HKT Trust

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

and

HKT Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6823)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2013

The directors of HKT Management Limited (the "Trustee-Manager", in its capacity as the trustee-manager of the HKT Trust) and HKT Limited (the "Company" or "HKT") are pleased to announce the unaudited consolidated results of the HKT Trust and of the Company together with the Company's subsidiaries (collectively the "Group") for the six months ended June 30, 2013. This condensed consolidated interim financial information has not been audited, but has been reviewed by the Audit Committee of the Trustee-Manager and of the Company and, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, by the Group's independent auditor, PricewaterhouseCoopers.

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

MANAGEMENT REVIEW

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

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

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

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

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

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

OUTLOOK

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

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

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

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

FINANCIAL REVIEW BY SEGMENT

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

ADJUSTED FUNDS FLOW

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

KEY OPERATING DRIVERS[4]

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

Note 1 *EBITDA represents earnings before interest income, finance costs, income tax, depreciation of property, plant and equipment, amortization of land lease premium and intangible assets, gain/loss on disposal of property, plant and equipment and interests in leasehold land, net other gains/losses, losses on property, plant and equipment, restructuring costs, impairment losses on goodwill, tangible and intangible assets and interests in an associate and joint ventures, and the Group's share of results of an associate and joint ventures. While EBITDA is commonly used in the telecommunications industry worldwide as an indicator of operating performance, leverage and liquidity, it is not presented as a measure of operating performance in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") and should not be considered as representing net cash flows from operating activities. The computation of the Group's EBITDA may not be comparable to similarly titled measures of other companies.*

Note 2 *Adjusted Funds Flow is defined as EBITDA less capital expenditures, customer acquisition costs and licence fees paid, taxes paid, finance costs and interest expense paid, and adjusted for interest income received and changes in working capital. It is not presented as a measure of leverage or liquidity in accordance with HKFRS and should not be considered as representing net cash flows or any other similar measures derived in accordance with HKFRS, or an alternative to cash flow from operations or a measure of liquidity. The Group's Adjusted Funds Flow is computed in accordance with the above definition using financial information derived from the Group's unaudited condensed consolidated financial statements. The Adjusted Funds Flow may be used for debt repayment.*

Note 3 *Adjusted Funds Flow per Share Stapled Unit is calculated by dividing the adjusted funds flow for the period by the number of issued Share Stapled Units as at end of the respective period.*

Note 4 *Figures are stated as at the period end, except for International Direct Dial ("IDD") minutes which is the total for the period.*

Note 5 *Gross debt refers to the principal amount of short-term borrowings and long-term borrowings. Net debt refers to the principal amount of short-term borrowings and long-term borrowings minus cash and cash equivalents.*

Note 6 *Group capital expenditures represent additions to property, plant and equipment, and interests in leasehold land.*

Telecommunications Services ("TSS")

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

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

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

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

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

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

Mobile

For the six months ended HK$ million	Jun 30, 2012	Dec 31, 2012	Jun 30, 2013	Better/ (Worse) y-o-y
Mobile Revenue	1,133	1,333	**1,360**	20%
Mobile EBITDA[1]	342	394	**441**	29%
Mobile EBITDA margin[1]	*30%*	*30%*	***32%***	

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

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

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

Other Businesses

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

Eliminations

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

Cost of Sales

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

General and Administrative Expenses

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

EBITDA[1]

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

Finance Costs, Net

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

Income Tax

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

Non-controlling Interests

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

CREDIT RATINGS OF HONG KONG TELECOMMUNICATIONS (HKT) LIMITED

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

CAPITAL EXPENDITURE[6]

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

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

HEDGING

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

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

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

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

CHARGE ON ASSETS

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

CONTINGENT LIABILITIES

HK$ million	As at Dec 31, 2012 (Audited)	**As at Jun 30, 2013 (Unaudited)**
Performance guarantee	280	**301**
Others	63	**68**
	343	**369**

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

HUMAN RESOURCES

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

INTERIM DIVIDEND/DISTRIBUTION

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

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

CLOSURE OF BOOKS

The register of registered holders of Share Stapled Units, the register of holders of units, the principal and Hong Kong branch registers of members of the Company and the register of beneficial interests as maintained by the Trustee-Manager and the Company in accordance with the provisions of the Trust Deed will all be closed from Thursday, September 12, 2013 to Friday, September 13, 2013 (both days inclusive), during which period no transfer of Share Stapled Units will be effected. The record date for the interim distribution will be Friday, September 13, 2013. In order to qualify for the interim distribution, all transfers of Share Stapled Units accompanied by the relevant certificates in respect of the Share Stapled Units must be lodged with the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited, Transfer Office, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, September 11, 2013. Distribution warrants will be despatched to holders of the Share Stapled Units on or around Thursday, September 26, 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE CODE

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

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

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.hkt.com/ir) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2013 interim report will be despatched to holders of the Share Stapled Units and available on the above websites in due course.

By order of the boards of
HKT Management Limited
and
HKT Limited
Philana WY Poon
Group General Counsel and Company Secretary

Hong Kong, August 5, 2013

CONSOLIDATED INCOME STATEMENT OF HKT TRUST AND OF HKT LIMITED
For the six months ended June 30, 2013
(In HK$ million except for earnings per Share Stapled Unit/share of the Company)

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

CONSOLIDATED BALANCE SHEET OF HKT TRUST AND OF HKT LIMITED
As at June 30, 2013

In HK$ million	Note	As at December 31, 2012 (Audited)	**As at June 30, 2013 (Unaudited)**
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		14,227	**14,133**
Interests in leasehold land		303	**297**
Goodwill		36,026	**36,018**
Intangible assets		4,573	**4,239**
Interest in an associate		200	**194**
Interests in joint ventures		605	**796**
Available-for-sale financial assets		85	**82**
Financial assets at fair value through profit or loss		4	**9**
Derivative financial instruments		253	**74**
Deferred income tax assets		3	**362**
Other non-current assets		531	**540**
		56,810	**56,744**
Current assets			
Prepayments, deposits and other current assets		2,733	**3,128**
Inventories		971	**862**
Trade receivables, net	8	3,425	**3,444**
Amounts due from related companies		25	**40**
Derivative financial instruments		4	**–**
Financial assets at fair value through profit or loss		4	**11**
Cash and cash equivalents		2,401	**3,414**
		9,563	**10,899**

CONSOLIDATED BALANCE SHEET OF HKT TRUST AND OF HKT LIMITED (CONTINUED)
As at June 30, 2013

In HK$ million	Note	As at December 31, 2012 (Audited)	**As at June 30, 2013 (Unaudited)**
Current liabilities			
Short-term borrowings		(8,462)	**(3,879)**
Trade payables	9	(1,966)	**(2,010)**
Accruals and other payables		(2,539)	**(2,252)**
Derivative financial instruments		–	**(8)**
Carrier licence fee liabilities		(200)	**(253)**
Amounts due to related companies		(135)	**(249)**
Amounts due to fellow subsidiaries		(672)	**(829)**
Advances from customers		(1,684)	**(1,601)**
Current income tax liabilities		(347)	**(538)**
		(16,005)	**(11,619)**
Net current liabilities		(6,442)	**(720)**
Total assets less current liabilities		50,368	**56,024**
Non-current liabilities			
Long-term borrowings	10	(15,644)	**(21,458)**
Derivative financial instruments		–	**(317)**
Deferred income tax liabilities		(1,831)	**(1,732)**
Deferred income		(989)	**(939)**
Carrier licence fee liabilities		(736)	**(712)**
Other long-term liabilities		(51)	**(51)**
		(19,251)	**(25,209)**
Net assets		31,117	**30,815**
CAPITAL AND RESERVES			
Share capital		6	**6**
Reserves		30,928	**30,607**
Equity attributable to holders of Share Stapled Units/shares of the Company		30,934	**30,613**
Non-controlling interests		183	**202**
Total equity		31,117	**30,815**

NOTES

1. BASIS OF PREPARATION AND PRESENTATION

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

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

The Group and the HKT Limited Group are referred as the "Groups".

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

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

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

1. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

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

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

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

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

- Amendment to HKAS 1, 'Presentation of Financial Statements' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). Since the change in accounting standard only impacts on presentation aspects of the financial statements, there is no impact on earnings per share. The HKT Trust and HKT Limited unaudited condensed consolidated interim financial information has been prepared under the revised disclosure requirements.

- Amendment to HKFRS 7, 'Disclosures – Offsetting Financial Assets and Financial Liabilities', requires new disclosure requirements which focus on quantitative information about recognized financial instruments that are offset in the balance sheet, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The Groups will make additional relevant disclosures in their annual consolidated financial statements for the year ending December 31, 2013.

1. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

- HKFRS 12, 'Disclosures of Interests in Other Entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Groups will make additional relevant disclosures in their annual consolidated financial statements for the year ending December 31, 2013.

- HKFRS 13, 'Fair Value Measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned with other HKFRSs, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The Groups will make additional relevant disclosures in their annual consolidated financial statements for the year ending December 31, 2013 and has included the disclosures required by HKAS 34, 'Interim Financial Reporting' in the HKT Trust and HKT Limited unaudited condensed consolidated interim financial information.

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

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

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

2. SEGMENT INFORMATION

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

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

- Telecommunications Services ("TSS") is the leading provider of telecommunications products and services including local telephony, broadband access services, local and international data, international direct dial, sales of equipment, technical, maintenance and subcontracting services, and teleservices businesses.

- Mobile includes the Groups' mobile telecommunications businesses in Hong Kong.

- Other businesses of the Groups primarily comprise Unihub China Information Technology Company Limited, which provides network integration and related services to telecommunications operators in the PRC.

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

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

2. SEGMENT INFORMATION (CONTINUED)

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

For the six months ended June 30, 2012
(In HK$ million)

	TSS (Unaudited)	Mobile (Unaudited)	Other Businesses (Unaudited)	Eliminations (Unaudited)	Total (Unaudited)
REVENUE					
Total Revenue	8,425	1,133	368	(211)	9,715
RESULTS					
EBITDA	3,467	342	(73)	–	3,736

For the six months ended June 30, 2013
(In HK$ million)

	TSS (Unaudited)	**Mobile (Unaudited)**	**Other Businesses (Unaudited)**	**Eliminations (Unaudited)**	**Total (Unaudited)**
REVENUE					
Total Revenue	**9,630**	**1,360**	**318**	**(237)**	**11,071**
RESULTS					
EBITDA	**3,522**	**441**	**(124)**	**–**	**3,839**

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

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

3. OTHER GAINS, NET

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

4. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging the following:

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

5. INCOME TAX

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

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

6. DISTRIBUTIONS/DIVIDENDS

a. Distribution/Dividend attributable to the interim period

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

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

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

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

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

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

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

8. TRADE RECEIVABLES, NET

An aging of trade receivables is set out below:

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

8. TRADE RECEIVABLES, NET (CONTINUED)

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

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

9. TRADE PAYABLES

An aging of trade payables is set out below:

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

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

10. LONG-TERM BORROWINGS

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

INCOME STATEMENT OF HKT MANAGEMENT LIMITED
For the six months ended June 30, 2013

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

BALANCE SHEET OF HKT MANAGEMENT LIMITED
As at June 30, 2013

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

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

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

Non-Executive Directors:
Peter Anthony Allen; Chung Cho Yee, Mico; Lu Yimin and Li Fushen

Independent Non-Executive Directors:
Professor Chang Hsin Kang, FREng, GBS, JP; Sir Rogerio (Roger) Hyndman Lobo, CBE, LLD, JP; The Hon Raymond George Hardenbergh Seitz and Sunil Varma

Forward-Looking Statements

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