PCCW Limited
電訊盈科有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 0008)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2012

The directors ("Directors") of PCCW Limited ("PCCW" or the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended December 31, 2012.

- Core revenue increased by 7% to HK$24,134 million; consolidated revenue (including PCPD) increased by 3% to HK$25,318 million
- Core EBITDA increased by 6% to HK$7,681 million; consolidated EBITDA (including PCPD) increased by 3% to HK$7,788 million
- Consolidated profit attributable to equity holders of the Company increased by 3% to HK$1,663 million; basic earnings per share amounted to 22.90 HK cents
- Final dividend of 13.55 HK cents per ordinary share

Note:
Core revenue refers to consolidated revenue excluding Pacific Century Premium Developments Limited ("PCPD"), the Group's property development and investment business; core EBITDA refers to consolidated EBITDA excluding PCPD; core profit attributable to equity holders refers to consolidated profit attributable to equity holders of the Company excluding the Group's share of PCPD's profit after tax and effects of eliminations.

MANAGEMENT REVIEW

PCCW delivered another set of strong financial results for 2012 on the back of notable growth across our core business segments – namely the Media business, the Solutions business and the Telecom business (via our approximate 63% interest in HKT Limited and the HKT Trust (collectively "HKT")).

Core revenue for the year ended December 31, 2012 increased 7% to HK$24,134 million, with core EBITDA increasing by 6% to HK$7,681 million. Core profit attributable to equity holders, after accounting for the approximate 37% non-controlling interest in HKT, also increased modestly to HK$1,603 million. Had the approximate 37% non-controlling interest in HKT also applied in 2011, core profit attributable to equity holders would have shown an increase of 78%.

Consolidated revenue for the year ended December 31, 2012 increased by 3% to HK$25,318 million and consolidated EBITDA increased by 3% to HK$7,788 million, despite the lower revenue and EBITDA contributions from PCPD, which were HK$1,184 million and HK$107 million respectively. Consolidated profit attributable to equity holders of the Company also increased by 3% to HK$1,663 million. Basic earnings per share were 22.90 HK cents.

The board of Directors (the "Board") has recommended the payment of a final dividend of 13.55 HK cents per ordinary share for the year ended December 31, 2012.

OUTLOOK

In 2013, now TV is celebrating its 10th anniversary. It has grown to become the largest and most acclaimed pay-TV operator in Hong Kong. Going forward, now TV is committed to strengthening its program lineup with more high-quality production and premium content acquisitions, which will be complemented by its multi-screen strategy. Following initial success in overseas distribution of our content, we are currently engaged in discussions with more potential partners. now TV will leverage PCCW Solutions' IT competencies and HKT's network superiority to reinforce its market leadership in Hong Kong and develop into a renowned player in the region and internationally.

PCCW Solutions has an impeccable track record in serving the IT needs of enterprises and the public sector where system reliability is of utmost importance. It will benefit from the accelerating pace of IT outsourcing and the proliferation of cloud applications. To meet this rising demand, we have significantly expanded our data center facilities. The acquisition of Vandasoft Technology Holdings Limited and its subsidiaries ("Vanda China") has enriched our suite of solutions for the banking and finance sector with the addition of two leading software applications, at the same time widening our customer base in mainland China. In the longer-run, PCCW Solutions aims to enhance Vanda China's software and export it to the international market. PCCW Solutions will continue to identify opportunities to expand its presence in new industries and new geographies.

For HKT, fiber broadband and mobile service will remain the key growth impetus in 2013, while the fixed-line telephony business provides a steady revenue and a strong cash flow. Meanwhile, the global connectivity business commands considerable development potential following the extension of its footprint in Europe and Africa.

As we take steps to elevate our businesses to a new level in Hong Kong and beyond, we will act with caution amid the uncertain global economic outlook. Management is confident that the PCCW team will work diligently and in the best interest of our shareholders, and we are cautiously optimistic about the prospects for 2013.

FINANCIAL REVIEW BY SEGMENTS

For the year ended December 31, HK$ million	2011 H1	2011 H2	2011 Full Year	2012 H1	2012 H2	2012 Full Year	Better/ (Worse) y-o-y
Revenue							
HKT	9,537	10,288	**19,825**	9,715	11,366	**21,081**	6%
Media Business	1,189	1,518	**2,707**	1,262	1,546	**2,808**	4%
Solutions Business	1,090	1,119	**2,209**	1,128	1,349	**2,477**	12%
Other Businesses	35	39	**74**	38	33	**71**	(4)%
Eliminations	(915)	(1,388)	**(2,303)**	(1,085)	(1,218)	**(2,303)**	0%
Core revenue	10,936	11,576	**22,512**	11,058	13,076	**24,134**	7%
PCPD	1,250	876	**2,126**	848	336	**1,184**	(44)%
Consolidated revenue	12,186	12,452	**24,638**	11,906	13,412	**25,318**	3%
Cost of sales	(5,499)	(5,898)	**(11,397)**	(5,281)	(6,535)	**(11,816)**	(4)%
Operating costs before depreciation, amortization, and gain/(loss) on disposal of property, plant and equipment and intangible assets, net	(2,912)	(2,744)	**(5,656)**	(2,789)	(2,925)	**(5,714)**	(1)%
EBITDA[1]							
HKT	3,623	3,788	**7,411**	3,736	3,933	**7,669**	3%
Media Business	231	400	**631**	217	274	**491**	(22)%
Solutions Business	157	226	**383**	168	267	**435**	14%
Other Businesses	(476)	(366)	**(842)**	(312)	(271)	**(583)**	31%
Eliminations	–	(331)	**(331)**	(139)	(192)	**(331)**	0%
Core EBITDA[1]	3,535	3,717	**7,252**	3,670	4,011	**7,681**	6%
PCPD	240	93	**333**	166	(59)	**107**	(68)%
Consolidated EBITDA[1]	3,775	3,810	**7,585**	3,836	3,952	**7,788**	3%
Core EBITDA[1] Margin	*32%*	*32%*	***32%***	*33%*	*31%*	***32%***	
Consolidated EBITDA[1] Margin	*31%*	*31%*	***31%***	*32%*	*29%*	***31%***	
Depreciation and amortization	(1,962)	(1,987)	**(3,949)**	(2,134)	(2,287)	**(4,421)**	(12)%
Gain/(Loss) on disposal of property, plant and equipment and intangible assets, net	1	–	**1**	(3)	(10)	**(13)**	NA
Other gains, net	99	44	**143**	12	359	**371**	159%
Interest income	33	38	**71**	27	35	**62**	(13)%
Finance costs	(763)	(802)	**(1,565)**	(469)	(497)	**(966)**	38%
Share of results of associates and jointly controlled companies	(8)	40	**32**	(43)	21	**(22)**	NA
Profit before income tax	1,175	1,143	**2,318**	1,226	1,573	**2,799**	21%

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, investment properties, interests in leasehold land and intangible assets, net other gains/losses, losses on property, plant and equipment, restructuring costs, impairment losses on goodwill, tangible and intangible assets and interests in associates and jointly controlled companies, and the Group's share of results of associates and jointly controlled companies. 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 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 *Gross debt refers to the principal amount of short-term borrowings and long-term borrowings.*

Note 3 *Group capital expenditure includes additions to property, plant and equipment and interests in leasehold land.*

HKT

For the year ended December 31, HK$ million	2011 H1	2011 H2	2011 Full Year	2012 H1	2012 H2	2012 Full Year	Better/ (Worse) y-o-y
HKT Revenue	9,537	10,288	**19,825**	9,715	11,366	**21,081**	6%
HKT EBITDA[1]	3,623	3,788	**7,411**	3,736	3,933	**7,669**	3%
HKT EBITDA[1] margin	*38%*	*37%*	***37%***	*38%*	*35%*	***36%***	
HKT Adjusted Funds Flow	1,352	1,035	**2,387**	1,430	1,242	**2,672**	12%

2012 was a stellar year for HKT with strong growth in revenue, EBITDA, net profit and, most importantly, adjusted funds flow in the first full financial year since its listing. These financial results beat the forecasts on all fronts as disclosed in HKT's global offering prospectus, demonstrating the strong underlying fundamentals of our business and the successful execution of HKT's strategy.

HKT revenue for the year ended December 31, 2012 increased by 6% to HK$21,081 million driven by the strong performance of the Telecommunications Services ("TSS") business and further gains made in the Mobile business. HKT EBITDA for the year was HK$7,669 million, an increase of 3% over the previous year and exceeding the prospectus forecast of HK$7,621 million.

During the year, TSS business continued to grow on its large base with revenue and EBITDA increasing by 6% and 2% respectively, underpinned by the successful fiber service strategy, turnaround to revenue growth of the traditional fixed-line business, and strong growth in the international business. The Mobile business once again delivered a strong performance with a 25% surge in revenue on a growing customer base and higher average revenue per user ("ARPU"), and recorded an impressive EBITDA growth of 44% with margin rising to 30% in 2012.

HKT's adjusted funds flow for the year ended December 31, 2012 reached HK$2,672 million, an increase of 12% over the previous year and 4% above the prospectus forecast of HK$2,574 million. Adjusted funds flow per share stapled unit was 41.64 HK cents.

For more information about the performance of HKT, please refer to its 2012 annual results announcement released on February 26, 2013.

Media Business

For the year ended December 31, HK$ million	2011 H1	2011 H2	2011 Full Year	2012 H1	2012 H2	2012 Full Year	Better/ (Worse) y-o-y
Media Business Revenue	1,189	1,518	**2,707**	1,262	1,546	**2,808**	4%
Media Business EBITDA[1]	231	400	**631**	217	274	**491**	(22)%
Media Business EBITDA[1] margin	*19%*	*26%*	***23%***	*17%*	*18%*	***17%***	

Revenue for the year ended December 31, 2012 grew by 4% to HK$2,808 million, which was attributable to the growth in its overall customer base, further enhancement in ARPU and contributions from advertising revenue.

now TV continued to reinforce its leadership in the pay-TV market in Hong Kong by enriching its program lineup with self-produced and co-produced channels, as well as other premium content in sports, movies and other genres. The exclusive broadcast of UEFA EURO 2012 enabled now TV to further increase penetration among the sports viewing customer segment and advertisers.

During the year, now TV recorded a net gain of 43,000 customers with the total installed subscriber base reaching 1,183,000 by the end of December 2012, an increase of 4% from a year ago. ARPU also rose to HK$173, compared with HK$169 a year earlier.

EBITDA for the year was HK$491 million compared to HK$631 million a year earlier, reflecting the upfront investments required for our self-produced and co-produced channels and overseas distribution initiatives, and the one-off costs related to certain premium sports content acquisitions such as UEFA EURO 2012.

With the experience of a decade of pay-TV operations, now TV has leveraged the technological capabilities within the Group to devise multi-screen viewing options such as now player and other apps to further enhance customers' viewing experience and drive customer penetration. This move has successfully extended now TV beyond the TV screen.

During the year, now TV also made significant progress in the execution of its growth strategy of expanding into overseas markets. It has concluded multi-channel distribution arrangements in Malaysia, Thailand, Canada and the USA, while discussions are ongoing with other major pay-TV operators and distributors.

Solutions Business

For the year ended December 31, HK$ million	2011 H1	2011 H2	2011 Full Year	2012 H1	2012 H2	2012 Full Year	Better/ (Worse) y-o-y
Solutions Business Revenue	1,090	1,119	**2,209**	1,128	1,349	**2,477**	12%
Solutions Business EBITDA[1]	157	226	**383**	168	267	**435**	14%
Solutions Business EBITDA[1] margin	*14%*	*20%*	***17%***	*15%*	*20%*	***18%***	

PCCW Solutions reported significant growth in revenue and EBITDA in 2012, which is testament to its leadership position in the IT services market in both Hong Kong and mainland China.

Revenue for the year ended December 31, 2012 increased by 12% to HK$2,477 million from HK$2,209 million. The secured order as at December 31, 2012 recorded a double-digit growth to approximately HK$5.56 billion, from HK$4.72 billion a year ago, as PCCW Solutions won more contracts across a wide spectrum of industries.

In November 2012, PCCW Solutions acquired Vanda China, a leading provider of core banking and finance solutions in mainland China. Vanda China owns the copyright in mainland China of two software product lines that are widely recognized as the leading banking and finance applications in the domestic market.

To meet the increasing data center needs of its customers in both the corporate and public sectors, PCCW Solutions increased its capacity to a total gross floor area of over 400,000 square feet by the end of December 2012. During the year, PCCW Solutions expanded its headcount by over 500 to service the growing pipeline in the Hong Kong and mainland China markets.

Benefitting from increased productivity and higher capacity utilization of our data centers, EBITDA for the year increased by 14% to HK$435 million with the EBITDA margin improving to 18% from 17% a year ago.

PCPD

PCPD recorded total revenue of HK$1,184 million and EBITDA of HK$107 million for the year ended December 31, 2012, compared with HK$2,126 million and HK$333 million respectively, a year earlier.

During the year, PCPD completed a share restructuring that resulted in PCCW holding a voting interest of approximately 74.5% in PCPD and an economic interest of approximately 93.6%.

In Hong Kong, PCPD announced the sale of all of its remaining houses at Villa Bel-Air, thereby marking the successful conclusion of the Bel-Air project. In mainland China, the investment property in Beijing, namely Pacific Century Place, had an average occupancy rate of approximately 64% for the year ended December 31, 2012.

The two overseas projects in Hanazono, Japan and Phang-nga, Southern Thailand, are proceeding in accordance with their respective schedules. In addition, PCPD will also examine other new investment opportunities with particular focus on the South East Asia region and China, both of which are witnessing strong economic growth and increasing affluence.

For more information about the performance of PCPD, please refer to its 2012 annual results announcement released on February 25, 2013.

Other Businesses

Other Businesses primarily comprise the wireless broadband business in the United Kingdom and corporate support functions. Revenue from Other Businesses was HK$71 million for the year ended December 31, 2012 (2011: HK$74 million), while the cost of the Group's Other Businesses decreased significantly to HK$583 million in 2012 (2011: HK$842 million) as we continued our efforts to streamline back office support and processes to drive operating efficiency.

Eliminations

Eliminations for the year ended December 31, 2012 were HK$2,303 million (2011: HK$2,303 million). Eliminations mainly represented eliminations of intra-group sale and transfer of rights to use certain equipment and assets in the ordinary course of business on an arm's length basis.

Costs

Cost of Sales

For the year ended December 31, HK$ million	**2011**			**2012**			Better/ (Worse)
	H1	**H2**	**Full Year**	**H1**	**H2**	**Full Year**	y-o-y
The Group (excluding PCPD)	4,743	5,369	**10,112**	4,801	6,384	**11,185**	(11)%
PCPD	756	529	**1,285**	480	151	**631**	51%
Group Total	5,499	5,898	**11,397**	5,281	6,535	**11,816**	(4)%

The Group's consolidated total cost of sales for the year ended December 31, 2012 increased by 4% to HK$11,816 million mainly due to the 11% increase in cost of sales on the core business corresponding to the increase in core revenue.

General and Administrative Expenses

During the year, while the Group focused on enhancing operational efficiency and productivity, higher operating expenses were incurred to support business growth, especially in the telecom business. As a result, the operating expenses before depreciation and amortization, and gain/(loss) on disposal of property, plant and equipment and intangible assets, net, increased to HK$5,714 million for the year ended December 31, 2012, compared to HK$5,656 million a year ago. Similarly, customer acquisition costs increased in line with business growth, in particular the mobile area, and as a result, depreciation and amortization expenses increased by 12% to HK$4,421 million. General and administrative expenses, therefore, increased by 6% to HK$10,148 million for the year ended December 31, 2012.

EBITDA[1]

Solid performance in all core business segments led to an improvement in core EBITDA in 2012. Core EBITDA for the year ended December 31, 2012 increased by 6% to HK$7,681 million. Together with PCPD's EBITDA of HK$107 million, consolidated EBITDA also increased by 3% to HK$7,788 million for the year.

Interest Income and Finance Costs

Interest income for the year ended December 31, 2012 fell to HK$62 million due to a lower average cash balance in 2012. Finance costs decreased by 38% to HK$966 million, primarily due to the interest savings from the repayment of the US$1 billion 7.75% guaranteed notes in November 2011. As a result, net finance costs dropped by 39% to HK$904 million for the year.

Income Tax

Current income tax expense for the year ended December 31, 2012 was HK$696 million, as compared to HK$528 million a year ago, mainly due to higher operating profit. During the year, a deferred income tax credit of HK$464 million was recorded mainly due to the utilization and recognition of previously unrecognized tax losses as certain loss-making companies had turned profitable. As a result, the Group's net income tax expense fell to HK$232 million during the year.

Non-controlling Interests

Non-controlling interests of HK$904 million primarily represented the net profit attributable to the non-controlling shareholders of HKT and PCPD.

Consolidated Profit Attributable to Equity Holders of the Company

Consolidated profit attributable to equity holders of the Company for the year ended December 31, 2012 increased to HK$1,663 million (2011: HK$1,607 million).

LIQUIDITY AND CAPITAL RESOURCES

The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholders' return and a sound capital position. The Group also makes adjustments 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 fixed income market in April 2012, the Group raised long-term funding of US$300 million through the issue of an unrated 10-year bond. The Group's gross debt[2], therefore, increased to HK$26,542 million as at December 31, 2012 (December 31, 2011: HK$23,592 million), and the Group's gross debt[2] to total assets increased to 53% as at December 31, 2012 (December 31, 2011: 51%).

As at December 31, 2012, the Group had a total of HK$30,464 million in committed bank loan facilities available for liquidity management, of which HK$17,962 million remained undrawn. Of these committed bank loan facilities, HKT accounted for HK$23,182 million, of which HK$10,758 million remained undrawn.

CREDIT RATINGS OF HONG KONG TELECOMMUNICATIONS (HKT) LIMITED

As at December 31, 2012, Hong Kong Telecommunications (HKT) Limited, an indirect non-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[3]

Group capital expenditure for the year ended December 31, 2012 was HK$2,275 million (2011: HK$1,991 million), of which HKT accounted for about 85% in 2012 (2011: 80%). Major outlays for the year were mainly in network expansion and enhancement to meet demand for high-speed fiber broadband services, mobile services and international networks, while the remainder was mainly used to expand the data center build-out for the Solutions business.

Going forward, the Group will continue to invest in its delivery platform 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, the Group continues to manage the market risk directly relating to its operations and financing and does not undertake any speculative derivative trading activities. The Group 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 Group's policies and guidelines, which are reviewed on a regular basis.

In the normal course of business, the Group enters into forward contracts and other derivative contracts in order to limit its exposure to adverse fluctuations in foreign currency exchange rates and interest rates. These instruments are executed with creditworthy financial institutions, and all contracts are denominated in currencies of major industrial countries. As at December 31, 2012, all cross currency swap contracts were designated as cash flow hedges and fair value hedges for the Group's foreign currency denominated short-term and long-term borrowings.

CHARGE ON ASSETS

As at December 31, 2012, certain assets of the Group with an aggregate carrying value of HK$5,819 million (2011: HK$5,476 million) were pledged to secure loans and bank loan facilities of the Group.

CONTINGENT LIABILITIES

As at December 31, HK$ million	2011	**2012**
Performance guarantees	444	**477**
Others	31	**91**
	475	**568**

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

HUMAN RESOURCES

As at December 31, 2012, the Group had approximately 20,900 employees (2011: 20,100). About 60% of these employees work in Hong Kong and the others are based mainly in the PRC, the Philippines and the United States. The Company has established incentive bonus schemes designed to motivate and reward employees at all levels to achieve the Group's business performance targets. Payment of bonuses is generally based on achievement of EBITDA and free cash flow targets for the Group as a whole and for each of the individual business units.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 13.55 HK cents (2011: 10.60 HK cents) per ordinary share for the year ended December 31, 2012 subject to the approval of shareholders of the Company at the forthcoming annual general meeting ("AGM"). An interim dividend of 5.51 HK cents (2011: 5.30 HK cents) per ordinary share for the six months ended June 30, 2012 was paid by the Company in October 2012.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Thursday, May 16, 2013 to Monday, May 20, 2013 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend of 13.55 HK cents per ordinary share, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Transfer Office, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, May 15, 2013. Subject to the approval of shareholders of the Company at the AGM, the dividend warrants will be despatched to shareholders on or around Wednesday, June 5, 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended December 31, 2012.

CORPORATE GOVERNANCE PRACTICES

The Company is 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 its affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all relevant code provisions of the Code on Corporate Governance Practices (the "Former CG Code") during the period from January 1 to March 31, 2012 and 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 period from April 1 to December 31, 2012, except that one of the independent non-executive Directors was unable to attend the AGM held on May 3, 2012 (as provided for in Code Provision A.6.7) as he was engaged in other unavoidable matters. In respect of Code Provision D.1.4, in May 2012, the Board approved the formal letters of appointment for Directors setting out the key terms and conditions of their appointment which were subsequently executed by all Directors.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.pccw.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2012 annual report will be despatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
PCCW Limited
Philana WY Poon
Group Company Secretary

Hong Kong, February 27, 2013

AUDITED CONSOLIDATED INCOME STATEMENT
For the year ended December 31, 2012
(In HK$ million except for earnings per share)

	Note(s)	2011	**2012**
Turnover	2	24,638	**25,318**
Cost of sales		(11,397)	**(11,816)**
General and administrative expenses		(9,604)	**(10,148)**
Other gains, net	3	143	**371**
Interest income		71	**62**
Finance costs		(1,565)	**(966)**
Share of results of associates		44	**31**
Share of results of jointly controlled companies		(12)	**(53)**
Profit before income tax	2, 4	2,318	**2,799**
Income tax	5	(542)	**(232)**
Profit for the year		1,776	**2,567**
Attributable to:			
Equity holders of the Company		1,607	**1,663**
Non-controlling interests		169	**904**
Profit for the year		1,776	**2,567**
Earnings per share	7		
Basic		22.10 cents	**22.90 cents**
Diluted		22.10 cents	**22.90 cents**

AUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS
As at December 31, 2012
(In HK$ million)

		The Group		The Company	
	Note	2011	**2012**	2011	**2012**
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment		15,477	**15,534**	–	**–**
Investment properties		5,384	**5,804**	–	**–**
Interests in leasehold land		530	**512**	–	**–**
Properties held for/under development	8	1,105	**1,146**	–	**–**
Goodwill		3,170	**3,371**	–	**–**
Intangible assets		2,812	**3,385**	–	**–**
Investments in subsidiaries		–	**–**	12,089	**12,089**
Interests in associates		402	**591**	–	**–**
Interests in jointly controlled companies		515	**539**	–	**–**
Held-to-maturity investments		2	**1**	–	**–**
Available-for-sale financial assets		575	**685**	–	**–**
Derivative financial instruments		275	**253**	–	**–**
Deferred income tax assets		148	**703**	–	**–**
Other non-current assets		514	**546**	–	**–**
		30,909	**33,070**	12,089	**12,089**
Current assets					
Properties for sale	8	455	**214**	–	**–**
Amounts due from subsidiaries		–	**–**	17,423	**17,756**
Sales proceeds held in stakeholders' accounts	9	632	**678**	–	**–**
Restricted cash	10	735	**1,319**	32	**–**
Prepayments, deposits and other current assets		3,497	**4,775**	10	**32**
Inventories		1,166	**1,084**	–	**–**
Amounts due from related companies		–	**93**	–	**–**
Derivative financial instruments		–	**4**	–	**–**
Trade receivables, net	11	3,084	**4,041**	–	**–**
Tax recoverable		7	**13**	–	**–**
Cash and cash equivalents		5,365	**4,553**	87	**888**
		14,941	**16,774**	17,552	**18,676**

AUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS (CONTINUED)
As at December 31, 2012
(In HK$ million)

		The Group		The Company	
	Note	2011	**2012**	2011	**2012**
Current liabilities					
Short-term borrowings		(40)	**(8,540)**	–	**–**
Trade payables	12	(1,777)	**(2,380)**	–	**–**
Accruals and other payables		(4,134)	**(4,129)**	(19)	**(11)**
Amount payable to the Government under the Cyberport Project Agreement	13	(603)	**(959)**	–	**–**
Carrier licence fee liabilities		(187)	**(196)**	–	**–**
Amounts due to related companies		(27)	**(136)**	–	**–**
Advances from customers		(1,750)	**(1,903)**	–	**–**
Current income tax liabilities		(786)	**(1,169)**	–	**–**
Dividend payable		(1,443)	**–**	(1,443)	**–**
		(10,747)	**(19,412)**	(1,462)	**(11)**
Net current assets/(liabilities)		4,194	**(2,638)**	16,090	**18,665**
Total assets less current liabilities		35,103	**30,432**	28,179	**30,754**
Non-current liabilities					
Long-term borrowings		(23,470)	**(17,926)**	–	**–**
Amount due to a subsidiary		–	**–**	–	**(2,282)**
Derivative financial instruments		–	**(56)**	–	**(56)**
Deferred income tax liabilities		(2,222)	**(2,321)**	–	**–**
Deferred income		(893)	**(989)**	–	**–**
Defined benefit liability		(3)	**(3)**	–	**–**
Carrier licence fee liabilities		(815)	**(719)**	–	**–**
Other long-term liabilities		(120)	**(101)**	–	**–**
		(27,523)	**(22,115)**	–	**(2,338)**
Net assets		7,580	**8,317**	28,179	**28,416**
CAPITAL AND RESERVES					
Share capital		1,818	**1,818**	1,818	**1,818**
Reserves		4,286	**7,161**	26,361	**26,598**
Equity attributable to equity holders of the Company		6,104	**8,979**	28,179	**28,416**
Non-controlling interests		1,476	**(662)**	–	**–**
Total equity		7,580	**8,317**	28,179	**28,416**

NOTES

1. BASIS OF PREPARATION AND CRITICAL ACCOUNTING ESTIMATES

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 PCCW Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the year ended December 31, 2011, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are relevant to the Group’s operation and are effective for accounting periods beginning on or after January 1, 2012. 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”).

- HKFRS 1 (Revised) (Amendment), ‘Severe hyperinflation and removal of fixed dates for first-time adopters’.
- HKFRS 7 (Amendment), ‘Disclosures – Transfers of financial assets’.
- HKAS 12 (Amendment), ‘Deferred tax – Recovery of underlying assets’.

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. Key sources of estimation uncertainty are discussed below:

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

The Group has significant property, plant and equipment and intangible assets (other than goodwill). The Group is 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 Group’s strategies. The Group performs 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 Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

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

At each balance sheet date, the Group reviews internal and external sources of information to identify indications that the following classes of asset 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;
- investments in associates and jointly controlled companies;
- goodwill; and
- investments in subsidiaries (at Company level).

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

ii. Impairment of assets (other than investments in debt and 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 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 Group is required to use judgement in applying such information to its business. The Group's 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 Group's 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 Group 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 Group's assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable value, the Group may perform such assessments utilizing internal resources or the Group may engage external advisors to counsel the Group. Regardless of the resources utilized, the Group is 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.

iii. Revenue recognition

Telecommunications service revenue based on usage of the Group's 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 Group is 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.

The Group offers 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.

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

iii. Revenue recognition *(continued)*

Where the Group is unable to determine the fair value of each of the elements in an arrangement, it uses the residual value method. Under this method, the Group determines 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. Sales recognition on properties sold

When the inflow of economic benefits associated with the property sales transaction is assessed to be probable and significant risks and rewards of ownership of properties are transferred to the purchasers, the Group recognizes revenue in respect of the properties sold.

Management made judgement as to when the significant risks and rewards of ownership of properties are transferred to the purchasers. Risk and rewards of ownership of properties are transferred to the purchasers upon execution of legally binding unconditional sales contracts upon which the beneficial interest in the properties passes to the purchasers.

The judgement as to when risks and rewards of ownership of properties are transferred would affect the Group's profit for the year and the carrying value of properties for sale.

v. Amount payable to the Government under the Cyberport Project Agreement

Pursuant to an agreement dated May 17, 2000 entered into with the Government of Hong Kong (the "Government") in respect of the Cyberport project (the "Cyberport Project Agreement"), the Government is entitled to receive approximately 65% of the surplus cash flow earned from the Cyberport project. The amounts paid and payable to the Government are part of the Group's costs of developing the Cyberport project.

The amount payable to the Government is a financial liability that is measured at amortized cost. Borrowing costs associated with this liability are capitalized as part of the properties under development.

The estimated cost of developing the Cyberport project, including construction costs and the amounts paid and payable to the Government, is allocated to the cost of properties sold on a systematic basis over the life of the project using a relative value approach. This approach considers the value of development costs attributable to phases for which revenue has been recognized to date relative to the total expected value of development costs for the development as a whole. The revision of estimates of these relative values during the year ended December 31, 2012 has resulted in the costs of properties sold recorded in the year ended December 31, 2012 being decreased by HK$59 million.

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

vi. 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 Group considers future taxable income and ongoing prudent and feasible tax planning strategies. In the event that the Group's 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 Group's 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.

vii. Current income tax

The Group makes 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 Group. 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 Group considers 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.

viii. Recognition of intangible asset – Carrier licences

In order to measure the intangible assets, HKAS 39 (revised) "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 Group. Had a different discount rate been used to determine the fair value, the Group's results of operations and financial position could be materially different.

ix. Estimated valuation of investment properties

The best evidence of fair value is current prices in an active market for similar leases and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair values estimates. In making its estimates, the Group considers both (i) information from the valuations of investment properties performed by external professional valuers by using the market value approach and (ii) other principal assumptions including the receipt of contractual rentals, expected future market rentals in view of the current usage and condition of the investment properties, supported by the terms of any existing leases and other contracts, and discount rates to determine the fair value of the investment properties. Had the Group used different future market rentals, discount rates and other assumptions, the fair value of the investment properties would be different and thus caused impact to the consolidated income statement. As at December 31, 2012, the fair value of the investment properties was HK$5,804 million.

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

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

The Group applies 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.

2. SEGMENT INFORMATION

The chief operating decision-maker (the "CODM") is the Group's senior executive management. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these internal reports.

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

- HKT Limited ("HKT") is Hong Kong's premier telecommunications service provider. It provides a range of services including local telephony, local data and broadband, international telecommunications, mobile and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting and contact centers. It operates primarily in Hong Kong and maintains a presence in mainland China as well as other parts of the world.

- Media Business includes interactive pay-TV service, Internet portal multimedia entertainment platform and the Group's directories operations in Hong Kong and mainland China.

- Solutions Business offers Information and Communications Technologies services and solutions in Hong Kong and mainland China.

- Pacific Century Premium Developments Limited ("PCPD") covers the Group's property portfolio in Hong Kong and mainland China, including the Cyberport development in Hong Kong, and elsewhere in the Asia Pacific region.

- Other Businesses include the Group's wireless broadband business in the United Kingdom and all corporate support functions.

The CODM assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortization ("EBITDA"). The 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, investment properties, interests in leasehold land and intangible assets, net other gains/losses, losses on property, plant and equipment, restructuring costs, impairment losses on goodwill, tangible and intangible assets and interests in associates and jointly controlled companies, and the Group's share of results of associates and jointly controlled companies.

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 statement.

2. SEGMENT INFORMATION (CONTINUED)

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

For the year ended December 31, 2011
(In HK$ million)

	HKT	Media Business	Solutions Business	Other Businesses	PCPD	Eliminations	Consolidated
REVENUE							
Total Revenue	19,825	2,707	2,209	74	2,126	(2,303)	24,638
RESULTS							
EBITDA	7,411	631	383	(842)	333	(331)	7,585

For the year ended December 31, 2012
(In HK$ million)

	HKT	**Media Business**	**Solutions Business**	**Other Businesses**	**PCPD**	**Eliminations**	**Consolidated**
REVENUE							
Total Revenue	**21,081**	**2,808**	**2,477**	**71**	**1,184**	**(2,303)**	**25,318**
RESULTS							
EBITDA	**7,669**	**491**	**435**	**(583)**	**107**	**(331)**	**7,788**

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

In HK$ million	2011	**2012**
Total segment EBITDA	7,585	**7,788**
Gain/(Loss) on disposal of property, plant and equipment and intangible assets, net	1	**(13)**
Depreciation and amortization	(3,949)	**(4,421)**
Other gains, net	143	**371**
Interest income	71	**62**
Finance costs	(1,565)	**(966)**
Share of results of associates and jointly controlled companies	32	**(22)**
Profit before income tax	2,318	**2,799**

2. SEGMENT INFORMATION (CONTINUED)

The following table sets out information about the geographical location of the Group's 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	**Revenue from external customers**	
	2011	**2012**
Hong Kong (place of domicile)	20,776	**20,198**
Mainland China (excluding Hong Kong) and Taiwan	2,013	**2,117**
Others	1,849	**3,003**
	24,638	**25,318**

3. OTHER GAINS, NET

In HK$ million	2011	**2012**
Fair value gains on investment properties	25	**349**
Recovery of impairment loss on an interest in a jointly controlled company	104	**–**
Impairment loss on an interest in a jointly controlled company	(16)	**–**
Net gains on cash flow hedging instruments transferred from equity	39	**13**
Others	(9)	**9**
	143	**371**

4. PROFIT BEFORE INCOME TAX

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

In HK$ million	2011	**2012**
Crediting:		
Revenue from properties sold	1,710	**791**
Gain on disposal of property, plant and equipment, net	1	**–**
Charging:		
Cost of inventories sold	2,272	**2,029**
Cost of properties sold	1,219	**547**
Cost of sales, excluding inventories and properties sold	7,906	**9,240**
Depreciation of property, plant and equipment	2,549	**2,482**
Amortization of intangible assets	1,378	**1,917**
Amortization of land lease premium	22	**22**
Loss on disposal of property, plant and equipment and intangible assets, net	–	**13**
Interest on borrowings	1,473	**886**
Staff costs	2,619	**2,422**

5. INCOME TAX

In HK$ million	2011	**2012**
Hong Kong profits tax	470	**628**
Overseas tax	58	**68**
Movement of deferred income tax	14	**(464)**
	542	**232**

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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. DIVIDENDS

In HK$ million	2011	**2012**
Interim dividend declared and paid in respect of current year of 5.51 HK cents (2011: 5.30 HK cents) per ordinary share	385	**401**
Final dividend declared in respect of previous financial year, approved and paid during the year of 10.60 HK cents (2011: 10.20 HK cents) per ordinary share	742	**771**
Special dividend in specie	1,443	**–**
	2,570	**1,172**
Final dividend proposed after the balance sheet date of 13.55 HK cents (2011: 10.60 HK cents) per ordinary share	771	**985**

During the year ended December 31, 2011, PCCW declared a conditional special dividend to be satisfied by way of two distributions in specie of share stapled units of the HKT Trust and HKT Limited (the "Share Stapled Units") representing an aggregate of approximately 5% of the Share Stapled Units in issue immediately following the completion of the global offering of Share Stapled Units ("Distribution in Specie"). The Distribution in Specie became unconditional upon the listing of Share Stapled Units on the Main Board of The Stock Exchange of Hong Kong Limited on November 29, 2011. Accordingly, the estimated dividend payable of approximately HK$1,443 million was recorded, which is measured at the fair value of approximately 5% of the Share Stapled Units to be distributed on the date when the Distribution in Specie became unconditional.

During the year, the Company settled the Distributions in Specie on the basis of 1 Share Stapled Unit for every integral multiple of 46 ordinary shares of the Company in March 2012 and May 2012, respectively. A total of 316,160,960 Share Stapled Units with an aggregate market value as at the respective dates of the Distributions in Specie of HK$1,839 million were distributed to the eligible shareholders of the Company accordingly.

The final dividend proposed after the balance sheet date has not been recognized as a liability as at the balance sheet date.

7. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the following data:

	2011	**2012**
Earnings (in HK$ million)		
Earnings for the purpose of basic and diluted earnings per share	1,607	**1,663**
Number of shares		
Number of ordinary shares at beginning of year	7,272,294,654	**7,272,294,654**
Effect of share purchased from the market under the Company's share award schemes	–	**(9,092,300)**
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	7,272,294,654	**7,263,202,354**

8. PROPERTIES HELD FOR/UNDER DEVELOPMENT/FOR SALE

In HK$ million	2011	**2012**
Properties under development	487	**468**
Properties held for development *(note a)*	618	**678**
	1,105	**1,146**
Less: Properties held for/under development classified as non-current assets	(1,105)	**(1,146)**
Properties held for/under development classified as current assets	–	**–**
Properties for sale classified as current assets *(note b)*	455	**214**
	455	**214**

a. Properties held for development represents freehold land in Thailand, which the Group intends for future development projects.

b. Pursuant to the Cyberport Project Agreement, the Group was granted an exclusive right and obligation to design, develop, construct and market the Cyberport project at Telegraph Bay on the Hong Kong Island. The Cyberport project consists of commercial and residential portions. The completed commercial portion was transferred to the Government at no consideration. The associated costs incurred have formed part of the development costs of the residential portion. The construction of the residential portion of the Cyberport project was completed in November 2008.

9. SALES PROCEEDS HELD IN STAKEHOLDERS' ACCOUNTS

The balance represents proceeds from the sales of the residential portion of the Cyberport project retained in bank accounts opened and maintained by stakeholders. These amounts will be transferred to specific bank accounts, which are restricted in use, pursuant to certain conditions and procedures as stated in the Cyberport Project Agreement.

10. RESTRICTED CASH

The balance of the Group represented a restricted cash balance of approximately HK$1,319 million as at December 31, 2012 (2011: HK$696 million) held in specific bank accounts, the uses of the fund are specified in the Cyberport Project Agreement.

11. TRADE RECEIVABLES, NET

The aging of trade receivables is set out below:

In HK$ million	2011	**2012**
0 – 30 days	1,678	**2,028**
31 – 60 days	497	**600**
61 – 90 days	212	**332**
91 – 120 days	132	**162**
Over 120 days	737	**1,160**
	3,256	**4,282**
Less: Impairment loss for doubtful debts	(172)	**(241)**
	3,084	**4,041**

Trade receivables in respect of properties sold are payable by the purchasers pursuant to the terms of the sales contracts. Other 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 Group maintains 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.

12. TRADE PAYABLES

The aging of trade payables is set out below:

In HK$ million	2011	**2012**
0 – 30 days	791	**837**
31 – 60 days	111	**311**
61 – 90 days	55	**85**
91 – 120 days	38	**137**
Over 120 days	782	**1,010**
	1,777	**2,380**

13. AMOUNT PAYABLE TO THE GOVERNMENT UNDER THE CYBERPORT PROJECT AGREEMENT

In HK$ million	2012		
	Government share under the Cyberport Project Agreement	**Others**	**Total**
Beginning of year	**569**	**34**	**603**
Addition to amount payable	**385**	**1**	**386**
Settlement during the year	**–**	**(30)**	**(30)**
End of year, classified as current liabilities	**954**	**5**	**959**

Pursuant to the Cyberport Project Agreement, the Government shall be entitled to receive payments of approximately 65% of the surplus cash flow arising from the sales of the residential portion of the Cyberport project, net of certain allowable costs incurred on the project, as stipulated under certain terms and conditions of the Cyberport Project Agreement. The amount payable to the Government is considered as part of the development costs of the Cyberport project. The amount payable to the Government is based on estimated sales proceeds of the residential portion of the Cyberport project and the estimated development costs of the Cyberport project. The estimated amount to be paid to the Government during the forthcoming year is classified as current liabilities.

As at the date of this announcement, the Directors of the Company are:

Executive Directors
Li Tzar Kai, Richard (Chairman); Chan Ching Cheong, George (Group Managing Director);
Hui Hon Hing, Susanna (Group Chief Financial Officer) and Lee Chi Hong, Robert

Non-Executive Directors
Sir David Ford, KBE, LVO; Tse Sze Wing, Edmund, GBS; Lu Yimin (Deputy Chairman); Li Fushen;
Li Gang and Wei Zhe, David

Independent Non-Executive Directors
Dr The Hon Sir David Li Kwok Po, GBM, GBS, OBE, JP; Aman Mehta; Frances Waikwun Wong;
Bryce Wayne Lee and Lars Eric Nils Rodert

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 PCCW relating to the business, industry and markets in which PCCW operates.