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, 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 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, 2013.

- Total revenue increased by 8% to HK$22,832 million
- Total EBITDA increased by 3% to HK$7,901 million
- Profit attributable to holders of Share Stapled Units increased by 53% to HK$2,460 million; basic earnings per Share Stapled Unit was 38.35 HK cents
- Adjusted funds flow for the year increased by 8.6% to HK$2,901 million; adjusted funds flow per Share Stapled Unit was 45.21 HK cents
- Final distribution per Share Stapled Unit of 24.21 HK cents

MANAGEMENT REVIEW

We are pleased to report a set of strong financial results by HKT for the year ended December 31, 2013. These results are a testament to the resilience of the HKT business given the soft economic conditions that prevailed during the year and reflect our efforts to enhance the HKT brand, the level of customer service and the quality and scope of the services that we are able to deliver.

Total revenue for the year ended December 31, 2013 increased by 8% to HK$22,832 million and total EBITDA for the year was HK$7,901 million, an increase of 3% over the previous year. This growth was driven by the steady performance in the Telecommunications Services ("TSS") business and broad improvement in the Mobile business.

Profit attributable to holders of Share Stapled Units was HK$2,460 million, a substantial increase of 53% over the previous year. This growth was attributable to the higher operating profit and recognition of deferred tax assets as certain loss-making companies had turned profitable during the year. Basic earnings per Share Stapled Unit was 38.35 HK cents.

Adjusted funds flow for the year ended December 31, 2013 reached HK$2,901 million, an increase of 8.6% over the previous year. Adjusted funds flow per Share Stapled Unit was 45.21 HK cents. The growth in adjusted funds flow was attributable to the higher EBITDA achieved, lower customer acquisition costs and improvements in working capital management which were partially offset by a higher cash tax payment.

The board of directors of the Trustee-Manager has declared the payment of a final distribution of 24.21 HK cents per Share Stapled Unit for the year ended December 31, 2013. This brings the 2013 full-year distribution to 45.21 HK cents per Share Stapled Unit (comprising 21 HK cents as interim and 24.21 HK cents as final distribution) representing the complete payout of the adjusted funds flow per Share Stapled Unit.

OUTLOOK

In 2014, HKT will continue to capitalize on our fiber-to-the-home ("FTTH") network advantages locally and on our global network coverage with additional capacity and resilience internationally to drive profitability and cashflow growth.

At the end of 2013, we announced the proposed acquisition of CSL New World Mobility Limited ("CSLNW"). We believe the stable cashflow profile of CSLNW will strengthen HKT's mobile services platform and enhance the long-term distribution potential of HKT. The transaction is subject to shareholders' and regulatory approvals.

The board is cautiously optimistic regarding the Company's prospects in 2014, especially in view of the early signs of global economic recovery. We will endeavor to grow our business in the interest of HKT unitholders and remain vigilant in monitoring the economic conditions both at home and abroad.

FINANCIAL REVIEW BY SEGMENT

For the year ended December 31, HK$ million	2012			2013			Better/ (Worse)
	H1	H2	Full Year	H1	H2	Full Year	y-o-y
Revenue							
TSS	8,425	9,941	**18,366**	9,630	10,345	**19,975**	9%
Mobile	1,133	1,333	**2,466**	1,360	1,287	**2,647**	7%
Other Businesses	368	316	**684**	318	370	**688**	1%
Eliminations	(211)	(224)	**(435)**	(237)	(241)	**(478)**	(10)%
Total revenue	9,715	11,366	**21,081**	11,071	11,761	**22,832**	8%
Cost of sales	(3,922)	(5,105)	**(9,027)**	(4,901)	(5,216)	**(10,117)**	(12)%
Operating costs before depreciation, amortization, and gain/(loss) on disposal of property, plant and equipment, net	(2,057)	(2,328)	**(4,385)**	(2,331)	(2,483)	**(4,814)**	(10)%
EBITDA[1]							
TSS	3,467	3,659	**7,126**	3,522	3,742	**7,264**	2%
Mobile	342	394	**736**	441	410	**851**	16%
Other Businesses	(73)	(120)	**(193)**	(124)	(90)	**(214)**	(11)%
Total EBITDA[1]	3,736	3,933	**7,669**	3,839	4,062	**7,901**	3%
TSS EBITDA[1] Margin	*41%*	*37%*	***39%***	*37%*	*36%*	***36%***	
Mobile EBITDA[1] Margin	*30%*	*30%*	***30%***	*32%*	*32%*	***32%***	
Total EBITDA[1] Margin	*38%*	*35%*	***36%***	*35%*	*35%*	***35%***	
Depreciation and amortization	(2,281)	(2,407)	**(4,688)**	(2,399)	(2,301)	**(4,700)**	0%
Gain/(Loss) on disposal of property, plant and equipment, net	2	(2)	**–**	10	3	**13**	NA
Other gains, net	10	8	**18**	49	35	**84**	367%
Finance costs, net	(411)	(394)	**(805)**	(458)	(375)	**(833)**	(3)%
Share of results of an associate and joint ventures	(62)	(17)	**(79)**	6	44	**50**	NA
Profit before income tax	994	1,121	**2,115**	1,047	1,468	**2,515**	19%

ADJUSTED FUNDS FLOW

For the year ended December 31, HK$ million	2012 H1	2012 H2	2012 Full Year	2013 H1	2013 H2	2013 Full Year	Better/ (Worse) y-o-y
Total EBITDA[1]	3,736	3,933	**7,669**	3,839	4,062	**7,901**	3%
Less cash outflows in respect of:							
Customer acquisition costs and licence fees	(756)	(963)	**(1,719)**	(712)	(891)	**(1,603)**	7%
Capital expenditures	(832)	(1,074)	**(1,906)**	(988)	(992)	**(1,980)**	(4)%
Adjusted funds flow before tax paid, net finance costs paid and changes in working capital	2,148	1,896	**4,044**	2,139	2,179	**4,318**	7%
Adjusted for:							
Tax payment	(23)	(180)	**(203)**	(107)	(224)	**(331)**	(63)%
Net finance costs paid	(355)	(373)	**(728)**	(239)	(450)	**(689)**	5%
Changes in working capital	(340)	(101)	**(441)**	(309)	(88)	**(397)**	10%
Adjusted funds flow[2]	1,430	1,242	**2,672**	1,484	1,417	**2,901**	8.6%
Annual adjusted funds flow per Share Stapled Unit (HK cents)[3]			**41.64**			**45.21**	

KEY OPERATING DRIVERS[4]

	2012 H1	2012 H2	2013 H1	2013 H2	Better/ (Worse) y-o-y
Exchange lines in service ('000)	2,641	2,646	2,651	2,651	0%
Business lines ('000)	1,233	1,238	1,242	1,242	0%
Residential lines ('000)	1,408	1,408	1,409	1,409	0%
Total broadband access lines ('000) (Consumer, business and wholesale customers)	1,540	1,567	1,567	1,567	0%
Retail consumer broadband subscribers ('000)	1,385	1,410	1,408	1,408	0%
Retail business broadband subscribers ('000)	122	126	128	130	3%
Traditional data (Exit Gbps)	1,689	1,811	2,276	2,967	64%
Retail IDD minutes (million minutes)	558	551	521	474	(10)%
Mobile subscribers ('000)	1,605	1,645	1,652	1,654	0.5%
Post-paid subscribers ('000)	1,005	1,013	1,017	1,019	0.6%
Prepaid subscribers ('000)	600	632	635	635	0.5%

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 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 issued Share Stapled Units as at end of the respective year.*

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

For the year ended December 31, HK$ million	2012 H1	2012 H2	2012 Full Year	2013 H1	2013 H2	2013 Full Year	Better/ (Worse) y-o-y
Local Telephony Services	1,680	1,721	**3,401**	1,680	1,754	**3,434**	1%
Local Data Services	2,875	3,180	**6,055**	3,140	3,320	**6,460**	7%
International Telecommunications Services	2,188	3,059	**5,247**	3,222	3,489	**6,711**	28%
Other Services	1,682	1,981	**3,663**	1,588	1,782	**3,370**	(8)%
TSS Revenue	8,425	9,941	**18,366**	9,630	10,345	**19,975**	9%
Cost of sales	(3,488)	(4,682)	**(8,170)**	(4,535)	(4,811)	**(9,346)**	(14)%
Operating costs before depreciation and amortization	(1,470)	(1,600)	**(3,070)**	(1,573)	(1,792)	**(3,365)**	(10)%
TSS EBITDA[1]	3,467	3,659	**7,126**	3,522	3,742	**7,264**	2%
TSS EBITDA[1] margin	*41%*	*37%*	***39%***	*37%*	*36%*	***36%***	

TSS revenue for the year ended December 31, 2013 increased by 9% to HK$19,975 million and EBITDA for the year increased by 2% to HK$7,264 million. EBITDA margin eased from 39% to 36% as a result of the shift in the revenue mix in relation to the relatively lower margin of the global voice business.

Local Telephony Services. Local telephony services revenue recorded an increase to HK$3,434 million for the year ended December 31, 2013, compared to HK$3,401 million a year earlier, largely reflecting an improvement in the average revenue per user ("ARPU") as a result of the continued take-up of the eye service. Total fixed lines in service at the end of December 2013 remained stable at 2,651,000.

Local Data Services. Local data services revenue, comprising broadband network revenue and local data revenue, increased by 7% to HK$6,460 million for the year ended December 31, 2013. The revenue growth is propelled by the encouraging adoption of our FTTH service and the success of *HKT Premier* in capturing revenue from our high value, premium customers in the consumer segment. At the end of the year, there were 419,000 FTTH subscribers which represented a substantial increase of 38% from a year earlier. Local data business which serves the enterprise segment exhibited a 2% revenue growth for the year amidst the continued pricing pressure and cautious spending sentiment in the corporate sector.

International Telecommunications Services. International telecommunications services revenue for the year ended December 31, 2013 increased significantly by 28% to HK$6,711 million. This growth was attributable to the successful integration and full year consolidation of the Gateway branded business in Europe and Africa that was acquired in the second half of 2012, as well as continued voice and data demand from carrier and enterprise customers.

Other Services. Other services revenue, which 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"), declined by 8% to HK$3,370 million for the year ended December 31, 2013.

Mobile

For the year ended December 31, HK$ million	2012			2013			Better/ (Worse)
	H1	H2	Full Year	H1	H2	Full Year	y-o-y
Mobile Revenue	1,133	1,333	**2,466**	1,360	1,287	**2,647**	7%
Mobile EBITDA[1]	342	394	**736**	441	410	**851**	16%
Mobile EBITDA[1] margin	*30%*	*30%*	***30%***	*32%*	*32%*	***32%***	

The Mobile business continued to exhibit growth albeit slower, with a 7% increase in total revenue to HK$2,647 million for the year ended December 31, 2013 in a highly competitive market. There was a slight slowdown in the second half of 2013 as a result of a lack of marquee handsets being available in the market. Total subscriber base edged up slightly to 1,654,000 at the end of December 2013, and ARPU was lifted by 2% to HK$210 from HK$206 a year ago.

The improved scale of the Mobile business coupled with the cost efficiency of our integrated fixed-mobile network led to a 16% increase in EBITDA to HK$851 million from HK$736 million, with the margin improving to 32% from 30%.

The Mobile business continued to provide innovative, value added services to customers. These included partnering with Hang Seng Bank, HSBC and JETCO to deliver NFC-based mobile payment services. The Mobile business also partnered with Octopus Cards to be the first to offer Octopus mobile payment service in Hong Kong. These services enable subscribers to enjoy hassle-free mobile payments at numerous participating retail outlets and transportation locations.

To further enhance customer experience, the Mobile business upgraded its 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. It also augmented its 4G LTE network coverage on the MTR lines to enable more commuters to enjoy the ultra-fast 4G services. During the year, the Mobile business also introduced Hong Kong’s first 1000Mbps Wi-Fi service and our Wi-Fi footprint further expanded to more than 13,000 hotspots at the end of 2013.

Following the move in early 2012 to tiered data plans, the Mobile business has continued to expand its range of competitively priced tariff plans to monetize the structural demand of customer data traffic. For the year ended December 31, 2013, mobile data revenue increased by 18% and accounted for 80% of mobile service revenue for the year.

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$688 million for the year ended December 31, 2013, as compared to HK$684 million a year ago.

Eliminations

Eliminations were HK$478 million for the year ended December 31, 2013, as compared to HK$435 million a year ago. Eliminations mainly related to internal charges for telecommunications services consumed amongst HKT's business units.

Cost of Sales

Cost of sales for the year ended December 31, 2013 increased by 12% to HK$10,117 million, which was in line with the revenue growth as well as a shift in the mix of revenues generated during the year. Gross margin decreased slightly to 56% from 57% a year ago.

General and Administrative Expenses

During the year, operating costs before depreciation, amortization, and gain/(loss) on disposal of property, plant and equipment, net, ("operating costs") increased by 10% to HK$4,814 million to support the continued growth in each of HKT's business units. Other contributing factors included inflationary pressure on staff costs and rental expenses. Operating costs to revenue ratio remained steady at 21%.

Amortization expenses increased by 7% during the year which reflected prior year customer acquisition costs, but was offset by lower depreciation expenses for the year. Depreciation and amortization expenses, therefore, were steady at HK$4,700 million in 2013.

As a result, general and administrative expenses increased by 5% to HK$9,501 million for the year ended December 31, 2013.

EBITDA[1]

A steady performance in the TSS business and continued growth in the Mobile business led to an overall EBITDA improvement in 2013 with EBITDA increasing by 3% to HK$7,901 million for the year ended December 31, 2013.

Finance Costs, Net

Net finance costs for the year ended December 31, 2013 increased to HK$833 million from HK$805 million. The increase in net finance costs was due to the negative carry on the issue of US$500 million 10-year 3.75% guaranteed notes in March 2013 to refinance the US$500 million 10-year 6% guaranteed notes due in July 2013 which were subsequently repaid upon maturity and a one-off, non-cash write-off of previously unamortized fees for banking facilities upon refinancing.

Income Tax

Income tax expense for the year ended December 31, 2013 was HK$16 million, as compared to HK$455 million a year ago. The decrease in tax expenses was primarily due to the utilization and recognition of previously unrecognized tax losses as certain loss-making companies had turned profitable during the year.

Non-controlling Interests

Non-controlling interests of HK$39 million (2012: HK$50 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 year ended December 31, 2013 significantly increased by 53% to HK$2,460 million (2012: HK$1,610 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.

Taking advantage of the favorable market environment and historically low Treasury yields in the United States in the first quarter of 2013, HKT raised US$500 million through the issue of 10-year guaranteed notes at a coupon rate of 3.75% in March 2013. In July 2013, HKT fully repaid the US$500 million 6% guaranteed notes when they became due.

HKT's gross debt[5] was HK$24,626 million as at December 31, 2013 (December 31, 2012: HK$24,124 million). Cash and cash equivalents totaled HK$2,134 million as at December 31, 2013 (December 31, 2012: HK$2,401 million). HKT's net debt[5] was HK$22,492 million as at December 31, 2013 (December 31, 2012: HK$21,723 million).

As at December 31, 2013, HKT had ample liquidity as evidenced by committed bank loan facilities totaling HK$17,676 million, of which HK$4,750 million remained undrawn.

HKT's gross debt[5] to total assets was 37% as at December 31, 2013 (2012: 36%).

CREDIT RATINGS OF HONG KONG TELECOMMUNICATIONS (HKT) LIMITED

As at December 31, 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 year ended December 31, 2013 was HK$2,025 million (2012: HK$1,945 million). Capital expenditure relative to revenue was at 8.9% in 2013 compared to 9.2% in 2012. Major outlays for the year were mainly in network expansion and enhancement to meet demand for high-speed broadband fiber services, mobile services and international networks.

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 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 significant portion of HKT's debt is denominated in United States dollars. Accordingly, HKT has entered into 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, 2013, all cross currency interest rate swap contracts were designated as cash flow hedges and/or fair value hedges for the Company's foreign currency denominated long-term borrowings.

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

CHARGE ON ASSETS

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

CONTINGENT LIABILITIES

As at December 31, HK$ million	2012	**2013**
Performance guarantee	280	**182**
Guarantee given to banks in respect of credit facilities granted to an associate	60	**64**
Others	3	**5**
	343	**251**

HKT 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 HKT.

HUMAN RESOURCES

HKT had approximately 16,300 employees (2012: 15,500) as at December 31, 2013. About 60% of these employees work in Hong Kong and the others are based mainly in mainland China, the Philippines, the United States and Panama. HKT has established incentive bonus schemes designed to motivate and reward employees at all levels to achieve business performance targets. Payment of bonuses is generally based on achievement of EBITDA and free cash flow targets for HKT as a whole and for each of the individual business units.

FINAL DISTRIBUTION

The board of directors of the Trustee-Manager has declared the payment of a final distribution by the HKT Trust in respect of the Share Stapled Units, of 24.21 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 year ended December 31, 2013 (and in order to enable the HKT Trust to pay that distribution, the board of directors of the Company has declared the payment of a second interim dividend in lieu of a final dividend in respect of the ordinary shares in the Company held by the Trustee-Manager, of 24.21 HK cents per ordinary share, in respect of the same period). An interim distribution of 21 HK cents per Share Stapled Unit for the six months ended June 30, 2013 was paid to the registered holders of Share Stapled Unit in September 2013. This brings the 2013 full-year distribution to 45.21 HK cents per Share Stapled Unit (comprising 21 HK cents as interim and 24.21 HK cents as final distribution) representing the complete payout of the adjusted funds flow per Share Stapled Unit.

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

CLOSURE OF BOOKS

The record date for the final distribution will be Thursday, March 20, 2014. The register of registered holders of Share Stapled Units, the register of holders of units, the principal and Hong Kong branch registers of members of the Company and the register of beneficial interests as maintained by the Trustee-Manager and the Company in accordance with the provisions of the Trust Deed will all be closed from Wednesday, March 19, 2014 to Thursday, March 20, 2014 (both days inclusive), in order to determine entitlements to the final distribution. During such period, no transfer of Share Stapled Units will be effected. In order to qualify for the 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 Tuesday, March 18, 2014. The distribution warrants will be despatched to holders of the Share Stapled Units on or around Friday, April 4, 2014.

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 forthcoming annual general meeting of unitholders of the HKT Trust and 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, which is to be held on Thursday, May 8, 2014 ("AGM") will be Monday, May 5, 2014. 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 Monday, May 5, 2014.

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, 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 audited consolidated financial statements of the HKT Trust and HKT Limited for the year ended December 31, 2013 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, 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 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 2013 annual 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, February 26, 2014

AUDITED CONSOLIDATED INCOME STATEMENT OF HKT TRUST AND OF HKT LIMITED
For the year ended December 31, 2013
(In HK$ million except for earnings per Share Stapled Unit/share of the Company)

	Note	2012	**2013**
Turnover	2	21,081	**22,832**
Cost of sales		(9,027)	**(10,117)**
General and administrative expenses		(9,073)	**(9,501)**
Other gains, net	3	18	**84**
Finance costs, net		(805)	**(833)**
Share of results of an associate		(35)	**(24)**
Share of results of joint ventures		(44)	**74**
Profit before income tax	2, 4	2,115	**2,515**
Income tax	5	(455)	**(16)**
Profit for the year		1,660	**2,499**
Attributable to:			
Holders of Share Stapled Units/shares of the Company		1,610	**2,460**
Non-controlling interests		50	**39**
Profit for the year		1,660	**2,499**
Earnings per Share Stapled Unit/share of the Company	7		
Basic		25.09 cents	**38.35 cents**
Diluted		25.09 cents	**38.34 cents**

AUDITED CONSOLIDATED BALANCE SHEET OF HKT TRUST AND OF HKT LIMITED
As at December 31, 2013
(In HK$ million)

	Note	2012	**2013**
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		14,227	**14,108**
Interests in leasehold land		303	**291**
Goodwill		36,026	**36,044**
Intangible assets		4,573	**3,892**
Interest in an associate		200	**207**
Interests in joint ventures		605	**645**
Available-for-sale financial assets		85	**171**
Financial assets at fair value through profit or loss		4	**8**
Derivative financial instruments		253	**67**
Deferred income tax assets		3	**359**
Other non-current assets		531	**556**
		56,810	**56,348**
Current assets			
Prepayments, deposits and other current assets		2,733	**3,259**
Inventories		971	**1,018**
Trade receivables, net	8	3,425	**3,000**
Amounts due from related companies		25	**49**
Derivative financial instruments		4	**–**
Financial asset at fair value through profit or loss		4	**11**
Cash and cash equivalents		2,401	**2,134**
		9,563	**9,471**

AUDITED CONSOLIDATED BALANCE SHEET OF HKT TRUST AND OF HKT LIMITED (CONTINUED)
As at December 31, 2013
(In HK$ million)

	Note	2012	**2013**
Current liabilities			
Short-term borrowings		(8,462)	**–**
Trade payables	9	(1,966)	**(1,803)**
Accruals and other payables		(2,539)	**(2,403)**
Carrier licence fee liabilities		(200)	**(209)**
Amounts due to related companies		(135)	**(136)**
Amounts due to fellow subsidiaries		(672)	**(441)**
Advances from customers		(1,684)	**(1,738)**
Current income tax liabilities		(347)	**(427)**
		(16,005)	**(7,157)**
Net current (liabilities)/assets		(6,442)	**2,314**
Total assets less current liabilities		50,368	**58,662**
Non-current liabilities			
Long-term borrowings		(15,644)	**(24,022)**
Derivative financial instruments		–	**(405)**
Deferred income tax liabilities		(1,831)	**(1,811)**
Deferred income		(989)	**(951)**
Carrier licence fee liabilities		(736)	**(616)**
Other long-term liabilities		(51)	**(52)**
		(19,251)	**(27,857)**
Net assets		31,117	**30,805**
CAPITAL AND RESERVES			
Share capital		6	**6**
Reserves		30,928	**30,617**
Equity attributable to holders of Share Stapled Units/shares of the Company		30,934	**30,623**
Non-controlling interests		183	**182**
Total equity		31,117	**30,805**

NOTES

1. BASIS OF PREPARATION AND CRITICAL ACCOUNTING ESTIMATES

In accordance with 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, 2013 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 an associate and joint ventures. The HKT Limited consolidated financial statements for the year ended December 31, 2013 comprise the consolidated financial statements 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 year ended December 31, 2013 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 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 balance sheets, 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 balance sheet of HKT Limited.

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

The accounting policies and methods of computation used in preparing the financial information extracted from the audited consolidated financial statements are consistent with those followed in preparing the annual financial statements of the Groups for the year ended December 31, 2013, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which are relevant to the Groups' operation and are effective for accounting periods beginning on or after January 1, 2013. The HKFRSs include all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

- 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 7 (Amendment), 'Offsetting Financial Assets and Financial Liabilities.'
- HKFRS 10, 'Consolidated Financial Statements'.
- HKFRS 10 (Amendment), 'Transition Disclosures'.
- HKFRS 11, 'Joint Arrangements'.
- HKFRS 11 (Amendment), 'Transition Disclosures'.
- HKFRS 12 (Amendment), 'Transition Disclosures'.
- HK(IFRIC) – Int 20, 'Stripping Costs in the Production Phase of a Surface Mine'.
- Annual Improvement 2009-2011 Cycle published in June 2012 by HKICPA.

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

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 Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Other key sources of estimation uncertainty are discussed below:

i. Recognition and fair value of identifiable intangible assets through business combination

The Groups apply the acquisition method of accounting to account for acquisitions of businesses. In business combinations of multiple companies or businesses, HKFRS 3 (revised), “Business Combinations”, requires that one of the businesses that existed before the combination shall be identified as the accounting acquirer on the basis of the evidence available. Identification of the accounting acquirer requires significant judgement and it involves the considerations of the relative size of the combining businesses’ revenues and assets and the management structure to determine the appropriate accounting acquirer.

The cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred, equity instruments issued, and costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair values as of the acquisition date. The excess of the cost of the acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgement. The most significant variables in these valuations are discount rates, terminal values, the number of years on which the cash flow projections are based, as well as the assumptions and estimates used to determine the cash inflows and outflows. Management determines discount rates to be used based on the risk inherent in the related activity’s current business model and industry comparisons. Terminal values are based on the expected life of products and forecasted life cycle and forecasted cash flows over that period. Although the assumptions applied in the determination are reasonable based on information available at the date of acquisition, actual results may differ from the forecasted amounts and the difference could be material.

Upon an acquisition of a business it is necessary to attribute fair values to any intangible assets acquired (provided they meet the criteria to be recognized). The fair values of these intangible assets are dependent on estimates of attributable future revenue, margin, cash flow, useful lives and discount rate used.

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

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

At each balance sheet date, the Groups review internal and external sources of information to identify indications that the following 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 an associate and joint ventures;
- goodwill; and
- interests in subsidiaries (at Company level).

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 any given balance sheet date. 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 this assessment, 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.

iii. 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. Revenue recognition *(continued)*

The Groups offer certain arrangements whereby a customer can purchase telecommunications equipment together with a fixed period of telecommunications service arrangement. When such multiple-element arrangements exist, the amount recognized as revenue upon the sale of the telecommunications equipment is the fair value of the equipment in relation to the fair value of the arrangement taken as a whole. The revenue relating to the service element, which represents the fair value of the servicing arrangement in relation to the fair value of the arrangement taken as a whole, is recognized over the service period. The fair values of each element are determined based on the current market price of each of the elements when sold separately.

Where the Groups are unable to determine the fair value of each of the elements in an arrangement, it uses the residual value method. Under this method, the Groups determine the fair value of the delivered element by deducting the fair value of the undelivered element from the total contract consideration.

To the extent that there is a discount on the arrangement, such discount is allocated between the elements of the contract in such a manner as to reflect the fair value of the elements.

iv. 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' estimate 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.

v. 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 cases of disagreements with 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 disputes 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.

vi. 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.

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

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

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 and/or makes impairment provisions according to the results of the review.

During the year ended December 31, 2013, the Groups performed a review to reassess the useful lives of certain exchange equipment and transmission plant of the Groups, based on the expectations of the Groups' operational management and technological trends. The reassessment has resulted in a change 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 year ended December 31, 2013 have increased by HK$87 million and the net assets as at December 31, 2013 have increased by HK$87 million.

vii. Recognition of intangible asset – carrier licences

In order to measure the intangible assets, HKAS 39 "Financial Instruments: Recognition and Measurement" is applied for recognition of the minimum annual fee and royalty payments as they constitute contractual obligations to deliver cash and, hence, should be considered as financial liabilities. To establish the fair value of the minimum annual fee and royalty payments for the right of use of the carrier licences, the discount rate used is an indicative incremental borrowing rate estimated by the Groups. Had a different discount rate been used to determine the fair value, the Groups' result of operations and financial position could be materially different.

viii. Consolidation of entities in which the Groups hold less than 50% equity interest

The directors of the Groups made significant judgements that Unihub China Information Technology Company Limited is controlled by the Groups, even though the Groups hold less than 50% equity interest of the subsidiary as the Groups own more than one half of the shareholders' voting rights and/or more than one half of the voting rights in the board of directors.

ix. Classification of joint arrangements

The Groups have made investments in joint arrangements in respect of which the partners' profit-sharing ratios during the joint venture period and share of net assets upon the expiration of the joint venture period may not be in proportion to their equity ratios, but are as defined in the respective joint venture contracts. Therefore these joint arrangements are classified as joint ventures of the Groups.

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 product and geographic 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 interest 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 as 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, 2012
(In HK$ million)

	TSS	Mobile	Other Businesses	Eliminations	Consolidated
REVENUE					
Total Revenue	18,366	2,466	684	(435)	21,081
RESULTS					
EBITDA	7,126	736	(193)	–	7,669

For the year ended December 31, 2013
(In HK$ million)

	TSS	**Mobile**	**Other Businesses**	**Eliminations**	**Consolidated**
REVENUE					
Total Revenue	**19,975**	**2,647**	**688**	**(478)**	**22,832**
RESULTS					
EBITDA	**7,264**	**851**	**(214)**	**–**	**7,901**

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

In HK$ million	2012	**2013**
Total segment EBITDA	7,669	**7,901**
Gain on disposals of property, plant and equipment, net	–	**13**
Depreciation and amortization	(4,688)	**(4,700)**
Other gains, net	18	**84**
Finance costs, net	(805)	**(833)**
Share of results of joint ventures	(44)	**74**
Share of results of an associate	(35)	**(24)**
Profit before income tax	2,115	**2,515**

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 of customers.

In HK$ million	2012	**2013**
Hong Kong	17,863	**19,048**
The PRC (excluding Hong Kong) and Taiwan	1,459	**1,375**
Others	1,759	**2,409**
	21,081	**22,832**

The total non-current assets other than financial instruments and deferred income tax assets located in Hong Kong are HK$53,023 million as at December 31, 2013 (2012: HK$53,429 million). The total of these non-current assets located in other countries are HK$2,720 million as at December 31, 2013 (2012: HK$3,036 million).

3. OTHER GAINS, NET

In HK$ million	2012	**2013**
Net gain on cash flow hedging instruments transferred from equity	19	**21**
Net gain on fair value hedging instruments	–	**42**
Recovery of impairment loss on an interest in a joint venture	–	**22**
Others	(1)	**(1)**
	18	**84**

4. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging and crediting the following:

(a) Staff costs

In HK$ million	2012	**2013**
Salaries, bonuses and other benefits	1,416	**1,756**
Share-based compensation expenses	8	**24**
Retirement costs for staff under defined contribution retirement schemes	198	**206**
	1,622	**1,986**

4. PROFIT BEFORE INCOME TAX (CONTINUED)

(b) Other items

In HK$ million	2012	**2013**
Crediting:		
Gross rental income	32	**39**
Gain on disposals of property, plant and equipment, net	–	**13**
Charging:		
Impairment loss on doubtful debts	138	**129**
Provision/(write-back of provision) for inventory obsolescence	5	**(8)**
Depreciation of property, plant and equipment	2,229	**2,076**
Amortization of land lease premium	13	**12**
Amortization of intangible assets	2,446	**2,612**
Cost of inventories sold	2,547	**2,394**
Cost of sales, excluding inventories sold	6,480	**7,723**
Exchange gains, net	(26)	**(8)**
Cash flow hedges: transferred from equity	37	**(10)**
Auditor's remuneration	11	**12**
Operating lease rental		
- equipment	54	**71**
- other assets (including property rentals)	744	**835**

5. INCOME TAX

In HK$ million	2012	**2013**
Hong Kong profits tax	576	**365**
Overseas tax	41	**46**
Movement of deferred income tax	(162)	**(395)**
	455	**16**

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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 prevailing in the respective jurisdictions.

6. DISTRIBUTIONS/DIVIDENDS

In HK$ million	2012	**2013**
Interim distribution/first interim dividend declared and paid in respect of current year of 21 HK cents (2012: 20.06 HK cents) per Share Stapled Unit/ordinary share of the Company	1,287	**1,348**
Less: distribution/dividend for Share Stapled Units/shares held by the HKT Share Award Schemes	–	**(1)**
	1,287	**1,347**
Final distribution/dividend declared in respect of previous financial year, approved and paid during the year of 21.58 HK cents (2012: 3.36 HK cents) per Share Stapled Unit/ordinary share of the Company	216	**1,385**
Less: distribution/dividend for Share Stapled Units/shares held by the HKT Share Award Schemes	–	**(1)**
	216	**1,384**
	1,503	**2,731**

For the year ended December 31, 2013, the Company declared a second interim dividend of 24.21 HK cents per ordinary share (totaling HK$1,553 million) (2012: Nil) in lieu of a final dividend, and, therefore, no final dividend (2012: 21.58 HK cents per ordinary share, totaling HK$1,385 million) to HKT Trust after the balance sheet date.

Accordingly, for the year ended December 31, 2013, HKT Trust declared a final distribution of 24.21 HK cents per Share Stapled Unit, totaling HK$1,553 million (2012: 21.58 HK cents per Share Stapled Unit, totaling HK$1,385 million) to holders of Share Stapled Units after the balance sheet date.

The final distribution and related second interim dividend declared after the balance sheet date, referred to above, have not been recognized as liabilities as at the balance sheet date.

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:

	2012	**2013**
Earnings (in HK$ million)		
Earnings for the purpose of basic and diluted earnings per Share Stapled Unit/share of the Company	1,610	**2,460**
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 Stapled Units Award Schemes	(793,151)	**(2,946,123)**
Effect of Share Stapled Units vested under the Company's Share Stapled Units Award Schemes	–	**387,846**
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	6,415,937,641	**6,414,172,515**
Effect of Share Stapled Units awarded under the Company's Share Stapled Units Award Schemes	–	**1,517,577**
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	6,415,937,641	**6,415,690,092**

8. TRADE RECEIVABLES, NET

The aging analysis of trade receivables is set out below:

In HK$ million	2012	**2013**
0 – 30 days	1,768	**1,563**
31 – 60 days	422	**478**
61 – 90 days	278	**192**
91 – 120 days	113	**87**
Over 120 days	969	**803**
	3,550	**3,123**
Less: Impairment loss for doubtful debts	(125)	**(123)**
	3,425	**3,000**

Included in trade receivables, net of the Groups was the amount due from related parties of HK$47 million (2012: HK$41 million).

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 analysis of trade payables is set out below:

In HK$ million	2012	**2013**
0 – 30 days	604	**895**
31 – 60 days	273	**114**
61 – 90 days	75	**98**
91 – 120 days	84	**19**
Over 120 days	930	**677**
	1,966	**1,803**

Included in trade payables of the Groups was the amount due to related parties of HK$36 million (2012: HK$63 million).

AUDITED INCOME STATEMENT OF HKT MANAGEMENT LIMITED
For the year ended December 31, 2013

In HK$'000	2012	**2013**
Management fee income	27	**13**
General and administrative expenses	(40)	**(42)**
Loss before income tax	(13)	**(29)**
Income tax	–	**–**
Loss for the year	(13)	**(29)**

AUDITED BALANCE SHEET OF HKT MANAGEMENT LIMITED
As at December 31, 2013

In HK$'000	2012	**2013**
ASSETS AND LIABILITIES		
Current assets		
Amount due from a fellow subsidiary	26	**39**
	26	**39**
Current liabilities		
Accruals and other payables	(39)	**(80)**
Amount due to a fellow subsidiary	–	**(1)**
	(39)	**(81)**
Net current liabilities	(13)	**(42)**
Net liabilities	(13)	**(42)**
CAPITAL AND RESERVES		
Share capital	–	**–**
Deficit	(13)	**(42)**
Total equity	(13)	**(42)**

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.