

The selected financial information of Hong Kong Telecommunications (HKT) Limited presented below as at and for the two years ended 31 December 2011 and 31 December 2012 has been extracted from the audited consolidated financial statements of Hong Kong Telecommunications (HKT) Limited for the year ended 31 December 2012.

HONG KONG TELECOMMUNICATIONS (HKT) LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012

	2011 HK\$ million	2012 HK\$ million
Turnover	13,575	13,456
Cost of sales	(4,294)	(3,972)
General and administrative expenses	(6,043)	(6,176)
Other gains, net	60	21
Share of results of a jointly controlled company	-	(4)
Interest income	33	15
Finance costs	(1,542)	(875)
Profit before income tax	<u>1,789</u>	<u>2,465</u>
Income tax credit/(expense)	<u>518</u>	<u>(421)</u>
Profit for the year	<u><u>2,307</u></u>	<u><u>2,044</u></u>

HONG KONG TELECOMMUNICATIONS (HKT) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012

	2011 HK\$ million	2012 HK\$ million
Profit for the year	2,307	2,044
Other comprehensive income/(loss)		
Cash flow hedges:		
- effective portion of changes in fair value	16	(54)
- transfer from equity to consolidated income statement	(12)	19
Other comprehensive income/(loss) for the year	4	(35)
Total comprehensive income for the year	<u>2,311</u>	<u>2,009</u>

HONG KONG TELECOMMUNICATIONS (HKT) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012

	Other reserves HK\$ million	Retained earnings HK\$ million	Total HK\$ million
At January 1, 2011	6,998	5,287	12,285
Comprehensive income			
Profit for the year	-	2,307	2,307
Total other comprehensive income	4	-	4
Total comprehensive income for the year	4	2,307	2,311
At December 31, 2011	7,002	7,594	14,596
At January 1, 2012	7,002	7,594	14,596
Comprehensive income			
Profit for the year	-	2,044	2,044
Total other comprehensive expenses	(35)	-	(35)
Total comprehensive income for the year	(35)	2,044	2,009
Total contributions by and distributions to owners of the company recognized in equity			
Interim dividend declared and paid in respect of the current year	-	(1,289)	(1,289)
Total contributions by and distributions to owners of the company recognized in equity	-	(1,289)	(1,289)
At December 31, 2012	6,967	8,349	15,316

HONG KONG TELECOMMUNICATIONS (HKT) LIMITED
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2012

	2011 HK\$ million	2012 HK\$ million
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	11,771	11,750
Interests in leasehold land	316	303
Goodwill	32,592	32,592
Intangible assets	4,234	3,489
Interest in a jointly controlled company	301	368
Financial assets at fair value through profit or loss	-	6
Derivative financial instruments	275	253
Other non-current assets	24	29
	<u>49,513</u>	<u>48,790</u>
Current assets		
Prepayments, deposits and other current assets	1,952	2,323
Inventories	794	771
Trade receivables, net	1,525	1,395
Amounts due from a related company	5	13
Derivative financial instruments	-	4
Financial assets at fair value through profit or loss	-	6
Income tax recoverable	88	-
Cash and cash equivalents	1,237	1,350
	<u>5,601</u>	<u>5,862</u>
Current liabilities		
Short-term borrowings	-	8,462
Trade payables	864	524
Accruals and other payables	1,183	1,147
Carrier licence fee liabilities	190	200
Amounts due to fellow subsidiaries and an intermediate holding company	8,968	7,457
Advances from customers	843	862
Current income tax liabilities	-	174
	<u>12,048</u>	<u>18,826</u>
Net current liabilities	<u>(6,447)</u>	<u>(12,964)</u>
Total assets less current liabilities	<u><u>43,066</u></u>	<u><u>35,826</u></u>

HONG KONG TELECOMMUNICATIONS (HKT) LIMITED
CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT DECEMBER 31, 2012

	2011 HK\$ million	2012 HK\$ million
Non-current liabilities		
Long-term borrowings	23,468	15,644
Deferred income tax liabilities	1,571	1,558
Deferred income	71	49
Carrier licence fee liabilities	838	736
Other long-term liabilities	34	35
	<u>25,982</u>	<u>18,022</u>
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Net assets	<u>17,084</u>	<u>17,804</u>
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CAPITAL AND RESERVES		
Share capital	2,488	2,488
Reserves	14,596	15,316
	<u>17,084</u>	<u>17,804</u>
Total equity	<u>17,084</u>	<u>17,804</u>
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HONG KONG TELECOMMUNICATIONS (HKT) LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2011 HK\$ million	2012 HK\$ million
Net cash generated from operating activities	6,146	4,507
Investing activities		
Proceeds from disposals of property, plant and equipment	15	6
Purchases of property, plant and equipment	(1,385)	(1,648)
Purchases of other intangible assets	(605)	(680)
Loan to a jointly controlled company	(41)	(71)
Net cash used in investing activities	(2,016)	(2,393)
Financing activities		
New borrowings raised	6,200	3,617
Repayment of borrowings	(17,926)	(3,042)
Dividend paid	-	(1,289)
Decrease in non-trade balance due to the fellow subsidiaries	-	(588)
Increase in amount due from fellow subsidiaries, an intermediate holding company and the ultimate holding company	5,346	-
Interest paid	(1,362)	(699)
Net cash used in financing activities	(7,742)	(2,001)
Net (decrease)/increase in cash and cash equivalents	(3,612)	113
Exchange differences	(1)	-
Cash and cash equivalents		
Beginning of year	4,850	1,237
End of year	1,237	1,350