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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

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 audited consolidated results of the HKT Trust and of the Company together with the Company's subsidiaries (collectively the "Group") for the year ended December 31, 2016.

- Total revenue decreased by 3% to HK$33,847 million; Total revenue (excluding Mobile handset sales) increased by 3% to HK$30,422 million
- Total EBITDA increased by 5% to HK$12,684 million
- Profit attributable to holders of Share Stapled Units increased by 24% to HK$4,889 million; basic earnings per Share Stapled Unit was 64.62 HK cents
- Adjusted funds flow for the year increased by 14% to HK$4,683 million; adjusted funds flow per Share Stapled Unit was 61.85 HK cents
- Final distribution per Share Stapled Unit of 34.76 HK cents

MANAGEMENT REVIEW

We are pleased to report that HKT delivered a solid set of financial results for the year ended December 31, 2016, in the midst of an increasingly challenging macroeconomic environment and intensified market competition. This performance demonstrates the resilience of all our core businesses and reflects the strong execution across our operations during the year.

Total revenue for the year ended December 31, 2016 decreased by 3% to HK$33,847 million, impacted by lower revenue from Mobile handset sales due to the absence of marquee handsets throughout 2016. Excluding Mobile handset sales, underlying revenue for the year increased by 3% to HK$30,422 million.

Total EBITDA for the year was HK$12,684 million, an increase of 5% over the previous year. The growth in EBITDA was primarily driven by the continued release of cost synergies from the successful completion of the integration of CSL Holdings Limited ("CSL") as well as the steady performance of the Telecommunications Services ("TSS") business.

Profit attributable to holders of Share Stapled Units was HK$4,889 million, an increase of 24% over the previous year. Basic earnings per Share Stapled Unit was 64.62 HK cents.

Adjusted funds flow for the year ended December 31, 2016 reached HK$4,683 million, an increase of 14% over the previous year. Adjusted funds flow per Share Stapled Unit was 61.85 HK cents.

The board of directors of the Trustee-Manager has recommended the payment of a final distribution of 34.76 HK cents per Share Stapled Unit for the year ended December 31, 2016. This brings the 2016 full-year distribution to 61.85 HK cents per Share Stapled Unit (comprising 27.09 HK cents as interim and 34.76 HK cents as final distribution) representing the complete payout of the annual adjusted funds flow per Share Stapled Unit.

OUTLOOK

The 2016 results have demonstrated the resilience of our operations and the strength of our market leadership across all our core businesses, in particular the broadband and mobile segments. Notably, the broadband business witnessed continued customer upgrades to Fiber-to-the-Home ("FTTH") services and the mobile business benefited from the completion of the CSL integration.

However, the outlook for the coming year is clouded by a number of factors. Hong Kong's macroeconomic environment will remain subdued in view of the local and global uncertainties. Industry competition will remain intense and primarily price focused, while the regulatory environment may also not be accommodative. New technologies and evolving consumer behavior will disrupt traditional business models, but also give rise to opportunities. We will strive to enhance our network and services, such as our Tap & Go mobile payment service, to capture these opportunities. This strategy will help us withstand the challenges and competition that we may be faced with in the short term – but more importantly allow us to invest and innovate to meet Hong Kong's telecommunications needs into the future.

FINANCIAL REVIEW BY SEGMENT

For the year ended December 31, HK$ million	**2015**			**2016**			Better/ (Worse)
	H1	**H2**	**Full Year**	**H1**	**H2**	**Full Year**	y-o-y
Revenue							
TSS	10,145	10,732	**20,877**	10,308	11,106	**21,414**	3%
Mobile	6,044	8,273	**14,317**	6,335	6,728	**13,063**	(9)%
Other Businesses	84	123	**207**	118	119	**237**	14%
Eliminations	(299)	(373)	**(672)**	(373)	(494)	**(867)**	(29)%
Total revenue	15,974	18,755	**34,729**	16,388	17,459	**33,847**	(3)%
Cost of sales	(6,544)	(8,995)	**(15,539)**	(6,973)	(7,472)	**(14,445)**	7%
Gross Margin	*59%*	*52%*	***55%***	*57%*	*57%*	***57%***	
Gross Margin (excluding Mobile handset sales)	*65%*	*64%*	***65%***	*64%*	*63%*	***64%***	
Operating costs before depreciation, amortization, and gain on disposal of property, plant and equipment, net	(3,660)	(3,430)	**(7,090)**	(3,550)	(3,168)	**(6,718)**	5%
EBITDA[1]							
TSS	3,654	3,853	**7,507**	3,681	3,990	**7,671**	2%
Mobile	2,298	2,732	**5,030**	2,439	3,074	**5,513**	10%
Other Businesses	(182)	(255)	**(437)**	(255)	(245)	**(500)**	(14)%
Total EBITDA[1]	5,770	6,330	**12,100**	5,865	6,819	**12,684**	5%
TSS EBITDA[1] Margin	*36%*	*36%*	***36%***	*36%*	*36%*	***36%***	
Mobile EBITDA[1] Margin	*38%*	*33%*	***35%***	*39%*	*46%*	***42%***	
Total EBITDA[1] Margin	*36%*	*34%*	***35%***	*36%*	*39%*	***37%***	
Depreciation and amortization	(3,194)	(3,008)	**(6,202)**	(2,827)	(2,981)	**(5,808)**	6%
Gain on disposal of property, plant and equipment, net	3	2	**5**	2	1	**3**	(40)%
Other gains/(losses), net	33	(15)	**18**	9	(60)	**(51)**	NA
Finance costs, net	(631)	(679)	**(1,310)**	(483)	(624)	**(1,107)**	15%
Share of results of associates and joint ventures	(15)	(10)	**(25)**	(8)	(15)	**(23)**	8%
Profit before income tax	1,966	2,620	**4,586**	2,558	3,140	**5,698**	24%

ADJUSTED FUNDS FLOW

For the year ended December 31, HK$ million	2015 H1	2015 H2	2015 Full Year	2016 H1	2016 H2	2016 Full Year	Better/ (Worse) y-o-y
Total EBITDA[1]	5,770	6,330	**12,100**	5,865	6,819	**12,684**	5%
Less cash outflows in respect of:							
Customer acquisition costs and licence fees	(1,519)	(1,808)	**(3,327)**	(1,381)	(2,078)	**(3,459)**	(4)%
Capital expenditures[6]	(1,304)	(1,733)	**(3,037)**	(1,472)	(1,363)	**(2,835)**	7%
Adjusted funds flow before tax paid, net finance costs paid and changes in working capital	2,947	2,789	**5,736**	3,012	3,378	**6,390**	11%
Adjusted for:							
Tax payment	(75)	(290)	**(365)**	(81)	(470)	**(551)**	(51)%
Net finance costs paid	(435)	(467)	**(902)**	(414)	(370)	**(784)**	13%
Changes in working capital	(484)	108	**(376)**	(466)	94	**(372)**	1%
Adjusted funds flow[2]	1,953	2,140	**4,093**	2,051	2,632	**4,683**	14%
Annual adjusted funds flow per Share Stapled Unit (HK cents)[3]			**54.06**			**61.85**	

KEY OPERATING DRIVERS[4]

	2015 H1	2015 H2	2016 H1	2016 H2	Better/ (Worse) y-o-y
Exchange lines in service (’000)	2,657	2,654	2,650	2,648	0%
Business lines (’000)	1,248	1,249	1,249	1,250	0%
Residential lines (’000)	1,409	1,405	1,401	1,398	0%
Total broadband access lines (’000) (Consumer, business and wholesale customers)	1,567	1,572	1,569	1,567	0%
Retail consumer broadband subscribers (’000)	1,404	1,405	1,405	1,401	0%
Retail business broadband subscribers (’000)	138	144	144	148	3%
Traditional data (Exit Gbps)	3,673	4,072	4,378	5,171	27%
Retail IDD minutes (million minutes)	356	319	283	249	(21)%
Mobile subscribers (’000)	4,653	4,558	4,445	4,512	(1)%
Post-paid subscribers (’000)	3,147	3,127	3,106	3,130	0%
Prepaid subscribers (’000)	1,506	1,431	1,339	1,382	(3)%

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 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 ("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 audited consolidated financial statements. The adjusted funds flow may be used for debt repayment.*

Note 3 *Annual adjusted funds flow per Share Stapled Unit is calculated by dividing the adjusted funds flow for the year by the number of Share Stapled Units in issue as at the respective year end.*

Note 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.*

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

Telecommunications Services

For the year ended December 31, HK$ million	2015 H1	2015 H2	2015 Full Year	2016 H1	2016 H2	2016 Full Year	Better/ (Worse) y-o-y
TSS Revenue							
Local Telephony Services	1,690	1,785	**3,475**	1,688	1,772	**3,460**	0%
Local Data Services	3,356	3,648	**7,004**	3,478	3,763	**7,241**	3%
International Telecommunications Services	3,869	3,544	**7,413**	3,612	3,772	**7,384**	0%
Other Services	1,230	1,755	**2,985**	1,530	1,799	**3,329**	12%
Total TSS Revenue	10,145	10,732	**20,877**	10,308	11,106	**21,414**	3%
Cost of sales	(4,569)	(4,903)	**(9,472)**	(4,713)	(5,170)	**(9,883)**	(4)%
Operating costs before depreciation and amortization	(1,922)	(1,976)	**(3,898)**	(1,914)	(1,946)	**(3,860)**	1%
Total TSS EBITDA[1]	3,654	3,853	**7,507**	3,681	3,990	**7,671**	2%
TSS EBITDA**[1] **margin	*36%*	*36%*	***36%***	*36%*	*36%*	***36%***	

TSS revenue for the year ended December 31, 2016 increased by 3% to HK$21,414 million and EBITDA for the year increased by 2% to HK$7,671 million, with a stable EBITDA margin of 36%.

Local Telephony Services. Local telephony services revenue declined slightly to HK$3,460 million for the year ended December 31, 2016, as compared to HK$3,475 million a year earlier. While the eye service delivered higher average revenue per user ("ARPU"), there was a consistent decline in the residential lines in service from 1.405 million at the end of December 2015 to 1.398 million at the end of December 2016. Total fixed lines in service as at end of December 2016 were approximately 2.648 million.

Local Data Services. Local data services revenue, comprising broadband network revenue and local data revenue, increased by 3% to HK$7,241 million for the year ended December 31, 2016.

Despite keen market competition, the broadband network business continued to register solid revenue growth of 3% during the year, marking the ninth consecutive year of growth. The growth in revenue was driven by the continued customer take-up and upgrade to our higher speed, higher price FTTH service. At the end of December 2016, there were approximately 616,000 FTTH customers. Although the growth in FTTH subscribers slowed, subscriptions to our 1Gbps FTTH service grew notably during the year stimulated by the offering of compelling content and excellent viewing experience to our broadband customers through the Now One 4K all-in-one consumer appliance, which was launched in June 2016.

Amidst more cautious spending sentiment by enterprises, local data revenue still increased by 3% during the year. This increase was driven by the growing demand for cross border connectivity solutions, network facility management services as well as managed cloud services from our enterprise customers.

Telecommunications Services ***(Continued)***

International Telecommunications Services. International telecommunications services revenue for the year ended December 31, 2016 held steady at HK$7,384 million, as compared to HK$7,413 million a year earlier despite the non-recurrence of project-specific revenue generated in the first half of 2015.

Other Services. Other services revenue primarily comprises revenue from 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 year ended December 31, 2016 increased by 12% to HK$3,329 million on the back of a 13% year-on-year increase in CPE sales arising from the joint collaboration with PCCW Solutions to deliver managed network and infrastructure projects and 8% year-on-year growth in the Teleservices business during the year.

Mobile

For the year ended December 31, HK$ million	2015 H1	2015 H2	2015 Full Year	2016 H1	2016 H2	2016 Full Year	Better/ (Worse) y-o-y
Mobile Revenue							
Mobile Services	4,583	4,636	**9,219**	4,558	5,080	**9,638**	5%
Handset Sales	1,461	3,637	**5,098**	1,777	1,648	**3,425**	(33)%
Total Mobile Revenue	6,044	8,273	**14,317**	6,335	6,728	**13,063**	(9)%
Mobile EBITDA[1]							
Mobile Services	2,272	2,698	**4,970**	2,425	3,014	**5,439**	9%
Handset Sales	26	34	**60**	14	60	**74**	23%
Total Mobile EBITDA[1]	2,298	2,732	**5,030**	2,439	3,074	**5,513**	10%
Mobile EBITDA[1] margin	*38%*	*33%*	***35%***	*39%*	*46%*	***42%***	
Mobile Services EBITDA[1] margin	*50%*	*58%*	***54%***	*53%*	*59%*	***56%***	

Mobile services revenue for the year ended December 31, 2016 increased by 5% to HK$9,638 million from HK$9,219 million a year earlier, driven by an increase in the post-paid customer base and higher ARPU as well as higher revenue recorded for mobile enterprise solutions in the corporate and wholesale segment. However, lower revenue from handset sales of HK$3,425 million was recorded during the year, as compared to HK$5,098 million a year earlier, as there was an absence of marquee handsets throughout 2016.

The post-paid exit ARPU as at the end of December 2016 increased to HK$233 from HK$230 a year earlier as a result of a few factors. The Mobile business continued to witness a significant proportion of SIM only plan customers. There was also the prevailing shift in IDD and roaming traffic to over-the-top ("OTT") voice and messaging applications resulting in the contribution to mobile services revenue declining to 14% in 2016 from 17% a year earlier. These negative trends moderated the improvement in ARPU from the increased take-up and upgrades to enhanced data usage plans and premium 1O1O service plans for better customer service and privileges.

As at December 31, 2016, the total mobile customer base was 4.512 million, of which 3.130 million were post-paid customers. The churn rate for post-paid customers improved to 1.3% in 2016, as compared to 1.4% a year earlier. Of the total post-paid customer base, approximately 81% were smart device users representing a gradual increase from 80% a year ago.

Total Mobile EBITDA for the year increased by 10% to HK$5,513 million, with the margin improving to 42% from 35% a year earlier. EBITDA for Mobile services increased by 9% to HK$5,439 million, with the margin further improving to 56% from 54% a year earlier. This sustained improvement in Mobile services EBITDA reflects the cost savings from the successful CSL network integration completed in the third quarter of 2016.

Other Businesses

Other Businesses primarily comprised corporate support functions and the provision of predominantly fixed network services to campus-based customers in the United Kingdom. Revenue from Other Businesses was HK$237 million for the year ended December 31, 2016, as compared to HK$207 million a year ago.

Eliminations

Eliminations were HK$867 million for the year ended December 31, 2016, as compared to HK$672 million a year ago. The increase reflected the growing collaboration amongst HKT's various business segments to take advantage of our capabilities in offering integrated products and services to consumers and enterprise customers.

Cost of Sales

Cost of sales for the year ended December 31, 2016 decreased by 7% to HK$14,445 million, reflecting lower Mobile handset sales during the year. As a result, gross margin improved to 57% from 55% a year ago.

General and Administrative Expenses

For the year ended December 31, 2016, operating costs before depreciation, amortization, and gain on disposal of property, plant and equipment, net, ("operating costs") fell by 5% to HK$6,718 million, benefiting from the full realization of cost synergies from the CSL integration and continued focus on cost efficiency. Accordingly, the operating costs to revenue ratio for the Mobile business improved to 19.6% from 20.7% a year ago, while the operating costs to revenue ratio for the TSS business improved to 18.0% from 18.7% a year ago. Overall operating costs to revenue ratio, therefore, improved to 19.8% from 20.4% a year ago.

Depreciation expenses decreased by 23% during the year, which was attributable to the write-off of certain depleted network assets during the CSL integration and the review of the useful lives of new network assets that were deployed as part of the CSL integration. Amortization expenses increased slightly by 1% during the year which reflected higher customer acquisition costs in the second half of 2016 due to increased spending to counter the subdued economic conditions and intensified industry competition. As a result, total depreciation and amortization expenses decreased by 6% to HK$5,808 million for the year ended December 31, 2016.

General and administrative expenses, therefore, decreased by 6% to HK$12,523 million for the year ended December 31, 2016.

EBITDA[1]

As a result of the steady performance in the TSS business and the realization of cost synergies in the Mobile business, overall EBITDA increased by 5% to HK$12,684 million for the year ended December 31, 2016. The EBITDA margin improved to 37% from 35% a year ago.

Finance Costs, Net

Net finance costs for the year ended December 31, 2016 decreased by 15% to HK$1,107 million from HK$1,310 million a year ago, reflecting the savings from the refinancing of the US$500 million 5.25% guaranteed notes and the US$500 million 4.25% guaranteed notes in July 2015 and February 2016, respectively. As a result, the average cost of debt improved to 2.5% during the year, as compared to 2.8% a year ago.

Income Tax

Income tax expense for the year ended December 31, 2016 was HK$771 million, as compared to HK$600 million a year ago, representing an effective tax rate of 13.5% for the year versus an effective tax rate of 13.1% a year ago. The increase in the tax expense is mainly due to the increase in taxable profits in 2016 and the full utilization of the tax loss of a company resulting from the CSL integration in 2015, partly offset by the recognition of a deferred income tax asset resulting from a loss-making company turning profitable in 2016.

Non-controlling Interests

Non-controlling interests of HK$38 million (2015: HK$37 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 year ended December 31, 2016 increased by 24% to HK$4,889 million (2015: HK$3,949 million).

LIQUIDITY AND CAPITAL RESOURCES

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

In July 2016, HKT took advantage of a favorable market window post Brexit and raised US$750 million 10-year guaranteed notes at a coupon of 3.00%. The proceeds were used for general corporate purposes including the repayment of existing indebtedness. HKT's gross debt[5] was HK$38,798 million as at December 31, 2016 (December 31, 2015: HK$36,849 million) with the increase attributable to the payment in August 2016 for the renewed mobile spectrum of approximately HK$1,950 million. Cash and short-term deposits totaled HK$3,332 million as at December 31, 2016 (December 31, 2015: HK$3,768 million).

As at December 31, 2016, HKT had ample liquidity as evidenced by committed banking facilities totaling HK$27,181 million, of which HK$6,038 million remained undrawn.

HKT's gross debt[5] to total assets was 42% as at December 31, 2016 (December 31, 2015: 41%).

CREDIT RATINGS OF HONG KONG TELECOMMUNICATIONS (HKT) LIMITED

As at December 31, 2016, 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]

Lower capital expenditure, including capitalized interest, of HK$2,878 million was incurred for the year ended December 31, 2016 (2015: HK$3,054 million) as capital expenditures for the Mobile business decreased year-on-year following the completion of the CSL integration in the third quarter of the year. Capital expenditures for the TSS segment were relatively steady and included a phased investment in the AAE-1 submarine cable. As a result, capital expenditure relative to revenue improved to 8.5% for the year ended December 31, 2016 (2015: 8.8%), in spite of the impact from lower revenue related to Mobile handset sales.

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

HEDGING

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

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 December 31, 2016, all forward and swap contracts were designated as cash flow hedges for the related borrowings of the Company.

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

CHARGE ON ASSETS

As at December 31, 2016, no assets of the Group (2015: nil) were pledged to secure loans and banking facilities of HKT.

CONTINGENT LIABILITIES

As at December 31, HK$ million	2015	**2016**
Performance guarantees	2,108	**513**
Others	65	**57**
	2,173	**570**

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

HUMAN RESOURCES

HKT had over 18,900 employees as at December 31, 2016 (2015: 19,400) located in 43 countries and cities. About 59% of these employees work in Hong Kong and the others are based mainly in mainland China, the United States and the Philippines. HKT has established performance based bonus and incentive schemes designed to motivate and reward employees at all levels to achieve business performance targets. Payment of performance bonuses is generally based on achievement of revenue, EBITDA and free cash flow targets for HKT as a whole and for each of the individual business units and performance ratings of employees.

FINAL DIVIDEND/DISTRIBUTION

The board of directors of the Trustee-Manager has recommended the payment of a final distribution by the HKT Trust in respect of the Share Stapled Units, of 34.76 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 year ended December 31, 2016 (and in order to enable the HKT Trust to pay that distribution, the board of directors of the Company has recommended the payment of a final dividend in respect of the ordinary shares in the Company held by the Trustee-Manager, of 34.76 HK cents per ordinary share, in respect of the same period), subject to the approval of unitholders of the HKT Trust and of shareholders of the Company at the forthcoming annual general meeting of unitholders of the HKT Trust and of shareholders of the Company to be held on a combined basis as a single meeting characterized as an annual general meeting of registered holders of Share Stapled Units ("AGM"). An interim distribution/dividend of 27.09 HK cents per Share Stapled Unit/ordinary share of the Company for the six months ended June 30, 2016 was paid to holders of Share Stapled Units/shareholder of the Company in September 2016.

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.

CLOSURE OF BOOKS

The record date for the proposed final distribution will be Friday, March 24, 2017. 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, March 23, 2017 to Friday, March 24, 2017 (both days inclusive), in order to determine entitlements to the proposed final distribution. During such period, no transfer of Share Stapled Units will be effected. In order to qualify for the proposed final distribution, all transfers of Share Stapled Units accompanied by the relevant certificates in respect of the Share Stapled Units must be lodged with the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited, Transfer Office, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (the "Share Stapled Units Registrar"), for registration no later than 4:30 p.m. on Wednesday, March 22, 2017. Subject to the approval of holders of Share Stapled Units at the AGM, distribution warrants will be despatched to holders of Share Stapled Units on or around Friday, April 7, 2017.

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

The record date for determining the entitlement of the holders of Share Stapled Units to attend and vote at the AGM, which is to be held on Friday, March 17, 2017, will be Tuesday, March 14, 2017. All transfers of Share Stapled Units accompanied by the relevant certificates in respect of the Share Stapled Units must be lodged with the Share Stapled Units Registrar for registration no later than 4:30 p.m. on Tuesday, March 14, 2017.

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 year ended December 31, 2016, none of the HKT Trust (including the Trustee-Manager), the Company or the Company's subsidiaries purchased, sold or redeemed any Share Stapled Units.

AUDIT COMMITTEE

The Trustee-Manager's Audit Committee and the Company's Audit Committee have reviewed the accounting policies adopted by the Group and the Trustee-Manager, the audited consolidated financial statements of the HKT Trust and HKT Limited for the year ended December 31, 2016 and the audited financial statements of the Trustee-Manager for the same period.

CORPORATE GOVERNANCE CODE

The HKT Trust, the Trustee-Manager and the Company are committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of 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 year ended December 31, 2016, 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.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.hkt.com/ir) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2016 annual report will be despatched to holders of Share Stapled Units and available on the above websites in due course.

By order of the boards of
HKT Management Limited
and
HKT Limited
Bernadette M. Lomas
Group General Counsel and Company Secretary

Hong Kong, January 13, 2017

AUDITED CONSOLIDATED INCOME STATEMENT OF HKT TRUST AND OF HKT LIMITED
For the year ended December 31, 2016
(In HK$ million except for earnings per Share Stapled Unit/share of the Company)

	Note(s)	2015	**2016**
Revenue	2	34,729	**33,847**
Cost of sales		(15,539)	**(14,445)**
General and administrative expenses		(13,287)	**(12,523)**
Other gains/(losses), net	3	18	**(51)**
Finance costs, net		(1,310)	**(1,107)**
Share of results of associates		(27)	**(13)**
Share of results of joint ventures		2	**(10)**
Profit before income tax	2, 4	4,586	**5,698**
Income tax	5	(600)	**(771)**
Profit for the year		3,986	**4,927**
Attributable to:			
Holders of Share Stapled Units/shares of the Company		3,949	**4,889**
Non-controlling interests		37	**38**
Profit for the year		3,986	**4,927**
Earnings per Share Stapled Unit/share of the Company			
Basic	7	52.21 cents	**64.62 cents**
Diluted	7	52.17 cents	**64.58 cents**

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF HKT TRUST AND OF HKT LIMITED
For the year ended December 31, 2016
(In HK$ million)

	2015	**2016**
Profit for the year	3,986	**4,927**
Other comprehensive (loss)/income		
Items that have been reclassified or may be reclassified subsequently to consolidated income statement:		
Exchange differences on translating foreign operations	(109)	**(92)**
Available-for-sale financial assets:		
- changes in fair value	(54)	**(2)**
- transfer to consolidated income statement on impairment	–	**49**
Cash flow hedges:		
- effective portion of changes in fair value	(263)	**711**
- transfer from equity to consolidated income statement	(77)	**48**
Other comprehensive (loss)/income for the year	(503)	**714**
Total comprehensive income for the year	3,483	**5,641**
Attributable to:		
Holders of Share Stapled Units/shares of the Company	3,446	**5,603**
Non-controlling interests	37	**38**
Total comprehensive income for the year	3,483	**5,641**

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

As at December 31, 2016

(In HK$ million)

	Note(s)	2015	**2016**
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		16,674	**18,019**
Interests in leasehold land		265	**253**
Goodwill		49,817	**49,787**
Intangible assets		9,314	**10,695**
Interests in associates		67	**130**
Interests in joint ventures		554	**725**
Available-for-sale financial assets		7	**77**
Derivative financial instruments		–	**277**
Financial assets at fair value through profit or loss		11	**31**
Deferred income tax assets		231	**317**
Other non-current assets		630	**610**
		77,570	**80,921**
Current assets			
Prepayments, deposits and other current assets		4,462	**5,226**
Inventories		598	**707**
Trade receivables, net	8	3,422	**3,035**
Amounts due from related companies		73	**96**
Financial assets at fair value through profit or loss		14	**13**
Restricted cash		10	**36**
Short-term deposits		–	**450**
Cash and cash equivalents		3,768	**2,882**
		12,347	**12,445**

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF HKT TRUST AND OF HKT LIMITED (CONTINUED)
As at December 31, 2016
(In HK$ million)

	Note(s)	2015	**2016**
Current liabilities			
Short-term borrowings		(3,879)	**–**
Trade payables	9	(2,194)	**(2,474)**
Accruals and other payables		(4,900)	**(5,019)**
Carrier licence fee liabilities		(452)	**(173)**
Amount due to a related company		(72)	**(37)**
Amounts due to fellow subsidiaries		(353)	**(465)**
Advances from customers		(2,066)	**(2,126)**
Current income tax liabilities		(862)	**(1,008)**
		(14,778)	**(11,302)**
Non-current liabilities			
Long-term borrowings		(32,436)	**(38,193)**
Derivative financial instruments		(443)	**(14)**
Deferred income tax liabilities		(2,552)	**(2,713)**
Deferred income		(1,079)	**(1,021)**
Carrier licence fee liabilities		(627)	**(544)**
Other long-term liabilities		(267)	**(420)**
		(37,404)	**(42,905)**
Net assets		37,735	**39,159**
CAPITAL AND RESERVES			
Share capital		8	**8**
Reserves		37,608	**39,088**
Equity attributable to holders of Share Stapled Units/shares of the Company		37,616	**39,096**
Non-controlling interests		119	**63**
Total equity		37,735	**39,159**

NOTES

1. BASIS OF PREPARATION AND CRITICAL ACCOUNTING ESTIMATES

In accordance with the trust deed, HKT Trust (the "HKT Trust") and HKT Limited are each required to prepare their own sets of financial statements on a consolidated basis. The HKT Trust consolidated financial statements for the year ended December 31, 2016 comprise the consolidated financial statements of the HKT Trust, HKT Limited (or the "Company") and its subsidiaries (together the "Group"), and the Group's interests in associates and joint ventures. The HKT Limited consolidated financial statements for the year ended December 31, 2016 comprise the consolidated financial statements 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 year ended December 31, 2016 was investing in HKT Limited. Therefore, the consolidated results and financial position that would be presented in the consolidated financial statements of the HKT Trust are identical to the consolidated financial results and financial position of HKT Limited with the only differences being disclosures of 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 consolidated financial statements of the HKT Trust and the HKT Limited together. The consolidated financial statements of the HKT Trust and the consolidated financial statements of HKT Limited are presented together to the extent they are identical and are hereinafter referred as the "HKT Trust and HKT Limited consolidated financial statements".

The consolidated income statements, consolidated statements of comprehensive income, consolidated statements of financial position, consolidated statements of changes in equity, consolidated statements of cash flows, significant accounting policies and the related explanatory information are common to the HKT Trust and the Company. The HKT Limited consolidated financial statements also include the stand-alone statements of financial position of HKT Limited.

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

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

The following new and amended Hong Kong Financial Reporting Standards are mandatory for the first time for the financial year beginning January 1, 2016, but have no material effect on the Groups' results and financial position for the current and prior accounting periods.

- HKAS 1 (Amendment), Presentation of Financial Statements – Disclosure Initiative.
- HKAS 16 (Amendment), Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation and Amortization.
- HKAS 16 (Amendment), Property, Plant and Equipment – Agriculture: Bearer Plants.
- HKAS 27 (2011) (Amendment), Separate Financial Statements – Equity Method in Separate Financial Statements.
- HKAS 28 (2011) (Amendment), Investment in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception.
- HKAS 38 (Amendment), Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization.
- HKAS 41 (Amendment), Agriculture: Bearer Plants.

1. BASIS OF PREPARATION AND CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

- HKFRS 10 (Amendment), Consolidated Financial Statements – Investment Entities: Applying the Consolidation Exception.
- HKFRS 11 (Amendment), Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations.
- HKFRS 12 (Amendment), Disclosure of Interests in Other Entities – Investment Entities: Applying the Consolidation Exception.
- HKFRS 14, Regulatory Deferral Accounts.
- Annual Improvements to 2012-2014 Cycle published in October 2014 by HKICPA.

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

The financial information of the Trustee-Manager relating to the years ended December 31, 2016 and 2015 included in this preliminary announcement of annual results 2016 does not constitute the Trustee-Manager's statutory annual financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

- The Trustee-Manager's financial statements combined with the HKT Trust and HKT Limited consolidated financial statements (collectively the "Combined Financial Statements") for the year ended December 31, 2015 has been delivered to the Registrar of Companies and the Combined Financial Statements for the year ended December 31, 2016 will be delivered to the Registrar of Companies in due course.

- The Trustee-Manager's auditor has reported on the financial statements of the Trustee-Manager for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Groups make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management has also made judgements in applying the Groups' accounting policies. Other key sources of estimation uncertainty are discussed below:

i. Impairment of assets (other than investments in equity securities and other receivables)

At the end of each reporting period, the Groups review internal and external sources of information to identify indications that the following classes of assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

– property, plant and equipment;
– interests in leasehold land;
– intangible assets;
– interests in associates and joint ventures; and
– goodwill.

1. BASIS OF PREPARATION AND CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

i. Impairment of assets (other than investments in equity securities and other receivables) *(continued)*

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment. An impairment loss is recognized in the consolidated income statement whenever the carrying amount of an asset exceeds its recoverable amount.

The sources utilized to identify indications of impairment are often subjective in nature and the Groups are required to use judgement in applying such information to its business. The Groups' interpretation of this information has a direct impact on whether an impairment assessment is performed as at the end of any given reporting period. Such information is particularly significant as it relates to the Groups' telecommunications services and infrastructure businesses in Hong Kong.

If an indication of impairment is identified, such information is further subject to an exercise that requires the Groups to estimate the recoverable value, representing the greater of the asset's fair value less cost to sell or its value in use. Depending on the Groups' assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable value, the Groups may perform such assessment utilizing internal resources or the Groups may engage external advisors to counsel the Groups in making this assessment. Regardless of the resources utilized, the Groups are required to make many assumptions to make these assessments, including the utilization of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable value of any asset.

ii. Revenue recognition

Telecommunications service revenue based on usage of the Groups' network and facilities is recognized when the services are rendered. Telecommunications revenue for services provided for fixed periods is recognized on a straight-line basis over the respective period. In addition, up-front fees received for installation of equipment and activation of customer service are deferred and recognized over the expected customer relationship period. The Groups are required to exercise considerable judgement in revenue recognition particularly in the areas of customer discounts and customer disputes. Significant changes in management estimates may result in material revenue adjustments.

1. BASIS OF PREPARATION AND CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

iii. Deferred income tax

While deferred income tax liabilities are provided in full on all taxable temporary differences, deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. In assessing the amount of deferred income tax assets that need to be recognized, the Groups consider future taxable income and ongoing prudent and feasible tax planning strategies. In the event that the Groups' estimates of projected future taxable income and benefits from available tax strategies are changed, or changes in current income tax regulations are enacted that would impact the timing or extent of the Groups' ability to utilize the tax benefits of net operating loss carry-forwards in the future, adjustments to the recorded amount of net deferred income tax assets and income tax expense would be made.

iv. Current income tax

The Groups make a provision for current income tax based on estimated taxable income for the year. The estimated income tax liabilities are primarily computed based on the tax computations as prepared by the Groups. Nevertheless, from time to time, there are queries raised by the tax authorities of Hong Kong and elsewhere on the tax treatment of items included in the tax computations and certain non-routine transactions. If the Groups consider it probable that these queries or judgements will result in different tax positions, the most likely amounts of the outcome will be estimated and adjustments to the income tax expense and income tax liabilities will be made accordingly.

v. Useful lives of property, plant and equipment and intangible assets (other than goodwill)

The Groups have significant property, plant and equipment and intangible assets (other than goodwill). The Groups are required to estimate the useful lives of property, plant and equipment and intangible assets (other than goodwill) in order to ascertain the amount of depreciation and amortization charges for each reporting period.

The useful lives are estimated at the time of purchase of these assets after considering future technology changes, business developments and the Groups' strategies. The Groups perform annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including declines in projected operating results, negative industry or economic trends and rapid advancement in technology. The Groups extend or shorten the useful lives according to the results of the review.

2. SEGMENT INFORMATION

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

The CODM considers the business from the product perspective and assesses the performance of the following segments:

- Telecommunications Services (“TSS”) is the leading provider of telecommunication and related services which include local telephony, local data and broadband, international telecommunications, 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 comprised corporate support functions and the provision of predominantly fixed network services to campus-based customers in the United Kingdom.

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 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 statements.

2. SEGMENT INFORMATION (CONTINUED)

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

For the year ended December 31, 2015
(In HK$ million)

	TSS	Mobile	Other Businesses	Eliminations	Consolidated
REVENUE					
Total Revenue	20,877	14,317	207	(672)	34,729
RESULTS					
EBITDA	7,507	5,030	(437)	–	12,100

For the year ended December 31, 2016
(In HK$ million)

	TSS	**Mobile**	**Other Businesses**	**Eliminations**	**Consolidated**
REVENUE					
Total Revenue	**21,414**	**13,063**	**237**	**(867)**	**33,847**
RESULTS					
EBITDA	**7,671**	**5,513**	**(500)**	**–**	**12,684**

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

In HK$ million	2015	**2016**
Total segment EBITDA	12,100	**12,684**
Gain on disposal of property, plant and equipment, net	5	**3**
Depreciation and amortization	(6,202)	**(5,808)**
Other gains/(losses), net	18	**(51)**
Finance costs, net	(1,310)	**(1,107)**
Share of results of joint ventures	2	**(10)**
Share of results of associates	(27)	**(13)**
Profit before income tax	4,586	**5,698**

2. SEGMENT INFORMATION (CONTINUED)

The following table sets out information about the geographical location of the Groups' revenue from external customers. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location that the Groups derives revenue from the customers. The comparative information is presented in line with the current year's basis.

In HK$ million	2015	**2016**
Hong Kong	28,836	**28,717**
Mainland China, Macau and Taiwan, China	812	**743**
Others	5,081	**4,387**
	34,729	**33,847**

The total non-current assets other than financial instruments and deferred income tax assets located in Hong Kong are HK$77,477 million as at December 31, 2016 (2015: HK$74,758 million). The total of these non-current assets located in other countries are HK$2,604 million as at December 31, 2016 (2015: HK$2,461 million).

3. OTHER GAINS/(LOSSES), NET

In HK$ million	2015	**2016**
Net gain on cash flow hedging instruments transferred from equity	67	**–**
Net gain on fair value hedging instruments	48	**4**
Provision for impairment loss on an interest in an associate	(95)	**–**
Provision for impairment on an available-for-sale financial asset	–	**(54)**
Others	(2)	**(1)**
	18	**(51)**

4. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging the following:

In HK$ million	2015	**2016**
Cost of inventories sold	6,490	**5,032**
Cost of sales, excluding inventories sold	9,049	**9,413**
Depreciation of property, plant and equipment	1,854	**1,432**
Amortization of intangible assets	4,335	**4,364**
Amortization of land lease premium	13	**12**
Finance costs on borrowings	1,204	**1,040**

5. INCOME TAX

In HK$ million	2015	**2016**
Hong Kong profits tax	466	**646**
Overseas tax	27	**52**
Movement of deferred income tax	107	**73**
	600	**771**

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the year. Overseas tax has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the respective jurisdictions.

6. DISTRIBUTIONS/DIVIDENDS

In HK$ million	2015	**2016**
Interim distribution/dividend declared and paid in respect of current year of 27.09 HK cents (2015: 25.79 HK cents) per Share Stapled Unit/ordinary share of the Company	1,953	**2,051**
Less: Distribution/dividend for Share Stapled Units/shares held by the Company's Share Stapled Units award schemes	(2)	**(1)**
	1,951	**2,050**
Final distribution/dividend declared in respect of previous financial year, approved and paid during the year of 28.27 HK cents (2015: 23.30 HK cents) per Share Stapled Unit/ordinary share of the Company	1,764	**2,141**
Less: Distribution/dividend for Share Stapled Units/shares held by the Company's Share Stapled Units award schemes	(2)	**(1)**
	1,762	**2,140**
	3,713	**4,190**

For the year ended December 31, 2016, the Company proposed a final dividend of 34.76 HK cents per ordinary share, totaling HK$2,632 million (2015: 28.27 HK cents per ordinary share, totaling HK$2,141 million) to HKT Trust after the end of the reporting period.

For the year ended December 31, 2016, HKT Trust proposed a final distribution of 34.76 HK cents per Share Stapled Unit, totaling HK$2,632 million (2015: 28.27 HK cents per Share Stapled Unit, totaling HK$2,141 million) to holders of Share Stapled Units after the end of the reporting period.

The final distribution/dividend proposed after the end of the reporting period, referred to above, have not been recognized as liabilities as at the end of the reporting period.

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

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

	2015	**2016**
Earnings (in HK$ million)		
Earnings for the purpose of basic and diluted earnings per Share Stapled Unit/share of the Company	3,949	**4,889**
Number of Share Stapled Units/shares of the Company		
Weighted average number of Share Stapled Units/ordinary shares of the Company	7,571,742,334	**7,571,742,334**
Effect of Share Stapled Units held under the Company's Share Stapled Units award schemes	(8,333,897)	**(6,386,484)**
Weighted average number of Share Stapled Units/ordinary shares of the Company for the purpose of basic earnings per Share Stapled Unit/share of the Company	7,563,408,437	**7,565,355,850**
Effect of Share Stapled Units awarded under the Company's Share Stapled Units award schemes	6,393,272	**4,884,955**
Weighted average number of Share Stapled Units/ordinary shares of the Company for the purpose of diluted earnings per Share Stapled Unit/share of the Company	7,569,801,709	**7,570,240,805**

8. TRADE RECEIVABLES, NET

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

In HK$ million	2015	**2016**
1 – 30 days	2,079	**1,910**
31 – 60 days	579	**394**
61 – 90 days	211	**245**
91 – 120 days	167	**137**
Over 120 days	554	**539**
	3,590	**3,225**
Less: Impairment loss for doubtful debts	(168)	**(190)**
	3,422	**3,035**

Included in trade receivables, net of the Groups were the amounts due from related parties of HK$12 million (2015: HK$12 million).

8. TRADE RECEIVABLES, NET (CONTINUED)

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 payable are requested to settle all outstanding balances before any further credit is granted.

9. TRADE PAYABLES

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

In HK$ million	2015	**2016**
1 – 30 days	1,410	**1,557**
31 – 60 days	95	**154**
61 – 90 days	79	**82**
91 – 120 days	96	**32**
Over 120 days	514	**649**
	2,194	**2,474**

Included in trade payables of the Groups were the amounts due to related parties of HK$58 million (2015: HK$61 million).

AUDITED INCOME STATEMENT OF HKT MANAGEMENT LIMITED
For the year ended December 31, 2016

In HK$'000	2015	**2016**
Management fee income	89	**48**
General and administrative expenses	(47)	**(48)**
Profit before income tax	42	**–**
Income tax	–	**–**
Profit for the year	42	**–**

AUDITED STATEMENT OF COMPREHENSIVE INCOME OF HKT MANAGEMENT LIMITED
For the year ended December 31, 2016

In HK$'000	2015	**2016**
Profit for the year	42	**–**
Other comprehensive income	–	**–**
Total comprehensive income for the year	42	**–**

AUDITED STATEMENT OF FINANCIAL POSITION OF
HKT MANAGEMENT LIMITED
As at December 31, 2016

In HK$'000	2015	**2016**
ASSETS AND LIABILITIES		
Current assets		
Amount due from a fellow subsidiary	174	**222**
	174	**222**
Current liabilities		
Accruals and other payables	(127)	**(129)**
Amount due to a fellow subsidiary	(47)	**(93)**
	(174)	**(222)**
Net assets	–	**–**
CAPITAL AND RESERVES		
Share capital	–	**–**
Reserves	–	**–**
Total equity	–	**–**

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

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

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

Independent Non-Executive Directors:
Professor Chang Hsin Kang, FREng, GBS, JP; Sunil Varma; Aman Mehta and Frances Waikwun Wong

Forward-Looking Statements

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