

# STATEMENT FROM THE GROUP MANAGING DIRECTOR

I am pleased to report that HKT was able to continue the momentum gained in the first half and concluded 2016 with satisfactory operational results amid generally hesitant consumer and business spending sentiments and increased market competition.

## MARKET-LEADING BROADBAND SERVICE

The broadband business continued its steady performance in 2016, even though we were faced with the most intense competitive pressure in recent years and lackluster local economic conditions.

HKT operates the most extensive genuine fiber network in Hong Kong, with a 87.6% fiber-to-the-building (FTTB) coverage. We consistently enjoy a healthy growth in the number and proportion of fiber broadband customers within our base, with notable increases of upgrade to and subscription of our 1Gbps service. As we endeavor to serve our customers in remote geographical areas, we expanded during last year our coverage in the rural villages, as well as strengthening high-speed broadband availability on the outlying islands of Cheung Chau and Peng Chau.

Not only do we have the capacity to deliver the continuously surging traffic driven by OTT (over-the-top) content consumption, the emergence of more high definition (HD) video and virtual reality (VR) content, but we also constantly innovate to enhance user experience. Earlier last year, NETVIGATOR collaborated with PCCW Media to roll out a true 4K ultra high definition (UHD) all-in-one appliance, Now One, for the viewing of Now TV, digital terrestrial TV (DTT) and OTT content. Customer response has been encouraging.

## CREATING SMARTER LIFESTYLE

Promoting a convenient, smarter lifestyle for our customers has been a main goal of HKT in recent years, as exemplified in our range of Smart Living solutions such as home networking, automation, security, and entertainment.

To existing and potential owners of electric vehicles (EVs) HKT brought exciting news of a new service in August. A newly formed equal joint venture with CLP Holdings Limited, Smart Charge (HK) Limited, now offers total EV charging solutions to meet increasing demand in Hong Kong for EV owners to charge their cars at home. Smart Charge will blend HKT's excellent customer service and relationship with property management, and its experience in offering Smart Living solutions, with CLP's expertise in electricity infrastructure deployment. Both partners share the same commitment to a sustainable environment.

Smart Charge will engage with building management offices and incorporated owners' committees to pre-install electrical infrastructure in residential and office car parks, and EV chargers can be installed at the car park space of end customers. There is also plan for a comprehensive network coverage in public areas, with a simple pricing structure based on the duration of charging.

To promote electric mobility, HKT sponsored Hong Kong's first electric Formula race which was held last October at the Central harbor front. The two-day Formula E HKT Hong Kong ePrix attracted 20,000 spectators.

## A BIG, UNIFIED MOBILE NETWORK

HKT is currently the largest mobile communications service operator in Hong Kong, offering a range of service plans and value-added features to meet the exponential increase in mobile data usage. Since the re-acquisition of CSL Holdings Limited in mid-2014, we have re-launched the mobile brands, enhanced our products and customer service, and upgraded the csl and 1010 retail shops. Of no less importance in ensuring an excellent customer experience was the task of unifying the mobile networks.