(106)</b>    | NA                          |
| <b>Adjusted funds flow<sup>3</sup></b>   | 2,272           | 3,057           | <b>2,280</b>    | <b>0%</b>                   |

KEY OPERATING DRIVERS<sup>5</sup>

|   | Jun 30,<br>2019 | Dec 31,<br>2019 | Jun 30,<br>2020 | Better/(Worse) |       |
|---|-----------------|-----------------|-----------------|----------------|-------|
|   |                 |                 |                 | y-o-y          | h-o-h |
| Exchange lines in service ('000)  | 2,616           | 2,598           | <b>2,564</b>    | (2)%           | (1)%  |
| Business lines ('000)   | 1,247           | 1,240           | <b>1,227</b>    | (2)%           | (1)%  |
| Residential lines ('000)  | 1,369           | 1,358           | <b>1,337</b>    | (2)%           | (2)%  |
| Total broadband access lines ('000)<br>(Consumer, business and wholesale) | 1,615           | 1,620           | <b>1,622</b>    | 0%             | 0%    |
| Retail consumer broadband access lines ('000)                             | 1,446           | 1,450           | <b>1,454</b>    | 1%             | 0%    |
| Retail business broadband access lines ('000)                             | 158             | 159             | <b>157</b>      | (1)%           | (1)%  |
| Mobile subscribers ('000)   | 4,592           | 4,679           | <b>4,372</b>    | (5)%           | (7)%  |
| Post-paid subscribers ('000)  | 3,247           | 3,250           | <b>3,250</b>    | 0%             | 0%    |
| Prepaid subscribers ('000)  | 1,345           | 1,429           | <b>1,122</b>    | (17)%          | (21)% |
| The Club members ('000)   | 2,845           | 2,953           | <b>3,043</b>    | 7%             | 3%    |
| Tap & Go accounts in service ('000)                                       | 2,086           | 2,476           | <b>2,629</b>    | 26%            | 6%    |



- Note 1 EBITDA represents earnings before interest income, finance costs, income tax, depreciation and amortization, gain/loss 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. Fulfillment 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 unaudited condensed consolidated interim financial information. The adjusted funds flow may be used for debt repayment.*
- Note 4 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, 2020.*
- 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.*

## Telecommunications Services

| For the six months ended<br>HK\$ million             | Jun 30,<br>2019 | Dec 31,<br>2019 | Jun 30,<br>2020 | Better/<br>(Worse)<br>y-o-y |
|--|-----------------|-----------------|-----------------|-----------------------------|
| <b>TSS Revenue</b>                                   |                 |                 |                 |                             |
| Local Telephony Services                             | 1,612           | 1,648           | <b>1,532</b>    | (5)%                        |
| Local Data Services                                  | 3,619           | 4,168           | <b>3,696</b>    | 2%                          |
| International Telecommunications Services            | 3,440           | 3,906           | <b>3,764</b>    | 9%                          |
| Other Services                                       | 1,538           | 2,022           | <b>1,394</b>    | (9)%                        |
| <b>Total TSS Revenue</b>                             | 10,209          | 11,744          | <b>10,386</b>   | <b>2%</b>                   |
| Cost of sales  | (4,864)         | (5,975)         | <b>(5,346)</b>  | (10)%                       |
| Operating costs before depreciation and amortization | (1,517)         | (1,237)         | <b>(1,239)</b>  | 18%                         |
| <b>Total TSS EBITDA<sup>1</sup></b>                  | 3,828           | 4,532           | <b>3,801</b>    | <b>(1)%</b>                 |
| <b>TSS EBITDA<sup>1</sup> margin</b>                 | 37%             | 39%             | <b>37%</b>      |                             |

TSS continued to benefit from its business resilience and diversity during the first half of the year, with revenue increasing by 2% year-on-year to HK\$10,386 million, as compared to HK\$10,209 million a year earlier.

*Local Telephony Services.* Local telephony services revenue was HK\$1,532 million for the six months ended June 30, 2020, as compared to HK\$1,612 million a year earlier, reflecting the compound impact of residential migration to broadband and mobile as well as the reduction in business lines due to SME closures and downsizing during the period. Total fixed lines in service at the end of June 2020 were 2.564 million, as compared to 2.616 million a year earlier.

*Local Data Services.* Local data services revenue, comprising broadband network revenue and local data revenue, increased by 2% year-on-year to HK\$3,696 million for the six months ended June 30, 2020.

Broadband network business sustained its revenue growth, with a 2% year-on-year improvement during the first half of 2020, reflecting the continued customer demand for a resilient, high quality broadband network. This growth stems from our strategy of offering territory-wide fiber-to-the-home (“FTTH”) service, providing multi-brand customized services through “HKT Premier”, “NETVIGATOR” and “LiKE100”, and cross-selling a range of service offerings and value-added solutions such as Home Wi-Fi and Smart Living solutions. Despite intense price competition, the business recorded an overall net gain in broadband customers during the period, with the total number of broadband access lines at the end of June 2020 growing to 1.622 million from 1.615 million as at the end of June 2019. This net gain reflected the increased demand from customers for a high quality broadband service to accommodate the need for work and entertainment at home as they stay home longer. Of these broadband access lines, there were 863,000 FTTH access lines which represented a net increase of 62,000 or 8% growth from a year earlier. In addition, penetration of our Home Wi-Fi solutions continued to grow during the period with the total number of customers increasing by 2% year-on-year to 294,000 representing around 20% of our total consumer broadband base.

On the enterprise side, HKT continues to leverage our leading network and technology capabilities to provide unmatched total solution offerings for enterprise customers undergoing digital transformation. Despite the economy being hammered by COVID-19, we saw local data revenue increase by 3% year-on-year as businesses focused on ensuring operational continuity and responded to the upsurge in bandwidth requirements following travel restrictions and staff being advised to work from home.

### Telecommunications Services *(Continued)*

*International Telecommunications Services.* International telecommunications services revenue for the six months ended June 30, 2020 increased by 9% year-on-year to HK\$3,764 million, as compared to HK\$3,440 million a year earlier. This performance was mainly attributable to higher revenue from international voice wholesale business, together with the demand for international connectivity services given the increased reliance on digital connectivity brought on by the COVID-19 lockdowns globally.

*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, 2020 decreased by 9% year-on-year to HK\$1,394 million as a result of lower CPE sales and the delay in project deployments due to the general slowdown in business activities.

During the period, TSS EBITDA decreased by 1% year-on-year to HK\$3,801 million due to a shift in the mix of revenue moderated by further operating efficiencies and strong cost control measures implemented during the period. The EBITDA margin was steady at 37%.

## Mobile

| For the six months ended<br>HK\$ million         | Jun 30,<br>2019 | Dec 31,<br>2019 | Jun 30,<br>2020 | Better/<br>(Worse)<br>y-o-y |
|--|-----------------|-----------------|-----------------|-----------------------------|
| <b>Mobile Revenue</b>                            |                 |                 |                 |                             |
| Mobile Services                                  | 3,881           | 4,533           | <b>3,573</b>    | (8)%                        |
| Mobile Product Sales                             | 1,341           | 2,059           | <b>970</b>      | (28)%                       |
| <b>Total Mobile Revenue</b>                      | 5,222           | 6,592           | <b>4,543</b>    | <b>(13)%</b>                |
| <b>Mobile EBITDA<sup>1</sup></b>                 |                 |                 |                 |                             |
| Mobile Services                                  | 2,222           | 2,879           | <b>2,057</b>    | (7)%                        |
| Mobile Product Sales                             | (16)            | (17)            | <b>(7)</b>      | 56%                         |
| <b>Total Mobile EBITDA<sup>1</sup></b>           | 2,206           | 2,862           | <b>2,050</b>    | <b>(7)%</b>                 |
| <b>Mobile EBITDA<sup>1</sup> margin</b>          | 42%             | 43%             | <b>45%</b>      |                             |
| <i>Mobile Services EBITDA<sup>1</sup> margin</i> | 57%             | 64%             | <b>58%</b>      |                             |

During the first half of 2020, the Mobile business maintained a stable post-paid customer base at 3.250 million despite a highly competitive market and adverse impact from COVID-19. The churn rate for post-paid customers further improved to 0.9% during the period. Following the commercial launch of our 5G services in April this year, the initial uptake of 78,000 5G customers as at June 30, 2020 was encouraging despite the subdued sentiment and immature handset ecosystem. As consumer applications mature and 5G handsets become prevalent, we expect the 5G adoption to accelerate.

However, the global travel restrictions brought on by COVID-19 pandemic not only had a significant impact on our roaming revenue but also dragged down the prepaid and mobile virtual network operator ("MVNO") revenues. Consequently, Mobile services revenue decreased by 8% year-on-year to HK\$3,573 million, as compared to HK\$3,881 million a year earlier. Despite this, the core local component of Mobile services revenue remained relatively steady during the period, reflecting the benefits of customers upgrading to 5G plans which offset the continued price competition in the low-end segment of the market as well as reduced corporate spending due to the slowdown in business activities.

The post-paid exit ARPU as at June 2020 was HK\$181, as compared to HK\$198 as at June 2019. Excluding the roaming impact, the post-paid ARPU remained steady during the period.

Subdued consumer sentiment and limited handset availability also drove down Mobile product sales to HK\$970 million, as compared to HK\$1,341 million a year earlier.

Mobile services EBITDA for the period decreased by 7% year-on-year to HK\$2,057 million with the margin improving to 58% benefiting from an 18% savings in operating expenses arising from retail shop rationalization as well as cautious spending including lower publicity and promotion expenses. Total Mobile EBITDA for the period decreased by 7% year-on-year to HK\$2,050 million from HK\$2,206 million a year earlier. However, the margin improved to 45% from 42% a year earlier reflecting a lower contribution from Mobile product sales.

### Other Businesses

Other Businesses primarily comprises new business areas such as The Club and HKT Financial Services, and corporate support functions. Revenue from Other Businesses increased by 3% year-on-year to HK\$106 million for the six months ended June 30, 2020, mainly driven by the growth of these new business areas. As at June 30, 2020, The Club had over 3 million members, an increase of 7% from 2.8 million a year earlier. Tap & Go had approximately 2.6 million accounts in service as at June 30, 2020, an increase of 26% from 2.1 million a year earlier.

### Eliminations

Eliminations were HK\$429 million for the six months ended June 30, 2020, as compared to HK\$425 million a year earlier. This reflects the continued collaboration amongst HKT's various business segments to seamlessly integrate our capabilities and offer comprehensive products and services to consumer and enterprise customers.

### Cost of Sales

Cost of sales was stable at HK\$6,941 million for the six months ended June 30, 2020. This reflected the lower cost for Mobile product sales which was offset by higher cost of sales associated with international voice revenue during the period.

### General and Administrative Expenses

In response to the challenging market conditions, the Group continued to focus on improving efficiencies through automation and digitalization of business processes across all of our business operations in the first half of 2020. Stringent cost control measures on publicity and promotion as well as travel and entertainment expenses were implemented during the period to counteract the difficult economic and operating environment. As such, the Group achieved 13% savings in the operating costs before depreciation, amortization, and gain/(loss) on disposal of property, plant and equipment, net, ("operating costs") to HK\$2,119 million for the six months ended June 30, 2020, as compared to HK\$2,426 million a year earlier. Overall operating costs to revenue ratio, therefore, improved to 14.5% for the period, as compared to 16.1% a year earlier.

Depreciation expenses increased by 2% year-on-year, while amortization expenses increased by 9% due to the amortization of 5G spectrum following the launch of 5G services in April and continued investments in business-enabling platforms to enhance the customer experience. As a result, total depreciation and amortization expenses increased by 5% year-on-year to HK\$2,491 million for the six months ended June 30, 2020.

General and administrative expenses, therefore, decreased by 4% to HK\$4,608 million for the six months ended June 30, 2020, as compared to HK\$4,796 million a year earlier.

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

Total EBITDA decreased by 3% year-on-year to HK\$5,546 million for the six months ended June 30, 2020, with the overall EBITDA margin stable at 38%, reflecting the stringent cost measures implemented during the period to counteract the challenging operating and economic conditions. Excluding Mobile product sales, the EBITDA margin remained steady at 41%.

### Finance Costs, Net

Net finance costs for the six months ended June 30, 2020 decreased by 1% to HK\$658 million from HK\$662 million a year earlier, benefiting from a lower HIBOR during the period. The average cost of debt was 3.2% during the period. We will continue to closely monitor the interest rate environment to optimize the ratio of floating to fixed rate debt.

### Income Tax

Income tax expense for the six months ended June 30, 2020 was HK\$414 million, as compared to HK\$509 million a year earlier. The decrease in income tax expense was mainly due to lower operating profit during the period. The effective tax rate for the period remained steady at 18%, as compared to 19% for the same period last year.

### Non-controlling Interests

Non-controlling interests of HK\$7 million (June 30, 2019: HK\$8 million) primarily comprised 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, 2020 was HK\$1,898 million (June 30, 2019: HK\$2,162 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.

HKT's gross debt<sup>6</sup> was HK\$41,525 million as at June 30, 2020 (December 31, 2019: HK\$40,713 million). Cash and short-term deposits totaled HK\$2,331 million as at June 30, 2020 (December 31, 2019: HK\$2,903 million). HKT's gross debt<sup>6</sup> to total assets was 41% as at June 30, 2020 (December 31, 2019: 41%).

As at June 30, 2020, HKT had ample liquidity as evidenced by bank loan facilities totaling HK\$28,448 million, of which HK\$8,478 million remained undrawn.

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

As at June 30, 2020, Hong Kong Telecommunications (HKT) Limited, an indirect wholly-owned subsidiary of the Company, had investment grade ratings with Moody's Investors Service (Baa2) and Standard & Poor's Ratings Services (BBB).

## CAPITAL EXPENDITURE<sup>2</sup>

Capital expenditure including capitalized interest for the six months ended June 30, 2020 was HK\$1,198 million (June 30, 2019: HK\$1,332 million). Capital expenditure relative to revenue was 8.2% for the six months ended June 30, 2020 (June 30, 2019: 8.8%).

Capital expenditure for HKT's Mobile business remained steady in the first half of 2020 as the spending on the 5G rollout and critical infrastructure enhancements substituted the spending on the 4G network in the comparable period in 2019. Requirements for TSS capital expenditure shrank during the period, reflecting the maturity of fiber backbone investments already made and the general slowdown in enterprise projects.

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 building a 5G network taking into account the prevailing market conditions, and using assessment criteria including internal rate of return, net present value and payback period.

## ADJUSTED FUNDS FLOW<sup>3</sup>

Adjusted funds flow remained steady at HK\$2,280 million for the six months ended June 30, 2020. Although there was a slight decline in EBITDA, this was offset by disciplined capex investments and savings in lease payments including from continued rationalization of our retail shops. There were also reductions in tax payments and net finance costs paid during the period although changes in working capital was affected by the longer credit periods extended to customers to support them during the difficult period.

The amounts presented in the adjusted funds flow calculation represent the respective cash flows to the Group during the period, which may be different from the related corresponding amounts recognized in the consolidated income statement due to various reasons such as non-cash items recognized 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 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 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.

As for financing, a significant portion of HKT's debt is denominated in foreign currencies 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, 2020, the majority of the forward and swap contracts were designated as cash flow hedges for the related borrowings of HKT.

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

**CHARGE ON ASSETS**

As at June 30, 2020, no assets of the Group (December 31, 2019: nil) were pledged to secure loans and banking facilities of HKT.

**CONTINGENT LIABILITIES**

| HK\$ million           | As at Dec 31,<br>2019<br>(Audited) | As at Jun 30,<br>2020<br>(Unaudited) |
|------------------------|------------------------------------|--------------------------------------|
| Performance guarantees | 740                                | <b>808</b>                           |
| Others                 | 63                                 | <b>79</b>                            |
|                        | 803                                | <b>887</b>                           |

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 15,900 employees as at June 30, 2020 (June 30, 2019: 17,300) located in 48 countries and cities. About 69% of these employees work in Hong Kong and the others are based mainly in mainland China, the Philippines, the United Kingdom and the United States. 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.

**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 30.10 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, 2020 (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 30.10 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 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 fulfill, from the Trust Property (as defined in the Trust Deed), the liabilities of the HKT Trust as they fall due.



# CONSOLIDATED INCOME STATEMENT OF HKT TRUST AND OF HKT LIMITED

For the six months ended June 30, 2020

| In HK\$ million (except for earnings per Share Stapled Unit/share of the Company) | Note(s) | 2019<br>(Unaudited) | 2020<br>(Unaudited) |
|---|---------|---------------------|---------------------|
| Revenue   | 3       | 15,109              | <b>14,606</b>       |
| Cost of sales   |         | (6,950)             | <b>(6,941)</b>      |
| General and administrative expenses   |         | (4,796)             | <b>(4,608)</b>      |
| Other gains/(losses), net   | 4       | 1                   | <b>(50)</b>         |
| Finance costs, net  |         | (662)               | <b>(658)</b>        |
| Share of results of associates  |         | (12)                | <b>(26)</b>         |
| Share of results of joint ventures  |         | (11)                | <b>(4)</b>          |
| Profit before income tax  | 3, 5    | 2,679               | <b>2,319</b>        |
| Income tax  | 6       | (509)               | <b>(414)</b>        |
| Profit for the period   |         | 2,170               | <b>1,905</b>        |
| Profit attributable to:   |         |                     |                     |
| Holders of Share Stapled Units/shares of the Company                              |         | 2,162               | <b>1,898</b>        |
| Non-controlling interests   |         | 8                   | <b>7</b>            |
| Profit for the period   |         | 2,170               | <b>1,905</b>        |
| Earnings per Share Stapled Unit/share of the Company                              | 8       |                     |                     |
| Basic   |         | 28.55 cents         | <b>25.06 cents</b>  |
| Diluted   |         | 28.55 cents         | <b>25.06 cents</b>  |

The notes on pages 30 to 45 form an integral part of this unaudited condensed consolidated interim financial information.

As explained in note 1, the unaudited condensed consolidated interim financial information of the HKT Trust and the unaudited condensed consolidated interim financial information of HKT Limited are presented together.

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

For the six months ended June 30, 2020

| In HK\$ million   | 2019<br>(Unaudited) | 2020<br>(Unaudited) |
|---|---------------------|---------------------|
| Profit for the period   | 2,170               | <b>1,905</b>        |
| Other comprehensive income/(loss)   |                     |                     |
| Items that have been reclassified or may be reclassified subsequently to consolidated income statement: |                     |                     |
| Exchange differences on translating foreign operations  | (2)                 | <b>(67)</b>         |
| Reclassification of currency translation reserve on disposal of subsidiaries                            | –                   | <b>(1)</b>          |
| Cash flow hedges:   |                     |                     |
| – effective portion of changes in fair value  | 127                 | <b>(23)</b>         |
| – transfer from equity to consolidated income statement   | 52                  | <b>84</b>           |
| Costs of hedging  | 23                  | <b>(6)</b>          |
| Other comprehensive income/(loss) for the period  | 200                 | <b>(13)</b>         |
| Total comprehensive income for the period   | 2,370               | <b>1,892</b>        |
| Attributable to:  |                     |                     |
| Holders of Share Stapled Units/shares of the Company  | 2,362               | <b>1,885</b>        |
| Non-controlling interests   | 8                   | <b>7</b>            |
| Total comprehensive income for the period   | 2,370               | <b>1,892</b>        |

The notes on pages 30 to 45 form an integral part of this unaudited condensed consolidated interim financial information. As explained in note 1, the unaudited condensed consolidated interim financial information of the HKT Trust and the unaudited condensed consolidated interim financial information of HKT Limited are presented together.

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

As at June 30, 2020

| In HK\$ million   | Note | As at<br>December 31,<br>2019<br>(Audited) | As at<br>June 30,<br>2020<br>(Unaudited) |
|---|------|--|--|
| <b>ASSETS AND LIABILITIES</b>                                     |      |  |  |
| <b>Non-current assets</b>   |      |  |  |
| Property, plant and equipment                                     |      | 22,177                                     | 22,730                                   |
| Right-of-use assets   |      | 2,436                                      | 2,441                                    |
| Interests in leasehold land                                       |      | 215  | 209                                      |
| Goodwill  |      | 49,814                                     | 49,806                                   |
| Intangible assets   |      | 10,118                                     | 10,725                                   |
| Fulfillment costs   |      | 1,342                                      | 1,391                                    |
| Customer acquisition costs  |      | 592  | 576                                      |
| Contract assets   |      | 346  | 338                                      |
| Interests in associates   |      | 209  | 183                                      |
| Interests in joint ventures                                       |      | 643  | 601                                      |
| Financial assets at fair value through other comprehensive income |      | 124  | 124                                      |
| Financial assets at fair value through profit or loss             |      | 32   | 47                                       |
| Derivative financial instruments                                  |      | 284  | 267                                      |
| Deferred income tax assets  |      | 410  | 406                                      |
| Other non-current assets  |      | 1,106                                      | 1,123                                    |
|   |      | 89,848                                     | 90,967                                   |
| <b>Current assets</b>   |      |  |  |
| Inventories   |      | 803  | 751                                      |
| Prepayments, deposits and other current assets                    |      | 1,811                                      | 1,901                                    |
| Contract assets   |      | 576  | 553                                      |
| Trade receivables, net  | 9    | 3,600                                      | 3,538                                    |
| Amounts due from related companies                                |      | 95   | 104                                      |
| Financial assets at fair value through profit or loss             |      | 12   | 15                                       |
| Derivative financial instruments                                  |      | 6  | –  |
| Restricted cash   |      | 115  | 106                                      |
| Short-term deposits   |      | 486  | 508                                      |
| Cash and cash equivalents   |      | 2,417                                      | 1,823                                    |
|   |      | 9,921                                      | 9,299                                    |
| <b>Current liabilities</b>  |      |  |  |
| Short-term borrowings   |      | –  | (2,256)                                  |
| Trade payables  | 10   | (2,342)                                    | (2,366)                                  |
| Accruals and other payables                                       |      | (3,904)                                    | (3,877)                                  |
| Derivative financial instruments                                  |      | –  | (16)                                     |
| Carrier licence fee liabilities                                   |      | (195)                                      | (251)                                    |
| Amount due to a fellow subsidiary                                 |      | (2,855)                                    | (2,983)                                  |
| Advances from customers   |      | (291)                                      | (277)                                    |
| Contract liabilities  |      | (1,361)                                    | (1,403)                                  |
| Lease liabilities   |      | (1,065)                                    | (1,153)                                  |
| Current income tax liabilities                                    |      | (1,078)                                    | (1,156)                                  |
|   |      | (13,091)                                   | (15,738)                                 |

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

As at June 30, 2020

| In HK\$ million  | Note  | As at<br>December 31,<br>2019<br>(Audited) | As at<br>June 30,<br>2020<br>(Unaudited) |
|--|-------|--|--|
| <b>Non-current liabilities</b>   |       |  |  |
| Long-term borrowings   |       | (40,358)                                   | <b>(38,851)</b>                          |
| Derivative financial instruments   |       | (38)                                       | <b>(112)</b>                             |
| Deferred income tax liabilities  |       | (3,874)                                    | <b>(4,059)</b>                           |
| Carrier licence fee liabilities  |       | (527)                                      | <b>(704)</b>                             |
| Contract liabilities   |       | (1,001)                                    | <b>(966)</b>                             |
| Lease liabilities  |       | (1,697)                                    | <b>(1,609)</b>                           |
| Other long-term liabilities  |       | (1,213)                                    | <b>(1,394)</b>                           |
|  |       | (48,708)                                   | <b>(47,695)</b>                          |
| <b>Net assets</b>  |       | 37,970                                     | <b>36,833</b>                            |
| <b>CAPITAL AND RESERVES</b>  |       |  |  |
| Share capital  | 11(a) | 8  | <b>8</b>                                 |
| Reserves   |       | 37,904                                     | <b>36,771</b>                            |
| <b>Equity attributable to holders of Share Stapled Units/shares of the Company</b> |       | 37,912                                     | <b>36,779</b>                            |
| Non-controlling interests  |       | 58   | <b>54</b>                                |
| <b>Total equity</b>  |       | 37,970                                     | <b>36,833</b>                            |

The notes on pages 30 to 45 form an integral part of this unaudited condensed consolidated interim financial information.

As explained in note 1, the unaudited condensed consolidated interim financial information of the HKT Trust and the unaudited condensed consolidated interim financial information of HKT Limited are presented together.

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

For the six months ended June 30, 2020

| In HK\$ million   | 2019<br>(Unaudited)  |               |                              |                |                |   |                              |                 |                          |                |                  |         | Non-controlling interests | Total equity |
|---|--|---------------|------------------------------|----------------|----------------|---|------------------------------|-----------------|--------------------------|----------------|------------------|---------|---------------------------|--------------|
|   | Attributable to holders of Share Stapled Units/shares of the Company |               |                              |                |                |   |                              |                 |                          |                |                  |         |                           |              |
|   | Share capital  | Share premium | Capital contribution reserve | Merger reserve | Treasury stock | Employee share-based compensation reserve | Currency translation reserve | Hedging reserve | Costs of hedging reserve | Other reserves | Retained profits | Total   |                           |              |
| At January 1, 2019  | 8  | 7,769         | 26,250                       | (347)          | –              | 16  | 120                          | 29              | (169)                    | 26             | 3,853            | 37,555  | 39                        | 37,594       |
| Total comprehensive income/(loss) for the period  |  |               |                              |                |                |   |                              |                 |                          |                |                  |         |                           |              |
| Profit for the period   | –  | –             | –                            | –              | –              | –   | –                            | –               | –                        | –              | 2,162            | 2,162   | 8                         | 2,170        |
| Other comprehensive income/(loss)   |  |               |                              |                |                |   |                              |                 |                          |                |                  |         |                           |              |
| Items that have been reclassified or may be reclassified subsequently to consolidated income statement: |  |               |                              |                |                |   |                              |                 |                          |                |                  |         |                           |              |
| Exchange differences on translating foreign operations  | –  | –             | –                            | –              | –              | –   | (2)                          | –               | –                        | –              | –                | (2)     | –                         | (2)          |
| Cash flow hedges:   |  |               |                              |                |                |   |                              |                 |                          |                |                  |         |                           |              |
| – effective portion of changes in fair value  | –  | –             | –                            | –              | –              | –   | –                            | 127             | –                        | –              | –                | 127     | –                         | 127          |
| – transfer from equity to consolidated income statement   | –  | –             | –                            | –              | –              | –   | –                            | 52              | –                        | –              | –                | 52      | –                         | 52           |
| Costs of hedging  | –  | –             | –                            | –              | –              | –   | –                            | –               | 23                       | –              | –                | 23      | –                         | 23           |
| Total comprehensive income/(loss) for the period  | –  | –             | –                            | –              | –              | –   | (2)                          | 179             | 23                       | –              | 2,162            | 2,362   | 8                         | 2,370        |
| Transactions with equity holders  |  |               |                              |                |                |   |                              |                 |                          |                |                  |         |                           |              |
| Purchase of Share Stapled Units under the HKT Share Stapled Units Purchase Scheme                       | –  | –             | –                            | –              | (23)           | –   | –                            | –               | –                        | –              | –                | (23)    | –                         | (23)         |
| Employee share-based compensation   | –  | –             | –                            | –              | –              | 9   | –                            | –               | –                        | –              | –                | 9       | –                         | 9            |
| Vesting of Share Stapled Units under the HKT Share Stapled Units Award Schemes                          | –  | –             | –                            | –              | 22             | (17)                                      | –                            | –               | –                        | –              | (5)              | –       | –                         | –            |
| Distribution/dividend paid in respect of the previous year (note 7(b))                                  | –  | –             | –                            | –              | –              | –   | –                            | –               | –                        | –              | (2,966)          | (2,966) | –                         | (2,966)      |
| Dividends declared and paid to the non-controlling shareholder of a subsidiary                          | –  | –             | –                            | –              | –              | –   | –                            | –               | –                        | –              | –                | –       | (8)                       | (8)          |
| Total contributions by and distributions to equity holders  | –  | –             | –                            | –              | (1)            | (8)                                       | –                            | –               | –                        | –              | (2,971)          | (2,980) | (8)                       | (2,988)      |
| Acquisition of a subsidiary   | –  | –             | –                            | –              | –              | –   | –                            | –               | –                        | –              | –                | –       | 1                         | 1            |
| Total transactions with equity holders  | –  | –             | –                            | –              | (1)            | (8)                                       | –                            | –               | –                        | –              | (2,971)          | (2,980) | (7)                       | (2,987)      |
| At June 30, 2019  | 8  | 7,769         | 26,250                       | (347)          | (1)            | 8   | 118                          | 208             | (146)                    | 26             | 3,044            | 36,937  | 40                        | 36,977       |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF HKT TRUST AND OF HKT LIMITED (CONTINUED)**

For the six months ended June 30, 2020

|   | 2020<br>(Unaudited)  |                  |                                    |                   |                   |  |                                    |                    |                                |                   |                     |         | Non-<br>controlling<br>interests | Total equity |
|---|--|------------------|------------------------------------|-------------------|-------------------|--|------------------------------------|--------------------|--------------------------------|-------------------|---------------------|---------|----------------------------------|--------------|
|   | Attributable to holders of Share Stapled Units/shares of the Company |                  |                                    |                   |                   |  |                                    |                    |                                |                   |                     |         |                                  |              |
|   | Share<br>capital   | Share<br>premium | Capital<br>contribution<br>reserve | Merger<br>reserve | Treasury<br>stock | Employee<br>share-based<br>compensation<br>reserve | Currency<br>translation<br>reserve | Hedging<br>reserve | Costs of<br>hedging<br>reserve | Other<br>reserves | Retained<br>profits | Total   |                                  |              |
| At January 1, 2020  | 8  | 7,769            | 26,250                             | (347)             | (16)              | 16   | 118                                | 438                | (158)                          | 26                | 3,808               | 37,912  | 58                               | 37,970       |
| Total comprehensive income/(loss) for the period  |  |                  |                                    |                   |                   |  |                                    |                    |                                |                   |                     |         |                                  |              |
| Profit for the period   | -  | -                | -                                  | -                 | -                 | -  | -                                  | -                  | -                              | -                 | 1,898               | 1,898   | 7                                | 1,905        |
| Other comprehensive income/(loss)   |  |                  |                                    |                   |                   |  |                                    |                    |                                |                   |                     |         |                                  |              |
| Items that have been reclassified or may be reclassified subsequently to consolidated income statement:                     |  |                  |                                    |                   |                   |  |                                    |                    |                                |                   |                     |         |                                  |              |
| Exchange differences on translating foreign operations  | -  | -                | -                                  | -                 | -                 | -  | (67)                               | -                  | -                              | -                 | -                   | (67)    | -                                | (67)         |
| Reclassification of currency translation reserve on disposal of subsidiaries  | -  | -                | -                                  | -                 | -                 | -  | (1)                                | -                  | -                              | -                 | -                   | (1)     | -                                | (1)          |
| Cash flow hedges:   |  |                  |                                    |                   |                   |  |                                    |                    |                                |                   |                     |         |                                  |              |
| - effective portion of changes in fair value  | -  | -                | -                                  | -                 | -                 | -  | -                                  | (23)               | -                              | -                 | -                   | (23)    | -                                | (23)         |
| - transfer from equity to consolidated income statement   | -  | -                | -                                  | -                 | -                 | -  | -                                  | 83                 | 1                              | -                 | -                   | 84      | -                                | 84           |
| Costs of hedging  | -  | -                | -                                  | -                 | -                 | -  | -                                  | -                  | (6)                            | -                 | -                   | (6)     | -                                | (6)          |
| Total comprehensive income/(loss) for the period  | -  | -                | -                                  | -                 | -                 | -  | (68)                               | 60                 | (5)                            | -                 | 1,898               | 1,885   | 7                                | 1,892        |
| Transactions with equity holders  |  |                  |                                    |                   |                   |  |                                    |                    |                                |                   |                     |         |                                  |              |
| Issue of Share Stapled Units/shares of the Company for the HKT Share Stapled Units Subscription Scheme (note 11(a)(i))      | -*   | 48               | -                                  | -                 | -                 | -  | -                                  | -                  | -                              | -                 | -                   | 48      | -                                | 48           |
| Purchase/subscription of Share Stapled Units under the HKT Share Stapled Units Award Schemes                                | -  | -                | -                                  | -                 | (50)              | -  | -                                  | -                  | -                              | -                 | -                   | (50)    | -                                | (50)         |
| Receipt of PCCW Shares under the PCCW Subscription Scheme   | -  | -                | -                                  | -                 | -                 | -  | -                                  | -                  | -                              | 32                | -                   | 32      | -                                | 32           |
| Employee share-based compensation   | -  | -                | -                                  | -                 | -                 | 10   | -                                  | -                  | -                              | -                 | -                   | 10      | -                                | 10           |
| Vesting of Share Stapled Units under the HKT Share Stapled Units Award Schemes  | -  | -                | -                                  | -                 | 22                | (18)   | -                                  | -                  | -                              | -                 | (4)                 | -       | -                                | -            |
| Distribution/dividend for Share Stapled Units/shares of the Company granted under the HKT Share Stapled Units Award Schemes | -  | -                | -                                  | -                 | -                 | (1)  | -                                  | -                  | -                              | -                 | -                   | (1)     | -                                | (1)          |
| Distribution/dividend paid in respect of the previous year (note 7(b))  | -  | -                | -                                  | -                 | -                 | -  | -                                  | -                  | -                              | -                 | (3,057)             | (3,057) | -                                | (3,057)      |
| Dividends declared and paid to the non-controlling shareholders of subsidiaries   | -  | -                | -                                  | -                 | -                 | -  | -                                  | -                  | -                              | -                 | -                   | -       | (11)                             | (11)         |
| Total contributions by and distributions to equity holders  | -  | 48               | -                                  | -                 | (28)              | (9)  | -                                  | -                  | -                              | 32                | (3,061)             | (3,018) | (11)                             | (3,029)      |
| Reclassification of other reserve on disposal of subsidiaries   | -  | -                | -                                  | -                 | -                 | -  | -                                  | -                  | -                              | 30                | (30)                | -       | -                                | -            |
| Total transactions with equity holders  | -  | 48               | -                                  | -                 | (28)              | (9)  | -                                  | -                  | -                              | 62                | (3,091)             | (3,018) | (11)                             | (3,029)      |
| At June 30, 2020  | 8  | 7,817            | 26,250                             | (347)             | (44)              | 7  | 50                                 | 498                | (163)                          | 88                | 2,615               | 36,779  | 54                               | 36,833       |

\* Amount of HK\$4,000.

The notes on pages 30 to 45 form an integral part of this unaudited condensed consolidated interim financial information. As explained in note 1, the unaudited condensed consolidated interim financial information of the HKT Trust and the unaudited condensed consolidated interim financial information of HKT Limited are presented together.

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

For the six months ended June 30, 2020

| In HK\$ million   | 2019<br>(Unaudited) | 2020<br>(Unaudited) |
|---|---------------------|---------------------|
| <b>Net cash generated from operating activities</b>                             | 4,813               | 4,624               |
| <b>Investing activities</b>   |                     |                     |
| Investment in Mox Bank Limited (formerly known as SC Digital Solutions Limited) |                     |                     |
| – an associate engaged in virtual banking business                              | (242)               | –                   |
| Other investing activities  | (1,985)             | (2,162)             |
| <b>Net cash used in investing activities</b>                                    | (2,227)             | (2,162)             |
| <b>Financing activities</b>   |                     |                     |
| New borrowings raised   | 6,649               | 9,548               |
| Other financing activities (including repayments of borrowings)                 | (9,984)             | (12,598)            |
| <b>Net cash used in financing activities</b>                                    | (3,335)             | (3,050)             |
| <b>Net decrease in cash and cash equivalents</b>                                | (749)               | (588)               |
| Exchange differences  | (14)                | (6)                 |
| Cash and cash equivalents at January 1,   | 2,534               | 2,417               |
| <b>Cash and cash equivalents at June 30,</b>                                    | 1,771               | 1,823               |
| Analysis of the balance of cash and cash equivalents:                           |                     |                     |
| Total cash and bank balances  | 2,260               | 2,437               |
| Less: short-term deposits   | (389)               | (508)               |
| Less: restricted cash   | (100)               | (106)               |
| <b>Cash and cash equivalents at June 30,</b>                                    | 1,771               | 1,823               |

The notes on pages 30 to 45 form an integral part of this unaudited condensed consolidated interim financial information. As explained in note 1, the unaudited condensed consolidated interim financial information of the HKT Trust and the unaudited condensed consolidated interim financial information of HKT Limited are presented together.

## 1 BASIS OF PREPARATION AND PRESENTATION

The HKT Trust (the “HKT Trust”) is constituted by a Hong Kong law governed trust deed and as supplemented, amended or substituted from time to time (the “Trust Deed”), entered into between HKT Management Limited (the “Trustee-Manager”, in its capacity as the trustee-manager of the HKT Trust) and HKT Limited (the “Company”). 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 six months ended June 30, 2020 comprises the unaudited condensed consolidated interim financial information of the HKT Trust, HKT Limited and its subsidiaries (together the “Group”), and the Group’s interests in associates and joint ventures. The HKT Limited unaudited condensed consolidated interim financial information for the six months ended June 30, 2020 comprises the unaudited condensed consolidated interim financial information of HKT Limited 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 HKT Limited and the sole activity of the HKT Trust during the six months ended June 30, 2020 was investing in HKT Limited. Therefore, the consolidated financial 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. The directors of the Trustee-Manager and the directors of the Company believe therefore that it is clearer to present the unaudited condensed consolidated interim 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 to as the “HKT Trust and HKT Limited unaudited condensed consolidated interim financial information”.

The Group and the HKT Limited Group are referred to 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 is “linked” to the unit and held by the Trustee-Manager as legal owner in its capacity as the trustee-manager of the HKT Trust; 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 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 of Hong Kong Limited and Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). 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, 2019.

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, 2020.

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



## 1 BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

As at June 30, 2020, the current liabilities of the Groups exceeded their current assets by HK\$6,439 million. Included in the current liabilities were (i) short-term borrowings of HK\$2,256 million, which have been reclassified from long-term liabilities to short-term liabilities as their maturity dates fall due within the next twelve-month period and the Groups will arrange refinancing to deal with this balance via long-term borrowings at appropriate time; and (ii) current portion of contract liabilities of HK\$1,403 million recognized under Hong Kong Financial Reporting Standard (“HKFRS”) 15 *Revenue from Contracts with Customers*, which will gradually reduce over the contract terms through the satisfaction of performance obligations. Management of the Groups anticipates the net cash inflows from their operations, together with the ability to draw down from available bank loan facilities of which the unused facilities amounted to HK\$8,478 million as at June 30, 2020, would be sufficient to enable the Groups to meet their liabilities as and when they fall due. Accordingly, this unaudited condensed consolidated interim financial information has been prepared on a going concern basis.

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, liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Groups’ accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2019.

The accounting policies, basis of presentation and methods of computation used in preparing the HKT Trust and HKT Limited unaudited condensed consolidated interim financial information are consistent with those followed in preparing the Groups’ annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of the following new or amended HKFRSs and HKASs which are first effective or available for early adoption for accounting periods beginning on or after January 1, 2020 as described below.

The following new or amended HKFRSs and HKASs are adopted for the financial year beginning January 1, 2020, 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 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors*
- HKAS 39 (Amendments), *Financial Instruments: Recognition and Measurement*
- HKFRS 3 (Revised) (Amendments), *Business Combinations*
- HKFRS 7 (Amendments), *Financial Instruments: Disclosures*
- HKFRS 9 (2014) (Amendments), *Financial Instruments*
- HKFRS 16 (Amendments), *Leases*
- Conceptual Framework for Financial Reporting 2018

The Groups have not early adopted any other new or amended HKFRSs and HKASs that are not yet effective for the current accounting period.

## 2 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| In HK\$ million                | Note  | As at<br>December 31,<br>2019<br>(Audited) | As at<br>June 30,<br>2020<br>(Unaudited) |
|--------------------------------|-------|--|--|
| <b>ASSETS AND LIABILITIES</b>  |       |  |  |
| <b>Non-current assets</b>      |       |  |  |
| Interests in subsidiaries      |       | 28,497                                     | <b>28,497</b>                            |
|                                |       | 28,497                                     | <b>28,497</b>                            |
| <b>Current assets</b>          |       |  |  |
| Prepayments and deposits       |       | 2  | <b>4</b>                                 |
| Amounts due from subsidiaries  |       | 7,140                                      | <b>7,276</b>                             |
|                                |       | 7,142                                      | <b>7,280</b>                             |
| <b>Current liabilities</b>     |       |  |  |
| Accruals and other payables    |       | (4)  | <b>(3)</b>                               |
| Amounts due to subsidiaries    |       | (107)                                      | <b>(158)</b>                             |
| Current income tax liabilities |       | (32)                                       | <b>(17)</b>                              |
|                                |       | (143)                                      | <b>(178)</b>                             |
| <b>Net assets</b>              |       | 35,496                                     | <b>35,599</b>                            |
| <b>CAPITAL AND RESERVES</b>    |       |  |  |
| Share capital                  | 11(a) | 8  | <b>8</b>                                 |
| Reserves                       | 11(b) | 35,488                                     | <b>35,591</b>                            |
| <b>Total equity</b>            |       | 35,496                                     | <b>35,599</b>                            |

### 3 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 telecommunications and related services which include local telephony, local data and broadband, international telecommunications, enterprise solutions, and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting, and contact centers. 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 comprises new business areas such as The Club and HKT Financial Services, and corporate support functions.

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 and amortization, gain/loss 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.



### 3 SEGMENT INFORMATION (CONTINUED)

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

| In HK\$ million  | Six months ended June 30, |                     |
|--|---------------------------|---------------------|
|  | 2019<br>(Unaudited)       | 2020<br>(Unaudited) |
| Total segment EBITDA                                   | 5,733                     | 5,546               |
| Gain on disposal of property, plant and equipment, net | 1                         | 2                   |
| Depreciation and amortization                          | (2,371)                   | (2,491)             |
| Other gains/(losses), net                              | 1                         | (50)                |
| Finance costs, net                                     | (662)                     | (658)               |
| Share of results of associates and joint ventures      | (23)                      | (30)                |
| Profit before income tax                               | 2,679                     | 2,319               |

### 4 OTHER GAINS/(LOSSES), NET

| In HK\$ million                       | Six months ended June 30, |                     |
|---------------------------------------|---------------------------|---------------------|
|                                       | 2019<br>(Unaudited)       | 2020<br>(Unaudited) |
| Loss on disposal of subsidiaries, net | –                         | (55)                |
| Others                                | 1                         | 5                   |
|                                       | 1                         | (50)                |

### 5 PROFIT BEFORE INCOME TAX

Profit before income tax was stated after charging the following:

| In HK\$ million  | Six months ended June 30, |                     |
|--|---------------------------|---------------------|
|  | 2019<br>(Unaudited)       | 2020<br>(Unaudited) |
| Cost of inventories sold   | 2,261                     | 1,809               |
| Cost of sales, excluding inventories sold                        | 4,689                     | 5,132               |
| Depreciation of property, plant and equipment                    | 513                       | 578                 |
| Depreciation of right-of-use assets                              | 752                       | 707                 |
| Amortization of intangible assets                                | 488                       | 606                 |
| Amortization of fulfillment costs                                | 218                       | 240                 |
| Amortization of customer acquisition costs                       | 394                       | 354                 |
| Amortization of land lease premium – interests in leasehold land | 6                         | 6                   |
| Impairment loss for trade receivables                            | 150                       | 155                 |
| Finance costs on borrowings                                      | 640                       | 613                 |

- a. During the six months ended June 30, 2020, the Groups have recognized in the consolidated income statement a subsidy of HK\$89 million from the Employment Support Scheme introduced by the Government of the Hong Kong Special Administrative Region.

For the six months ended June 30, 2020

## 6 INCOME TAX

| In HK\$ million                 | Six months ended June 30, |                     |
|---------------------------------|---------------------------|---------------------|
|                                 | 2019<br>(Unaudited)       | 2020<br>(Unaudited) |
| Current income tax:             |                           |                     |
| Hong Kong profits tax           | 268                       | 216                 |
| Overseas tax                    | 7                         | 11                  |
| Movement of deferred income tax | 234                       | 187                 |
|                                 | 509                       | 414                 |

Hong Kong profits tax is provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits for the period.

Overseas tax is calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the respective jurisdictions.

## 7 DISTRIBUTIONS/DIVIDENDS

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

| In HK\$ million   | Six months ended June 30, |                     |
|---|---------------------------|---------------------|
|   | 2019<br>(Unaudited)       | 2020<br>(Unaudited) |
| Interim distribution/dividend declared after the end of the interim period of 30.10 HK cents<br>(2019: 30.01 HK cents) per Share Stapled Unit/ordinary share of the Company | 2,272                     | 2,280               |

At meetings held on August 5, 2020, the directors of the Trustee-Manager and the Company declared an interim distribution/dividend of 30.10 HK cents per Share Stapled Unit/ordinary share of the Company for the year ending December 31, 2020. 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, |                     |
|---|---------------------------|---------------------|
|   | 2019<br>(Unaudited)       | 2020<br>(Unaudited) |
| Final distribution/dividend declared in respect of the previous financial year,<br>approved and paid during the interim period of 40.37 HK cents<br>(2019: 39.17 HK cents) per Share Stapled Unit/ordinary share of the Company | 2,966                     | 3,058               |
| Less: distribution/dividend for Share Stapled Units/ordinary shares of<br>the Company held by the HKT Share Stapled Units Award Schemes   | –                         | (1)                 |
|   | 2,966                     | 3,057               |

## 8 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:

|  | <b>Six months ended June 30,</b> |                      |
|--|----------------------------------|----------------------|
|  | 2019<br>(Unaudited)              | 2020<br>(Unaudited)  |
| <b>Earnings (in HK\$ million)</b>  |                                  |                      |
| Earnings for the purpose of basic and diluted earnings per Share Stapled Unit/<br>share of the Company   | 2,162                            | <b>1,898</b>         |
| <b>Number of Share Stapled Units/shares of the Company</b>   |                                  |                      |
| Weighted average number of Share Stapled Units/ordinary shares of the Company  | 7,571,742,334                    | <b>7,574,093,982</b> |
| Effect of Share Stapled Units held under the HKT Share Stapled Units Award Schemes   | (356,911)                        | <b>(601,842)</b>     |
| Weighted average number of Share Stapled Units/ordinary shares of the Company for the<br>purpose of basic earnings per Share Stapled Unit/share of the Company   | 7,571,385,423                    | <b>7,573,492,140</b> |
| Effect of Share Stapled Units awarded under the HKT Share Stapled Units Award Schemes  | 1,659,062                        | <b>1,441,810</b>     |
| Weighted average number of Share Stapled Units/ordinary shares of the Company for the<br>purpose of diluted earnings per Share Stapled Unit/share of the Company | 7,573,044,485                    | <b>7,574,933,950</b> |

## 9 TRADE RECEIVABLES, NET

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

| In HK\$ million        | <b>As at</b>                      |  |
|------------------------|-----------------------------------|--|
|                        | December 31,<br>2019<br>(Audited) | <b>June 30,<br/>2020<br/>(Unaudited)</b> |
| 1 – 30 days            | 2,594                             | <b>2,344</b>                             |
| 31 – 60 days           | 346                               | <b>380</b>                               |
| 61 – 90 days           | 272                               | <b>201</b>                               |
| 91 – 120 days          | 98                                | <b>148</b>                               |
| Over 120 days          | 433                               | <b>675</b>                               |
|                        | 3,743                             | <b>3,748</b>                             |
| Less: loss allowance   | (143)                             | <b>(210)</b>                             |
| Trade receivables, net | 3,600                             | <b>3,538</b>                             |

As at June 30, 2020, included in trade receivables, net were amounts due from related parties of HK\$43 million (as at December 31, 2019: HK\$36 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.

For the six months ended June 30, 2020

**10 TRADE PAYABLES**

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

| In HK\$ million | As at                             |                                 |
|-----------------|-----------------------------------|---------------------------------|
|                 | December 31,<br>2019<br>(Audited) | June 30,<br>2020<br>(Unaudited) |
| 1 – 30 days     | 1,269                             | 1,146                           |
| 31 – 60 days    | 556                               | 290                             |
| 61 – 90 days    | 100                               | 402                             |
| 91 – 120 days   | 31                                | 261                             |
| Over 120 days   | 386                               | 267                             |
|                 | 2,342                             | 2,366                           |

As at June 30, 2020, included in trade payables were amounts due to related parties of HK\$49 million (as at December 31, 2019: HK\$12 million).

**11 EQUITY OF HKT LIMITED****a. Share capital of HKT Limited**

|  | Number of shares<br>(Unaudited) | Nominal value<br>(Unaudited)<br>HK\$ |
|--|---------------------------------|--------------------------------------|
| Authorized:  |                                 |                                      |
| Ordinary shares of HK\$0.0005 each   |                                 |                                      |
| Balances as at January 1, 2019, June 30, 2019, January 1, 2020 and June 30, 2020 | 20,000,000,000                  | 10,000,000                           |
| Preference shares of HK\$0.0005 each   |                                 |                                      |
| Balances as at January 1, 2019, June 30, 2019, January 1, 2020 and June 30, 2020 | 20,000,000,000                  | 10,000,000                           |
| Issued and fully paid:   |                                 |                                      |
| Ordinary shares of HK\$0.0005 each   |                                 |                                      |
| Balances as at January 1, 2019, June 30, 2019 and January 1, 2020                | 7,571,742,334                   | 3,785,871                            |
| Issued during the period (note (i))  | 4,000,000                       | 2,000                                |
| Balances as at June 30, 2020   | 7,575,742,334                   | 3,787,871                            |
| Preference shares of HK\$0.0005 each   |                                 |                                      |
| Balances as at January 1, 2019, June 30, 2019 and January 1, 2020                | 7,571,742,334                   | 3,785,871                            |
| Issued during the period (note (i))  | 4,000,000                       | 2,000                                |
| Balances as at June 30, 2020   | 7,575,742,334                   | 3,787,871                            |

- (i) During the six months ended June 30, 2020, the Company issued and allotted 4,000,000 new fully paid ordinary shares with nominal value of HK\$0.0005 per share and 4,000,000 new fully paid preference shares with nominal value of HK\$0.0005 per share respectively under general mandate for grant of awards pursuant to the HKT Share Stapled Units Subscription Scheme with a consideration of approximately HK\$48 million in total.



## 11 EQUITY OF HKT LIMITED (CONTINUED)

### b. Movements in reserves of the Company are as follows:

| In HK\$ million                               | Six months ended June 30, 2019<br>(Unaudited) |                  |         |
|---|---|------------------|---------|
|   | Share premium                                 | Retained profits | Total   |
| At January 1, 2019                            | 35,113  | 256              | 35,369  |
| Total comprehensive income for the period     | –   | 3,018            | 3,018   |
| Dividend paid in respect of the previous year | –   | (2,966)          | (2,966) |
| At June 30, 2019                              | 35,113  | 308              | 35,421  |

  

| In HK\$ million                               | Six months ended June 30, 2020<br>(Unaudited) |                  |                |
|---|---|------------------|----------------|
|   | Share premium                                 | Retained profits | Total          |
| At January 1, 2020                            | <b>35,113</b>                                 | <b>375</b>       | <b>35,488</b>  |
| Total comprehensive income for the period     | –   | <b>3,113</b>     | <b>3,113</b>   |
| Dividend paid in respect of the previous year | –   | <b>(3,058)</b>   | <b>(3,058)</b> |
| Issue of shares (note 11(a)(i))               | <b>48</b>                                     | –                | <b>48</b>      |
| At June 30, 2020                              | <b>35,161</b>                                 | <b>430</b>       | <b>35,591</b>  |

For the six months ended June 30, 2020

**12 SHARE AWARD SCHEMES OF PCCW LIMITED (“PCCW”) AND SHARE STAPLED UNITS AWARD SCHEMES OF THE COMPANY**

Pursuant to the two share incentive award schemes of PCCW, namely the PCCW Purchase Scheme and the PCCW Subscription Scheme (collectively the “PCCW Share Award Schemes”) and the two award schemes of the Company, namely the HKT Share Stapled Units Purchase Scheme and the HKT Share Stapled Units Subscription Scheme (collectively the “HKT Share Stapled Units Award Schemes”), PCCW and the Company have awarded a number of shares of PCCW (“PCCW Shares”) and Share Stapled Units to selected participants (including any director or employee of PCCW and its participating companies for the PCCW Share Award Schemes, and any director or employee of the Company or any of its subsidiaries for the HKT Share Stapled Units Award Schemes) during the six months ended June 30, 2020.

A summary of movements in the number of PCCW Shares and Share Stapled Units held under the PCCW Share Award Schemes and the HKT Share Stapled Units Award Schemes are as follows:

|  | Six months ended June 30, 2019          |   |
|--|---|---|
|  | Number of<br>PCCW Shares<br>(Unaudited) | Number of<br>Share Stapled Units<br>(Unaudited) |
| As at January 1, 2019  | 4,477,347                               | 245   |
| Purchases from the market by the trustee at weighted average market price of<br>HK\$4.75 per PCCW Share/HK\$12.23 per Share Stapled Unit | 1,078,000                               | 1,875,000                                       |
| PCCW Shares/Share Stapled Units vested   | (3,753,774)                             | (1,828,323)                                     |
| As at June 30, 2019  | 1,801,573                               | 46,922  |
|  | Six months ended June 30, 2020          |   |
|  | Number of<br>PCCW Shares<br>(Unaudited) | Number of<br>Share Stapled Units<br>(Unaudited) |
| As at January 1, 2020  | <b>2,878,573</b>                        | <b>1,227,922</b>                                |
| Purchases from the market by the trustee at weighted average market price of<br>HK\$4.72 per PCCW Share/HK\$12.20 per Share Stapled Unit | <b>542,000</b>                          | <b>200,000</b>                                  |
| PCCW Shares obtained under the PCCW Subscription Scheme  | <b>7,500,000</b>                        | –   |
| New Share Stapled Units jointly issued by the HKT Trust and the Company<br>at issue price of HK\$11.86 per Share Stapled Unit            | –                                       | <b>4,000,000</b>                                |
| PCCW Shares/Share Stapled Units vested   | <b>(3,835,132)</b>                      | <b>(1,740,677)</b>                              |
| As at June 30, 2020  | <b>7,085,441</b>                        | <b>3,687,245</b>                                |

The weighted average fair values of the PCCW Shares and the Share Stapled Units awarded during the six months ended June 30, 2020 at the dates of award were HK\$4.64 (2019: HK\$4.74) per PCCW Share and HK\$11.88 (2019: HK\$12.38) per Share Stapled Unit respectively, which were measured by the respective quoted market prices of the PCCW Shares and the Share Stapled Units at the respective award dates.

## 13 COMMITMENTS

### a. Capital

| In HK\$ million               | As at                             |                                 |
|-------------------------------|-----------------------------------|---------------------------------|
|                               | December 31,<br>2019<br>(Audited) | June 30,<br>2020<br>(Unaudited) |
| Authorized and contracted for | 1,259                             | <b>1,116</b>                    |

Included in the capital commitments were commitments of HK\$877 million and HK\$1,020 million for the acquisition of property, plant and equipment as at June 30, 2020 and December 31, 2019 respectively.

Additions of property, plant and equipment were HK\$1,198 million and HK\$1,332 million for the six months ended June 30, 2020 and 2019 respectively.

### b. Others

| In HK\$ million                   | As at                             |                                 |
|-----------------------------------|-----------------------------------|---------------------------------|
|                                   | December 31,<br>2019<br>(Audited) | June 30,<br>2020<br>(Unaudited) |
| Operating expenditure commitments | 4,037                             | <b>3,676</b>                    |

## 14 CONTINGENT LIABILITIES

| In HK\$ million        | As at                             |                                 |
|------------------------|-----------------------------------|---------------------------------|
|                        | December 31,<br>2019<br>(Audited) | June 30,<br>2020<br>(Unaudited) |
| Performance guarantees | 740                               | <b>808</b>                      |
| Others                 | 63                                | <b>79</b>                       |
|                        | 803                               | <b>887</b>                      |

The Groups are subject to certain corporate guarantee obligations to guarantee the performance of their 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 Groups.

For the six months ended June 30, 2020

**15 RELATED PARTY TRANSACTIONS**

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

| In HK\$ million  | Note | Six months ended June 30, |                     |
|--|------|---------------------------|---------------------|
|  |      | 2019<br>(Unaudited)       | 2020<br>(Unaudited) |
| Telecommunications service fees received or receivable from a substantial shareholder of PCCW  | a    | 34                        | 36                  |
| Telecommunications service fees paid or payable to a substantial shareholder of PCCW   | a    | 43                        | 41                  |
| Telecommunications service fees and interest income received or receivable from joint ventures   | a    | 19                        | 18                  |
| Telecommunications service fees, equipment purchase costs, outsourcing fees and rental charges paid or payable to joint ventures   | a    | 154                       | 137                 |
| Telecommunications service fees, connectivity service fees, interest income and other costs recharge received or receivable from associates  | a    | –                         | 11                  |
| Telecommunications service fees, connectivity service fees, equipment sales, insurance premium and other costs recharge received or receivable from related parties under a common holder of Share Stapled Units/shareholder with the Company                | a    | 22                        | 20                  |
| Insurance premium paid or payable to related parties under a common holder of Share Stapled Units/shareholder with the Company   | a    | 3                         | –                   |
| Telecommunications service fees, connectivity service fees, management fee, equipment sales and other costs recharge received or receivable from fellow subsidiaries   | a    | 961                       | 712                 |
| Telecommunications service fees, IT and logistics charges, system development and integration charges, consultancy service charges, rental and facilities management charges, management fee and other costs recharge paid or payable to fellow subsidiaries | a    | 1,165                     | 1,050               |
| Key management compensation  | b    | 17                        | 17                  |

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

**b. Details of key management compensation**

| In HK\$ million                                 | Six months ended June 30, |                     |
|---|---------------------------|---------------------|
|   | 2019<br>(Unaudited)       | 2020<br>(Unaudited) |
| Salaries and other short-term employee benefits | 14                        | 14                  |
| Share-based compensation                        | 3                         | 3                   |
|   | 17                        | 17                  |

## 16 FINANCIAL INSTRUMENTS

### a. Financial risk factors

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

The HKT Trust and HKT Limited unaudited condensed consolidated interim financial information does not include all financial risk management information and disclosures as required in the Groups' annual consolidated financial statements. It should be read in conjunction with the Groups' annual consolidated financial statements for the year ended December 31, 2019. There have been no material changes in the financial management policies and practices since December 31, 2019.

### b. Estimation of fair values

Financial instruments carried at fair value are analyzed by valuation method and the different levels are defined as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for the financial assets held by the Groups is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted securities and equity investments.

The following tables present the Groups' financial assets and liabilities that were measured at fair value:

| In HK\$ million                        | As at December 31, 2019<br>(Audited) |            |            | Total      |
|--|--------------------------------------|------------|------------|------------|
|  | Level 1                              | Level 2    | Level 3    |            |
| <b>Assets</b>                          |                                      |            |            |            |
| Financial assets at FVOCI <sup>1</sup> |                                      |            |            |            |
| – Unlisted securities                  | –                                    | –          | 124        | 124        |
| Derivative financial instruments       |                                      |            |            |            |
| – Non-current                          | –                                    | 284        | –          | 284        |
| – Current                              | –                                    | 6          | –          | 6          |
| Financial assets at FVPL <sup>2</sup>  |                                      |            |            |            |
| – Unlisted securities (non-current)    | –                                    | –          | 31         | 31         |
| – Listed securities (non-current)      | 1                                    | –          | –          | 1          |
| – Listed securities (current)          | 12                                   | –          | –          | 12         |
| <b>Total assets</b>                    | <b>13</b>                            | <b>290</b> | <b>155</b> | <b>458</b> |
| <b>Liabilities</b>                     |                                      |            |            |            |
| Derivative financial instruments       |                                      |            |            |            |
| – Non-current                          | –                                    | (38)       | –          | (38)       |

For the six months ended June 30, 2020

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

The following tables present the Groups' financial assets and liabilities that were measured at fair value: (continued)

| In HK\$ million                        | As at June 30, 2020<br>(Unaudited) |              |            | Total        |
|--|------------------------------------|--------------|------------|--------------|
|  | Level 1                            | Level 2      | Level 3    |              |
| <b>Assets</b>                          |                                    |              |            |              |
| Financial assets at FVOCI <sup>1</sup> |                                    |              |            |              |
| – Unlisted securities                  | –                                  | –            | 124        | 124          |
| Derivative financial instruments       |                                    |              |            |              |
| – Non-current                          | –                                  | 267          | –          | 267          |
| Financial assets at FVPL <sup>2</sup>  |                                    |              |            |              |
| – Unlisted securities (non-current)    | –                                  | –            | 31         | 31           |
| – Listed securities (non-current)      | 16                                 | –            | –          | 16           |
| – Listed securities (current)          | 15                                 | –            | –          | 15           |
| <b>Total assets</b>                    | <b>31</b>                          | <b>267</b>   | <b>155</b> | <b>453</b>   |
| <b>Liabilities</b>                     |                                    |              |            |              |
| Derivative financial instruments       |                                    |              |            |              |
| – Non-current                          | –                                  | (112)        | –          | (112)        |
| – Current                              | –                                  | (16)         | –          | (16)         |
| <b>Total liabilities</b>               | <b>–</b>                           | <b>(128)</b> | <b>–</b>   | <b>(128)</b> |

**Notes:**

- 1 FVOCI refers to fair value through other comprehensive income.
- 2 FVPL refers to fair value through profit or loss.

Instruments included in level 1 comprised PCCW Shares acquired or subscribed under PCCW Share Award Schemes and classified as financial assets at FVPL.

Instruments included in level 2 comprised cross currency swap contracts, interest rate swap contracts and foreign exchange forward contracts classified as derivative financial instruments. In measuring the swap transactions, the fair value is the net present value of the estimated future cash flows discounted at the market quoted swap rates. The fair value of the foreign exchange forward contracts is calculated based on the prevailing market foreign exchange rates quoted for contracts with the same notional amounts adjusted for maturity differences.

Instruments included in level 3 comprised investments in unlisted instruments classified as financial assets at FVOCI or financial assets at FVPL. During the six months ended June 30, 2020, there were no movements in the instruments included in level 3 (2019: an addition of HK\$8 million).

For unlisted securities or financial assets without an active market, the Groups establish the fair value by using valuation techniques including the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

There were no transfers of financial assets and liabilities between fair value hierarchy classifications during the six months ended June 30, 2019 and 2020.

There were no material changes in valuation techniques during the six months ended June 30, 2019 and 2020.

## 16 FINANCIAL INSTRUMENTS (CONTINUED)

### c. Groups' valuation process

The Groups perform and monitor the valuations of financial assets required for financial reporting purposes, including level 3 fair values. Material movements in valuations are reported to senior management immediately. Valuation results are reviewed by senior management at least on a semi-annual basis.

### d. Fair values of financial instruments measured at amortized cost

All financial instruments were carried at amounts not materially different from their fair values as at December 31, 2019 and June 30, 2020 except as follows:

| In HK\$ million      | As at December 31, 2019   |                      | As at June 30, 2020         |                        |
|----------------------|---------------------------|----------------------|-----------------------------|------------------------|
|                      | Carrying amount (Audited) | Fair value (Audited) | Carrying amount (Unaudited) | Fair value (Unaudited) |
| Long-term borrowings | 40,358                    | 40,860               | <b>38,851</b>               | <b>39,866</b>          |

The fair values of long-term borrowings are the net present value of the estimated future cash flows discounted at the prevailing market rates. The fair values are within level 2 of the fair value hierarchy.

# INCOME STATEMENT OF HKT MANAGEMENT LIMITED

For the six months ended June 30, 2020

| In HK\$'000                         | Note | 2019<br>(Unaudited) | 2020<br>(Unaudited) |
|-------------------------------------|------|---------------------|---------------------|
| Management fee income               |      | 27                  | <b>28</b>           |
| General and administrative expenses |      | (27)                | <b>(28)</b>         |
| Result before income tax            | 2    | –                   | –                   |
| Income tax                          | 3    | –                   | –                   |
| Result for the period               |      | –                   | –                   |

The notes on pages 51 to 52 form an integral part of this unaudited condensed interim financial information.



# STATEMENT OF COMPREHENSIVE INCOME OF HKT MANAGEMENT LIMITED

For the six months ended June 30, 2020

| In HK\$'000                               | 2019<br>(Unaudited) | 2020<br>(Unaudited) |
|---|---------------------|---------------------|
| Result for the period                     | –                   | –                   |
| Other comprehensive income                | –                   | –                   |
| Total comprehensive income for the period | –                   | –                   |

The notes on pages 51 to 52 form an integral part of this unaudited condensed interim financial information.

# STATEMENT OF FINANCIAL POSITION OF HKT MANAGEMENT LIMITED

As at June 30, 2020

| In HK\$'000                         | Note | As at<br>December 31,<br>2019<br>(Audited) | As at<br>June 30,<br>2020<br>(Unaudited) |
|-------------------------------------|------|--|--|
| <b>ASSET AND LIABILITIES</b>        |      |  |  |
| <b>Current asset</b>                |      |  |  |
| Amount due from a fellow subsidiary |      | 384  | 412                                      |
|                                     |      | 384  | 412                                      |
| <b>Current liabilities</b>          |      |  |  |
| Accruals and other payables         |      | (52)                                       | (26)                                     |
| Amounts due to fellow subsidiaries  |      | (332)                                      | (386)                                    |
|                                     |      | (384)                                      | (412)                                    |
| <b>Net assets</b>                   |      | –  | –  |
| <b>CAPITAL AND RESERVES</b>         |      |  |  |
| Share capital                       | 4    | –  | –  |
| Reserves                            |      | –  | –  |
| <b>Total equity</b>                 |      | –  | –  |

The notes on pages 51 to 52 form an integral part of this unaudited condensed interim financial information.

# STATEMENT OF CHANGES IN EQUITY OF HKT MANAGEMENT LIMITED

For the six months ended June 30, 2020

| In HK\$'000  | 2019<br>(Unaudited) |                  |       |
|--|---------------------|------------------|-------|
|  | Share capital       | Retained profits | Total |
| At January 1, 2019                                 | –                   | –                | –     |
| Total comprehensive income for the period          |                     |                  |       |
| Result for the period                              | –                   | –                | –     |
| Other comprehensive income                         | –                   | –                | –     |
| Total comprehensive income for the period          | –                   | –                | –     |
| Transactions with the equity holder of the Company | –                   | –                | –     |
| At June 30, 2019                                   | –                   | –                | –     |

| In HK\$'000  | 2020<br>(Unaudited) |                  |       |
|--|---------------------|------------------|-------|
|  | Share capital       | Retained profits | Total |
| At January 1, 2020                                 | –                   | –                | –     |
| Total comprehensive income for the period          |                     |                  |       |
| Result for the period                              | –                   | –                | –     |
| Other comprehensive income                         | –                   | –                | –     |
| Total comprehensive income for the period          | –                   | –                | –     |
| Transactions with the equity holder of the Company | –                   | –                | –     |
| At June 30, 2020                                   | –                   | –                | –     |

The notes on pages 51 to 52 form an integral part of this unaudited condensed interim financial information.

# CONDENSED STATEMENT OF CASH FLOWS OF HKT MANAGEMENT LIMITED

For the six months ended June 30, 2020

| In HK\$'000                                  | 2019<br>(Unaudited) | 2020<br>(Unaudited) |
|--|---------------------|---------------------|
| Net cash generated from operating activities | –                   | –                   |
| Net cash generated from investing activities | –                   | –                   |
| Net cash generated from financing activities | –                   | –                   |
| Net change in cash and cash equivalents      | –                   | –                   |
| Cash and cash equivalents at January 1,      | –                   | –                   |
| Cash and cash equivalents at June 30,        | –                   | –                   |

The notes on pages 51 to 52 form an integral part of this unaudited condensed interim financial information.

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

For the six months ended June 30, 2020

## 1 BASIS OF PREPARATION

The unaudited condensed interim financial information of HKT Management Limited (the “Company”) has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This unaudited condensed interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2019.

This unaudited condensed interim financial information is presented in Hong Kong dollars, unless otherwise stated. This unaudited condensed interim financial information was approved for issue on August 5, 2020.

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

The financial information relating to the year ended December 31, 2019 that is included in this unaudited condensed interim financial information as comparative information does not constitute the Company’s statutory annual financial statements for that year 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 Company’s financial statements combined with the HKT Trust and HKT Limited consolidated financial statements for the year ended December 31, 2019 has been delivered to the Registrar of Companies.
- The Company’s auditor has reported on those financial statements of the Company. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

The preparation of the unaudited condensed interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

In preparing this unaudited condensed interim financial information, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2019.

The accounting policies, basis of presentation and methods of computation used in preparing this unaudited condensed interim financial information are consistent with those followed in preparing the Company’s annual financial statements for the year ended December 31, 2019, except for the adoption of the following new or amended Hong Kong Financial Reporting Standards (“HKFRSs”) and HKASs which are first effective or available for early adoption for accounting periods beginning on or after January 1, 2020 as described below.

The following new or amended HKFRSs and HKASs are adopted for the financial year beginning January 1, 2020, but have no material effect on the Company’s reported results and financial position for the current and prior accounting periods.

- HKAS 1 (Revised) (Amendments), *Presentation of Financial Statements*
- HKAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors*
- HKAS 39 (Amendments), *Financial Instruments: Recognition and Measurement*
- HKFRS 3 (Revised) (Amendments), *Business Combinations*
- HKFRS 7 (Amendments), *Financial Instruments: Disclosures*
- HKFRS 9 (2014) (Amendments), *Financial Instruments*
- HKFRS 16 (Amendments), *Leases*
- Conceptual Framework for Financial Reporting 2018

The Company has not early adopted any other new or amended HKFRSs and HKASs that are not yet effective for the current accounting period.

For the six months ended June 30, 2020

## 2 RESULT BEFORE INCOME TAX

Result before income tax was stated after charging the following:

| In HK\$'000            | Six months ended June 30, |                     |
|------------------------|---------------------------|---------------------|
|                        | 2019<br>(Unaudited)       | 2020<br>(Unaudited) |
| Auditor's remuneration | 27                        | 28                  |

## 3 INCOME TAX

No Hong Kong profits tax has been provided as the Company did not have any assessable profit during the period (2019: same).

## 4 SHARE CAPITAL

|  | Number of<br>share<br>(Unaudited) | Share<br>capital<br>(Unaudited)<br>HK\$ |
|--|-----------------------------------|---|
| Issued and fully paid:   |                                   |   |
| Ordinary share of no par value   |                                   |   |
| Balances as at January 1, 2019, June 30, 2019, January 1, 2020 and June 30, 2020 | 1                                 | 1                                       |

## 5 RELATED PARTY TRANSACTION

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

| In HK\$'000  | Six months ended June 30, |                     |
|--|---------------------------|---------------------|
|  | 2019<br>(Unaudited)       | 2020<br>(Unaudited) |
| Management fee receivable from a fellow subsidiary | 27                        | 28                  |

- a. This transaction was carried out after negotiations between the Company and the related party in the ordinary course of business and on the basis of estimated market value as determined by the directors.
- b. The directors' emoluments of the Company were borne by a fellow subsidiary of the Company for the six months ended June 30, 2019 and 2020.

# GENERAL INFORMATION

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

As at June 30, 2020, the directors of HKT Limited (the "Company") and the directors of HKT Management Limited (the "Trustee-Manager", in its capacity as the trustee-manager of the HKT Trust) (collectively referred to as the "Directors"), the chief executives of the Company and the Trustee-Manager (collectively referred to as the "Chief Executives") and their respective close associates had the following interests or short positions in the share stapled units of HKT Trust and the Company (the "Share Stapled Units") and underlying Share Stapled Units, and the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register(s) required to be kept under Section 352 of the SFO or as otherwise notified to the Company, the Trustee-Manager and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"):

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

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

| Name of Director/Chief Executive | Personal interests | Number of Share Stapled Units held |                            |             | Total   | Approximate percentage of the total number of Share Stapled Units in issue |
|----------------------------------|--------------------|------------------------------------|----------------------------|-------------|---------|--|
|                                  |                    | Corporate interests                | Other interests            |             |         |  |
| Li Tzar Kai, Richard             | –                  | 66,247,614<br>(Note 1(a))          | 158,764,423<br>(Note 1(b)) | 225,012,037 | 2.97%   |  |
| Hui Hon Hing, Susanna            | 3,862,498          | –                                  | 780,458<br>(Note 2)        | 4,642,956   | 0.06%   |  |
| Peter Anthony Allen<br>(Note 3)  | 21,530             | –                                  | –                          | 21,530      | 0.0003% |  |
| Srinivas Bangalore Gangaiah      | 50,000             | –                                  | –                          | 50,000      | 0.0007% |  |

Each Share Stapled Unit confers an interest in:

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

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

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

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

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

#### Notes:

1. (a) Of these Share Stapled Units, Pacific Century Diversified Limited ("PCD"), a wholly-owned subsidiary of Chiltonlink Limited ("Chiltonlink"), held 20,227,614 Share Stapled Units and Eisner Investments Limited ("Eisner") held 46,020,000 Share Stapled Units. Li Tzar Kai, Richard owned 100% of the issued share capital of Chiltonlink and Eisner.
- (b) These interests represented:
  - (i) a deemed interest in 13,159,619 Share Stapled Units held by Pacific Century Group Holdings Limited ("PCGH"). Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 13,159,619 Share Stapled Units held by PCGH; and
  - (ii) a deemed interest in 145,604,804 Share Stapled Units held by Pacific Century Regional Developments Limited ("PCRD"), a company in which PCGH had, through itself and certain wholly-owned subsidiaries being Anglang Investments Limited, Pacific Century Group (Cayman Islands) Limited, Pacific Century International Limited and Borsington Limited, an aggregate of 88.63% interest. Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 145,604,804 Share Stapled Units held by PCRD. Li Tzar Kai, Richard was also deemed to be interested in 1.06% of the issued share capital of PCRD through Hopestar Holdings Limited, a company wholly-owned by Li Tzar Kai, Richard.
2. These interests represented awards made to Hui Hon Hing, Susanna, which were subject to certain vesting conditions pursuant to the relevant award schemes of the Company and PCCW Limited ("PCCW"), namely the HKT Share Stapled Units Purchase Scheme and the Purchase Scheme. Details of the HKT Share Stapled Units Purchase Scheme are set out in the section below headed "Share Stapled Units Award Schemes".
3. As disclosed in the previous annual and interim reports of HKT Trust and HKT Limited, a private company owned by Li Tzar Kai, Richard has provided an interest-free loan facility not exceeding the amount of S\$25,000,000 (equivalent to approximately HK\$148,000,000\*) to Peter A. Allen at his request and for personal reasons. The parties have agreed to amend the terms of this loan facility to increase the principal amount of the loan by S\$23,000,000 (equivalent to approximately HK\$136,000,000\*) to a total amount of not more than S\$48,000,000 (equivalent to approximately HK\$284,000,000\*). The loan is repayable upon written request by the said private company giving six months' prior notice. This private arrangement is not connected with and does not conflict with Peter A. Allen's duties at HKT Trust and HKT Limited.

\* Hong Kong dollar figures are for reference only

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

#### A. PCCW (the holding company of the HKT Trust and the Company)

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

| Name of Director/Chief Executive | Number of ordinary shares of PCCW held |                            |                              |  | Total         | Approximate percentage of the total number of shares of PCCW in issue |
|----------------------------------|--|----------------------------|------------------------------|--|---------------|---|
|                                  | Personal interests                     | Corporate interests        | Other interests              |  |               |   |
| Li Tzar Kai, Richard             | –                                      | 307,694,369<br>(Note 1(a)) | 1,928,842,224<br>(Note 1(b)) |  | 2,236,536,593 | 28.93%  |
| Hui Hon Hing, Susanna            | 7,242,175                              | –                          | 2,030,070<br>(Note 2)        |  | 9,272,245     | 0.12%   |
| Peter Anthony Allen              | 272,208                                | –                          | –                            |  | 272,208       | 0.004%  |
| Srinivas Bangalore Gangaiah      | 2,218,768                              | –                          | 2,097,217<br>(Note 2)        |  | 4,315,985     | 0.06%   |



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

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

#### **A. PCCW (the holding company of the HKT Trust and the Company)** (continued)

**Notes:**

1. (a) Of these shares of PCCW, PCD held 269,471,956 shares and Eisner held 38,222,413 shares.  
  
(b) These interests represented:
  - (i) a deemed interest in 175,312,270 shares of PCCW held by PCGH. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 175,312,270 shares of PCCW held by PCGH; and
  - (ii) a deemed interest in 1,753,529,954 shares of PCCW held by PCRD. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 1,753,529,954 shares of PCCW held by PCRD.
2. These interests represented awards made to these Directors, which were subject to certain vesting conditions pursuant to an award scheme of PCCW, namely the Purchase Scheme.

#### **B. PCPD Capital Limited (an indirect subsidiary of PCCW)**

Frances Waikwun Wong, in the capacity as the founder of a discretionary trust, held the 4.75% bonds due 2022 issued by PCPD Capital Limited, an associated corporation of the Company, in the principal amount of US\$500,000.

#### **C. Silvery Sky Holdings Limited (an indirect subsidiary of PCCW)**

Radiant Talent Holdings Limited ("RTH", an indirect wholly-owned subsidiary of CSI Properties Limited ("CSI")) entered into a sale and purchase agreement with Silvery Sky Holdings Limited ("SSH", an indirect wholly-owned subsidiary of Pacific Century Premium Developments Limited) and CSI on January 15, 2018 ("SPA") and pursuant to which, one non-voting participating share of SSH was allotted and issued to RTH credited as fully paid up at an issue price of US\$1.00 as part of the consideration paid to RTH on completion of the SPA which took place on March 23, 2018. Chung Cho Yee, Mico is a controlling shareholder and director of CSI.

Save as disclosed in the foregoing, as at June 30, 2020, none of the Directors or the Chief Executives or their respective close associates had any interests or short positions in any Share Stapled Units or underlying Share Stapled Units, or in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register(s) required to be kept under Section 352 of the SFO or as otherwise notified to the Company, the Trustee-Manager and the Stock Exchange pursuant to the Model Code of the Listing Rules.

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

The HKT Trust and the Company conditionally adopted on November 7, 2011 a Share Stapled Units option scheme (the "2011-2021 Option Scheme") which became effective upon listing of the Share Stapled Units. Under the 2011-2021 Option Scheme, the board of directors of the Trustee-Manager (the "Trustee-Manager Board") and the board of directors of the Company (the "Company Board") shall be entitled to offer to grant a Share Stapled Unit option to any eligible participant whom the Trustee-Manager Board and the Company Board may, at their absolute discretion, select.

No Share Stapled Unit options have been granted under the 2011-2021 Option Scheme since its adoption and up to and including June 30, 2020.

## SHARE STAPLED UNITS AWARD SCHEMES

On October 11, 2011, the Company adopted two award schemes pursuant to which awards of Share Stapled Units may be made, namely the HKT Share Stapled Units Purchase Scheme and the HKT Share Stapled Units Subscription Scheme (collectively the “Share Stapled Units Award Schemes”). The purposes of the Share Stapled Units Award Schemes are to incentivize and reward participants for their contribution to the growth of the Company and its subsidiaries (collectively the “HKT Limited Group”) and to provide the HKT Limited Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the participants.

Subject to the relevant scheme rules, each scheme provides that prior to the vesting of the awards under the relevant scheme to selected participants, the relevant Share Stapled Units will be held in trust by an independent trustee for such selected participants, and will be vested over a period of time determined by the Company Board, any committee or sub-committee of the Company Board and/or any person delegated with the power and authority to administer all or any aspects of the respective Share Stapled Units Award Schemes (the “Approving Body”), provided that each selected participant shall remain at all times up to and including the relevant vesting date (or, as the case may be, each relevant vesting date) an employee or director of the HKT Limited Group, and satisfies any other conditions specified at the time the award is made, notwithstanding that the Approving Body shall be at liberty to waive such conditions. Other than satisfying the vesting conditions, selected participants are not required to provide any consideration in order to acquire the Share Stapled Units awarded to him/her under the schemes.

In respect of the HKT Share Stapled Units Purchase Scheme, during the six months ended June 30, 2020, an aggregate of 405,362 Share Stapled Units were awarded pursuant to the HKT Share Stapled Units Purchase Scheme subject to certain vesting conditions, including an award in respect of 240,391 Share Stapled Units made to Hui Hon Hing, Susanna (a director of the Company and the Trustee-Manager). Additionally, 24,393 Share Stapled Units have lapsed and/or been forfeited and 1,179,672 Share Stapled Units have vested during the period. As at June 30, 2020, an aggregate of 629,201 Share Stapled Units awarded pursuant to the HKT Share Stapled Units Purchase Scheme remained unvested.

In respect of the HKT Share Stapled Units Subscription Scheme, during the six months ended June 30, 2020, an aggregate of 1,209,551 Share Stapled Units were awarded pursuant to the HKT Share Stapled Units Subscription Scheme subject to certain vesting conditions. Additionally, 19,377 Share Stapled Units have lapsed and/or been forfeited and 561,005 Share Stapled Units have vested during the period. As at June 30, 2020, an aggregate of 1,734,986 Share Stapled Units awarded pursuant to the HKT Share Stapled Units Subscription Scheme remained unvested.

Please also refer to the summary of movements in the number of Share Stapled Units held under the Share Stapled Units Award Schemes which is set out in note 12 to the HKT Trust and HKT Limited unaudited condensed consolidated interim financial information.

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

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

As at June 30, 2020, the following persons (other than Directors or Chief Executives) were substantial holders of Share Stapled Units, and of ordinary shares and preference shares in the Company, and had interests or short positions in the Share Stapled Units and underlying Share Stapled Units, and in the shares and underlying shares of the Company as recorded in the register(s) required to be kept under Section 336 of the SFO:

| Name                      | Capacity                      | Number of Share Stapled Units held | Approximate percentage of the total number of Share Stapled Units in issue | Note |
|---------------------------|-------------------------------|------------------------------------|--|------|
| PCCW                      | Interest in controlled entity | 3,934,967,681                      | 51.94%   | 1    |
| CAS Holding No. 1 Limited | Beneficial interest           | 3,934,967,681                      | 51.94%   |      |

Each Share Stapled Unit confers an interest in:

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

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

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

### Notes:

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

1. PCCW indirectly held these interests through its direct wholly-owned subsidiary, CAS Holding No. 1 Limited.

Save as disclosed above in this section, the Trustee-Manager and the Company have not been notified of any other persons (other than Directors or Chief Executives) who had an interest or a short position in the Share Stapled Units or underlying Share Stapled Units, or in the shares, underlying shares or debentures of the Company as recorded in the register(s) required to be kept under Section 336 of the SFO as at June 30, 2020.

## 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, 2020, none of the HKT Trust (including the Trustee-Manager), the Company or the Company's subsidiaries purchased, sold or redeemed any Share Stapled Units.

## AUDIT COMMITTEE

The Trustee-Manager's Audit Committee and the Company's Audit Committee have reviewed the accounting policies adopted by the HKT Trust and the Company together with the Company's subsidiaries; and the Trustee-Manager, the unaudited condensed consolidated interim financial information of the HKT Trust and HKT Limited for the six months ended June 30, 2020 and the unaudited condensed interim financial information of the Trustee-Manager for the same period. Such financial information of the HKT Trust and HKT Limited and of the Trustee-Manager has not been audited but has been reviewed by the independent auditor of the Trustee-Manager and the Company.

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

The HKT Trust and the Company have adopted their own code of conduct regarding securities transactions, namely the HKT Trust and HKT Limited Code of Conduct for Securities Transactions (the "HKT Code"), which applies to all directors of the Trustee-Manager and the Company and their employees (where applicable) on terms no less exacting than the required standard indicated by the Model Code as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry of all Directors, confirmations have been received of compliance with the required standard set out in the Model Code and the HKT Code during the 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 14 to the Listing Rules during the six months ended June 30, 2020, 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.

Having regard to the mandatory global travel restrictions in connection with the COVID-19 pandemic, certain Directors participated in the annual general meeting of unitholders of the HKT Trust and of shareholders of the Company on May 8, 2020 by video/audio conferencing, and such Directors, including the Chairman of the board of directors and the chairpersons of the board committees, were available to answer questions at the meeting pursuant to code provision E.1.2 of the CG Code.

During the period covered by this report, in support of their responsibility for the risk management and internal control systems, the Directors have sought and received from the Company's management a report on the risk management and internal control systems, including an assurance that, based on the Company's ongoing assessment and validation activities, they are not aware of any material risks or internal control deficiencies which are not being adequately and appropriately mitigated and/or managed.

# CORPORATE INFORMATION

## HKT LIMITED

(incorporated in the Cayman Islands with limited liability)

### BOARD OF DIRECTORS

#### Executive Directors

Li Tzar Kai, Richard (Executive Chairman)

Hui Hon Hing, Susanna (Group Managing Director)

#### Non-Executive Directors

Peter Anthony Allen

Chung Cho Yee, Mico

Li Fushen

Zhu Kebing

Srinivas Bangalore Gangaiah (aka BG Srinivas)

#### Independent Non-Executive Directors

Professor Chang Hsin Kang, FREng, GBS, JP

Sunil Varma

Aman Mehta

Frances Waikwun Wong

### GROUP GENERAL COUNSEL AND COMPANY SECRETARY OF HKT LIMITED AND HKT MANAGEMENT LIMITED

Bernadette M. Lomas

### REGISTERED OFFICE

PO Box 309, Uglad House

Grand Cayman, KY1-1104

Cayman Islands

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

39th Floor, PCCW Tower

Taikoo Place, 979 King's Road

Quarry Bay, Hong Kong

### SHARE STAPLED UNITS INFORMATION

Board lot:

1,000 units

Issued units as at June 30, 2020:

7,575,742,334 units

### DIVIDEND/DISTRIBUTION

Interim dividend/distribution per ordinary share/share stapled unit for

the six months ended June 30, 2020:

30.10 HK cents

### FINANCIAL CALENDAR

Announcement of 2020 Interim Results

August 5, 2020

Closure of books

August 27-28, 2020  
(both days inclusive)

Record date for 2020 interim distribution

August 28, 2020

Payment of 2020 interim distribution

on or around September 24, 2020

### INVESTOR RELATIONS

For more information, please contact Investor Relations at:

Telephone: +852 2514 5084

Email: ir@hkt.com

## HKT MANAGEMENT LIMITED

(incorporated in Hong Kong with limited liability)

(THE TRUSTEE-MANAGER OF THE HKT TRUST)

### BOARD OF DIRECTORS

#### Executive Directors

Li Tzar Kai, Richard (Executive Chairman)

Hui Hon Hing, Susanna (Group Managing Director)

#### Non-Executive Directors

Peter Anthony Allen

Chung Cho Yee, Mico

Li Fushen

Zhu Kebing

Srinivas Bangalore Gangaiah (aka BG Srinivas)

#### Independent Non-Executive Directors

Professor Chang Hsin Kang, FREng, GBS, JP

Sunil Varma

Aman Mehta

Frances Waikwun Wong

### REGISTERED OFFICE

39th Floor, PCCW Tower

Taikoo Place, 979 King's Road

Quarry Bay, Hong Kong

### PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited

PO Box 1093, Boundary Hall, Cricket Square

Grand Cayman, KY1-1102

Cayman Islands

### SHARE STAPLED UNITS REGISTRAR AND HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716

17th Floor, Hopewell Centre

183 Queen's Road East

Wan Chai, Hong Kong

Telephone: +852 2862 8555

Fax: +852 2865 0990

Email: hkinfo@computershare.com.hk

### LISTING

The share stapled units of the HKT Trust and HKT Limited are listed on

The Stock Exchange of Hong Kong Limited. Certain guaranteed notes

issued by subsidiaries of HKT Limited are listed on the Singapore Exchange

Securities Trading Limited and the Taipei Exchange.

### STOCK CODES

The Stock Exchange of Hong Kong Limited

Reuters

Bloomberg

6823

6823.HK

6823 HK

### WEBSITE OF HKT LIMITED

www.hkt.com

**INTERIM REPORT 2020**

This Interim Report 2020 in both English and Chinese is now available in printed form from HKT Limited, HKT Management Limited and the Share Stapled Units Registrar, and in accessible format on the websites of HKT Limited ([www.hkt.com/ir](http://www.hkt.com/ir)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

Holders of share stapled units who:

- A) received the Interim Report 2020 using electronic means through the website of HKT Limited may request a printed copy, or
- B) received the Interim Report 2020 in either English or Chinese may request a printed copy of the other language version

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

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

Holders of share stapled units who have chosen (or are deemed to have agreed) to receive the corporate communications of the HKT Trust, HKT Limited and HKT Management Limited (including but not limited to the Interim Report 2020) using electronic means through the website of HKT Limited and who, for any reason, have difficulty in receiving or gaining access to the Interim Report 2020 will promptly, upon request in writing or by email to the Share Stapled Units Registrar, be sent the Interim Report 2020 in printed form, free of charge.

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



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

**HKT Limited** (Incorporated in the Cayman Islands with limited liability)

Principal Place of Business in Hong Kong:

39/F, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

T: +852 2888 2888 F: +852 2877 8877 [www.hkt.com](http://www.hkt.com)

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

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